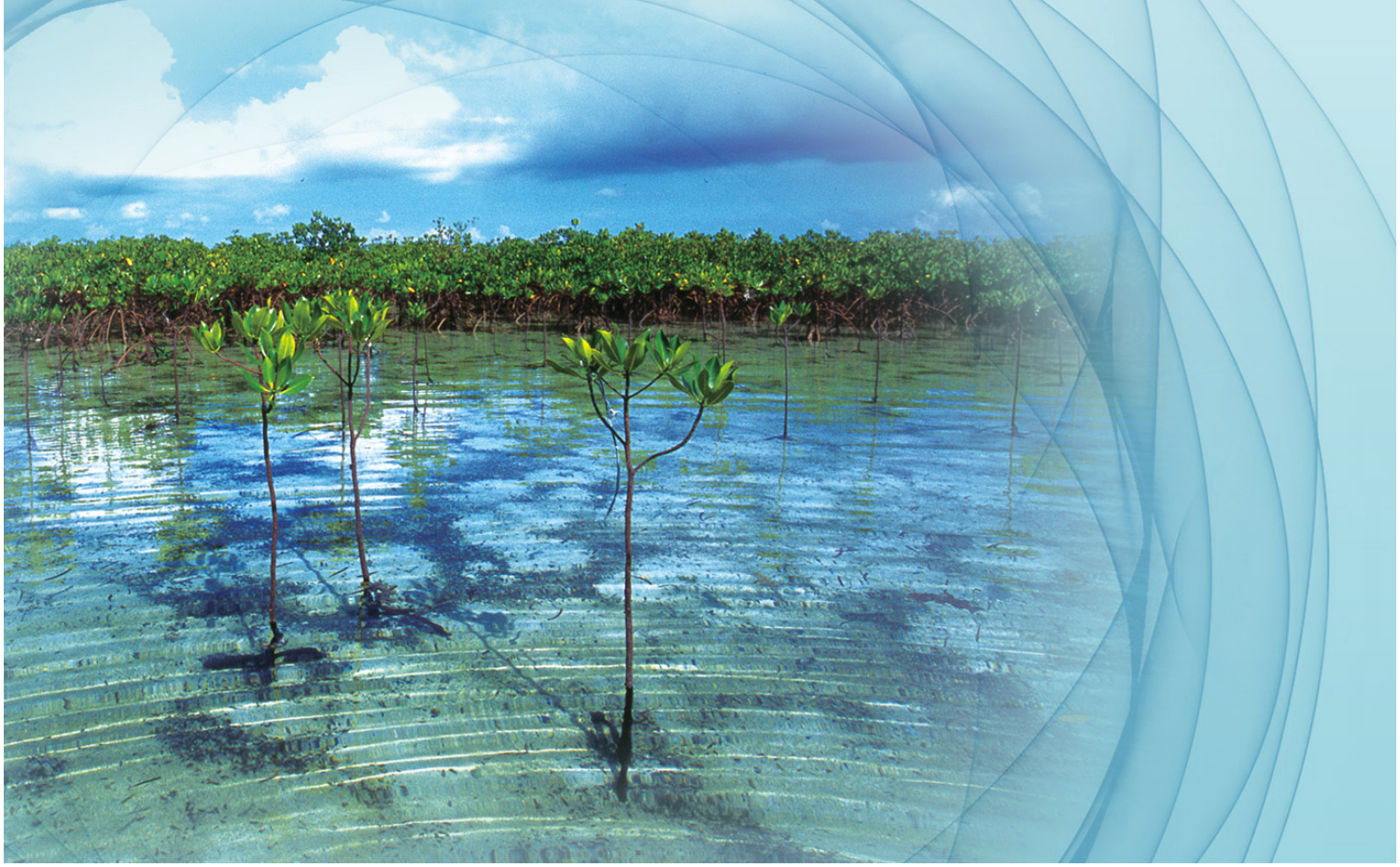
Tokio Marine Holdings, Inc.

Tokio Marine Group FY2011 Business Plan

June 2011



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FY2011 Business Plan

[Major subsidiaries and affiliates]

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FY2010 Consolidated Financial Results

Ordinary income (unit: billions of yen, except for %)

	FY2009 Results	FY2010 Results	Change	YoY
TMHD Consolidated (Ordinary income)	**3,570.8**	**3,288.6**	-282.1	-7.9%
TMHD Consolidated (Net premiums written)	2,292.9	2,272.1	-20.7	-0.9%
Tokio Marine & Nichido (Net premiums written)	1,736.0	1,742.7	6.6	0.4%
Nisshin Fire (Net premiums written)	131.8	134.0	2.1	1.7%
TMHD Consolidated (Life insurance premiums)	464.7	405.3	-59.4	-12.8%
TMN Life (Insurance premiums and other)	457.2	475.9	18.6	4.1%
TMN FL (Insurance premiums and other)	182.3	113.4	-68.9	-37.8%
Investment income	536.3	347.7	-188.6	-35.2%

Ordinary profit (unit: billions of yen, except for %)

	FY2009 Results	FY2010 Results	Change	YoY
TMHD Consolidated	**203.4**	**126.5**	-76.8	-37.8%
Tokio Marine & Nichido	147.4	145.7	-1.6	-1.1%
Nisshin Fire	6.4	2.5	-3.9	-60.8%
TMN Life	1.4	9.4	8.0	557.0%
TMN FL	-1.3	-2.3	-1.0	-
Overseas subsidiaries	82.1	60.2	-21.8	-26.6%
Adjustment relating to natural disasters	-	-33.4	-33.4	-
Financial and other business subsidiaries	-4.7	1.9	6.7	-

Net income (unit: billions of yen, except for %)

	FY2009 Results	FY2010 Results	Change	YoY
TMHD Consolidated	**128.4**	**71.9**	-56.4	-44.0%

[Ordinary income]

Decreased by 7.9% YoY, primarily due to a shift at TMNFL from a gain on separate accounts in FY2009 to a loss owing to a poor performance by domestic stock markets

○Net premiums written: Decreased by 0.9% YoY, despite revenue growth at two domestic non-life insurance companies, mainly in auto insurance and compulsory automobile liability insurance (CALI), mainly due to the significant impact of the yen's appreciation at overseas subsidiaries

○Life insurance premiums: Decreased by 12.8% YoY as a result of continuously taking a risk-restrictive marketing policy and trimming of its product lines from the third quarter at TMNFL in consideration of the financial market conditions, despite a steady increase in in-force policies at TMN Life and increased revenue at life insurance subsidiaries in Asia

[Ordinary profit/net income]

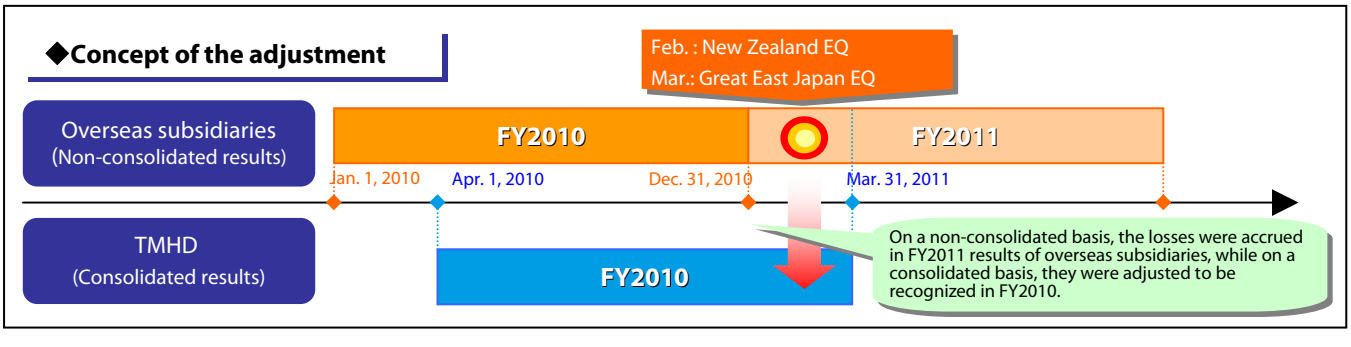
Due to the factors below, ordinary profit and net income decreased by 76.8 billion yen and 56.4 billion yen YoY to 126.5 billion yen and 71.9 billion yen, respectively.

○TMNF: Ordinary profit decreased due to a decline in underwriting profit/loss owing to a steep increase in incurred losses caused by the Great East Japan Earthquake, despite an increase in net investment income due primarily to an increase in gains on sales of securities.

○TMN Life: Increased due to a decline in funding of the additional provision because of the achievement of required accumulation for standard underwriting reserves

○Overseas subsidiaries: Decreased due to an increase in losses incurred from natural catastrophes such as the Chile earthquake in February 2010 as well as the New Zealand earthquake in September 2010

Losses accrued relating to the New Zealand earthquake in February 2011 and the Great East Japan Earthquake in March 2011 which were posted in the first quarter of the fiscal year 2011 (from January 1, 2011 to March 31, 2011) in non-consolidated results of overseas subsidiaries were adjusted to be recognized in our consolidated results for fiscal year 2010 (ended March 31, 2011).



FY2011 Consolidated Projections

Ordinary income (unit: billions of yen, except for %)

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

Ordinary profit (unit: billions of yen, except for %)

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

Net income (unit: billions of yen, except for %, except for %)

	FY2010 Results	FY2011 Projections	Change	YoY
TMHD Consolidated	**71.9**	**145.0**	73.0	101.6%

[Ordinary income]

Ordinary income is projected to increase by 1.9% YoY due to increases in net premiums written and life insurance premiums.

○Net premiums written: Projected 1.1% YoY increase primarily due to premium growth at Nisshin Fire and overseas subsidiaries despite an expected leveling off at TMNF

○Life insurance premiums: Projected 11.7% YoY increase primarily due to a steady increase in in-force policies at TMN Life and sales growth of a new product throughout FY2011 after having suspended sales of certain products at TMNFL in FY2010

[Ordinary profit/Net income]

Ordinary profit and net income are expected to increase by 93.4 billion yen and 73.0 billion yen YoY to 220.0 billion yen and 145.0 billion yen, respectively, mainly due to a decline in incurred losses from natural disasters, which are assumed to be at the same level as an average year.

○TMNF: Projected to increase primarily due to expectations of an average level of losses from earthquakes, typhoons and other natural disasters, and the expected release of catastrophe loss reserves as provisions for outstanding claims relating to the Great East Japan Earthquake are released as claim payments are made

○TMN Life: Projected to increase due to a decrease in the funding of additional reserves as a result of achieving required accumulation for standard underwriting reserves in FY2010

○Overseas subsidiaries: Expected to decline because recording consolidation adjustments for losses relating to the New Zealand earthquake in February 2011 and the Great East Japan Earthquake in March because those losses will be recognized in those subsidiaries' FY2011 results on a non-consolidated basis

On a consolidated basis, the same amount of loss was accrued in adjusted consolidated figures for the previous fiscal year. As a result, in FY2011, the adjusted amount will be reversed and income is therefore projected to increase on a base that includes the adjusted reversal amount at overseas subsidiaries.

[Exchange rates/Stock prices]

	As of March 31, 2010	As of March 31, 2011	As of March 31, 2012 (forecast)
Yen-dollar exchange rate	93.04 yen	83.15 yen	83.15 yen
Yen-pound exchange rate	140.40 yen	133.89 yen	133.89 yen
Nikkei Average	11,089 yen	9,755 yen	9,755 yen

FY2010 Results & FY2011 Projections of Adjusted Earnings

(unit: billions of yen)

	FY2008 Results	FY2009 Results	FY2010 Projections	FY2010 Results	Change to Revised Projections	FY2011 Projections	Change
Domestic non-life insurance	5.1	46.2	48.0	**20.4**	-27.6	**35.0**	14.6
Tokio Marine & Nichido	16.9	54.6	50.0	(*1) **23.7**	-26.3	(*2) **38.0**	14.3
Nisshin Fire	-10.7	0.2	2.0	**1.3**	-0.7	**2.0**	0.7
Other	-1.1	-8.6	-4.0	**-4.6**	-0.6	**-5.0**	-0.4
Domestic life insurance	-57.2	52.0	-2.0	**27.5**	29.5	**38.0**	10.5
TMN Life	-6.0	32.2	22.0	**49.2**	27.2	**39.0**	-10.2
TMN FL	-50.2	19.2	-24.0	**-20.9**	3.1	**-1.0**	19.9
Other	-0.9	0.5	0.0	**-0.8**	-0.8	**0.0**	0.8
International insurance	20.8	76.5	53.0	**24.8**	-28.2	**52.0**	27.2
Non-life insurance	23.2	69.7	52.0	**50.5**	-1.5	**23.0**	-27.5
PHLY	-	28.5	23.0	**23.1**	0.1	**22.0**	-1.1
North America	7.2	8.3	3.0	**5.0**	2.0	**2.0**	-3.0
Central and South America	-3.6	-6.1	0.0	**-0.6**	-0.6	**1.0**	1.6
Europe	0.6	1.1	1.0	**1.1**	0.1	**1.0**	-0.1
Asia	-0.5	5.2	5.0	**5.4**	0.4	**3.0**	-2.4
Reinsurance	13.0	21.9	12.0	**6.8**	-5.2	**-3.0**	-9.8
Kiln	6.9	10.5	8.0	**10.0**	2.0	**-3.0**	-13.0
Life insurance	-0.7	7.8	2.0	**3.0**	1.0	**2.0**	-1.0
Adjustment relating to natural disasters in 1Q FY2011	-	-	-	**-27.9**	-27.9	**27.9**	55.8
Financial & general businesses	-21.1	-9.4	1.0	**-0.7**	-1.7	**3.0**	3.7
Group total	-52.5	165.4	100.0	**72.0**	-28.0	**128.0**	56.0
Adjusted ROE (Group total)	-1.7%	5.8%	3.3%	**2.4%**	-0.9%	**4.4%**	2.0%

	Net income of Tokio Marine & Nichido for accounting purposes	+	Provision for catastrophe reserves, etc. net of taxes	+	Provision for price fluctuation reserves, net of taxes	−	Gains/losses on sale or evaluation of ALM bonds and interest rate swaps, net of taxes	−	Gains/losses on sale or evaluation of securities and properties held, net of taxes	−	Other extraordinary profits/losses and valuation reserves etc., net of taxes	=	Adjusted earnings of Tokio Marine & Nichido
(*1) FY2010 Results ▶	100.7		9.3		2.4		0.3		66.5		21.9		23.7 ◀
(*2) FY2011 Projections ▶	122.0		-18.9		2.4		3.0		41.1		23.4		38.0 ◀

(unit: billions of yen)

[Major factors of change] (Compared with FY2010 revised projections announced in Nov. 2010)

○ Domestic non-life: 20.4 billion yen, a decrease of 27.6 billion yen

・TMNF: 23.7 billion yen, a decrease of 26.3 billion yen compared with the revised projection due to a decline in underwriting profit owing to the impact of the Great East Japan Earthquake

○Domestic life: 27.5 billion yen, an increase of 29.5 billion yen

・TMN Life: 49.2 billion yen, an increase of 27.2 billion yen compared with the revised projection due to enhanced profitability, revised policy rates and a decline in ongoing costs associated with maintaining policies due to cost-cutting efforts

・TMNFL: -20.9 billion yen, an improvement of 3.1 billion yen compared with the revised projection, as investment conditions continued to be adverse, although better than expected

○International insurance: 24.8 billion yen, a decrease of 28.2 billion yen

・Amounted to 24.8 billion yen, down 28.2 billion yen compared with the revised projection, owing to recognition in FY 2010 of an adjustment of -27.9 billion yen related to the New Zealand and the Great East Japan earthquakes (which occurred between January and March 2011). Adjusted earnings from international insurance excluding this factor were 52.7 billion yen, almost equal to the revised projection.

