

**Tokio Marine Group's New Medium-Term Corporate Strategy**

**“Innovation and Execution 2011”**

Tokio Marine Holdings, Inc. (President: Shuzo Sumi) ("we") has formulated a new medium-term corporate strategy “Innovation and Execution 2011” (the "Corporate Strategy") to be implemented from April 1, 2009 and covering the succeeding three-year period.

In accordance with the Corporate Strategy, Tokio Marine Group (the "Group") will aim to be a "global corporate group maintaining growth by offering quality that customers select" and seek to maximize corporate value through the framework set forth below.

<b>Medium-Term Vision (to be achieved by 2011)</b>	<b>A global corporate group maintaining growth by offering quality that customers select</b>
<b>Period of the Plan</b>	<b>From Fiscal 2009 to Fiscal 2011 (three years)</b>
<b>Framework</b>	<ul style="list-style-type: none"><li>• <b>Maintaining sustainable earnings growth through improvement of quality</b></li><li>• <b>Establishing an optimal business portfolio</b></li><li>• <b>Enhancing our global management structure</b></li></ul>

**1. Business Environment**

We expect to face a challenging business environment in the coming years.

With respect to our domestic insurance business, the core business of the Group, we expect that it will be difficult for the market to grow significantly given the mature nature of the Japanese economy coupled with a falling birthrate and an aging population in Japan. In our overseas insurance business, we intend to implement a competitive growth strategy to navigate the difficult business circumstances that we anticipate experiencing due to the current global financial crisis that is expected to continue.

We also expect global standardization of standards and regulations applicable to the insurance business,

including accounting principles and risk management standards, will advance. In response, we intend to strengthen our global management structure.

**2. Medium-Term Vision (to be achieved by 2011)**

**A global corporate group maintaining growth by offering quality that customers select**

In order for the Group to maintain sustainable growth in the current challenging business environment, we expect it will be important for each Group company to be selected by customers on the basis of quality of product, service and business processes and to implement a globally competitive corporate strategy. We will expect all members of the Group to work as a team to expeditiously implement strategies designed to achieve the Group’s medium-term vision.

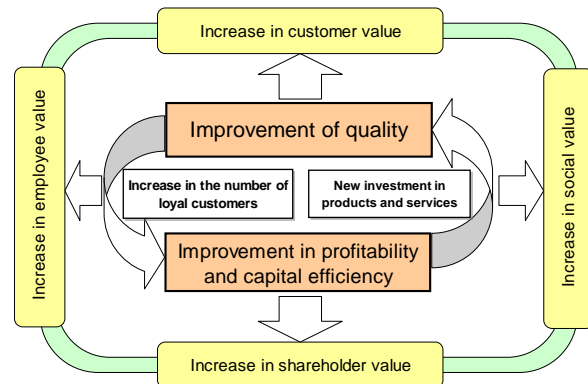
- Quality means:**
- *quality of product and service* – easy to understand, convenient and offering the most fitting solutions for customers;
  - *quality of business processes* – smooth, precise and customer-friendly delivery of products and services; and
  - *financial quality* –financial soundness.

**3. Framework of the New Medium-Term Corporate Strategy, “Innovation and Execution 2011”**

Under the current medium-term corporate strategy, we have been focusing on *change* – undertaking such activities as the Business Renovation Project, large-scale M&A abroad and our name change. Under the Corporate Strategy, we intend to continue and to increase the speed of this change and to achieve our goals by executing the formulated strategies in our framework.

## I. Maintaining sustainable earnings growth through improvement of quality

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



## II. Establishing an optimal business portfolio

We intend to focus our management resources in the businesses where we expect that we can achieve growth cycle through improvement of quality. We intend to pursue an optimal business portfolio through enhanced choice and focused processes with the goal of achieving a portfolio with well balanced growth potential and profitability.

## III. Enhancing our global management structure

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

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

We also intend to maintain the management resources needed to execute our core business strategies, including the Group's human resources strategy, the Group's IT strategy and the Group's capital strategy, and to allocate management resources in a manner that is optimal for the Group.

### 4. Growth Strategies for Our Main Businesses

#### Aiming for growth driven by expansion of support from customers

##### (1) Domestic Insurance Business

With regard to our domestic insurance business, the core business of the Group, we intend to further

enhance our Group strengths. We will seek to achieve growth by gaining support from customers and strengthening our competitiveness, including improving customer contacts and maximizing strengths and synergies (e.g., integration of life and non-life insurance offerings).

• **Strong customer contact**

Tokio Marine & Nichido Fire Insurance Co., Ltd. ("Tokio Marine & Nichido"), the core of our domestic insurance business, has been implementing the "Business Renovation Project" involving such activities as streamlining products and back-office work processes and promoting the introduction of "TNet", a new agency system. Going forward, Tokio Marine & Nichido will seek to provide its customers with products and services through more customer-friendly business processes and to strengthen customer contacts. In order to achieve these goals, Tokio Marine & Nichido intends:

- to introduce a new agent management system "Agent Compass" to support agents;
- to enter into an alliance with SECOM CO., LTD. to enhance consulting services offered to customers; and
- to develop and operate "Multi-access" platforms to diversify the agents' solicitation process. (See note below.)

