Tokio Marine Holdings, Inc.

ANNUAL REPORT 2014

To Be a "Good Company"

TOKIO MARINE GROUP

Profile

Tokio Marine Holdings, Inc. is the insurance holding company for Tokio Marine Group, which undertakes the domestic non-life insurance, domestic life insurance, international insurance, and financial and general businesses. Based on its corporate philosophy of “customer trust as the foundation of all its activities”, Tokio Marine Group will continue to meet the needs and expectations of its stakeholders while steadily raising corporate value to become a global insurance group that achieves sustainable growth.

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

Message from the President and CEO

Since I was appointed as President in June last year, I have been communicating our aspiration to achieve our "Good Company" vision with our people in the Tokio Marine Group.

To me, a "Good Company" is filled with people and organizations that think and act positively and autonomously for the benefit of customers and the local communities in which it operates. It builds trust with customers through its business activities and transforms that trust into increased value for all stakeholders.

In working hard to achieve our ambition to be a "Good Company", we will, I believe, create a sustainable company that is always needed by customers and which is able to provide sustainable stakeholder value for the next 100 years, even as the environment continues to change.

With enthusiastic and empowered people and organizations as the driver, Tokio Marine aims to be an insurance group which is selected by customers for quality, and achieve sustainable growth.

The Japanese economy has begun its gradual recovery from the recession, following the aggressive monetary policy. Looking outside Japan, we also anticipate some economic growth in the U.S. and Europe as they show signs of recovery.

Fiscal 2013 was the second year of our three-year plan, and we worked tirelessly as a whole to deliver it.

Following concerted efforts to expand our sales in both domestic and international markets, the Group's total adjusted earnings have grown by approximately 30% and we have achieved a significant improvement in capital efficiency. These positive results enabled us to provide an increased dividend of more than 25% (annually) to our shareholders.

As fiscal 2014 is the final year of the Mid-Term Business Plan, we remain focused on executing the strategies and actions determined within it in order to continue to build trust from our customers and improve our corporate value.

With risk-based management (ERM) as a core principle, Tokio Marine Group conducts both life and non-life insurance business globally as part of its strategy to have a sound, well-balanced, capital-efficient and diverse risk portfolio.

Our Group businesses around the world have a number of competitive strengths, from superior products and services to strong business models, and I believe it is our responsibility to utilize these collectively for the benefit of the entire Group. By enhancing the integrated, comprehensive capability of the Tokio Marine Group through these actions, I believe Tokio Marine will be moving closer towards being the "Good Company" that our customers need us to be.

Above all, the critical driver of "Good Company" is our people. We will seek to promote global diversity within our organizations and actions of our 40,000 employees across the world to enhance Tokio Marine competitiveness.

I would like to ask our shareholders and stakeholders for your continued support and understanding as we work towards achieving this goal.

Tsuyoshi Nagano
President and CEO

Tokio Marine Group Snapshot

We strive to raise corporate value with customer trust as the foundation for all our activities.

Tokio Marine Group's 135-Year History

The First Insurance Company in Japan

Tokio Marine Insurance Company, the first Japanese-operated insurance company, is established through the efforts of Eiichi Shibusawa and other founders.

Courtesy of Shibusawa Memorial Museum

Overseas Expansion from the Start

In the year of its inception, Tokio Marine rapidly establishes agencies in Shanghai, Hong Kong and Busan. In the following year of 1880, it begins operations in London, Paris and New York, where its company name uses the contemporary British spelling for what is now spelled "Tokyo". Since then, the company has been widely known in the European and U.S. insurance industry as "Tokio Marine".

Tokio Marine Insurance Company, London Branch

Advent of Japan's First Auto Insurance

Commences sales of Japan's first auto insurance.

Auto insurance badge (circa 1926)

Facing Management Crises

The company faces major management crises, including the Great Kanto Earthquake and the loss of nearly all its overseas assets in the Second World War.

Entry into the Life Insurance Business Following Liberalization

Tokio Marine Life Insurance and Nichido Life Insurance are established.

1879 — 1900 — 1914 — 1940 — 1960 — 1980 — 1996

The Great Kanto Earthquake

Outbreak of WWII

Rapid economic growth/ motorization

History

2002

Establishment of an Insurance Holding Company

Tokio Marine and Fire Insurance and Nichido Fire and Marine Insurance jointly establish a listed holding company that fully combines life and non-life insurance.

2004

Merger of Tokio Marine and Nichido

Tokio Marine and Fire Insurance and Nichido Fire and Marine Insurance merge to create Tokio Marine & Nichido Fire Insurance, the current core company.
(In 2003, Tokio Marine Life Insurance and Nichido Life Insurance merge to create Tokio Marine & Nichido Life Insurance.)

2011

The Great East Japan Earthquake

Full-Scale Overseas Expansion

Aggressively develops the international insurance business, including large-scale acquisitions of Kiln, Philadelphia and Delphi since 2008.

Kiln

PHILADELPHIA INSURANCE COMPANIES
A Member of the Tokio Marine Group

DELPHI
A member of the Tokio Marine Group

2014

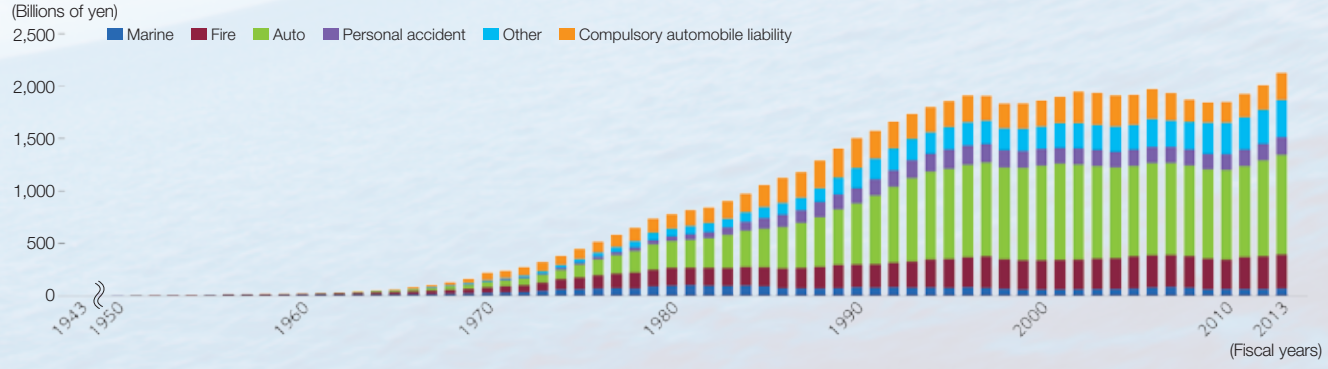
100th Anniversary of the Launch of Auto Insurance

In February 2014, celebrates the 100th anniversary of auto insurance, which was launched when Tokio Marine & Nichido (then Tokio Marine Insurance Company) received authorization to begin sales in February 1914.

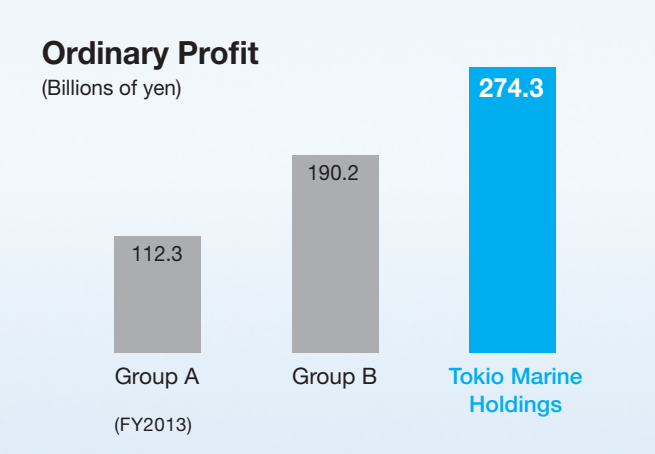
人とクルマを思って100年
I LOVE YOU
自動車保険誕生100周年

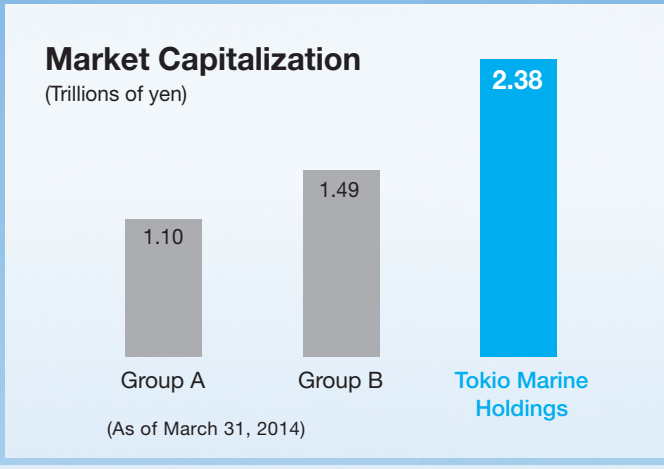
TOKIO MARINE NICHIDO
Tokio Marine & Nichido Fire Insurance Co.,Ltd.

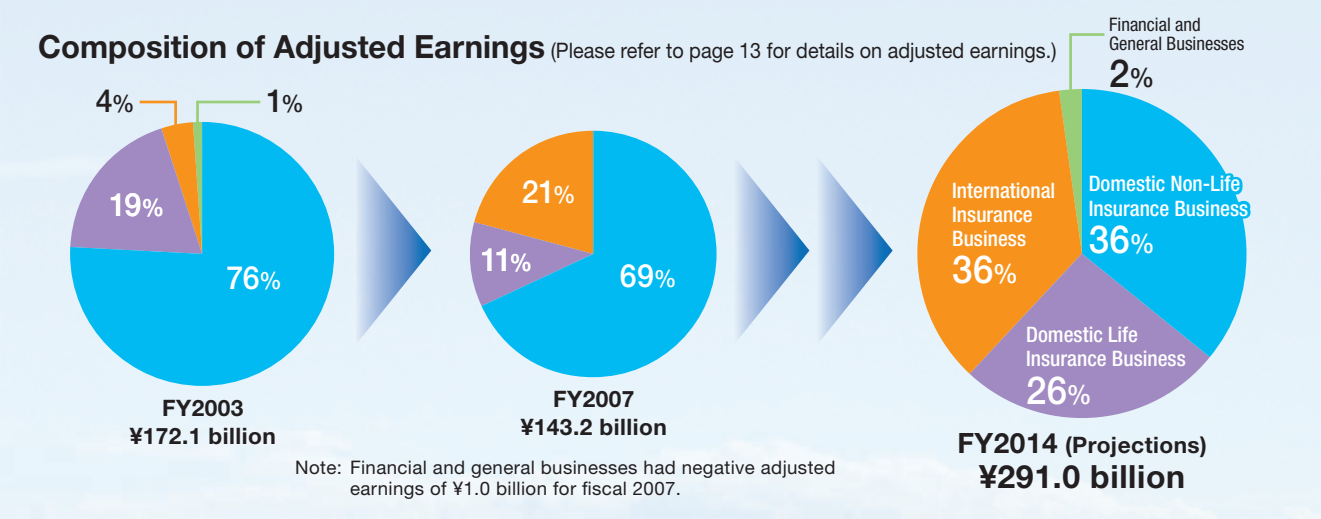
Direct Net Premiums Written by Line (Tokio Marine & Nichido; merger basis)



We will continue to drive the insurance industry as a top-class industry presence.







Position

Credit Rating Information

S&P	
AAA	
AA+	Berkshire Hathaway
AA	Allianz Chubb Travelers
AA-	**Tokio Marine & Nichido** Aflac Zurich Prudential (U.S.A.)
A+	Mitsui Sumitomo Insurance Sompo Japan AXA
A	

Moody's	
Aaa	
Aa1	
Aa2	Travelers Chubb Berkshire Hathaway
Aa3	**Tokio Marine & Nichido** Zurich Allianz AXA Aflac
A1	Mitsui Sumitomo Insurance Sompo Japan Prudential (U.S.A.)
A2	

A.M. Best	
A++	**Tokio Marine & Nichido** Chubb Berkshire Hathaway Travelers
A+	Allianz Zurich Mitsui Sumitomo Insurance Sompo Japan Aflac Prudential (U.S.A.)
A	
A-	

(As of July 2, 2014)

S&P Evaluation of Our ERM Framework

Strong

S&P evaluates the ERM framework of insurance companies as part of the process of determining credit ratings. Tokio Marine & Nichido and Tokio Marine & Nichido Life are the only Japanese insurance companies (non-consolidated) to receive this "Strong" rating, which is the second-highest evaluation.

(As of July 2, 2014)

The Position of Tokio Marine Group

Tokio Marine Group has been building a business portfolio that effectively diversifies risk globally using risk-based management (ERM). As a result, even in the severe environment of the past few years of successive large-scale natural disasters in regions around the world, the Group continues to record the highest ordinary profit in the domestic non-life insurance industry and maintains world-class soundness with a firm financial base. In addition, in terms of market capitalization, which is an evaluation from capital markets, Tokio Marine Group has maintained a significantly higher market value than its peers.

We aim to create sustained corporate value by pursuing profits that result from customer trust.

Attributes of a "Good Company"

Look Beyond Profit

We act with integrity for the benefit of our customers, shareholders, business partners and society.

We aim to be a company that stands strong advancing towards the future, as we strive to deliver value for the benefit of our customers, shareholders, business partners, and society based on the principle of "profit will always follow after moral goodness".

Empower Our People

We inspire engagement and passion in all of our employees.

The insurance business is a "people's business". We will aim for sustainable growth with self-motivated and proactive people and a dynamic organization as the driving force of our competitive edge.

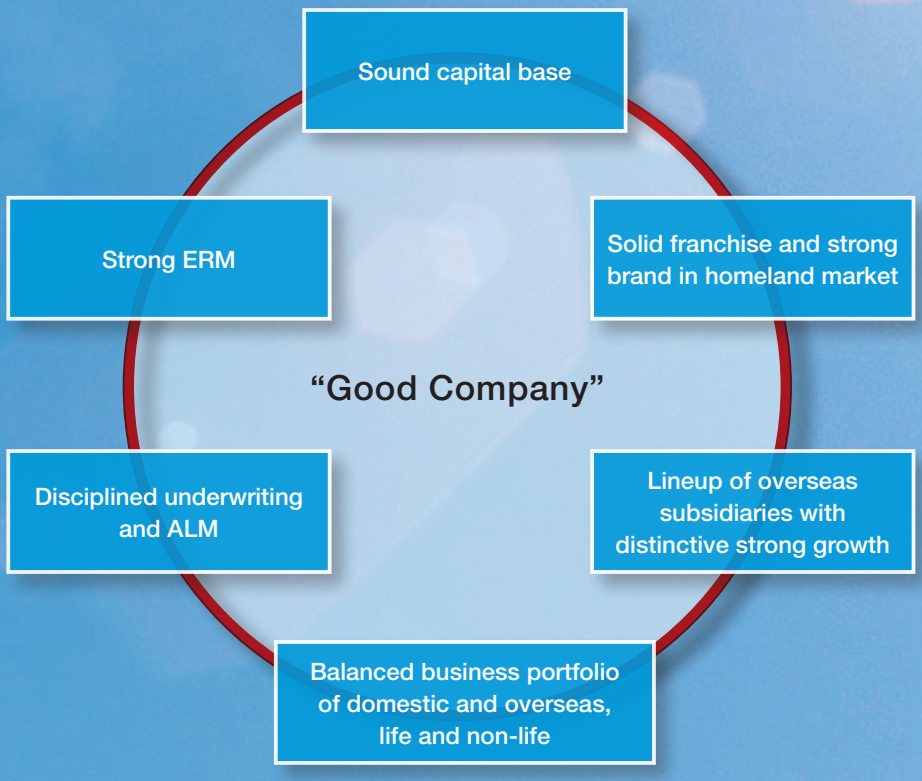
Deliver On Commitments

We achieve high-quality results by enhancing stakeholder trust.

We will continue to pursue results in the long term that are a consequence of trust accumulated over many years, with a deeply rooted belief that such results are a barometer of stakeholder trust.

Vision

Tokio Marine Group's Value Drivers



Sound capital base

Tokio Marine Group has an economic solvency ratio of 140% (as of March 31, 2014) and ample risk capital, and Tokio Marine & Nichido has received AA (Aa) ratings from credit rating agencies such as Standard and Poor's (S&P) and Moody's, and the highest rating from A.M. Best, a U.S. insurance rating agency. (As of July 2, 2014)

Strong ERM

Tokio Marine Group has positioned ERM at the core of its management, and the ERM frameworks of Tokio Maine & Nichido and Tokio Marine & Nichido Life have received a "Strong" (second-highest) evaluation from S&P. (As of July 2, 2014)

Disciplined underwriting and ALM

We control risk capital through disciplined insurance underwriting based on appropriate underwriting and asset management under strict asset and liability management.

Balanced business portfolio of domestic and overseas, life and non-life

With the three core business domains of domestic non-life insurance, domestic life insurance and international insurance, we have built a risk diversified portfolio in terms of geography and business.

Lineup of overseas subsidiaries with distinctive strong growth

We have improved capital efficiency through growth and risk diversification with overseas subsidiaries including Philadelphia, Delphi and Kiln, which have high growth potential due to strong business models.

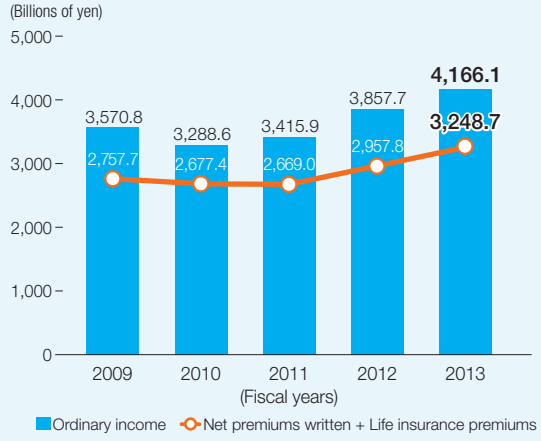
Solid franchise and strong brand in homeland market

Tokio Marine & Nichido has been a leading company in the non-life insurance industry for 135 years, with 417 offices, 242 claims settlement service offices and 46,658 agents throughout Japan. Together with Nisshin Fire, E. design Insurance and Tokio Marine & Nichido Life, it maintains a solid franchise and strong brand.

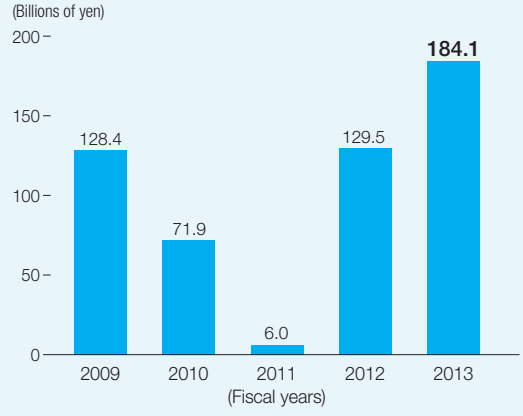
Financial Highlights

Key Financial Indicators

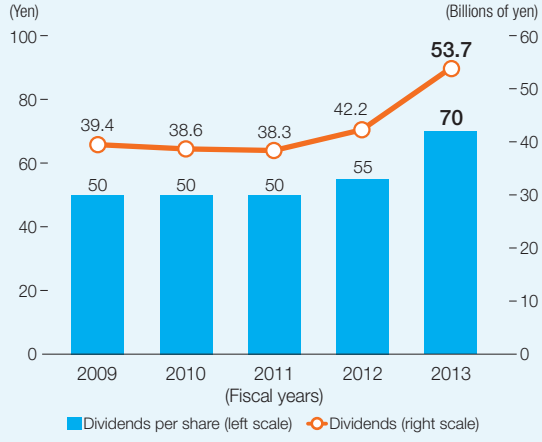
Ordinary Income/Net Premiums Written + Life Insurance Premiums



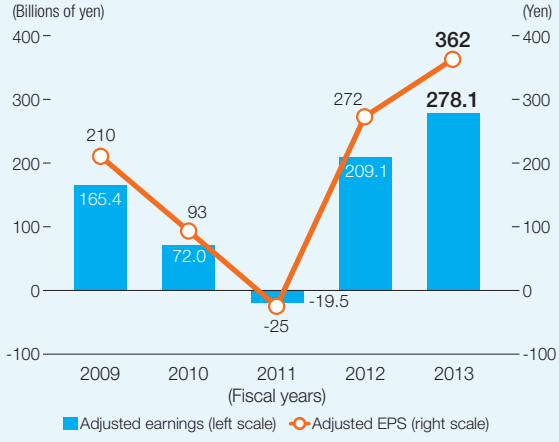
Net Income



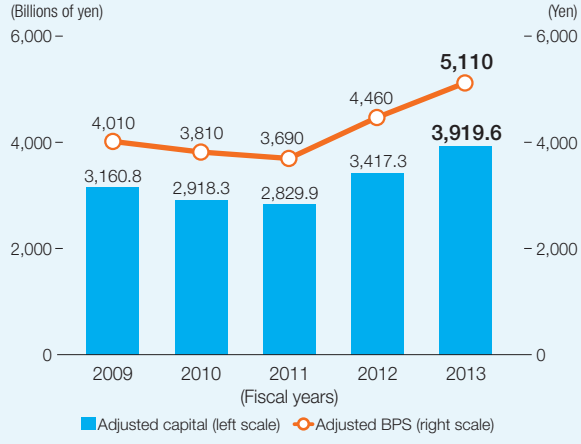
Dividends per Share/Dividends



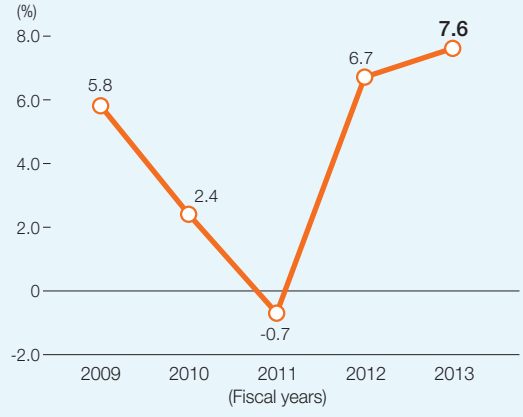
Adjusted Earnings/Adjusted EPS



Adjusted Capital/Adjusted BPS



Adjusted ROE



Fiscal 2013 Results Overview

Ordinary Income/ Net Premiums Written + Life Insurance Premiums **¥4,166.1 billion/ ¥3,248.7 billion**	Tokio Marine & Nichido and other domestic non-life insurance companies performed well, as did overseas subsidiaries. Other factors supporting premium growth included the full-year consolidation of Delphi.
Net Income **¥184.1 billion**	In the domestic non-life insurance business, profitability improvement progressed steadily but profits decreased, mainly due to an increase in provision for catastrophe loss reserves. However, net income increased overall due to a substantial increase in profits from overseas subsidiaries.
Dividends per Share **¥70**	Annual dividends per share for fiscal 2013 increased by 15 yen per share from the previous year to 70 yen in accordance with the Group's policy of enhancing shareholder returns in line with profit growth. The payout ratio was 49% of average adjusted earnings (excluding EV).
Adjusted Earnings/Adjusted EPS **¥278.1 billion/ ¥362**	Although adjusted earnings decreased in the domestic non-life insurance business mainly due to natural catastrophe losses, adjusted earnings for the Group as a whole increased more than 30% year on year, with support from other business domains including the domestic life insurance and international insurance businesses.
Adjusted ROE **7.6%**	Adjusted capital increased due to higher market value of assets, primarily in business-related equities. However, adjusted ROE increased to 7.6% as a result of improved profitability in the Group overall.

Consolidated Financial Summary

(Yen in millions unless otherwise indicated)

	FY2009	FY2010	FY2011	FY2012	**FY2013**
Ordinary income	3,570,803	3,288,605	3,415,984	3,857,769	**4,166,130**
Net premiums written	2,292,911	2,272,117	2,324,492	2,558,010	**2,870,714**
Ordinary profit	203,413	126,587	160,324	207,457	**274,386**
Net income	128,418	71,924	6,001	129,578	**184,114**
Comprehensive income	—	(196,554)	(10,558)	548,251	**442,277**
Net assets	2,184,795	1,904,477	1,857,465	2,363,183	**2,739,114**
Total assets	17,265,868	16,528,644	16,338,460	18,029,442	**18,948,000**
Net assets per share (Yen)	2,753.87	2,460.21	2,398.66	3,051.58	**3,535.84**
Net income per share – Basic (Yen)	163.04	92.49	7.82	168.93	**239.98**
Net income per share – Diluted (Yen)	162.96	92.43	7.81	168.77	**239.75**
Dividends per share (Yen)	50	50	50	55	**70**
Dividends (Billions of yen)	39.4	38.6	38.3	42.2	**53.7**
Consolidated solvency margin ratio (%)	—	—	717.8	737.0	**728.4**
Capital ratio (%)	12.56	11.41	11.26	12.98	**14.32**
Return on equity: ROE (%)	6.76	3.55	0.32	6.20	**7.29**
Price-to-earnings ratio: PER (Ratio)	16.15	24.05	290.41	15.69	**12.91**
Net cash provided by (used in) operating activities	371,562	183,579	72,429	138,724	**424,729**
Net cash provided by (used in) investing activities	170,771	(97,121)	(200,542)	(761,058)	**(168,214)**
Net cash provided by (used in) financing activities	(159,974)	(224,723)	101,089	485,443	**(346,478)**
Cash and cash equivalents at end of year	1,268,885	1,120,399	1,092,680	979,389	**924,499**
Number of employees	29,578	29,758	30,831	33,006	**33,310**
Adjusted earnings (Billions of yen)	165.4	72.0	(19.5)	209.1	**278.1**
Adjusted capital (Billions of yen)	3,160.8	2,918.3	2,829.9	3,417.3	**3,919.6**
Adjusted ROE (%)	5.8	2.4	(0.7)	6.7	**7.6**
Adjusted PBR (Times)	0.66	0.58	0.62	0.59	**0.61**
Adjusted BPS (Yen)	4,010	3,810	3,690	4,460	**5,110**

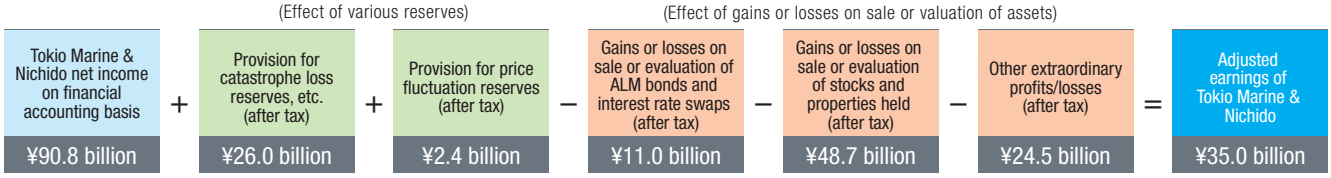
Adjusted Earnings and Adjusted ROE

Adjusted Earnings

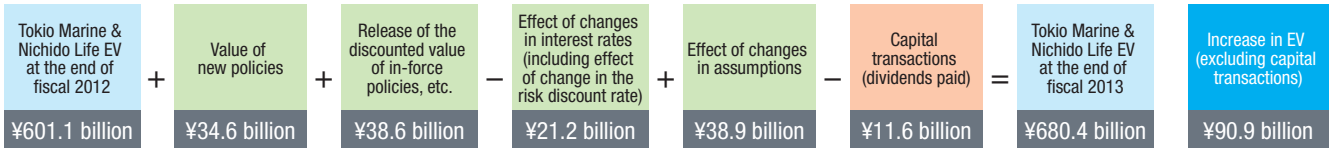
Tokio Marine Group uses "adjusted earnings", as defined below, as an indicator for business planning and shareholder returns.

Adjusted earnings in the non-life insurance business is an indicator that clarifies profit or loss attributable to the reporting period under review, eliminating the effect of various reserves exclusive to the Japanese non-life insurance business as well as deducting gains or losses on sale or valuation of assets that are not necessarily attributable only to the period under review. As for the life insurance business, since profit is recognized on a deferred basis, the Group uses the increase in embedded value (EV) during the period as adjusted earnings to facilitate recognition of performance and the outcomes of business investments. For other general businesses, the Group uses net income on a financial accounting basis as adjusted earnings.

• **Example Calculation of Adjusted Earnings in the Non-Life Insurance Business** (Fiscal 2013; Example from Tokio Marine & Nichido)



• **Example Calculation of Adjusted Earnings in the Life Insurance Business** (Fiscal 2013; Example from Tokio Marine & Nichido Life)

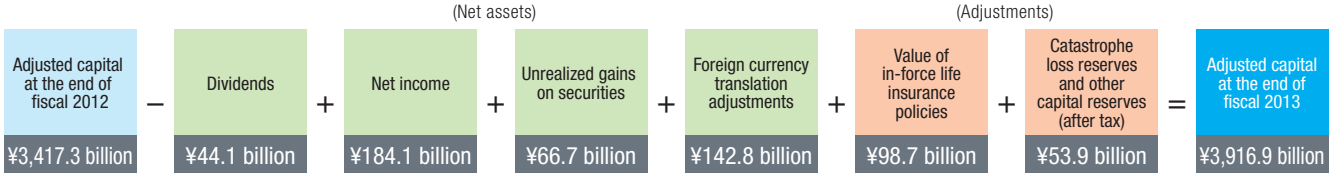


Note: See page 137 for details on embedded value.

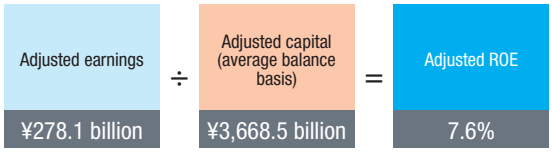
Adjusted ROE

Adjusted ROE is calculated using adjusted capital on an average balance basis and Group total adjusted earnings. The Group has set the target of increasing this indicator under its Mid-Term Business Plan.

• **Adjusted Capital at the End of Fiscal 2013**



• **Adjusted ROE at the End of Fiscal 2013**



Corporate Strategy

Fiscal 2014 Adjusted Earnings (Target)

¥230 to ¥260 billion

Fiscal 2013 Adjusted Earnings (Result)

¥278.1 billion

Fiscal 2014 Adjusted ROE (Target)

7% or higher

Fiscal 2013 Adjusted ROE (Result)

7.6 %

Tokio Marine Group aims to raise corporate value by achieving sustainable growth and improved capital efficiency, centered on risk-based management (ERM). In addition to a summary of our Mid-Term Business Plan "Innovation and Execution 2014", this section includes an explanation of our corporate strategy by President Tsuyoshi Nagano.

Corporate Strategy 14

We Aim to Be a Global Insurance Group Sustaining Growth.

Tokio Marine Group aims to raise corporate value by achieving sustainable growth and improved capital efficiency, centered on risk-based management (ERM), by building a global business portfolio that effectively diversifies risk in terms of geography and business. Amid various types of environmental changes taking place around the Group, it is important to continuously possess the competitiveness to endure changes and draw up a mid-to-long-term growth strategy based on the Group's competitive advantages. In addition, the capability to respond proactively to changes as well as to transform ourselves and to swiftly take on the challenge of grasping changes as opportunities is required. We will take on these challenges with a sense of speed in aiming to be a global insurance group sustaining growth by offering quality that customers select.

Akira Harashima
Executive Officer, General Manager of Corporate Planning Dept.
Tokio Marine Holdings

Summary of Mid-Term Business Plan "Innovation and Execution 2014"

Overview of "Innovation and Execution 2014"

Tokio Marine Group began implementing its Mid-Term Business Plan "Innovation and Execution 2014" in fiscal 2012 with a mid-to-long-term vision of becoming a global insurance group sustaining growth by offering quality that customers select.

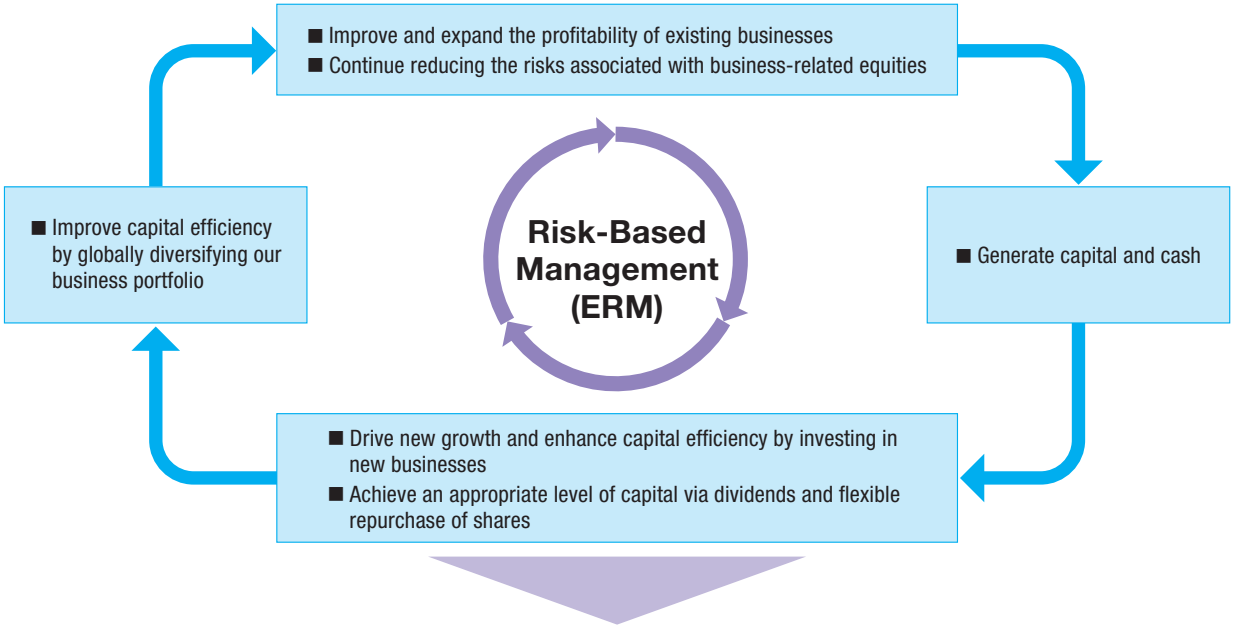
Under the Mid-Term Business Plan, the Group is working to "Expand Profit" through profitability improvement and sustainable growth in each business and to "Improve Capital Efficiency" by enhancing global diversification of risks in order to continuously improve corporate value while maintaining the financial soundness to prepare for claims payment.

Expand Profit

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

Improve Capital Efficiency

- Continue reducing the risks associated with business-related equities
- Invest in businesses with high capital efficiency
- Enhance global diversification of risk
- Achieve an appropriate level of capital via dividends and flexible repurchase of shares



Mid-to-Long-Term Vision

A global insurance group sustaining growth by offering quality that customers select

Risk-Based Management (ERM)

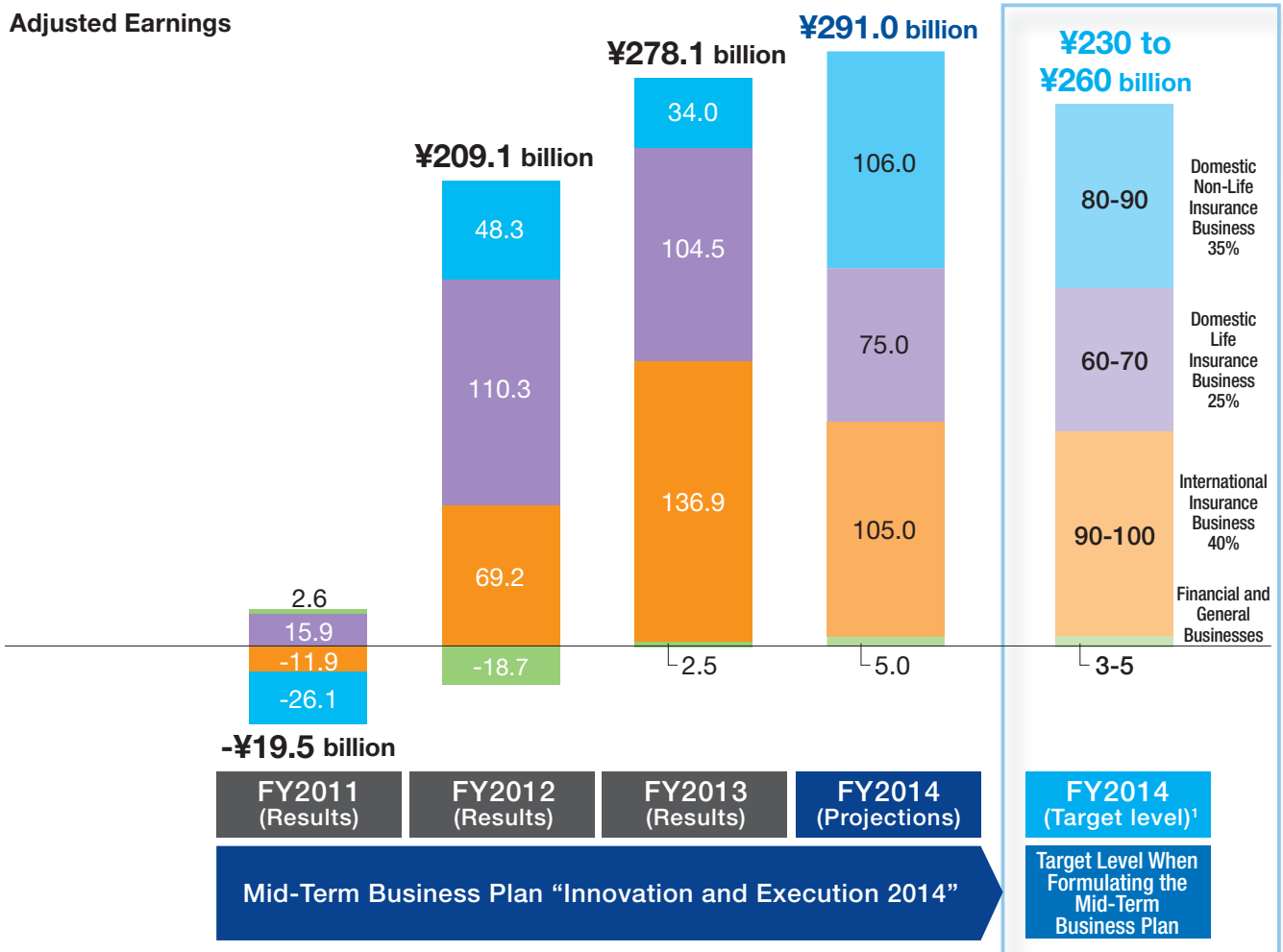
As Tokio Marine Group diversifies its business portfolio globally, the risks it assumes are also becoming more diversified. Under these circumstances, we are promoting risk-based management (ERM) initiatives to achieve continuous profitability (capital efficiency) improvement relative to risk, while ensuring financial soundness.

▶ Please refer to "Risk Management" on pages 67-70 for details of the initiatives.

Adjusted Earnings and Targets in Each Business Domain

For fiscal 2014, the final year of the Mid-Term Business Plan, we project adjusted earnings of 291.0 billion yen, an increase of 12.9 billion yen year on year, and adjusted ROE of 7.4%, concurrently achieving sustained profit growth, higher ROE and financial soundness in a balanced manner centering on risk-based management (ERM).

Adjusted Earnings



	FY2011 (Results)	FY2012 (Results)	FY2013 (Results)	FY2014 (Projections)	FY2014 (Target level)[1]
Domestic Non-Life Insurance[2]					
Combined ratio	103.3%	97.4%	91.2%	95.2%	95%
Net premiums written (NPW) growth rate	102.3%	104.9%	105.2%	102.4%	No. 1 growth in the industry
Domestic Life Insurance					
EV increase[3]	¥15.9 billion	¥110.3 billion	¥104.5 billion	¥75.0 billion	3-year total ¥180 billion
International Insurance					
Adjusted earnings	-¥11.9 billion	¥69.2 billion	¥136.9 billion	¥105.0 billion	¥100 billion
Total					
Adjusted ROE	-0.7%	6.7%	7.6%	7.4%	7% or higher

Notes: 1. Applied share price, forex rates and interest rates are as of the end of March 2012. In addition, projected profit level is based on the assumption that natural catastrophe losses are projected to occur on an average level, etc.
2. Figures for Tokio Marine & Nichido
3. Excluding capital transactions

We will meet the expectations of our stakeholders by continuing to raise corporate value through our efforts for growth and improved profitability in each business under our Mid-Term Business Plan "Innovation and Execution 2014".

QUESTION 1

A year has passed since you assumed the position of President and CEO. Please take a look back at fiscal 2013 and provide a summary.

▶ Adjusted ROE for Tokio Marine Group (the "Group") was 7.6%, exceeding the target set in the Mid-Term Business Plan.

Tsuyoshi Nagano
President and CEO

Fiscal 2013 was the midpoint of our Mid-Term Business Plan "Innovation and Execution 2014", which started in fiscal 2012, and we continued to move forward with the reform measures to "Expand Profit" and "Improve Capital Efficiency" set forth in the plan, centered on risk-based management (ERM).

Specifically, in the domestic non-life insurance business, adjusted earnings decreased due to the impact of snowstorms, mainly in the Kanto-Koshin region in February 2014. However, profitability has been recovering as a result of ongoing efforts to improve business efficiency and measures to improve underwriting discipline, including product and rate revisions in auto and other lines. In the domestic life insurance business, Tokio Marine & Nichido Life Insurance Co., Ltd. ("Tokio Marine & Nichido Life") was able to continue working to expand adjusted earnings while increasing the number of customers by rolling out a lineup of original products focused on the field of living benefits such as *Medical Kit R* and promoting measures to offer customers security through an integrated life and non-life sales approach. In addition, the international insurance business contributed nearly half of total adjusted earnings for the Group, as each base of our global operations promoted growth strategies based on its individual business model while working to maintain and improve underwriting discipline.

Although earnings decreased in the domestic non-life insurance business, mainly attributable to natural catastrophes, total adjusted earnings for the Group as a whole were 278.1 billion yen, an increase of more than 30% compared with the previous fiscal year, supported by other business domains such as the domestic life insurance and international businesses. Adjusted ROE was 7.6%, exceeding the target set in the Mid-Term Business Plan.

QUESTION 2

What are your business strategies and projections for fiscal 2014, the final year of the Mid-Term Business Plan?

▶ We aim for balanced profit growth by continuing to work for growth and improved profitability in each business.

Fiscal 2014 is the all-important final year of the Mid-Term Business Plan, and we will aim for results exceeding the plan by steadily executing its strategies and policies centered on risk-based management (ERM).

In the domestic non-life insurance business, claims payment and business expenses will increase due to the hike in the consumption tax rate from April 2014, but we will work to maintain profitability by stepping up management efforts for improved business efficiency and revising products and premium rates for auto and other lines. In the domestic life insurance business, we will aim for sustained profit growth by developing products that meet customer needs in the field of living benefits and further accelerating measures to promote an integrated life and non-life sales approach. In the international insurance business, we project a decrease in earnings compared with the previous fiscal year, mainly due to the projected average level of natural catastrophe losses, which were at a low level in fiscal 2013. However, we will work for sustainable growth and increased earnings by promoting a growth strategy that strikes a balance between the two markets of developed and emerging countries.

By working for growth and improved profitability in each business, we will aim for adjusted earnings of 291.0 billion yen for the Group and adjusted ROE that continues to exceed 7%.

QUESTION 3

Can you give an overview of risk-based management (ERM), which is at the core of Tokio Marine Group's Mid-Term Business Plan, and explain your objectives in promoting it?

▶ ERM is a business management method for enhancing corporate value. We use ERM as an indicator to decide if capital and profitability are sufficient relative to risk.

I view risk-based management (ERM) as a way of addressing all aspects of decision-making in view of risks. Using ERM, we aim to realize sustainable growth in corporate value while firmly maintaining financial soundness by making decisions in light of the sufficiency of capital and profitability relative to risk.

Specifically, we aim to expand profit of each business and redeploy capital and cash generated from reduction of business-related equities, which

account for a large portion of risk capital, to areas where we can expect higher diversification effects and profitability, as well as to shareholder returns. In this way, we strive to increase the capital efficiency of the Group as a whole while ensuring financial soundness. Through this cycle, the Group aims to increase adjusted ROE to the Mid-Term Business Plan target.

QUESTION 4

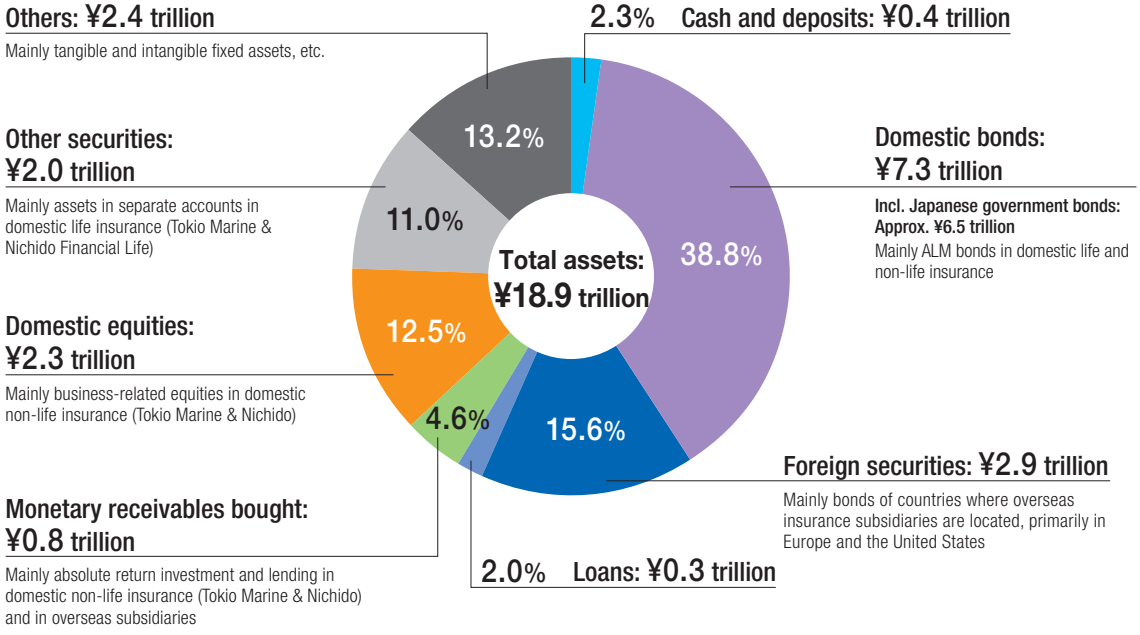
Please explain the Group's asset management policy.

▶ With asset and liability management (ALM) at the core of our policy, we aim to secure sufficient liquidity and profit.

To maintain our financial soundness, we aim to increase profits within the scope of risk tolerance by establishing and controlling the limits while keeping ALM at the core of our policy to prepare for claims, maturity refunds and other payments.

In addition, from the viewpoint of reducing risk and improving capital efficiency, Tokio Marine & Nichido plans to sell business-related equities worth approximately 100 billion yen during each year of the current Mid-Term Business Plan. In fiscal 2013, we sold 109.0 billion yen of such equities.

Composition of Total Assets (As of the end of fiscal 2013)



QUESTION 5

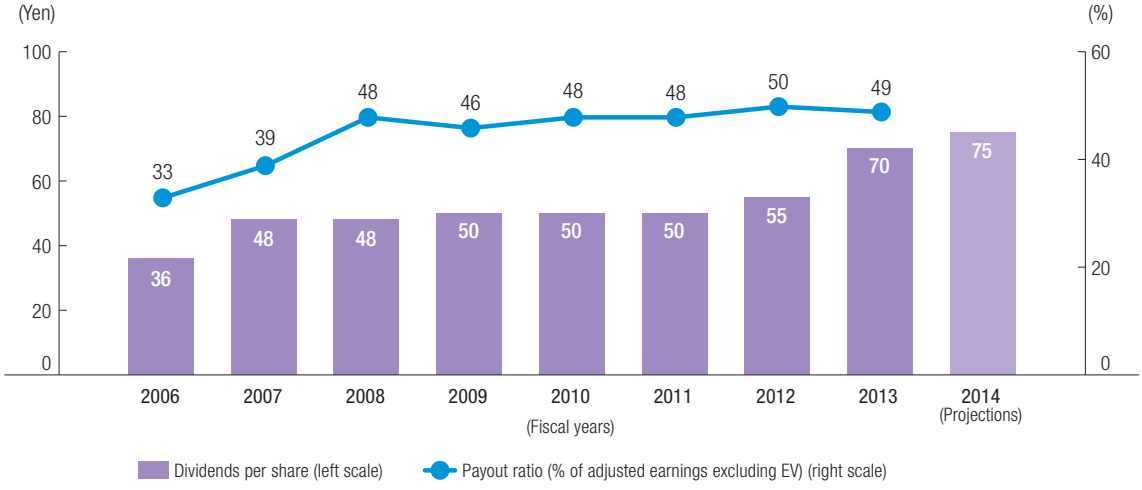
Please review the Group's shareholder returns in fiscal 2013 and explain its policy for fiscal 2014.