(The following explanations by region and business do not take into consideration the aforementioned adjustment of -27.9 billion yen)

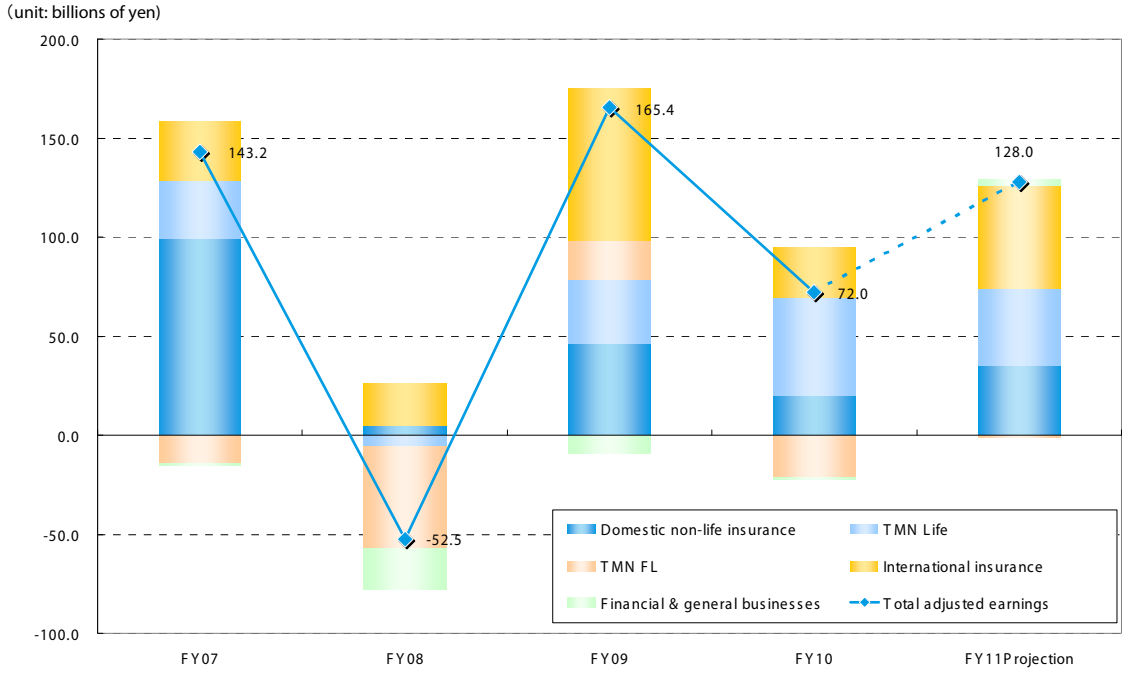
・Reinsurance: 6.8 billion yen, a decrease of 5.2 billion yen compared with the revised projection primarily due to loss related to natural catastrophes such as the New Zealand earthquake in September 2010 and the impact of lowering rates in response to soft market conditions

・Kiln: 10.0 billion yen, an increase of 2.0 billion yen compared with the revised projection mostly due to an expansion in underwriting by utilizing the capacity of the Group's 100%-owned Lloyd's Syndicate, an increase in investment income and the reversal effect of foreign exchange loss recognized in the previous fiscal year

○Financial and other general businesses: -0.7 billion yen, a decrease of 1.7 billion yen

・Total of -0.7 billion yen, down 1.7 billion yen compared with the revised projection, primarily due to recognition of extraordinary losses mainly from the impairment loss related to nursing-care facilities of Tokio Marine Nichido Samuel

Adjusted Earnings Trend



[Major factors for the projected change] (Comparison with FY2010 results)

〇Domestic non-life: 35.0 billion yen, an expected increase of 14.6 billion yen YoY

・TMNF: 38.0 billion yen, an expected increase of 14.3 billion yen YoY primarily due to the reversal effect of the impact of the Great East Japan Earthquake in the previous fiscal year

〇Domestic life: 38.0 billion yen, an expected increase of 10.5 billion yen YoY

・TMN Life: 39.0 billion yen, forecast to be down 10.2 billion yen YoY due to the reversal effect of positive factors particular to FY2010 such as a reduction in ongoing costs associated with maintaining policies, despite continued steady growth expected

・TMNFL: -1.0 billion yen, forecast to be up 19.9 billion yen YoY due to the reversal effect of deterioration in the investment environment in FY2010

〇International insurance: 52.0 billion yen, an expected increase of 27.2 billion yen YoY

・52.0 billion yen, forecast to be up 27.2 billion yen YoY primarily due to the reversal of loss related to natural disasters (+27.9 billion yen) adjusted to be recognized in FY2010

(The following explanations by region and business do not take into consideration the aforementioned reversal of the adjusted amount for loss recorded in FY2010 (+27.9 billion yen))

・Reinsurance: -3.0 billion yen, forecast to be down 9.8 billion yen YoY primarily due to large natural catastrophe losses (floods in Australia in January, the New Zealand earthquake in February and the Great East Japan Earthquake in March)

・Kiln: -3.0 billion yen, an expected decrease of 13.0 billion yen YoY owing to the same factor described for reinsurance

〇Financial and other general businesses

・3.0 billion yen, an expected increase of 3.7 billion yen YoY, mainly due to the reversal effect of negative factors in FY2010

Impact of The Great East Japan Earthquake

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

Impact related to Residential Earthquake Insurance

[Domestic non-life businesses in total]

Incurred losses (primary) in FY2010 and FY2011
approx. 200 billion yen (forecast)

- **Reinsurance system by Japanese government**
- **Reversal of reserves for residential earthquake**

Impact on FY2010 results	Impact on FY2011 results
No impact offset by reversal of reserves for residential earthquake	**No impact** offset by reversal of reserves for residential earthquake

Impact excluding Residential Earthquake Insurance

[Domestic non-life businesses in total]

Incurred losses (primary) in FY2010
approx. 150 billion yen

- **Adequate risk control through reinsurance**
- **Reversal of catastrophe loss reserves**

Impact on FY2010 results	Impact on FY2011 results
Incurred losses (net) approx. 83 billion yen	reversal of catastrophe loss reserves approx. 42 billion yen

[Estimated amount of insurance claim payments (net) related to the Great East Japan Earthquake and impact on Profit/Loss]

○Impact on group (total non-life worldwide)

・Recorded 91.5 billion yen in incurred losses (net) on a private insurance basis excluding residential earthquake insurance in FY2010

・Estimate 42.0 billion yen of reversal of catastrophe loss reserves in domestic non-life business in FY2011

・Forecast impact of earthquake over two fiscal periods to total -49.5 billion yen

○Impact on domestic non-life insurance businesses

・Impact on FY2010 results: -83.2 billion yen due to recording incurred losses (net) of 81.9 billion yen at TMNF and 1.2 billion yen at Nisshin Fire

・Impact on FY2011 results: Forecast +42.0 billion yen due to reversal of catastrophe loss reserves based on the shift from outstanding claims in FY2010 to making payments in FY2011

○Impact on international insurance businesses

・-8.2 billion yen resulting from incurred losses (net) of 8.2 billion yen in FY2010 mainly due to assumed reinsurance at Kiln

[Impact on non-life worldwide (Excluding residential earthquake insurance)]

(unit: billions of yen)

	FY2010				FY2011			Impact on FY2010 and FY2011 full-year
	Incurred losses (net)	Provision for Outstanding claims	Reversal of catastrophe loss reserve	Impact on results	Incurred losses (net)	Reversal of catastrophe loss reserve	Impact on results	
Domestic non-life	83.2	82.9	-	-83.2	-	42.0	+42.0	-41.2
Tokio Marine & Nichido	81.9	81.6	-	-81.9	-	42.0	+42.0	-39.9
Nisshin Fire	1.2	1.2	-	-1.2	-	-	-	-1.2
Overseas subsidiaries	8.2	8.2	-	-8.2	-	-	-	-8.2

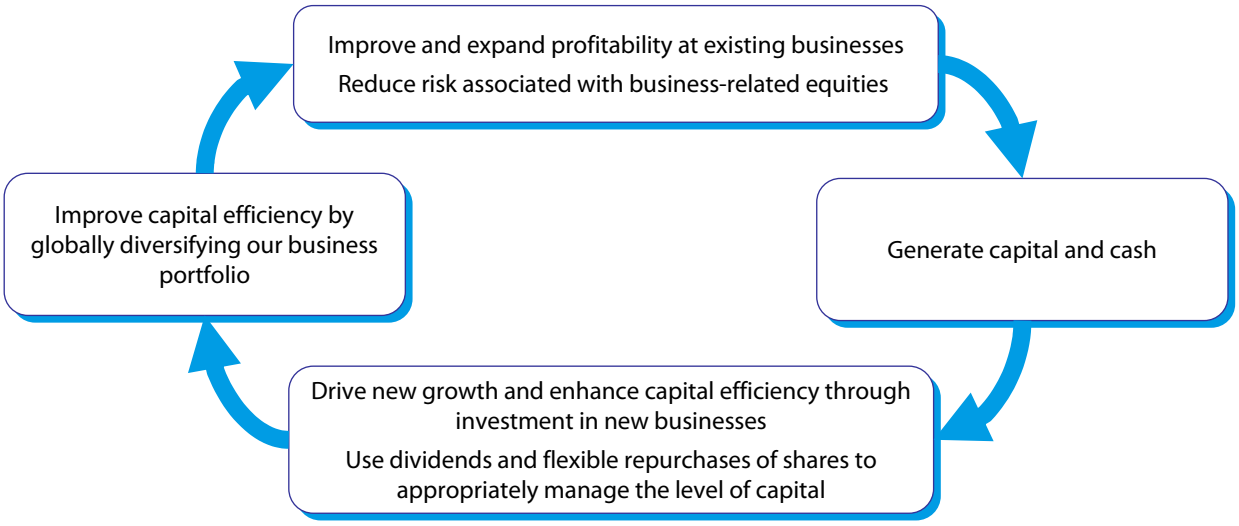
Group Business Strategies - Overview

Expand Profit

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

Improve Capital Efficiency

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



[Key tasks by business domain]

○Domestic non-life

- Enhance profitability of auto insurance through product renovation and rate revision and other measures intended to more-than compensate for a rising loss ratio
- Achieve further growth by increasing sales of new policies with features such as Super Insurance, and strengthening the sales base

○Domestic life

- Leverage the Group's strong non-life insurance sales channels and enhance cross-marketing of life and non-life insurance to improve profitability and sustain growth (TMN Life)
- Improve business efficiency emphasizing risk control (TMNFL)

○International insurance

- Aim for expanded revenue and profit with disciplined underwriting, amid a possible cyclical improvement after a series of recent natural catastrophe losses (Europe/U.S. commercial and reinsurance)
- Aim for greater revenue and profit through a diversity of sales networks, in line with solid market growth (Non-life and life in Asia/emerging markets)

○Asset management

- Enhance profit growth within an acceptable range of risk tolerance reflecting the characteristics of insurance liabilities of each group company under our global risk management structure

○Enterprise risk management (ERM)

- Maintain financial soundness with adequate control between net asset value and risk
- Improve profitability (capital efficiency) by diversifying various kind of business portfolio geographically

○Capital management and return to shareholders

- Efficiently maintain and make use of capital by both allocating capital to new business investments and maintaining financial soundness, which is our main source of strength as an insurance group
- Enhance shareholder returns with steadily growing dividends and flexible share repurchases

Domestic Non-Life (1)
TMNF FY2011 Projections

(unit: billions of yen, except for %)

	FY2010 Results	FY2011 Projections		
			Change	YoY
Underwriting profit / loss	-31.1	**49.0**	80.1	-257.5%
Net premiums written	1,742.7	**1,743.0**	0.2	0.0%
Net claims paid	-1,094.2	**-1,300.5**	-206.3	18.9%
Decrease in funding of provision for outstanding claims	-83.2	**100.8**	184.0	-221.1%
Decrease in funding of Catastrophe loss reserves	-14.6	**29.6**	44.2	-302.1%
Investment income (net)	203.7	**149.2**	-54.4	-26.7%
Interest and dividends	137.6	**129.3**	-8.3	-6.1%
Gains and losses on sales of securities	119.6	**74.0**	-45.6	-38.1%
Ordinary profit	145.7	**173.0**	27.2	18.7%
Extraordinary gains / losses	-15.9	**-6.6**	9.3	-58.5%
Net income	100.7	**122.0**	21.2	21.1%
Loss ratio	67.5%	**79.6%**	12.1%	
Expense ratio	33.5%	**33.2%**	-0.3%	
Combined ratio	101.0%	**112.8%**	11.9%	

※Plus and minus of the figures in the above table correspond to positive and negative to profit

[Underwriting profit]

○Net premiums written (NPW): Projected to remain almost unchanged YoY at 1,743.0 billion yen, despite expectations that rate revisions for CALI will lead to revenue growth because of an expected decline in revenue in other lines owing to the effects of the Great East Japan Earthquake

○Underwriting profit/loss: Projected to increase by 80.1 billion yen YoY to 49.0 billion yen. This is due to an expected significant decline in losses incurred from natural disasters, based on forecasts of an outlook of an average losses incurred from natural disasters for the year, combined with the reversal of catastrophe loss reserves in line with a shift from having outstanding claims to making payments related to the earthquake

[Investment income (net)]

○Projected to decrease by 54.4 billion yen YoY to 149.2 billion yen due to expected declines in interest and dividend income and in gains on sales of securities

[Net income]

○Projected to increase by 21.2 billion yen YoY to 122.0 billion yen as the increase in underwriting profit exceeds the decrease in net investment income

[NPW projections by line]

・Fire: Forecast to be unchanged YoY, despite increased premiums from Super Insurance owing to growth in sales, because of a decrease in premiums for residential earthquake insurance resulting from a decrease in the liability of private insurers in relation to the reinsurance scheme

・Marine: Down 1.3% YoY primarily due to deterioration in the trade and shipping environment owing to the Great East Japan Earthquake

・P.A.: Down 2.2% YoY primarily due to the forecast impact of non-claim returns of long-term third sector insurance policies that will reach their initial maturities

・Auto: Down 0.5% YoY mainly due to the repercussion from the Great East Japan Earthquake

・Other: Down 1.3% YoY mainly due to the reversal effect of major temporary contracts recorded in the previous fiscal year

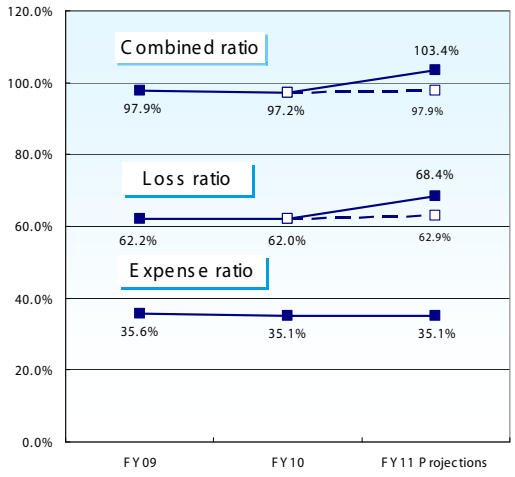
(unit: billions of yen, except for %)

	FY2010 Results	FY2011 Projections	
			YoY
Fire	219.1	**219.0**	**-0.0 %**
Marine	59.6	**58.8**	**-1.3 %**
P.A.	148.3	**145.1**	**-2.2 %**
Auto	850.8	**846.2**	**-0.5 %**
CALI	218.4	**230.6**	**5.6 %**
Other	246.3	**243.0**	**-1.3 %**
Total	1,742.7	**1,743.0**	**0.0 %**

Domestic Non-Life (2)
TMNF Combined Ratio

[Trend in combined ratios]

(Private insurance excluding CALI and residential earthquake insurance: W/P base)



*The dotted line represents figures excluding paid claims for the Great East Japan Earthquake.

[Private insurance W/P (Written Paid) basis] (unit: billions of yen, except for %)

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

*Including loss adjustment expenses

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

Combined ratio		97.1%	-0.7%	97.9%	0.8%
Loss ratio		62.0%	-0.2%	62.9%	0.9%
Expense ratio		35.1%	-0.5%	35.1%	-0.1%

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

Loss ratio	60.7%	66.2%	5.5%		
Loss ratio (excl. incurred claims for the Earthquake)		60.8%	0.1%		

[Loss ratio (Private insurance W/P basis)]

○FY2010: Declined by 0.2 point to 62.0%, despite an increase in net claims paid in auto insurance, due to a decrease in net claims paid for fire, marine and other lines following the reversal effect of Typhoon No. 18 in the previous fiscal year

(The majority of incurred losses related to the Great East Japan Earthquake were recorded in outstanding claims, which is not included in net claims paid)

○FY2011: Expect an increase of 6.3 points to 68.4% mainly due to a shift from outstanding claims to payments related to the Great East Japan Earthquake. (Excluding the impact of the earthquake, the loss ratio is projected to increase by 0.9 point to 62.9% mainly due to an expected average losses from natural disasters for the year)

[Expense ratio]

○FY2010: Improved by 0.5 point to 35.1% primarily due to a decrease in business expenses through cost-cutting efforts (to lower IT costs by shortening system development lead-time and promoting in-house work, and to narrow down the number of forms), and a decrease in commissions and brokerage fees, and also because of an increase in net premiums written

○FY2011: Forecast a 0.1 point improvement to 35.1% due to a reduction in personnel expenses and commissions, although costs associated with the earthquakes and IT costs aside from the Business Renovation Project are expected to push up non -personnel expense ratio

[Combined ratio]

○FY2010: Improved by 0.7 point to 97.2% as both the loss ratio and expense ratio improved

○FY2011: Expect to increase by 6.3 points to 103.4%, despite an expected improvement in expense ratio, mainly due to an increase in the loss ratio owing to insurance claim payments related to the earthquake. (Excluding the impact of the earthquake, the combined ratio is projected to increase by 0.8 point YoY to 97.9%)

[All lines combined ratio W/P basis] (unit: billions of yen, except for %)

	FY09	FY10		FY11 Projections	
			YoY		YoY
Combined ratio	101.9%	101.0%	-0.9%	112.8%	11.9%
Loss ratio	67.9%	67.5%	-0.4%	79.6%	12.1%
Net claims paid*	1,178.4	1,176	-2.4	1,387.6	211.6
Expense ratio	34.0%	33.5%	-0.5%	33.2%	-0.3%
Expenses total	590.5	583.4	-7.0	579.1	-4.2
Corporate expense ratio	16.5%	16.2%	-0.3%	16.7%	0.5%
Corporate expenses	286.0	282.5	-3.4	291.7	9.1
Agency commission ratio	17.5%	17.3%	-0.3%	16.5%	-0.8%
Agency commissions	304.4	300.9	-3.5	287.4	-13.4

*Including loss adjustment expenses

[All lines combined ratio W/P basis (exclding the impact of the EQ)]

	FY09	FY10		FY11 Projections	
			YoY		YoY
Combined ratio		100.9%	-1.0%	101.0%	0.0%
Loss ratio		67.5%	-0.4%	67.8%	0.3%
Expense ratio		33.5%	-0.5%	33.2%	-0.3%

Domestic Non-Life (3)
Measures to Improve Profitability of Auto Insurance

- Expect an improvement in underwriting profit of approx. 14.0 billion yen by realizing the benefits of consistent product improvements and rate revisions implemented in FY2009 and FY2010
- The following measures will be implemented in FY2011 to improve profitability in auto insurance

1. Continue to undertake measures to improve our bottom line
2. Revise rates in January 2012 (decide the level of changes this summer based on latest results)

Measures to improve profitability in FY2011

	Factors behind profit deterioration	Initiatives to improve profitability
Increase in risk	Increase in unit repair costs	Promote use of recycled parts Improved decision making on necessity of parts replacement
Increase in risk	Increase in frequency of accidents	Detailed assessment of underwriting and introduction of owner deductibles for high loss ratio accounts Promote accident reduction programs in fleet contracts
Decrease in premiums	Overall market stagnation (decline in revenue for corporate expense)	Improve renewal ratio Cultivate new fleet contracts using accident reduction support
Decrease in premiums	Decrease in per-auto premium mainly due to development of grade discounts	Revise rate in January 2012 ・Introduce "age-based premiums" Advance mid- to long-term initiatives to improve structural factors

→ Improving profitability

[Trend in loss ratio for auto insurance]

Loss ratio	FY09	FY10	FY11 (projection)
W/P basis	69.8%	71.0%	70.8%
(Reference) E/I basis	68.8%	70.4%	

・Negative factors behind increasing claim payments, such as a steep rise in traffic volume in the summer and heavy snow in the winter of FY2010 are assumed to be temporary ones, are expected to return to normal levels.