**Note:** "Multi-access" is expected to be a set of platforms offered to Tokio Marine & Nichido's agents for use in diversifying the solicitation process. Multi-access is expected to offer agents a set of platforms, including a call-center, a web-based application platform and a customer-contact database structured using current technology. These platforms are expected to be tailored to Tokio Marine & Nichido's agents so as to strengthen customer contacts and improve the quality ultimately offered to Tokio Marine & Nichido's customers.

**Alliance with SECOM CO., LTD.**

Tokio Marine & Nichido has entered into a strategic alliance with SECOM CO., LTD., the leading company in the home security business in Japan. Through this alliance, Tokio Marine & Nichido will seek to offer comprehensive security and safety consulting services to its customers through its agents and offer a SECOM home security system exclusively developed for Tokio Marine & Nichido insurance customers. Tokio Marine & Nichido believes that this product will help agents enhance the overall quality of their consulting services.

**• Maximizing the Group's collective strength (including integrated life and non-life insurance offerings)**

Our customer needs are increasingly diversifying. More customers are purchasing insurance based on independent judgment and full analysis rather than simply accepting insurance recommendations by sales agents. In order to meet our customers' expectations, we intend to offer an expanded insurance products and services that will increasingly combine both life and non-life insurance offerings. We believe the breadth of our insurance line is one of the strengths of our Group.

As customers change their style of choosing insurance offerings, their needs for consulting services relating to security and safety and to risk management also will increase. We expect our Group companies, including Tokio Marine & Nichido Risk Consulting Co., Ltd. (operating risk consulting business), Tokio Marine & Nichido Medical Service Co., Ltd. (operating healthcare business) and Tokio Marine & Nichido Anshin Consulting Co., Ltd. (operating life planning support business), will be well positioned to meet the customer needs by utilizing their own expertise and offering a variety of services with innovative insurance features.

**• Establishment of a business model utilizing mobile phone and the Internet**

In the early stages of the Corporate Strategy, we intend to consider an establishment of a new business model to offer non-life insurance products through mobile phone networks and the Internet to accommodate customers who have different needs from the Group's traditional customers.

**(2) Overseas Insurance Business**

Amidst the global financial crisis, we expect that insurance customers will be increasingly inclined to assess the financial soundness of insurance companies in their decision making. We believe that the financial soundness our Group maintains will serve as a competitive edge in expanding and gaining support from customers across the world.

**• Growth Strategy**

**Kiln Group and Philadelphia Consolidated Holding**

We completed two large strategic acquisitions in 2008 – acquisition of Kiln Group and Philadelphia Consolidated Holding Corp. Currently, our focus is on achieving smooth integration of these companies into our Group and on achieving their on-going business plan. As we move forward, we will develop a synergistic strategy combining the strengths of those companies with Tokio Marine Group.

#### Organic Growth Strategy

- With regard to our non-life insurance business (including reinsurance and large corporate properties) we intend to revise our insurance rates and underwrite new policies in line with the changing business environment, taking account rising market rates and the tendency of customers to select insurance companies based on their financial soundness.
- We intend to steadily develop our non-life and life insurance businesses focused on individuals, including efforts to diversify our product lineups and distribution networks for individuals in emerging markets, including Asia and Brazil.
- We intend to continue developing our business with Japanese companies abroad – which is an important pillar of our overseas insurance business. We will seek to upgrade our capabilities in responding to the needs of Japanese companies abroad by close collaboration with domestic insurance business counterparts.

#### M&A Strategy

To enhance our medium-to-long-term growth potential, we intend to continue evaluating M&A opportunities by taking the following three factors into consideration:

- (1) sound operation;
- (2) robust business model; and
- (3) high growth potential.

#### **Further Development and Reinforcement of Management Structure and Infrastructure**

Our overseas insurance business has undergone substantial change both in size and quality as a result of the M&A transactions in 2008, as well as other initiatives contemplated by our current medium-term corporate strategy. We also plan to implement a global risk-based management system (ERM system) to further upgrade our management structure and improve our infrastructure.

### (3) Financial and General Businesses

#### Financial Business

We will pursue initiatives to improve the Group's business portfolio and facilitate earnings growth by focusing on developing the asset management (fee) business and other capital-efficient businesses.

#### General Business

We will seek to actively develop our general businesses further and create more value for insurance customers by identifying their continually diversifying needs and by delivering innovative security and

safety-related products and services.

## 5. Figures and Business Portfolio Targets in the Corporate Strategy

We aim to achieve adjusted earnings of 220.0 billion yen and an adjusted ROE of 6% or higher by steadily executing our strategies in each business segment.