▶ Based on our policy of increasing dividends in line with profit growth, we increased annual dividends for fiscal 2013 by 15 yen per share. For fiscal 2014, as of the start of the year, we plan to increase annual dividends by another 5 yen per share.

Tokio Marine Group's basic policy on shareholder returns is to increase dividends, which are our primary means of providing shareholder returns, in line with profit growth, with a target payout ratio of 40% to 50% of average adjusted earnings (excluding EV). For fiscal 2013, we increased dividends per share by 15 yen compared with the previous fiscal year to 70 yen. For fiscal 2014, we would like to increase dividends per share in line with profit growth, and as of the start of the current fiscal year, we estimate that annual dividends per share will increase by 5 yen to 75 yen.

Although we did not conduct share repurchases in fiscal 2013, from the perspective of raising shareholder value over the medium-to-long term, we will consider share repurchases in a flexible manner based on a comprehensive assessment of market conditions, our capital levels and business investment opportunities, also taking financial soundness and capital efficiency into account.

Dividends per Share/Payout Ratio (% of Adjusted Earnings Excluding EV)[1]



(Billions of yen)

	2006	2007	2008	2009	2010	2011	2012	2013
Adjusted earnings (excluding EV)	121.5	128.1	4.7	113.4	44.5	(35.4)	98.8	173.6
Average adjusted earnings (excluding EV)[2]	90.0	100.0	80.0	85.0	80.0	80.0	85.0	110.0

Notes: 1. Comparison with average adjusted earnings (excluding EV)
2. Average adjusted earnings (excluding EV) excludes the effects of the Great East Japan Earthquake and Thai flood.



QUESTION 6

What kind of group do you want to create over the long term?

▶ I want to create a "Good Company" that will be essential to customers for the next 50 or even 100 years by proactively dealing with environmental changes and promoting diversity.

We will continue to "Expand Profit" and "Improve Capital Efficiency", centered on risk-based management (ERM), through balanced expansion of a business portfolio that diversifies risk geographically and by business, with domestic non-life insurance, domestic life insurance and international insurance as the three core business domains.

On the other hand, looking at the environment in which Tokio Marine Group operates from a long-term perspective, the progress of Japan's declining birthrate and aging society, accelerating advances in and applications of technology, and climate change are issues that have been arising. I believe it is crucial that we deal proactively with these changes.

For example, I see expanding business opportunities in the declining birthrate and aging society, with increasing demand for dealing with "living risk" as lifespans become longer.

I also believe that new risks and new needs for insurance will arise due to innovations in various fields and their spread throughout society.

Climate change has become a worldwide issue, and customers' awareness of the risk is increasing. I want Tokio Marine Group to provide safety and security to its customers at all times by working for more sophisticated risk management for the further evolution of risk-based management (ERM).

Consequently, I am not pessimistic about these changes in our environment; rather, I view them as major opportunities for Tokio Marine Group to pursue further growth.

In addition, in order to turn environmental changes into opportunities for rapid growth, I hope to make the most of Tokio Marine Group's strengths to accurately grasp and respond to the "new needs and seeds" created by these changes. In this way, I want to create a "Good Company" that will be essential to customers for the next 50 or even 100 years.

Moreover, just as insurance is called a "people's business", the driving force of becoming a "Good Company" is, above all, the abilities of its people. Approximately 40,000 employees

currently work for Tokio Marine Group in Japan and overseas. We conduct management focused on employee initiative and fulfillment, and promote diversity on a global scale so that employees with various experiences and diverse values can participate actively.

For example, at Tokio Marine & Nichido, female employees have been promoted to the position of executive officer for two consecutive years, in fiscal 2012 and fiscal 2013, and there are also four female officers at other Group companies in Japan. Moreover, non-Japanese employees have been promoted to a managing executive officer position and two executive officer positions at Tokio Marine Holdings in fiscal 2014. In addition to continuing to actively appoint women and non-Japanese as officers, I want to globally promote diversity initiatives such as personnel interchange within the Group, and to link the new value created by diversity to strengthening the competitiveness of Tokio Marine Group.

QUESTION 7

What are your thoughts on Tokio Marine Group's management system and CSR?

▶ We will contribute to the creation of a safe, secure and sustainable society by working to strengthen our management system and to promote CSR activities through dialogue and cooperation with our various stakeholders.

Tokio Marine is working to "strengthen the management system" and "promote CSR activities" with the aim of being a "Good Company" that earns the trust of customers and local communities and will continue to create new value.

Every time a major natural catastrophe has occurred, including the Great East Japan Earthquake and Thai flood in 2011 and Hurricane Sandy in the United States in 2012, Tokio Marine Group has given its full efforts to the payment of customers' claims and support for their rapid restoration, as well as support for the reconstruction of local communities. These experiences renewed our awareness of the major contribution insurance can make to rebuilding customers' lives and restoring business activities. As its social responsibility, Tokio Marine Group has taken on the mission of continuing to provide to society the insurance and risk management that are an indispensable part of the social infrastructure in an ongoing and stable fashion.

To protect customers in an emergency, we must make efforts to deepen our relationships with local communities day in and day out, in addition to the necessity of remaining prepared under normal conditions so that we can build a strong financial foundation based on risk-based management (ERM) and promptly pay claims. To achieve these objectives, we strive for long-term, ongoing strengthening of our management system and promotion of CSR activities through dialogue and cooperation with our various stakeholders.

Tokio Marine Group will use the trust it has earned and the knowledge and experience it has accumulated over a history of 135 years to contribute to the creation of a safe, secure and sustainable society.

Feature:

The Power of Tokio Marine

The People Making a "Good Company" a Reality

Masashi Oba
Senior Managing Director

Our Diverse People and the Philosophy of Their Development

In Tokio Marine Group, we believe that the driving force for becoming a "Good Company" is our people. Insurance has often been called a "people's business" and because of this the power of our Group's people to build and earn trust is indispensable for us to be able to meet and exceed the expectations of our customers, society and shareholders. Additionally, as we have seen the global diversification of our business portfolio, it is essential that we are working to develop and build a diverse workforce on a global scale.

We have always aimed to nurture the best talent for Tokio Marine Group through a broad range of initiatives. While pursuing the elements that make up the Group DNA – "spirit to challenge", "openness and dynamism", "customer orientation", "social contribution" and "global perspective" – we have expected and encouraged our

Group is Our People

Contents

employees to remain intrinsically motivated, to always have the curiosity and passion to learn and grow.

In this feature section, I would like to highlight three main sets of episodes of what we have been focusing on in recent years to cultivate and realize further the power of our people.

The first set of episodes will introduce our initiatives to develop global talent both within Japan and around the world. As the scale of our global operation increases, creating a shared vision with the employees of the overseas Group companies and promoting the globalization of Japanese employees have become pressing issues.

The second set of episodes deals with “leveraging diversity to better respond to evolving client needs” with a focus on our female employees. Over the past few years, we have seen a huge contribution to our business from our female employees and the further expansion of their role is intrinsically linked to the future growth of our organization.

The final episode is looking at how we utilize top-class expertise to deliver new value to our clients. In order to accurately and effectively deal with risk that is becoming ever more sophisticated, complex and global in scope, it is essential that we are developing people with the best expertise in the industry.

Each of these episodes shows just one aspect of the diverse people who make up Tokio Marine Group. Of course our group is full of many examples and we believe that such diversity and creating an inclusive environment in which our people can feel engaged and perform is at the core of the power of our company. To continue to be selected by customers and sustain our growth, we will always strive to have a workforce that is rich in diversity and filled with the best talent.

The People Driving Our Global Expansion

Episode 1 Generating Group Synergy and Integration through Executive Development

Tokio Marine Group has approximately 30,000 employees working outside Japan. To conduct business with highly diverse employees, it is important to share Tokio Marine Group's vision of becoming a "Good Company" worldwide. Since 2012, the Group has been conducting the "Senior Global Leadership Development Program" (SGL) and "Middle Global Leadership Development Program" (MGL) to foster overseas executives, under which it has conducted visits to the Great East Japan Earthquake disaster area and held discussions with agencies and employees there to deepen understanding of a "Good Company". One of the participants was Laura Boylan of the Human Resources Division of Philadelphia Insurance Companies.

Laura Boylan
Assistant Vice President,
Human Resources
Philadelphia Insurance Companies

"Spending the week in Japan with representatives from Tokio Marine companies from around the globe truly gave me the experience of being part of a global organization and highlighted the importance of diversity. The visit to Tohoku and the presentation by the insurance agency were an emotional experience for me and gave me a much deeper appreciation of what it means to be a "Good Company". The actions taken by the Agency and Tokio Marine employees demonstrated a strong commitment to the mission and purpose of an insurance company by building a sense of trust, and contributing to society in serving the people of the community".

After returning to Philadelphia, she has been using this experience to spread the "Good Company" concept by talking about it in various situations and playing the role of an advocate.

"In thinking of how I was best going to be an advocate of this concept, I thought of empowering our people. This sentiment and Mr. Nagano's viewpoint align well with the

Episode 2 The Role Played by Global Leadership Talent in Overseas Offices

India is a global driver with a population of over 1.2 billion. Tokio Marine Group has established joint ventures there that handle both life and non-life insurance with local enterprises. In India, building a business model that capitalizes on relationships of trust with our partners and the strengths of both parties is important.

In recent years, Tokio Marine & Nichido has been using its know-how from Japan to provide safety and security through agents and a claims settlement service network spanning India, including its rural districts.

ITGI management conference

Conducting these activities requires abundant global experience and leadership, advanced knowledge and communications capabilities, and most of all the ability to convey the spirit of a "Good Company", which is the vision of Tokio Marine Group. Ichiro Maeda, who is in charge of the management of IFFCO-TOKIO General Insurance Company Ltd. (ITGI, Head office: Gurgaon, India), is one such employee.

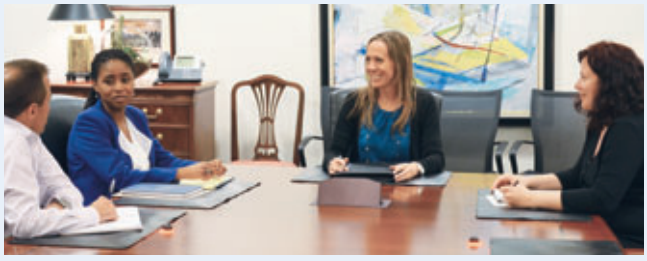
"This is my fourth overseas posting since joining the company, following my studies in the United States and postings in Indonesia and the United States. In Japan, I had experience in sales to corporate and individual customers. The language abilities that I accumulated through study and work overseas, as well as my wide-ranging work experience in Japan and abroad are utilized in the management of an overseas subsidiary".

To stably produce the people who support global expansion, Tokio Marine Group has established a system that includes rotation in Japan and abroad and training that makes use of overseas subsidiaries. Mr. Maeda is also

Programs

PHLY HR strategy of being the "Best Place to Work". Since returning from Japan we have continued our efforts by providing increased opportunity for growth and development, continued recognition for the purpose of their work and how they are contributing to the overall mission".

Tokio Marine Group is enhancing various forms of support in the area of employee development to enable its diverse employees who are active overseas to create new value as a Group while making the most of each other's experience, expertise and valued cultures, with the shared vision of a "Good Company".



Main Personnel Training Programs for Overseas Group Employees

Tokio Marine Group provides various forms of support for employees of overseas Group companies. It established the "Senior Global Leadership Development Program" (SGL) to cultivate and train executives in 2012 and the new "Middle Global Leadership Development Program" (MGL) for mid-level employees in 2013. These programs promote understanding of the "Good Company" concept and business strategies and the building of global networks, as well as the development of leadership through these measures. In addition, the Group creates opportunities to apply the experience and knowledge of its highly diverse employees and raise employee motivation through methods such as accepting overseas Group company employees for a short stay at headquarters in Japan. Moreover, to disseminate the "Good Company" concept, the Group has produced a DVD that compiles scenes from the visits of SGL participants to disaster areas and the pamphlet "To Be a 'Good Company'", which contains an explanation of the "Good Company" concept and illustrative episodes, and distributes them to employees worldwide. As a result of these initiatives, a fundamental discussion of the reasons for the company's existence and each employee's role has arisen in regions around the world.

committed to the development of junior staff.

"Playing an active part worldwide requires the knowledge of an insurance professional and the physical and mental stamina to rise above hardships. India, which is in the midst of rapid growth, is an ideal field for training global personnel, and I am actively accepting short- and regular-term trainees to develop 'people who can perform globally'".

Ichiro Maeda
Director – Operations
IFFCO-TOKIO General Insurance Company Ltd.

Main Global Personnel Development Programs for Tokio Marine & Nichido Employees

Tokio Marine & Nichido has established personnel training through scheduled rotation in Japan and overseas, a job request system in which employees can apply for the work they want to try, and other measures to stably produce global personnel. To strengthen the ability to deal with other cultures, in principle the company also sends all third-year employees (national employees) for short-term training overseas to provide opportunities for mental, physical and tangible on-site experience overseas. In addition, the company conducts personnel development programs that combine actual postings with training, such as dispatching trainees overseas for a period of one to two years, a representative office staff training course for candidates for overseas posts, and an MBA course that dispatches employees in Japan and overseas.

Leveraging Diversity to Better Respond to

Episode 3 Empowering Female Sales Employees to Take on Next-Stage Challenges

Tokio Marine & Nichido has been conducting the "Business Renovation Project" and "Role Change" for employees to provide higher value to its customers.

Under the "Business Renovation Project", which commenced in 2008, the company made its products easier to understand, reformed clerical procedures and IT systems to streamline the overall work process and used the extra time thus created for providing value to and expanding contact with customers. "Role Change" for employees has been disciplining employees through training and creating opportunities for each employee to take on the challenge of new roles as well as roles with higher added value.

Yuki Takakura
Assistant Manager, Mizonokuchi Sub-branch, Kanagawa Branch
Tokio Marine & Nichido Fire Insurance Co., Ltd.

Through these initiatives, employees – and female employees in particular – have dramatically expanded the fields in which they play an active role. For example, a female employee formerly in charge of office work has taken on the challenge of sales promotion and agent consulting work in her new role in charge of sales, and conducted activities that made use of her unique viewpoint and attention to detail. Her sales activities leverage the relationships of trust with agents, knowledge and know-how she built up as an office work supervisor to provide a new viewpoint for accurately meeting the needs of customers and agents, and thus contribute significantly to further expanding support from customers, as well as the growth of agents and the company.

Episode 4 Female Employees Bringing Innovation to Our Product Development

Tokio Marine & Nichido, which was the first company in Japan to offer auto insurance, developed *One Day Auto Insurance*, the first product of its kind in the industry. The impetus for the creation of this product was a call within the company for ideas to deal with the trend of decreasing car ownership among young people. Originating from a female employee's comment, "Why not offer insurance that can be bought immediately, just for the time it is necessary?", the company set up a project team with female employees and young employees as members to pursue original development ideas from novel approaches. As a result of market research, the team decided to develop a low-cost product that can be purchased anytime and anywhere. After engaging in lively discussions, the team completed product development.

Yuko Nitta, a member of the project team, recounts it as follows. "Even someone like me who does not own a car may unexpectedly need auto insurance, such as when driving a friend's or acquaintance's car. We conducted development with the intention of creating auto insurance that people like me could easily purchase, while each of us contributed our ideas on details such as product content and purchasing procedures. I feel that our strengths were the ability to give our ideas freely within the project team and the existence of a process and framework for everyone on the team to think to the best of our abilities to create something better".

Accidents involving uninsured drivers, which are estimated to account for more than 100,000 cases per year, are a serious social problem, and *One Day Auto Insurance* is a completely new type of insurance that can lead to its resolution. To accurately meet increasingly diverse customer needs, it is important to have points of contact with customers to understand their opinions and wishes. For this purpose, we will promote initiatives that use the ideas of various personnel to develop high-quality products.

Evolving Client Needs

Yuki Takakura of the Mizonokuchi Sub-branch, Kanagawa Branch, who is embarking on new challenges and receiving notice for her current success, relates as follows.

"In taking on the challenge of the new stage of sales supervisor, I feel a great sense of fulfillment from providing security to our customers and contributing to the further expansion of our agents and the company. My days were hectic, with the shift from office duties to sales in my work and getting married, giving birth and raising a child in my private life, but looking back, I believe every experience has been helpful in both areas. In handling insurance, which is an intangible product, I want to broaden myself through various experiences and to be someone who customers and agents can always rely on. The first step for that is to take on challenges without fearing change. I want to continue to value this spirit of challenge and to be an employee who will pass on better conditions to those who come after me".

External Evaluation of the Performance of Our Female Employees

Tokio Marine Group's initiatives to promote the empowerment of women and the results of those initiatives have led to recognition including the selection of Tokio Marine Holdings as a "FY2013 Nadeshiko Brand" (selected by the Tokyo Stock Exchange and the Ministry of Economy, Trade and Industry) and the inclusion of Tokio Marine & Nichido in the "FY2013 Diversity Management Selection 100" (commendation by the Ministry of Economy, Trade and Industry as an "enterprise that has raised corporate value through diversity management").

(Third from left)
Yuko Nitta
Deputy Manager, Telecommunication & Broadcasting Dept.
Tokio Marine & Nichido Fire Insurance Co., Ltd.

A View of Product Development at Tokio Marine & Nichido

For product development, we hold a planning competition to incorporate the ideas of various personnel. In particular, the participation of female and younger employees is leading to nontraditional approaches. Moreover, a corporate climate of creating better products by pooling a greater variety of ideas than before has been fostered, and bold challenges are arising.

The number of policyholders for the resulting *One Day Auto Insurance* has reached approximately 800,000 since its launch (as of March 31, 2014), and is receiving broad support from customers.

Generating New Value through Top-Class

Episode 5 Deepening Risk Evaluation Techniques with Tokio Marine & Nichido Risk

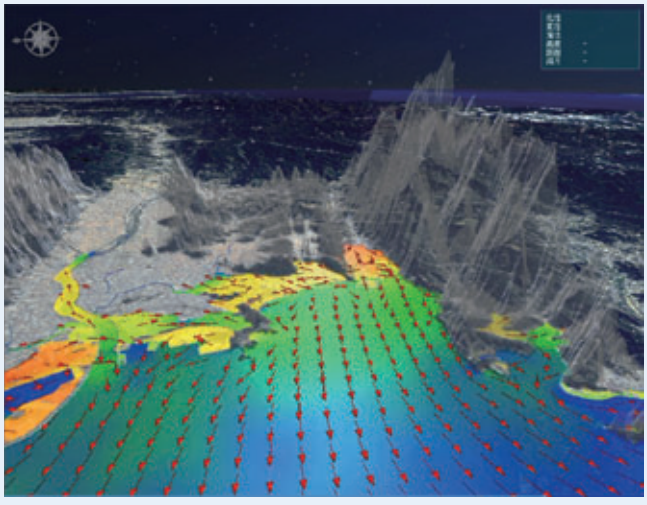
Tokio Marine & Nichido Risk Consulting (TRC) is a Tokio Marine Group company created in 1996 based on the know-how accumulated by Tokio Marine & Nichido over more than a century. It provides a wide range of consulting services for the various risks that beset companies, from raising issues based on its understanding of actual risk conditions to proposing improvements.

TRC's Property Risk Engineering Department is a unit that specializes in risks related to asset and property insurance, and the Risk Modeling Group within the Department develops techniques for visualization and quantitative valuation of risks and provides consulting that employs those techniques.

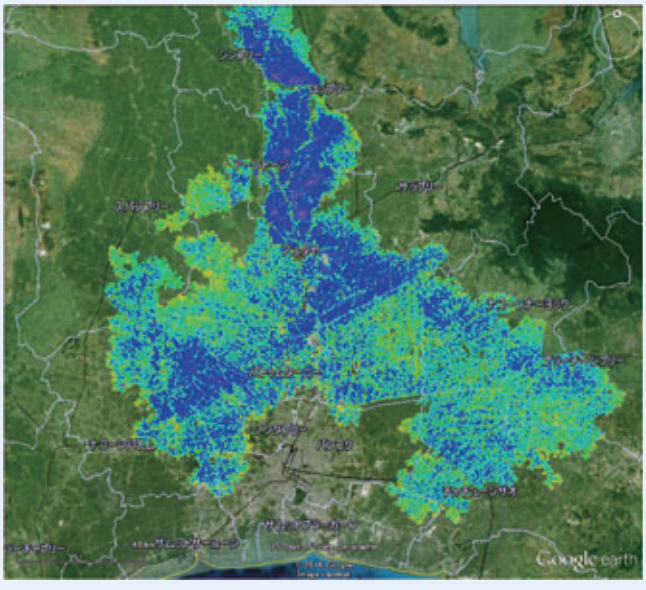
TRC was established soon after the Great Hanshin-Awaji Earthquake, at a time when the term "crisis management" was beginning to be used in Japan. Nearly 20 years later, as businesses are expanding to a global scale and becoming more complex, and with the experience of the large-scale damage from the Great East Japan Earthquake and Thai flood in 2011, customers' risk sensitivity has risen to higher levels than ever. Under these conditions, the Risk Modeling Group revised its previous precautions and worked to deepen its risk evaluation techniques to meet the problem-solving needs of customers who want to further raise their risk tolerance.

For example, for tsunami risk, the Risk Modeling Group established an evaluation method that combines tsunami simulations with stochastic risk analysis to enable quantitative evaluation of damage from tsunamis that occur once in hundreds or thousands of years. Similarly, the Risk Modeling Group also developed a river flooding simulation that not only shows the potential for flooding at a customer's business bases, but also visualizes the routes and time required for the overflow to reach those business bases. This allows the Group to communicate specific and easily comprehensible risk conditions to customers. In addition, the Risk Modeling Group provides technical support to Tokio Marine & Nichido and other Tokio Marine Group companies in areas including more elaborate and sophisticated risk evaluation.

The Risk Modeling Group that supports this technical development is composed of members with diverse expertise, including climate, earthquake and tsunami specialists, and engineering specialists such as first-class architects and professional engineers. The Risk Modeling Group is working to deepen its techniques while using each member's expertise on a project-by-project basis and occasionally generating ideas among members, including members from different groups, with specializations in different fields.



Three-dimensional visualization of a tsunami simulation



Sample results of simulation of the Thai flood

Expertise

Consulting

Joint study under cooperative research with a university

As globalization accelerates, the importance of risk visualization and quantification is further increasing, with climate change on a global level and frequent massive earthquakes. To provide safety and security to more customers, Group Leader Sato and the other members are continuing to not simply master expert knowledge but to acquire “more sophisticated expertise” to convey the essence of that knowledge to customers in an easily comprehensible fashion.

Training Specialist Personnel

TRC is conducting various initiatives to train specialist personnel.

One example is the self-development support program. The company actively encourages the acquisition of first-class architect and other technical qualifications necessary for a consulting company, as well as Ph.D. degrees, and many employees have obtained qualifications using this program.

The company also actively promotes joint research with universities. As it meets the demands of its customers on a daily basis, TRC consultants and external specialists collaborate on forward-looking, state-of-the-art research and development to continue training people with “more sophisticated expertise”.

(Third from left)
Ichiro Sato
Group Leader
Risk Modeling Group, Property Risk Engineering Department
Tokio Marine & Nichido Risk Consulting Co., Ltd.

Operations Section

I Take Pride in Having Connected with My Customers.

We paid a total of more than 160,000 claims for earthquake insurance for residences and household goods due to the Great East Japan Earthquake.

I take pride in having connected with more lives of my customers' precious families and employees than I can count through the process of claims payment. It has made me fully realize the responsibilities an insurance company must fulfill for society, and I will always treasure my feelings from those times.

Eri Sasaki
Tohoku Claims Service Dept.
Fire and Casualty Claims Service Section
Tokio Marine & Nichido

I Will Maintain a Strong Sense of Responsibility and Duty Toward My Customers.

I always keep in mind that I should act while thinking of what is required of me by the insurance agents who deal with customers every day, and how I can earn their trust. I feel the weight of my responsibility and duty when dealing with our agents, because what I say and do is passed on to the customers through them. I will continue to think and act for our customers.

Juri Narita
Tokyo Chuo Life Insurance Branch
Tokio Marine & Nichido Life

This section introduces the market environment, the progress of the Mid-term Business Plan, a summary of each business entity and specific future initiatives for our four business domains: the domestic non-life insurance business, the domestic life insurance business, the international insurance business and the financial and general businesses.

Operations Section 32

Let's Continue to Leverage the Collective Knowledge of Our Talented Global Network.

My recent global rotation validated that being immersed in work with team members from different cultural backgrounds inspires passion and creative energy, while fostering lasting friendships among the group. Our exchange of technical strategies brought material benefits to both groups. Let's continue to challenge each other to leverage the collective knowledge of our uniquely talented Tokio Marine counterparts around the world.

Jake Falandays
Actuarial Analyst II
Enterprise Risk Management
TMNA Services, LLC

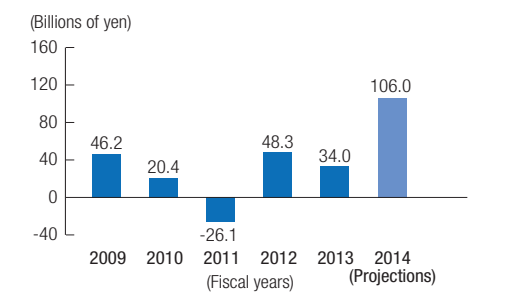
Tokio Marine Group at a Glance

Tokio Marine Group consists of Tokio Marine Holdings and 239 subsidiaries and 24 affiliates located worldwide, operating extensively in the non-life insurance business, life insurance business, and financial and general businesses.

Domestic Non-Life Insurance Business

The domestic non-life insurance business continues to conduct various measures for profit improvement and to strengthen contact with its customers as it aims for sustainable growth and profitability.

Adjusted Earnings



■ **Tokio Marine & Nichido Fire Insurance Co., Ltd.**

Established	August 1, 1879
Total assets	¥8,374.2 billion
Number of employees	17,217

(As of March 31, 2014)

■ **Nisshin Fire & Marine Insurance Co., Ltd.**

Established	June 10, 1908
Total assets	¥418.3 billion
Number of employees	2,495

(As of March 31, 2014)

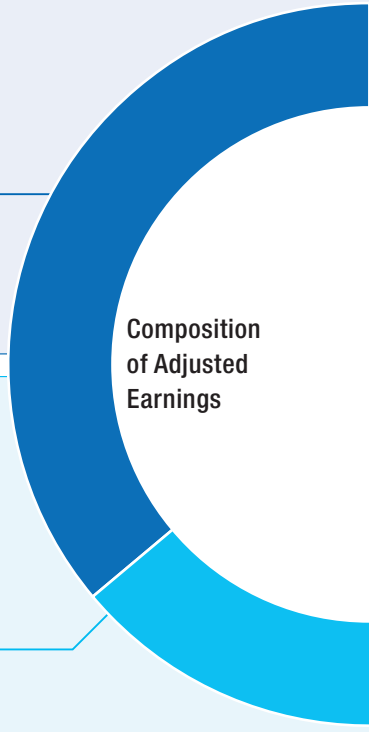
■ **E. design Insurance Co., Ltd.**

■ **Tokio Marine Millea SAST Insurance Co., Ltd.**

■ **Tokio Marine West SAST Insurance Co., Ltd.**

36%

¥106.0 billion



Domestic Life Insurance Business

Tokio Marine & Nichido Life is aiming for sustainable profit growth by promoting appealing products and services that accurately meet diverse customer needs and integrating its life and non-life sales approaches.

■ **Tokio Marine & Nichido Life Insurance Co., Ltd.**

Established	August 6, 1996
In-force policies*	¥23,022.6 billion
Total assets	¥4,710.9 billion
Number of employees	2,339

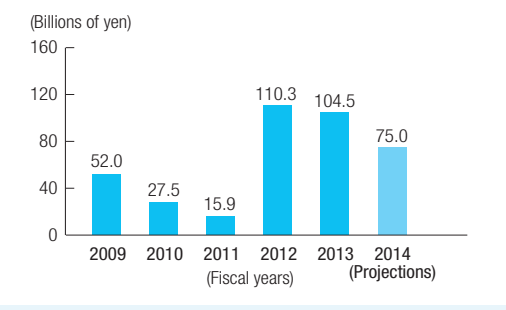
* In-force policies = Individual insurance + Individual annuity
(As of March 31, 2014)

■ **Tokio Marine & Nichido Financial Life Insurance Co., Ltd.**
and one other

26%

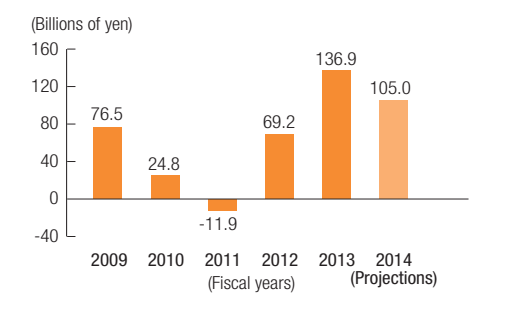
¥75.0 billion

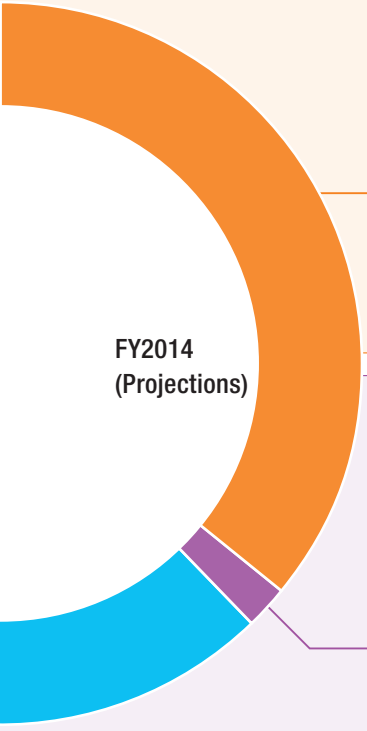
Adjusted Earnings



International Insurance Business

Adjusted Earnings





36%

¥105.0 billion

The international insurance business works to diversify business risk and improve capital efficiency by promoting balanced growth in both developed and emerging countries, and aims for sustainable growth and profit expansion as the growth driver of the Group.

Philadelphia Consolidated Holding Corp.

Established	1962
Total assets	US$8,137 million
Number of employees	1,516

(Total assets as of December 31, 2013, local financial accounting basis; number of employees as of March 31, 2014)

Tokio Marine Kiln Group Limited

Established	1962
Total assets	£1,358 million
Number of employees	372

(Total assets as of December 31, 2013, local financial accounting basis; number of employees as of March 31, 2014)

Delphi Financial Group, Inc.

Established	1987
Total assets	US$11,948 million
Number of employees	2,173

(Total assets as of December 31, 2013, local financial accounting basis; number of employees as of March 31, 2014)

Tokio Millennium Re AG

Established	2000
Total assets	US$2,413 million
Number of employees	100

(Total assets as of December 31, 2013, local financial accounting basis; number of employees as of March 31, 2014)

Tokio Marine Management, Inc.

Tokio Marine Asia Pte. Ltd.

and others

2%

¥5.0 billion

Each business entity will enhance its specialized capabilities and strengthen functional collaboration with other Group companies to further raise the comprehensive strengths of the Group.

Financial Business

- **Tokio Marine Asset Management Co., Ltd.**
  Investment advisory and investment trust services
- **Tokio Marine Property Investment Management, Inc.**
  Real estate investment advisory services
- **Tokio Marine Capital Co., Ltd.**
  Private equity investment services
- **Tokio Marine Mezzanine Co., Inc.**
  Mezzanine fund services
- **Tokio Marine Financial Solutions Ltd.**
  Derivatives and securities services

and others

General Business

- **Tokio Marine & Nichido Risk Consulting Co., Ltd.**
  Risk consulting services
- **Tokio Marine & Nichido Career Service Co., Ltd.**
  Comprehensive personnel services
- **Tokio Marine & Nichido Facilities, Inc.**
  Facility management services
- **Tokio Marine & Nichido Medical Service Co., Ltd.**
  Total healthcare consulting services
- **Tokio Marine Nichido Samuel Co., Ltd.**
  Tokio Marine Nichido Better Life Service Co., Ltd.
  Senior citizen-related services
- **Tokio Marine Assistance Co., Ltd.**
  Assistance services
- **Tokio Marine & Nichido Anshin Consulting Co., Ltd.**
  Insurance agent services

and others

Financial and General Businesses

Domestic Non-Life Insurance Business

Market Environment (Data are totals for the 27 companies that are members of the General Insurance Association of Japan.)

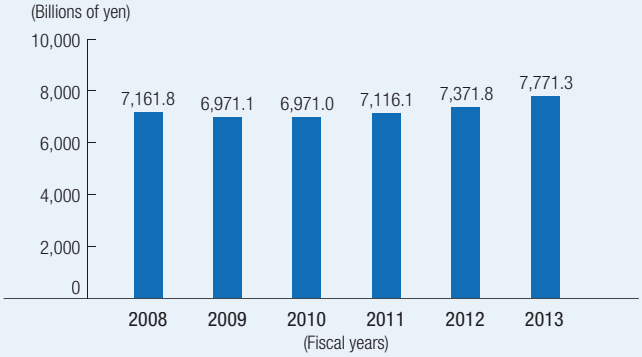
In fiscal 2013, total net premiums written for all lines of insurance increased by 5.4% compared with fiscal 2012 to 7,771.3 billion yen. Revenue increased in auto and compulsory automobile liability insurance (CALI) because of an increase in the number of policies and rate revisions, and in fire insurance due to an increase in residential housing starts.

Total net claims paid for all lines decreased by 4.5% compared with fiscal 2012 to 4,560.3 billion yen due to a decrease in the number of accidents covered by auto insurance, and the loss ratio improved by 6.3 points compared with fiscal 2012 to 64.1%. However, claims related to snowstorms in February 2014 were not paid by the end of the fiscal year, and non-life insurance companies made substantial provisions for reserves for outstanding claims.

As a result, underwriting loss was 134.4 billion yen, an increase of 79.5 billion yen compared with fiscal 2012 and the fourth consecutive unprofitable fiscal year.

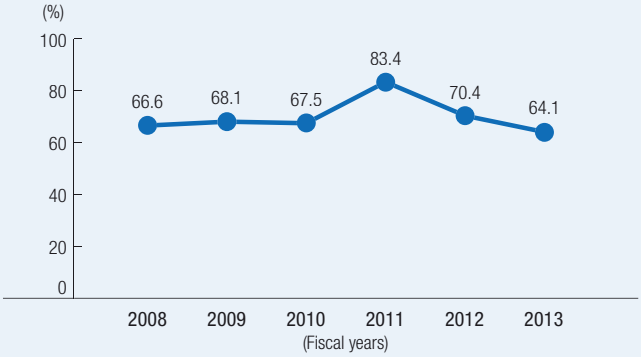
In fiscal 2014, the Japanese economy is expected to remain on a recovery track with the implementation of domestic fiscal and monetary policies. Although decreases in the number of new car sales and residential housing starts are forecast due to an increase in the consumption tax rate, the domestic non-life insurance market is expected to expand moderately with the economic recovery trend.

Net Premiums Written



Source: The General Insurance Association of Japan

Loss Ratio



Source: The General Insurance Association of Japan

Mid-Term Business Plan

The domestic non-life insurance business aims for a combined ratio (private insurance basis) of 95% by improving the profitability of auto and other lines and gaining support from customers.

Tokio Marine & Nichido aims to be able to stably sustain a combined ratio (private insurance basis) at the 95% level by improving underwriting results, mainly for auto insurance, and increasing business efficiency, while working to strengthen customer contact mainly by raising customer convenience with the provision of superior products and services and expanding sales channels to sustainably achieve the number-one growth in the industry.

Overview of Business

Fiscal 2013 Results

Tokio Marine & Nichido's combined ratio (private insurance total; written to paid (W/P) basis) was 91.2%, a decrease of 6.2 points compared with the previous fiscal year, as a result of a decrease in business expenses due to operational efficiency and measures to improve profitability such as product and rate revisions.

Tokio Marine & Nichido's net premiums written increased by 5.2% year on year to 1,966.3 billion yen, the highest level since the merger of Tokio Marine and Fire Insurance, and Nichido Fire and Marine Insurance in fiscal 2004, as the result of increased revenue from all lines of insurance, centered on auto insurance.

Adjusted earnings of the domestic non-life insurance business in fiscal 2013 decreased by 14.3 billion yen to 34.0 billion yen due to factors including the impact of snowstorms, mainly in the Kanto-Koshin region in February 2014.

Fiscal 2014 Projections

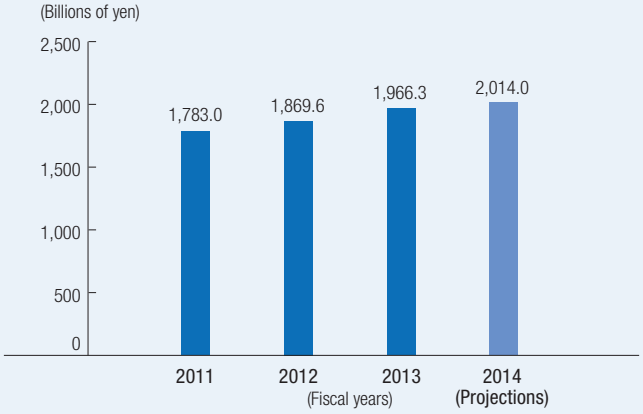
For fiscal 2014, we forecast a combined ratio (private insurance total; W/P basis) of 95.2% for Tokio Marine & Nichido and a combined ratio (W/P basis) of 95.5% for auto insurance.

At Tokio Marine & Nichido, net premiums written are forecast to total 2,014.0 billion yen, with an increase in underwriting due to efforts to expand sales channels, in addition to the positive impact of product and rate revisions for auto insurance.

Adjusted earnings of the domestic non-life insurance business in fiscal 2014 are forecast to increase by 72.0 billion yen to 106.0 billion yen despite the negative impact of the consumption tax rate hike, due to organic growth as well as measures to improve underwriting results and a decrease in net incurred losses from natural catastrophes.

Tokio Marine & Nichido/Nisshin Fire: Combined Ratio (Private insurance total; W/P basis)

Tokio Marine & Nichido: Net Premiums Written



Financial Highlights

Adjusted Earnings

(Billions of yen)

	FY2011	FY2012	FY2013	FY2014 Projections
Domestic Non-Life Insurance Business Total	(26.1)	48.3	34.0	106.0
Tokio Marine & Nichido	(18.7)	54.6	35.0	107.0
Nisshin Fire	(1.6)	(0.9)	2.7	3.0
Others	(5.7)	(5.4)	(3.7)	(4.0)

Domestic Non-Life Insurance Business

Tokio Marine & Nichido

Koji Iwai
Executive Vice President
Tokio Marine & Nichido Fire Insurance Co., Ltd.

Overview of Business, Business Results and Projections

Tokio Marine & Nichido was established in 1879 as Japan's first insurance company and is a leader in the non-life insurance industry in Japan. It delivers optimal insurance products and services for customer needs from an ample product lineup and diverse service menu through 46,658 agents in Japan (as of March 31, 2014).

Under the three-year Mid-Term Business Plan "Innovation and Execution 2014" that we began in fiscal 2012, we have been working to improve profitability with a focus on auto insurance and to strengthen customer contacts. Specifically, initiatives to raise customer convenience include consulting sales of *Super Insurance*, an all-in-one life and non-life product for individual customers, and comprehensive *Super Business Insurance* for small and medium-sized corporate customers, introducing a new paperless system to complete contracts using tablet and other devices, and developing and providing smartphone applications.

Fiscal 2013 Results

Underwriting loss was 13.2 billion yen, a total decrease of 20.6 billion yen from underwriting profit of 7.3 billion yen in the previous fiscal year, due to the impact of snowstorms, mainly in the Kanto-Koshin region in February 2014, and an increase in provision for catastrophe loss reserves, etc. Net income increased by 32.1 billion yen year on year to 90.8 billion yen and adjusted earnings decreased by 19.6 billion yen year on year to 35.0 billion yen.

Fiscal 2014 Projections

Tokio Marine & Nichido projects that net premiums written will increase by 2.4% year on year to 2,014.0 billion yen because of increased revenue from auto and other lines. We also project that net income will increase by 114.1 billion yen year on year to 205.0 billion yen and adjusted earnings will increase by 72.0 billion yen year on year to 107.0 billion yen.

Financial Highlights

(Billions of yen)

		FY2012	FY2013	Year-on-Year Change	Year-on-Year Change (%)	FY2014 Projections	Year-on-Year Change	Year-on-Year Change (%)
Total of All Lines	Net premiums written	1,869.6	1,966.3	96.6	5.2%	2,014.0	47.6	2.4%
	Underwriting profit	7.3	(13.2)	(20.6)	(279.6%)	113.0	126.2	—
	Net investment income	187.3	165.2	(22.1)	(11.8%)	181.0	15.8	9.6%
	Ordinary profit	156.1	146.5	(9.5)	(6.1%)	270.0	123.4	84.3%
	Net income	58.6	90.8	32.1	54.9%	205.0	114.1	125.7%
	Adjusted earnings	54.6	35.0	(19.6)	(35.9%)	107.0	72.0	205.0%

(%)

Private Insurance Total	W/P loss ratio	64.6	59.0	(5.6)	—	62.9	3.9	—
	W/P expense ratio	32.8	32.2	(0.6)	—	32.3	0.1	—
	Combined ratio	97.4	91.2	(6.2)	—	95.2	4.0	—

Product and Service Initiatives

Providing Insurance Products

Tokio Marine & Nichido delivers optimal insurance products for customer needs centering on *Super Insurance, Super Business Insurance* and *One Day Auto Insurance.*

Super Insurance

Super Insurance is an all-in-one life and non-life insurance product developed and launched in 2002 with the concept of providing customers and their families with lifelong safety. We use comprehensive consulting to customize this product to individual customer coverage needs.

In fiscal 2013, the number of new policies was 286 thousand; new policies and policy renewals totaled approximately 1.68 million policies. Premiums written increased by 18.9 billion yen year on year to 155.8 billion yen (managerial accounting basis).

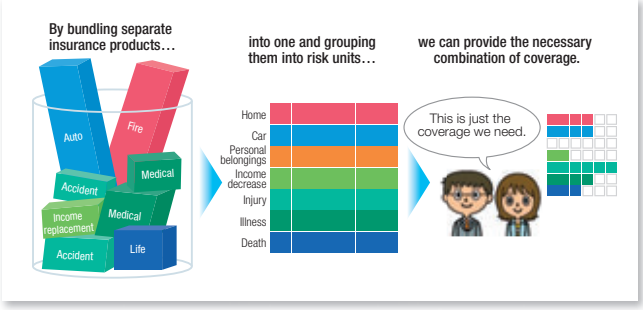
For fiscal 2014, we project 230 thousand new policies and a 16.0 billion yen year-on-year increase in premiums written to 171.8 billion yen (managerial accounting basis).

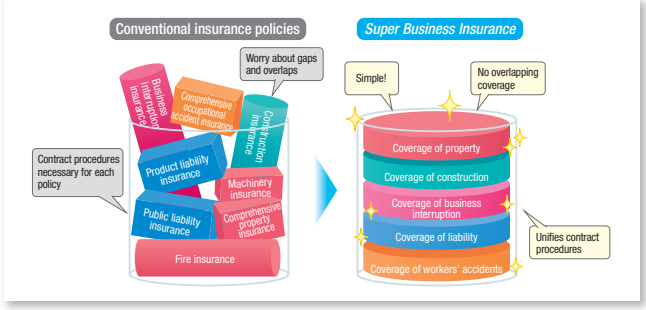
Consulting using a tablet device

Super Business Insurance

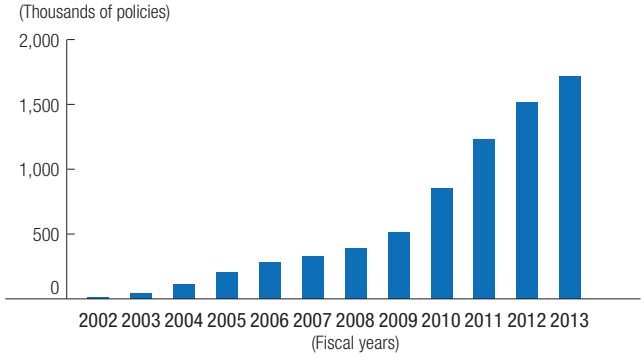
This product provides comprehensive coverage for the risks that small and medium-sized corporate customers deal with in the course of business by combining fire, liability, and other coverage normally purchased separately.

We improved this product and its system in January 2013, largely to enhance customer convenience and freedom to configure insurance. In fiscal 2013, the number of policies increased by 60.4% year on year to 124 thousand and premiums written increased by 8.0 billion yen year on year to 25.2 billion yen (managerial accounting basis).

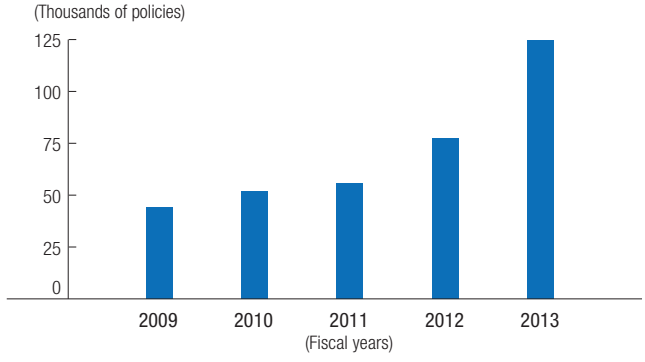




Super Insurance
Number of In-force Policies

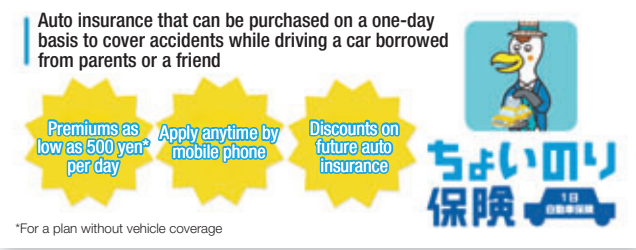


Super Business Insurance
Number of Policies Sold

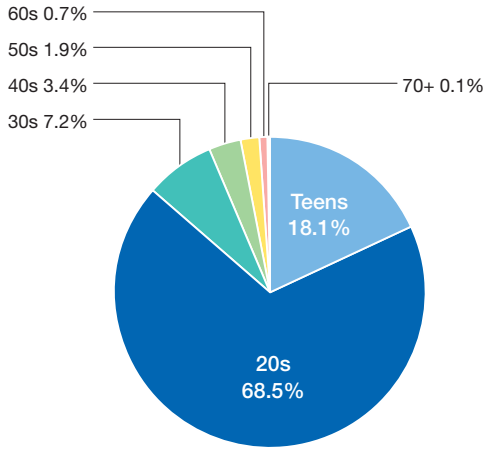


One Day Auto Insurance

One Day Auto Insurance is an auto insurance product available for purchase anytime or anywhere via mobile or smartphone for just the number of days needed when the insured drives a vehicle borrowed from a family member or a friend. As of March 31, 2014, the number of policies reached approximately 800,000 since the product launch in January 2012. Providing this insurance helps to reduce accidents involving uninsured drivers and builds new contacts with customers in their teens and 20s, who account for approximately 90% of the customer base for this product.



Composition of *One Day Auto Insurance* Users by Age



(As of March 31, 2014)

Providing Optimal Claims Settlement Service to Customers

Tokio Marine & Nichido provides optimal claims settlement service through a broad network in Japan and overseas. Our expert teams use their specialized skills to provide claims settlement service that resolves accidents.