・On the other hand, accident frequency is expected to increase in line with an expected increase in traffic volume based on forecasts of economic recovery in the second half of the fiscal year, with some uncertainty about the repercussions of the earthquake.

[Recent product and rate changes plus profit growth per FY]

(unit: billions of yen)

Revision	FY09	FY10	FY11 projection	FY12 projection	FY13 projection
July 2009	6.0	13.0	1.0		
July 2010		6.0	13.0	1.0	
Total		19.0	14.0	1.0	
January 2012 (scheduled)			Decide the details this summer in light of the latest results		

[Initiatives to reduce unit repair costs]

・Per-unit repair costs have been trending down due to realizing the benefits of prior initiatives, and an increase in minor accidents

・Continue taking initiatives to reduce unit repair costs in order to improve profit

[Initiatives to reduce accidents]

・Further promote owner deductibles for high loss-ratio accounts

・Making the best use of an accident reduction program offered by Tokio Marine & Nichido Risk Consulting

[Expanding top-line]

・Increased renewal ratio in FY2010 by 0.3 point YoY by contacting customers early in the renewal process and promoting Super Insurance

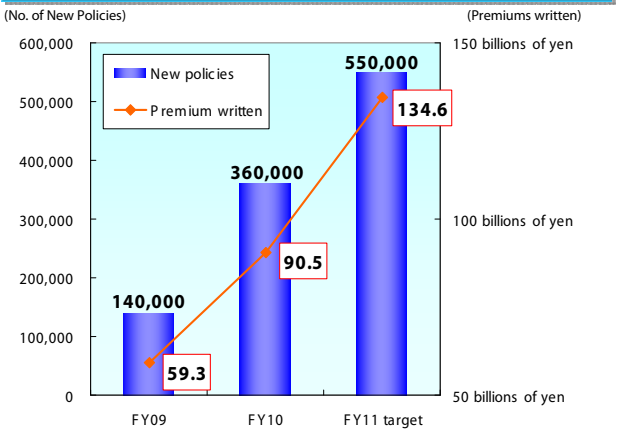
・Concluded contracts with 374 companies (approx. 1.5 billion yen) by cultivating new fleet customers using the accident reduction program of TMN Risk Consulting

Domestic Non-Life (4)
TMNF Growth Strategy

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

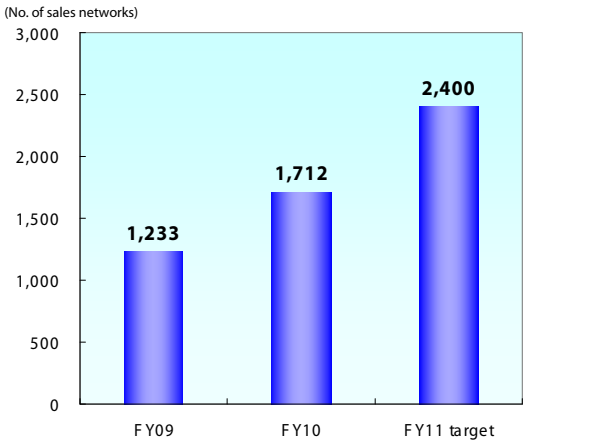
Realizing sustainable growth without depending on market growth

Super Insurance: Trend in new policies & premiums written*



*Managerial accounting basis (life and non-life total)

Trend in new sales networks



[Revenue growth through promoting Super Insurance]

(Managerial accounting basis, unit: billions of yen)

	FY2009	FY2010	FY2011 target
Effect of increased revenue by Super Insurance (total)	5.7	9.5	13.7
Contribution to life insurance (first & third sectors)	1.7	3.8	5.3

[Trend in shift to Super Insurance]

	FY2009	FY2010	FY2011 target
Component ratio of Super Insurance in professional agency channel	15.3%	28.3%	35.0%

[Reference data]

<Effects in Non-life Insurance>

	Super Insurance	Other Insurance
Policy renewal ratio*1	94.3%	89.7%
Effect on acquisition of new accounts for auto insurance*2	127	100

*1. Ratio of accounts reaching maturity × renewal ratio

*2. Percentage of new accounts for general auto insurance used as standard of 100

<Synergy Effects with Life Insurance>

	Super Insurance prior to revision (Apr. – Jul. 2010)	Super Insurance post revision (Aug. 2010 – Mar. 2011)
Percentage shifted to Super Insurance*3	14.5%	33.0%
Premium growth rate*4	105.4%	109.9%

*3. Composition ratio of Super Insurance in new sales of third-sector at TMN Life

*4. Growth rate of new-sales premiums of third sector at TMN Life

[Sales networks newly established]

- Increased revenue in FY2010 from new agents established in FY2009-2010: 3.1 billion yen
- Trainees at agents*5: Employed 768 people in FY2010 (up 28.9% YoY) through use of an information-gathering system on candidates with potential as sales agents

*5. Counted as additional to the number of agents shown on this slide

Domestic Non-Life (5)
Nisshin Fire FY2011 Projections

(unit: billions of yen, except for %)

	FY2010 Results	FY2011 Projections		
			Change	YoY
Underwriting profit / loss	-5.8	**0.3**	6.1	-
Net premiums written	134.0	**136.1**	2.0	1.5%
Net claims paid	81.5	**89.3**	7.7	9.5%
Decrease in funding of provision for outstanding claims	-5.3	**0.9**	6.3	-
Decrease in funding for catastrophe loss reserves	-0.6	**-0.0**	0.5	-
Investment income (net)	8.5	**5.2**	-3.2	-38.1%
Interest and dividends	5.5	**5.0**	-0.5	-9.4%
Gains and losses on sales of securities	6.2	**3.0**	-3.2	-52.1%
Ordinary profit	2.5	**5.0**	2.4	98.6%
Extraordinary gains / losses	-0.3	**-0.2**	0.1	-
Net income	1.5	**2.7**	1.1	77.6%
Loss ratio	66.2%	**71.9%**	5.7%	
Expense ratio	37.3%	**35.8%**	-1.6%	
Combined ratio	103.5%	**107.7%**	4.1%	

<Private insurance basis>

Loss ratio	62.2%	**62.2%**	0.0%	
Expense ratio	38.5%	**36.7%**	-1.8%	
Combined ratio	100.6%	**98.9%**	-1.7%	

※Plus and minus of the figures in the above table correspond to positive and negative to profit

[Underwriting profit]

○ Net premiums written are expected to be up 1.5% YoY owing to the beneficial effects, concentrated in auto insurance, of revising premium rates in April 2011.

○ Underwriting profit is expected to be up 6.1 billion yen YoY to 0.3 billion yen owing to lower corporate expenses through increased operational efficiency, an improved expense ratio through the application of new commission rates, and a smaller provision to be made for private insurance claims reserves when compared to provisions required due to the Great East Japan Earthquake, as well as being the result of premium growth.

[Investment income (net)]

○ Expected to be down 3.2 billion yen YoY to 5.2 billion yen primarily due to lessened gains on sales of securities

[Net income]

○ Expected to be up 1.1 billion yen YoY to 2.7 billion yen as the increase in underwriting profit outweighs the decrease in net investment income

[Loss ratio (private insurance basis)]

○ Expected to be almost flat to 62.2% due to higher claims mainly in auto insurance, although net premiums written are expected to increase

[Expense ratio (private insurance basis)]

○ Expected to improve by 1.8 points to 36.7% owing to the effects of the reduction of personnel and non-personnel expenses associated with the achievement of higher operating efficiency and the application of new agent commission rates, as well as increase in net premiums written

[Projections of net premiums written by lines]

・Fire: Expected to be flat
・Auto: Expected to increase owing to distribution channel improvements, mainly the result of new agents, and the upward revision of premium rates
・CALI: Expected to increase owing to distribution channel improvements, mainly the result of new agents, and the upward revision of premium rates

(unit: billions of yen, except for %)

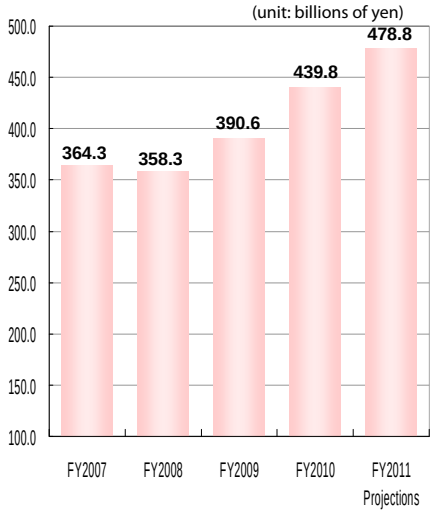
	FY2010 Results	FY2011 Projections	
			YoY
Fire	23.3	**23.4**	**0.2 %**
Marine	0.0	**0.0**	**30.7 %**
P.A.	9.6	**9.4**	**-1.9 %**
Auto	75.9	**77.4**	**2.1 %**
CALI	16.7	**17.2**	**3.2 %**
Other	8.3	**8.5**	**1.7 %**
Total	134.0	**136.1**	**1.5 %**

Domestic Life (1)
TMN Life FY2011 Projections

- EV is expected to steadily increase to 478.8 billion yen (up 39.0 billion yen from the end of FY2010)
- Standard underwriting reserves of 100% achieved in FY2010 and net income of 11.3 billion yen is projected in FY2011
- ANP of in-force policies are expected to be up 3.8% YoY with further growth potential

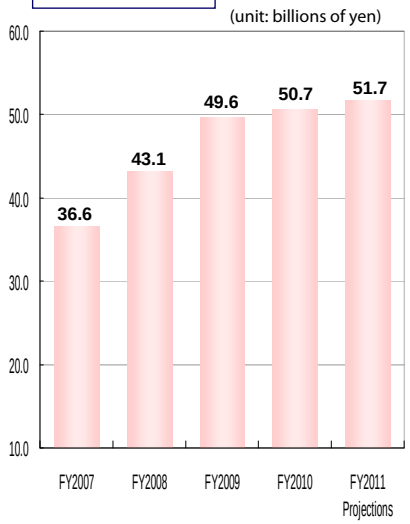
EV

EV as at the end of the fiscal year

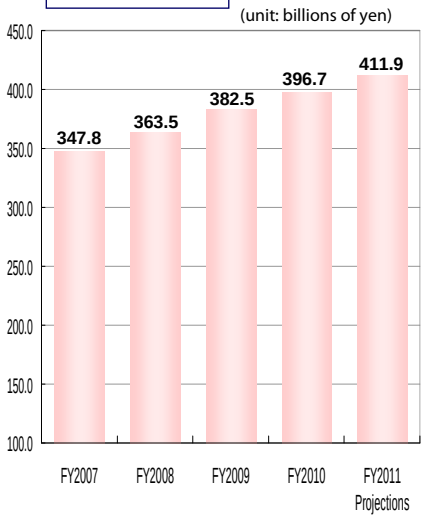


Annualized Premiums (ANP)

New policies



In-force policies



(unit: billions of yen)

	FY2007	FY2008	FY2009	FY2010			FY2011 Projections
				Interim projections	Results	Results - Interim projections	
EV as at the end of the fiscal year	364.3	358.3	390.6	412.6	439.8	27.2	478.8
Change in EV excluding capital increase	29.1	-6.0	32.2	22.0	49.2	27.2	39.0
Change in EV (*)	25.3	20.6	28.2	30.0	35.0	5.0	39.0
ANP of new policies	36.6	43.1	49.6	51.0	50.7	-0.3	51.7
ANP of in-force policies	347.8	363.5	382.5	392.0	396.7	4.7	411.9

(*) excluding the effects of changes in interest rates and underlying assumptions

[Change in EV]

○ Change in EV for FY2010 reached 49.2 billion yen, significantly exceeding the interim projections thanks to top-line growth and improved business efficiency (including the effect of changes in assumptions).

○ Change in EV for FY2011 is expected to be 39.0 billion yen after taking into account the effect of the expected top-line decrease owing to the Great East Japan Earthquake. EV is expected to have steadily increased to 478.8 billion yen at the end of the fiscal year.

[Annualized premiums (FY2011 projections)]

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

[Projections on a financial accounting basis]

(unit: billions of yen)

	FY2009	FY2010	FY2011 Projections	
				Change
Ordinary income	523.1	553.4	575.5	22.1
Insurance premiums and other	457.2	475.9	497.6	21.7
Ordinary profit	6.8	19.4	27.3	7.9
Net income	0.0	5.2	11.3	6.0
Core operating profit	5.1	14.4	22.8	8.4

○ Posted net income of 5.2 billion yen in FY2010 after achieving 100% required accumulation of standard underwriting reserves (Also, accumulated losses were eliminated)

○ Net income of 11.3 billion yen is expected for FY2011 as insurance premiums and other are expected to be up 21.7 billion yen YoY to 497.6 billion yen supported by the growth of in-force policies.

Domestic Life (2)
TMN Life Business Strategy

- Aiming for top-line growth driven by new products and further cultivation of the non-life customer market
- Improving further profitability by raising business efficiency and reducing costs
- Realizing sustainable growth of top-line with profitability and bottom-line

Product & service strategy

Aiming for top line growth driven by new products

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

Channel strategy

Non-life agents	Life partners	Life professionals / Bancassurance
Integrated approach through a combined life and non-life sales network Promote "Super Insurance"	Expand tie-up sales to the customer base of non-life agents	Expand the agent network and increase market share

Pursue higher business efficiency

Renovate operating processes & implement cost reduction measures

Promote cashless transactions	Promote sales accounting based on data transmission from agents	Establish a central processing system for administrative tasks

[Product and service strategies]

○ Top-line growth by launching competitive new products designed to capture expanding and diversifying market needs and by improving flagship products

○ Further sales growth through the promotion of multi-purpose "long-life support whole life", built in Super Insurance and targeted to the nursing-care market

[Channel strategies]

○ Non-life insurance agents

・ Enhance the network of agents capable of consulting sales combining life and non-life products by further establishing our "integrated approach" and promoting sales of Super Insurance

○ Life partners or "LP"

・ Accelerate hiring to achieve a network of 800 LPs and expand tie-up sales to the customer base of non-life agents by sharing successful business models

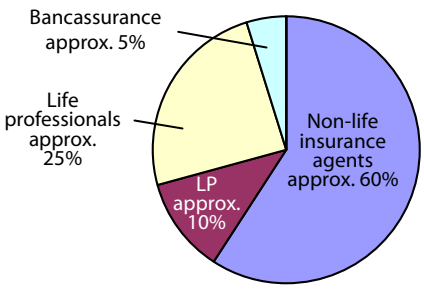
○ Life professionals

・ Increasing the number of new agents and increasing market share by existing agents through the promotion of new products

○ Bancassurance

・ Building a constant sales base focused on consulting-type products distinct from saving-type products

Channel weight (FY2010)



(Managerial accounting basis)

Performance by channel (YoY)

	FY2010
Non-life agents	+26%
Life partners	+17%
Life professionals	+4%
Bancassurance	-33%
Total	+14%

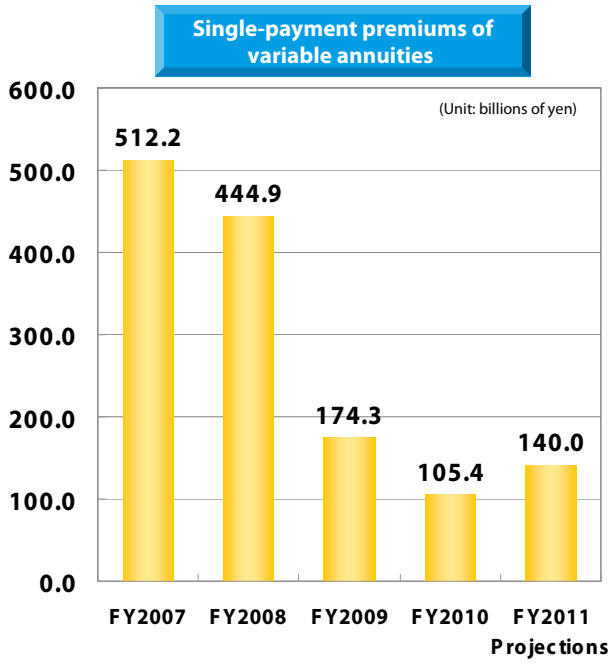
(Managerial accounting basis)

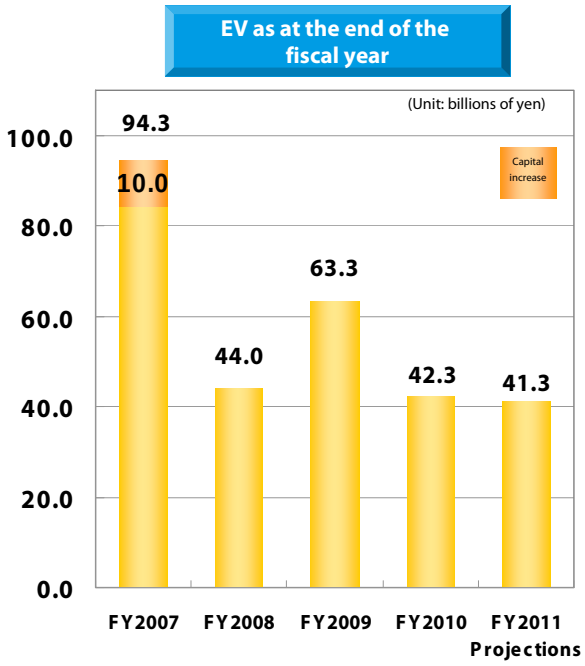
[Pursue higher business efficiency]

○ Promoting cashless transactions such as by having initial premium payments made via bank transfer or credit card, increasing our accounting for sales through the use of electronic data from insurance applications prepared by agents (sales accounting based on data sent from agents), and cutting costs through higher efficiency by establishing a central processing system for administrative tasks, as well as by strengthening the sales capability of individual sales offices.

Domestic Life (3)
TMNFL FY2011 Projections

- Single-payment variable annuities (VA) premiums: 140 billion yen
- EV at the end of FY2011: 41.3 billion yen, down 1.0 billion yen YoY





[Business strategy for FY2011]

○ Product development and sales strategy

- Single-payment variable annuities (VA) premiums remain at low levels as we are no longer in a position to be able to aggressively promote products with minimum guarantee, despite their strong track record of sales, given the subsequent changes in the business environment
- From this perspective, we will promote variable annuity products with low guarantee levels that we launched in February 2011. With these products, we will maintain a risk-restrictive sales stance, while striving to maintain and strengthen our relationships with financial institutions.
- Continue to develop and distribute variable annuity products that can be consistently promoted regardless of the direction of the market, in order to develop a product line-up that can effectively respond to changes in the market

○ Profitability improvement

- Further cut operating expenses to meet the challenging business environment by reassessing business processes and costs
- Support sales of bancassurance financial products developed by other group companies while marketing TMN Life products at its wholesale agents

[Reference]
FY2011 Business Projections (Financial accounting basis)

Ordinary income	150.4 billion yen
Insurance premiums and other	148.2 billion yen
Ordinary profit	0.0 billion yen
Net income	0.0 billion yen
Core operating profit	-0.6 billion yen

[FY2011 projections]

(unit: billions of yen)

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

International Insurance Business (1)
Business Strategy and FY2011 Projections

Europe/U.S. Commercial and Reinsurance	Non-life and Life in Asia/Emerging Markets
Aim for expanded revenue and profit with disciplined underwriting, amid a possible cyclical improvement due to the recent series of natural catastrophe losses.	Aim for expanded revenue and profit through a diversity of sales networks, in line with solid market growth.

With respect to Japanese related business, aim for expanded revenue and profit by enhancing our ability to respond to the needs of Japanese corporates as they further globalize their business.

Implement these strategies and continue seeking M&A opportunities as well as organic growth

【FY2011 projections】

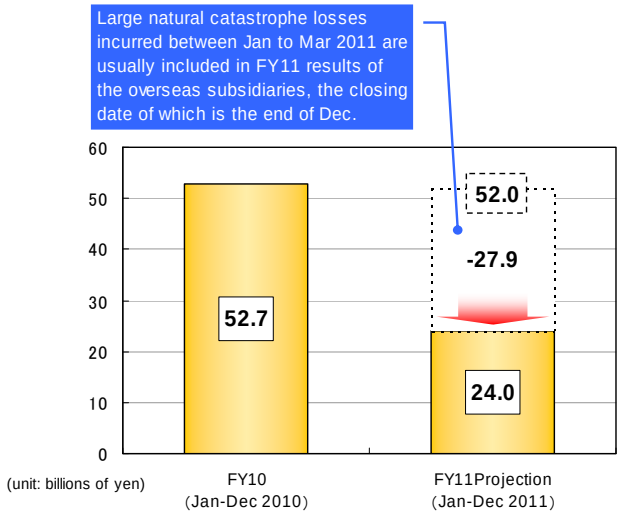
○Net premiums written: 577.0 billion yen (YoY: +50.5 billion yen, +10%)
NPW are expected to increase by 10% mainly driven by marketing efforts, along with solid economic growth in Asia and other emerging markets and economic recovery in Europe and the U.S.

○Adjusted earnings: 52.0 billion yen (YoY: +27.2 billion yen, +110%)
Adjusted earnings are expected to increase by 110% due to an expected rebound from large natural catastrophe losses(*) incurred from January to March 2011, which were included in FY2010 results.

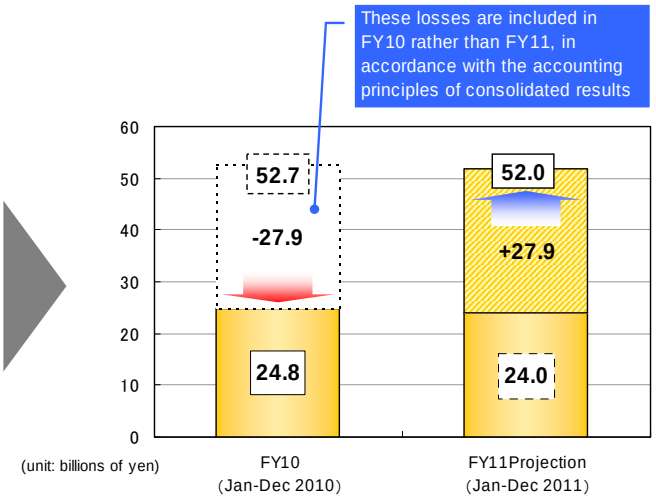
(*) Large natural catastrophe losses of 27.9 billion yen (after tax) incurred from January to March 2011 (the New Zealand and the Great East Japan earthquakes) are included in FY2010 adjusted earnings (deducted from FY2011 projections) in accordance with financial consolidated accounting principles.

【Effect of the adjustment on adjusted earnings】

[Before adjustment]



[After adjustment]



International Insurance Business (2)
FY2011 Projections (Region / Business)

(unit: billions of yen, except for %)

			Net premiums written			Adjusted earnings		
			FY10 Results	FY11 Projections		FY10 Results	FY11 Projections	
FX rate		Applied FX rate	as of end-Dec 2010	as of end-Mar 2011	Change YoY	as of end-Dec 2010	as of end-Mar 2011	Change YoY
		USD	81.49	83.15		81.49	83.15	
		GBP	126.48	133.89		126.48	133.89	
Non-Life	Primary	Philadelphia	160.8	170.0	6%	23.1	22.0	-5%
		North America	26.0	28.0	8%	5.0	2.0	-60%
		South & Central America	78.9	73.0	-7%	-0.6	1.0	-
		Europe & Middle East	16.1	17.0	6%	1.1	1.0	-9%
		Asia(incl. China)	63.8	70.0	10%	5.4	3.0	-44%
		Primary Total	345.8	358.0	4%	33.7	29.0	-14%
	Reinsurance	Reinsurance Companies	52.4	51.0	-3%	6.8	-3.0	-
		Kiln Group	73.0	78.0	7%	10.0	-3.0	-
		Reinsurance Total	125.4	129.0	3%	16.8	-6.0	-
	Total Non-Life		471.3	487.0	3%	50.5	23.0	-54%
Life			55.1	90.0	63%	3.0	2.0	-33%
Total of Non-life and Life			**526.5**	**577.0**	**10%**	**53.5**	**25.0**	**-31%**
Home Office Expense						-0.7	-1.0	
Total of Non-life and Life after H.O. Expense						**52.7**	**24.0**	**-54%**
Adjustment relating to natural disasters in 1Q FY2011						-27.9	27.9	-
Total (After the adjustment)			**526.5**	**577.0**	**10%**	**24.8**	**52.0**	**110%**

【Strategy and projections by region / business】 (Excluding the effect of large natural catastrophe losses mentioned above.)

○PHLY: NPW are expected to increase by 6% with the strict underwriting discipline maintained. Adjusted earnings are expected to decrease by 5% due to the competition continued for years resulting in the downward pressure on rates and profitability.

○North America: NPW are expected to increase by 8% driven by the recovery in Japanese related business. Adjusted earnings are expected to decrease by 60% due to the decrease in the amount of reserve release compared with FY2010.

○South & Central America: NPW are expected to decrease by 7% mainly due to tightened underwriting standards. Adjusted earnings are expected to return to the black, driven by improved profitability in auto insurance and cost-cutting efforts.

○Europe & Middle East: NPW are expected to increase by 6% owing to a recovery in Japanese related business and growth in indigenous business in the UK and France. Adjusted earnings are expected to decrease by 9% as loss ratio and investment income are expected to return to typical levels, after having been better than usual in FY2010.

○Asia (incl. China): NPW are expected to increase by 10% driven by the expansion of Japanese related business and personal lines of business such as auto insurance. Adjusted earnings are expected to decrease by 44% due to large losses caused by the New Zealand earthquake.

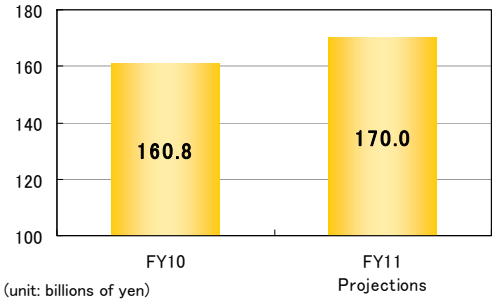
○Reinsurance: NPW are expected to decrease by 3% because positive effects of opening new branch offices of Tokio Millennium Re (TMR) in Switzerland and Australia will likely be offset by the transfer of the facultative reinsurance business from TMR(UK) to our 100% owned syndicate (managed by Kiln). Adjusted earnings are expected to be -3.0 billion yen due to the large losses caused by the New Zealand earthquake, with a typical level of natural catastrophe losses expected for 2Q and beyond (Apr - Dec).

○Kiln: NPW are expected to increase by 7% mainly due to the transfer of business from TMR(UK). Adjusted earnings are expected to be -3.0 billion yen due to the large losses caused by the New Zealand and the Great East Japan earthquakes, with a typical level of natural catastrophe losses expected for 2Q and beyond (Apr - Dec).

○Life: NPW are expected to increase by 63% mainly driven by expanded sales networks in China, Malaysia and Thailand. Adjusted earnings are expected to decrease by 33%, with a typical level of investment income expected.

International Insurance Business (3)
FY2011 Projections - Philadelphia

Net premiums written



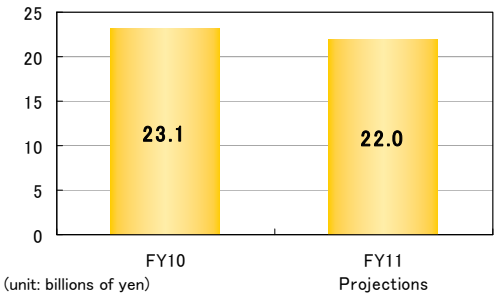
- **Net premiums written:**
  170.0 billion yen (YoY: +9.2 billion yen, +6%)

  6% increase is projected with the strict underwriting discipline maintained, favorably impacted by depreciation of Yen.

- **Adjusted earnings:**
  22.0 billion yen (YoY: -1.1 billion yen, -5%)

  5% decrease is expected mainly due to the competition continued for years resulting in the downward pressure on rates and profitability

Adjusted earnings



【FY11 Strategy】

○Underwriting / Marketing

・Maintain underwriting and pricing discipline (bottom-line oriented)

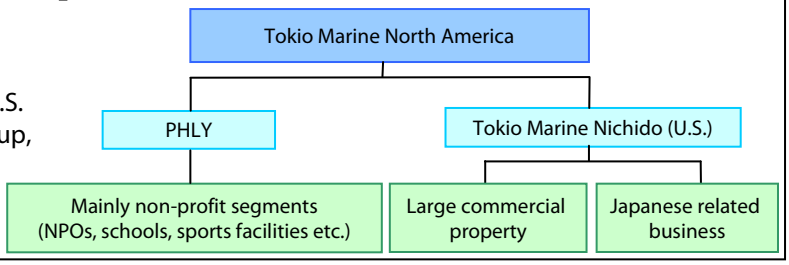
・Focus on providing high quality products and services to targeted customer segments (niche)

○Investments

・Maintain conservative investment policy (portfolio mostly composed of high quality municipal and agency bonds)

【New structure for the U.S. insurance operations】

To seek further growth in the U.S. insurance market, "Tokio Marine North America" will be established as the holding company for the U.S. insurance operations of the Tokio Marine Group, in August 2011(schedule tentative).



【Strength of PHLY】

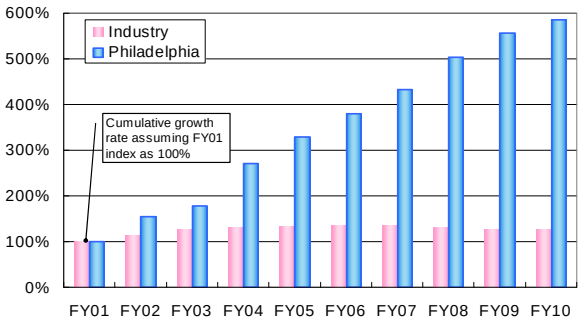
○Risk selection: Marketing reps sort out high quality new accounts to be reviewed by underwriters in accordance with strict underwriting guidelines.（Marketing reps directly contact customers, which is unique to PHLY.）

○Disciplined and efficient renewal: Underwriters in the head office review all renewal accounts in the 2nd year, and from the 3rd year qualified accounts (e.g. small, good loss ratio) will be handled by automatic renewal center.

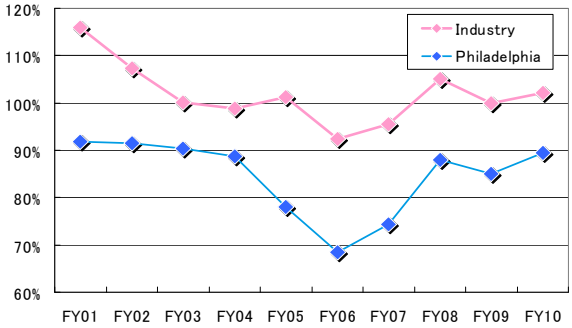
○Product management: Results of each product line are regularly monitored by management and any signs of a red flag (deterioration of loss ratio) are responded to in a timely manner.

=>PHLY has been outperforming the overall industry by superior profitability supported by low loss and expense ratios combined with high growth rates.

PHLY vs. U.S. P&C industry NPW growth rates



PHLY vs. U.S. P&C industry combined ratio



(*) Source of industry growth rates/combined ratio：A.M. Best

【FY11 projections in USD】

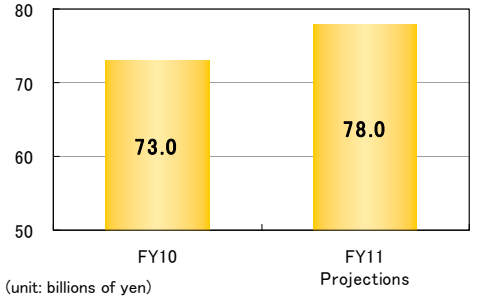
（unit: USD in millions）

	FY10 Results	FY11 Projection	Change YoY
Net premiums written	1,974	2,035	3%
Adjusted earnings	285	260	-9%

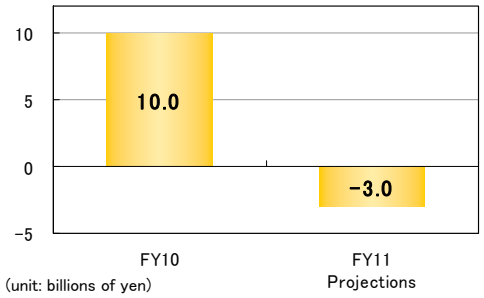
(*)Adjusted earnings are expected to increase by 6% after excluding the effect of reserve release in FY2010.

International Insurance Business (4)
FY2011 Projections - Kiln

Net premiums written



Adjusted earnings



Net premiums written:
78.0 billion yen (YoY: +5.0 billion yen, +7%)

7% increase is projected mainly due to the transfer of business from TMR(UK) and positive FX effects (JPY vs. GBP).

Adjusted earnings:
-3.0 billion yen (YoY: -13.0 billion yen)

-3.0 billion yen is expected due to the large losses (*) caused by the New Zealand and the Great East Japan earthquakes.

(*) Adjusted earnings of 7.0 billion yen excluding the above losses.