Point 1: Highly Specialized

Claims service staff nationwide[1]	Approximately **9,800**
Tokio Marine & Nichido adjusters[2]	Approximately **1,500**
Attorneys highly experienced in traffic accident cases	Approximately **470**
Consultant doctors nationwide	Approximately **100**

Notes: 1. Includes Tokio Marine & Nichido adjusters
2. "Adjusters" are registered with the General Insurance Association of Japan. They investigate claims for insured accidents, including property damage from automobile accidents, accident cause and circumstances.

Point 2: A Reliable, Broadly Based Network

Tokio Marine & Nichido's domestic claims settlement service offices	**242**

Point 3: Outstanding Accident Settlement Experience

Tokio Marine & Nichido's annual auto insurance accident settlements*	Approximately **2.62** million*

* Figure for fiscal 2013. Some accidents require multiple settlements.

Providing Smartphone Apps to Customers

Tokio Marine & Nichido began providing the *Mobile Agent* smartphone app to customers in April 2012, and in June 2014 introduced *Smart Progress Check!*, a function that enables interactive communication between customer and company to confirm the progress of response to an accident. The company will also add *Safe Driving Diagnosis* and *Eco Drive Diagnosis*, which use the smartphone's GPS function, with a launch date of September 2014. These functions can be used while the smartphone remains in the user's pocket (a dashboard-mounted cradle for the smartphone is not required).

Mobile Agent top page

Smart Progress Check!

Eco Drive/Safe Driving Diagnosis

Note: Simulated screen image

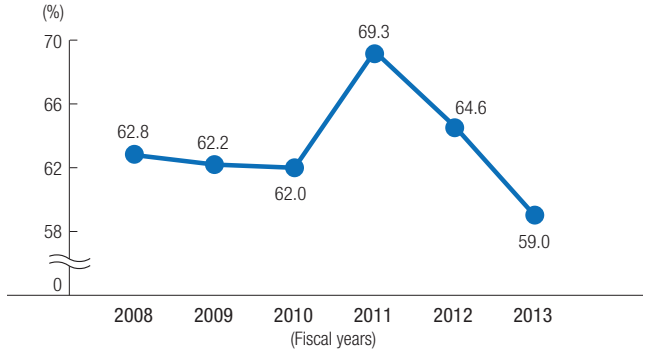
Initiatives to Improve Profitability

Tokio Marine & Nichido is executing initiatives to improve profitability in order to achieve a combined ratio at the 95% level in fiscal 2014, which is the final year of the Mid-Term Business Plan.

Loss Ratio (Private Insurance Total; W/P Basis)

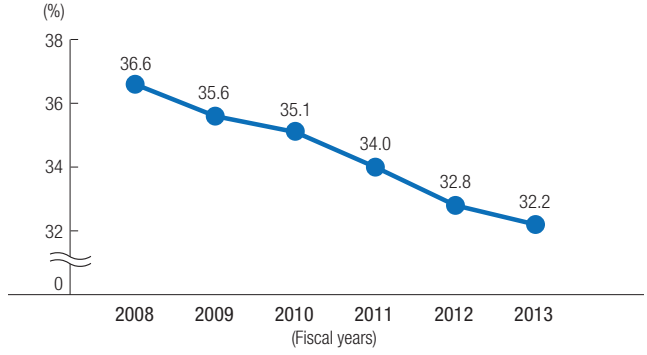
The loss ratio in fiscal 2013 improved by 5.6 points to 59.0% from 64.6% in fiscal 2012 mainly due to the impact of product and rate revisions centering on auto insurance and other lines.

In fiscal 2014, although we will work to improve profitability through rate revisions, etc., we project a loss rate of 62.9% due to the impact of the consumption tax rate hike and claims payment related to snowstorms, mainly in the Kanto-Koshin region in February 2014.



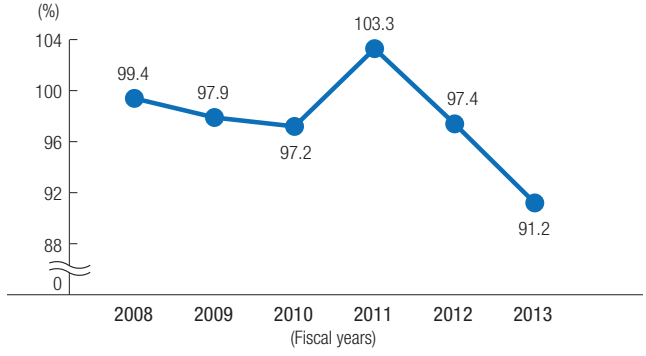
Expense Ratio (Private Insurance Total Basis)

The expense ratio in fiscal 2013 improved by 0.6 points to 32.2% from 32.8% in fiscal 2012 as a result of efforts to reduce business expenses. We will continue to work on reducing business expenses and project that the expense ratio for fiscal 2014 will be 32.3%. In fiscal 2013, Tokio Marine & Nichido achieved a reduction of nearly 60 billion yen in non-personnel expenses compared with fiscal 2008 from initiatives to raise administrative efficiency and reduce real estate and IT costs under its business renovation project.



Combined Ratio (Private Insurance Total; W/P Basis)

The combined ratio in fiscal 2013 improved by 6.2 points to 91.2% from 97.4% in fiscal 2012. For fiscal 2014, we project that the combined ratio will be 95.2%.



Initiatives to Strengthen Sales Channels

Alliance with Meiji Yasuda Life Insurance Company

Since January 2012, Tokio Marine & Nichido has been delivering non-life insurance products including auto insurance through sales representatives of Meiji Yasuda Life Insurance Company. Premiums written (managerial accounting basis) in fiscal 2013 increased by approximately 5.2 billion yen year on year to approximately 21.7 billion yen.

Establishment of New Agents

We established 1,893 new agents during fiscal 2013. In fiscal 2014, we will work on increasing the number of highly capable agents with the goal of establishing 1,800 new agents.

Domestic Non-Life Insurance Business

Nisshin Fire

Masato Murashima
President
Nisshin Fire & Marine Insurance Co., Ltd.

Overview of Business, Business Results and Projections

Nisshin Fire is a non-life insurance company established in 1908. Nisshin Fire provides simple, easily comprehensible insurance products to customers through 13,789 agents (as of March 31, 2014) with the goal of becoming the most familiar and trusted retail non-life insurance company.

During the Mid-Term Business Plan for the three years that started in fiscal 2012, we have been implementing initiatives to raise the quality of the services we provide to customers, strengthen our sales channels and improve profitability with a target vision of growing as the retail non-life insurer selected by customers and agents and generating stable earnings.

In fiscal 2013, net premiums written decreased by 1.1% year on year to 137.2 billion yen. Net income was 3.3 billion yen, and adjusted earnings totaled 2.7 billion yen.

For fiscal 2014, we project that net premiums written will increase by 0.4% year on year to 137.9 billion yen, net income will be 4.8 billion yen, and adjusted earnings will total 3.0 billion yen.

Pamphlets on various insurance products

Financial Highlights

(Billions of yen)

		FY2012	FY2013	Year-on-Year Change	Year-on-Year Change (%)	FY2014 Projections	Year-on-Year Change	Year-on-Year Change (%)
Total of All Lines	Net premiums written	138.7	137.2	(1.4)	(1.1%)	137.9	0.6	0.4%
	Underwriting profit	(1.1)	1.6	2.7	—	6.3	4.7	292.8%
	Net investment income	6.4	3.3	(3.0)	(47.9%)	2.1	(1.1)	(34.8%)
	Ordinary profit	4.5	4.7	0.1	3.1%	7.8	3.0	64.5%
	Net income	2.6	3.3	0.7	27.0%	4.8	1.4	43.2%
	Adjusted earnings	(0.9)	2.7	3.6	—	3.0	0.3	10.0%

Domestic Non-Life Insurance Business

E. design Insurance

Yoji Sakurai
President
E. design Insurance Co., Ltd.

Overview of Business, Business Results and Projections

E. design Insurance is a direct non-life insurance company with Tokio Marine Group and the NTT Group as joint investors that commenced operations in June 2009. E. design Insurance sells auto insurance products via the Internet to customers who use the Internet in their daily lives and want to find the insurance best suited to their needs.

We will make our website even easier for customers to use and understand while enhancing quality in areas such as accident response services and our call center with the aim of being the number one direct insurer in terms of customer support.

In fiscal 2013, net premiums written increased by a substantial 35.6% year on year to 14.2 billion yen.

Because its prior investments are large, a new insurance company must attain premiums written on a scale that can cover its business expenses to be profitable. We will work for a good balance between increases in premiums written and improvement of our loss ratio and administrative efficiency to achieve profitability at an early stage.

E. design Insurance website

Financial Highlights

(Billions of yen)

		FY2012	FY2013	Year-on-Year Change	Year-on-Year Change (%)
Total of All Lines	Net premiums written	10.5	14.2	3.7	35.6%
	Underwriting profit	(7.2)	(4.4)	2.7	—
	Net investment income	0.0	0.0	(0.0)	(11.1%)
	Ordinary profit	(4.0)	(3.2)	0.7	—
	Net income	(4.0)	(3.2)	0.7	—

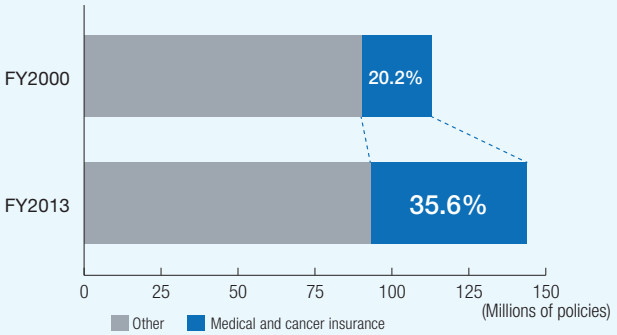
Domestic Life Insurance Business

Market Environment

Japan's life insurance market is one of the largest in the world. However, the environment in which life insurance companies operate is changing significantly due to factors such as the declining birthrate and aging of society and advances in medical technology. In this environment, we have ascertained that the market has growth potential by uncovering new needs in the field of living benefits for areas such as nursing care, inability to work and home care, which are not covered by conventional medical insurance or death coverage. Moreover, private-sector life insurance is likely to assume a greater role in Japan as a provider of personal coverage that complements the social security system. Tokio Marine Group's domestic life insurance business will generate sustainable growth by providing appealing, original products and services that respond accurately to diverse customer needs.

Composition of In-force Individual Insurance Policies*

The proportion of medical and cancer insurance in Japan's life insurance market is increasing.



* Japan's aggregate life insurance market
Source: The Life Insurance Association of Japan

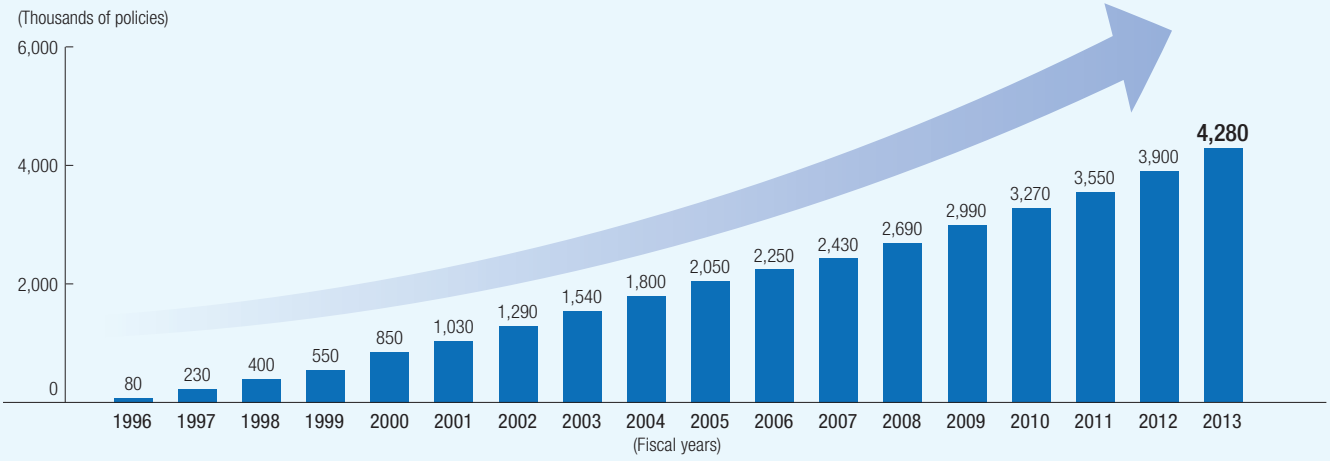
Growth Rate of Tokio Marine & Nichido Life's In-force Policies*

Average annual growth rate in the number of policies from fiscal 2000 to fiscal 2013

Tokio Marine & Nichido Life	+13.2%
Domestic life insurance market average	+2.7%

* Individual insurance + individual annuity
Source: Insurance Statistics (*Seiho Toukeigo*)

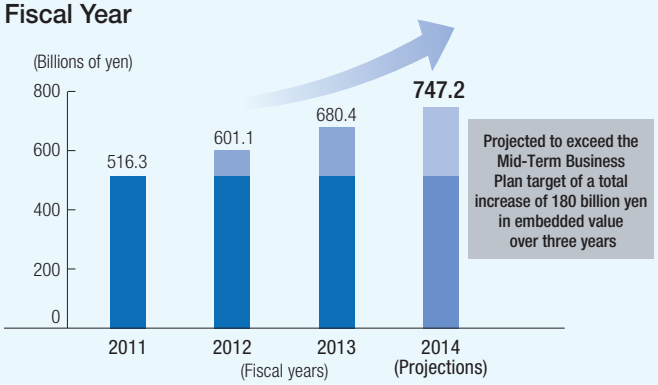
Tokio Marine & Nichido Life's In-force Policies (Individual Insurance + Individual Annuity)



Mid-Term Business Plan

The domestic life insurance business, centered on Tokio Marine & Nichido Life, is proceeding steadily toward achieving adjusted earnings (cumulative total increase in embedded value) of 180 billion yen over the three years of the Mid-Term Business Plan by developing original, high-value-added products and promoting an integrated life and non-life sales approach.

Tokio Marine & Nichido Life: EV as at the End of the Fiscal Year



Overview of Business

Fiscal 2013 Results

Adjusted earnings, or the increase in embedded value, decreased by 5.8 billion yen year on year to 104.5 billion yen. At Tokio Marine & Nichido Life, earnings increased as the negative impact of a change in the risk discount rate[1] associated with interest rate fluctuation was offset by positive factors including an increase in the value of new policies in connection with their steady expansion and impact of changes in the underlying assumptions for calculating embedded value.[2] At Tokio Marine & Nichido Financial Life, the scale of EV growth decreased year on year, despite an increase in embedded value due to improvement in the market environment.

Notes: 1. Risk discount rate used in calculating embedded value: 7.00% in fiscal 2012; 7.53% in fiscal 2013
2. Mainly due to a decrease in assumed mortality and morbidity rates centered on the mortality rate

Fiscal 2014 Projections*

Tokio Marine & Nichido Life and Tokio Marine & Nichido Financial Life are scheduled to merge on October 1, 2014. While we project continued steady growth in embedded value from an increase in in-force policies, mainly at Tokio Marine & Nichido Life, for fiscal 2014, adjusted earnings (the increase in embedded value) are projected to decrease by 29.5 billion yen year on year to 75.0 billion yen mainly due to the reversal effect of the impact of the changes in underlying assumptions for calculating embedded value in the previous fiscal year.

* Fiscal 2014 projections for Tokio Marine & Nichido Life and Tokio Marine & Nichido Financial Life are individual company figures that do not reflect the impact of their merger planned in October 2014.

Financial Highlights

Adjusted Earnings

(Billions of yen)

		FY2012	FY2013	FY2014 Projections	Year-on-Year Change
Domestic Life Insurance Business[1,2]		110.3	104.5	75.0	(29.5)
	Tokio Marine & Nichido Life	89.7	90.9	75.0	(15.9)
	Tokio Marine & Nichido Financial Life	20.6	14.0	0.0	(14.0)
	Other	(0.1)	(0.4)	0.0	0.4

Notes: 1. Excluding capital transactions
2. Fiscal 2014 projections for adjusted earnings of Tokio Marine & Nichido Life and Tokio Marine & Nichido Financial Life are individual company figures that do not reflect the impact of their merger planned in October 2014.

Domestic Life Insurance Business

Tokio Marine & Nichido Life

Shinichi Hirose
President
Tokio Marine & Nichido Life Insurance Co., Ltd.

Overview of Business

Tokio Marine & Nichido Life plays a central role in the life insurance business, which is a part of Tokio Marine Group's core insurance business. Since commencing operations in 1996, Tokio Marine & Nichido Life has been one of the fastest-growing companies in Japan's life insurance industry, working to provide products and services that meet the individual needs of each customer through a nationwide network of agents and life insurance sales staff called Life Partners, with a consistent objective to "promote a customer-oriented life insurance business". Tokio Marine & Nichido Life aims to be the leading life insurance company in Japan, as we make continuous efforts for sound growth and proper business operations so that we can fully meet our customers' needs and offer security to as many customers as possible through life insurance.

Business Results and Projections

Fiscal 2013 Results

Annualized premiums: Annualized premiums (ANP) of new policies increased by a substantial 17.8% year on year to 95.0 billion yen due to strong sales, mainly of the third-sector lines centered on the new medical insurance product *Medical Kit R*. In addition, ANP of in-force policies increased by 13.4% to 533.3 billion yen because of steady growth in new policies.

Adjusted earnings: Adjusted earnings increased by 1.2 billion yen to 90.9 billion yen as the negative impact of a change in the risk discount rate associated with interest rate fluctuation was offset by positive factors including an increase in the value of new policies in connection with their steady expansion and impact of changes in the underlying assumptions for calculating embedded value.

Fiscal 2014 Projections*

* Fiscal 2014 projections are individual company figures that do not reflect the impact of the merger with Tokio Marine & Nichido Financial Life planned in October 2014.

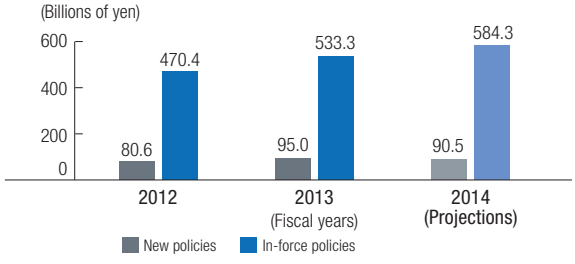
Annualized premiums: We project that sales of new policies will remain at a high level despite a slight year-on-year decrease expected from an emphasis on raising the proportion of the third-sector lines. In addition, we project that ANP of in-force policies will increase by 9.6% year on year to 584.3 billion yen because of steady growth in new policies.

Adjusted earnings: Adjusted earnings are projected to total 75.0 billion yen due to growth associated with continued steady expansion of in-force policies, despite the reversal effect of the impact of the changes in the underlying assumptions for calculating embedded value in the previous fiscal year.

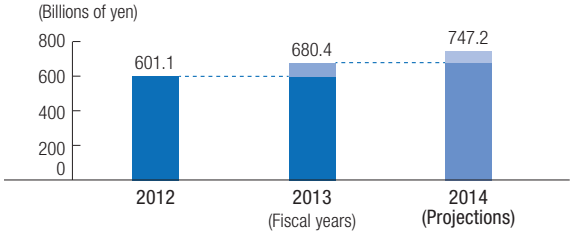
Financial Highlights

Tokio Marine & Nichido Life's product and channel strategies are the pillars of its growth strategy, which targets sustained profitable growth.

Annualized Premiums



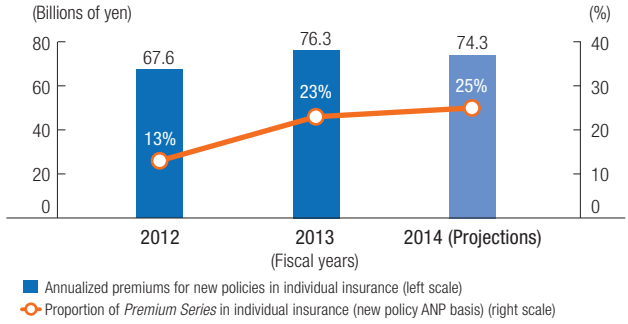
EV as at the End of the Fiscal Year



Product Strategy

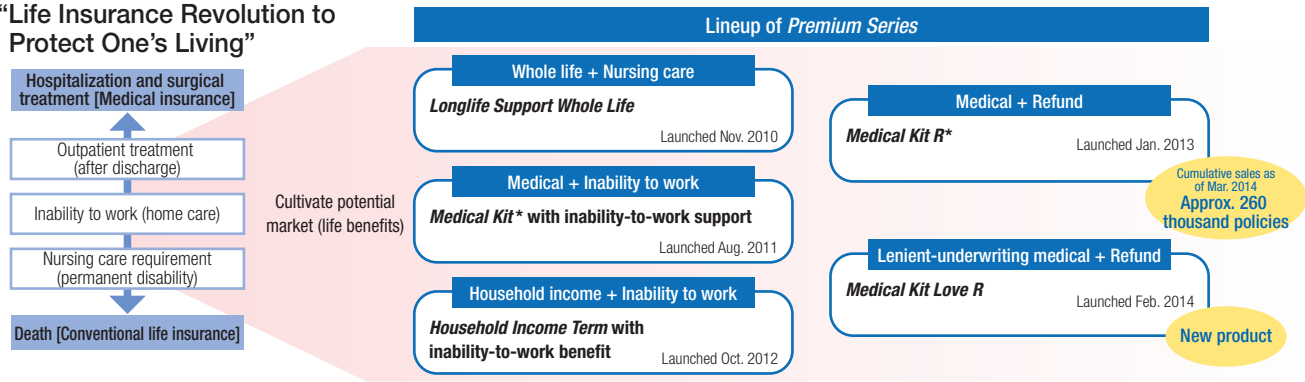
Tokio Marine & Nichido Life will continue to proactively promote its unique, high-value-added *Premium Series* lineup of products for living benefits to more broadly disseminate the "Life Insurance Revolution to Protect One's Living"* it started in October 2012. Among these products, *Medical Kit R*, which was launched in January 2013, is driving growth in the third sector, with cumulative sales of approximately 260,000 as of March 31, 2014. In February 2014, Tokio Marine & Nichido Life launched *Medical Kit Love R* with more lenient underwriting standards to make it easier for customers with pre-existing medical conditions to purchase, and the product has gained a positive response. The company will continue to develop and provide appealing products based on market trends and customer needs.

Growth in the Proportion of *Premium Series* Sales



* An initiative to cultivate a potential market by developing and introducing unique, high-value-added products in the field of living benefits, where needs are expanding due to a society with longer lifespans

"Life Insurance Revolution to Protect One's Living"



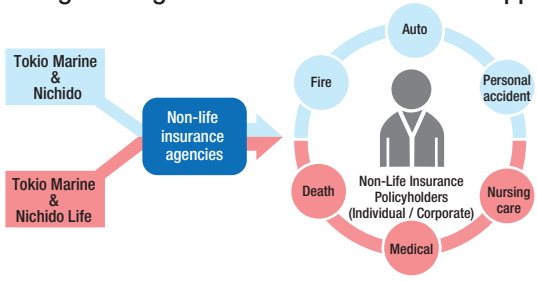
* Medical insurance under which the balance of premiums paid up until a predetermined age, excluding hospitalization benefits, etc. received, are returned to the policyholder as a "health refund benefit". Even after the health refund benefit is received, coverage continues at the same premium as at the time of enrollment.

Channel Strategy

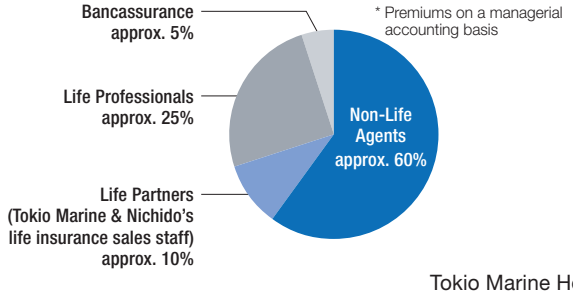
Tokio Marine & Nichido Life has diverse sales channels centering on non-life agencies, as well as Life Partners (life insurance sales staff), life professionals and bancassurance sales, and is cultivating customer bases in each channel as it stably grows. The company is promoting an integrated life and non-life sales approach, particularly at non-life agencies. It will work to cultivate more policyholders by further raising its proposal capabilities and the convenience of contracting policies with integrated life and non-life consulting and sales of products such as *Super Insurance*, which uses tablet devices. Tokio Marine & Nichido Life is making full use of the strengths of Tokio Marine Group as it continues to target sustained growth.

RakuRaku Tetsuzuki (Quick and Easy Online Procedures) for policies using tablet devices

Promoting an Integrated Life and Non-Life Sales Approach



Utilizing Diverse Channels (Channel Weighting as of March 31, 2014*)



International Insurance Business

(From left)

Makoto Okada
Managing Executive Officer
In charge of International Business Development Dept.
(management of China and East Asia)

Ichiro Ishii
Managing Executive Officer
In charge of International Business Development Dept.
(management of North America and Latin America)

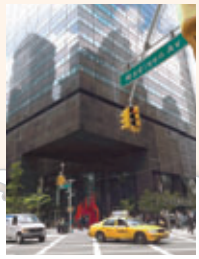
Worldwide Operations

Tokio Marine Holdings is taking a balanced approach from the perspective of risk diversification by building global operations both in the developed markets of Europe and the United States, which account for approximately 70% of the global non-life insurance market, and in emerging markets where growth is expected, and we aim for continued profit expansion. Tokio Marine Group currently serves 37 countries and regions through offices in 486 cities, achieving a broad network to provide safety and security to customers.

(As of March 31, 2014)

Tokio Marine Kiln

Tokio Marine Kiln is an intermediate holding company overseeing the European region with Kiln and Tokio Marine Europe Insurance Limited as subsidiaries. Kiln is a leading insurance and reinsurance group in the Lloyd's of London market that has achieved steady growth in profits with a solid reputation for superior underwriting expertise.



Delphi

Delphi Financial is a P&C and life insurance group focusing on employee benefit products in the United States. With strengths including experienced underwriting, strong relationships with distribution channels and expertise in investing, Delphi consistently achieves high growth and profitability that outperforms its peers.

Tokio Millennium Re

Tokio Millennium Re works to diversify the risk of Tokio Marine Group by underwriting reinsurance of natural catastrophe risks in the United States and Europe. It conducts proactive business development that has included re-domestication from Bermuda to Switzerland in 2013 and establishment of a U.S. branch in 2014. Committed to underwriting discipline, Tokio Millennium Re has established a profitable reinsurance portfolio through advanced risk management with sophisticated natural catastrophe models and is making a stable profit contribution to the Group.

Tokio Marine Asia

Tokio Marine Asia is an intermediate holding company overseeing Asia and the Pacific region (excluding Japan, China and Korea) with the responsibility of providing technical support including business and risk management to local group companies operating in nine countries. The company also plans and proposes new businesses to contribute to life and non-life business expansion and profit growth in the region.

(From left)

Kunihiko Fujii
Managing Director
In charge of International Business Development Dept. (management of Europe, reinsurance operations, international business strategies, etc.)

Tadaharu Uehara
Managing Executive Officer
In charge of International Business Development Dept. (management of Asia excluding China and East Asia, Oceania and Middle East)

Ian Brimecome
Managing Executive Officer

Philadelphia

Philadelphia is a U.S. P&C insurance group that has achieved high growth and profitability since its establishment in 1962. Its strengths include outstanding product development capability, disciplined operation and strong marketing capability utilizing its multiple sales channels.

Tokio Marine North America

Tokio Marine North America is an intermediate holding company overseeing the United States that is responsible for designing and implementing growth strategies and formulating and promoting integrated business management policies for Tokio Marine Group's insurance businesses there. In 2014, it brought the former U.S. branch of Tokio Marine & Nichido under its control as a local subsidiary to conduct more strategic and flexible business development.

Mid-Term Business Plan

The international insurance business is aiming to achieve consistent adjusted earnings of over 100.0 billion yen through sustainable growth and profit expansion as the growth driver of Tokio Marine Group.

Promote Balanced Growth in Both Developed and Emerging Countries

- **Developed countries**
  Aim for sustainable profit expansion in Europe and North America, the main global insurance markets, especially in commercial lines and the reinsurance business
- **Emerging countries**
  Aim for medium to long-term profit growth in both life and non-life as emerging insurance markets expand

Drive Steady Growth with Both Organic Growth and M&A

- **Organic growth**
  Aim to grow profits by pursuing profitable opportunities while maintaining underwriting discipline
- **M&A**
  Continue consideration of further opportunities for M&A

Diversify Business Risks and Improve Capital Efficiency

- Aim for business diversification among life, non-life, and reinsurance and geographical diversification of underwriting risk
- Develop a well-balanced portfolio and improve capital efficiency

Enhance ERM and Implement a Stronger Global HR Strategy

- Improve controls for natural catastrophe and non-modelled risks
- Train global talent to support growth, and hire/train professional talent

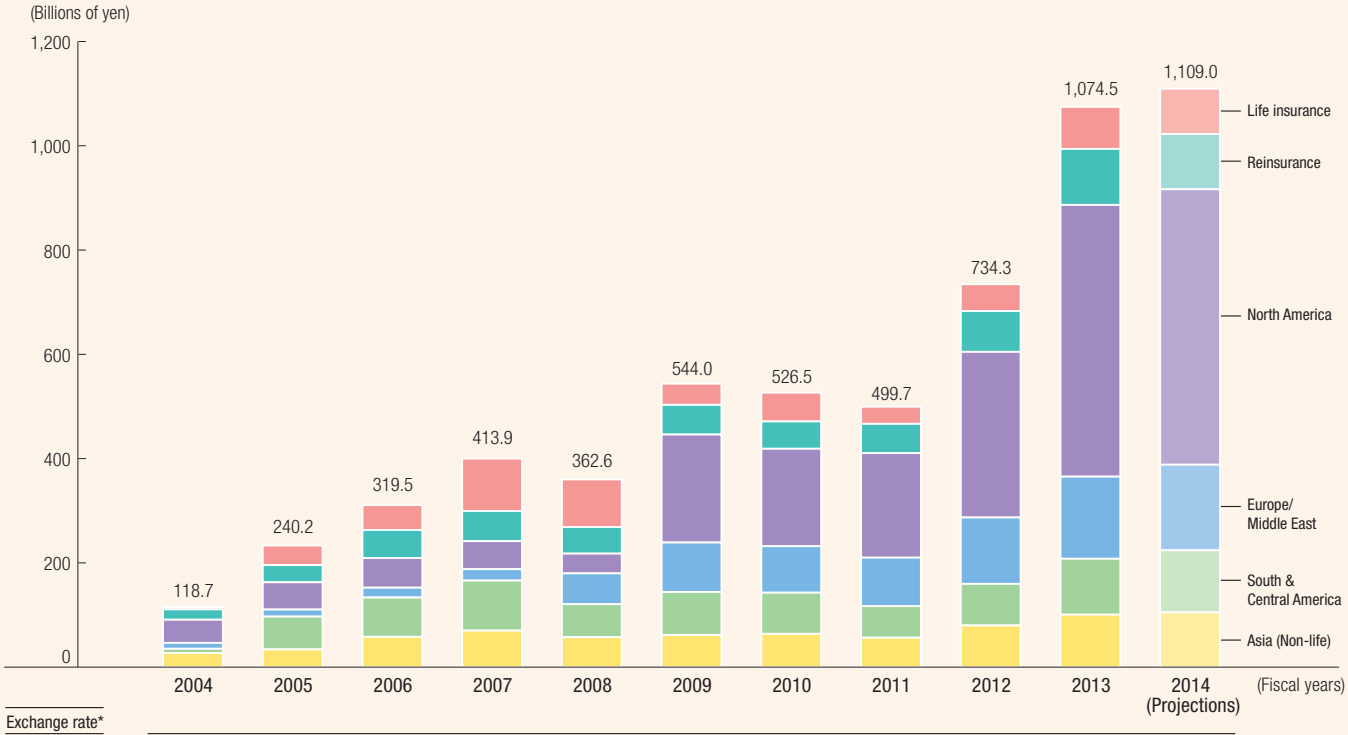
Business Results and Projections

Fiscal 2013 Results

In fiscal 2013, revenue and profits increased in both developed and emerging countries. Net premiums written increased by 46% year on year to 1,074.5 billion yen and adjusted earnings increased by 98% year on year to 136.9 billion yen. Net premiums written reached 1 trillion yen for the first time in the international insurance business and adjusted earnings exceeded the Mid-Term Business Plan target of 100 billion yen due to factors such as the progress of growth measures in each business as well as the positive impact from the depreciation of the yen.

In the non-life insurance business, revenue increased mainly due to the full-year contribution of Delphi to consolidated results from the third quarter of fiscal 2012, an increase in the number of new policies at Philadelphia, and expansion of the auto insurance business in Brazil and Asia. Revenue also increased steadily in the life insurance business in emerging countries such as Singapore and Malaysia, and we are aiming for balanced business development by diversifying not only by geography but by business domain. Adjusted earnings increased substantially, due in part to fewer natural catastrophes than the average year and the depreciation of the yen, in addition to efforts to improve profitability in each business.

Net Premiums Written in the International Insurance Business



Exchange rate*	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014 (Projections)
USD/JPY	104.2	118.1	119.1	114.1	91.0	92.1	81.4	77.7	86.5	105.3	102.9

* As of December 31

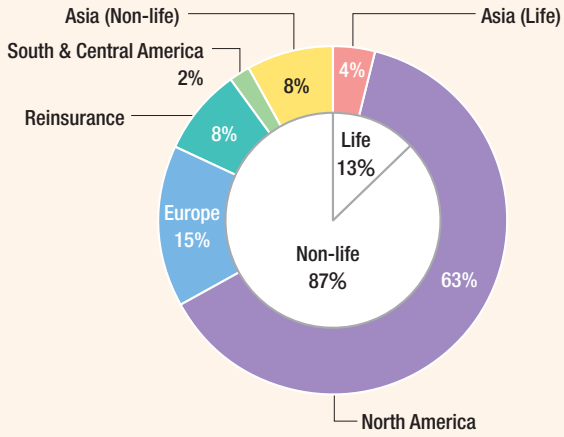
Fiscal 2014 Projections

In the global insurance market in fiscal 2014, market growth and expansion are forecast against the backdrop of a modest recovery of the global economy, although a difficult environment is expected, with factors such as an increasingly competitive reinsurance market.

In this business environment, we will continue to steadily execute our growth strategies, and project adjusted earnings of 105.0 billion yen, exceeding our original target for fiscal 2014 as the final year of the Mid-Term Business Plan. Although this amount is lower than the fiscal 2013 result, we forecast an increase in real terms, excluding special factors in fiscal 2013 such as fewer natural catastrophes than the average year and the depreciation of the yen. In addition, the international insurance business will continue to fulfill its role as the growth driver of the Group, accounting for approximately 36% of the adjusted earnings of the Group as a whole, and will contribute to improving capital efficiency through risk diversification.

Business and Geographical Portfolio Breakdown

(FY2014 projections/Adjusted earnings basis)



Financial Highlights

(Billions of yen)

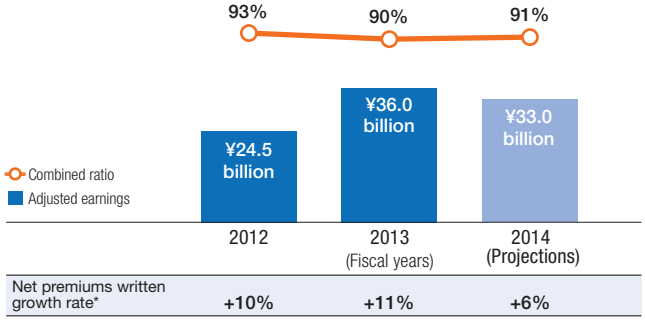
	Net Premiums Written						Adjusted Earnings					
	FY2012 Results	FY2013 Results	FY2014 Projections				FY2012 Results	FY2013 Results	FY2014 Projections			
Applied Forex Rate (USD/JPY)	December 31, 2012	December 31, 2013	March 31, 2014	Year-on-Year Change	Year-on-Year Change (%)	Excluding Impact of Forex	December 31, 2012	December 31, 2013	March 31, 2014	Year-on-Year Change	Year-on-Year Change (%)	Excluding Impact of Forex
	¥86.5	¥105.3	¥102.9				¥86.5	¥105.3	¥102.9			
North America	317.5	520.9	528.0	7.1	1%	4%	43.8	73.4	67.0	(6.4)	(9%)	(7%)
Europe and Middle East	127.4	157.6	164.0	6.4	4%	6%	7.8	23.2	16.0	(7.2)	(31%)	(30%)
South and Central America	79.7	107.1	119.0	11.9	11%	10%	2.0	1.8	2.0	0.2	11%	6%
Asia	79.9	100.6	105.0	4.4	4%	6%	2.2	23.8	9.0	(14.8)	(62%)	(60%)
Reinsurance	78.3	107.3	106.0	(1.3)	(1%)	1%	10.2	14.9	9.0	(5.9)	(40%)	(36%)
Non-life insurance total[1]	683.0	993.7	1,022.0	28.3	3%	5%	66.0	136.9	103.0	(33.9)	(25%)	(23%)
Life insurance	51.3	80.7	87.0	6.3	8%	9%	4.7	2.2	4.0	1.8	82%	105%
Total[2]	734.3	1,074.5	1,109.0	34.5	3%	5%	69.2	136.9	105.0	(31.9)	(23%)	(21%)

Notes: 1. Figures presented in "Non-life insurance total" above include some life insurance business figures of composite overseas subsidiaries.
2. After adjustment for head office expenses

Growth Strategy in Developed Countries

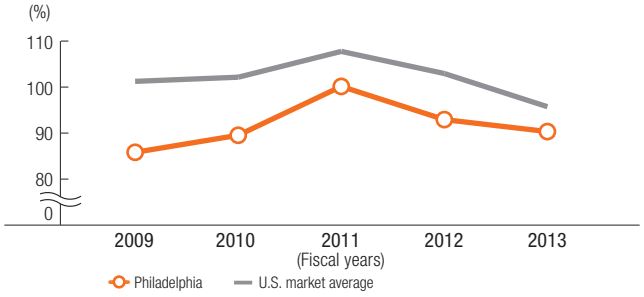
North America

- Sustain high growth rate by maintaining high retention of the renewal book and continuous rate increase
- Increase in adjusted earnings, excluding the decreasing factors such as assuming an average level of natural catastrophe losses in fiscal 2014, which were benign in fiscal 2013



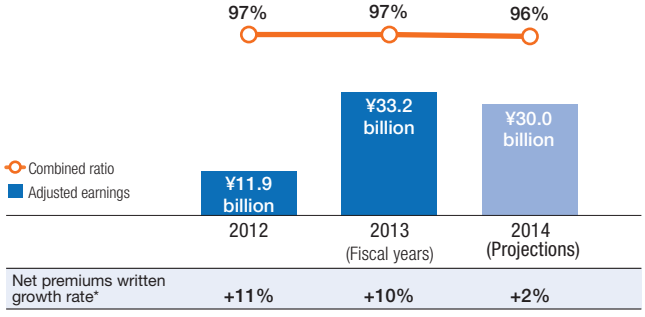
* Excluding the impact of the difference in applied forex rates

Combined Ratio Compared with the Market



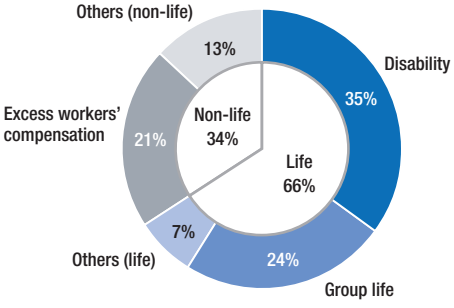
Source: A.M. Best

- Achieve further increases in earnings through continued rate increases in excess workers' compensation insurance and superior investment expertise
- A decrease in adjusted earnings year on year is expected, mainly due to a decrease in realized gains on investment compared with fiscal 2013



* Excluding the impact of the difference in applied forex rates

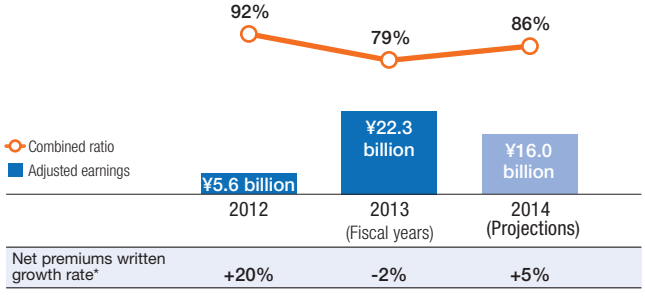
Composition of Premium Income (FY2013 Results)



Europe

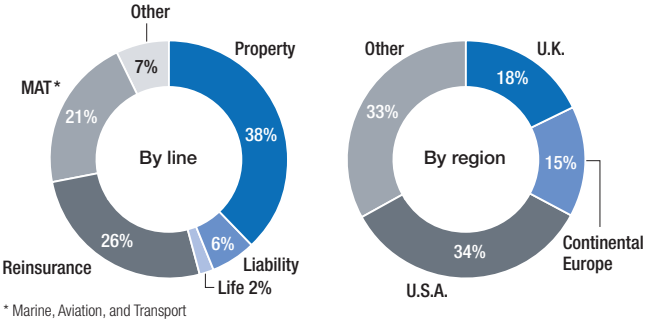
- Streamline the business structure in Europe as an intermediate holding company (TMEI, which operates the primary insurance business in the region, and Kiln, which is one of the leading insurance groups in the Lloyd's market)
- Maintain profitability through disciplined underwriting. Whilst natural catastrophe activity was benign in fiscal 2013, a normal activity is assumed in fiscal 2014

Business Results of Kiln



* Excluding the impact of the difference in applied forex rates

Premium Composition of Tokio Marine Kiln

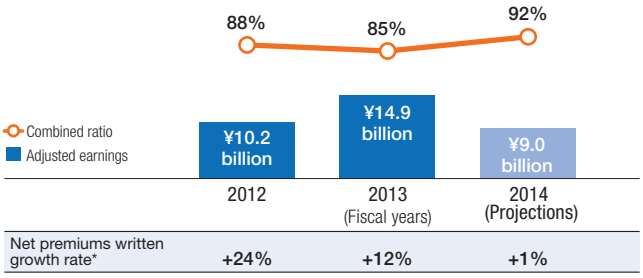


* Marine, Aviation, and Transport

Subsidiaries

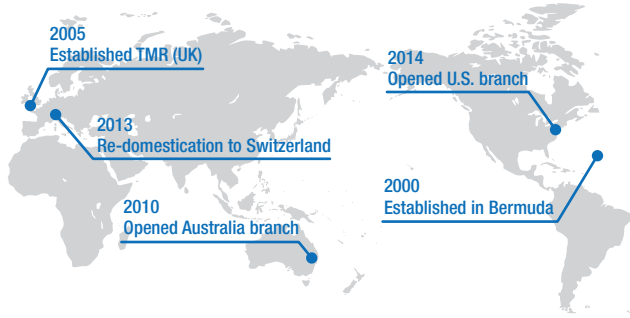
Reinsurance

- Aim for stable earnings through portfolio diversification against the backdrop of a soft market environment
- Maintain profitability through disciplined underwriting. Whilst natural catastrophe activity was benign in fiscal 2013, a normal activity is assumed in fiscal 2014
- Re-domesticated Tokio Millennium Re headquarters to Switzerland and carry out global strategy spanning Europe, the U.S. and Oceania



* Excluding the impact of the difference in applied forex rates

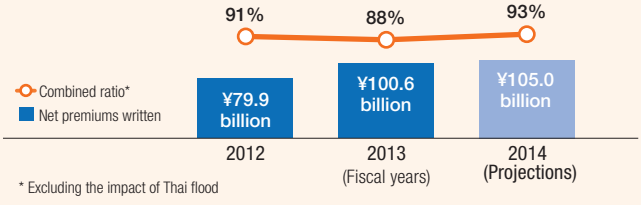
Expanding Global Network of Offices



Growth Strategy in Emerging Countries

Asia Non-Life Insurance Business

Accelerated profit growth in both Japanese and local businesses



* Excluding the impact of Thai flood

Thailand
- Increase profits by expanding underwriting in both Japanese and local businesses

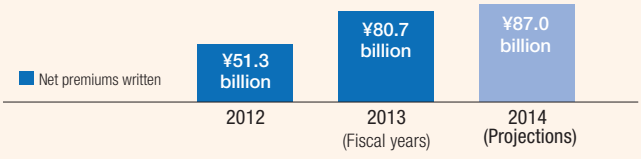
Singapore/Malaysia
- Maintain high profitability in Japanese cargo insurance business and local personal auto insurance business

India
- Achieve stable profits through revenue growth in auto insurance business

China
- Maintain profitability in the Japanese business while establishing a foundation for growth in the local business

Asia Life Insurance Business

Continued business expansion by developing distribution channels



Singapore/Malaysia
- Outperform the market in profit growth by diversifying distribution channels and expanding our product lineup

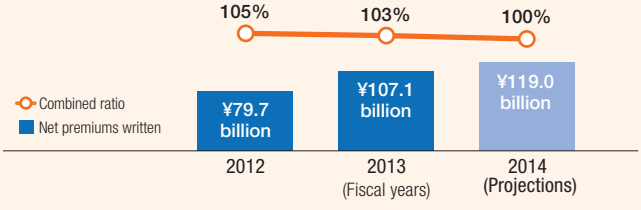
Thailand
- Accelerate development of the main agency channel and increase profitability

India
- Develop distribution channels and new products anticipating market growth in the medium-to-long term

Indonesia
- Expedite strengthening of operations and distribution network

South & Central America Non-Life Insurance Business

Steady expansion of operations in the personal auto business



Brazil
- Pursue further profitability in the personal auto business while strengthening the business platform

Mexico
- Roll out a profit-focused expansion strategy in the commercial segment and proactively approach the increasing entry of Japanese companies, etc.

Financial and General Businesses

Overview of Businesses

Tokio Marine Group has developed financial and general businesses aiming to deliver a new level of safety and security to customers that goes beyond conventional insurance products.

In the financial business, Tokio Marine Asset Management and other companies are developing fee-based asset management businesses with high capital efficiency to improve the Group's business portfolio and contribute to profit growth.

In the general business, Tokio Marine & Nichido Risk Consulting and other companies provide products and services related to safety and security to support the insurance business by cutting costs and adding value.

Business Results and Projections

Fiscal 2013 Results

Earnings increased mainly due to higher revenues owing to the improvement in the market environment of Tokio Marine Asset Management, and the financial and general businesses contributed 2.5 billion yen to adjusted earnings.

Fiscal 2014 Projections

We project a contribution to adjusted earnings of 5.0 billion yen due in part to an expected increase in earnings from expansion of assets under management in the financial business.

Financial Highlights

Adjusted Earnings

(Billions of yen)

	FY2012	FY2013	FY2014 (Projections)
Financial and General Businesses	(18.7)	2.5	5.0

Financial Business

Tokio Marine Asset Management

The importance of the social mission of asset management companies is increasing worldwide. In Japan as well, expectations for their role are growing, as symbolized by the well-known phrase "shift from savings to investment".

Tokio Marine Asset Management will respond to the trust its customers have placed in it by handling alternative investments such as hedge funds and private equities in addition to traditional investment in stocks and bonds, with the investment philosophy "based on proprietary and thorough research and analysis".

Tokio Marine Asset Management continues to strive for profit growth emphasizing foresight that allows constant evolution, creativity that generates new ideas and new added value, and collaborative team spirit that puts customers first, in order to maintain and improve its reliability.

Tokio Marine Property Investment Management

Tokio Marine Property Investment Management is engaged in investment management for real estate funds. It responds to the trust of its institutional investor clients by determining real estate investment value and selection of superior overseas real estate funds, using its sophisticated know-how regarding real estate.

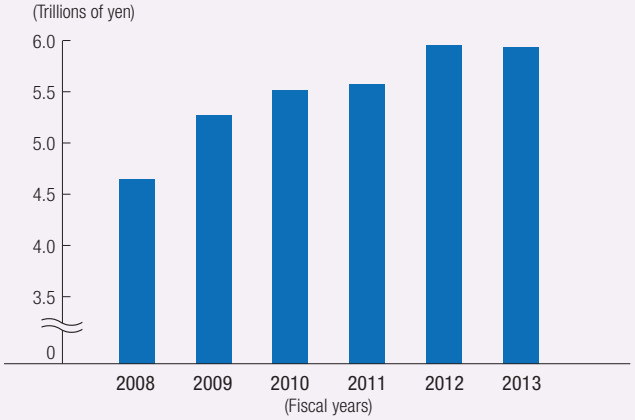
Tokio Marine Capital

Tokio Marine Capital manages private equity funds. It conducts management buyouts for corporate restructuring, buyouts with business succession by the owner company and investment in buyouts for corporate revitalization.