【FY11 Strategy】

○Underwriting / Marketing

・Expand the business by taking advantage of the market improvement

・Further utilize our 100% owned Lloyd's syndicate, established in 2008

○Expected synergies of our 100% owned Lloyd's syndicate

・Retention of a part of Kiln's outward reinsurance formerly ceded to the open market

・Business expansion through flexible and nimble utilization of the group's capital

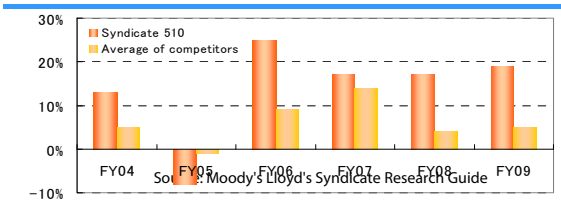
【New large commercial property strategy】

The European and U.S. large commercial property insurance markets are attractive in size and profitability, and in these markets we can take advantage of our high credit rating and solid capital base. In January 2011 we launched new initiatives to expand our business. The risk carriers of the business are our 100% owned Lloyd's syndicate (managed by Kiln) in Europe and Tokio Marine & Nichido (U.S. Branch) in the U.S.

【Profitability of the Kiln syndicate】

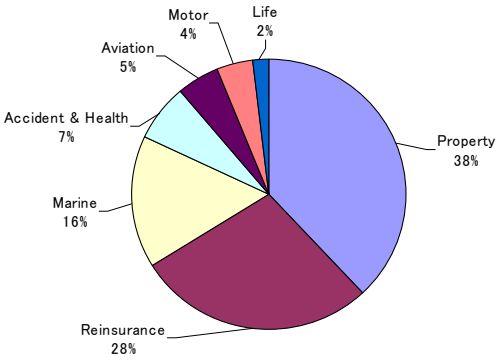
High profitability has been achieved compared to the peer group syndicates through the market cycle（The profitability comparison between the Syndicate 510, Kiln's flagship syndicate, and the peer group 17 syndicates is shown below).

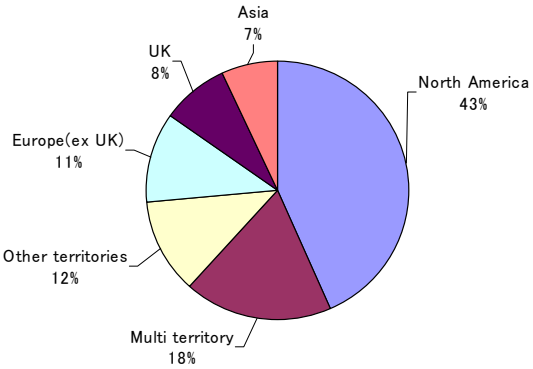
Profitability comparison（profit before tax/earned premium）



【Strength of Kiln：Diversified business portfolio】

Business portfolio is diversified in terms of both business lines and regions.



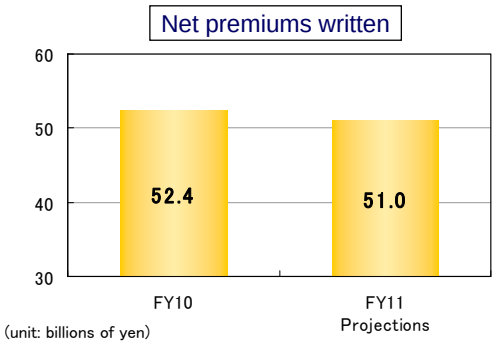


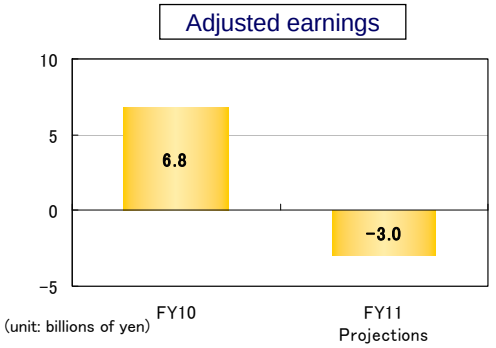
【FY11 projections in GBP】

（unit: GBP in millions, except for %）

	FY10 Results	FY11 Projection	Change YoY
Net premiums written	577	584	1%
Adjusted earnings	79	-19	-

International Insurance Business (5)
FY2011 Projections - Reinsurance (excluding Kiln)





Net premiums written:
51.0 billion yen (YoY: -1.4 billion yen, -3%)

Despite the opening of Tokio Millennium Re (TMR) branch offices in Switzerland and Australia, 3% decrease is projected due to the transfer of the facultative reinsurance business of TMR(UK) to our 100% owned syndicate managed by Kiln.

Adjusted earnings:
-3.0 billion yen (YoY: -9.8 billion yen)

-3.0 billion yen is expected mainly due to the large losses caused by the New Zealand earthquake.

(*) Adjusted earnings of 12.0 billion yen excluding the above losses.

【FY11 Strategy】

〇Underwriting / Marketing

・Expand the business by taking advantage of the market improvement

・Increase new business by taking advantage of our core strengths (high credit rating and brand)

〇Investments

・ Maintain our current conservative investment policy (portfolio mostly composed of bonds)

【New worldwide reinsurance strategy】

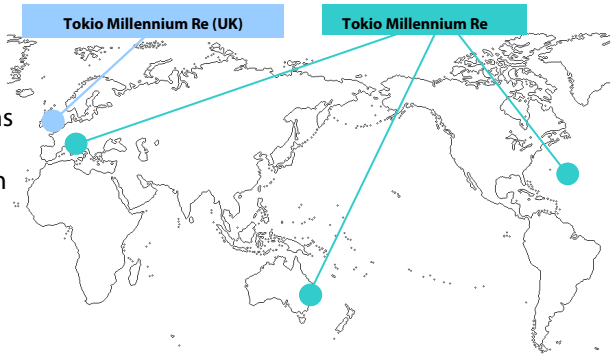
Established a new structure on 1 January 2011 pursuant to our new worldwide reinsurance strategy.

1. Unifying global reinsurance brand

Unify the global reinsurance brand of the Tokio Marine group as Tokio Millennium Re（TMR）. Rebrand the Tokio Marine Global Ltd., our reinsurance operation in London, as Tokio Millennium Re(UK) Limited.

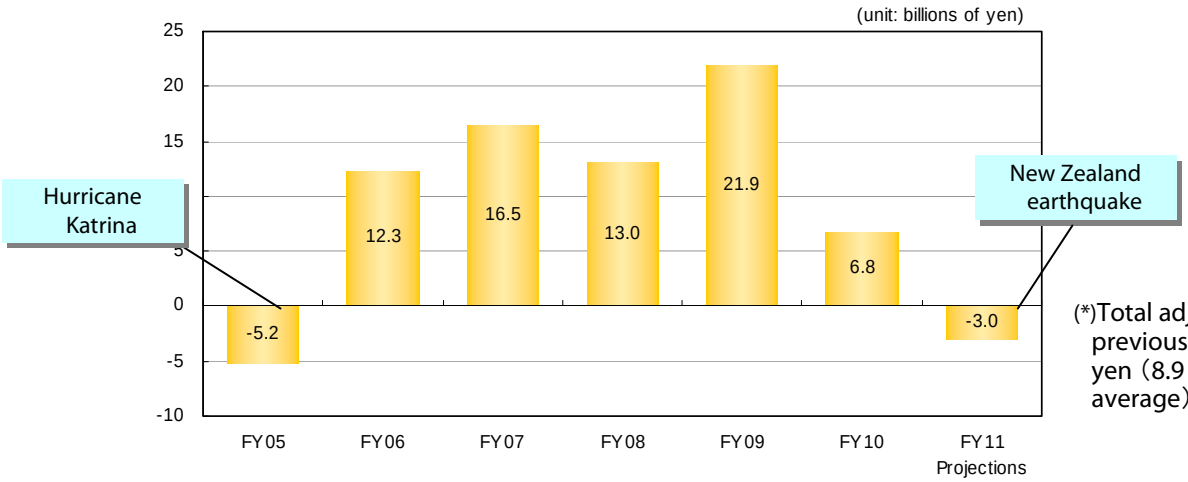
2. Opening new TMR branches

Establish branch offices in Zurich, Switzerland and Sydney, Australia, aiming to diversify our geographical spread and improve profitability. Aim to achieve NPW of USD200M and profit after tax of USD20M in FY2015.



【Trends in adjusted earnings】

Although natural disasters cause profit to fluctuate on a single year basis, the chart shows consistent profit overall for the past several years.



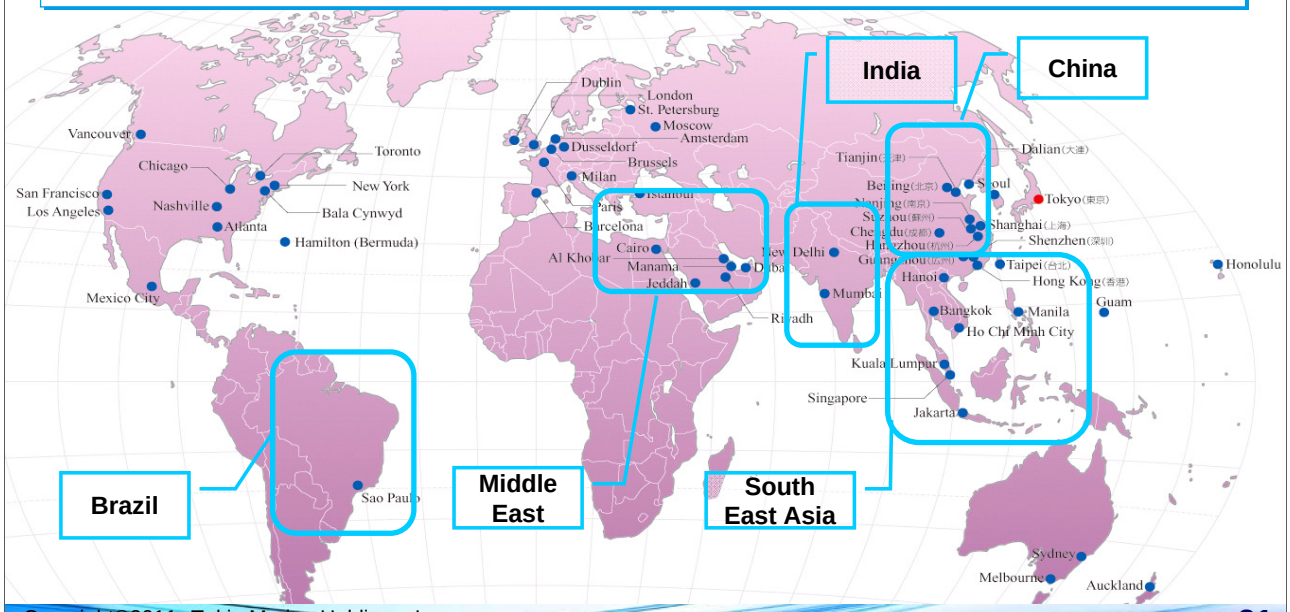
(*)Total adjusted earnings for previous 7 years of 62.3 billion yen（8.9 billion yen per year in average）

International Insurance Business (6)
Emerging Markets

Business Summary and Future Development in Major Emerging Markets

＜For medium- and long-term profit growth＞

- **Develop a variety of businesses, including life and Takaful, in addition to our non-life business in emerging markets such as Asia, Brazil and the Middle East in order to achieve medium- and long-term profit growth.**



【Business summary and future development in major emerging markets】

（The following figures are FY2011 YoY growth rates in local currencies）

China (Non-life: +26%, Life: +99%)

Non-life：Plan to open Jiangsu Branch of our subsidiary in July 2011, after having opened our Guangdong Branch in July 2010. Aim to further increase revenue and profit by expanding sales networks, such as by opening of Beijing Branch.

Life：Aim for accelerated revenue growth through expanding the nationwide sales network (Shenzen, Shanghai and 25 other cities), growth in bancassurance sales and product strategy based on customer segmentation.

India

(Non-life: +4%, Life: Commence operation)

Non-life：Aim to expand auto and other lines of business through a domestic sales network in New Delhi and 130 other cities.

Life：Plan to commence operations of Edelweiss Tokio Life, a life insurance joint venture, by autumn 2011. Take advantage of rapid market growth.

South East Asia

(Non-life: +5%, Life: +33%)

Non-life: Expand Japanese related business and non-Japanese personal lines of business, such as by increasing auto insurance in line with the increase of new car sales

Life：Aim for accelerated revenue growth by promoting the bancassurance sales channels of TMLM in Malaysia and TMLS in Singapore, and by expanding the marketing agent network of TMLTH in Thailand.

Brazil (Non-life: Return to profitability)

Non-life：Aim to return to the black by bottom-line oriented underwriting in auto insurance, improved efficiency and cost-cutting efforts. Aim for high growth and profitability in the mid- to long-term.

Middle East (Takaful)

Takaful：Commenced operations in Egypt in January 2010. Plan to open a new company in Saudi Arabia by the end of FY2011. Expand Takaful to become a third pillar of our business in addition to non-life and life insurance.

Asset Management Strategy (1)
Tokio Marine Group

Each operating entity executes investment operations based on the group-wide fundamental principle of asset management as a global insurance group, while taking into consideration the local insurance business and financial market conditions

Fundamental Principles of the Group Asset Management Strategy

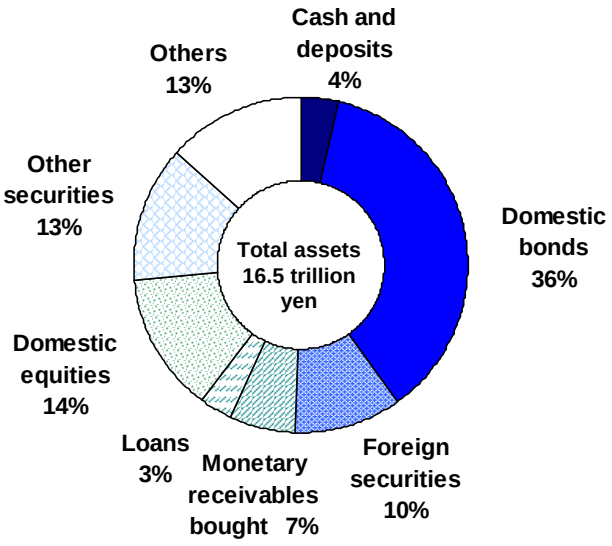
- **Maintaining liquidity is a core principle for an insurance business**
- **ALM investments are executed such that assets support long-term insurance liabilities**
- **Other assets should be managed with the goal of improving profitability within an acceptable range of risk tolerance determined in light of the characteristics of the insurance liabilities, the financial base and the investment environment for each group company**

Works as an infrastructure to support with the group principles

- **Execute global risk management through group ERM, and unify risk measurement methodologies used at each group company**
- **Establish group investment committees in Europe and the United States in order to share investment outlooks, investment policies and other matters**

[Asset composition of Tokio Marine Holdings (Consolidated; as of March 31, 2011)]

Total assets 16.5 trillion yen



[Domestic bonds]

Mainly ALM bonds held by Tokio Marine & Nichido (TMNF) and Tokio Marine Nichido Life (TMN Life)

[Foreign securities]

Mainly local country bonds held by overseas subsidiaries

[Domestic equities]

Mainly business-related equities held by TMNF

[Other securities]

Mainly assets in separate accounts held by TMN Financial Life

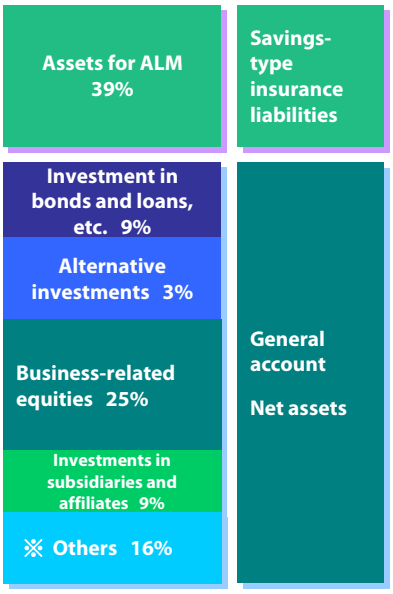
Asset Management Strategy (2)
TMNF

FY2011 asset management policy

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

- **Based on the fundamental principle of "increasing NAV in the medium- to long-term while securing liquid assets and stable profits required as an insurer" :**
  - **Increase investment in highly liquid bonds, both domestically and internationally, in order to support payment of claims and stable profits**
  - **Carefully select alternative investments in order to contribute to profits under appropriate risk controls**
  - **Further accelerate reduction of business-related equities**

TMNF Balance Sheet as of March 31, 2011
Total assets: 8.6 trillion yen



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

[ALM]

○ Continue surplus ALM, in order to appropriately control interest risks associated with savings-type insurance liabilities

○ Interest rate sensitivity on surplus values in the event of a 1% increase in interest rates is shown in the table below

(unit: billions of yen)

	As of Mar. 31,2010	As of Mar. 31, 2011
Interest rate sensitivity on surplus values	-1.9	-1.1

[Fixed income investments and loans, and alternative investments]

○ Increase holdings of highly liquid domestic and international bonds in order to secure liquidity and stable profit growth

○ Continue to exercise greater care in selecting alternative investments in order to contribute to profits under appropriate risk controls

[Business-related equities]

○ Aim to sell equities worth approximately 100 billion yen in FY2011

○ Since the establishment of the Holding Company in 2002 through FY2010, we have sold business-related equities worth in total approximately 1.1 trillion yen

Enterprise Risk Management (ERM)

Maintain financial soundness

Achieve adequate balance between net asset value and risk capital based on an internal risk capital model with AA calibration