Tokio Marine Mezzanine

Tokio Marine Mezzanine was established in November 2013 to manage mezzanine funds (a financing method that is a cross between bank loans and equity financing). It will provide high-quality mezzanine financing to institutional investor clients using the mezzanine fund know-how accumulated by Tokio Marine & Nichido.

Assets under Management at Financial Business-Related Subsidiaries



General Business

Tokio Marine & Nichido Risk Consulting

The environment in which companies operate has been rapidly changing, with the frequent occurrence of large-scale natural catastrophes in regions worldwide including Japan, a more fluid international situation due to the rise of emerging countries and increasing geopolitical risks, and the increasing complexity of supply chains on a global basis, among other factors. Creating risk countermeasures adapted to the times, or more specifically incorporating risk management into corporate management, is indispensable for ongoing corporate expansion and needs in this area are rising.

Tokio Marine & Nichido Risk Consulting provides sophisticated risk consulting for various risks faced by companies, ranging from *business continuity management* to *rapid recovery from disasters* (BELFOR), *strategic risk management*, *overseas crisis management* and *auto accident reduction*.

One example is the risk posed to corporate management by the frequent occurrence of natural catastrophes. We support corporate management by visualizing and quantitatively evaluating risks through the development of simulation models for tsunamis and floods, then making proposals to prevent or mitigate the risks based on the results, thus helping to improve the corporate value of our customers.

Management System and CSR

I Contribute to Risk-Based Management (ERM) with Mathematics.

Quantitative evaluation for risk is crucial for risk-based management (ERM). We are forced to revise our risk evaluation methods every time a crisis such as the Great East Japan Earthquake or a financial crisis occurs. Risk evaluation must continually evolve, so I am devoting myself to studying the two specializations of actuarial science and financial engineering to contribute to the advance of risk-based management (ERM).

Hidenori Futami
Assistant Manager, ERM Planning Group
Risk Management Dept.
Tokio Marine Holdings

We Conduct Fair and Equitable Business Activities in Compliance with Applicable Laws, Rules and Regulations.

The Legal Department provides support so that decisions and actions comply with applicable laws, rules and regulations in various situations including making important decisions at the Board of Directors' meetings, entering into contracts and others. I want Tokio Marine Group to continue to work exhaustively to observe applicable laws, rules and regulations and to conduct fair and equitable business activities within social norms.

Junko Komori
Manager, Legal Dept.
Tokio Marine Holdings

Tokio Marine Group strives for the enhancement of its environmental and social contribution activities and works for the continuous strengthening of its corporate governance, internal control and risk management to ceaselessly raise corporate value while contributing to the sustainable development of society through the implementation of its Corporate Philosophy.

Management System and CSR 56

We Promote Activities to Contribute to Local Communities with a Sense of Gratitude.

The entire Tokio Marine Group conducts CSR activities to continue to earn the trust of its customers and society for the realization of a safe, secure and sustainable society. I will continue to promote social contribution activities rooted in local communities with the sense of gratitude that comes from Tokio Marine Group's deep connection with local communities through longstanding insurance operations.

Saori Takatsuto
Assistant Manager, CSR Division, Corporate Planning Dept., Tokio Marine Holdings

Directors and Audit & Supervisory Board Members (As of June 23, 2014)

Directors

① Shuzo Sumi
Representative Director and Chairman of the Board

② Tsuyoshi Nagano
Representative Director, President & Chief Executive Officer

③ Masashi Oba
Representative Director and Senior Managing Director

④ Kunihiko Fujii
Managing Director

⑤ Hirokazu Fujita
Managing Director

⑥ Takashi Ito
Managing Director

⑦ Kunio Ito
Outside Director

⑧ Akio Mimura
Outside Director

⑨ Mikio Sasaki
Outside Director

⑩ Shinichi Hirose
Director

Audit & Supervisory Board Members

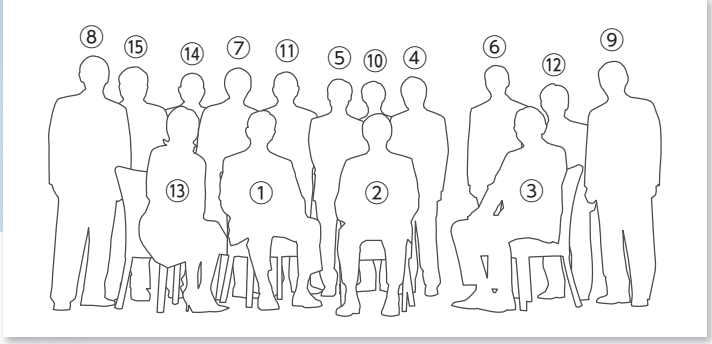
⑪ Takaaki Tamai
Audit & Supervisory Board Member (Full-Time)

⑫ Toshiki Ohashi
Audit & Supervisory Board Member (Full-Time)

⑬ Yuko Kawamoto
Outside Audit & Supervisory Board Member

⑭ Akinari Horii
Outside Audit & Supervisory Board Member

⑮ Akihiro Wani
Outside Audit & Supervisory Board Member



Directors

Shuzo Sumi
Representative Director and Chairman of the Board

April 1970	Joined Tokio Marine
June 2000	Director and Chief Representative in London, Overseas Division of Tokio Marine
June 2002	Managing Director of Tokio Marine
Oct. 2004	Managing Director of Tokio Marine & Nichido
June 2005	Senior Managing Director of Tokio Marine & Nichido
June 2007	President & Chief Executive Officer of Tokio Marine & Nichido
June 2007	President & Chief Executive Officer of Tokio Marine Holdings
June 2013	Chairman of the Board of Tokio Marine & Nichido (to present)
June 2013	Chairman of the Board of Tokio Marine Holdings (to present)

Tsuyoshi Nagano
Representative Director,
President & Chief Executive Officer

April 1975	Joined Tokio Marine
June 2003	Executive Officer and General Manager of Nagoya Production Dept. III, Tokai Division of Tokio Marine
Oct. 2004	Executive Officer and General Manager of Nagoya Production Dept. III of Tokio Marine & Nichido
June 2006	Managing Executive Officer of Tokio Marine & Nichido
June 2008	Managing Director and General Manager of Corporate Planning Dept. of Tokio Marine & Nichido
June 2008	Director of Tokio Marine Holdings
June 2009	Retired from his position as Director of Tokio Marine Holdings
June 2010	Senior Managing Director of Tokio Marine & Nichido
June 2011	Senior Managing Director of Tokio Marine Holdings
Feb. 2012	Senior Managing Director and General Manager of International Business Development Dept. of Tokio Marine Holdings
June 2012	Executive Vice President of Tokio Marine & Nichido
June 2012	Executive Vice President and General Manager of International Business Development Dept. of Tokio Marine Holdings
June 2013	President & Chief Executive Officer of Tokio Marine & Nichido (to present)
June 2013	President & Chief Executive Officer of Tokio Marine Holdings (to present)

Masashi Oba
Representative Director and Senior Managing Director

April 1978	Joined Tokio Marine
June 2007	Executive Officer and General Manager of Corporate Accounting Dept. of Tokio Marine & Nichido
June 2009	Executive Officer and General Manager of Corporate Accounting Dept. of Tokio Marine Holdings
June 2010	Managing Director of Tokio Marine & Nichido
June 2010	Managing Director of Tokio Marine Holdings
June 2013	Retired from his position as Managing Director of Tokio Marine & Nichido
April 2014	Senior Managing Director of Tokio Marine Holdings (to present)

Kunihiko Fujii
Managing Director

April 1978	Joined Tokio Marine
June 2009	Executive Officer and General Manager, International Business Development Dept. of Tokio Marine Holdings
June 2012	Managing Executive Officer of Tokio Marine Holdings
June 2014	Managing Director of Tokio Marine & Nichido (to present)
June 2014	Managing Director of Tokio Marine Holdings (to present)

Hirokazu Fujita
Managing Director

April 1980	Joined Tokio Marine
June 2011	Executive Officer and General Manager of Corporate Accounting Dept. of Tokio Marine & Nichido
June 2011	Executive Officer and General Manager of Corporate Accounting Dept. of Tokio Marine Holdings
June 2012	Managing Director and General Manager of Corporate Accounting Dept. of Tokio Marine & Nichido
June 2012	Managing Director and General Manager of Corporate Accounting Dept. of Tokio Marine Holdings
July 2013	Managing Director of Tokio Marine & Nichido (to present)
July 2013	Managing Director of Tokio Marine Holdings (to present)

Takashi Ito
Managing Director

April 1980	Joined Tokio Marine
June 2011	Executive Officer and General Manager of Corporate Planning Dept. of Tokio Marine Holdings
June 2013	Managing Director of Tokio Marine & Nichido (to present)
June 2013	Managing Director of Tokio Marine Holdings (to present)

Kunio Ito
Outside Director

April 1980	Assistant Professor, Faculty of Commerce and Management, Hitotsubashi University
April 1984	Associate Professor, Faculty of Commerce and Management, Hitotsubashi University
April 1992	Professor, Faculty of Commerce and Management, Hitotsubashi University
Aug. 2002	Dean, Graduate School of Commerce and Management/Faculty of Commerce and Management, Hitotsubashi University
June 2004	Audit & Supervisory Board Member of Tokio Marine (Outside Audit & Supervisory Board Member)
Oct. 2004	Audit & Supervisory Board Member of Tokio Marine & Nichido (Outside Audit & Supervisory Board Member)
Dec. 2004	Board Member/Executive Vice President of Hitotsubashi University
Dec. 2006	Professor, Graduate School of Commerce and Management, Hitotsubashi University (to present)
June 2009	Retired from his position as Audit & Supervisory Board Member of Tokio Marine & Nichido (Outside Audit & Supervisory Board Member)
June 2009	Director of Tokio Marine Holdings (Outside Director, to present)

Akio Mimura
Outside Director

April 1963	Joined Fuji Iron and Steel Co., Ltd.
June 1993	Director of Nippon Steel Corporation
April 1997	Managing Director of Nippon Steel Corporation
April 2000	Representative Director and Executive Vice President of Nippon Steel Corporation
April 2003	Representative Director and President of Nippon Steel Corporation
April 2008	Representative Director and Chairman of Nippon Steel Corporation
June 2010	Director of Tokio Marine Holdings (Outside Director, to present)
Oct. 2012	Director, Member of the Board and Senior Advisor of Nippon Steel & Sumitomo Metal Corporation
June 2013	Senior Advisor of Nippon Steel & Sumitomo Metal Corporation
Nov. 2013	Senior Advisor, Honorary Chairman of Nippon Steel & Sumitomo Metal Corporation (to present)

Mikio Sasaki
Outside Director

April 1960	Joined Mitsubishi Corporation
June 1992	Director of Mitsubishi Corporation
June 1994	Managing Director of Mitsubishi Corporation
April 1998	President of Mitsubishi Corporation
April 2004	Chairman of the Board of Mitsubishi Corporation
June 2010	Director and Senior Corporate Advisor of Mitsubishi Corporation
June 2011	Senior Corporate Advisor of Mitsubishi Corporation (to present)
June 2011	Director of Tokio Marine Holdings (Outside Director, to present)

Shinichi Hirose
Director

April 1982	Joined Tokio Marine
June 2013	Managing Director of Tokio Marine & Nichido Life
April 2014	President of Tokio Marine & Nichido Life (to present)
June 2014	Director of Tokio Marine Holdings (to present)

Toshiki Ohashi
Audit & Supervisory Board Member (Full-Time)

April 1977	Joined Nichido Fire
June 2007	Executive Officer and General Manager of Risk Management Dept. of Tokio Marine & Nichido
June 2009	Retired from his position as Executive Officer of Tokio Marine & Nichido
June 2009	Managing Director of Tokio Marine & Nichido Life
June 2011	Retired from his position as Managing Director of Tokio Marine & Nichido Life
June 2011	Audit & Supervisory Board Member (Full-Time) of Tokio Marine Holdings (to present)

Yuko Kawamoto
Outside Audit & Supervisory Board Member

April 1982	Joined The Bank of Tokyo, Ltd.
Sept. 1988	Joined McKinsey & Company, Tokyo Office
April 2004	Professor, Graduate School of Finance, Accounting and Law, Waseda University (to present)
June 2006	Audit & Supervisory Board Member of Tokio Marine Holdings (Outside Audit & Supervisory Board Member, to present)

Akinari Horii
Outside Audit & Supervisory Board Member

April 1974	Joined Bank of Japan
July 2002	Director-General of the International Department of Bank of Japan
June 2006	Assistant Governor of Bank of Japan
June 2010	Retired from his position as Assistant Governor of Bank of Japan
July 2010	Special Advisor of The Canon Institute for Global Studies
Dec. 2010	Director and Special Advisor of The Canon Institute for Global Studies (to present)
June 2011	Audit & Supervisory Board Member of Tokio Marine Holdings (Outside Audit & Supervisory Board Member, to present)

Audit & Supervisory Board Members

Takaaki Tamai
Audit & Supervisory Board Member (Full-Time)

April 1975	Joined Tokio Marine
June 2003	Executive Officer and General Manager, Overseas Division of Tokio Marine
Oct. 2004	Executive Officer and General Manager in charge of Asia region of Tokio Marine & Nichido
June 2006	Managing Director and General Manager of Corporate Planning Dept. of Tokio Marine & Nichido
June 2006	Director of Tokio Marine Holdings
June 2008	Managing Director of Tokio Marine & Nichido
June 2008	Retired from his position as Director of Tokio Marine Holdings
June 2010	Senior Managing Director of Tokio Marine & Nichido
June 2011	Senior Managing Director of Tokio Marine Holdings
June 2012	Retired from his position as Senior Managing Director of Tokio Marine & Nichido
June 2012	Executive Vice President of Tokio Marine Holdings
June 2013	Executive Vice President of Tokio Marine & Nichido
June 2014	Retired from his position as Executive Vice President of Tokio Marine & Nichido
June 2014	Retired from his position as Executive Vice President of Tokio Marine Holdings
June 2014	Audit & Supervisory Board Member (Full-Time) of Tokio Marine Holdings (to present)

Akihiro Wani
Outside Audit & Supervisory Board Member

April 1979	Admitted to Japanese Bar (to present)
May 1987	Mitsui, Yasuda, Wani & Maeda
Dec. 2004	Linklaters
May 2014	Ito & Mitomi (Morrison & Foerster LLP)
June 2014	Audit & Supervisory Board Member of Tokio Marine Holdings (Outside Audit & Supervisory Board Member, to present)

Corporate Governance

Corporate Governance Policies

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. The Company therefore maintains a sound and transparent corporate governance system and, as a holding company, emphasizes appropriate control over Tokio Marine Group companies.

In its Corporate Governance Policies, the Company has established a framework for its corporate governance system. The aim of this system is 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 Audit & Supervisory Board Members (collectively, "Outside Officers") at meetings of the Board of Directors and other opportunities.

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, Executive Officers and Audit & Supervisory Board Members of the Company and principal Group companies. The Company believes this is the optimal system at the present time.

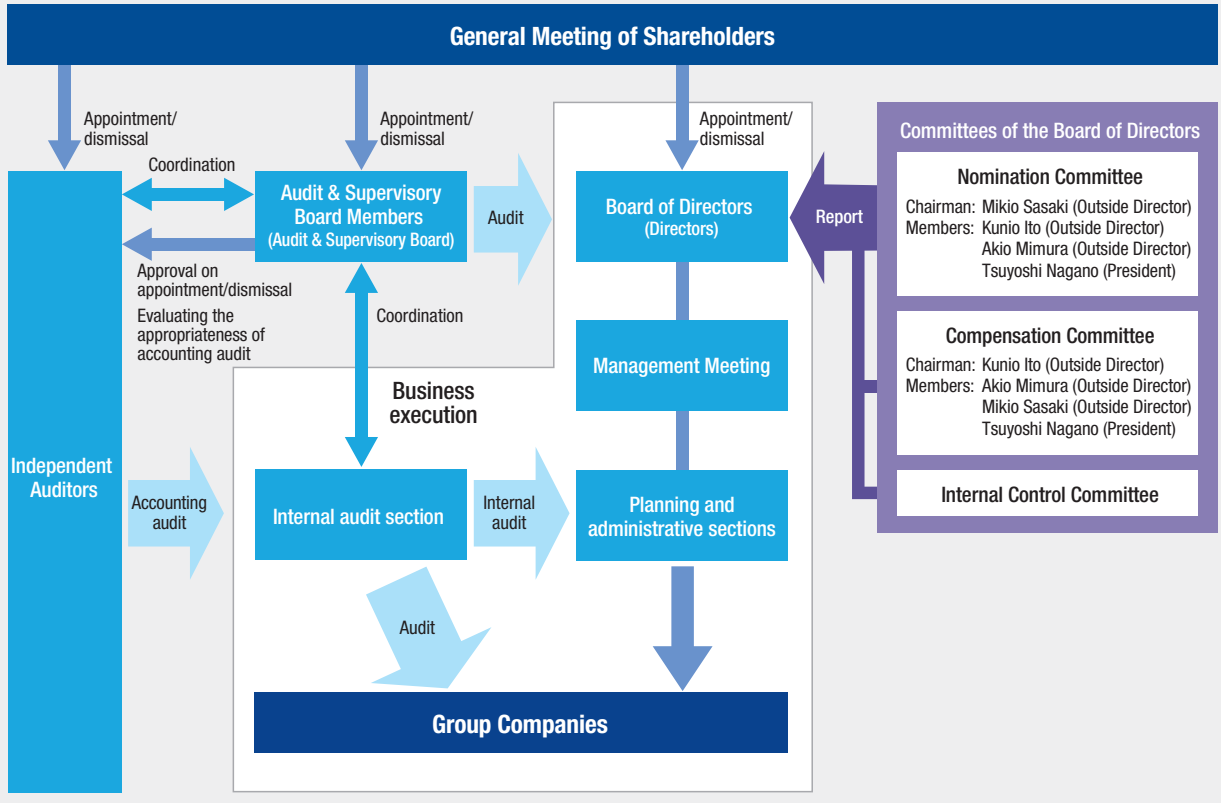
Important Management Organization Matters

(1) Directors and the Board of Directors

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

The Company shall have approximately 10 Directors, with a maximum of 15 set by the Articles of Incorporation. As a general rule, the Company shall have at least three Outside Directors. In addition, Directors are appointed for a term of

Overview of the Corporate Governance System of Tokio Marine Holdings



office of one year and may be re-appointed. As of March 31, 2014, the Company had 10 Directors, of whom three were Outside Directors.

(2) Audit & Supervisory Board Members and the Audit & Supervisory Board

Audit & Supervisory Board Members, as an independent body entrusted by shareholders, audit the performance of Directors, with the aim of ensuring sound and fair management and accountability. Audit & Supervisory Board Members shall endeavor to conduct a high-quality audit in accordance with the regulations of the Audit & Supervisory Board, auditing standards, auditing policies and auditing plans determined by the Audit & Supervisory Board.

The Company shall have approximately five corporate Audit & Supervisory Board Members, with a maximum of six set by the Articles of Incorporation. As a general rule, a majority shall be Outside Audit & Supervisory Board Members. As of March 31, 2014, the Company had five Audit & Supervisory Board Members, of whom three were Outside Audit & Supervisory Board Members.

(3) Outside Officers

The presence of Outside Directors ensures effective supervision of director performance by the Board of Directors. In addition, Outside Directors are management experts who provide advice to the Board of Directors on issues including Company management, thus ensuring an organization that enables appropriate decisions on important matters relating to the execution of the Company's business.

The presence of Outside Audit & Supervisory Board Members creates an auditing organization with an independent and objective perspective. In addition, it enhances the effectiveness of the Audit & Supervisory Board and ensures an organization that maintains sound, transparent management.

An Outside Officer for whom none of the following is applicable may be selected to ensure his or her perspective is independent of the Company.

1. Current or former manager or employee of the Company
2. Manager or employee of a company currently or recently involved in material transactions with the Company
3. Familial relationship with a Company Director or Audit & Supervisory Board Member

Concurrent Posts, Attendance and Other Information for Outside Officers (As of July 2014)

	Name	Tenure[1]	Concurrent Posts and Other Information	Reason for Appointment	Attendance
Outside Directors	Kunio Ito	5 years	Professor, Graduate School of Commerce and Management, Hitotsubashi University Director, Mitsubishi Corporation (Outside Director) Director, Toray Industries, Inc. (Outside Director) Director, Sumitomo Chemical Co., Ltd. (Outside Director) Director, Seven & i Holdings Co., Ltd. (Outside Director) Director, Akebono Brake Industry Co., Ltd. (Outside Director) Director, Kobayashi Pharmaceutical Co., Ltd. (Outside Director)	Expected to fulfill his supervisory functions based on his insight as a specialist in business management, acquired through many years of involvement in research activities.	Attended 10 of 11 meetings of the Board of Directors in fiscal 2013
	Akio Mimura	4 years	Senior Advisor, Honorary Chairman, Nippon Steel & Sumitomo Metal Corporation Director, Japan Post Holdings Co., Ltd. (Outside Director) Director, Development Bank of Japan Inc. (Outside Director) Director, Innovation Network Corporation of Japan (Outside Director) Director, Nisshin Seifun Group Inc. (Outside Director) Chairman, The Japan Chamber of Commerce and Industry Chairman, The Tokyo Chamber of Commerce and Industry	Expected to fulfill his supervisory functions based on his insight as a management expert, acquired through many years of experience in a management role.	Attended 9 of 11 meetings of the Board of Directors in fiscal 2013
	Mikio Sasaki	3 years	Senior Corporate Advisor, Mitsubishi Corporation Director, Mitsubishi Motors Corporation (Outside Director) Director, Mitsubishi Electric Corporation (Outside Director) Director, Mitsubishi Research Institute, Inc. (Outside Director)	Expected to fulfill his supervisory functions based on his insight as a management expert, acquired through many years of experience in a management role.	Attended all 11 meetings of the Board of Directors in fiscal 2013
Outside Audit & Supervisory Board Members	Yuko Kawamoto	8 years	Professor, Graduate School of Finance, Accounting and Law, Waseda University Director, Mitsubishi UFJ Financial Group, Inc. (Non-management Director)	Expected to fulfill her audit functions based on her insight into business management acquired through many years of experience as a consultant and involvement in research activities.	Attended all 11 meetings of the Board of Directors and all 11 meetings of the Audit & Supervisory Board in fiscal 2013
	Akinari Horii	3 years	Director and Special Advisor of The Canon Institute for Global Studies	Expected to fulfill his audit functions based on his insight acquired through many years of experience in his role as an executive or regular employee at Bank of Japan.	Attended all 11 meetings of the Board of Directors and all 11 meetings of the Audit & Supervisory Board in fiscal 2013
	Akihiro Wani[2]	—	Attorney-at-law	Expected to fulfill his audit functions based on his insight as a specialist in corporate legal affairs acquired through many years of experience as an attorney-at-law.	—

Notes: 1. Tenure as of the close of the Ordinary General Meeting of Shareholders convened on June 23, 2014.
2. Because Mr. Akihiro Wani was newly appointed at the Ordinary General Meeting of Shareholders convened on June 23, 2014, his tenure and attendance are not presented.

4. Currently or recently a recipient of material compensation as an advisor to the Company other than compensation as a Company Director or Audit & Supervisory Board Member

The Company currently has three Outside Directors and three Outside Audit & Supervisory Board Members. All are capable of judgments with a perspective that is independent of the Company because neither they nor the companies at which they formerly served or concurrently serve (including companies with which they were associated in the past) have personal, equity, business or other interests related to the Company or Group companies that pose any risk of conflict of interest with general shareholders.* The Company has therefore filed declarations naming all six of them as independent Directors/auditors as prescribed by the Tokyo Stock Exchange.

* Group companies conduct insurance-related transactions with certain companies at which Outside Officers formerly served. However, these transactions constitute less than one percent of consolidated ordinary income.

(4) Nomination Committee and Compensation Committee

The Company has established 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 Audit & Supervisory Board Members of the Company and principal Group companies.

The Nomination Committee reports to the Board of Directors. It deliberates on the requirements for and the appointment and dismissal of candidate Directors, Audit & Supervisory Board Members, and Executive Officers of the Company and principal Group companies.

The Compensation Committee reports to the Board of Directors. Its duties include deliberating on the compensation system and evaluating the performance of Directors and Executive Officers of the Company and principal Group companies.

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

Matters Related to Director Compensation

(1) Policies for Determining the Method for Calculating Compensation for Directors, Audit & Supervisory Board Members and Executive Officers

Basic policies for determining compensation for Directors and Audit & Supervisory Board Members of the Company and its principal Group companies are as follows:

- Ensure transparent, fair and objective compensation for Directors, Audit & Supervisory Board Members and Executive Officers.
- Strengthen incentives for improving Company business performance by using a performance-linked compensation system.
- Enhance accountability by aligning compensation with shareholder returns. Link compensation to achievement of the performance indicators based on the Company's management strategy and to Company share price.
- Fully implement a performance-based pay system through processes designed to objectively evaluate individual performance of Directors and Executive Officers with respect to management objectives

In order to determine the level of compensation for Directors, Audit & Supervisory Board Members and Executive Officers, the Company shall set the standard of compensation for each position, depending on the responsibilities of Directors, Audit & Supervisory Board Members and Executive Officers, and take the business performance of the Company and the level of compensation of other companies into consideration.

In addition, performance evaluations are annual and involve comparing actual results of the Company and principal Group companies with the Company's performance indicators based on the management strategy. The results of these evaluations are reflected in the compensation of Tokio Marine Group Directors, Audit & Supervisory Board Members and Executive Officers.

(2) Compensation System for Directors, Audit & Supervisory Board Members and Executive Officers of Tokio Marine Group

Compensation for Full-Time Directors and Executive Officers 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 Directors (Part-Time) consists of two elements: fixed compensation and stock options. Audit & Supervisory Board Members receive fixed compensation. As a general rule, the compensation system for Directors, Audit & Supervisory Board Members and Executive Officers of principal Group companies is the same.

The Board of Directors makes decisions regarding the above compensation system based on reports from the Compensation Committee.

(3) Total Compensation for Directors and Audit & Supervisory Board Members for Fiscal 2013

Position	Total Compensation (Millions of yen)	Breakdown of Compensation (Millions of yen)		Number of Directors and Audit & Supervisory Board Members
		Monetary compensation	Stock options	
Directors (excluding Outside Directors)	290	235	54	8
Audit & Supervisory Board Members (excluding Outside Audit & Supervisory Board Members)	72	72	—	2
Outside Officers	61	54	7	6

(4) Total Compensation for Directors and Audit & Supervisory Board Members Exceeding ¥100 Million on a Consolidated Basis in Fiscal 2013

Name	Position	Company	Breakdown of Compensation (Millions of yen)		Total Compensation on a Consolidated Basis (Millions of yen)
			Monetary compensation	Stock options	
Shuzo Sumi	Director	Tokio Marine Holdings, Inc.	48	10	119
	Director	Tokio Marine & Nichido Fire Insurance Co., Ltd.	49	11	
Tsuyoshi Nagano	Director	Tokio Marine Holdings, Inc.	53	12	116
	Director	Tokio Marine & Nichido Fire Insurance Co., Ltd.	40	10	

Dialogue with Shareholders and Investors

Tokio Marine Group conducts proactive communication and appropriate, timely, and highly transparent disclosure.

The Company views the General Meeting of Shareholders as an opportunity to receive the valuable opinions of shareholders regarding Company management, and therefore implements several initiatives to encourage attendance at the General Meeting of Shareholders and the exercise of voting rights. Specific initiatives with the objective of facilitating shareholder participation in the General Meeting of Shareholders include issuing the Notice of Convocation well in advance of the meeting, scheduling the meeting on days that are not crowded with the shareholder meetings of other companies, and using a website that allows shareholders to exercise their voting rights via the Internet.

Shareholders who attend the meeting receive a tally sheet that surveys how they exercised their voting rights, which they fill out and submit on the day of the meeting. These survey results are combined with the previously received results of mail-in and Internet voting and announced along with the results of the exercise of voting rights.

Aside from the General Meeting of Shareholders, the Company includes surveys in interim reports sent to shareholders. These surveys ask shareholders why they purchased Company shares, their policies for holding the shares, and their expectations for issues including Group businesses. The Company uses the responses as valuable suggestions.

The Company holds semiannual meetings led by the president to explain its business strategy for institutional shareholders, which are available in video on the Company's website. The Company also holds more than 500 personal interviews with institutional investors each year.

For individual investors, the Company holds an annual business strategy presentation led by the President as well as briefings in various cities.

The opinions that the Company receives from shareholders through these opportunities are reported to senior managers and shared broadly throughout the Company to encourage improved management.

Top page of the "Investor Relations" section of the Tokio Marine Holdings website
http://ir.tokiomarinehd.com/en/Top.html

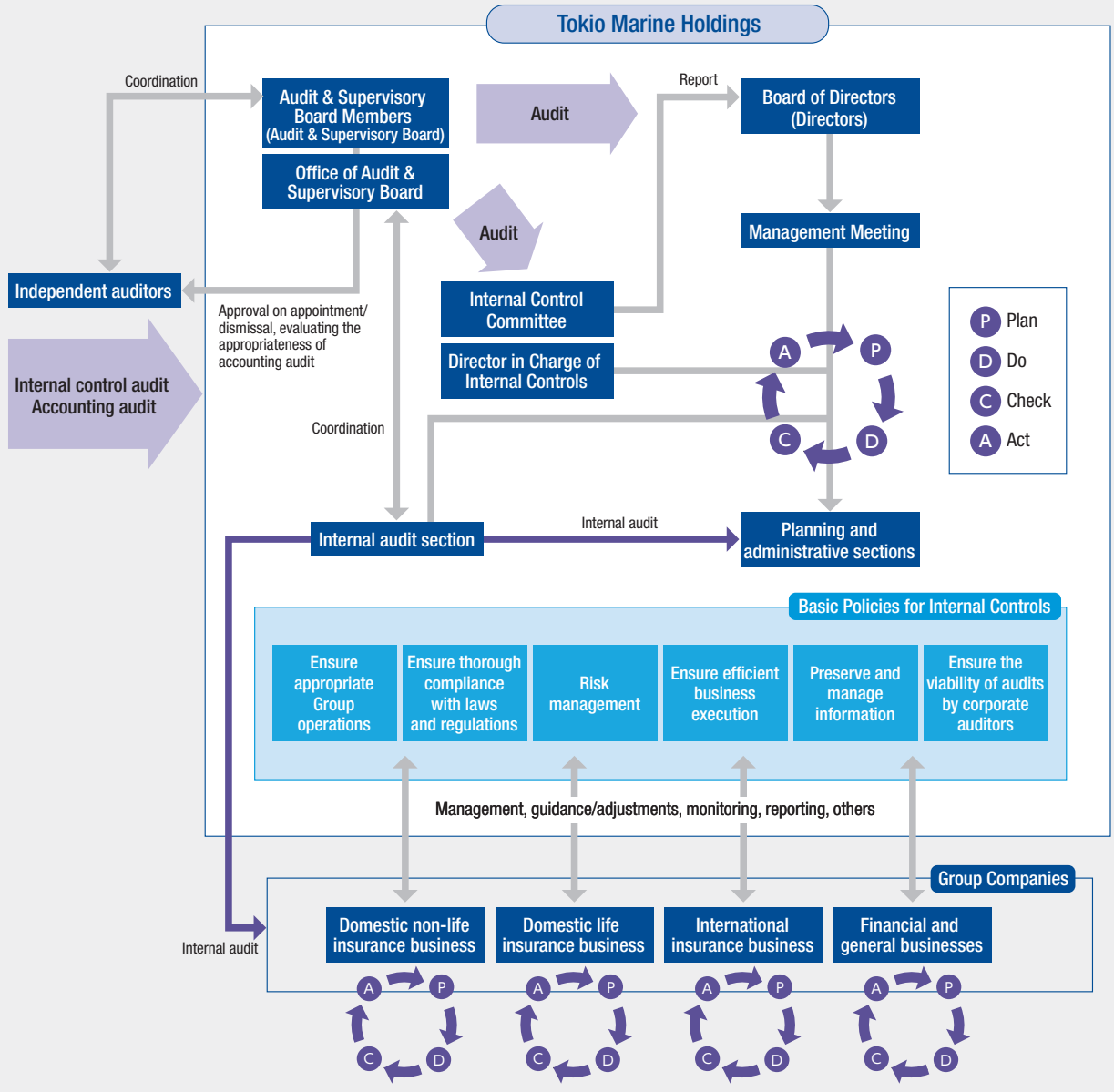
Internal Control System

Internal Control System

The Company has formulated Basic Policies for Internal Controls. In accordance with these policies, the Company has established an internal control system for the entire Tokio Marine Group that encompasses structures for management control, compliance, risk management and internal auditing of Group companies. The Company employs this system to ensure proper operations while raising corporate value.

Additionally, the Company monitors the status and practical application of its internal control system once every year. The Board of Directors confirms the details of the monitoring based on deliberations at the Internal Control Committee. In addition, the Company continually strengthens and improves its internal control system in light of the results of this monitoring.

Tokio Marine Group's Internal Control System



Risk Management

Risk-Based Management (ERM)

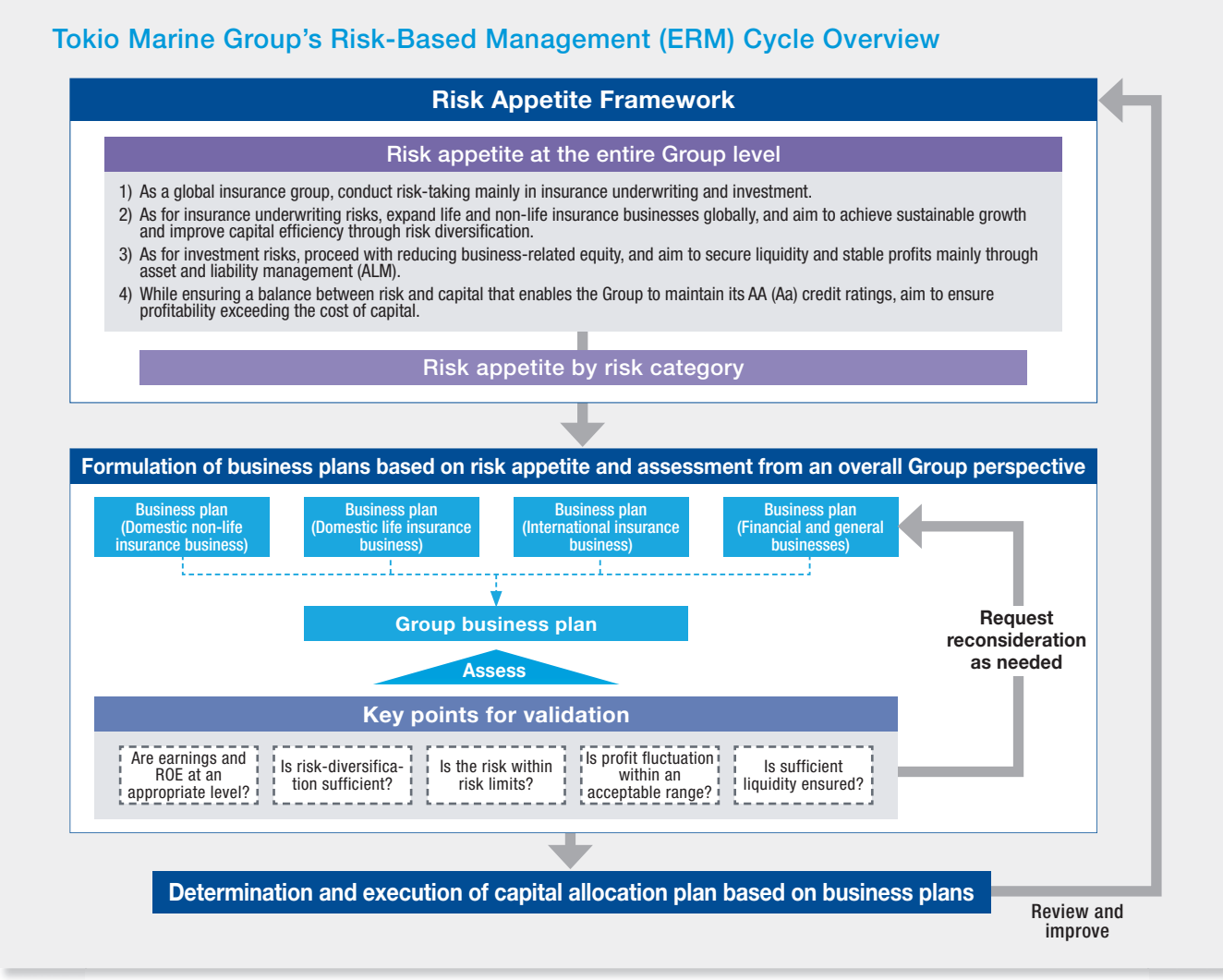
The scope of risks we may take is diversifying because Tokio Marine Group is globally diversifying its business portfolio. Under these circumstances, we are promoting risk-based management (ERM) initiatives to demonstrate our competitiveness globally in accordance with “maintain financial soundness” and “improve profitability”.

Risk-Based Management (ERM) Cycle

Tokio Marine Group has set a risk appetite framework with the intention of clarifying a basic policy for management as to what kind of risks should be taken, and to what extent, in order to ensure returns. This framework is the starting point for formulating business plans and allocating capital. Tokio Marine Holdings calls this flow the Risk-Based Management (ERM) Cycle. This process helps to allocate capital effectively and efficiently with the objective of maintaining financial soundness together with sustained expansion of profits and improvement of capital efficiency.

For the first step of the Risk-Based Management (ERM) Cycle, each Group company formulates its business plans based on the risk appetite framework.

Tokio Marine Holdings then gathers these business plans and takes an overall Group perspective in assessing whether they maintain an appropriate balance between financial soundness and profitability while achieving sustained growth. Specifically, issues assessed include



whether natural catastrophe risks are within the allowable risk parameters, and whether the Group's overall profit and ROE are at the appropriate level, among others. Tokio Marine Holdings subsequently makes decisions with regard to allocation of capital to each business area based on the business plans.

Finally, the results of Group companies are reviewed annually to make improvements.

Outline of Risk-Based Management (ERM) Initiatives

(1) Initiatives to Maintain Financial Soundness

Aiming to maintain its credit ratings and prevent insolvency, Tokio Marine Group confirms that it is maintaining financial soundness by verifying from various perspectives that its net asset value is at a sufficient level for the risks it has assumed.

Specifically, Tokio Marine Group uses a statistical risk indicator called "value at risk" (VaR) to quantify all potential losses and confirms that the total value of the risks it has assumed is within the scope of net asset value. In addition, Tokio Marine Holdings performs stress tests using scenarios for contingencies with low frequency but significant impact when they occur, such as major natural catastrophes and turmoil in the financial systems.

At the end of March 2014, Tokio Marine Group's net asset value stood at 4.3 trillion yen and risk capital was 3.1 trillion yen, calculated at a probability level (99.95%) for an institution with AA (Aa) credit ratings. The economic solvency ratio (ESR), which indicates the number of times net asset value exceeds risk capital, was 140%. Consequently, the Group secured sufficient net asset value required for AA (Aa) ratings.

(2) Initiatives to Improve Profitability

Under its Mid-Term Business Plan, Tokio Marine Group intends to improve the combined ratio in the Group's core domestic non-life insurance business while concurrently working for profit growth in the domestic life and international insurance businesses.

In addition, the Group intends to raise capital efficiency and the stability of profits through certain measures including reducing the risks associated with business-related equities, strengthening natural catastrophe risk management and diversifying its businesses.

Tokio Marine Group will continue its initiatives to support further improvement of overall Group profitability by developing global operations to raise the effectiveness of risk diversification in order to achieve profit growth in every business segment.

Outline of Tokio Marine Group's Risk-Based Management (ERM) Initiatives

Control Risk and Capital in Accordance with Risk Appetite

Maintain Financial Soundness

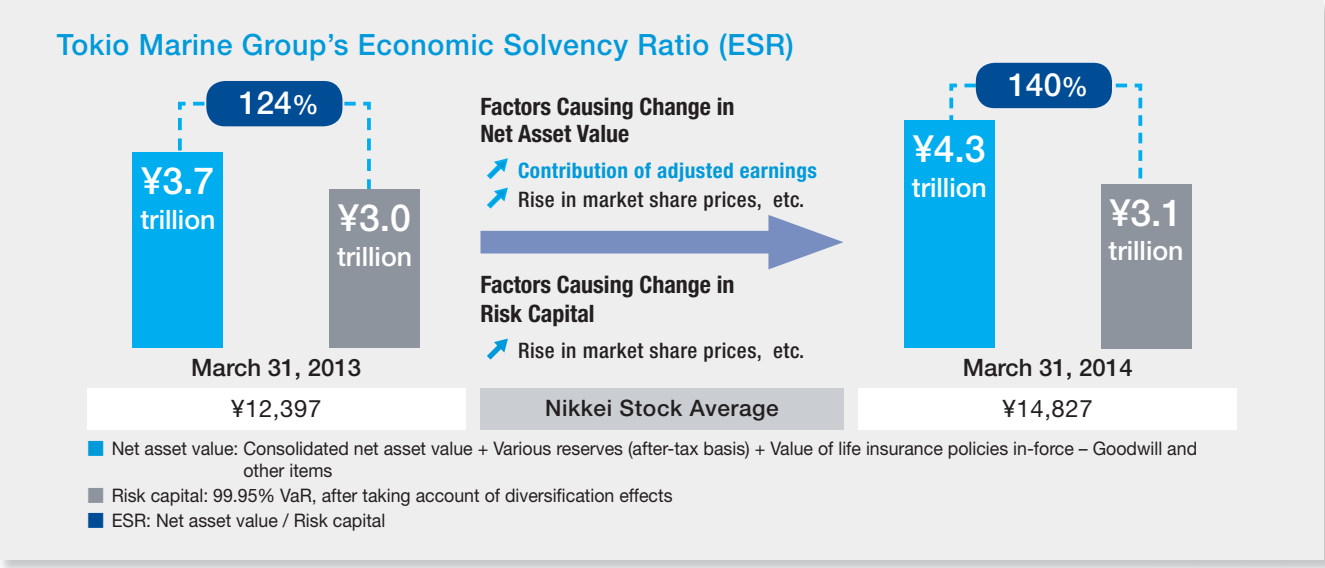
Balance risk and capital to maintain AA (Aa) credit ratings

- Improve natural catastrophe risk management
- Ensure our financial base can withstand catastrophic risks

Improve Profitability

Sustainable profit growth and improving capital efficiency

- Invest in new businesses to improve capital efficiency
- Improve the profitability of existing businesses
- Reduction of business-related equities



Initiatives to Strengthen the Risk-Based Management (ERM) System

As the risks it assumes become more diversified, Tokio Marine Group strives to further evolve its risk-based management (ERM). Moreover, in the recent business environment characterized by a strong sense of uncertainty and drastic change, the Group must continually prepare for the emergence of new risk elements.

From this perspective, Tokio Marine Group makes unceasing efforts to quantify risks and develop more sophisticated risk models while strengthening the risk-based management (ERM) system at Group companies.

Specifically, Tokio Marine Group strives for more accurate risk capital assessment by using a more sophisticated assessment method with models of natural catastrophe risk, which is one of the Group's major risks. The Group is also making efforts to appropriately assess natural catastrophe risks even when it is unable to create risk models due to lack of sufficient historical loss data.

Moreover, Tokio Marine Group is taking steps to comprehensively assess every kind of risk, including emerging risks that result from environmental changes and other factors, and is strengthening the framework for an integrated management of risks involving not only quantitative elements such as economic loss and frequency, but also qualitative elements such as business continuity and reputation.

Risk Management

Risk Management System

Tokio Marine Holdings formulates basic policies concerning risk management for the entire Tokio Marine Group and ascertains the state of risks for the Group.

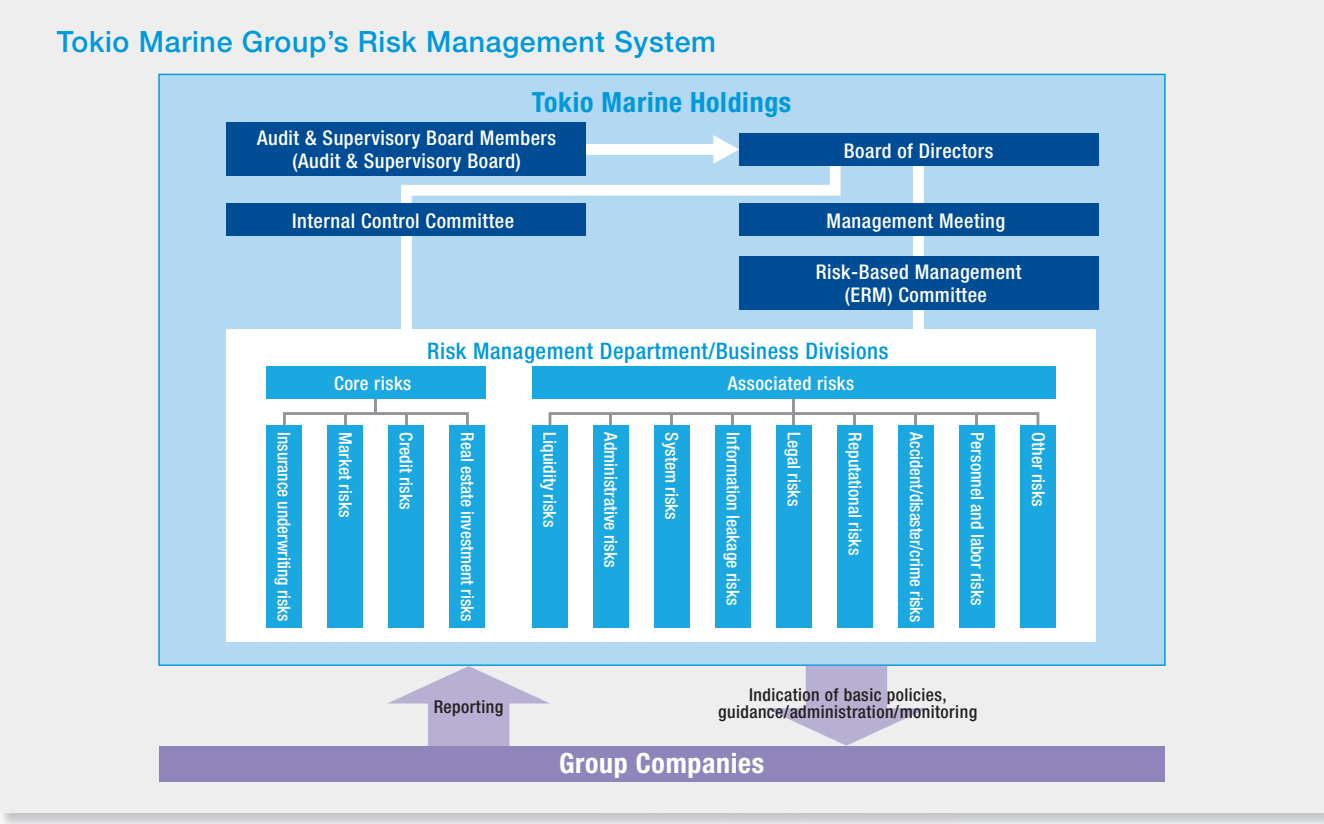
Among the various risks, the Company recognizes that insurance underwriting risks and asset management risks are core risks that must be managed in sources of earnings. The Company therefore controls these risks considering the balance between risk and return.

Tokio Marine Holdings 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.

Through the above measures, Tokio Marine Holdings works to execute proper risk management and ensure stable business operations of the entire Group.

(1) Roles of Tokio Marine Holdings

Tokio Marine Holdings develops the basic policies for risk management of 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.



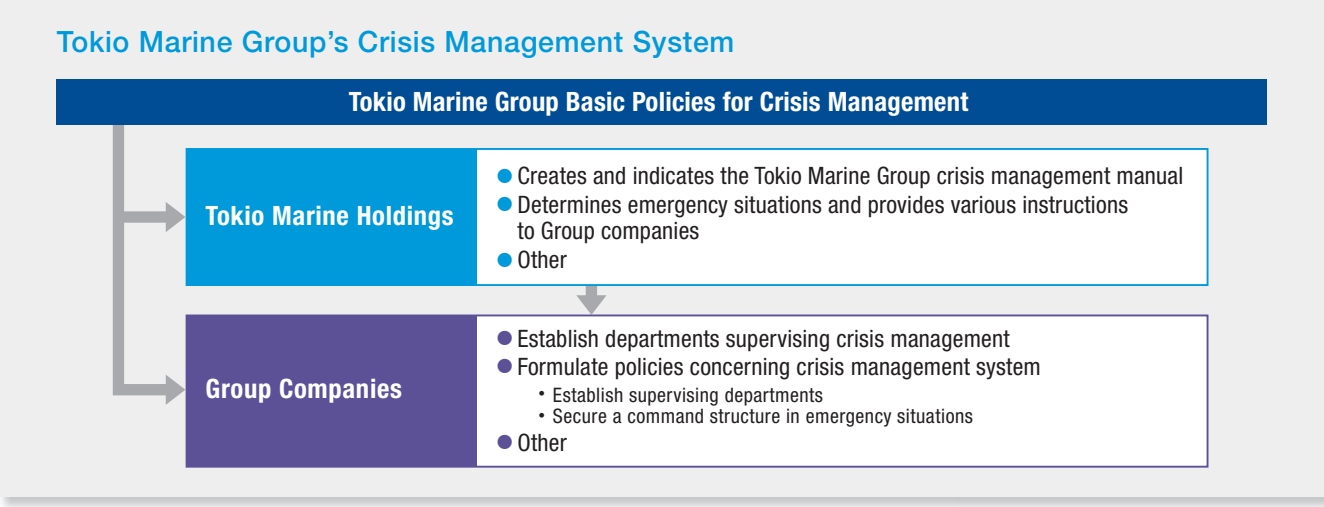
Tokio Marine Holdings also manages quantitative risks for the Group in order to retain credit ratings and to prevent bankruptcies.

(2) Roles of Group Companies

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

Crisis Management System

Tokio Marine Group has developed the Basic Policies for Crisis Management of the Group. In an emergency, the policies clarify the action principles related to the measures to be taken to secure the chain of command, minimize losses and restore ordinary business operations as well as the crisis management systems that should be established by each of the Group companies.



Compliance

Compliance System

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.

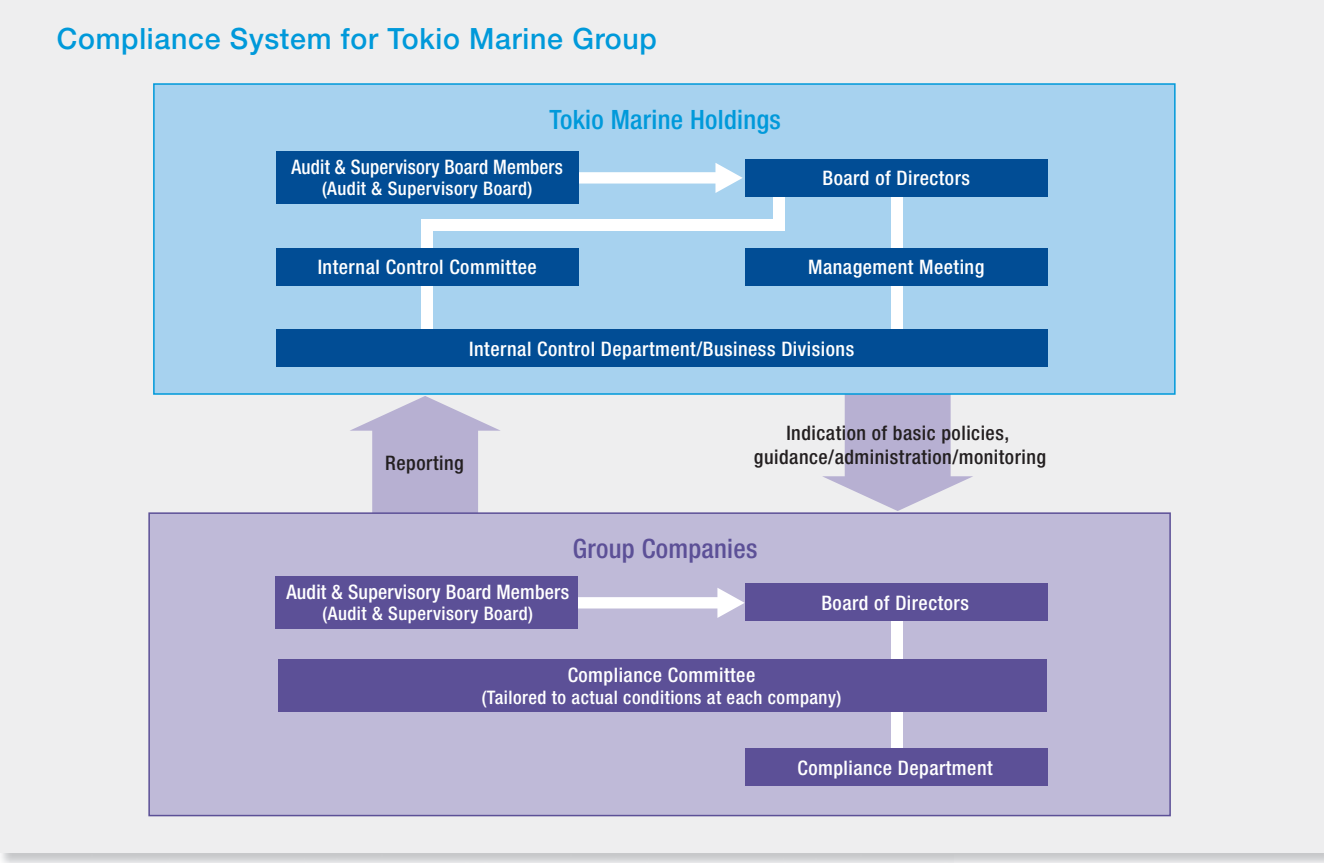
Roles of Tokio Marine Holdings

To thoroughly implement compliance as a Group, the Company has formulated the Tokio Marine Group Basic Policies for Compliance and the Tokio Marine Group Code of Conduct (http://www.tokiomarinehd.com/en/conduct/index.html). The Group has also formulated measures and policies for the entire Group, including Compliance Standards that stipulate such items as laws and regulations that are commonly applicable within the entire Group.

Also, Tokio Marine Holdings has built a structure to ensure Group-wide compliance by periodically monitoring the status of compliance within the Group; receiving reports from Group companies on important matters; discussing these matters among the Board of Directors, Management Meeting and the Internal Control Committee; and providing guidance and advice about the activities of Group companies when necessary.

Roles of Group Companies

Group companies proactively undertake thorough compliance in accordance with the Tokio Marine Group Basic Policies for Compliance. Group companies have created compliance structures in a format suited to the content of their respective businesses while reporting to Tokio Marine Holdings on the status of thorough compliance and important items concerning compliance.



Compliance Initiatives

Organizational Framework

Tokio Marine Group has set up specialized departments for controlling internal compliance at each Group company. Group companies have established internal frameworks enabling organized responses for compliance. The frameworks include compliance committees that formulate compliance policies and measures according to the actual state of operations and check on the state of compliance implementation while assigning compliance officers and persons in charge of compliance to each department and branch office.

Compliance Manuals

Based on the Compliance Standards formulated by Tokio Marine Holdings, Tokio Marine Holdings and Group companies have prepared their own compliance manuals by adding items necessitated by their respective businesses, and have made these manuals available for the reference of directors, officers and employees.

Compliance Training

Tokio Marine Group nurtures an awareness of compliance while providing persons in charge of business operations with necessary knowledge about compliance through training on laws, regulations and internal regulations with which directors, officers and employees must comply.

Evaluation and Improvement Activities (Including Inspections and Monitoring)

Tokio Marine Group formulates a fiscal year action plan for enhancing structures for thorough compliance and prepares viable measures in accordance with the action plan. Tokio Marine Group makes autonomous checks and also undertakes monitoring in combination with internal audits to verify the effectiveness of these measures.

Hotline System (Internal Whistleblower System)

In the event that an employee or member of management discovers an issue or potential issue in compliance, Tokio Marine Group requires such person to immediately report and consult on the issue through organizational channels based on the Tokio Marine Group Compliance Standards. However, in the event that whistleblowing or consultation through the usual route of organizational channels is not appropriate, the Group has installed hotlines as a system for handling reports and consultation from employees and the management of Group companies. An external hotline is also available at an external law office so that the persons making such reports are able to choose the easiest method for them.

The Group keeps personal information on individuals making such reports strictly confidential according to the Whistleblower Protection Act of Japan, and ensures that such individuals are not put in a disadvantageous position.

Response to Anti-Social Forces

Tokio Marine Group has prescribed the basic policies concerning responses to anti-social forces so that Group companies can resist anti-social forces and make concerted and uniform responses. Initiatives are being promoted based on the following basic concepts.

(1) To ensure it consistently undertakes fair management and widely contributes to the development of society as a good corporate citizen, Tokio Marine Group shall sever all relationships with anti-social forces and forcefully repudiate any illicit demands made by them as a basic matter in the application of its Corporate Philosophy. In association with lawyers, police and other professionals, it will respond to anti-social forces in an uncompromising and organized manner.

(2) Tokio Marine Group shall respond to anti-social forces based on the following measures.

1) Take action as a unified organization while ensuring the safety of directors, officers and employees;
2) Contact relevant external institutions that specialize in such matters;
3) Sever all known relationships, including transactions, and repudiate any illicit demands;
4) Take legal action at either the civil or criminal level for any contingency; and
5) Prohibit backroom deals and funding.

Taking into consideration the basic policies for responding to anti-social forces, Tokio Marine Group shall promote initiatives that include setting up controlling departments, establishing reporting and consultation rules and systems for when a problem occurs, and implementing training activities.

Environmental Management and Social Contribution

Tokio Marine Group's Approach to CSR

Tokio Marine Group views CSR activities as a realization of the Group's Corporate Philosophy. The Group contributes to the creation of a safe, secure and sustainable society by continuously raising its corporate value and by becoming a "Good Company" trusted by customers and local communities. For this purpose, we have formulated the Group CSR Charter, set "Environmental: Responding to climate change and natural disaster risk", "Social: Contributing to local communities and societies" and "Governance: Strengthening CSR management" as CSR material issues, and work to resolve various issues through dialogue and cooperation with our stakeholders. Tokio Marine Holdings has established a dedicated CSR division (CSR Division, Corporate Planning Department) that supports CSR Key Persons, whose role is to promote CSR in each Group company, and rolls out CSR activities throughout the Group.

Promotion of Various CSR Activities

Tokio Marine Group promotes CSR activities under the themes "protection of the global environment (environment)", "development of young people", "safety and security" and "support for reconstruction after the Great East Japan Earthquake and Tsunami (post-earthquake reconstruction)". As medium-term objectives, we aim to reduce Group CO_2 emissions by 10% by the end of fiscal 2014 (compared with fiscal 2010) and to have all employees participate each year in volunteer activities to contribute to local communities or society (number of domestic Group employee volunteers in fiscal 2013: cumulative total of approximately 21,000).

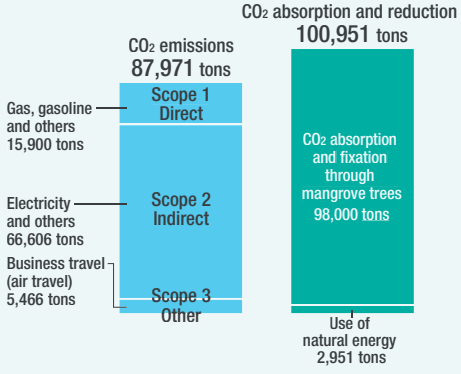
Reducing Environmental Burden and Achieving Carbon Neutral Status

To reduce the environmental burden associated with its use of electricity, gasoline, paper and other resources, Tokio Marine Group has introduced an environmental management system[1] and promotes the concepts of (1) reduce (energy conservation), (2) switch (switch to renewable energy) and (3) offset (CO_2 absorption and fixation through mangrove planting). In addition to initiatives such as reducing the energy consumption of offices, lighting and heating/cooling equipment, conserving electricity (cutting back on lighting fixtures, turning off lights in unused areas, thorough HVAC management, etc.), introduction and expanded use of videoconference systems, and reduction of air travel for business trips, the Group strives to stay carbon neutral by offsetting the CO_2 emissions from its business activities with the CO_2 absorption and fixation effect of mangrove tree planting and the use of renewable energy certificates (wind power and biomass).[2]

Notes: 1. Tokio Marine & Nichido introduced ISO14001 at its head office in fiscal 1999 and its proprietary Green Assist environmental management system in fiscal 2006.

2. Calculations for CO_2 emissions, CO_2 absorption and fixation through mangrove tree planting, and CO_2 reduction through the purchase of renewable energy certificates for fiscal 2013 have been verified by a third-party organization (Ernst & Young Sustainability Co., Ltd.).

Achievement of Carbon Neutral Status



Environmental Data (Footprint)

Scope: Tokio Marine Holdings and its principal consolidated subsidiaries (12 domestic, 19 overseas)

	FY2011	FY2012	FY2013
CO_2 emissions (tons)	75,277	93,311	87,971
(Domestic)	59,919	71,191	65,419
(Overseas)	15,358	22,120	22,552
(CO_2 emissions per employee)	2.44	2.83	2.64

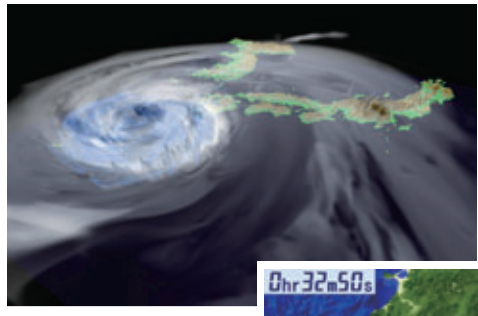
Key Environmental Data

Electricity usage (thousand kWh)	133,527	144,660	143,787
Gasoline usage (kℓ)	6,360	6,645	5,561
Paper usage (tons)	9,132	9,781	9,550
(Paper usage per employee (kg))	296	296	287

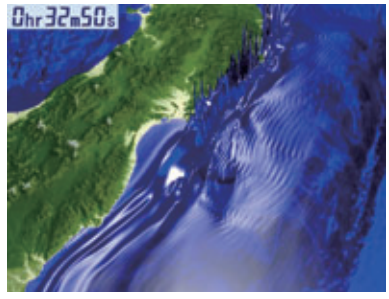
Industry-Academia Collaboration: Research on Natural Disaster Risk

Tokio Marine Group conducts research on natural disaster risk through industry-academia collaborations to protect society from the threat of climate change and natural disasters. The Group uses the knowledge it acquires to create more sophisticated products and services while providing information to society to improve overall disaster prevention and mitigation programs.

Research Topic	Research Institution	Research Subjects
Meteorological Disasters (Typhoons, Heavy Rain, Floods)	Atmosphere and Ocean Research Institute, The University of Tokyo	Future typhoon risk assessment using climate model data
	Hydrospheric Atmospheric Research Center, Nagoya University	Typhoon and heavy rain risk assessment using high spatial resolution models
	Graduate School of Engineering and Disaster Prevention Research Institute, Kyoto University	Future flood risk assessment using river flow volume models
Earthquakes and Tsunamis	International Research Institute of Disaster Science, Tohoku University	Earthquake and tsunami risk assessment, tsunami evacuation research, disaster readiness education



Future climate typhoon simulation model



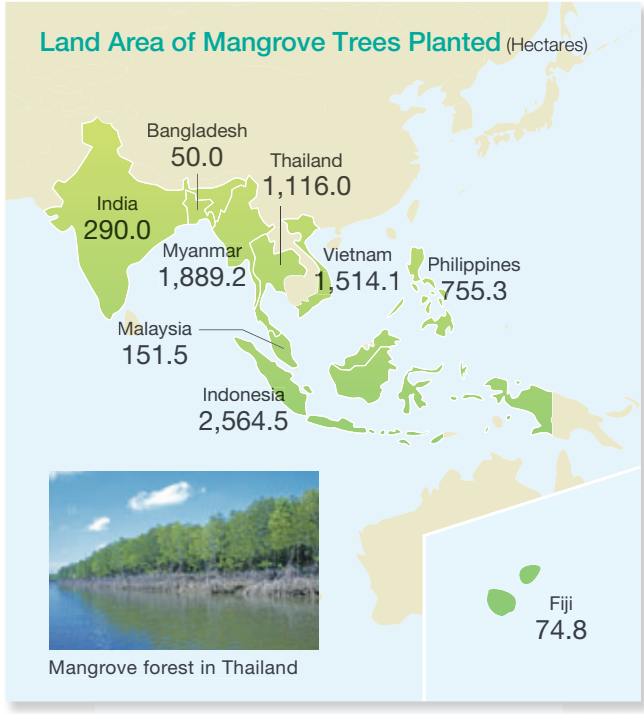
Tsunami simulation model for an earthquake off the coast of Tohoku

Sources
Above: Hydrospheric Atmospheric Research Center, Nagoya University
Below: International Research Institute of Disaster Science, Tohoku University

"Green Gift" Project

Since 2009, Tokio Marine & Nichido has been carrying out the "Green Gift" Project under the concept of conducting environmental protection activities together with its customers. Under the project, each time a customer newly chooses to view the wording of an insurance policy as an online document (Web policy) instead of a paper policy (booklet), the company uses a portion of the savings from the reduction in paper use to support mangrove tree planting* overseas through contributions to a non-profit organization (NPO) and other organizations. In addition, the company began environmental protection activities in collaboration with environmental NPOs throughout Japan in October 2013, and has held 12 environmental events in eight regions as of March 2014. Tokio Marine & Nichido will continue to conduct various activities with residents of regions in Japan and overseas.

* Started in 1999 as a commemorative project to celebrate the 120th anniversary of Tokio Marine (currently Tokio Marine & Nichido), the project has planted approximately 8,400 hectares in nine countries. As an evaluation of this project, Tokio Marine & Nichido received the Environment Minister's Award for Global Warming Prevention Activity in the International Contribution category in 2013. The company intends to continue planting mangroves for a hundred years.



Mangrove forest in Thailand

Green Lessons

Tokio Marine & Nichido provides Green Lessons, in which employee and agent volunteers, including from other Tokio Marine Group companies, visit elementary and special education schools throughout Japan and give lectures on the topic of mangroves that teach the importance of prevention of global warming and preservation of biodiversity. As of March 31, 2014, a cumulative total of approximately 44,000 children at about 630 schools had attended Green Lessons, providing feedback that they had learned the significance of mangrove planting and become more interested in environmental issues.

Room to Read

Tokio Marine & Nichido contributes to education support programs for developing countries conducted by the international non-governmental organization "Room to Read" in India, Bangladesh and Vietnam, where the company conducts mangrove planting. In the four years up to 2013, Tokio Marine & Nichido donated approximately US$100 thousand annually, and has supported the education of some 1,000 girls and built nine reading rooms. The company conveys the joy of reading to children in Asia with limited educational opportunities and helps them to realize their dreams for the future.

Disaster Prevention Lessons

Tokio Marine & Nichido has incorporated lessons learned from the Great East Japan Earthquake and Tsunami in a program designed to communicate awareness of disaster prevention to children and help prepare for future disasters. Employee and agent volunteers, including from other Group companies, provide disaster prevention lessons at elementary schools throughout Japan under the supervision of the International Research Institute of Disaster Science of Tohoku University. As of March 31, 2014, a cumulative total of approximately 7,300 children at approximately 90 schools had received these lessons, providing feedback that the lessons gave them the opportunity to think about how to protect themselves.

Restoration of Coastal Forests of Tohoku Region

Tokio Marine & Nichido is supporting the "Ten-Year Restoration Project of the Coastal Forests of Tohoku Region", led by the Organization for Industrial, Spiritual and Cultural Advancement-International (OISCA) in Miyagi Prefecture since 2011. In addition to restoring coastal forests that were destroyed by the tsunami, this project aims to facilitate regional revitalization through the recovery of agricultural land and creation of job opportunities in the affected area.

Making Terry Cloth Caps

Joining in an initiative undertaken by the Iwate Hospice Association, a citizens' group that supports cancer patients and their families, Tokio Marine & Nichido Life cooperates in making terry cloth caps for patients undergoing anticancer drug treatment. Since it began the initiative in fiscal 2009, the company has donated more than 1,000 caps each year, to the delight of the recipients.

Volunteer Tours for the Watari Green Belt Project

Tokio Marine & Nichido dispatches volunteers to the Watari Green Belt Project, an initiative led by Flatohoku Project, a general incorporated association, in Watari Town, Miyagi Prefecture to restore the grove that protects the town against tsunamis and rebuild the town. In fiscal 2013, a cumulative total of 80 employees and agents, including from other Tokio Marine Group companies, and their family members participated in five tours, where they viewed the coastal region that had been devastated by the tsunami and helped to grow seedlings for transformation into a green belt.

U.K.: Business Training Program for University Interns

The U.K.-based Kiln Group has endorsed a business training program for university students in London that aims to develop superior human resources and support local communities. Over the past five years, the Kiln Group has accepted 11 interns, who have been involved in various duties including promotion of recycling activities. The program has been significant for both the interns and the Kiln Group due to the remarkable motivation and preparedness of the students, whose active participation exceeded expectations.

U.S.: GREENPHLY Environmental Protection Activities

In 2011, employee volunteers at U.S.-based Philadelphia Insurance Companies (PHLY) began conducting environmental protection activities.
In addition to activities to reduce environmental impact at offices and BIKEPHLY, an initiative to promote bicycle commuting, 34 employees including the CEO removed invasive plant species from a park on Earth Day in April 2013. In addition, the company purchased renewable energy certificates equivalent to 100% of its electricity use in fiscal 2013, qualifying for inclusion in the Green Power Partnership of the U.S. Environmental Protection Agency.

China: Educational Assistance for Children

To assist children of migrant workers (children living in rural villages separated for long periods from parents who work in cities and children who have moved to cities with their parents), Tokio Marine Group has built support facilities in more than 160 locations in China and conducted volunteer activities each year since 2009 in cooperation with the All-China Youth Federation. In 2013, 12 employees deepened interchange by conducting a fire drill and other activities in collaboration with a local Youth League committee and fire station at two elementary schools in Zhejiang Province.

India: Weather Insurance/Microinsurance

IFFCO-TOKIO General Insurance Co. Ltd. of India began providing index-based weather insurance in 2002 to resolve the lifestyle of uncertainty faced by farmers and low-income earners through insurance, and currently provides it to approximately 1.5 million farming households annually. In addition, the company has been providing accident insurance as an incidental to fertilizer, property insurance for low-income earners and accident insurance for women in rural communities since 2001, as well as medical insurance since 2011.

Signatory to the United Nations Global Compact

Network Japan
WE SUPPORT

The Ten Principles of the United Nations Global Compact (UNGC) coincide with the Tokio Marine Group Corporate Philosophy. We have participated in the UNGC since 2005 and will continue to put it into practice.

Signatory to the Principles for Sustainable Insurance and Principles for Responsible Investment

PSI Principles for Sustainable Insurance

Signatory of: PRI Principles for Responsible Investment

Tokio Marine Group is helping to achieve a sustainable society and emphasizing the social roles and responsibilities of the insurance industry. Tokio Marine & Nichido is a signatory to the United Nations Environment Programme Finance Initiative (UNEP FI) Principles for Sustainable Insurance (PSI), and Tokio Marine & Nichido and two other Group companies are signatories to the Principles for Responsible Investment (PRI) led by the UNGC and UNEP FI.

Assessment from Rating Agencies for Socially Responsible Investing

(As of March 31, 2014)

Member of Dow Jones Sustainability Indices
In Collaboration with RobecoSAM

FTSE4Good

Corporate Responsibility Prime
rated by oekom research

Global rating agencies for socially responsible investing (SRI) have strongly praised Tokio Marine Group for its efforts to improve in the areas of environment, social and corporate governance (ESG) issues, and the Group was selected for inclusion in leading SRI indices.

Financial Data

Change in Key Business Indicators (Consolidated Basis)

(Yen in millions if not indicated specifically)

	FY2013 (April 1, 2013–March 31, 2014)	FY2012 (April 1, 2012–March 31, 2013)	FY2011 (April 1, 2011–March 31, 2012)	FY2010 (April 1, 2010–March 31, 2011)	FY2009 (April 1, 2009–March 31, 2010)
Ordinary income	**4,166,130**	3,857,769	3,415,984	3,288,605	3,570,803
Net premiums written	**2,870,714**	2,558,010	2,324,492	2,272,117	2,292,911
Ordinary profit	**274,386**	207,457	160,324	126,587	203,413
Net income	**184,114**	129,578	6,001	71,924	128,418
Comprehensive income	**442,277**	548,251	(10,558)	(196,554)	—
Net assets	**2,739,114**	2,363,183	1,857,465	1,904,477	2,184,795
Total assets	**18,948,000**	18,029,442	16,338,460	16,528,644	17,265,868
Consolidate solvency margin ratio (%)	**728.4**	737.0	717.8	—	—
Net assets per share (Yen)	**3,535.84**	3,051.58	2,398.66	2,460.21	2,753.87
Net income per share–basic (Yen)	**239.98**	168.93	7.82	92.49	163.04
Net income per share–diluted (Yen)	**239.75**	168.77	7.81	92.43	162.96
Capital ratio (%)	**14.32**	12.98	11.26	11.41	12.56
Return on equity: ROE (%)	**7.29**	6.20	0.32	3.55	6.76
Price-to-earnings ratio: PER (Ratio)	**12.91**	15.69	290.41	24.05	16.15
Net cash provided by (used in) operating activities	**424,729**	138,724	72,429	183,579	371,562
Net cash provided by (used in) investing activities	**(168,214)**	(761,058)	(200,542)	(97,121)	170,771
Net cash provided by (used in) financing activities	**(346,478)**	485,443	101,089	(224,723)	(159,974)
Cash and cash equivalents at end of year	**924,499**	979,389	1,092,680	1,120,399	1,268,885
Number of employees	**33,310**	33,006	30,831	29,758	29,578

Notes: 1. Effective FY2010, the Company applied "Accounting Standard for Earnings Per Share" (ASBJ Statement No. 2, June 30, 2010) and "Guidance on Accounting Standard for Earnings Per Share" (ASBJ Guidance No. 4, June 30, 2010) to calculate Net income per share–diluted.
2. Number of employees is head-count of staff currently at work.

Financial Information

1. Preparation of Consolidated Financial Statements

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

Comparative information included in the consolidated financial statements for the fiscal year ended March 31, 2014 is based on the Consolidated Statements Regulations prior to amendment and the Insurance Act Enforcement Regulations in accordance with Article 3-2 of the Supplementary Provisions of the Cabinet Office Ordinance on Partial Amendment of the Regulations on Terminology, Forms and Preparation Methods of Financial Statements (Cabinet Office Ordinance No. 61, September 21, 2012).

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. Auditor's 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 year ended March 31, 2014 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, management and employees participate in associated seminars held by the leading accounting firms and the Company subscribes to specialized accounting books in order to provide adequate guidance and frameworks for application of financial standards. Each of those steps are taken to enable management and its employees 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 for %)

	Notes No.	As of March 31, 2014		As of March 31, 2013		Increase (Decrease)
		Amount	Composition ratio (%)	Amount	Composition ratio (%)	
Assets						
Cash and bank deposits	*4	**439,368**	**2.32**	436,113	2.42	3,254
Call loans		**270,931**	**1.43**	211,216	1.17	59,715
Receivables under resale agreements		**119,974**	**0.63**	299,917	1.66	(179,943)
Receivables under security borrowing transactions		**38,580**	**0.20**	28,366	0.16	10,214
Monetary receivables bought		**877,452**	**4.63**	796,195	4.42	81,256
Money trusts		**2,897**	**0.02**	5,399	0.03	(2,502)
Securities	*2*4*6	**14,761,559**	**77.91**	13,845,820	76.80	915,738
Loans	*3*7	**373,574**	**1.97**	380,884	2.11	(7,310)
Tangible fixed assets	*1	**300,753**	**1.59**	306,965	1.70	(6,212)
Land		**142,344**		143,651		(1,307)
Buildings		**136,093**		131,906		4,186
Construction in progress		**1,748**		11,125		(9,377)
Other tangible fixed assets		**20,567**		20,282		285
Intangible fixed assets		**427,987**	**2.26**	428,196	2.37	(209)
Software		**17,130**		13,196		3,933
Goodwill		**250,196**		270,291		(20,095)
Other intangible fixed assets		**160,660**		144,708		15,952
Other assets	*10	**1,263,916**	**6.67**	1,207,109	6.70	56,807
Net defined benefit assets		**1,595**	**0.01**	—	—	1,595
Deferred tax assets		**64,078**	**0.34**	50,119	0.28	13,959
Customers' liabilities under acceptances and guarantees		**30,379**	**0.16**	71,766	0.40	(41,387)
Allowance for doubtful accounts		**(25,048)**	**(0.13)**	(38,631)	(0.21)	13,582
Total assets		**18,948,000**	**100.00**	18,029,442	100.00	918,558
Liabilities						
Insurance liabilities		**13,591,573**	**71.73**	12,784,044	70.91	807,529
Outstanding claims	*4	**1,975,880**		1,685,114		290,766
Underwriting reserves	*4	**11,615,692**		11,098,930		516,762
Corporate bonds		**124,375**	**0.66**	139,304	0.77	(14,929)
Other liabilities		**1,855,409**	**9.79**	2,167,815	12.02	(312,406)
Payables under security lending transactions		**876,446**		1,113,960		(237,514)
Other liabilities	*4	**978,962**		1,053,854		(74,891)
Provision for retirement benefits		**—**	**—**	186,395	1.03	(186,395)
Net defined benefit liabilities		**221,921**	**1.17**	—	—	221,921
Provision for retirement benefits for directors		**37**	**0.00**	31	0.00	6
Provision for employees' bonus		**40,345**	**0.21**	36,794	0.20	3,551
Reserve under special law		**78,763**	**0.42**	74,491	0.41	4,272
Price fluctuation reserve		**78,763**		74,491		4,272
Deferred tax liabilities		**175,793**	**0.93**	105,099	0.58	70,693
Negative goodwill		**90,286**	**0.48**	100,515	0.56	(10,229)
Acceptances and guarantees		**30,379**	**0.16**	71,766	0.40	(41,387)
Total liabilities		**16,208,886**	**85.54**	15,666,258	86.89	542,627
Net assets						
Shareholders' equity						
Share capital		**150,000**		150,000		—
Retained earnings		**1,231,034**		1,088,315		142,719
Treasury shares		**(6,716)**		(7,237)		520
Total shareholders' equity		**1,374,318**	**7.25**	1,231,078	6.83	143,239
Accumulated other comprehensive income						
Unrealized gains on securities, net of taxes		**1,239,658**		1,172,896		66,762
Deferred gains (losses) on hedge transactions		**18,222**		21,921		(3,699)
Foreign currency translation adjustments		**106,510**		(85,226)		191,736
Remeasurements of defined benefit plans		**(25,946)**		—		(25,946)
Total accumulated other comprehensive income		**1,338,444**	**7.06**	1,109,592	6.15	228,852
Share acquisition rights		**1,891**	**0.01**	1,763	0.01	128
Non-controlling interests		**24,459**	**0.13**	20,749	0.12	3,709
Total net assets		**2,739,114**	**14.46**	2,363,183	13.11	375,930
Total liabilities and net assets		**18,948,000**	**100.00**	18,029,442	100.00	918,558

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 for %)

	Notes No.	FY2013 (April 1, 2013–March 31, 2014)		FY2012 (April 1, 2012–March 31, 2013)		Increase (Decrease)
		Amount	Ratio (%)	Amount	Ratio (%)	
Ordinary income		**4,166,130**	**100.00**	3,857,769	100.00	308,361
Underwriting income		**3,411,595**	**81.89**	3,149,378	81.64	262,217
Net premiums written		**2,870,714**		2,558,010		312,704
Deposit premiums from policyholders		**103,678**		116,599		(12,921)
Investment income on deposit premiums		**54,014**		56,330		(2,316)
Life insurance premiums		**378,043**		399,845		(21,801)
Reversal of outstanding claims		**—**		13,034		(13,034)
Other underwriting income		**5,145**		5,557		(412)
Investment income		**659,548**	**15.83**	636,425	16.50	23,122
Interest and dividends		**305,816**		261,898		43,917
Gains on money trusts		**227**		737		(509)
Gains on trading securities		**3,750**		3,619		131
Gains on sales of securities		**108,134**		112,218		(4,084)
Gains on redemption of securities		**990**		1,068		(78)
Investment gains on separate accounts		**267,275**		290,296		(23,020)
Other investment income		**27,367**		22,916		4,450
Transfer of investment income on deposit premiums		**(54,014)**		(56,330)		2,316
Other ordinary income		**94,986**	**2.28**	71,965	1.87	23,020
Amortization of negative goodwill		**10,229**		10,450		(221)
Other ordinary income		**84,757**		61,514		23,242
Ordinary expenses		**3,891,743**	**93.41**	3,650,311	94.62	241,432
Underwriting expenses		**3,180,111**	**76.33**	3,013,696	78.12	166,415
Net claims paid		**1,550,225**		1,585,558		(35,333)
Loss adjustment expenses	*1	**118,886**		114,886		3,999
Agency commissions and brokerage	*1	**565,794**		495,765		70,028
Maturity refunds to policyholders		**237,751**		262,189		(24,438)
Dividends to policyholders		**311**		380		(68)
Life insurance claims		**295,959**		246,755		49,204
Provision for outstanding claims		**136,152**		—		136,152
Provision for underwriting reserves		**270,805**		303,420		(32,614)
Other underwriting expenses		**4,225**		4,740		(514)
Investment expenses		**71,254**	**1.71**	48,344	1.25	22,910
Losses on money trusts		**—**		198		(198)
Losses on sales of securities		**18,790**		6,568		12,221
Impairment losses on securities		**1,467**		7,324		(5,856)
Losses on redemption of securities		**572**		1,311		(739)
Losses on derivatives		**28,992**		29,847		(855)
Other investment expenses		**21,432**		3,094		18,338
Operating and general administrative expenses	*1	**627,908**	**15.07**	560,648	14.53	67,259
Other ordinary expenses		**17,075**	**0.41**	33,307	0.86	(16,231)
Interest expenses		**6,726**		5,190		1,535
Increase in allowance for doubtful accounts		**—**		19,799		(19,799)
Losses on bad debts		**132**		182		(49)
Equity in losses of affiliates	*3	**1,080**		1,526		(446)
Amortization of deferred assets under Article 113 of the Insurance Business Act		**3,403**		2,502		900
Other ordinary expenses		**5,733**		4,105		1,627
Deferred expenses under Article 113 of the Insurance Business Act		**(4,607)**	**(0.11)**	(5,685)	(0.15)	1,078
Ordinary profit		**274,386**	**6.59**	207,457	5.38	66,928

(Continued on following page)

(Yen in millions, except for %)

	Notes No.	FY2013 (April 1, 2013–March 31, 2014)		FY2012 (April 1, 2012–March 31, 2013)		Increase (Decrease)
		Amount	Ratio (%)	Amount	Ratio (%)	
Extraordinary gains		**3,314**	**0.08**	11,202	0.29	(7,888)
Gains on disposal of fixed assets		**2,987**		9,822		(6,834)
Gains on negative goodwill		**—**		9		(9)
Gains on changes in equity of subsidiaries and affiliates		**29**		—		29
Other extraordinary gains	*2	**296**		1,370		(1,074)
Extraordinary losses		**7,020**	**0.17**	16,095	0.42	(9,075)
Losses on disposal of fixed assets		**1,234**		1,467		(232)
Impairment losses on fixed assets	*3	**980**		2,395		(1,414)
Losses on changes in equity of subsidiaries and affiliates		**5**		—		5
Provision under the special law		**4,272**		4,353		(80)
Provision for price fluctuation reserve		**4,272**		4,353		(80)
Losses on reduction of real estate		**0**		—		0
Other extraordinary losses	*4	**526**		7,880		(7,353)
Income before income taxes and non-controlling interests		**270,680**	**6.50**	202,564	5.25	68,115
Income taxes–current		**44,695**	**1.07**	65,865	1.71	(21,170)
Income taxes–deferred		**40,090**	**0.96**	5,963	0.15	34,127
Total income taxes		**84,786**	**2.04**	71,829	1.86	12,957
Income before non-controlling interests		**185,894**	**4.46**	130,735	3.39	55,158
Non-controlling interests		**1,779**	**0.04**	1,156	0.03	622
Net income		**184,114**	**4.42**	129,578	3.36	54,536

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

Consolidated Statement of Comprehensive Income

(Yen in millions, except for %)

	Notes No.	FY2013 (April 1, 2013–March 31, 2014)		FY2012 (April 1, 2012–March 31, 2013)		Increase (Decrease)
		Amount	Ratio (%)	Amount	Ratio (%)	
Income before non-controlling interests		**185,894**	**4.46**	130,735	3.39	55,158
Other comprehensive income						
Unrealized gains on securities, net of taxes		**66,096**		344,884		(278,788)
Deferred gains (losses) on hedge transactions		**(3,699)**		(859)		(2,840)
Foreign currency translation adjustments		**192,057**		71,638		120,418
Share of other comprehensive income of affiliates accounted for by the equity method		**1,929**		1,851		77
Total other comprehensive income	*	**256,382**	**6.15**	417,515	10.82	(161,132)
Total comprehensive income		**442,277**	**10.62**	548,251	14.21	(105,973)
Comprehensive income attributable to:						
Owners of the parent		**438,914**		544,957		(106,043)
Non-controlling interests		**3,363**		3,293		69

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

(3) Consolidated Statement of Changes in Shareholders' Equity

FY2013 (April 1, 2013–March 31, 2014)

(Yen in millions)

	Shareholders' equity			
	Share capital	Retained earnings	Treasury shares	Total shareholders' equity
Beginning balance	150,000	1,088,315	(7,237)	1,231,078
Changes during the year				
Dividends		(44,110)		(44,110)
Net income		184,114		184,114
Purchase of treasury shares			(128)	(128)
Disposal of treasury shares		(142)	649	506
Cancellation of treasury shares				—
Changes in the scope of consolidation		3,925		3,925
Others		(1,068)		(1,068)
Net changes in items other than shareholders' equity				
Total changes during the year	—	142,719	520	143,239
Ending balance	150,000	1,231,034	(6,716)	1,374,318

	Accumulated other comprehensive income						
	Unrealized gains on securities, net of taxes	Deferred gains (losses) on hedge transactions	Foreign currency translation adjustments	Remeasurements of defined benefit plans	Share acquisition rights	Non-controlling interests	Total net assets
Beginning balance	1,172,896	21,921	(85,226)	—	1,763	20,749	2,363,183
Changes during the year							
Dividends							(44,110)
Net income							184,114
Purchase of treasury shares							(128)
Disposal of treasury shares							506
Cancellation of treasury shares							—
Changes in the scope of consolidation							3,925
Others							(1,068)
Net changes in items other than shareholders' equity	66,762	(3,699)	191,736	(25,946)	128	3,709	232,690
Total changes during the year	66,762	(3,699)	191,736	(25,946)	128	3,709	375,930
Ending balance	1,239,658	18,222	106,510	(25,946)	1,891	24,459	2,739,114

FY2012 (April 1, 2012–March 31, 2013) (Yen in millions)

	Shareholders' equity			
	Share capital	Retained earnings	Treasury shares	Total shareholders' equity
Beginning balance	150,000	1,104,810	(109,418)	1,145,391
Changes during the year				
Dividends		(40,266)		(40,266)
Net income		129,578		129,578
Purchase of treasury shares			(43)	(43)
Disposal of treasury shares		(49)	364	314
Cancellation of treasury shares		(101,860)	101,860	—
Changes in the scope of consolidation		(110)		(110)
Others		(3,785)		(3,785)
Net changes in items other than shareholders' equity				
Total changes during the year	—	(16,494)	102,181	85,686
Ending balance	150,000	1,088,315	(7,237)	1,231,078

	Accumulated other comprehensive income						
	Unrealized gains on securities, net of taxes	Deferred gains (losses) on hedge transactions	Foreign currency translation adjustments	Remeasurements of defined benefit plans	Share acquisition rights	Non-controlling interests	Total net assets
Beginning balance	828,245	22,780	(156,812)	—	1,598	16,261	1,857,465
Changes during the year							
Dividends							(40,266)
Net income							129,578
Purchase of treasury shares							(43)
Disposal of treasury shares							314
Cancellation of treasury shares							—
Changes in the scope of consolidation							(110)
Others							(3,785)
Net changes in items other than shareholders' equity	344,651	(859)	71,586	—	164	4,487	420,031
Total changes during the year	344,651	(859)	71,586	—	164	4,487	505,718
Ending balance	1,172,896	21,921	(85,226)	—	1,763	20,749	2,363,183

Note: "Others" consists mainly of reclassification adjustments of deferred tax in accordance with accounting standards adopted by foreign consolidated subsidiaries, etc.

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

(4) Consolidated Statement of Cash Flows

(Yen in millions)

	Notes No.	**FY2013 (April 1, 2013–March 31, 2014)**	FY2012 (April 1, 2012–March 31, 2013)	Increase (Decrease)
I Cash flows from operating activities				
Income before income taxes and non-controlling interests		**270,680**	202,564	68,115
Depreciation		**42,089**	35,413	6,675
Impairment losses on fixed assets		**980**	2,395	(1,414)
Amortization of goodwill		**29,549**	21,998	7,550
Amortization of negative goodwill		**(10,229)**	(10,450)	221
(Gains) on negative goodwill		**—**	(9)	9
Increase (decrease) in outstanding claims		**138,850**	(8,007)	146,857
Increase (decrease) in underwriting reserves		**347,072**	325,421	21,651
Increase (decrease) in allowance for doubtful accounts		**(14,730)**	18,199	(32,929)
Increase (decrease) in provision for retirement benefits		**—**	6,315	(6,315)
Increase (decrease) in net defined benefit liability		**(1,041)**	—	(1,041)
Increase (decrease) in provision for retirement benefits for directors		**6**	5	0
Increase (decrease) in provision for employees' bonus		**878**	10,030	(9,151)
Increase (decrease) in price fluctuation reserve		**4,272**	4,353	(80)
Interest and dividends		**(305,816)**	(261,898)	(43,917)
Net losses (gains) on securities		**(91,848)**	(97,414)	5,565
Interest expenses		**6,726**	5,190	1,535
Foreign exchange losses (gains)		**(10,235)**	(12,225)	1,989
Losses (gains) on tangible fixed assets		**(1,769)**	(8,347)	6,578
Equity in losses (earnings) of affiliates		**1,080**	1,526	(446)
Investment losses (gains) on separate accounts		**(267,275)**	(290,296)	23,020
Decrease (increase) in other assets (other than investing and financing activities)		**7,894**	(34,266)	42,161
Increase (decrease) in other liabilities (other than investing and financing activities)		**(65,488)**	29,087	(94,575)
Others		**(7,693)**	(825)	(6,868)
Subtotal		**73,952**	(61,239)	135,192
Interest and dividends received		**318,322**	274,411	43,911
Interest paid		**(7,659)**	(5,452)	(2,207)
Income taxes paid		**(64,450)**	(91,698)	27,247
Others		**104,565**	22,703	81,861
Net cash provided by (used in) operating activities (a)		**424,729**	138,724	286,005
II Cash flows from investing activities				
Net decrease (increase) in deposits		**179,543**	(17,168)	196,712
Purchases of monetary receivables bought		**(410,080)**	(279,494)	(130,585)
Proceeds from sales and redemption of monetary receivables bought		**335,522**	313,295	22,227
Purchase of money trusts		**(1,100)**	(2,500)	1,400
Proceeds from sales of money trusts		**3,830**	802	3,027
Purchases of securities		**(4,571,679)**	(3,698,409)	(873,270)
Proceeds from sales and redemption of securities		**4,326,353**	3,521,343	805,009
New loans		**(160,740)**	(174,092)	13,351
Proceeds from collection of loans		**173,722**	229,387	(55,664)
Change in cash collateral under security borrowing and lending transactions		**(34,985)**	(428,891)	393,906
Others		**(2,156)**	(21,935)	19,779
Subtotal (b)		**(161,771)**	(557,663)	395,892
(a) + (b)		**262,958**	(418,939)	681,898
Purchases of tangible fixed assets		**(14,678)**	(21,476)	6,798
Proceeds from sales of tangible fixed assets		**8,240**	13,307	(5,067)
Acquisition of consolidated subsidiaries, net of cash acquired		**—**	(197,100)	197,100
Payments for additional investments in subsidiaries		**(5)**	(69)	64
Acquisition of business, net of cash acquired		**—**	1,945	(1,945)
Net cash provided by (used in) investing activities		**(168,214)**	(761,058)	592,843

(Continued on following page)

(Yen in millions)

	Notes No.	**FY2013 (April 1, 2013–March 31, 2014)**	FY2012 (April 1, 2012–March 31, 2013)	Increase (Decrease)
III Cash flows from financing activities				
Proceeds from borrowing		**10,539**	108,829	(98,290)
Repayments of borrowing		**(75,001)**	(1,390)	(73,610)
Proceeds from issuance of short-term corporate bonds		**4,999**	9,999	(4,999)
Redemption of short-term corporate bonds		**(5,000)**	(10,000)	5,000
Redemption of corporate bonds		**(23,060)**	(11,990)	(11,069)
Change in cash collateral under security lending transactions		**(212,742)**	431,200	(643,942)
Purchase of treasury shares		**(128)**	(43)	(85)
Dividends paid		**(44,060)**	(40,214)	(3,845)
Dividends paid to non-controlling interests		**(550)**	(545)	(4)
Proceeds from paid-up share capital from non-controlling interests		**299**	1,199	(899)
Others		**(1,773)**	(1,600)	(172)
Net cash provided by (used in) financing activities		**(346,478)**	485,443	(831,921)
IV Effect of exchange rate changes on cash and cash equivalents		**33,794**	22,045	11,749
V Net increase (decrease) in cash and cash equivalents		**(56,168)**	(114,845)	58,676
VI Cash and cash equivalents at beginning of year		**979,389**	1,092,680	(113,290)
VII Net increase in cash and cash equivalents due to newly consolidated subsidiaries		**1,278**	1,554	(276)
VIII Cash and cash equivalents at end of year	*1	**924,499**	979,389	(54,890)

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

Significant Accounting Policies

1. Scope of consolidation

(1) Number of consolidated companies: 86 companies
For details of Tokio Marine Holdings' consolidated subsidiaries, please refer to "Tokio Marine Holdings and its Subsidiaries" in "Corporate Data".

Tokio Marine America Insurance Company is included as a consolidated subsidiary in the fiscal year ended March 31, 2014 due to increase in materiality. In addition, Tokio Marine West SAST Insurance Co., Ltd. and two other newly established companies are included in consolidated subsidiaries in the same fiscal year due to foundation.

Tokio Marine Brasil Seguradora S.A. is excluded from the scope of consolidation due to its merger into Tokio Marine Seguradora S.A. In addition, Kiln Capital plc is excluded from the scope of consolidation due to liquidation.

Kiln Group Limited changed its name to Tokio Marine Kiln Group Limited as of January 2, 2014. Tokio Millennium Re Ltd. changed its name to Tokio Millennium Re AG as of October 15, 2013.

(2) Names of major non-consolidated subsidiaries
(Names of major companies)
- Tokio Marine & Nichido Adjusting Service Co., Ltd.
- Tokio Marine Capital Co., Ltd.

(Reason for exclusion from the scope of consolidation)

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

(1) Number of affiliates accounted for by the equity method: 11 companies
(Names of major affiliates accounted for by the equity method)
Edelweiss Tokio Life Insurance Company Limited

NAS Insurance Services, LLC is accounted for by the equity method because it became an equity-method affiliate due to acquisition of voting rights.

(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.) are no longer 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 consolidated retained earnings.

(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 construction of business.

(4) Where a company has a different closing date from that of Tokio Marine Holdings, and is accounted for by the equity method, the financial statements of that company for its fiscal year are used for presentation in the consolidated financial results.

3. Balance sheet date of consolidated subsidiaries

There are one domestic subsidiary and 75 overseas subsidiaries whose balance sheet dates are December 31. The consolidated financial statements incorporate the results of their subsidiaries for the period ended December 31. Appropriate adjustments for the consolidation are made for material transactions that occur during the three month lag to the consolidated balance sheet date.

4. Accounting policies

(1) Valuation of securities

a. Trading securities are valued at fair value, with the costs of their sales being calculated based on the moving-average method.

b. Bonds held to maturity are recorded at amortized cost based on the moving-average method (straight-line depreciation method).

c. Bonds 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.