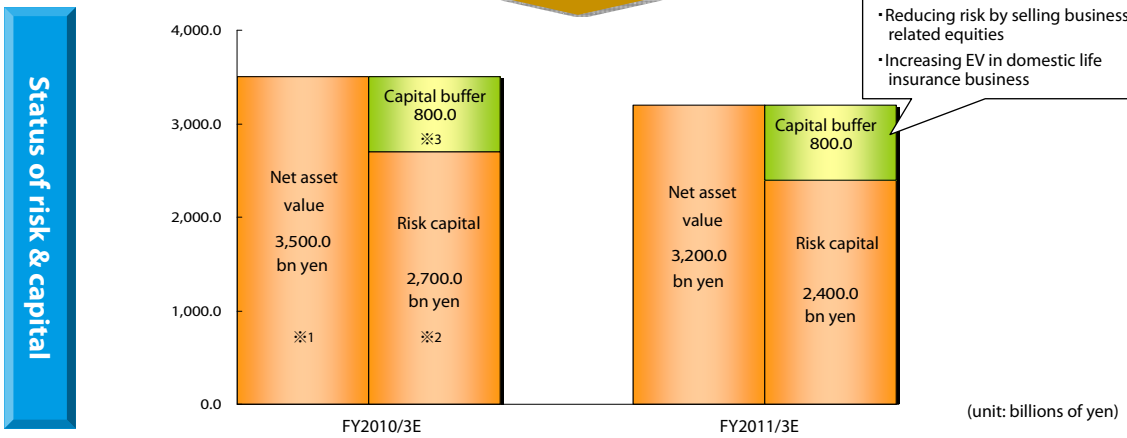
&

Improve profitability (capital efficiency)

Establish a highly diverse business portfolio that takes account of geographical and other risk factors; stabilize group profits and improve return on risk capital

Control risk & capital

Maintained capital buffer despite the impact of the earthquake by:
- Controlling risk through reinsurance, etc.
- Reducing risk by selling business-related equities
- Increasing EV in domestic life insurance business



※1: Net asset value: Consolidated net asset value + various reserves (catastrophe reserve, etc.) + value of in-force life insurance business - goodwill, etc.
※2: Risk capital: 99.95% VaR, after taking account of diversification effects
※3: Capital buffer: Capital reserved for future changes in financial and economic conditions, including new M&A opportunities

[FY2010 review of Enterprise risk management (ERM)]

○Capital control

・Increased FY2009 year-end dividend by 2 yen to 50 yen per share. Total dividends for FY2009 stood at 39.4 billion yen, with a payout ratio of 46% of average core adjusted earnings (85.0 billion yen)

・Recommenced share repurchases and acquired 50.0 billion yen worth for the year

○ Risk control

・Sold approximately 187.0 billion yen worth of business-related equities, which far exceeded the previous year total (approx. 95.0 billion yen)

・Continued risk-restrictive stance in asset management, the variable annuities business and other areas

・Closely monitored financial and economic conditions and prepared for reducing risk flexibly, if necessary

○ Development and refinement of ERM platforms

・Continued developing our modeling infrastructure (such as database and modules for fair value measurement of liabilities), including preparation for the introduction of IFRS

[S&P ERM rating]

○S&P evaluates the levels of ERM preparedness of insurance companies independently from ordinary credit ratings (AAA, AA, etc.).

The rating distribution* : 1.5% for Excellent, 12.8% for Strong, 85.7% for the remaining four grades

*Tokio Marine Holdings' calculation on the basis of disclosed ERM score data of 155 companies located in North America and Bermuda (as of December 31, 2010) and of 174 companies located in Europe, the Middle East and Africa (as of March 31, 2010)

○TMNF is the only Japanese insurer (non-consolidated) to receive a "Strong" ERM rating from S&P

(Within the group, Tokio Millennium Re also received a "Strong" rating)

Capital Strategy and Return to Shareholders

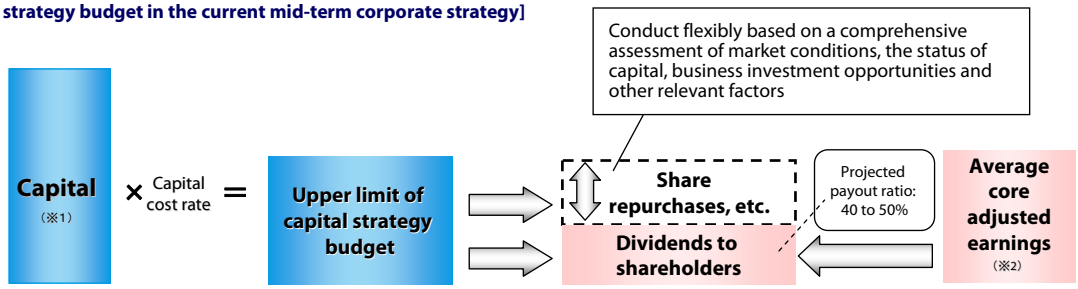
Dividends (steadily growing return to shareholders)

- Pay year-end dividend of 25 yen per share and maintain full-year dividend of 50 yen per share for FY2010
- Forecast total dividend amount of 38.6 billion yen for the full year with a payout ratio of 55% against "average core adjusted earnings"

Share repurchases (flexible return to shareholders)

- Share repurchases were conducted in a flexible manner based on a comprehensive assessment of market conditions, the status of capital and business investment opportunities and other relevant factors
- Previously, the company announced a share repurchase budget at the date of announcing interim and year-end results; going forward, repurchases will be made in a flexible manner during the period

[Capital strategy budget in the current mid-term corporate strategy]



※1: Capital = Total shareholders' equity + Catastrophe reserve + Contingency reserve + Price fluctuation reserve
※2: Core adjusted earnings = Adjusted earnings − Increase in EV at life insurance business

[Adjusted earnings/core adjusted earnings and return to shareholders]

(unit: billions of yen, unless otherwise stated below)

	2004	2005	2006	2007	2008	2009	2010
Adjusted earnings	51.8	138.7	169.7	143.2	-52.5	165.4	72.0
Core adjusted earnings	26.3	104.1	121.5	128.1	4.7	113.4	44.5
Average core adjusted earnings	80.0	90.0	90.0	100.0	80.0	85.0	70.0
Total distributions to shareholders	89.0	110.2	119.8	88.7	38.0	89.4	TBD
Dividends	18.9	25.2	29.8	38.7	38.0	39.4	38.6
Dividend per share	22yen	30yen	36yen	48yen	48yen	50yen	50yen
Payout ratio*1	24%	28%	33%	39%	48%	46%	55%
Share repurchases*2	70.1	85.0	90.0	50.0	-	50.0	TBD

*1: % of average core adjusted earnings
*2: The value of share repurchases for this fiscal year is included in figures for the previous fiscal year in order to conform to the framework of the capital strategy budget, which considers capital status at prior fiscal year-end (i.e., 50 billion yen earmarked for share repurchases in FY2010 is included in figures for FY2009).

[BPS and PBR of Tokio Marine HD]

	2005/3E	2006/3E	2007/3E	2008/3E	2009/3E	2010/3E	2011/3E
Adjusted number of issued and outstanding shares (thousand shares)	859,950	840,234	823,337	802,231	787,562	787,605	766,820
Nikkei Average (yen)	3,120	4,660	4,360	3,680	2,395	2,633	2,224
Percentage change	- 3.7%	49.4%	- 6.4%	- 15.6%	- 34.9%	9.9%	- 15.5%
(Reference) TOPIX	1,182.18	1,728.16	1,713.61	1,212.96	773.66	978.81	869.38
Percentage change	0.3%	46.2%	- 0.8%	- 29.2%	- 36.2%	26.5%	- 11.2%
SH's equity after tax on a financial statement basis (billions of yen)	2,305.2	3,209.8	3,398.4	2,563.5	1,627.8	2,169.0	1,886.5
BPS on a financial statement basis (yen)	2,681	3,820	4,128	3,195	2,067	2,754	2,460
PBR on a financial statement basis	1.16	1.22	1.06	1.15	1.16	0.96	0.90
Adjusted capital (billions of yen)	3,217.9	4,238.7	4,585.8	3,605.9	2,564.2	3,160.8	2,918.3
BPS on an adjusted basis (yen)	3,740	5,040	5,570	4,490	3,260	4,010	3,810
PBR on an adjusted basis	0.83	0.92	0.78	0.82	0.73	0.66	0.58

Data Section: FY2010 Results

Tokio Marine Holdings Key Statistics

	FY2002	FY2003	FY2004	FY2005	FY2006	FY2007	FY2008	FY2009	FY2010	FY2011 Projections
Ordinary income	2,929.0 bn yen	2,775.7 bn yen	2,899.4 bn yen	3,399.9 bn yen	4,218.5 bn yen	3,710.0 bn yen	3,503.1 bn yen	3,570.8 bn yen	3,288.6 bn yen	3,350.0 bn yen
Net income	56.6 bn yen	111.4 bn yen	67.6 bn yen	89.9 bn yen	93.0 bn yen	108.7 bn yen	23.1 bn yen	128.4 bn yen	71.9 bn yen	145.0 bn yen
Adjusted earnings *1	105.0 bn yen	172.1 bn yen	51.8 bn yen	138.7 bn yen	169.7 bn yen	143.2 bn yen	-52.5 bn yen	165.4 bn yen	72.0 bn yen	128.0 bn yen
Adjusted ROE *1	3.8%	5.9%	1.6%	3.7%	3.8%	3.5%	-1.7%	5.8%	2.4%	4.4%
Dividend total *2	18.5 bn yen	19.7 bn yen	18.9 bn yen	25.2 bn yen	29.8 bn yen	38.7 bn yen	38.0 bn yen	39.4 bn yen	38.6 bn yen(est)	38.6 bn yen
Dividend per share *3	20 yen	22 yen	22 yen	30 yen	36 yen	48 yen	48 yen	50 yen	50 yen(est)	50 yen
Share repurchase *4	—	100.0 bn yen	92.4 bn yen	70.1 bn yen	85.0 bn yen	90.0 bn yen	50.0 bn yen	-	50.0 bn yen	TBD
Sales of business related equity holdings	260.0 bn yen	130.0 bn yen	170.0 bn yen	120.0 bn yen	45.0 bn yen	60.0 bn yen	50.0 bn yen	95.0 bn yen	187.0 bn yen	about 100.0 bn yen
Share price *5	1,472 yen	3,240 yen	3,120 yen	4,660 yen	4,360 yen	3,680 yen	2,395 yen	2,633 yen	2,224 yen	2,189 yen
Market capitalization *5	1,363.0 bn yen	2,896.6 bn yen	2,683.2 bn yen	3,930.8 bn yen	3,594.9 bn yen	2,960.6 bn yen	1,926.8 bn yen	2,118.3 bn yen	1,789.3 bn yen	1,749.0 bn yen

*1 FY2005: excludes the effects including assumption changes in calculating EV of domestic life
*2 FY2011: projected figure assumes the number of stocks unchanged from that of FY2010
*3 All figures are shown as a basis after a share-split 1-500 in Sep. 2006
*4 On a repurchase year basis. FY2006 figure excludes 57.8 billion yen of stock exchange between Nisshin Fire
*5 FY2011 figure is as of May 27, 2011. Share prices are as of the end of fiscal year and are shown as a basis after a share-split 1-500 in Sep. 2006

[Ratings and solvency margin ratios of the group's major subsidiaries]

(As of May 27, 2011)

Rating Agencies	Object	Tokio Marine & Nichido	Nisshin Fire & Marine	Tokio Marine & Nichido Life	Tokio Marine & Nichido Financial Life
S&P	Financial Strength Rating	AA- / Negative	A+ / Negative	AA- / Negative	
Moody's	Insurance Financial Strength	Aa2 / Negative			
A.M. Best	Financial Strength Rating	A++ / Stable			
R&I	Issuer Rating	AA+ / a view to downgrading	AA / a view to downgrading		
	Insurance Claims Paying Ability			AA+ / a view to downgrading	AA+ / a view to downgrading
JCR	Long-term Senior Debts Rating	AAA / Negative			
Fitch	Insurer Financial Strength Rating	AA- / Stable			
Solvency margin ratio (as of March 31, 2011)		823.8%	736.6%	2,812.0%	1,161.1%

TOKIO MARINE

Consolidated Results (1)
Profit/Loss Statement

(unit: billions of yen, except for %)

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

[Ordinary income]

○Net premiums written: Decreased by 0.9% YoY to 2,272.1 billion yen despite revenue growth at two domestic non-life insurance companies, mainly in auto insurance and CALI, mainly due to the significant impact of the yen's appreciation against other currencies on overseas subsidiaries.

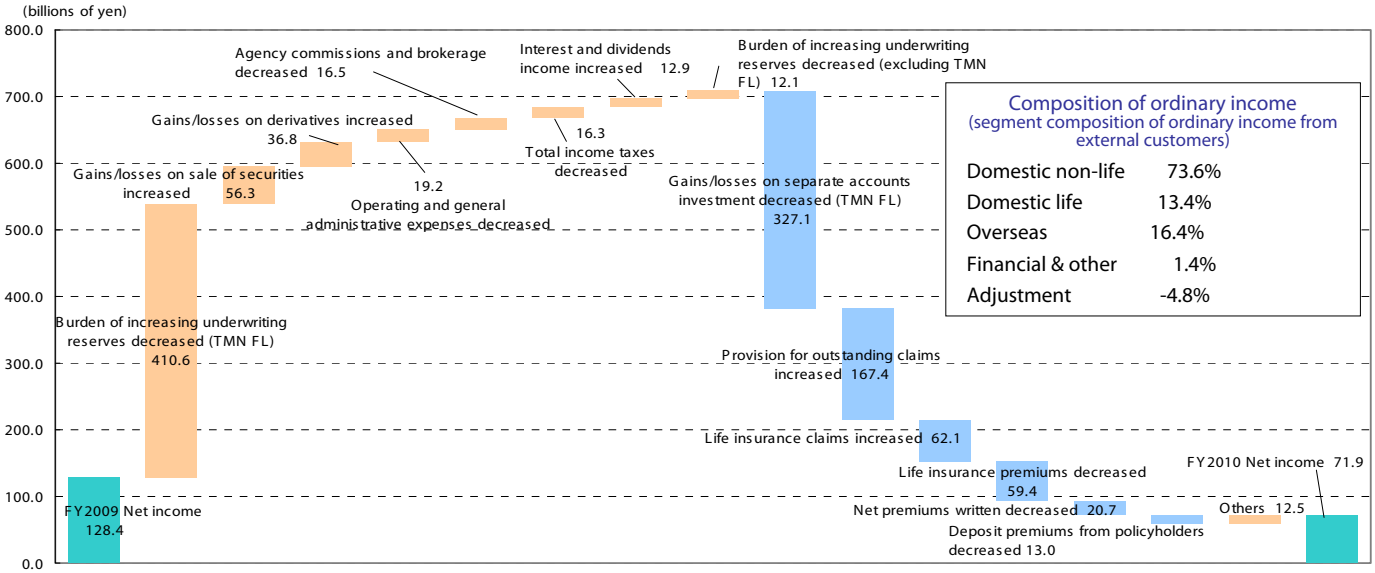
○Life insurance premiums: Decreased by 12.8% YoY to 405.3 billion yen as a result of continuously taking a risk-restrictive marketing policy and trimmed the product line-up in and after the third quarter at TMNFL in consideration of the financial market conditions, despite a steady increase in in-force policies at TMN Life and increased revenue at life insurance companies in Asia.

○Investment income: Decreased by 35.2% YoY to 347.7 billion yen mainly due to a turnaround from a gain on separate accounts at TMNFL posted in FY2009 to a loss owing to deterioration in domestic stock markets.

[Ordinary profit/Net income]

○Ordinary profit: Decreased by 76.8 billion yen YoY to 126.5 billion yen and net income decreased by 56.4 billion yen YoY to 71.9 billion yen mostly due to large natural disasters such as the Great East Japan Earthquake and the two New Zealand earthquakes. Losses on separate accounts at TMNFL did not affect the consolidated P/L since TMNFL released the same amount of underwriting reserves.

[Net income analysis (Factors for changes from FY2009)]



Consolidated Results (2)
Contribution of Major Group Subsidiaries

(unit: billions of yen)

	Ordinary profit (loss)	Net income (loss)	Net income (loss) after consolidated adjustment
Tokio Marine & Nichido	145.7	100.7	70.0
Nisshin Fire	2.5	1.5	-0.0
TMN Life	9.4	5.2	5.4
TMN FL	-2.3	-2.5	-2.5
Overseas insurance companies	60.2	47.5	0.0
Financial and general businesses	1.9	-0.9	-0.4

Note: Net income after adjustment for consolidation is the sum of the net income of each subsidiary plus/less the gains /losses arising from amortization of goodwill, purchase method adjustments, the tax effect of undistributed earnings and figures eliminated among consolidated subsidiaries

[Major factors affecting consolidated net income vis-à-vis non-consolidated net income]

○Tokio Marine & Nichido

Despite the amortization of negative goodwill related to the former Nichido Fire Insurance, which was initially recorded at the time of the management integration of the former Tokio Marine and the former Nichido Fire Insurance (i.e., the foundation of Tokio Marine HD), net income after adjustment for consolidation fell below non-consolidated net income due to the elimination of dividends from overseas subsidiaries and a drop in net income arising from purchase method adjustments.

○Nisshin Fire

Despite the amortization of negative goodwill, which was initially recorded at the time of the management integration, net income after adjustment for consolidation fell below non-consolidated net income due to purchase method adjustments and other factors.

○Overseas subsidiaries

Net income after adjustment for consolidation fell below aggregate net income before adjustment for consolidation primarily due to the amortization of goodwill as a result of the acquisition of the Philadelphia Insurance Companies ("PHLY") and Kiln groups, and the adjustment of incurred losses from the New Zealand earthquake in February and the Great East Japan earthquake in March 2011, which were recognized as losses in our consolidated results for FY2010.

Consolidated Results (3)
Balance Sheet

(unit: billions of yen)

	FYE2010	Change from the end of March 2010
Cash and bank deposits	398.4	-53.7
Call loans	207.5	91.0
Receivables under resale agreement	121.9	-29.0
Monetary receivables bought	1,080.6	-258.5
Securities	12,173.0	-444.7
Loans	482.8	-65.0
Tangible fixed assets	313.7	-10.6
Intangible fixed assets	344.4	-35.7
Goodwill	258.0	-16.5
Deferred tax assets	149.0	67.0
Other	1,256.7	2.0
Total assets	16,528.6	-737.2

	FYE2010	Change from the end of March 2010
Insurance liabilities	11,868.4	123.8
Corporate bonds	125.0	-53.7
Payables under security lending transactions	1,375.8	-204.5
Retirement benefit obligations	166.1	6.1
Deferred tax liabilities	37.8	-75.6
Negative goodwill	121.2	-10.2
Other	929.4	-242.6
Total liabilities	14,624.1	-456.9
Total shareholders' equity	1,175.7	-13.1
Total accumulated other comprehensive income	710.7	-269.2
Other	17.9	2.1
Total net assets	1,904.4	-280.3
Total liabilities and net assets	16,528.6	-737.2

[Total assets]

Total assets were 16,528.6 billion yen, a decrease of 737.2 billion yen from March 31, 2010. This was mainly due to a decrease in the fair value of securities in line with the downturn in domestic stock markets and a decrease in collateral associated with repo transactions at TMNF.

[Assets]

○Monetary receivables bought

Decreased mainly due to a reduction in commercial paper in short-term investments managed at TMNF

○Securities

Despite an increase in securities due to the purchase of ALM bonds in accordance with an increase in in-force policies at TMN Life, securities decreased overall mainly due to a decrease in the fair value of securities caused by a decline in stock prices and a decline in repo transactions at TMNF.

[Liabilities]

○Payables under security lending transactions

Decreased owing to a decline in repo transactions with comparatively lower profitability

○Other

Decreased mainly due to a reduction in other liabilities following loan repayments by TMNF

[Net assets]

○Total other comprehensive income

"Unrealized gains on securities, net of taxes" decreased owing to the decline in stock prices.

TMNF (1)

Profit/Loss Statement

(unit: billions of yen, except for %)

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

(unit: billions of yen, except for %)

	FY2009		FY2010		
		YoY		Change	YoY
Underwriting profit (losses)	81.7	10.8%	-31.1	-112.9	-138.0%
Loss ratio	67.9%		67.5%	-0.4%	
Expense ratio	34.0%		33.5%	-0.5%	
Combined ratio	101.9%		101.0%	-0.9%	
Investment income (net)	100.4	235.9%	203.7	103.3	102.9%
Solvency margin ratio	852.6%		823.8%	-28.8%	

[Underwriting profit]

○Net premiums written: Increased by 0.4% YoY to 1,742.7 billion yen primarily due to i) an increase in CALI following a rise in new car sales owing in part to government subsidies for eco-friendly cars in the 1H of FY2010, ii) increased revenue from rate changes for auto insurance, iii) an increase in marine premiums as trade and distribution recovered and, iv) an increase in revenue from P.A. resulting from an increase in sales of overseas travel insurance as the number of travelers rose and rates were revised

○Underwriting profit: Decreased by 112.9 billion yen YoY to a loss of 31.1 billion yen mainly due to a significant increase in the amount of reserves for outstanding claims related to the Great East Japan Earthquake and an increase in funding of catastrophe loss reserves due to a depleted ending balance of catastrophe loss reserves in auto insurance

[Investment income (net)]

○Net investment income: Increased by 103.3 billion yen YoY to 203.7 billion yen mainly due to an increase in interest and dividends owing to higher dividends from overseas subsidiaries, an increase in gains on sales of securities and an increase in gains on derivatives in foreign currencies due to the yen's appreciation against other currencies

[Extraordinary gains/losses]

○Extraordinary gains/losses: Decreased by 1.9 billion yen YoY to a loss of 15.9 billion yen primarily due to the recording of expenses from prior fiscal years in connection with applying for the first time certain accounting standards related to asset retirement obligations

[Net income]

○Ordinary profit: Decreased by 1.6 billion yen YoY to 145.7 billion yen as the decrease in underwriting profit exceeded the increase in net investment income

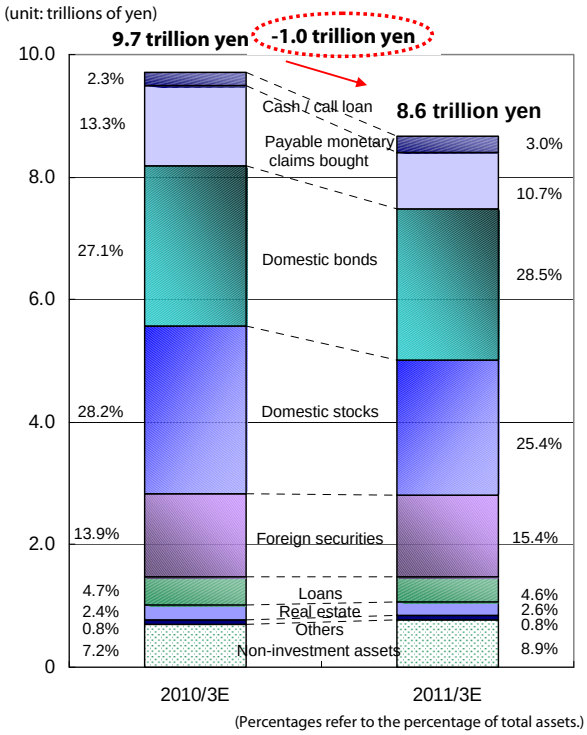
○Net income: Increased by 6.2 billion yen YoY to 100.7 billion yen due to a decrease in our tax burden based on an increase in dividends from overseas subsidiaries

[Solvency margin ratio]

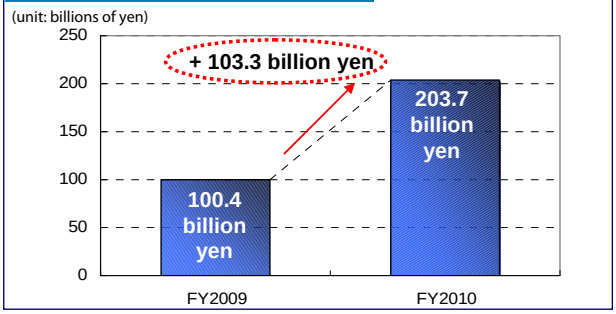
○The solvency margin ratio decreased by 28.8 points to 823.8% mainly due to a decline in stock prices.

TMNF (2)
Asset Management

Composition of assets under management



Net investment income



Details of net investment

(unit: billions of yen)

	FY2009	FY2010	Change
Interest and dividend income	108.4	137.6	+29.2
(Domestic stock dividends)	(43.0)	(45.5)	(+2.4)
(-)Transfer of investment income on deposit premiums	-63.7	-62.4	+1.3
(=)Net interest and dividend income	44.6	75.2	+30.5
Net capital gains	55.7	128.5	+72.7
Gains/losses on sales of securities	67.8	119.6	+51.7
Impairment losses on securities	-24.8	-13.6	+11.2
(Impairment losses on domestic stocks)	(-21.5)	(-10.7)	(+10.7)
Gains/losses on derivatives	11.4	23.4	+12.0
(Forward exchange contracts and foreign currency swaps)	(4.1)	(16.0)	(+11.9)
Other	1.2	-0.9	-2.2
Net investment income	100.4	203.7	103.3

[Performance in FY2010]

○ Total assets were 8,670 billion yen (down 1,038.0 billion yen from the end of FY2009)

This was mainly due to a decrease in unrealized gains on domestic equities owing to a decline in stock prices, and a decrease in outstanding balance of commercial paper and other payable monetary claims bought primarily resulting from a decrease in security borrowing transactions with cash collateral (repo transactions in which TMNF raises funds by lending securities).

○ Net investment income was 203.7 billion yen (up 103.3 billion yen YoY)

● Net interest and dividend income was 75.2 billion yen (up 30.5 billion yen YoY)

・This was mainly due to an increase in dividends on foreign stock received from overseas subsidiaries.

● Net capital gains amounted to 128.5 billion yen (up 72.7 billion yen YoY)

・Gains/losses on sales of securities were up 51.7 billion yen primarily due to an increase in gains on sales of domestic stocks through accelerated sales of business-related equities.

・Impairment losses on securities improved by 11.2 billion yen due to the reversal effect of impairment losses recorded in FY2009.

・Gains/losses on derivatives increased by 12.0 billion yen primarily due to the recording of valuation gains on forward exchange contracts and foreign currency swaps in line with the appreciation of the yen against other currencies.

(Reference)

The table below shows interest rate sensitivity (in the event of a 1% increase) on ALM surplus values

(unit: billions of yen)

	As of Mar. 31,2010	As of Mar. 31, 2011
Tokio Marine & Nichido	-1.9	-1.1
TMN Life	-45.5	-119.9

* The amounts for TMN Life take into account a dynamic lapse.

Nisshin Fire Profit/Loss Statement

(unit: billions of yen, except for %)

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

(unit: billions of yen, except for %)

	FY2009		FY2010		
		YOY		Change	YoY
Underwriting profit (losses)	- 1.9	-160.2%	- 5.8	- 3.9	-
Loss ratio	64.6%		66.2%	1.6%	
Expense ratio	39.2%		37.3%	-1.9%	
Combined ratio	103.8%		103.5%	-0.3%	
Investment income (net)	8.8	-	8.5	- 0.3	-4.1%
Solvency margin ratio	747.7%		736.6%	-11.1%	

[Underwriting profit (losses)]

○Net premiums written: Increased by 1.7% YoY to 134.0 billion yen, with the gains concentrated in auto insurance, owing to an increase in the number of new agents and an improvement in renewal rates

○Underwriting profit/loss: A loss of 5.8 billion yen, down 3.9 billion yen YoY, due to an increase in incurred losses, which are the sum of net claims paid and provision for outstanding claims reserves. This was primarily caused by a higher number of auto accidents, a higher number of major accidents in P.A., and the effects of the Great East Japan Earthquake.

[Investment income (net)]

Net investment income: Decreased 0.3 billion yen YoY to 8.5 billion yen, primarily due to the decline in interest and dividend income

[Net income]

Ordinary profit: 2.5 billion yen, down 3.9 billion yen YoY, and net income was 1.5 billion yen, down 2.7 billion yen YoY, due to the effects of the fall in underwriting profit

[Loss ratio]

Up 1.6 points to 66.2%, due to the increase in net claims paid mainly in auto and fire insurance, although net premiums written increased

[Expense ratio]

Improved by 1.9 points to 37.3%, owing to the effects of the reduction of personnel and other expenses associated with the achievement of higher operating efficiency in addition to the increase in net premiums written

[Solvency margin ratio]

Down 11.1 points as a result of the decrease in the margin mainly due to the decrease in unrealized gains in securities

TMN Life Profit/Loss Statement

(unit: billions of yen, except for %)

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

[Premium income]

○ Increased by 4.1% YoY (up 18.6 billion yen) to 475.9 billion yen, in line with the steady growth of in-force policies

[Net income]

○ Posted net income of 5.2 billion yen after achieving the required funding of standard underwriting reserves by an additional provision for standard underwriting reserves of 17.1 billion yen

[Solvency margin ratio]

○ Recorded a superior level of 2,812.0%, up 227.7 points from the end of FY2009, and thus maintaining our sound financial condition

[Sales performance]

(unit: billions of yen, except for number of policies and %)

			FY2009		FY2010		
				YoY		Change	YoY
New policies	Number of policies (in thousands)	Individual insurance	448	12.7%	465	17	3.8%
		Medical/cancer	201	10.0%	227	25	12.6%
		Individual annuity	14	9.4%	18	3	27.1%
		Total	462	12.6%	484	21	4.6%
	Sum insured	Individual insurance	2,773.1	16.1%	2,658.6	-114.4	-4.1%
		Individual annuity	64.6	4.3%	103.5	38.8	60.2%
		Total	2,837.7	15.8%	2,762.2	-75.5	-2.7%
	Annualized premiums	Individual insurance	46.0	16.2%	44.7	-1.2	-2.8%
		Medical/cancer	9.5	12.4%	10.9	1.4	15.0%
		Individual annuity	3.6	2.2%	6.0	2.4	67.3%
		Total	49.6	15.0%	50.7	1.1	2.3%
In-force policies	Number of policies (in thousands)	Individual insurance	2,738	11.9%	3,029	290	10.6%
		Medical/cancer	1,181	12.5%	1,319	138	11.7%
		Individual annuity	255	1.5%	245	-9	-3.7%
		Total	2,993	11.0%	3,275	281	9.4%
	Sum insured	Individual insurance	16,341.1	9.6%	17,586.3	1,245.2	7.6%
		Individual annuity	1,023.0	1.8%	1,021.0	-1.9	-0.2%
		Total	17,364.1	9.1%	18,607.3	1,243.2	7.2%
	Annualized premiums	Individual insurance	306.1	6.6%	326.2	20.0	6.6%
		Medical/cancer	55.4	12.2%	62.7	7.3	13.2%
		Individual annuity	76.3	0.2%	70.5	-5.8	-7.7%
		Total	382.5	5.2%	396.7	14.1	3.7%

[New policies]

○ The number of individual insurance policies increased as a result of the steady growth of third-sector product sales, while the sum insured and annualized premiums decreased as we limited sales of "whole life with long-term discounts" in order to improve profitability.

[In-force policies]

○ The total of individual insurance and individual annuity achieved a solid growth owing to steady growth in new policies, although the number of individual annuities decreased due to an increase in lump-sum payments of dollar annuities.

TMN Financial Life Profit/Loss Statements

(unit: billions of yen, except for %)

	FY2009		FY2010 Projections		
		YoY		Change	YoY
Ordinary income	483.7	-14.8%	170.7	-312.9	-64.7%
Insurance premiums and other	182.3	-59.7%	113.4	-68.9	-37.8%
Insurance premiums	179.8	-60.1%	110.6	-69.2	-38.5%
Investment income	299.2	4,175.2%	1.6	-297.5	-99.4%
Gains on separate account	298.8	-	-	-298.8	-100.0%
Other ordinary income	2.1	-98.0%	55.6	53.5	2,494.7%
Reversal of underwriting reserves	-	-100.0%	53.2	53.2	-
Ordinary expenses	485.0	-13.0%	173.1	-311.8	-64.3%
Insurance claims and other	107.1	28.3%	133.0	25.8	24.2%
Insurance claims	16.8	12.7%	20.0	3.1	18.8%
Surrender benefits	45.1	35.6%	58.0	12.9	28.7%
Reinsurance premiums	42.3	26.5%	45.4	3.1	7.4%
Provision for underwriting reserves and other	358.1	-	-	-358.1	-100.0%
Provision for underwriting reserves	357.3	-	-	-357.3	-100.0%
Investment expenses	3.3	-99.2%	28.3	25.0	749.8%
Losses on separate account	-	-100.0%	28.2	28.2	-
Operating expenses	15.1	-50.0%	10.8	-4.2	-28.1%
Other ordinary expenses	1.3	-56.1%	0.9	-0.4	-32.0%
Ordinary profit (loss)	-1.3	-112.9%	-2.3	-1.0	-
Extraordinary gains	0.0	-92.8%	0.0	0.0	151.9%
Extraordinary losses	0.0	143.2%	0.0	0.0	90.9%
Income before income taxes	-1.3	-113.4%	-2.4	-1.1	-
Total income taxes	0.0	3.8%	0.0	-0.0	-24.7%
Net income (loss)	-1.3	-113.5%	-2.5	-1.1	-
Core operating profit	2.5	-	-5.0	-7.6	-296.8%
Solvency margin ratio	1,275.3%		1,161.1%		

[Sales performance]

(unit: billions of yen, except for number of policies and %)

			FY2009		FY2010		
				YoY		Change	YoY
New policies	Number of policies (in thousands)	Individual insurance	-	-100.0%	-	-	-
		Individual annuity	37	-58.6%	21	-16	-42.7%
		Total	37	-58.6%	21	-16	-42.7%
	Sum insured	Individual insurance	-	-100.0%	-	-	-
		Individual annuity	173.4	-60.8%	104.7	-68.6	-39.6%
	Annualized premiums	Individual insurance	-	-100.0%	-	-	-
		Individual annuity	17.3	-60.8%	10.7	-6.5	-38.0%
		Total	17.3	-60.9%	10.7	-6.5	-38.0%
In-force policies	Number of policies (in thousands)	Individual insurance	38	-3.8%	36	-1	-3.4%
		Individual annuity	467	6.6%	475	8	1.8%
		Total	505	5.7%	512	7	1.4%
	Sum insured	Individual insurance	296.6	-4.2%	284.5	-12.0	-4.1%
		Individual annuity	2,486.8	6.6%	2,490.0	3.2	0.1%
	Annualized premiums	Individual insurance	4.0	-6.3%	3.8	-0.2	-5.0%
		Individual annuity	258.9	4.4%	260.8	1.8	0.7%
		Total	263.0	4.2%	264.7	1.6	0.6%

[Premium income]

○ Down 69.2 billion yen YoY to 110.6 billion yen as we maintained a risk-restrictive sales stance based on the premises of controlling the amount of minimum-guaranteed risk and trimmed the product line-up in and after the third quarter

[Net income (loss)]

○ Down 1.1 billion yen YoY to -2.5 billion yen because the current products for FY2010 had no upfront fees (no-load products), and so sales costs were more front-loaded than when compared with traditional products and thus had a stronger negative effect on profitability in FY2010

[Solvency margin ratio]

○ Declined 114.2 points from the end of the previous fiscal year to 1,161.1% as a result of a net loss of 2.5 billion yen and a 2.0-billion-yen margin decrease in the subordinated loans

International Insurance Business (1)
Review of FY2010 Results

- **Net premiums written: 526.5 billion yen (YoY: -17.5 billion yen, -3%)**
- **Adjusted earnings: 24.8 billion yen (YoY: -51.7 billion yen, -68%)**

・NPW increased by 8% on a local currency basis, driven by increases in Asian non-life and life businesses, and PHLY, Kiln and reinsurance companies, even as soft market conditions persisted in Europe and the U.S. markets. NPW decreased by 3% in JPY terms to 526.5 billion yen due to negative FX effects (-58.3 billion yen).