The following is a summary of the risk management policy concerning bonds earmarked for underwriting reserves.

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 bonds of the same or similar duration that are earmarked for underwriting reserves.

d. Available-for-sale securities with fair value are measured at fair value mainly based upon the market price on the closing date.

Unrealized gains/losses on available-for-sale securities are included in net assets and costs of sales are calculated using the moving-average method.

e. Available-for-sale securities for which fair value cannot be measured reliably are stated at original cost by the moving-average method.

f. Investments in non-consolidated subsidiaries and affiliates that are not subject to the equity method are stated at original cost by the moving-average method.

g. Securities held in individually managed money trusts that are mainly invested in securities for trading are accounted for under the fair value.

(2) Valuation of derivative transactions

Derivative financial instruments are accounted for by the mark-to-market method.

(3) Depreciation methods for material depreciable assets

a. Tangible fixed assets

Tangible fixed assets owned by the Company and its domestic consolidated subsidiaries are depreciated using the declining balance method.

Only buildings that were acquired on or after April 1, 1998 excluding fixtures attached to buildings are depreciated using the straight-line method.

b. Intangible fixed assets

Intangible fixed assets recognized in an acquisition of overseas subsidiaries are amortized over the estimated useful life reflecting the pattern of the assets' future economic benefits.

(4) Accounting policies for significant reserves and allowances

a. Allowance for doubtful accounts

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:

For receivables from 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 receivables less the amount expected to be collectible calculated based on the disposal of collateral or execution of guarantees.

For receivables from 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 receivables considered to be collectible through the disposal of collateral or execution of guarantees is deducted from such receivables.

For receivables other than those described above, the amount of receivables 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.

In addition, all receivables 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.

b. Provision for retirement benefits for directors
Some domestic consolidated subsidiaries set aside a provision for retirement benefits for their directors as of the end of the fiscal year in accordance with the bylaw.

c. Provision for employees' bonus
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.

d. Price fluctuation reserve
Domestic consolidated insurance subsidiaries maintain reserves under Article 115 of the Insurance Business Act in order to provide for possible losses or damages arising from fluctuation of share prices.

(5) Accounting methods for employees' severance and retirement benefits
a. The method of attributing expected retirement benefits to periods
In calculating the retirement benefit obligations, the method of attributing expected retirement benefits to periods is mainly based on the point basis.

b. The method of amortization of actuarial gains and losses and past service costs
Actuarial difference is amortized from the following fiscal year using the straight-line method over a certain number of years (5 to 14 years) within the average remaining work period of employees at the time of occurrence.
Past service costs are amortized by the straight-line method over a certain number of years (7 to 14 years) within the average remaining work period of employees at the time of occurrence.

(Changes in Accounting Policies)
Effective the fiscal year ended March 31, 2014, the Company has adopted the Accounting Standard for Retirement Benefits (ASBJ Statement No. 26, May 17, 2012; hereinafter the "Accounting Standard for Retirement Benefits") and the Guidance on Accounting Standard for Retirement Benefits (ASBJ Guidance No. 25, May 17, 2012; hereinafter the "Guidance on Retirement Benefits") (except for the provisions set forth in Clause 35 of the Accounting Standard for Retirement Benefits and in Clause 67 of the Guidance on Retirement Benefits). The Company has changed its accounting method to record retirement benefit obligations less pension assets as net defined benefit assets or net defined benefit liabilities and records unrecognized actuarial gains and losses and unrecognized past service costs as net defined benefit assets or net defined benefit liabilities.
The application of the Accounting Standard for Retirement Benefits and the Guidance on Retirement Benefits is subject to the transitional accounting treatment set forth in Clause 37 of the Accounting Standard for Retirement Benefits, and the effect of the change is included in the remeasurements of defined benefit plans in accumulated other comprehensive income as of March 31, 2014.
As a result, the company recognized 1,595 million yen in net defined benefit assets and 221,921 million yen in net defined benefit liabilities as of March 31, 2014. Also, accumulated other comprehensive income decreased by 25,946 million yen as of March 31, 2014.
The effect on per share information is presented in the relevant section.

(6) Consumption taxes
For the Company and its domestic consolidated subsidiaries, consumption tax is accounted for by the tax-excluded method except for underwriting and general administrative costs incurred by domestic consolidated insurance subsidiaries which are accounted for by the tax-included method.
In addition, any non-deductible 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.

(7) Leases
Non-transferable finance leases, commencing prior to April 1, 2008 are accounted for as operating lease transactions.

(8) Hedge accounting
a. Interest rate
To mitigate interest rate fluctuation risk associated with long-term insurance policies, Tokio Marine & Nichido and Tokio Marine & Nichido Life conduct asset liability management to control such risk by evaluating and analyzing financial assets and insurance liabilities simultaneously.

As for interest rate swap transactions that are used to manage such risk, 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").

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.

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). The accounting treatment for such deferred gains is based on the transitional measures in Report No. 26. Deferred gains under this treatment as of March 31, 2014 were 14,856 million yen (18,638 million yen at the end of the fiscal year ended March 31, 2013) and the amount accounted for in the consolidated financial statements for the fiscal year ended March 31, 2014 was 3,782 million yen (4,054 million yen at the end of the fiscal year ended March 31, 2013).

b. Foreign exchange

In Tokio Marine & Nichido, fair value hedge accounting and assignment accounting are applied to certain currency swaps and foreign exchange forward contracts utilized to reduce currency risk in assets denominated in foreign currency. Assessment of hedge effectiveness is omitted since the hedge is highly effective because the principal term of the hedging instruments and the hedged items are identical. Deferred hedge accounting is applied to borrowings denominated in foreign currency utilized to reduce currency risk in interest in overseas subsidiaries. Hedge effectiveness is determined based on the change in value of hedging instruments and hedged items during the period from the inception of the hedge to the time of assessment comparing these cumulative changes of market value.

(9) Methods of amortization of goodwill and amortization periods

Regarding goodwill recognized as an asset on the consolidated balance sheet, goodwill in connection with Philadelphia Consolidated Holdings Corp. is amortized over 20 years using the straight-line method. Goodwill in connection with Tokio Marine Kiln Group Limited is amortized over 10 years using the straight-line method. Goodwill in connection with Delphi Financial Group, Inc. is amortized over 5 years using the straight-line method. Other goodwill is amortized over 2 to 15 years using the straight-line method. Other goodwill in small amounts is amortized at one time.

Negative goodwill incurred before March 31, 2010 and recognized as a liability on the consolidated balance sheet is amortized over 20 years using the straight-line method.

(10) Scope of cash and cash equivalents included in the consolidated statement of cash flows

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.

(11) Accounting for deferred assets under Article 113 of the Insurance Business Act

The Company evaluated the amount and amortization of deferred assets under Article 113 of the Insurance Business Act for E. design Insurance Co., Ltd.

Accounting Standards Issued but Not Yet Adopted

"Accounting Standard for Retirement Benefits" (ASBJ (The Accounting Standards Board of Japan) Statement No. 26, May 17, 2012)
"Guidance on Accounting Standard for Retirement Benefits" (ASBJ Guidance No. 25, May 17, 2012)

1. Outline of changes

Under the accounting standard, actuarial gains and losses and past service costs will be recognized in net assets after adjusting for tax effects, with any deficit or surplus recognized as a liability or an asset. In addition, the accounting standard permits the selection of the straight-line basis or the benefit formula basis as the method for attributing expected retirement benefits to periods, and also amends the method for determining the discount rate.

2. Date of application

The Company and its major domestic consolidated subsidiaries plan to adopt the amendments relating to determination of retirement benefit obligations and current service costs from the fiscal year ending March 31, 2015.

3. Effect

For the fiscal year ending March 31, 2015, the Company expects the adoption of the amendments to reduce retained earnings by 12,280 million yen, and to increase ordinary profit and income before income taxes and non-controlling interests by 1,250 million yen, respectively.

"Accounting Standard for Business Combinations" (ASBJ Statement No. 21, September 13, 2013)
"Accounting Standard for Consolidated Financial Statements" (ASBJ Statement No. 22, September 13, 2013)
"Accounting Standard for Business Divestitures" (ASBJ Statement No. 7, September 13, 2013)
"Accounting Standard for Earnings Per Share" (ASBJ Statement No. 2, September 13, 2013)
"Guidance on Accounting Standard for Business Combinations and Accounting Standard for Business Divestitures" (ASBJ Guidance No.10, September 13, 2013)
"Guidance on Accounting Standard for Earnings Per Share" (ASBJ Guidance No. 4, September 13, 2013)

1. Outline of changes
   These accounting standards were revised with a primary focus on 1) accounting for changes in parent company ownership interests in subsidiaries due to events such as acquisition of additional shares when the parent company retains control; 2) accounting for acquisition-related expenses; 3) changes in the presentation of net income and the change in nomenclature from "minority interests" to "noncontrolling interests"; and 4) provisional accounting treatment.
2. Date of application
   The Company and its major domestic consolidated subsidiaries plan to adopt the accounting standards from the fiscal year ending March 31, 2016, and plan to apply the provisional accounting treatment for business combinations conducted on or after April 1, 2015.
3. Effect
   The Company has not yet determined the impact of adopting the accounting standard on its consolidated financial statements.

Notes to Consolidated Balance Sheet

*1. Accumulated depreciation of tangible fixed assets and deferred capital gains for tax purposes, deducted from acquisition costs are as follows:

(Yen in millions)

	As of March 31, 2014	As of March 31, 2013
Accumulated depreciation	**348,554**	353,920
Deferred capital gains for tax purposes	**19,734**	20,438

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

(Yen in millions)

	As of March 31, 2014	As of March 31, 2013
Securities (equity)	**64,502**	55,125
Securities (partnership)	**39,768**	26,787

*3. Amounts of loans to borrowers in bankruptcy are as follows:

(Yen in millions)

	As of March 31, 2014	As of March 31, 2013
Loans to borrowers in bankruptcy	**393**	414
Loans past due	**1,800**	3,594
Loans past due for three months or more	**49**	3
Restructured loans	**6,446**	5,859
Total	**8,690**	9,871

Note: Loans are generally placed on non-accrual status when substantial doubt is considered to exist when loans are past due for a certain period or for other reasons ("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).

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.

Loans 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.

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 and collateralized debt obligations are as follows:

(Yen in millions)

	As of March 31, 2014	As of March 31, 2013
Assets pledged as collateral		
Securities	**312,490**	361,180
Bank deposits	**32,612**	24,242
Collateralized debt		
Outstanding claims	**100,595**	112,691
Underwriting reserve	**71,568**	64,925
Other liabilities (foreign reinsurance accounts payable, etc.)	**34,927**	29,510

5. The fair value of commercial paper and other instruments received under resale agreements, those with the right to dispose by sale or rehypothecation are wholly held by the Company is as follows:

(Yen in millions)

As of March 31, 2014	As of March 31, 2013
178,403	225,967

*6. Securities lent under loan agreements are as follows:

(Yen in millions)

As of March 31, 2014	As of March 31, 2013
994,801	1,230,013

*7. The outstanding balance of undrawn committed loans is as follows:

(Yen in millions)

	As of March 31, 2014	As of March 31, 2013
Total loan commitments	**93,435**	70,918
Balance of drawn committed loans	**23,892**	9,565
Undrawn loan commitments	**69,543**	61,352

8. The amount of assets or liabilities in separate accounts as prescribed in Article 118 of the Insurance Business Act is as follows:

(Yen in millions)

As of March 31, 2014	As of March 31, 2013
2,098,849	2,240,042

9. Tokio Marine & Nichido guarantees the liabilities of some of its subsidiaries. The balance of the guarantees to its subsidiaries is as follows:

(Yen in millions)

	As of March 31, 2014	As of March 31, 2013
Tokio Marine Compania de Seguros, S.A. de C.V.	**2,522**	4,670
Tokio Marine Pacific Insurance Limited	**3,590**	3,418
Tokio Marine Insurance (Thailand) Public Company Limited	**7,925**	27,200
Total	**14,038**	35,289

*10. Deferred expenses under Article 113 of the Insurance Business Act, which are included in “Other assets”, are as follows:

(Yen in millions)

As of March 31, 2014	As of March 31, 2013
19,134	17,929

Notes to Consolidated Statement of Income

*1. Major components of business expenses are as follows:

(Yen in millions)

	FY2013 (April 1, 2013–March 31, 2014)	FY2012 (April 1, 2012–March 31, 2013)
Agency commissions, etc.	**470,141**	430,258
Salaries	**259,267**	231,249

Note: 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. In the fiscal year ended March 31, 2013, the major component of "Other extraordinary gains" was gains on liquidation of affiliates of 1,370 million yen.

*3. The Company recognized impairment losses on the following properties:

■ FY2013 (April 1, 2013-March 31, 2014)

(Yen in millions)

Purpose of use	Category	Location	Impairment loss			
			Land	Building	Others	Total
Properties for business use (insurance business and nursing care business)	Buildings	3 properties, including fixtures attached to buildings in Yokohama, Kanagawa Pref.	**—**	**1**	**12**	**14**
Idle or potential disposal properties	Land and buildings	9 properties, including a building in Kochi, Kochi Pref.	**730**	**235**	**—**	**966**
		Total	**730**	**237**	**12**	**980**

Properties are classified as follows: (a) properties for use in insurance business and other businesses are grouped by each consolidated company and (b) other properties including properties for rent, idle or potential disposal properties and 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 insurance business and the nursing care business fell below the book values of the properties used for these businesses at certain consolidated subsidiaries. Consequently, the Company wrote off the excess of the book values of such properties over the recoverable amounts and recognized such write-offs as impairment losses in extraordinary losses. The recoverable amount in the insurance business is the net sales price of each property. However, because a rational appraisal is difficult, the recoverable amount is set at memorandum value. In the nursing care business, the recoverable amount of the relevant property is calculated by discounting future cash flows at a rate of 6.0%.

Due mainly to a decline in the real estate market, book values of some 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 is the net sales price of each property. Net sales price is the market value assessed by real estate appraisers less anticipated expenses for disposal of the relevant properties.

Based on the current operating environment, an impairment loss of 1,942 million yen, equivalent to the entire goodwill related to Edelweiss Tokio Life Insurance Company Limited ("Edelweiss"), was recognized and recorded as "equity in losses of affiliates" under ordinary expenses at the end of the fiscal year ended March 31, 2014.

■ FY2012 (April 1, 2012-March 31, 2013) (Yen in millions)

Purpose of use	Category	Location	Impairment loss			
			Land	Building	Others	Total
Properties for business use (insurance business and nursing care business)	Buildings	4 properties, including fixtures attached to buildings in Suginami Ward, Tokyo	—	95	90	186
Property for rent	Land and buildings	Building in Akashi-shi, Hyogo Pref.	169	187	—	356
Idle or potential disposal properties	Land and buildings	13 properties, including a training facility in Aso-gun, Kumamoto Pref.	897	953	0	1,851
		Total	1,066	1,236	91	2,395

Properties are classified as follows: (a) properties for use in insurance business and other businesses are grouped by each consolidated company and (b) other properties including properties for rent, idle or potential disposal properties and 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 insurance business and the nursing care business fell below the book values of the properties used for these businesses at certain consolidated subsidiaries. Consequently, the Company wrote off the excess of the book values of such properties over the recoverable amounts and recognized such write-offs as impairment losses in extraordinary losses. The recoverable amount in the insurance business is the net sales price of each property. However, because a rational appraisal is difficult, the recoverable amount is set at memorandum value. In the nursing care business, the recoverable amount of the relevant property is calculated by discounting 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 is 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 less 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 9.1%.

An impairment loss of 1,433 million yen, equivalent to the entire goodwill related to Edelweiss Tokio Life Insurance Company Limited (“Edelweiss”), was recognized and recorded as “equity in losses of affiliates” under ordinary expenses at the end of the fiscal year ended March 31, 2013 because the Company concluded that Edelweiss would not achieve the income initially expected in the business plan developed at the time of the Company’s investment.

*4. The main components of “Other extraordinary losses” during the year ended March 31, 2013 were 5,634 million yen of impairment losses on investment of affiliates and 2,005 million yen of early retirement bonus and others.

Notes to Consolidated Statement of Comprehensive Income

* Reclassification adjustment and tax effect relating to other comprehensive income

(Yen in millions)

	FY2013 (April 1, 2013–March 31, 2014)	FY2012 (April 1, 2012–March 31, 2013)
Unrealized gains on securities, net of taxes		
Amount arising during the fiscal year	**184,156**	588,211
Reclassification adjustment	**(95,219)**	(91,209)
Before tax effect adjustment	**88,936**	497,001
Tax effect	**(22,840)**	(152,117)
Unrealized gains on securities, net of taxes	**66,096**	344,884
Deferred gains (losses) on hedge transactions		
Amount arising during the fiscal year	**(1,796)**	4,209
Reclassification adjustment	**(3,900)**	(3,243)
Adjustments of acquisition cost	**—**	(2,447)
Before tax effect adjustment	**(5,697)**	(1,481)
Tax effect	**1,998**	621
Deferred gains (losses) on hedge transactions	**(3,699)**	(859)
Foreign currency translation adjustments		
Amount arising during the fiscal year	**192,134**	70,906
Before tax effect adjustment	**192,134**	70,906
Tax effect	**(77)**	732
Foreign currency translation adjustments	**192,057**	71,638
Share of other comprehensive income of affiliates accounted for by equity method		
Amount arising during the fiscal year	**2,126**	1,922
Reclassification adjustment	**(197)**	(70)
Share of other comprehensive income of affiliates accounted for by equity method	**1,929**	1,851
Total other comprehensive income	**256,382**	417,515

Notes to Consolidated Statement of Changes in Shareholders' Equity

■ FY2013 (April 1, 2013–March 31, 2014)

1. Class and number of issued shares and treasury shares

(Unit: thousand shares)

	Number of shares as of April 1, 2013	**Increase during the year ended March 31, 2014**	**Decrease during the year ended March 31, 2014**	**Number of shares as of March 31, 2014**
Issued shares				
Common shares	769,524	**—**	**—**	**769,524**
Total	769,524	**—**	**—**	**769,524**
Treasury shares				
Common shares	2,490	**39**	**223**	**2,306**
Total	2,490	**39**	**223**	**2,306**

1. The increase of 39 thousand common shares under treasury shares is entirely attributable to acquisition of odd shares less than one unit of common shares.
2. The decrease of 223 thousand common shares under treasury shares is primarily attributable to the distribution of 222 thousand shares upon exercise of share acquisition rights.

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

Category	Nature of share acquisition rights	**Amount as of March 31, 2014 (Yen in millions)**
The Company (parent company)	Share acquisition rights as share options	**1,891**

3. Dividends

(1) Amount of dividends

Resolution	Class of shares	Amount of dividends paid	Dividends per share	Record date	Effective date
Ordinary general meeting of shareholders held on June 24, 2013	Common shares	21,093 million yen	27.50 yen	March 31, 2013	June 25, 2013
Meeting of the board of directors held on November 19, 2013	Common shares	23,017 million yen	30.00 yen	September 30, 2013	December 3, 2013

(2) Dividends of which the record date falls within the year ended March 31, 2014, and the effective date falls after March 31, 2014

Resolution	Class of shares	Amount of dividends paid	Source of dividends	Dividends per share	Record date	Effective date
Ordinary general meeting of shareholders held on June 23, 2014	Common shares	30,688 million yen	Retained earnings	40.00 yen	March 31, 2014	June 24, 2014

■ FY2012 (April 1, 2012–March 31, 2013)

1. Class and number of issued shares and treasury shares

(Unit: thousand shares)

	Number of shares as of April 1, 2012	Increase during the year ended March 31, 2013	Decrease during the year ended March 31, 2013	Number of shares as of March 31, 2013
Issued shares				
Common shares	804,524	—	35,000	769,524
Total	804,524	—	35,000	769,524
Treasury shares				
Common shares	37,596	19	35,125	2,490
Total	37,596	19	35,125	2,490

1. The decrease of 35 million common shares under issued shares is entirely attributable to cancellation of treasury shares.
2. The increase of 19 thousand common shares under treasury shares is entirely attributable to acquisition of odd shares less than one unit of common shares.
3. The decrease of 35,125 thousand common shares under treasury shares is primarily attributable to cancellation of treasury shares by 35 million shares.

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

Category	Nature of share acquisition rights	Amount as of March 31, 2013 (Yen in millions)
The Company (parent company)	Share acquisition rights as share options	1,763

3. Dividends

(1) Amount of dividends

Resolution	Class of shares	Amount of dividends paid	Dividends per share	Record date	Effective date
Ordinary general meeting of shareholders held on June 25, 2012	Common shares	19,173 million yen	25.00 yen	March 31, 2012	June 26, 2012
Meeting of the board of directors held on November 19, 2012	Common shares	21,093 million yen	27.50 yen	September 30, 2012	December 4, 2012

(2) Dividends of which the record date falls within the year ended March 31, 2013, and the effective date falls after March 31, 2013

Resolution	Class of shares	Amount of dividends paid	Source of dividends	Dividends per share	Record date	Effective date
Ordinary general meeting of shareholders held on June 24, 2013	Common shares	21,093 million yen	Retained earnings	27.50 yen	March 31, 2013	June 25, 2013

Notes to Consolidated Statement of Cash Flows

*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:

(Yen in millions)

	FY2013 (April 1, 2013–March 31, 2014)	FY2012 (April 1, 2012–March 31, 2013)
Cash and bank deposits	**439,368**	436,113
Call loans	**270,931**	211,216
Monetary receivables bought	**877,452**	796,195
Securities	**14,761,559**	13,845,820
Time deposits with initial term over three months to maturity	**(120,602)**	(103,989)
Monetary receivables bought not included in cash equivalents	**(623,750)**	(453,031)
Securities not included in cash equivalents	**(14,680,457)**	(13,752,934)
Cash and cash equivalents	**924,499**	979,389

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

Leases

1. Finance leases
   Non-transferable finance leases which are accounted for as operating lease transactions.

   As lessee:
   (1) Acquisition cost, accumulated depreciation, accumulated impairment losses and net book value of leased assets on an "as if capitalized" basis

■ As of March 31, 2014

(Yen in millions)

	Acquisition cost	Accumulated depreciation	Accumulated impairment losses	Net book value
Tangible fixed assets	**1,105**	**309**	**—**	**795**

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.

■ As of March 31, 2013

(Yen in millions)

	Acquisition cost	Accumulated depreciation	Accumulated impairment losses	Net book value
Tangible fixed assets	1,102	267	—	835

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) Future lease payments on an "as if incurred" basis

(Yen in millions)

	As of March 31, 2014	As of March 31, 2013
Due within one year	**49**	49
Due after one year	**696**	743
Total	**746**	792
Balance of impairment losses on leased assets	**—**	—

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)

	FY2013 (April 1, 2013–March 31, 2014)	FY2012 (April 1, 2012–March 31, 2013)
Lease payment	**49**	65
Reversal of impairment losses on lease assets	**—**	5
Depreciation equivalent	**42**	53
Impairment losses	**—**	—

(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)

	As of March 31, 2014	As of March 31, 2013
As lessee:		
Due within one year	**4,839**	4,954
Due after one year	**16,451**	9,532
Total	**21,290**	14,487
As lessor:		
Due within one year	**1,781**	1,753
Due after one year	**11,181**	11,226
Total	**12,963**	12,979

Information on Financial Instruments

1. Qualitative information on financial instruments

(1) Investment policies

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.

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 "Others".

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" less "Insurance liabilities") by controlling the interest rate risk 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 risk related to variable annuities which guarantee minimum amounts of benefits which are not subject to the result of investment.

With regard to "Others", 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 and other derivative transactions are utilized to mitigate risk related to assets held.

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.

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.

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.

(2) Details of financial instruments and their risk

The Tokio Marine Group holds bonds, equity securities and other securities, all of which are exposed to market, credit and market liquidity risk.

Market risk refers to the risk of losses arising from fluctuations in share prices, exchange rates, interest rates and other market indicators. Credit risk refers to the risk 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 risk refers to the risk 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.

Some currency risk is hedged through foreign exchange forwards, currency swaps and other such transactions. Hedge accounting is applied to some of these transactions.

Loans are exposed to market risk and credit risk.

Derivative transactions are exposed to market risk, credit risk and market liquidity risk. Credit risk associated with derivative transactions includes losses when the counterparties fail to fulfill their obligations due to insolvency or for other reasons. In order to reduce such credit risk, netting arrangements may be used with financial institutions and other counterparties with whom there are frequent transactions. Also, interest rate risk associated with long-term insurance liabilities is hedged by interest rate swaps and other transactions for which hedge accounting is applied in some cases.

With regard to hedging instruments, hedged items, hedging policies and evaluation of hedge effectiveness, please refer to "Significant Accounting Policies - 4. Accounting policies - (8) Hedge accounting".

(3) Risk management structure

(i) Market risk and credit risk management

Tokio Marine & Nichido executes risk management activities both quantitatively and qualitatively to control investment risk related to financial instruments such as market risk, credit risk and liquidity risk at the risk management department, which is independent of trading departments.

Based on the annual investment plan established by the investment departments, the board of directors establishes the "Investment risk management policy" that prescribes organizational structure related to investment risk management, risk management methodologies, how to respond to losses and situations 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.

As for quantitative risk management, market, credit and other such risk is 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.

Other consolidated subsidiaries maintain risk management structures similar to those described above.

(ii) Liquidity risk management

The Tokio Marine Group manages liquidity risk by controlling payment schedules and ensuring various ways of financing, through treasury management by each consolidated subsidiary and by the group as a whole.

(4) Notes on fair value information

The fair value of financial instruments is calculated in commonly used and recognized methodologies when market prices are 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 consolidated balance sheet carrying amounts, fair value and differences of financial instruments, excluding unlisted shares and other instruments for which fair value cannot be measured reliably. (Refer to Note 2.)

■ As of March 31, 2014

(Yen in millions)

	Carrying amount shown on balance sheet	Fair value	Difference
(1) Cash and bank deposits	439,368	439,426	57
(2) Call loans	270,931	270,931	—
(3) Receivables under resale agreements	119,974	119,974	—
(4) Receivables under security borrowing transactions	38,580	38,580	—
(5) Monetary receivables bought	877,156	877,156	—
(6) Money trusts	2,897	2,897	—
(7) Securities			
Trading securities	2,326,461	2,326,461	—
Bonds held to maturity	2,972,787	3,207,068	234,280
Bonds earmarked for underwriting reserves	161,101	167,423	6,321
Available-for-sale securities	8,998,584	8,998,584	—
(8) Loans	266,387		
Allowance for doubtful accounts (*1)	(6,865)		
	259,521	267,676	8,154
Total financial assets	16,467,364	16,716,179	248,814
(1) Corporate bonds	124,375	126,101	1,725
(2) Payables under security lending transactions	876,446	876,446	—
Total financial liabilities	1,000,822	1,002,547	1,725
Derivative assets and liabilities (*2)			
Hedge accounting not applied	5,228	5,228	—
Hedge accounting applied	9,497	9,497	—
Total derivative assets and liabilities	14,725	14,725	—

(*1) Allowance for doubtful accounts 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.

■ As of March 31, 2013

(Yen in millions)

	Carrying amount shown on balance sheet	Fair value	Difference
(1) Cash and bank deposits	436,113	436,207	93
(2) Call loans	211,216	211,216	—
(3) Receivables under resale agreements	299,917	299,917	—
(4) Receivables under security borrowing transactions	28,366	28,366	—
(5) Monetary receivables bought	796,022	796,022	—
(6) Money trusts	5,399	5,399	—
(7) Securities			
Trading securities	2,443,824	2,443,824	—
Bonds held to maturity	2,615,786	2,898,517	282,730
Bonds earmarked for underwriting reserves	184,135	196,305	12,170
Available-for-sale securities	8,319,673	8,319,673	—
(8) Loans	279,144		
Allowance for doubtful accounts (*1)	(7,795)		
	271,349	283,457	12,108
Total financial assets	15,611,806	15,918,908	307,102
(1) Corporate bonds	139,304	142,157	2,852
(2) Payables under security lending transactions	1,113,960	1,113,960	—
Total financial liabilities	1,253,265	1,256,118	2,852
Derivative assets and liabilities (*2)			
Hedge accounting not applied	13,732	13,732	—
Hedge accounting applied	7,344	7,344	—
Total derivative assets and liabilities	21,077	21,077	—

(*1) Allowance for doubtful accounts 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.

(Note 1) Valuation method for financial instruments

Assets

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 agreements, 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.

Regarding (5) Monetary receivables bought and (7) Securities (including those in (1) Cash and bank deposits that are defined to be securities in “Accounting Standard 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.

With regard to floating rate loans in (8) Loans, the book value is deemed as the fair value because interest rate changes will be reflected in a timely manner in the future cash flows and the book value approximates the fair value as long as there are 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.

Liabilities

With regard to (1) Corporate bonds, the price of the over-the-counter transactions is the fair value.

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

Please refer to “Derivative transactions”.

(Note 2) Carrying amount shown on balance sheet of financial instruments for which fair value cannot be measured reliably

(Yen in millions)

	As of March 31, 2014	As of March 31, 2013
Unlisted shares and partnership investments comprised of unlisted shares	**301,690**	281,342
Policy loans	**107,186**	101,740
Total	**408,876**	383,082

Unlisted shares and partnership investments comprised of unlisted shares are not included in (7) Securities because the fair value cannot be measured reliably as they have no quoted market price and the future cash flow cannot be estimated.

Policy loans 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

■ As of March 31, 2014

(Yen in millions)

	Within 1 year	1-5 years	5-10 years	Over 10 years
Cash and bank deposits	**224,414**	**10,833**	**81**	**—**
Monetary receivables bought	**304,568**	**42,562**	**74,767**	**546,061**
Securities				
Bonds held to maturity				
Domestic government bonds	**54,350**	**220,159**	**58,400**	**2,525,329**
Domestic corporate bonds	**—**	**—**	**—**	**25,800**
Foreign securities	**1,126**	**4,954**	**2,252**	**12,708**
Bonds earmarked for underwriting reserves				
Domestic government bonds	**1,724**	**55,029**	**25,720**	**4,834**
Foreign securities	**34,215**	**30,969**	**16,784**	**3,254**
Available-for-sale securities with maturity				
Domestic government bonds	**687,619**	**380,443**	**664,310**	**1,457,806**
Domestic municipal bonds	**26,414**	**61,534**	**19,392**	**1,500**
Domestic corporate bonds	**166,255**	**401,553**	**107,879**	**43,071**
Foreign securities	**195,045**	**605,347**	**495,212**	**816,448**
Others	**299**	**499**	**—**	**91**
Loans (*)	**45,551**	**160,510**	**26,573**	**25,731**
Total	**1,741,584**	**1,974,397**	**1,491,373**	**5,462,637**

(*) Loans to borrowers that are insolvent or in bankruptcy proceedings and for which repayment cannot be expected (6,453 million yen), and loans with no repayment schedule (1,566 million yen) are not included above.

■ As of March 31, 2013

(Yen in millions)

	Within 1 year	1-5 years	5-10 years	Over 10 years
Cash and bank deposits	266,118	9,103	3,680	—
Monetary receivables bought	373,526	41,410	51,248	432,581
Securities				
Bonds held to maturity				
Domestic government bonds	7,600	147,307	152,602	2,197,329
Domestic corporate bonds	—	—	—	23,800
Foreign securities	1,698	6,167	2,123	9,343
Bonds earmarked for underwriting reserves				
Domestic government bonds	3,357	39,783	44,383	4,414
Foreign securities	14,740	68,962	21,195	2,992
Available-for-sale securities with maturity				
Domestic government bonds	263,639	419,320	894,680	1,531,170
Domestic municipal bonds	4,263	67,617	6,840	2,500
Domestic corporate bonds	166,463	355,110	129,066	47,649
Foreign securities	103,515	523,914	370,048	583,548
Others	61	781	—	99
Loans (*)	46,284	157,997	30,887	35,727
Total	1,251,270	1,837,476	1,706,756	4,871,154

(*) Loans to borrowers that are insolvent or in bankruptcy proceedings and for which repayment cannot be expected (6,886 million yen), and loans with no repayment schedule (1,360 million yen) are not included above.

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

■ **As of March 31, 2014**

(Yen in millions)

	Within 1 year	**1-2 years**	**2-3 years**	**3-4 years**	**4-5 years**	**Over 5 years**
Corporate bonds	**200**	**—**	**500**	**2,340**	**—**	**121,335**
Long-term borrowings	**100,001**	**1,001**	**1**	**133,797**	**29,510**	**12,717**
Obligations under lease transactions	**801**	**276**	**226**	**55**	**5**	**0**
Total	**101,002**	**1,277**	**727**	**136,192**	**29,515**	**134,053**

■ As of March 31, 2013

(Yen in millions)

	Within 1 year	1-2 years	2-3 years	3-4 years	4-5 years	Over 5 years
Corporate bonds	—	—	100	1,800	2,340	131,706
Long-term borrowings	9,763	170,001	11,823	1	122,266	11,579
Obligations under lease transactions	1,504	740	192	142	2	—
Total	11,267	170,741	12,116	1,944	124,609	143,286

Securities

1. Trading securities

(Yen in millions)

	As of March 31, 2014	As of March 31, 2013
Unrealized gains (losses) included in earnings	**372,370**	206,219

2. Bonds held to maturity

(Yen in millions)

Type		As of March 31, 2014			As of March 31, 2013		
		Carrying amount shown on balance sheet	**Fair value**	**Difference**	Carrying amount shown on balance sheet	Fair value	Difference
Those with fair value exceeding the carrying amount	Domestic debt securities	**2,774,668**	**3,011,035**	**236,367**	2,515,693	2,799,041	283,348
	Foreign securities	**9,456**	**9,699**	**242**	18,540	19,398	858
	Subtotal	**2,784,124**	**3,020,734**	**236,609**	2,534,233	2,818,440	284,206
Those with fair value not exceeding the carrying amount	Domestic debt securities	**176,878**	**174,920**	**(1,957)**	80,511	79,114	(1,396)
	Foreign securities	**11,784**	**11,412**	**(372)**	1,041	961	(79)
	Subtotal	**188,662**	**186,333**	**(2,329)**	81,553	80,076	(1,476)
Total		**2,972,787**	**3,207,068**	**234,280**	2,615,786	2,898,517	282,730

3. Bonds earmarked for underwriting reserves

(Yen in millions)

Type		As of March 31, 2014			As of March 31, 2013		
		Carrying amount shown on balance sheet	**Fair value**	**Difference**	Carrying amount shown on balance sheet	Fair value	Difference
Those with fair value exceeding the carrying amount	Domestic debt securities	**78,751**	**82,680**	**3,928**	86,808	92,126	5,318
	Foreign securities	**71,412**	**74,159**	**2,746**	95,038	101,937	6,899
	Subtotal	**150,164**	**156,840**	**6,675**	181,846	194,064	12,218
Those with fair value not exceeding the carrying amount	Domestic debt securities	**4,413**	**4,392**	**(21)**	6	6	(0)
	Foreign securities	**6,523**	**6,191**	**(332)**	2,282	2,234	(47)
	Subtotal	**10,937**	**10,583**	**(354)**	2,288	2,240	(48)
Total		**161,101**	**167,423**	**6,321**	184,135	196,305	12,170

4. Available-for-sale securities

(Yen in millions)

Type		As of March 31, 2014			As of March 31, 2013		
		Fair value shown on balance sheet	**Cost**	**Difference**	Fair value shown on balance sheet	Cost	Difference
Those with fair value exceeding the cost	Domestic debt securities	**3,959,635**	**3,771,751**	**187,884**	3,977,583	3,730,545	247,038
	Domestic equity securities	**2,242,459**	**709,744**	**1,532,715**	2,067,776	731,975	1,335,800
	Foreign securities	**1,491,353**	**1,371,278**	**120,074**	1,683,691	1,542,682	141,008
	Others (Note 2)	**360,676**	**332,462**	**28,213**	371,641	343,923	27,717
	Subtotal	**8,054,125**	**6,185,237**	**1,868,887**	8,100,693	6,349,127	1,751,566
Those with fair value not exceeding the cost	Domestic debt securities	**323,479**	**323,985**	**(506)**	242,920	243,769	(848)
	Domestic equity securities	**35,647**	**38,426**	**(2,779)**	49,997	57,798	(7,801)
	Foreign securities	**934,561**	**979,261**	**(44,700)**	281,138	287,505	(6,367)
	Others (Note 3)	**538,156**	**548,224**	**(10,068)**	500,025	501,708	(1,682)
	Subtotal	**1,831,843**	**1,889,898**	**(58,054)**	1,074,081	1,090,781	(16,700)
Total		**9,885,969**	**8,075,136**	**1,810,832**	9,174,774	7,439,908	1,734,865

Notes: 1. Available-for-sale securities whose fair value cannot be measured reliably are not included in the table above.

2. As of March 31, 2014, "Others" includes negotiable certificates of deposit (fair value: 83 million yen; cost: 81 million yen; difference: 1 million yen) which are presented as "Cash and bank deposits" on the consolidated balance sheet, and foreign mortgage securities, etc. (fair value: 352,164 million yen; cost: 325,925 million yen; difference: 26,239 million yen) which are presented as "Monetary receivables bought" on the consolidated balance sheet.
   As of March 31, 2013, "Others" includes negotiable certificates of deposit (fair value: 275 million yen; cost: 267 million yen; difference: 8 million yen) which are presented as "Cash and bank deposits" on the consolidated balance sheet, and foreign mortgage securities, etc. (fair value: 358,991 million yen; cost: 333,965 million yen; difference: 25,026 million yen) which are presented as "Monetary receivables bought" on the consolidated balance sheet.

3. As of March 31, 2014, "Others" includes negotiable certificates of deposit (fair value: 16,856 million yen; cost: 16,859 million yen; difference: (3) million yen) which are presented as "Cash and bank deposits" on the consolidated balance sheet, and commercial paper, etc. (fair value: 518,280 million yen; cost: 528,330 million yen; difference: (10,049) million yen) which are presented as "Monetary receivables bought" on the consolidated balance sheet.
   As of March 31, 2013, "Others" includes negotiable certificates of deposit (fair value: 63,355 million yen; cost: 63,356 million yen; difference: (0) million yen) which are presented as "Cash and bank deposits" on the consolidated balance sheet, and commercial paper, etc. (fair value: 432,476 million yen; cost: 433,911 million yen; difference: (1,434) million yen) which are presented as "Monetary receivables bought" on the consolidated balance sheet.

5. Bonds held to maturity that were sold

None

6. Bonds earmarked for underwriting reserves that were sold

(Yen in millions)

Type	FY2013 (April 1, 2013–March 31, 2014)			FY2012 (April 1, 2012–March 31, 2013)		
	Sale proceeds	**Gains on sale**	**Losses on sale**	Sale proceeds	Gains on sale	Losses on sale
Domestic debt securities	**5,872**	**322**	**0**	16,652	1,509	0
Foreign securities	**22,461**	**1,736**	**137**	13,615	677	722
Total	**28,333**	**2,058**	**138**	30,268	2,187	722

7. Available-for-sale securities that were sold

(Yen in millions)

Type	FY2013 (April 1, 2013–March 31, 2014)			FY2012 (April 1, 2012–March 31, 2013)		
	Sale proceeds	**Gains on sale**	**Losses on sale**	Sale proceeds	Gains on sale	Losses on sale
Domestic debt securities	**1,299,156**	**25,901**	**1,958**	1,162,692	38,248	343
Domestic equity securities	**110,597**	**68,529**	**1,209**	111,203	55,161	2,389
Foreign securities	**1,659,536**	**11,545**	**15,483**	821,181	14,861	3,107
Others	**297,731**	**12,860**	**4,920**	131,209	4,152	483
Total	**3,367,021**	**118,837**	**23,572**	2,226,287	112,424	6,323

Note: For the fiscal year ended March 31, 2014, "Others" includes negotiable certificates of deposit (proceeds: 42,728 million yen; losses: 0 million yen), which are presented as "Cash and bank deposits" on the consolidated balance sheet, and foreign mortgage securities, etc. (proceeds: 254,396 million yen; gains: 12,762 million yen; losses: 4,920 million yen), which are presented as "Monetary receivables bought" on the consolidated balance sheet.

For the fiscal year ended March 31, 2013, "Others" includes negotiable certificates of deposit (proceeds: 42,722 million yen; gains: 0 million yen), which are presented as "Cash and bank deposits" on the consolidated balance sheet, and foreign mortgage securities, etc. (proceeds: 86,039 million yen; gains: 2,393 million yen; losses: 477 million yen), which are presented as "Monetary receivables bought" on the consolidated balance sheet.

8. Securities impaired

For the fiscal year ended March 31, 2014, impairment losses of 2,291 million yen (domestic equity securities: 742 million yen; foreign securities: 293 million yen; others: 1,255 million yen) were recognized for "Available-for-sale securities" with fair value. Impairment losses of 430 million yen (domestic equity securities: 52 million yen; foreign securities: 378 million yen) were also recognized for those whose fair value cannot be measured reliably.

For the fiscal year ended March 31, 2013, impairment losses of 4,255 million yen (domestic debt securities: 65 million yen; domestic equity securities: 4,061 million yen; foreign securities: 57 million yen; others: 71 million yen) were recognized for "Available-for-sale securities" with fair value. Impairment losses of 3,140 million yen (domestic equity securities: 2,294 million yen; foreign securities: 845 million yen) were also recognized for those whose fair value cannot be measured reliably.

In principle, an impairment loss on a security with fair value is recognized when the fair value is 30% or more below its cost.

Money Trusts

1. Money trusts held for trading purposes

(Yen in millions)

	As of March 31, 2014	As of March 31, 2013
Unrealized gains included in earnings	**85**	1,714

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)

	As of March 31, 2014			As of March 31, 2013		
	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, 2014				As of March 31, 2013			
		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	**220,257**	**1,084**	**(1,194)**	**(1,194)**	183,520	—	(1,963)	(1,963)
	Long	**56,527**	**4,033**	**816**	**816**	96,864	—	4,113	4,113
	Non-deliverable forwards								
	Short	**—**	**—**	**—**	**—**	691	—	(91)	(91)
	Currency swaps								
	Pay Foreign/Rec. Yen	**202,847**	**151,544**	**(6,215)**	**(6,215)**	284,087	193,825	(5,209)	(5,209)
	Pay Yen/Rec. Foreign	**136,502**	**102,417**	**443**	**443**	159,111	125,318	(8,250)	(8,250)
	Currency options								
	Short	**89,548**	**61,118**			79,400	66,625		
		[9,241]	**[7,420]**	**10,681**	**(1,439)**	[8,645]	[7,765]	6,692	1,953
	Long	**51,794**	**36,458**			76,518	59,766		
		[5,789]	**[4,517]**	**8,417**	**2,628**	[6,125]	[5,407]	6,403	277
Total		**—**	**—**	**12,949**	**(4,960)**	—	—	1,693	(9,171)

Notes: 1. The fair value of foreign exchange forwards, non-deliverable forwards and currency swaps are measured by discounting estimated future cash flows to present values.
2. The fair value of currency options is measured using option-pricing model.
3. For option contracts, option premiums are shown with [ ].

(2) Interest rate-related instruments

(Yen in millions)

Type		As of March 31, 2014				As of March 31, 2013			
		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	**70,300**	**—**	**(0)**	**(0)**	9,332	—	—	—
	Long	**13,674**	**—**	**—**	**—**	42,436	—	18	18
Over-the-counter transactions	Interest rate options								
	Short	**53,523**	**46,070**			100,729	91,760		
		[420]	**[315]**	**5**	**414**	[868]	[830]	1,769	(900)
	Long	**—**	**—**			10,000	10,000		
		[—]	**[—]**	**—**	**—**	[285]	[285]	496	210
	Interest rate swaps								
	Rec. fix/Pay float	**2,184,660**	**1,850,243**	**117,030**	**117,030**	2,440,885	2,143,904	151,185	151,185
	Rec. float/Pay fix	**1,934,300**	**1,658,819**	**(105,105)**	**(105,105)**	2,364,013	1,895,818	(135,062)	(135,062)
	Rec. float/Pay float	**485,454**	**442,356**	**(719)**	**(719)**	523,378	494,878	1,995	1,995
	Rec. fix/Pay fix	**1,959**	**1,959**	**27**	**27**	43,004	2,004	2,451	2,451
Total		**—**	**—**	**11,237**	**11,646**	—	—	22,853	19,897

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 inception are shown with [ ].
4. The fair value of interest rate swaps is measured by discounting estimated future cash flows at interest rates at the 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, 2014				As of March 31, 2013			
		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	14,287	—	(115)	(115)	14,945	—	(317)	(317)
	Long	1,404	—	52	52	1,974	—	206	206
Over-the-counter transactions	Equity index options								
	Short	42,047	—			—	—		
		[1,270]	[—]	3,889	(2,619)	[—]	[—]	—	—
	Long	66,450	19,229			9,154	6,403		
		[9,525]	[6,081]	10,493	968	[2,241]	[1,575]	2,836	594
Total		—	—	14,320	(1,712)	—	—	2,725	483

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 inception are shown with [ ].

(4) Bond-related instruments

(Yen in millions)

Type		As of March 31, 2014				As of March 31, 2013			
		Principal amount		Fair value	Unrealized gains (losses)	Principal amount		Fair value	Unrealized gains (losses)
			Over 1 year				Over 1 year		
Market transactions	Bond futures								
	Short	149,386	—	379	379	3,818	—	(48)	(48)
	Long	2,895	—	(3)	(3)	—	—	—	—
	Bond futures options								
	Short	—	—			5,800	—		
		[—]	[—]	—	—	[8]	[—]	13	(5)
	Long	—	—			5,820	—		
		[—]	[—]	—	—	[12]	[—]	19	6
Over-the-counter transactions	Bond options								
	Short	60,694	—			153,927	—		
		[290]	[—]	211	78	[1,801]	[—]	3,725	(1,924)
	Long	60,694	—			154,363	—		
		[414]	[—]	758	344	[2,259]	[—]	3,462	1,202
Total		—	—	1,346	798	—	—	7,173	(767)

Notes: 1. The fair value of bond futures and bond future options is based on the closing prices in principal markets.
2. The fair value of bond future options is based on the price obtained from counterparties.
3. For option contracts, option premiums at inception are shown with [ ].

(5) Credit-related instruments

(Yen in millions)

Type		As of March 31, 2014				As of March 31, 2013			
		Principal amount		Fair value	Unrealized gains (losses)	Principal amount		Fair value	Unrealized gains (losses)
			Over 1 year				Over 1 year		
Over-the-counter transactions	Credit derivatives								
	Sell protection	41,883	19,038	(1,229)	(1,229)	48,108	45,146	(2,642)	(2,642)
Total		—	—	(1,229)	(1,229)	—	—	(2,642)	(2,642)

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

(6) Commodity-related instruments

(Yen in millions)

Type		As of March 31, 2014				As of March 31, 2013			
		Principal amount		Fair value	Unrealized gains (losses)	Principal amount		Fair value	Unrealized gains (losses)
			Over 1 year				Over 1 year		
Over-the-counter transactions	Commodity swaps								
	Rec. fixed price/Pay commodity indices	**4,469**	**4,442**	**(4,445)**	**(4,445)**	7,793	5,485	(4,417)	(4,417)
	Rec. commodity indices/ Pay fixed price	**4,784**	**4,754**	**4,280**	**4,280**	8,317	5,870	4,245	4,245
	Rec. commodity indices/ Pay variable indices	**840**	**803**	**(207)**	**(207)**	2,415	1,048	(570)	(570)
Total		**—**	**—**	**(372)**	**(372)**	—	—	(743)	(743)

Note: The fair value of commodity swaps is measured using an internal valuation model.

(7) Others

(Yen in millions)

Type		As of March 31, 2014				As of March 31, 2013			
		Principal amount		Fair value	Unrealized gains (losses)	Principal amount		Fair value	Unrealized gains (losses)
			Over 1 year				Over 1 year		
Over-the-counter transactions	Index basket options								
	Long	**247,292**	**247,292**			252,874	252,874		
		[34,175]	**[34,175]**	**(3,151)**	**(37,327)**	[24,277]	[24,277]	7,045	(17,231)
	Natural disaster derivatives								
	Short	**46,171**	**4,568**			36,966	12,568		
		[4,951]	**[294]**	**1,786**	**3,164**	[2,159]	[740]	1,063	1,095
	Long	**44,683**	**4,000**			39,780	11,645		
		[3,533]	**[—]**	**1,500**	**(2,033)**	[3,071]	[301]	1,102	(1,968)
	Weather derivatives								
	Short	**72**	**—**			90	—		
		[4]	**[—]**	**2**	**1**	[4]	[—]	3	1
	Others								
	Short	**123**	**—**			123	123		
		[6]	**[—]**	**6**	**—**	[6]	[6]	6	—
Total		**—**	**—**	**144**	**(36,194)**	—	—	9,222	(18,103)

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 an 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 others is based on option premiums.
5. Option premiums are shown with [ ].

2. Derivative transactions to which hedge accounting is applied

(1) Foreign currency-related instruments

(Yen in millions)

Type		Hedged items	As of March 31, 2014			As of March 31, 2013		
			Principal amount		Fair value	Principal amount		Fair value
				Over 1 year			Over 1 year	
Deferred hedges	Currency swaps Pay Yen/Rec. Foreign	Borrowing	**5,000**	**5,000**	**181**	5,000	5,000	36
Fair value hedges	Foreign exchange forwards Short	Available-for-sale securities	**285,655**	**—**	**(3,843)**	180,993	—	(10,272)
	Currency swaps Pay Foreign/Rec. Yen	Available-for-sale securities	**11,980**	**7,843**	**(1,489)**	5,846	5,846	(397)
Assignment accounting	Foreign exchange forwards Short	Bank deposits	**7,201**	**—**	**(Note 2)**	7,001	—	(Note 2)
Total			**—**	**—**	**(5,151)**	—	—	(10,633)

Notes: 1. The fair value of foreign exchange forwards and currency swaps are measured by discounting estimated future cash flows.
2. The fair value of foreign exchange forwards which is integrally accounted for within hedged items is included in the fair value of bank deposits.

(2) Interest rate-related instruments

(Yen in millions)

Type		Hedged items	As of March 31, 2014 Principal amount	Over 1 year	Fair value	As of March 31, 2013 Principal amount	Over 1 year	Fair value
Deferred hedges	Interest rate swaps Rec. fix/Pay float	Insurance liabilities	**206,100**	**206,100**	**14,649**	232,600	218,600	17,978
Total			**—**	**—**	**14,649**	—	—	17,978

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

Retirement Benefits

■ FY2013 (April 1, 2013–March 31, 2014)

1. Outline of the retirement and severance benefit plans

The Company and its major domestic consolidated subsidiaries have an unfunded lump-sum payment retirement plan covering substantially all employees.

Tokio Marine & Nichido has a defined-benefit corporate pension plan and a defined-contribution pension 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 defined benefit plan and defined contribution plan.

2. Defined benefit plan

(1) Changes in retirement benefit obligations

(Yen in millions)

Balance at beginning of fiscal year	**445,340**
Service costs	**18,814**
Interest costs	**6,101**
Actuarial (gains) losses arising in current year	**(5,872)**
Benefit payments	**(25,451)**
Past service costs (credits) arising in current year	**(107)**
Others	**5,139**
Balance at end of fiscal year	**443,965**

Note: Some companies use the simplified method in calculation of retirement benefit obligations.

(2) Changes in plan assets

(Yen in millions)

Balance at beginning of fiscal year	**219,214**
Expected return on plan assets	**3,963**
Actuarial (gains) losses arising in current year	**(3,746)**
Employer contribution	**9,405**
Benefit payments	**(9,312)**
Others	**4,114**
Balance at end of fiscal year	**223,639**

(3) Reconciliation of retirement benefit obligations and plan assets with net defined benefit liabilities and assets

(Yen in millions)

Funded retirement benefit obligations	**246,746**
Plan assets	**(223,639)**
	23,106
Unfunded retirement benefit obligations	**197,219**
Net liabilities recognized in the balance sheets	**220,325**
Net defined benefit liabilities	**221,921**
Net defined benefit assets	**(1,595)**
Net liabilities recognized in the balance sheets	**220,325**

(4) Severance and retirement benefit expenses

(Yen in millions)

Service costs	**18,814**
Interest costs	**6,101**
Expected return on plan assets	**(3,963)**
Amortization of actuarial loss (gain)	**7,105**
Amortization of past service cost (credit)	**(2,773)**
Severance and retirement benefit expenses	**25,284**

(5) Remeasurements of defined benefit plans

Remeasurements of defined benefit plans (before income tax effect) consisted of the following:

(Yen in millions)

Unrecognized past service (costs) credits	**(8,076)**
Unrecognized net actuarial gains (losses)	**45,546**
Total	**37,470**

(6) Plan assets

a. Components of plan assets

Percentage by major category of plan assets is as follows:

Debt securities	**85%**
Equity securities	**5%**
Cash and bank deposits	**0%**
Life insurance company general accounts	**7%**
Others	**3%**
Total	**100%**

Note: The retirement benefit trusts established for the corporate pension plan and the lump-sum retirement benefit system account for 3% of total plan assets.

b. Calculation of long-term expected rate of return on plan assets

The long-term expected return on plan assets is determined through consideration of current and future allocation of and returns on the various types of plan assets.

(7) Actuarial assumptions

The major actuarial assumptions for the fiscal year ended March 31, 2014 are as follows:

Discount rate	0.9% – 1.4%
Long-term expected rate of return on plan assets	1.4% – 2.4%

3. Defined contribution pension plans

The Company and its consolidated subsidiaries contributed 4,812 million yen to the defined contribution pension plan for the year ended March 31, 2014.

■ FY2012 (April 1, 2012–March 31, 2013)

1. Outline of the retirement and severance benefit plans

The Company and its major domestic consolidated subsidiaries have an unfunded lump-sum payment retirement plan covering substantially all employees.

Tokio Marine & Nichido has a defined-benefit corporate pension plan and a defined-contribution pension 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, 2013
a. Retirement benefit obligations	(445,340)
b. Pension assets	211,344
c. Employee retirement trust	7,869
d. Unaccrued retirement benefit liabilities (a+b+c)	(226,126)
e. Unrecognized actuarial gains and losses	54,742
f. Unrecognized past service costs	(10,742)
g. Net amount in the consolidated balance sheet (d+e+f)	(182,125)
h. Prepaid pension expenses	4,270
i. Provision for retirement benefits (g–h)	(186,395)

Note: Some companies use the simplified method in calculation of retirement benefit obligations.

3. Breakdown of retirement benefit expenses

(Yen in millions)

	FY2012 (April 1, 2012–March 31, 2013)
a. Service cost	16,964
b. Interest cost	8,284
c. Expected investment income	(3,476)
d. Actuarial differences accounted for as expense	9,241
e. Amortization of past service cost accounted for as expense	(2,766)
f. Retirement benefit expenses (a+b+c+d+e)	28,248
g. Amount transferred to the defined-contribution pension plan	2,042
h. Total (f+g)	30,291

Notes: 1. Employee contributions to the corporate pension fund are deducted from service cost.
2. Retirement benefit expenses for companies using the simple method are recorded as "a. service cost."
3. In addition to the above-mentioned retirement benefit expenses, the payment of premium severance benefits of 2,005 million yen was recorded as an extraordinary loss.

4. Accounting for retirement benefit obligations

(1) Distribution method for estimated retirement benefits

The lump-sum retirement benefit system and the corporate pension plan mainly employ the point standard.

(2) Discount rate

0.9%-2.0%

(3) Expected rate of return on investments

1.6%

(4) Terms to amortize unrecognized prior service costs

7 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)

(5) Terms to amortize unrecognized actuarial differences

5 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

1. Expenses related to share options on consolidated statement of income

(Yen in millions)

	FY2013 (April 1, 2013–March 31, 2014)	FY2012 (April 1, 2012–March 31, 2013)
Loss adjustment expenses	**137**	98
Operating and general administrative expenses	**494**	378

2. Details of share options

(1) Details of share options

	Share options (July 2013)	Share options (July 2012)	Share options (July 2011)
Title and number of grantees (Note 1)	Directors of the Company: 10 Executive officers of the Company: 4 Directors of the Company's consolidated subsidiaries: 23 Executive officers of the Company's consolidated subsidiaries: 30	Directors of the Company: 10 Executive officers of the Company: 4 Directors of the Company's consolidated subsidiaries: 24 Executive officers of the Company's consolidated subsidiaries: 30	Directors of the Company: 11 Executive officers of the Company: 7 Directors of the Company's consolidated subsidiaries: 22 Executive officers of the Company's consolidated subsidiaries: 31
Number of share options (Note 2)	Common share: 202,100 shares	Common share: 262,500 shares	Common share: 222,100 shares
Grant date	July 9, 2013	July 10, 2012	July 12, 2011
Vesting conditions	(Note 4)	(Note 4)	(Note 4)
Requisite service period	From July 10, 2013 to June 30, 2014	From July 11, 2012 to June 30, 2013	From July 13, 2011 to June 30, 2012
Exercise period (Note 5)	From July 10, 2013 to July 9, 2043	From July 11, 2012 to July 10, 2042	From July 13, 2011 to July 12, 2041

	Share options (July 2010)	Share options (July 2009)	Share options (August 2008)
Title and number of grantees (Note 1)	Directors of the Company: 11 Audit & Supervisory Board Member of the Company: 5 Executive officers of the Company: 6 Directors of the Company's consolidated subsidiaries: 22 Audit & Supervisory Board Member of the Company's consolidated subsidiaries: 12 Executive officers of the Company's consolidated subsidiaries: 32	Directors of the Company: 11 Audit & Supervisory Board Member of the Company: 5 Executive officers of the Company: 5 Directors of the Company's consolidated subsidiaries: 23 Audit & Supervisory Board Member of the Company's consolidated subsidiaries: 12 Executive officers of the Company's consolidated subsidiaries: 32	Directors of the Company: 13 Audit & Supervisory Board Member of the Company: 5 Directors of the Company's consolidated subsidiaries: 26 Audit & Supervisory Board Member of the Company's consolidated subsidiaries: 12 Executive officers of the Company's consolidated subsidiaries: 27
Number of share options (Note 2)	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	(Note 3)	(Note 3)	(Note 3)
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 (Note 5)	From July 14, 2010 to July 13, 2040	From July 15, 2009 to July 14, 2039	From August 27, 2008 to August 26, 2038

	Share options (July 2007)	Share options (July 2006)	Share options (July 2005)
Title and number of grantees (Note 1)	Directors of the Company: 12 Audit & Supervisory Board Member of the Company: 5 Directors of the Company's consolidated subsidiaries: 19 Audit & Supervisory Board Member of the Company's consolidated subsidiaries: 8 Executive officers of the Company's consolidated subsidiaries: 21	Directors of the Company: 7 Audit & Supervisory Board Member of the Company: 2 Directors of the Company's consolidated subsidiaries: 17 Audit & Supervisory Board Member of the Company's consolidated subsidiaries: 3 Executive officers of the Company's consolidated subsidiaries: 27	Directors of the Company: 11 Audit & Supervisory Board Member of the Company: 5 Directors of the Company's consolidated subsidiaries: 15 Audit & Supervisory Board Member of the Company's consolidated subsidiaries: 5 Executive officers of the Company's consolidated subsidiaries 27
Number of share options (Note 2)	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	(Note 3)	(Note 3)	(Note 3)
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 (Note 5)	From July 24, 2007 to July 23, 2037	From July 19, 2006 to July 18, 2036	From July 15, 2005 to June 30, 2035

Notes: 1. The number of directors of the Company's consolidated subsidiaries and executive officers of the Company's consolidated subsidiaries exclude those concurrently serving as directors of the Company and executive officers of the Company.
2. The number of share options is converted into the number of equivalent shares.
3. Share options are vested on the date of grant. If directors, executive officers or Audit & Supervisory Board Member of the Company or the Company's subsidiaries retire their position before the end of service period, the number of exercisable share options is calculated by the following formula:
Exercisable share options = Share options allotted × Months of service from July in the fiscal year of grant to the month of retirement / 12
Remaining share options can not be exercised after the retirement date and then are expired.
4. Share options are vested on the date of grant. If directors or executive officers of the Company or the Company's subsidiaries retire their position before the end of service period, the number of exercisable share options is calculated by the following formula:
Exercisable share options = Share options allotted × Months of service from July in the fiscal year of grant to the month of retirement / 12
Remaining share options can not be exercised after the retirement date and then are expired.
5. Share options can be exercised within only ten days from the next day of the retirement date from directors, executive officers or Audit & Supervisory Board Member.

(2) Figures relating to the share options

The number of share options existing in the fiscal year ended March 31, 2014 is converted into the number of equivalent shares and listed.

(a) Number of the share options

	Share options (July 2013)	Share options (July 2012)	Share options (July 2011)	Share options (July 2010)	Share options (July 2009)	Share options (August 2008)	Share options (July 2007)	Share options (July 2006)	Share options (July 2005)
Share options before vesting (converted into the number of equivalent shares)									
Outstanding at the beginning of the fiscal year	—	62,700	—	—	—	—	—	—	—
Granted	202,100	—	—	—	—	—	—	—	—
Forfeited	—	—	—	—	—	—	—	—	—
Vested	155,700	62,700	—	—	—	—	—	—	—
Outstanding at the end of the fiscal year	46,400	—	—	—	—	—	—	—	—
Exercisable share options (converted into the number of equivalent shares)									
Outstanding at the beginning of the fiscal year	—	199,800	189,900	159,600	117,500	47,600	21,000	14,500	15,000
Vested	155,700	62,700	—	—	—	—	—	—	—
Exercised	—	64,100	48,900	44,400	35,000	16,100	3,900	4,000	6,000
Forfeited	—	—	—	—	—	—	—	—	—
Outstanding at the end of the fiscal year	155,700	198,400	141,000	115,200	82,500	31,500	17,100	10,500	9,000

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 2013)	Share options (July 2012)	Share options (July 2011)	Share options (July 2010)	Share options (July 2009)	Share options (August 2008)	Share options (July 2007)	Share options (July 2006)	Share options (July 2005)
Exercise price (Note)	¥ 100	¥ 100	¥ 100	¥ 100	¥ 100	¥ 100	¥ 100	¥ 500	¥ 500
Average share price at exercise	¥ —	¥ 3,085	¥ 3,088	¥ 3,092	¥ 3,092	¥ 3,091	¥ 3,066	¥ 3,060	¥3,060
Fair value on the grant date	¥332,600	¥181,900	¥219,500	¥234,400	¥237,600	¥353,300	¥491,700	¥2,013,506	¥ —

Note: Exercise price per one share option.

3. Valuation technique used for the estimated fair value of share options
   Valuation technique used for the estimated fair value of share options granted in July 2013 in the fiscal year ended March 31, 2014 is as follows:
   (a) Valuation technique: Black-Scholes Model
   (b) Assumptions

	Share options (July 2013)
Expected volatility (Note 1)	33.22%
Expected lives (Note 2)	2 years
Expected dividends (Note 3)	¥52.50
Risk-free interest rate (Note 4)	0.14%

Notes: 1. Computed based on the share prices from July 10, 2011 to July 9, 2013.
2. Computed based on the average period of service of directors and Audit & Supervisory Board Member.
3. Computed based on the average amount of annual dividends paid in the fiscal year ended March 31, 2012 and the fiscal year ended March 31, 2013.
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

1. Significant balances of deferred tax assets and deferred tax liabilities

(Yen in millions)

	As of March 31, 2014	As of March 31, 2013
Deferred tax assets		
Underwriting reserves	**357,010**	373,565
Provision for retirement benefits	**—**	61,724
Net defined benefit liabilities	**70,387**	—
Outstanding claims	**63,105**	68,430
Net operating loss carry forward	**47,538**	35,879
Price fluctuation reserve	**24,181**	22,870
Impairment losses on securities	**22,689**	26,174
Others	**108,981**	112,649
Subtotal	**693,893**	701,293
Valuation allowance	**(64,791)**	(66,135)
Total deferred tax assets	**629,101**	635,158
Deferred tax liabilities		
Unrealized gains on securities	**(553,252)**	(521,937)
Unrealized gains on consolidated subsidiaries	**(70,254)**	(72,850)
Deferred gains on hedges	**(12,294)**	(15,172)
Others	**(105,014)**	(80,178)
Total deferred tax liabilities	**(740,815)**	(690,138)
Net deferred tax assets (liabilities)	**(111,714)**	(54,979)

2. Reconciliation between the effective tax rate of the Company and the Japanese statutory income tax rate

(%)

	As of March 31, 2014	As of March 31, 2013
Japanese statutory tax rate	**38.0**	38.0
(Adjustments)		
Permanent differences such as dividends received	**(7.4)**	(7.0)
Permanent differences such as entertainment expenses	**0.7**	0.8
Tax rate applied to consolidated subsidiaries	**(7.3)**	(7.2)
Amortization of goodwill and negative goodwill	**2.6**	2.1
Valuation allowance	**2.5**	4.6
Revision of deferred tax assets at year end due to the change in income tax rate	**3.2**	—
Others	**(0.9)**	4.2
Effective tax rate	**31.3**	35.5

3. Adjustment of deferred tax assets and liabilities due to changes in the corporate income tax rate

Pursuant to the "Act for Partial Amendment of the Income Tax Act, etc." (Act No. 10, 2014) promulgated on March 31, 2014, the Special Reconstruction Corporation Tax was repealed effective fiscal years beginning on and after April 1, 2014.

As a result of this change, deferred tax liabilities (net of deferred tax assets) increased by 8,656 million yen. Also, income before income taxes and non-controlling interests increased by 2,583 million yen and net income decreased by 6,239 million yen.

Statutory effective tax rates applicable to the Company and Tokio Marine & Nichido Fire Insurance Co., Ltd. are as follows:

a. Tax rates applied to the Company
- Before the change: 38.0%
- Fiscal years beginning on and after April 1, 2014: 35.6%

b. Tax rates applied to Tokio Marine & Nichido Fire Insurance Co., Ltd.
- Before the change: 33.2%
- Fiscal years beginning on and after April 1, 2014: 30.7%

Business Combinations and Other Matters

Subsequent Events in Connection with Transactions under Common Control

On June 19, 2014, the boards of directors of subsidiaries Tokio Marine & Nichido Life Insurance Co., Ltd. ("Tokio Marine & Nichido Life") and Tokio Marine & Nichido Financial Life Insurance Co., Ltd. ("Tokio Marine & Nichido Financial Life") resolved to conclude a merger agreement, and concluded the merger agreement on that date.

1. Outline of the transaction
   (1) Company name and business
      a. Combined company
         Name: Tokio Marine & Nichido Life Insurance Co., Ltd.
         Business: Life insurance
      b. Merged company
         Name: Tokio Marine & Nichido Financial Life Insurance Co., Ltd.
         Business: Life insurance
   (2) Date of the business combination
      October 1, 2014 (planned)
   (3) Form of the business combination
      Absorption merger with Tokio Marine & Nichido Life as the surviving company
   (4) Company name after combination
      Tokio Marine & Nichido Life Insurance Co., Ltd.
   (5) Additional information
      Tokio Marine & Nichido Life and Tokio Marine & Nichido Financial Life will combine the strengths and expertise they have acquired into a single company to further promote "customer-oriented life insurance business" while raising management efficiency, flawlessly managing in-force policies, and maintaining financial soundness. Accordingly, the newly merged company will target the continuous growth of the Tokio Marine Group's domestic life insurance business.

2. Accounting treatment
   The Company plans to account for the business combination as a transaction under common control in accordance with "Accounting Standard for Business Combinations" (ASBJ Statement No. 21, December 26, 2008) and "Guidance on Accounting Standard for Business Combinations and Accounting Standard for Business Divestitures" (ASBJ Guidance No. 10, December 26, 2008).

Asset Retirement Obligations

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 7 to 50 years and a discount rate of 0.7% to 2.3% are used.

3. Changes in balance

(Yen in millions)

	FY2013 (April 1, 2013–March 31, 2014)	FY2012 (April 1, 2012–March 31, 2013)
Balance at beginning of fiscal year	**3,615**	3,575
Additions by acquisitions	**89**	19
Unwinding of discount	**45**	46
Decrease by fulfill obligations	**(312)**	(99)
Other increases (decreases)	**59**	73
Balance at end of fiscal year	**3,498**	3,615

Investment Property

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 as of April 1, 2013 and March 31, 2014, change in carrying amount during the fiscal year, and fair value as of March 31, 2014 of these investment properties are as follows:

(Yen in millions)

	FY2013 (April 1, 2013–March 31, 2014)	FY2012 (April 1, 2012–March 31, 2013)
Carrying amount shown on balance sheet		
Beginning balance	**78,795**	78,152
Change	**(1,526)**	643
Ending balance	**77,269**	78,795
Ending fair value	**135,190**	123,833

Notes: 1. Carrying amount is the amount that the accumulated depreciation and the accumulated impairment losses are deducted from the cost of acquisition.
2. In the fiscal year ended March 31, 2014, the principal increases include 6,919 million yen due to a change in the intended use of real estate property from business-use property to rental property. The principal decreases include 5,139 million due to disposals and 3,036 million due to depreciation. In the fiscal year ended March 31, 2013, the principal increases include 2,672 million yen due to a change in the intended use of real estate property from business-use property to rental property and 1,825 million yen due to repairs. The principal decreases include 3,460 million due to disposals.
3. Fair value as of March 31, 2014 is primarily based on appraisals by qualified external valuers.

2. Income and expenses related to investment property are as follows:

(Yen in millions)

	FY2013 (April 1, 2013–March 31, 2014)	FY2012 (April 1, 2012–March 31, 2013)
Rental income	**9,078**	9,338
Direct operating expenses	**7,599**	7,802
Net income	**1,479**	1,536
Other (Gains and losses on disposal by sales)	**1,102**	8,724

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”.

Segment Information

1. Segment information

(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 classifies its operations into four segments following its corporate strategies: "Domestic property and casualty insurance", "Domestic life insurance", "Overseas insurance" and "Finance and others".

"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 others", 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 "Significant accounting policies". 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

■ FY2013 (April 1, 2013-March 31, 2014)

(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 others	Total		
Ordinary income							
Ordinary income from external customers	2,428,130	542,674	1,162,714	50,740	4,184,260	(18,129)	4,166,130
Ordinary income from transactions with other operating segments	8,187	268	258	24,400	33,115	(33,115)	—
Total	2,436,318	542,942	1,162,972	75,141	4,217,375	(51,244)	4,166,130
Segment profit	116,765	28,574	123,274	5,777	274,392	(5)	274,386
Segment assets	7,739,844	6,966,350	4,170,614	99,908	18,976,718	(28,717)	18,948,000
Other items							
Depreciation	14,495	383	26,748	462	42,089	—	42,089
Amortization of goodwill	296	—	29,253	—	29,549	—	29,549
Amortization of negative goodwill	8,917	248	917	145	10,229	—	10,229
Interest and dividends	120,223	77,650	108,618	403	306,896	(1,080)	305,816
Interest expenses	2,115	1,031	3,561	24	6,732	(6)	6,726
Equity in earnings (losses) of affiliates	—	—	(1,080)	—	(1,080)	—	(1,080)
Investments in affiliates accounted for by the equity method	—	—	16,892	—	16,892	—	16,892
Increase in tangible and intangible fixed assets	10,994	864	8,056	435	20,351	(70)	20,280

Notes: 1. Descriptions of "Adjustments" are as follows:

(1) The major component of "Adjustments" for "Ordinary income from external customers" amounted to (18,129) million yen is the transfer of "Reversal of underwriting reserves" of 14,086 million yen. This item is included in "Ordinary income" of "Domestic property and casualty insurance" segment, while this amount is included in "Provision for underwriting reserves" within "Ordinary expenses" in the consolidated statement of income.

(2) "Adjustments" for "Segment profit" of (5) million yen is the elimination of inter-segment transactions.

(3) "Adjustments" for "Segment assets" of (28,717) 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.

■ FY2012 (April 1, 2012-March 31, 2013)

(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 others	Total		
Ordinary income							
Ordinary income from external customers	2,441,151	689,483	806,818	48,203	3,985,657	(127,888)	3,857,769
Ordinary income from transactions with other operating segments	29,292	50	221	24,743	54,307	(54,307)	—
Total	2,470,444	689,533	807,040	72,946	4,039,964	(182,195)	3,857,769
Segment profit (loss)	167,021	20,068	37,910	(17,552)	207,447	9	207,457
Segment assets	7,525,558	6,970,650	3,411,569	154,308	18,062,086	(32,644)	18,029,442
Other items							
Depreciation	15,599	364	18,998	450	35,413	—	35,413
Amortization of goodwill	283	—	21,715	—	21,998	—	21,998
Amortization of negative goodwill	8,917	248	919	365	10,450	—	10,450
Interest and dividends	124,172	70,864	67,707	183	262,928	(1,030)	261,898
Interest expenses	2,610	1,002	1,442	142	5,198	(7)	5,190
Equity in earnings (losses) of affiliates	—	—	(1,526)	—	(1,526)	—	(1,526)
Investments in affiliates accounted for by the equity method	—	—	13,701	—	13,701	—	13,701
Increase in tangible and intangible fixed assets	19,462	477	6,065	224	26,230	(24)	26,206

Notes: 1. Descriptions of "Adjustments" are as follows:
(1) The major component of "Adjustments" for "Ordinary income from external customers" amounted to (127,888) million yen is the transfer of "Reversal of underwriting reserves" of 117,253 million yen. This item is included in "Ordinary income" of "Domestic property and casualty insurance" segment, while this amount is included in "Provision for underwriting reserves" within "Ordinary expenses" in the consolidated statement of income.
(2) "Adjustments" for "Segment profit" of 9 million yen is the elimination of inter-segment transactions.
(3) "Adjustments" for "Segment assets" of (32,644) 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

■ FY2013 (April 1, 2013-March 31, 2014)

(1) Information about products and services

(Yen in millions)

	Property and casualty insurance	Life insurance	Others	Subtotal	Adjustments	Total
Ordinary income from external customers	**3,289,120**	**829,234**	**50,740**	**4,169,094**	**(2,964)**	**4,166,130**

Note: The major component of "Adjustments" is the transfer of gains and losses on trading securities in the consolidated statement of income.

(2) Information about geographical areas

a. Ordinary income

(Yen in millions)

Japan	United States	Others	Subtotal	Adjustments	Total
2,956,696	**680,437**	**543,331**	**4,180,465**	**(14,335)**	**4,166,130**

Notes: 1. Classified by country and region based on customer location.
2. The major component of "Adjustments" is the transfer of provision for/reversal of outstanding claims in the consolidated statement of income.

b. Tangible fixed assets

(Yen in millions)

Japan	Overseas	Total
267,499	**33,253**	**300,753**

Note: As of March 31, 2014, "Overseas" tangible fixed assets amounted to more than 10% of tangible fixed assets on the consolidated balance sheet, and are therefore presented separately. The balance sheet as of March 31, 2013 has been restated to reflect this change in presentation.

(3) Information about major customers

None

■ FY2012 (April 1, 2012-March 31, 2013)

(1) Information about products and services

(Yen in millions)

	Property and casualty insurance	Life insurance	Others	Subtotal	Adjustments	Total
Ordinary income from external customers.....	3,052,081	835,152	48,203	3,935,437	(77,668)	3,857,769

Note: The major component of "Adjustments" is the transfer of provision for reversal of underwriting reserves in the consolidated statement of income.

(2) Information about geographical areas

a. Ordinary income

(Yen in millions)

Japan	United States	Others	Subtotal	Adjustments	Total
3,018,566	432,064	462,920	3,913,551	(55,782)	3,857,769

Notes: 1. Classified by country and region based on customer location.
2. The major component of "Adjustments" is the transfer of provision for/reversal of underwriting reserves in the consolidated statement of income.

b. Tangible fixed assets

(Yen in millions)

Japan	Overseas	Total
278,345	28,620	306,965

(3) Information about major customers

None

3. Impairment losses of fixed assets by reportable segments

■ FY2013 (April 1, 2013-March 31, 2014)

(Yen in millions)

	Domestic property and casualty insurance	**Domestic life insurance**	**Overseas insurance**	**Finance and others**	**Total**
Impairment losses	**956**	**4**	**—**	**19**	**980**

■ FY2012 (April 1, 2012-March 31, 2013)

(Yen in millions)

	Domestic property and casualty insurance	Domestic life insurance	Overseas insurance	Finance and others	Total
Impairment losses	2,035	147	—	211	2,395

4. Amortization and remaining balance of goodwill by reportable segments

■ FY2013 (April 1, 2013-March 31, 2014)

(1) Goodwill

(Yen in millions)

	Domestic property and casualty insurance	**Domestic life insurance**	**Overseas insurance**	**Finance and others**	**Total**
Amortization	**296**	**—**	**29,253**	**—**	**29,549**
Remaining balance as of March 31, 2014.....	**1,625**	**—**	**248,571**	**—**	**250,196**

(2) Negative goodwill

(Yen in millions)

	Domestic property and casualty insurance	**Domestic life insurance**	**Overseas insurance**	**Finance and others**	**Total**
Amortization	**8,917**	**248**	**917**	**145**	**10,229**
Remaining balance as of March 31, 2014.....	**74,692**	**1,991**	**11,925**	**1,676**	**90,286**

■ FY2012 (April 1, 2012-March 31, 2013)

(1) Goodwill

(Yen in millions)

	Domestic property and casualty insurance	Domestic life insurance	Overseas insurance	Finance and others	Total
Amortization	283	—	21,715	—	21,998
Remaining balance as of March 31, 2013	1,909	—	268,382	—	270,291

(2) Negative goodwill

(Yen in millions)

	Domestic property and casualty insurance	Domestic life insurance	Overseas insurance	Finance and others	Total
Amortization	8,917	248	919	365	10,450
Remaining balance as of March 31, 2013	83,609	2,239	12,843	1,822	100,515

5. Gains on negative goodwill by reportable segments

None

Related-party Transactions

There are no material transactions to be disclosed.

Per Share Information

(Yen)

	FY2013 (April 1, 2013–March 31, 2014)	FY2012 (April 1, 2012–March 31, 2013)
Net assets per share	**3,535.84**	3,051.58
Net income per share–basic	**239.98**	168.93
Net income per share–diluted	**239.75**	168.77

Notes: 1. As presented in "Changes in Accounting Policies," the Company has adopted the Accounting Standard for Retirement Benefits and the Guidance on Accounting Standard for Retirement Benefits (except for the provisions set forth in Clause 35 of the Accounting Standard for Retirement Benefits and in Clause 67 of the Guidance on Accounting Standard for Retirement Benefits), subject to the transitional accounting treatment set forth in Clause 37 of the Accounting Standard for Retirement Benefits.

As a result, net assets per share as of March 31, 2014 decreased by 33.81 yen.

2. Calculation of "Net income per share– basic" and "Net income per share– diluted" is based on the following figures.

	FY2013 (April 1, 2013–March 31, 2014)	FY2012 (April 1, 2012–March 31, 2013)
Net income per share–basic		
Net income (Yen in millions)	**184,114**	129,578
Net income not attributable to common shareholders (Yen in millions)	**—**	—
Net income attributable to common shares (Yen in millions)	**184,114**	129,578
Average number of shares outstanding (In thousand shares)	**767,199**	767,023
Net income per share–diluted		
Adjustment of net income (Yen in millions)	**—**	—
Increased number of common shares (In thousand shares)	**740**	729
Increased number of share acquisition rights (In thousand shares)	**740**	729

Subsequent Events

None

Related Information to the Consolidated Financial Statements

(Bonds)

Issuer	Series	Issue Date	Beginning balance (Yen in millions)	Ending balance (Yen in millions)	Coupon (%)	Collateral	Maturity
Tokio Marine & Nichido Fire Insurance Co., Ltd.	4th Unsecured Bond	Sep 20, 2000	10,000	10,000	2.78	None	Sep 18, 2020
	Power Reverse Dual Currency Bond (*)	Aug 18, 2003 to Jul 3, 2008	20,350	12,950 [200]	0.00-12.99	None	May 9, 2013 to Jul 5, 2038
	Nikkei Average Linked Bond (*)	Feb 6, 2006 to Feb 4, 2008	6,200	4,500	0.10-4.35	None	Aug 5, 2013 to Dec 18, 2037
	CMS Floater (*)	Apr 26, 2005 to Dec 21, 2005	440	240	1.19-1.23	None	Dec 24, 2013 to Apr 26, 2017
	FX Linked Digital Coupon (*)	Feb 15, 2006 to Oct 23, 2006	950	950	5.20-8.60	None	Feb 15, 2036 to Oct 24, 2036
	Snow Ball (*)	Aug 15, 2005 to Jan 30, 2006	6,650	2,450	0.00-1.36	None	Sep 17, 2013 to Sep 16, 2025
	FX Linked Coupon (*)	Sep 12, 2005 to Oct 21, 2008	47,920	45,000	0.00-18.12	None	Apr 2, 2013 to Oct 22, 2038
Delphi Financial Group, Inc.	Subordinated Bond in USD	May 23, 2007	15,022 (USD 173,507 thousand)	18,292 (USD 173,568 thousand)	7.38	None	May 1, 2067
	Straight Bond in USD	Jan 20, 2010	25,132 (USD 290,281 thousand)	29,993 (USD 284,594 thousand)	7.88	None	Jan 31, 2020
Tokio Marine Financial Solutions Ltd.	Power Reverse Dual Currency Bond	Dec 7, 2005	200	—	0.03	None	Dec 7, 2035
	FX Linked Coupon	Aug 10, 2006 to May 12, 2008	6,440	—	0.00-10.00	None	May 10, 2013 to May 13, 2038
Total		—	139,304	124,375 [200]	—	—	—

(*) Bonds transferred from Tokio Marine Financial Solutions Ltd. to Tokio Marine & Nichido Fire Insurance Co., Ltd. up to the fiscal year ended March 31, 2014

Notes: 1. The figures in parentheses ( ) in the columns for the beginning balance and ending balance are the foreign-currency-denominated amounts.
2. The figure in square brackets [ ] in the column for the balance at March 31, 2014 is the amount of long-term borrowings to be repaid within 1 year.
3. Principal amounts to mature within 5 years after March 31, 2014 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
200	—	500	2,340	—

(Borrowings)

	Beginning balance (Yen in millions)	Ending balance (Yen in millions)	Average Interest rate (%)	Maturity
Long-term borrowings to be repaid within 1 year	9,763	100,001	0.2	—
Obligations under lease transactions to be repaid within 1 year	1,504	743	5.2	—
Long-term borrowings other than that which to be repaid within 1 year	315,672	177,027	1.1	Jun 12, 2015 to Feb 28, 2025
Obligations under lease transactions other than that which to be repaid within 1 year	1,012	529	4.2	Apr 5, 2015 to Jul 5, 2019
Total	327,952	278,302	—	—

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, 2014, 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.....	1,001	1	133,797	29,510
Lease obligations.....	276	226	55	5

(Schedule of Asset Retirement Obligations)
Detailed information is omitted because of its immateriality.

Quarterly Results

Quarterly results for the year ended March 31, 2014

Cumulative period	First quarter	Second quarter	Third quarter	For the year
Ordinary income (Yen in millions).....	1,009,446	2,064,619	3,167,354	4,166,130
Quarterly net income before income taxes (Yen in millions).....	83,381	146,001	226,264	270,680
Quarterly net income (Yen in millions).....	56,531	91,425	150,266	184,114
Quarterly net income per share (Yen)	73.69	119.17	195.86	239.98

Accounting period	First quarter	Second quarter	Third quarter	Fourth quarter
Quarterly net income (loss) per share (Yen).....	73.69	45.47	76.69	44.11

Independent Auditor's Report

pwc

Independent Auditor's Report

To the Board of Directors of
Tokio Marine Holdings, Inc.

We have audited the accompanying consolidated financial statements of Tokio Marine Holdings, Inc. ("the Company") and its consolidated subsidiaries, which comprise the consolidated balance sheet as at March 31, 2014, and the consolidated statement of income, consolidated statement of comprehensive income, consolidated statement of changes in shareholder's equity and consolidated statement of cash flows for the year then ended, and a summary of significant accounting policies and other explanatory information.

Management's Responsibility for the Consolidated Financial Statements
Management is responsible for the preparation and fair presentation of these consolidated financial statements in accordance with accounting principles generally accepted in Japan, and for such internal control as management determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility
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 comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the consolidated financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the consolidated financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the consolidated financial statements in order to design audit procedures that are appropriate in the circumstances, while the purpose of the financial statements audit is not to express an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the consolidated financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion
In our opinion, the consolidated financial statements present fairly, in all material respects, the financial position of the Company and its consolidated subsidiaries as at March 31, 2014, and their financial performance and cash flows for the year then ended in accordance with accounting principles generally accepted in Japan.

PricewaterhouseCoopers Aarata

September 8, 2014

PricewaterhouseCoopers Aarata
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Solvency Margin Ratio

Situation of the enhancement of the ability to pay for insurance claims, etc. of an insurance holding company and its subsidiary companies, etc.

Tokio Marine Holdings' solvency margin ratio (consolidated)

(Yen in millions, except for %)

Item	As of March 31, 2014	As of March 31, 2013
Total amount of solvency margin (A)	**4,261,365**	3,978,679
Shareholders' equity less adjusting items	**974,838**	828,552
Price fluctuation reserve	**78,763**	74,491
Contingency reserve	**40,450**	38,505
Catastrophe loss reserve	**944,607**	903,446
General allowance for doubtful accounts	**3,063**	2,970
Net unrealized gains (losses) on securities (prior to tax effect deductions)	**1,627,282**	1,550,539
Net unrealized gains (losses) on land	**152,891**	153,710
Total amount of unrecognized actuarial difference and unrecognized prior service costs (prior to tax effect deductions)	**(37,117)**	—
Excess of premium reserves, etc.	**216,898**	181,442
Subordinated debt, etc.	**—**	—
Amounts within "Excess of premium reserves, etc." and "Subordinated debt, etc." not calculated into the margin	**—**	—
Total margin of Small Amount and Short Term Insurer	**0**	141
Deductions	**68,417**	53,856
Others	**328,102**	298,735
Total amount of risks (B) $\sqrt{(\sqrt{(R_1^2 + R_2^2)} + R_3 + R_4)^2 + (R_5 + R_6 + R_7)^2} + R_8 + R_9$	**1,169,944**	1,079,607
General insurance risk on property and casualty insurance contracts (R_1)	**252,849**	228,567
Life insurance risk (R_2)	**43,229**	34,976
Third sector insurance risk (R_3)	**4,112**	3,641
Insurance risk of Small Amount and Short Term Insurer (R_4)	**83**	123
Assumed interest risk (R_5)	**33,536**	34,907
Minimum guarantee risk on life insurance contracts (R_6)	**4,144**	5,279
Asset management risk (R_7)	**757,968**	689,899
Business administration risk (R_8)	**28,170**	26,033
Catastrophe risk on property and casualty insurance contracts (R_9)	**304,499**	286,601
(C) Solvency margin ratio [(A)/{(B) × 1/2}] × 100	**728.4%**	737.0%

Note: "Solvency margin ratio" on a consolidated basis is calculated in accordance with Article 210 paragraph 11, section 3 and section 4 of the Enforcement Regulation of the Insurance Business Act and with Ordinance No. 23 issued by the Financial Services Agency in 2011.

Solvency margin ratio (consolidated)

1. Most subsidiaries in Tokio Marine Group engage in the property and casualty insurance business, life insurance business and Small Amount and Short Term insurance business. In addition to reserves to cover claim payments and payments for maturity-refunds of saving type insurance policies, etc., it is necessary for insurance groups to maintain sufficient solvency in order to cover against risks which may exceed their usual estimates, i.e., the occurrences of major disasters, a significant decline in value of assets held, etc.

2. The consolidated solvency margin ratio (C), which is calculated in accordance with the Insurance Business Act, is the ratio of "solvency margin of insurance company groups 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 on property and casualty insurance contracts, life insurance risk, third sector insurance risk and insurance risk of Small Amount and Short Term Insurer: 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 aggravation of investment conditions than expected.
   (3) Minimum guarantee risk (on life insurance contracts): Risks related to the minimum guarantee for benefits of insurance contracts which are managed as a separate account.
   (4) Asset management risk: Risks of retained securities and other assets fluctuating in prices in excess of expectations.
   (5) Business administration risk: Risks beyond normal expectations arising from business management that does not fall under other categories (1) to (4) or (6)
   (6) Catastrophe risk (on property and casualty insurance contracts): Risks of the occurrences of major catastrophic losses in excess of normal expectations occurring. (risks such as the Great Kanto Earthquake or Isewan typhoon)

4. Subsidiaries that were excluded from the scope of consolidation in preparation of consolidated financial statements due to immateriality were taken into calculation of the consolidated solvency margin ratio.

5. The ability of an insurance company group to pay claims by means of their capital, reserves, etc. (total amount of solvency margin) is the total amount of the Company's and its subsidiaries' net assets (excluding amounts appropriated as retained earnings), certain reserves (reserve for price fluctuations, contingency reserves and catastrophe reserves, etc.) and parts of net unrealized gains on real estate, etc.

6. The consolidated solvency margin ratio is one of the indicators for the regulatory authorities to supervise insurance company groups. A ratio exceeding 200% indicates adequate ability to meet payments of insurance claims.

Situation of the enhancement of the ability to pay for insurance claims, etc. of major domestic subsidiaries

Solvency margin ratio (non-consolidated) for Tokio Marine & Nichido Fire Insurance Co., Ltd.

(Yen in millions, except for %)

Item	As of March 31, 2014	As of March 31, 2013
Total amount of solvency margin (A)	**3,720,871**	3,451,352
Shareholders' equity less adjusting items	**812,372**	755,487
Price fluctuation reserve	**72,560**	68,881
Contingency reserve	**—**	—
Catastrophe loss reserve	**890,868**	850,452
General allowance for doubtful accounts	**1,037**	1,442
Net unrealized gains (losses) on securities (prior to tax effect deductions)	**1,575,188**	1,430,828
Net unrealized gains (losses) on land	**146,400**	147,305
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	**10,106**	10,099
Others	**232,549**	207,052
Total amount of risks (B) $\sqrt{(R_1 + R_2)^2 + (R_3 + R_4)^2} + R_5 + R_6$	**1,085,748**	1,037,477
General insurance risk (R_1)	**159,012**	157,796
Third sector insurance risk (R_2)	**—**	—
Assumed interest risk (R_3)	**26,615**	27,700
Asset management risk (R_4)	**759,078**	713,847
Business administration risk (R_5)	**24,094**	23,111
Catastrophe risk (R_6)	**260,030**	256,215
Solvency margin ratio (C) [(A)/{(B) × 1/2}] × 100	**685.4%**	665.3%

Note: "Solvency margin ratio" on a non-consolidated basis is calculated in accordance with Article 86 and Article 87 of the Enforcement Regulation of the Insurance Business Act and with Ministry of Finance Official Notification No. 50 issued in 1996.

Solvency margin ratio (non-consolidated)

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 Act, 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 aggravation of investment conditions than expected
   (3) Minimum guarantee risk: Risks related to the minimum guarantee for benefits of insurance contracts which are managed as a separate account

(4) Asset management risk: Risks of retained securities and other assets fluctuating in prices beyond expectations
(5) Business administration risk: Risks beyond normal expectations arising from business management that does not fall under other categories (1) to (4) or (6)
(6) 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)

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 (non-consolidated) for Nisshin Fire & Marine Insurance Co., Ltd.

(Yen in millions, except for %)

Item	**As of March 31, 2014**	As of March 31, 2013
Total amount of solvency margin (A)	**141,693**	134,056
Shareholders' equity less adjusting items	**58,609**	57,361
Price fluctuation reserve	**1,420**	1,179
Contingency reserve	**—**	—
Catastrophe loss reserve	**52,152**	51,148
General allowance for doubtful accounts	**14**	88
Net unrealized gains (losses) on securities (prior to tax effect deductions)	**25,583**	21,073
Net unrealized gains (losses) on land	**(2,858)**	(3,011)
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	**—**	—
Others	**6,771**	6,217
Total amount of risks (B) $\sqrt{(R_1 + R_2)^2 + (R_3 + R_4)^2} + R_5 + R_6$	**33,849**	42,115
General insurance risk (R_1)	**12,199**	12,108
Third sector insurance risk (R_2)	**—**	—
Assumed interest risk (R_3)	**1,257**	1,336
Asset management risk (R_4)	**12,446**	11,794
Business administration risk (R_5)	**811**	970
Catastrophe risk (R_6)	**14,690**	23,282
Solvency margin ratio (C) $[(A)/\{(B) \times 1/2\}] \times 100$	**837.1%**	636.6%

Note: "Solvency margin ratio" on a non-consolidated basis is calculated in accordance with Article 86 and Article 87 of the Enforcement Regulation of the Insurance Business Act and with Ministry of Finance Official Notification No. 50 issued in 1996.

Solvency margin ratio (non-consolidated) for E. design Insurance Co., Ltd.

(Yen in millions, except for %)

Item	As of March 31, 2014	As of March 31, 2013
Total amount of solvency margin (A)	**6,081**	6,147
Shareholders' equity less adjusting items	**5,628**	5,521
Price fluctuation reserve	**—**	—
Contingency reserve	**—**	—
Catastrophe loss reserve	**452**	625
General allowance for doubtful accounts	**—**	—
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	**—**	—
Others	**—**	—
Total amount of risks (B) $\sqrt{(R_1 + R_2)^2 + (R_3 + R_4)^2} + R_5 + R_6$	**1,851**	1,141
General insurance risk (R_1)	**1,590**	974
Third sector insurance risk (R_2)	**—**	—
Assumed interest risk (R_3)	**—**	—
Asset management risk (R_4)	**181**	150
Catastrophe risk (R_5)	**192**	117
Business administration risk (R_6)	**58**	37
Solvency margin ratio (C) [(A)/{(B) × 1/2}] × 100	**656.7%**	1,077.0%

Note: "Solvency margin ratio" on a non-consolidated basis is calculated in accordance with Article 86 and Article 87 of the Enforcement Regulation of the Insurance Business Act and with Ministry of Finance Official Notification No. 50 issued in 1996.

Solvency margin ratio (non-consolidated) for Tokio Marine & Nichido Life Insurance Co., Ltd.

(Yen in millions, except for %)

Item	As of March 31, 2014	As of March 31, 2013
Total amount of solvency margin (A)	**507,148**	483,494
Shareholders' equity less adjusting items	**95,979**	94,106
Price fluctuation reserve	**4,710**	4,369
Contingency reserve	**29,918**	27,427
General allowance for doubtful accounts	**471**	495
Net unrealized gains (losses) on securities × 90% (×100% if losses)	**71,692**	92,273
Net unrealized gains (losses) on land × 85% (×100% if losses)	**—**	—
Excess of continued Zillmerized reserve	**215,595**	179,356
Subordinated debt, etc.	**—**	—
Amounts within "excess of continued Zillmerized reserve" and "subordinated debt, etc." not calculated into the margin	**—**	—
Deductions	**—**	—
Others	**88,781**	85,465
Total amount of risks (B) $\sqrt{(R_1 + R_8)^2 + (R_2 + R_3 + R_7)^2} + R_4$	**38,644**	44,048
Insurance risk (R_1)	**13,421**	13,019
Third sector insurance risk (R_8)	**4,074**	3,597
Assumed interest risk (R_2)	**5,658**	5,866
Minimum guarantee risk (R_7)	**—**	—
Asset management risk (R_3)	**27,654**	33,711
Business administration risk (R_4)	**1,016**	1,123
Solvency margin ratio (C) [(A)/{1/2 × (B)}] × 100	**2,624.6%**	2,195.2%

Note: "Solvency margin ratio" on a non-consolidated basis is calculated in accordance with Article 86 and Article 87 of the Enforcement Regulation of the Insurance Business Act and with Ministry of Finance Official Notification No. 50 issued in 1996.

Solvency margin ratio (non-consolidated) for Tokio Marine & Nichido Financial Life Insurance Co., Ltd.

(Yen in millions, except for %)

Item	As of March 31, 2014	As of March 31, 2013
Total amount of solvency margin (A)	**66,633**	57,631
Shareholders' equity less adjusting items	**54,395**	43,939
Price fluctuation reserve	**71**	61
Contingency reserve	**10,505**	11,065
General allowance for doubtful accounts	**0**	0
Net unrealized gains (losses) on securities × 90% (×100% if losses)	**357**	479
Net unrealized gains (losses) on land × 85% (×100% if losses)	**—**	—
Excess of continued Zillmerized reserve	**1,302**	2,085
Subordinated debt, etc.	**—**	—
Amounts within "excess of continued Zillmerized reserve" and "subordinated debt, etc." not calculated into the margin	**—**	—
Deductions	**—**	—
Others	**—**	—
Total amount of risks (B) $\sqrt{(R_1 + R_8)^2 + (R_2 + R_3 + R_7)^2} + R_4$	**7,728**	10,793
Insurance risk (R_1)	**110**	115
Third sector insurance risk (R_8)	**38**	43
Assumed interest risk (R_2)	**3**	3
Minimum guarantee risk (R_7)	**4,174**	5,099
Asset management risk (R_3)	**3,319**	5,370
Business administration risk (R_4)	**229**	318
Solvency margin ratio (C) [(A)/{1/2 × (B)}] × 100	**1,724.3%**	1,067.8%

Note: "Solvency margin ratio" on a non-consolidated basis is calculated in accordance with Article 86 and Article 87 of the Enforcement Regulation of the Insurance Business Act and with Ministry of Finance Official Notification No. 50 issued in 1996.