・Adjusted earnings decreased by 68% to 24.8 billion yen, due to the adjusted losses of 27.9 billion yen caused by the New Zealand and the Great East Japan earthquakes that were incurred from January to March 2011, and the absence of certain favorable factors peculiar to FY09 (benign natural catastrophe losses, favorable developments of loss reserves and growth in EV driven by a rise in equity markets)

(unit: billions of yen, except for %)

			Net premiums written			Adjusted earnings		
			FY09 Results	FY10 Results		FY09 Results	FY10 Results	
FX rate		Applied FX rate	as of end-Dec 2009	as of end-Dec 2010	Change YoY	as of end-Dec 2009	as of end-Dec 2010	Change YoY
		USD	92.10	81.49		92.10	81.49	
		GBP	146.53	126.48		146.53	126.48	
Non-Life	Primary	Philadelphia	172.8	160.8	-7%	28.5	23.1	-19%
		North America	34.2	26.0	-24%	8.3	5.0	-40%
		South & Central America	82.6	78.9	-4%	-6.1	-0.6	-
		Europe & Middle East	18.9	16.1	-15%	1.1	1.1	2%
		Asia(incl. China)	61.4	63.8	4%	5.2	5.4	3%
		Primary Total	370.4	345.8	-7%	37.1	33.7	-9%
	Reinsurance	Reinsurance Companies	56.9	52.4	-8%	21.9	6.8	-69%
		Kiln Group	76.0	73.0	-4%	10.5	10.0	-5%
		Reinsurance Total	132.9	125.4	-6%	32.5	16.8	-48%
	Total Non-Life		503.4	471.3	-6%	69.7	50.5	-27%
Life			40.6	55.1	36%	7.8	3.0	-62%
Total of Non-life and Life			**544.0**	**526.5**	**-3%**	**77.5**	**53.5**	**-31%**
Home Office Expense						-1.0	-0.7	
Total of Non-life and Life after H.O. Expense						**76.5**	**52.7**	**-31%**
Adjustment relating to natural disasters in 1Q FY2011(*)							-27.9	
Total (After the adjustment)			**544.0**	**526.5**	**-3%**	**76.5**	**24.8**	**-68%**

(*) Large natural catastrophe losses of 27.9 billion yen (after tax) incurred from January to March 2011 (the New Zealand and the Great East Japan earthquakes) are included in FY2010 adjusted earnings in accordance with financial consolidated accounting principles and are deducted from FY2011 projections. This adjustment is not reflected in each region or business.

【Net premiums written / Adjusted earnings】 (Excluding the effect of large natural catastrophe losses mentioned above.)

○PHLY: NPW decreased by 7% due to negative FX effects, while increased by 5% in local currencies. Adjusted earnings decreased by 19% mainly due to the loss ratio deterioration caused by natural catastrophe losses and negative FX effects. Combined ratio remains under 90%.

○North America: NPW decreased by 24% mainly due to increased competition and disciplined underwriting in Japanese related business. Adjusted earnings decreased by 40% mainly due to the decrease in the amount of reserve release compared with FY2009.

○South & Central America: NPW decreased by 4% due to a focus on profitability (3% increase in local currencies). Adjusted earnings significantly improved to -0.6 billion yen in the absence of a negative factor present in FY2009, a tightened IBNR reserve.

○Europe & Middle East: NPW decreased by 15% mainly due to intense competition for Japanese related business and negative FX effects. Adjusted earnings essentially were unchanged mainly due to the absence of a large loss incurred in Saudi Arabia in FY2009, which was offset by negative FX effects.

○Asia (incl. China): NPW increased by 4% due to our business expansion in China, India and Thailand (11% increase in local currencies). Adjusted earnings increased by 3% mainly due to the improved profitability of operations in India and Australia, which recorded a deficit in FY2009.

○Reinsurance companies: NPW decreased by 8% due to negative FX effects despite the expansion of reinsurance business in the U.S. (5% Increase in local currencies). Adjusted earnings decreased by 69% due to the losses caused by the New Zealand earthquake in September 2010 and unfavorable market cycle (benign natural catastrophe losses in FY2009).

○Kiln: NPW decreased by 4% due to negative FX effects, despite the expansion of natural catastrophe business by our 100% owned syndicate (11% increase in local currencies). Adjusted earnings decreased by 5% due to negative FX effects of the GBP/JPY despite the business expansion of our 100% owned syndicate, increased investment income and positive FX effects of the USD/GBP.

○Life: NPW written increased by 36% mainly driven by the launch of new products and expansion of sales network. Adjusted earnings decreased by 62% in the absence of growth of EV that had been driven by the rise in Asian equity markets in the previous year, despite the increase in the value of new business.

International Insurance Business (2)
FY2010 Results (Philadelphia / Kiln)

Philadelphia

(unit: USD in millions, except for %)

	Philadelphia(*1)		
	FY09 Results	FY10 Results	Change YoY
Net premiums written	1,877	1,974	5%
Net premiums earned	1,797	1,924	7%
Incurred losses	1,010	1,153	14%
Comission / Company expense	532	566	6%
Underwriting profit	251	209	-17%
Investment income(losses)	240	184	-23%
Net income	347	286	-18%
Adjusted earnings	309	285	-8%
Loss ratio (*2)	56.2%	59.9%	3.7p
Expense ratio (*2)	29.6%	29.4%	-0.2p
Combined ratio (*2)	85.8%	89.3%	3.5p

Kiln

(unit: GBP in millions, except for %)

	Kiln		
	FY09 Results	FY10 Results(*3)	Change YoY
Net premiums written	519	577	11%
Net premiums earned	484	526	9%
Incurred losses	231	274	19%
Comission / Company expense	145	165	14%
Underwriting profit	108	87	-20%
Investment income(losses)	14	18	28%
Net income	72	80	10%
Adjusted earnings	72	79	10%
Loss ratio (*2)	47.7%	52.1%	4.4p
Expense ratio (*2)	30.0%	31.4%	1.4p
Combined ratio (*2)	77.6%	83.5%	5.9p

(*1) Merger-related expenses are not included.

(*2) The denominator used is net premiums earned.

(*3) Losses incurred due to the New Zealand and the Great East Japan earthquakes which occurred from January to March 2011 are not reflected in the above figures.

【Philadelphia】

〇Net premiums written

・Amid a 1.0% (*) growth rate in the overall U.S. P&C market, net premiums written grew 5% on a local currency basis.

〇Adjusted earnings

・Combined ratio was 89.3%, a 3.5-point increase from FY2009. This was mainly due to increased natural catastrophe losses but still significantly lower than the industry average of 102.1%(*).

(*)Source：A.M. Best

【Kiln】

〇Net premiums written

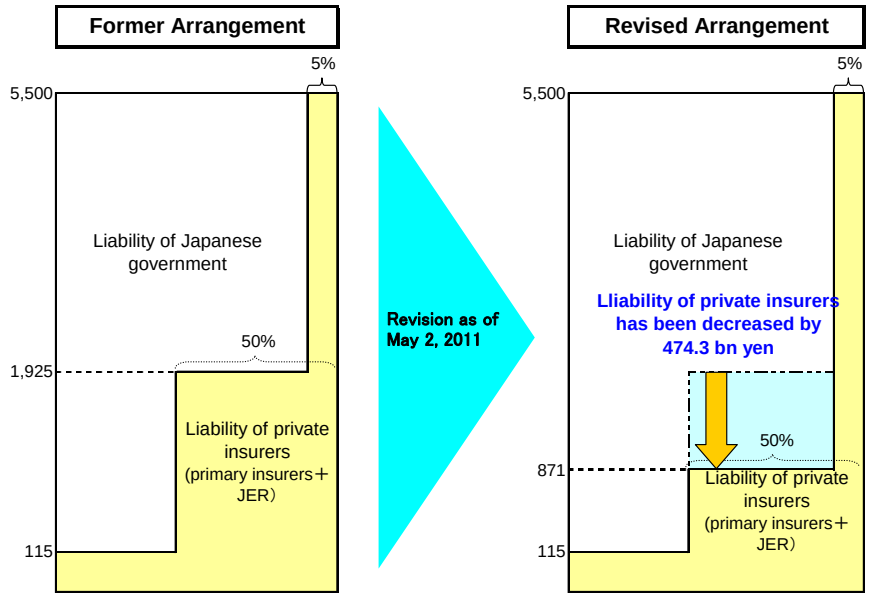
・ Increased by 11% on a local currency basis, mainly due to business expansion by our 100% owned Lloyd's syndicate, while underwriting discipline has been maintained amid unfavorable market conditions.

〇Adjusted earnings

・ Increased by 10% on a local currency basis, with a combined ratio of 83.5%, even though there was a 5.9-point increase from FY2009 due to losses caused by the Chilean earthquake, the New Zealand earthquake (Sep-2010) and other natural catastrophes.

※Losses incurred due to the New Zealand and the Great East Japan earthquakes which occurred from January to March 2011 are not reflected in the above figures.

Reference (1)
Reinsurance Arrangement for Residential Earthquake Insurance



[Liability amount of insurance claim]

Private insurers (primary insurers/JER)	=	1,198.75	bn yen
Japanese government	=	4,301.25	bn yen
Total	=	5,500.00	bn yen

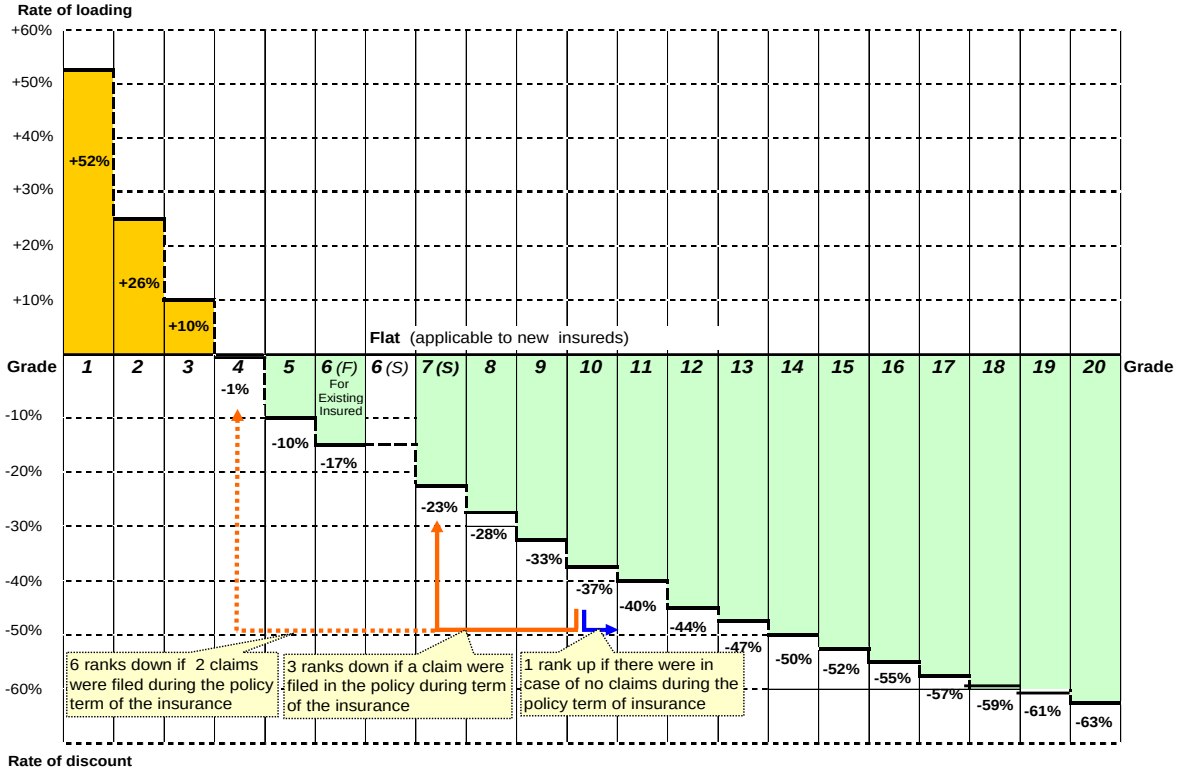
[Liability amount of insurance claim]

Private insurers (primary insurers/JER)	=	724.45	bn yen
Japanese government	=	4,775.55	bn yen
Total	=	5,500.00	bn yen

- The Japanese government bears liability for insurance claims payable, together with private insurers, through a reinsurance arrangement under legislation related to residential earthquake insurance.
- The graphics above show the liabilities of and allocation of responsibility to private insurers (including primary insurers and JER (Japan Earthquake Reinsurance Co., Ltd.)) under the reinsurance arrangement for residential earthquake insurance.
- The reinsurance arrangement was revised in May 2, 2011 in light of a decline in contingency reserves for residential earthquakes as a result of the vast amount of claim payments related to the Great East Japan Earthquake.

Reference (2)
The Auto Insurance Rating Scheme

○ Grade Rating System ("The plus/minus system")



○New rate plan differentiated by age bracket (which TMNF plans to introduce on Jan. 2012)

Risk segmentation by age under the current tariff

Age of the insured
All ages
21 years up
26 years up
30 years up
35 years up

Risk segmentation by age under the new tariff (after 1st Jan. 2012)

Age of the insured	Segmentation by age of the named insured
All ages	-
21 years up	-
26 years up	**Under 30 years**
	From 30 years to under 40 years
	From 40 years to under 50 years
	From 50 years to under 60 years
	From 60 years to under 70 years
	From 70 years up
35 years up	**Under 30 years**
	From 30 years to under 40 years
	From 40 years to under 50 years
	From 50 years to under 60 years
	From 60 years to under 70 years
	From 70 years up

Reference (3)
Definition of Adjusted Earnings and Adjusted ROE

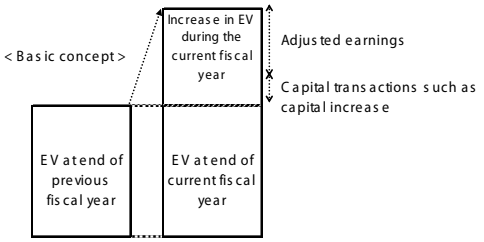
1. Adjusted earnings*1

(1) Property and casualty insurance business

Adjusted earnings = Net income + Provision for catastrophe reserves etc.*2 + Provision for reserves for price fluctuations*2 - Gains or losses from sales or valuations of ALM bonds and interest rate swaps*3 - Gains or losses from sales or valuations of stocks and properties - Extraordinary gains/losses, valuation allowances and others

(2) Life insurance business*4

Adjusted earnings = Increase in EV*5 during the current fiscal year - Capital transactions, including capital increase



(3) Other businesses … Net income determined following financial accounting principles

2. Adjusted capital*1 (average balance basis)

(1) Property and casualty insurance business

Adjusted capital = Capital + Catastrophe reserves, etc. + Reserves for price fluctuations

(2) Life insurance business*4

Adjusted capital = EV*5

(3) Other businesses … Net assets determined following financial accounting principles

3. Adjusted ROE

Adjusted ROE = Adjusted earnings ÷ Adjusted capital

*1 Each adjustment is after-tax basis
*2 Reversal are subtracted
*3 ALM: Asset Liability management
Excluded as counter balance items against market value fluctuations of liabilities
*4 Calculations are based on net income basis for life insurance companies in certain regions.
*5 EV: Embedded Value
An index in which the net asset value and the net present value of profits generated form the existing policies are combined

[Reference: Definition of adjusted earnings and adjusted ROE]

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

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

○ To account for earnings recognized on a deferred basis, such as those typical to the life insurance business, we use embedded value (EV) instead of accounting profit during the period in order to recognize the results of investments and other operations.

○ Adjusting for the unique characteristics of Japanese insurance accounting enables Tokio Marine to monitor its profits in a way much closer to how profits are recognized under IAS or US GAAP, and to more easily compare the Group's performance among other international insurers.

[Introduction to EV (Embedded Value)]

EV is a valuation and performance evaluation method used by life insurers. It is computed as the sum of net asset value and the value of in-force policies.

○ Net asset value:

The sum of net assets (under the Shareholders' Equity Section of the balance sheet) and a portion of contingency and price fluctuations reserves (all on an after-tax basis) that are reasonably considered to be an appropriate part of net assets.

○ Value of in-force policies:

The present value of stockholders' return available for dividends calculated at a discount rate reflecting risk premiums (risk discount rate). Stockholders' return for dividends is calculated based on the future stream of net income (after taxes) generated by in-force policies, less a certain amount of retained earnings to maintain a required solvency margin ratio.

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