Solvency margin ratio for Tokio Marine Millea SAST Insurance Co., Ltd.

(Yen in millions, except for %)

Item	As of March 31, 2014	As of March 31, 2013
Total amount of solvency margin (A)	**1,851**	1,749
Total net assets excluding planned outflows	**1,851**	1,607
Price fluctuation reserve	**—**	—
Catastrophe loss reserve	**0**	141
General allowance for doubtful accounts	**—**	—
Net unrealized gains (losses) on securities (prior to tax effect deductions) (99% or 100%)	**—**	—
Net unrealized gains (losses) on land (85% or 100%)	**—**	—
Refund reserve premium	**—**	—
Future profit	**—**	—
Deferred tax equivalent value	**—**	—
Subordinated debt, etc.	**—**	—
Deductions	**—**	—
Total amount of risks (B) $\sqrt{R_1{}^2 + R_2{}^2} + R_3 + R_4$	**113**	209
Insurance risk	**80**	187
General insurance risk (R_1)	**58**	87
Catastrophe risk (R_4)	**21**	100
Asset management risk (R_2)	**63**	52
Business administration risk (R_3)	**4**	7
Solvency margin ratio (C) [(A)/{(B) × 1/2}] × 100	**3,275.8%**	1,670.5%

Note: The above figures are calculated in accordance with Article 211 paragraph 59 and Article 211 paragraph 60 of the Enforcement Regulation of the Insurance Business Act and with Ordinance No.14 issued by the Financial Services Agency 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, 2014 and March 31, 2013. 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, 2014)		
	-1%	**±0%**	**+1%**
General Policy Account	**(56.7)**	**0.0**	**43.4**
Deposit-Type Insurance Accounts	**(1.3)**	**0.0**	**(1.7)**
Asset-Liability Portfolio Total	**(58.0)**	**0.0**	**41.6**

(Yen in billions)

	Yield curve shift (As of March 31, 2013)		
	-1%	±0%	+1%
General Policy Account	1.1	0.0	(0.7)
Deposit-Type Insurance Accounts	(3.5)	0.0	2.5
Asset-Liability Portfolio Total	(2.5)	0.0	1.8

Tokio Marine & Nichido Life Insurance Co., Ltd.

(Yen in billions)

	Yield curve shift (As of March 31, 2014)		
	-1%	**±0%**	**+1%**
Asset-Liability Portfolio Total	**(267.5)**	**0.0**	**(12.6)**

(Yen in billions)

	Yield curve shift (As of March 31, 2013)		
	-1%	±0%	+1%
Asset-Liability Portfolio Total	(228.5)	0.0	(1.4)

(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, 2014."
(4) The present value of the surplus in Tokio Marine & Nichido Life is calculated on the basis taking dynamic lapse into consideration.

Embedded Value

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, 2013. 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, 2014

(1) EV as of March 31, 2014

EV as of March 31, 2014 was 680.4 billion yen in total: net asset value of 184.8 billion yen and value of in-force business of 495.6 billion yen.

(Yen in billions)

	FY2013	FY2012	FY2011
Net asset value	**184.8**	200.0	144.1
Value of in-force business	**495.6**	401.0	372.1
EV as at the end of the fiscal year	**680.4**	601.1	516.3
Value of new business	**34.6**	22.2	15.6

(2) Change in EV

The Tokio Marine Group has adopted "Change in EV" for assessing its performance in the life insurance business.

During fiscal 2013, EV before dividends paid during the fiscal year increased 90.9 billion yen from the end of the previous fiscal year, and ROE was 14.2% as of March 31, 2014.

(Yen in billions)

	FY2013	FY2012	FY2011
Change in EV	**90.9**	89.7	76.4
Average balance of EV	**640.7**	558.7	478.1
ROE Note	**14.2%**	16.1%	16.0%

Note: ROE = Change in EV (before dividends paid) /Average EV

In fiscal 2013, the change in EV (before dividends paid) increased by 1.1 billion yen from the previous fiscal year. This was mainly because "Effect of changes in assumptions" increased by 40.8 billion yen year on year reflecting a decrease in assumed mortality and morbidity rates centering on the mortality rate, "Effect of changes in investment yields" increased by 14.9 billion yen year on year due to a rise in interest rates, and "Value of new business" increased by 12.4 billion year on year to 34.6 billion yen due to strong sales centering on "*Medical Kit R*" and "*Household Income Term* with inability-to-work benefit" leading to an increase in the amount of new business as well as an improvement in expense efficiency. On the other hand, "Effect of changes in risk discount rate" decreased by 66.3 billion yen year on year due to an increase in the risk discount rate mainly as a result of a rise in interest rates. (For details on changes, refer to "5. Analysis of Movement of EV.")

Change in EV (before dividends paid) was 73.2 billion yen before "Effect of changes in assumptions", "Effect of changes in investment yields" and "Effect of changes in risk discount rate." (In this case, ROE was 11.4%)

(Reference)

(Yen in billions)

	FY2013	FY2012	FY2011
Change in EV (before "Dividends paid", "Effect of changes in assumptions", "Effect of changes in investment yields" and "Effect of changes in risk discount rate")	**73.2**	61.5	48.8
ROE	**11.4%**	11.0%	10.2%

3. Major Assumptions

The major assumptions used in calculating the value of in-force business are as follows. Tokio Marine & Nichido Life and Tokio Marine & Nichido Financial Life plan to merge on October 1, 2014, subject to the approval of relevant authorities. However, the calculation of EV does not include the effect of this merger.

Assumptions	Basis of assumptions
Mortality and morbidity rates	Based on past experience by benefit type, policy year and attained age, etc. 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*. The JGB yield used is the yield as of the valuation date of the EV (at the end of fiscal year) as follows: FY2012: 10 yrs 0.58%; 20 yrs 1.42%; 30 yrs 1.56%; 40 yrs 1.67% FY2013: 10 yrs 0.65%; 20 yrs 1.53%; 30 yrs 1.71%; 40 yrs 1.81%
Effective tax rate	Set as follows: Fiscal 2013: 33.3% Fiscal 2014 and thereafter: 30.7% The calculation of "Value of new business" does not reflect the reduction of the effective tax rate in fiscal 2014 due to the repeal of the Special Corporation Tax for Reconstruction one year ahead of schedule but the effect of the lower effective tax rate on "Value of new business" in fiscal 2013 is included in "Effect of changes in assumptions."
Consumption tax rate	Set as follows: To March 2014: 5% From April 2014 to September 2015: 8% From October 2015: 10% The calculation of "Value of new business" for fiscal 2012 does not reflect the increase in the consumption tax rate in April 2014 and October 2015. The amount of impact to "Value of new business" for fiscal 2012 affected by the above increase in the consumption tax rate was included in "Effect of changes in assumptions" for fiscal 2012.
Solvency margin ratio	Assumed to maintain a solvency margin ratio of 600%.
Risk discount rate	Set by adding a risk premium of 6% to the risk free interest rate (the 20-year JGB yield). FY2012: Risk-free interest rate (1.42%) + 6% → 7% FY2013: Risk-free interest rate (1.53%) + 6% → 7.53% "Value of new business" is calculated using a risk discount rate of 7%. Therefore, the amount of "Value of new business" affected by the above change in the risk discount rate for new business (4.3 billion yen) in fiscal 2013 is included in "Effect of changes in risk discount rate."

*Average investment yield is approximately 1.7%.

Investment yield on new money

New money is assumed to be invested in JGBs matched to the duration of liabilities.

Risk discount rate

Risk discount rate is based on the risk-free rate (the 20-year JGB yield) plus risk premium rate of 6%. The risk premium was not changed in either fiscal 2012 or fiscal 2013. However, in fiscal 2013, the unit for the risk discount rate was changed from 1.0% to 0.01% and the risk-free rate (the 20-year JGB yield) increased to 1.53%. As a result, the risk discount rate was increased by 0.53%.

The Tokio Marine Group sets 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, 2014 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	**(29.0)**	651.4
Set 1.1 times the surrender rate	**0.2**	680.7
Set 1.1 times the expense	**(8.9)**	671.5
Investment yield (JGB yield) up 0.25%*	**4.4**	684.8
Investment yield (JGB yield) down 0.25%*	**(5.5)**	674.9
Set solvency margin ratio at 500%	**1.9**	682.4
Set solvency margin ratio at 700%	**(2.5)**	677.9
Reduce risk premium by 1.0% (with 6.53% discount rate)	**51.5**	732.0
Raise risk premium by 1.0% (with 8.53% discount rate)	**(43.6)**	636.7

* Assumptions now reflect changes in both the investment yield and the risk discount rate because in fiscal 2013 the unit for the risk discount rate was changed to 0.01% from this fiscal year.

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 changes in the interest rate and the risk discount rate is taken into consideration.

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)

	FY2013	FY2012	Year-on-year change
Dividends paid (1)	**(11.6)**	(5.0)	**(6.6)**
Value of new business	**34.6**	22.2	**12.4**
Release of the discounted value of in-force business	**33.1**	31.9	**1.2**
Variances between experience and assumptions	**5.8**	7.7	**(1.8)**
Effect of changes in risk-free interest rate	**(21.2)**	30.1	**(51.3)**
Effect of changes in investment yields (2)	**5.8**	(9.1)	**14.9**
Effect of changes in risk discount rate (3)	**(27.1)**	39.2	**(66.3)**
Effect of changes in assumptions (4)	**38.9**	(1.8)	**40.8**
Effect of changes in insurable mortality and morbidity rate	**29.8**	8.8	**21.0**
Effects of the lowering of the effective tax rate	**1.2**	—	**1.2**
(Before dividends paid)	**—**	(4.0)	**4.0**
Others	**(0.3)**	(0.3)	**(0.0)**
Total	**79.3**	84.7	**(5.4)**
(Before dividends paid)	**90.9**	89.7	**1.1**
Change in EV (excluding (1), (2), (3) & (4))	**73.2**	61.5	**11.6**

The change in EV consists of two major components, the value of new business (new businesses issued in fiscal 2013) and others.

(1) Value of new business

In fiscal 2013, the value of new business increased by 12.4 billion year on year to 34.6 billion yen due to strong sales of "*Medical Kit R*" and "*Household Income Term* with inability-to-work benefit" leading to an increase in the volume of new business while growth in expenses related to the solicitation of new business was restrained.

(2) Changes other than value of new business

"Effect of changes in assumptions" increased by 40.8 billion yen year on year to 38.9 billion yen, mainly due to a decrease in assumed mortality and morbidity rates centering on the mortality rate.

In addition, because both investment yields and the risk discount rate are linked to the risk-free rate at the end of the fiscal year,"Effect of changes in the risk discount rate" (which decreased EV) offsets "Effect of changes in investment yields" (which increased EV). Therefore, "Effect of changes in risk-free interest rate", which is the sum of these two items, totaled negative 21.2 billion yen, compared with positive 30.1 billion yen in the previous fiscal year. The difference therefore represented a negative year on year change of 51.3 billion yen.

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 (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 1) investment yields at the time of the contract for new business (end of the month) rather than at the end of the fiscal year, and 2) the risk discount rate as of the beginning of the fiscal year (in other words, as of the end of the previous 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," and the effect of changes in the risk discount rate on new business is included in "Effects of changes in the risk discount rate".

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, 2013. 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, 2014

(1) EV as of March 31, 2014

EV as of March 31, 2014 was 55.7 billion yen in total: net asset value of 65.2 billion yen and value of in-force business of negative – 9.5 billion yen.

(Yen in billions)

	FY2013	FY2012	FY2011
Net asset value	**65.2**	55.4	59.1
Value of in-force business	**(9.5)**	(13.7)	(38.0)
EV as at the end of the fiscal year	**55.7**	41.7	21.0
Value of new business	**0.0**	(0.6)	(1.9)

(2) Change in EV

The Tokio Marine Group has adopted "Change in EV" for assessing its performance in the life insurance business. During fiscal 2013, EV decreased 14.0 billion yen from the end of the previous fiscal year (excluding capital increases during the fiscal year), and ROE was 28.8%.

(Yen in billions)

	FY2013	FY2012	FY2011
Change in EV (excluding capital increases during the fiscal year)	**14.0**	20.6	(61.3)
Average balance of EV	**48.7**	31.3	31.7
ROE Note	**28.8%**	65.9%	(193.4%)

Note: ROE = Change in EV (excluding capital increases during the fiscal year) /Average EV

3. Major Assumptions

The major assumptions used in calculating the value of in-force business are as follows. Tokio Marine & Nichido Life and Tokio Marine & Nichido Financial Life plan to merge on October 1, 2014, subject to the approval of relevant authorities. However, the calculation of EV does not include the effect of this merger.

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, money fund and others) by insurance policy type
Effective tax rate	Determined according to results (30.8%)
Consumption tax rate	Set as follows: To September 2015: 8% From October 2015: 10%
Solvency margin ratio	Assumed to maintain a solvency margin ratio of 400%.
Risk discount rate	Set by adding a risk premium of 6% to the risk free interest rate (the 20-year JGB yield). Risk-free interest rate (1.53%) + 6% → 7.53%

Investment earnings ratio for separate accounts
Investment earnings ratio for separate accounts is set by insurance policy type, 4% of stock fund, 0.639% of bond fund and 0.1% of money fund.

Risk discount rate
Risk discount rate is based on the risk-free rate (the 20-year JGB yield) plus risk premium rate of 6%. The risk premium was not changed in either fiscal 2012 or fiscal 2013. However, in fiscal 2013, the unit for the risk discount rate was changed from 1.0% to 0.01% and the risk-free rate (the 20-year JGB yield) increased to 1.53%. As a result, the risk discount rate was increased by 0.53%.

The Tokio Marine Group sets 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, 2014 arising from changes to assumptions:

(Yen in billions)

Change in Assumptions	**Effect on EV**	EV Amount
Set 1.1 times the insurable mortality rate	**(1.0)**	54.6
Set 1.1 times the surrender rate	**0.3**	56.0
Set 1.1 times the expense	**(1.5)**	54.2
If the balance of actual cash value of separate accounts is instantly increased by 10%	**7.9**	63.7
If the balance of actual cash value of separate accounts is instantly reduced by 10%	**(7.4)**	48.3
Set solvency margin ratio at 300%	**1.4**	57.1
Set solvency margin ratio at 500%	**(1.4)**	54.2
Reduce risk premium by 1% (with 6.53% discount rate)	**(0.6)**	55.1
Raise risk premium by 1% (with 8.53% discount rate)	**0.3**	56.0

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)

	FY2013	FY2012	**Year-on-year change**
Value of new business	**0.0**	(0.6)	0.6
Release of the discounted value of in-force business	**0.4**	(1.0)	1.4
Variances between actual performance and assumptions on investment	**13.9**	16.9	(3.0)
Variances between actual performance and assumptions on others	**(1.6)**	2.9	(4.6)
Effect of reinsurance	**1.1**	0.3	0.8
Effect of changes in assumptions	**0.1**	2.0	(1.8)
Total	**14.0**	20.6	(6.6)

"Variances between actual performance and assumptions on investment" for fiscal 2013 was positive 13.9 billion yen. This was mainly because the performance of investments in separate accounts exceeded assumptions due to improvement in the market environment, with the result that the spread between income and expenses is expected to improve in the future.

"Variances between actual performance and assumptions on others" for fiscal 2013 was negative 1.6 billion yen. This was mainly because of the effect of risk hedging during fiscal 2013.

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, 2014	Year ended March 31, 2013
Catastrophe loss reserve	**865,505**	826,441
Price fluctuation reserve	**72,560**	68,881

Nisshin Fire & Marine Insurance Co., Ltd.

(Yen in millions)

	Year ended March 31, 2014	Year ended March 31, 2013
Catastrophe loss reserve	**50,278**	49,360
Price fluctuation reserve	**1,420**	1,179

E. design Insurance Co., Ltd.

(Yen in millions)

	Year ended March 31, 2014	Year ended March 31, 2013
Catastrophe loss reserve	**452**	625

Life insurance

Tokio Marine & Nichido Life Insurance Co., Ltd.

(Yen in millions)

	Year ended March 31, 2014	Year ended March 31, 2013
Contingency reserve	**29,918**	27,427
Price fluctuation reserve	**4,710**	4,369

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

(Yen in millions)

	Year ended March 31, 2014	Year ended March 31, 2013
Contingency reserve	**10,505**	11,065
Price fluctuation reserve	**71**	61

Corporate Data

Corporate Overview

Tokio Marine Holdings and Its Subsidiaries

(As of March 31, 2014)

Description of Business

Tokio Marine Group consists of Tokio Marine Holdings, Inc., 239 subsidiaries and 24 affiliates, and is engaged in the domestic non-life insurance, domestic life insurance, international insurance, and financial and general businesses.

In addition, Tokio Marine Holdings is a specified listed company. Due to the specified listed company designation, the *de minimis* standard for insider trading regulations is determined on a consolidated basis.

The following is a diagram of businesses as of March 31, 2014.

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.
    - ◎E. design Insurance Co., Ltd.
  - Small-amount short-term insurance business
    - ◎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.
  - ◎Tokio Marine Bluebell Re Limited
- International Insurance Business
  - International non-life insurance business
    - ◎Philadelphia Indemnity Insurance Company
    - ◎First Insurance Company of Hawaii, Ltd.
    - ◎Tokio Marine America Insurance Company
    - ◎Safety National Casualty Corporation
    - ◎Kiln Underwriting Limited
    - ◎Tokio Millennium Re (UK) Limited
    - ◎Tokio Marine Underwriting Limited
    - ◎Tokio Millennium Re AG
    - ◎Tokio Marine Insurance Singapore Ltd.
    - ◎Tokio Marine Insurans (Malaysia) Berhad
    - ◎Tokio Marine Seguradora S.A.
  - International life insurance business
    - ◎Reliance Standard Life Insurance Company
    - ◎Reliance Standard Life Insurance Company of Texas
    - ◎Tokio Marine Life Insurance Singapore Ltd.
    - ◎Tokio Marine Life Insurance Malaysia Bhd.
    - △Edelweiss Tokio Life Insurance Company Limited
  - Other business
    - ◎Tokio Marine North America, Inc.
    - ◎Philadelphia Consolidated Holding Corp.
    - ◎Delphi Financial Group, Inc.
    - ◎SIG Holdings, Inc.
    - ◎Tokio Marine 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

Major Subsidiaries

(As of March 31, 2014)

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, Japan	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, Japan	Domestic non-life insurance
E. design Insurance Co., Ltd.	Jan. 26, 2009	¥20,453 million	86.5%	0%	20-2, Nishi-Shinjuku 3-chome, Shinjuku-ku, Tokyo, Japan	Domestic non-life insurance
Tokio Marine & Nichido Life Insurance Co., Ltd.	Aug. 6, 1996	¥55,000 million	100%	0%	2-1, Marunouchi 1-chome, Chiyoda-ku, Tokyo, Japan	Domestic life insurance
Tokio Marine & Nichido Financial Life Insurance Co., Ltd.	Aug. 13, 1996	¥68,000 million	100%	0%	Integral Tower, 2-1, Kamiogi 1-chome, Suginami-ku, Tokyo, Japan	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 Prefecture, Japan	Domestic non-life insurance
Tokio Marine North America, Inc.	June 29, 2011	US$0 thousand	0%	100%	2711 Centerville Road, Suite 400, Wilmington DE 19808 USA	International insurance
Philadelphia Consolidated Holding Corp.	July 6, 1981	US$1 thousand	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
First Insurance Company of Hawaii, Ltd.	Aug. 6, 1982	US$4,272 thousand	0%	100%	1100 Ward Avenue, Honolulu, HI 96814 USA	International insurance
Tokio Marine America Insurance Company	Aug. 13, 1998	US$5,000 thousand	0%	100%	230 Park Avenue, New York, NY 10169 USA	International insurance
Delphi Financial Group, Inc.	May 27, 1987	US$1 thousand	0%	100%	1105 North Market Street, Suite 1230, Wilmington, DE 19801 USA	International insurance
SIG Holdings, Inc.	Oct. 3, 1995	US$0 thousand	0%	100%	1105 North Market Street, Suite 1230, Wilmington, DE 19801 USA	International insurance
Safety National Casualty Corporation	Nov. 28, 1942	US$30,000 thousand	0%	100%	1832 Schuetz Road, St. Louis, MO 63146 USA	International insurance
Reliance Standard Life Insurance Company	April 2, 1907	US$56,003 thousand	0%	100%	2001 Market Street, Suite 1500, Philadelphia, PA 19103 USA	International insurance
Reliance Standard Life Insurance Company of Texas	Aug. 16, 1983	US$700 thousand	0%	100%	2001 Market Street, Suite 1500, Philadelphia, PA 19103 USA	International insurance
Tokio Marine Kiln Group Limited	July 11, 1994	£1,010 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 Millennium Re (UK) Limited	Oct. 30, 1990	£125,000 thousand	0%	100%	2 Minster Court, London, EC3R 7BB, UK	International insurance
Tokio Marine Underwriting Limited	Oct. 27, 2008	£0 thousand	0%	100%	106 Fenchurch Street, London, EC3M 5NR, UK	International insurance
Tokio Millennium Re AG	Mar. 15, 2000	CHF227,675 thousand	0%	100%	Claridenstrasse 22 8002 Zurich, Switzerland	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$586,971 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%	85.7%	20 McCallum Street, #07-01 Tokio Marine Centre, Singapore 069046	International insurance
Tokio Marine Insurans (Malaysia) Berhad	April 28, 1999	RM403,471 thousand	0%	100%	29th -31st Floor, Menara Dion, 27 Jalan Sultan Ismail, 50250 Kuala Lumpur, Malaysia	International insurance
Tokio Marine Life Insurance Malaysia Bhd.	Feb. 11, 1998	RM100,000 thousand	0%	100%	Level 7, Menara Tokio Marine Life 189, Jalan Tun Razak, 50400 Kuala Lumpur, Malaysia	International insurance
Tokio Marine Seguradora S.A.	June 23, 1937	R496,068 thousand	0%	97.7%	R. Sampaio Viana, 44 CEP:04004-000 São Paulo, SP, Brazil	International insurance
Tokio Marine Financial Solutions Ltd.	Dec. 4, 1997	¥1,884 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	Financial and general businesses (Derivatives business)
Affiliate accounted for by the equity method						
Edelweiss Tokio Life Insurance Company Limited	Nov. 25, 2009	RS1,802,865 thousand	0%	26%	Edelweiss House, Off C.S.T. Road, Kalina, Mumbai 400 098 India	International insurance

Notes: 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

Worldwide Network of Tokio Marine Group

(As of March 31, 2014)

Tokio Marine Group operates a worldwide network that spans 486 cities in 37 countries and regions. The Group has built a structure that can respond to the diverse needs of customers in each country, beginning with companies setting up overseas operations, as well as overseas travelers.

North America

United States

- ■ New York, Los Angeles, Chicago, Atlanta, Cincinnati, Honolulu, Bala Cynwyd and St. Louis
- ■ Tokio Marine North America, Inc. (New York, Bala Cynwyd)
- □ TMNA Services, LLC (New York, Bala Cynwyd)
- □ Tokio Marine Management, Inc. (New York, Los Angeles, Chicago, Atlanta, Houston, Nashville and Cincinnati)
- □ Trans Pacific Insurance Company (New York)
- □ Tokio Marine America 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 Consolidated Holding Corp. (Bala Cynwyd and 48 other cities)
- □ TM Specialty Insurance Company (New York)
- □ Delphi Financial Group, Inc. (Wilmington)
- □ Reliance Standard Life Insurance Company (Philadelphia)
- □ Safety National Casualty Corporation (St. Louis)

Canada

- ■ Toronto and Vancouver
- ◆ Northbridge Financial Corporation (Toronto and Vancouver)

Bermuda

- ○ Tokio Millennium Re AG (Hamilton)

Central & South America

Mexico

- ■ Mexico City
- □ Tokio Marine Compañía de Seguros, S.A. de C.V. (Mexico City, Tijuana, Monterrey, Guadalajara and Bajio)

Brazil

- ■ São Paulo
- □ 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 Kiln Group Limited (London and 4 other cities and 14 cities in 8 countries/regions)
- □ Tokio Marine Europe Insurance Limited (London, Manchester and Birmingham)
- □ Tokio Marine Europe Limited (London)
- □ R J Kiln & Co Limited (London)
- □ TM Claims Service Europe Ltd. (London)
- □ Tokio Millennium Re (UK) Limited (London)

France

- ■ Paris
- ○ Tokio Marine Europe Insurance Limited (Paris, Lyon, Bordeaux, Strasbourg and Nantes)
- ○ TM Claims Service Europe Ltd. (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 (Amsterdam)
- ○ TM Claims Service Europe Ltd. (Amsterdam)

Belgium

- ■ Brussels
- ○ Tokio Marine Europe Insurance Limited (Brussels)
- ○ TM Claims Service Europe Ltd. (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 AG (Zurich)

Ireland

- □ Tokio Marine Global Re Limited (Dublin)

Norway

- ◇ Tokio Marine Europe Insurance Limited c/o RiskPoint Norway (Oslo)

Denmark

- ◇ Tokio Marine Europe Insurance Limited c/o RiskPoint A/S (Copenhagen)

Russia

- ■ Moscow

Egypt

- ■ Cairo
- □ Tokio Marine Egypt General Takaful Company (Cairo and Alexandria)
- □ Tokio Marine Egypt Family Takaful Company (Cairo and Alexandria)

U.A.E.
- ■ Dubai
- □ Tokio Marine Middle East Limited (Dubai)
- ◆ Al Futtaim Development Services Company (L.L.C.) (Dubai and Abu Dhabi)

Saudi Arabia
- ■ Jeddah, Riyadh and Al Khobar
- ◆ Hussein Aoueini & Co., Ltd. (Jeddah, Riyadh and Al Khobar)
- □ Alinma Tokio Marine Company (Riyadh, Jeddah and Al Khobar)

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 and Chengdu
- □ The Tokio Marine & Nichido Fire Insurance Company (China) Limited (Beijing, Shanghai, Guangzhou and Suzhou)
- □ Zhongsheng International Insurance Brokers Co., Ltd. (Beijing and 9 other cities)
- □ Sino Life Insurance Co., Ltd. (Shenzhen, Shanghai and 33 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 30 other cities)

Vietnam
- ■ Hanoi and Ho Chi Minh City
- □ Bao Viet Tokio Marine Insurance Company Limited (Hanoi and 3 other cities)

Thailand
- ■ Bangkok
- □ Tokio Marine Insurance (Thailand) Public Company Limited (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 23 other cities)
- □ Tokio Marine Life Insurance Malaysia Bhd. (Kuala Lumpur and 15 other cities)
- □ Tokio Marine Global Re Asia Ltd. (Labuan)

Singapore
- ■ Singapore
- □ Tokio Marine Asia Pte. Ltd. (Singapore)
- □ Tokio Marine Insurance Singapore Ltd. (Singapore)
- □ Tokio Marine Life Insurance Singapore Ltd. (Singapore)
- □ TM Claims Service Asia Pte. Ltd. (Singapore)

Brunei
- ○ Tokio Marine Insurance Singapore Ltd. (Bandar Seri Begawan)
- ○ Tokio Marine Life Insurance Singapore Ltd. (Bandar Seri Begawan)

Indonesia
- ■ Jakarta
- □ P.T. Asuransi Tokio Marine Indonesia (Jakarta and 10 other cities)
- □ PT Tokio Marine Life Insurance Indonesia (Jakarta)

India
- ■ New Delhi, Mumbai and Chennai
- □ IFFCO-TOKIO General Insurance Company Ltd. (New Delhi and 165 other cities)
- □ Edelweiss Tokio Life Insurance Company Limited (Mumbai and 46 other cities)

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 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)

■ 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 of Tokio Marine Group
○ Branches of Tokio Marine Group Companies
◇ Underwriting Agents of Tokio Marine Group Companies

External/Internal Audits

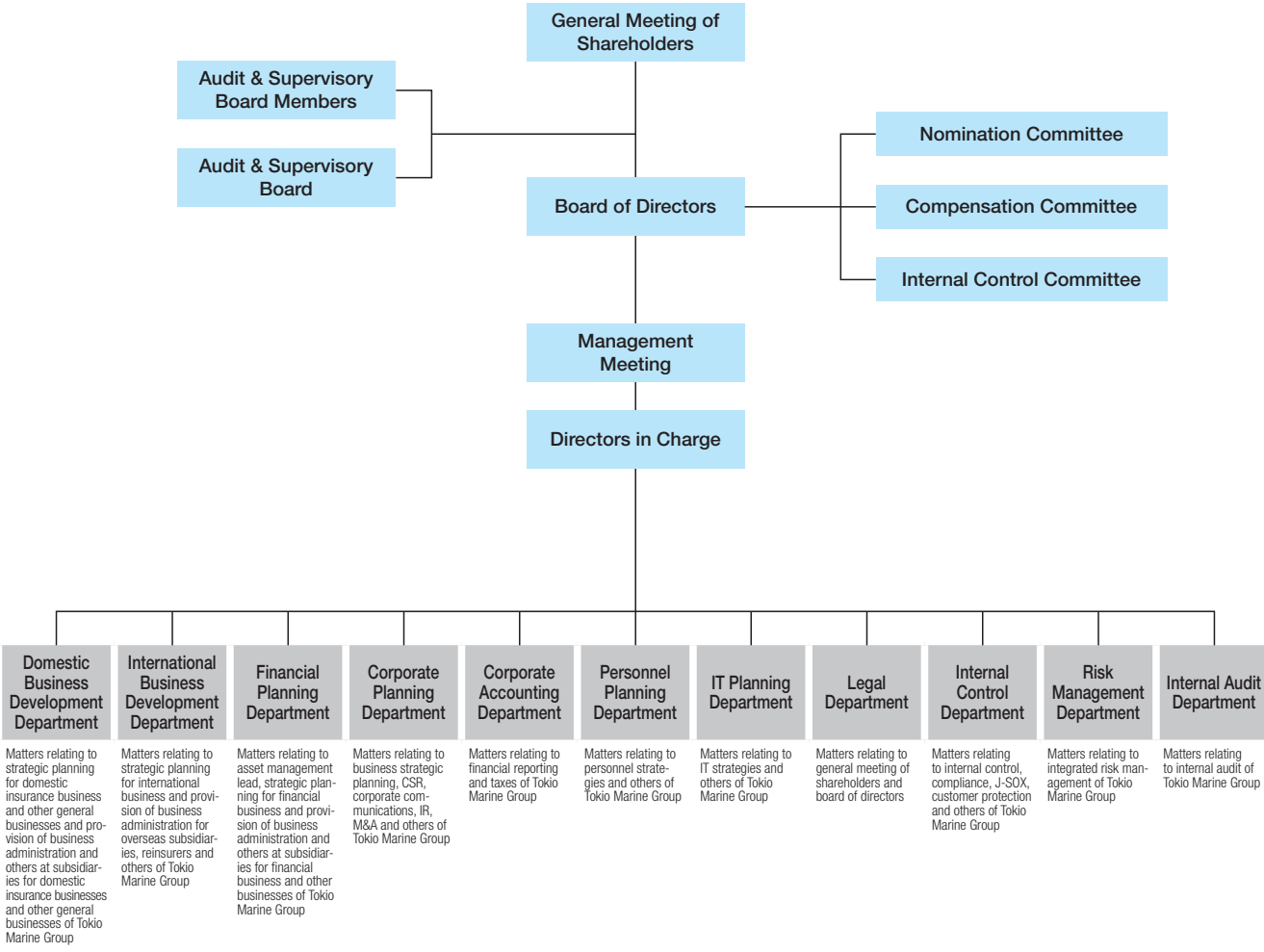
Tokio Marine Holdings is subject to inspections conducted by the Financial Services Agency of Japan pursuant to Article 271-28 of the Insurance Business Law.

The Company is also subject to an accounting audit based on the Companies Act and the Financial Instruments and Exchange Act and an internal control audit based on the Financial Instruments and Exchange Act as external audits conducted by PricewaterhouseCoopers Aarata, the Company's independent auditor.

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, 2014)



Employees

(As of March 31, 2014)

Number of employees:	426
Average age of employees:	42.5 years old
Average length of service of employees:	18.8 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.

Facilities

Overview of Capital Investment

Tokio Marine Group makes capital investments to improve customer services and streamline workflows. The following is a breakdown of capital investment in the fiscal year ended March 31, 2014.

(As of March 31, 2014)

Business Segment	Amount (Yen in millions)
Domestic non-life insurance	11,017
Domestic life insurance	793
International insurance	3,008
Financial and general businesses	435
Total	15,255

Status of Major Facilities

The following are the major facilities of Tokio Marine Holdings and its consolidated subsidiaries.

(1) Tokio Marine Holdings

(As of March 31, 2014)

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 Holdings	**Headquarters** (Chiyoda-ku, Tokyo)	—	Holding company	—	154	42	426	—

(2) Domestic subsidiaries

(As of March 31, 2014)

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 & 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 Sector Dept. 1&2, Health Care & Welfare Sector Dept., Group Account Marketing Dept. and Financial Institutions Dept. (Chiyoda-ku, Tokyo)	45	Domestic non-life insurance	28,641 (79,084)	30,565	6,368	3,945	1,483
	Hokkaido Hokkaido Branch (Chuo-ku, Sapporo) and 6 other branches	15	Domestic non-life insurance	851 (6,196)	976	292	647	541
	Tohoku Sendai Branch (Aoba-ku, Sendai) and 9 other branches	27	Domestic non-life insurance	2,620 (10,267)	4,110	531	1,024	232
	Kanto Tokyo Chuo Branch (Chiyoda-ku) and 31 other branches	58	Domestic non-life insurance	8,246 (13,795)	7,838	1,408	3,869	2,380
	Tokai/Hokuriku Aichi Minami Branch (Nishi-ku, Nagoya) and 25 other branches	32	Domestic non-life insurance	3,835 (12,401)	11,473	1,077	2,425	1,416
	Kansai Osaka Minami Branch (Chuo-ku, Osaka) and 24 other branches	24	Domestic non-life insurance	15,510 (80,158)	6,313	1,039	2,396	1,228
	Chugoku/Shikoku Hiroshima Branch (Naka-ku, Hiroshima) and 14 other branches	24	Domestic non-life insurance	2,474 (7,224)	2,282	531	1,322	774
	Kyushu Fukuoka Chuo Branch (Hakata-ku, Fukuoka) and 13 other branches	28	Domestic non-life insurance	2,806 (8,730)	3,891	575	1,589	357
Nisshin Fire & Marine Insurance Co., Ltd.	**Head Office (Tokyo Headquarters)** (Chiyoda-ku, Tokyo) **Saitama Headquarters** (Urawa-ku, Saitama)	116	Domestic non-life insurance	10,744 (25,410)	8,661	570	2,493	630
E. design Insurance Co., Ltd.	**Headquarters** (Shinjuku-ku, Tokyo)	1	Domestic non-life insurance	— (—)	49	60	150	79
Tokio Marine & Nichido Life Insurance Co., Ltd.	**Headquarters** (Chiyoda-ku, Tokyo)	94	Domestic life insurance	— (—)	593	673	2,195	1,246

(As of March 31, 2014)

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 & Nichido Financial Life Insurance Co., Ltd.	**Headquarters** (Suginami-ku, Tokyo)	—	Domestic life insurance	— (—)	0	0	120	102
Tokio Marine Millea SAST Insurance Co., Ltd.	**Headquarters** (Nishi-ku, Yokohama)	8	Domestic non-life insurance	— (—)	22	13	143	92

(3) Overseas subsidiaries

(As of March 31, 2014)

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 North America, Inc.	Headquarters (Wilmington, Delaware, U.S.A.)	2	International insurance	— (—)	191	773	300	257
Philadelphia Consolidated Holding Corp. and 9 other Group companies	Headquarters (Bala Cynwyd, Pennsylvania, U.S.A.)	48	International insurance	— (—)	166	636	1,516	824
First Insurance Company of Hawaii, Ltd. and 5 other Group companies	Headquarters (Honolulu, Hawaii, U.S.A.)	—	International insurance	— (—)	123	84	306	451
Tokio Marine America Insurance Company	Headquarters (New York, New York, U.S.A.)	—	International insurance	— (—)	—	—	—	572
Delphi Financial Group, Inc. and 18 other Group companies	Headquarters (Wilmington, Delaware, U.S.A.)	45	International insurance	260 (211,254)	1,822	1,354	2,173	—
Tokio Marine Kiln Group Limited and 15 other Group companies	Headquarters (London, U.K.)	5	International insurance	— (—)	53	348	372	116
Tokio Millennium Re (UK) Limited	Headquarters (London, U.K.)	—	International insurance	— (—)	51	74	37	79
Tokio Marine Underwriting Limited	Headquarters (London, U.K.)	—	International insurance	— (—)	—	—	—	—
Tokio Millennium Re AG	Headquarters (Zurich, Switzerland)	2	Domestic life insurance	— (—)	889	418	100	262
Tokio Marine Bluebell Re Limited	Headquarters (Douglas, Isle of Man)	—	International insurance	— (—)	—	0	—	—
Tokio Marine Asia Pte. Ltd.	Headquarters (Singapore, Singapore)	—	International insurance	— (—)	—	47	75	102
Asia General Holdings Limited	Headquarters (Singapore, Singapore)	—	International insurance	— (—)	—	—	—	—
Tokio Marine Insurance Singapore Ltd.	Headquarters (Singapore, Singapore)	1	International insurance	1,704 (296)	899	1,154	193	25
Tokio Marine Life Insurance Singapore Ltd.	Headquarters (Singapore, Singapore)	2	International insurance	1,700 (214)	981	96	210	17
Tokio Marine Insurans (Malaysia) Berhad	Headquarters (Kuala Lumpur, Malaysia)	23	International insurance	— (—)	13	358	990	227
Tokio Marine Life Insurance Malaysia Bhd.	Headquarters (Kuala Lumpur, Malaysia)	15	International insurance	718 (3,531)	2,348	263	429	9
Tokio Marine Seguradora S.A.	Headquarters (São Paulo, Brazil)	51	International insurance	423 (4,660)	206	718	1,555	398
Tokio Marine Financial Solutions Ltd.	Tokyo Branch (Chiyoda-ku, Tokyo)	—	Financial and general businesses	— (—)	0	35	11	73

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. Some buildings are being leased.

5. In addition to the preceding, main leased facilities are as follows:

Company name	Facility name	Carrying amount (Yen in millions)	
		Land (m^2)	Buildings
Tokio Marine & Nichido Fire Insurance Co., Ltd.	Osaka Tokyo Kaijo Nichido Building (Chuo-ku, Osaka)	4,132 (5,620)	3,544
	Tokyo Kaijo Nichido Building Shinkan (Chiyoda-ku, Tokyo)	— (2,887)	3,089
	SINO OMIYA South Wing (Omiya-ku, Saitama)	3,851 (2,686)	3,980
	Chugai Tokyo Kaijo Building (Naka-ku, Nagoya)	850 (1,740)	1,730
	OTEMACHI 1st SQUARE (Chiyoda-ku, Tokyo)	20 (1,354)	2,588
Nisshin Fire & Marine Insurance Co., Ltd.	Musashino Building (Musashino-shi, Tokyo)	292 (1,090)	215

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 (m^2)	Buildings
Tokio Marine & Nichido Fire Insurance Co., Ltd.	Tama Sogo Ground (Hachioji-shi, Tokyo)	6,705 (53,000)	702
	Shakujii Ground (Nerima-ku, Tokyo)	3,076 (14,860)	94
	Tateshina Sanso (Chino-shi, Nagano Pref.)	16 (6,700)	596
Nisshin Fire & Marine Insurance Co., Ltd.	Talk Heim Nisshin (Kita-ku, Saitama)	381 (3,536)	443

New Facility Construction and Elimination Schedule

None planned

Stock Information

Stock and Shareholder Information

Stock Information (As of July 1, 2014)

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 769,524,375 shares.

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.
(http://www.pronexus.co.jp/koukoku/8766/8766.html)
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 listing: Tokyo Stock Exchange

Matters for the General Meeting of Shareholders

The 12th General Meeting of Shareholders was held on June 23, 2014. 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, 2014 (April 1, 2013 to March 31, 2014)
2. Non-consolidated financial statements for the fiscal year ended March 31, 2014 (April 1, 2013 to March 31, 2014)

Proposals acted upon

1. Appropriation of Surplus
2. Election of Ten (10) Directors
3. Election of Three (3) Audit & Supervisory Board Members

The proposals have been approved as proposed.

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 Tokio Marine Group.

Based on this policy, taking various circumstances into consideration, the Company paid a year-end dividend of 40.00 yen per share for the fiscal year ended March 31, 2014.

The Company also paid an interim dividend of 30.00 yen per share, resulting in total dividends for the year of 70.00 yen per share. This was an increase of 15.00 yen per share compared with total annual dividends of 55.00 yen per share in the previous fiscal year.

Capital

Date	Equity capital
April 2, 2002	¥150 billion
March 31, 2014	¥150 billion

Stock Ownership Distribution

As of March 31, 2014, the number of shareholders was 87,685. The percentage of major stock ownership was 33.96% and 42.70% for financial institutions and foreign shareholders, respectively.

a. Types of shareholders

(As of March 31, 2014)

	Number of shareholder(s)	Number of shares	Shareholding ratio (%)
Government/Local government	1	500	0.00
Financial institutions	241	261,355,318	33.96
Financial instruments firms	61	13,074,091	1.70
Other domestic companies	1,770	64,588,552	8.39
Foreign shareholders	715	328,594,666	42.70
Individuals and others	84,896	99,604,734	12.94
Treasury stocks	1	2,306,514	0.30
Total	87,685	769,524,375	100.00

b. Breakdown by region

(As of March 31, 2014)

	Number of shareholders	Shareholders' ratio (%)	Number of shares	Shareholding ratio (%)
Hokkaido	1,200	1.37	2,847,061	0.37
Tohoku	1,999	2.28	3,473,181	0.45
Kanto	41,190	46.97	375,170,348	48.75
Chubu	13,561	15.47	22,525,573	2.93
Kinki	19,768	22.54	24,600,871	3.20
Chugoku	3,469	3.96	4,192,479	0.54
Shikoku	2,268	2.59	3,426,627	0.45
Kyushu	3,474	3.96	5,993,542	0.78
Overseas and others	756	0.86	327,294,693	42.53
Total	87,685	100.00	769,524,375	100.00

c. Breakdown by number of shares held

(As of March 31, 2014)

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)	208	264	166	1,328	2,648	22,491	19,163	26,321	15,096	87,685
Composition ratios to total number of shareholders (%)	0.24	0.30	0.19	1.51	3.02	25.65	21.85	30.02	17.22	100.00
Number of shares	597,552,990	61,268,773	11,775,871	23,610,752	17,154,947	41,981,945	10,700,072	4,904,783	574,242	769,524,375
Composition ratios to total number of shares (%)	77.65	7.96	1.53	3.07	2.23	5.46	1.39	0.64	0.07	100.00

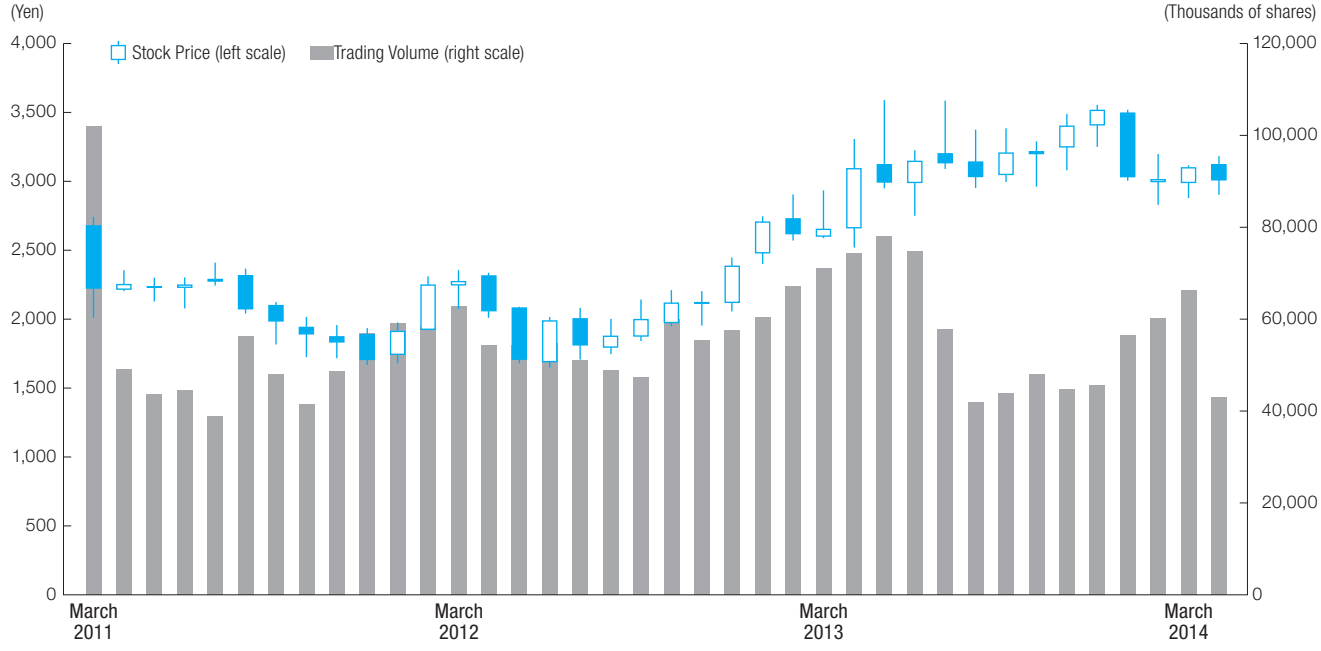
Top 10 Shareholders

(As of March 31, 2014)

Shareholders	Address	Number of shares held (thousand shares)	Composition ratios to total number of shares (%)
The Master Trust Bank of Japan, Ltd. (Trust Account)	11-3, Hamamatsucho 2-chome, Minato-ku, Tokyo	40,227	5.2
Japan Trustee Services Bank, Ltd. (Trust Account)	8-11, Harumi 1-chome, Chuo-ku, Tokyo	34,293	4.5
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)	15,779	2.1
The Bank of Tokyo-Mitsubishi UFJ, Ltd.	7-1, Marunouchi 2-chome, Chiyoda-ku, Tokyo	15,695	2.0
The Bank of New York Mellon SA / NV 10 (Custodian: The Bank of Tokyo-Mitsubishi UFJ, Ltd.)	Rue Montoyerstraat 46, Brussels, Belgium (7-1, Marunouchi 2-chome, Chiyoda-ku, Tokyo)	12,620	1.6
State Street Bank and Trust Company 505225 (Custodian: Mizuho Bank, Ltd. Settlement & Clearing Services Division)	P.O. Box 351, Boston, Massachusetts, U.S.A. (16-13, Tsukishima 4-chome, Chuo-ku, Tokyo)	12,541	1.6
Mitsubishi Heavy Industries, Ltd.	16-5, Konan 2-chome, Minato-ku, Tokyo	11,998	1.6
Tokai Nichido Employee Stock Ownership Plan	2-1, Marunouchi 1-chome, Chiyoda-ku, Tokyo	11,125	1.4
Moxley and Co. LLC (Custodian: The Bank of Tokyo-Mitsubishi UFJ, Ltd.)	4 New York Plaza, 13th Floor, New York, NY, U.S.A. (7-1, Marunouchi 2-chome, Chiyoda-ku, Tokyo)	11,100	1.4
JP Morgan Chase Bank 385632 (Custodian: Mizuho Bank, Ltd. Settlement & Clearing Services Division)	25 Bank Street, Canary Wharf, London, United Kingdom (16-13, Tsukishima 4-chome, Chuo-ku, Tokyo)	11,071	1.4

Note: Moxley and Co. LLC is the corporate nominee holder of common shares deposited for the issuance of ADRs.

Stock Price Range and Trading Volume



TOKIO MARINE

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