Business Segment	Adjusted earnings (billions of yen)	Component Percentage
Domestic non-life insurance business	115.0	52%
Domestic life insurance business	40.0	18%
Overseas insurance business	60.0	27%
Financial and general businesses	5.0	2%
Group Total	220.0	100%

### Assumptions:

- Business conditions: Macroeconomic conditions to recover from current global financial crisis by Fiscal 2011
- Japanese stock prices: Nikkei Average of 11,000 yen
- Exchange rate; US\$1= 100 yen

## 6. Promotion of the Group's CSR Activities

The Group expects to continue to focus on promoting CSR activities, such as global environmental protection and community and social programs, in order to fulfill our corporate social responsibility obligations and broadly contribute to the development of a more sustainable society.

In particular, we aim to assist our customers in efforts to cope with global warming and other climate change issues by providing new insurance, financial and consulting products and services responsive to climate change risks. We expect to develop these products through research conducted by Tokio Marine & Nichido and The Tokio Marine Research Institutes. Group companies also expect to address environmental issues by reducing our direct environmental burdens (carbon gas emissions, paper usage, etc.). The Group as a whole is targeting carbon-neutrality by the end of Fiscal 2011.

Our corporate philosophy provides to place our customers' trust at the base of all our activities and we strive to apply compliance across all phases of our business activities. We expect to become a corporate group that is needed by society.

## Targeted figures for Each Business Segment

### 1. Domestic Non-life Insurance Business

(In billions of yen)

		Fiscal 2007 (Actual)	Fiscal 2008 (Forecast)	Fiscal 2011 (Target)	
					vs. FY2008
Tokio Marine & Nichido	Net premiums written	1,912.1	1,840.0	<b>1,950.0</b>	106.0%
	Adjusted earnings	100.2	25.4	<b>115.0</b>	452.8%
Nisshin Fire	Net premiums written	141.6	137.0	<b>147.0</b>	107.3%
	Adjusted earnings	-0.8	-8.5	<b>5.0</b>	—

### 2. Domestic Life Insurance Business

(In billions of yen)

		Fiscal 2007 (Actual)	Fiscal 2008 (Forecast)	Fiscal 2011 (Target)	
					vs. FY2008
Tokio Marine & Nichido Life	New ANP(*) (ANP in force)	36.6 (347.8)	46.9 (368.7)	<b>59.0</b> <b>(416.0)</b>	125.8% (112.8%)
	Adjusted earnings (EV increased)	29.1	25.9	<b>35.0</b>	135.1%
Tokio Marine & Nichido Financial Life	New ANP (ANP in force)	50.6 (213.4)	45.0 (253.7)	<b>55.0</b> <b>(382.1)</b>	122.2% (150.6%)
	Adjusted earnings (EV increased)	-14.4	-21.2	<b>5.0</b>	—

(\*) ANP: Annualized net premiums

### 3. Overseas Insurance Business

(In billions of yen)

			Fiscal 2007 (Actual)	Fiscal 2008 (Forecast)	Fiscal 2011 (Target)	
						vs. FY2008
Non-life Insurance	Direct insurance	Net premiums written		195.6	<b>480.0</b>	245.4%
		Adjusted earnings		4.3	<b>40.0</b>	930.2%
	Reinsurance	Net premiums written		107.5	<b>130.0</b>	120.9%
		Adjusted earnings		10.7	<b>17.0</b>	158.9%
Life Insurance		Net premiums written		105.0	<b>100.0</b>	95.2%
		Adjusted earnings		1.1	<b>6.0</b>	545.5%
Total		Net premiums written	413.9	408.1	<b>710.0</b>	174.0%
		Adjusted earnings	29.7	14.2	<b>60.0</b>	422.5%

**Notes:**

- (1) Exchange rate: Assumed to be US\$1=¥100 for FY 2008 (Forecast) and FY2011 (Target)
- (2) “Non-life Insurance-Direct insurance” for FY2011 includes Philadelphia Consolidated, and “Non-life Insurance-Reinsurance” for FY2008 and FY2011 includes Kiln Group.

#### **4. Group-Wide Strategies**

The following Group-wide strategies are expected to help the Group support our growth strategies in each business segment.

Group-Wide Strategies	
ERM <sup>1</sup>	<ul style="list-style-type: none"> <li>• Development of infrastructure aimed at attaining risk-based management</li> </ul>
CRM <sup>2</sup>	<ul style="list-style-type: none"> <li>• Development of infrastructure aimed at enhancing interactions with customers</li> <li>• Introduction of customer satisfaction index and providing an optimal response to customers</li> </ul>
Asset management	<ul style="list-style-type: none"> <li>• Further improvement in asset management revenue through enhancement of overall Group asset management system</li> </ul>
◇ Maintenance and allocation of management resources to execute strategies	
Human resources	<ul style="list-style-type: none"> <li>• Independent Group HR strategy by each Group company and by each business segment</li> <li>• Group-wide HR development and optimal personnel assignment</li> </ul>
IT	<ul style="list-style-type: none"> <li>• Promotion of IT projects at home and abroad</li> <li>• Procurement and allocation of IT capacity in line with the strategies of each Group company</li> </ul>
Capital	<ul style="list-style-type: none"> <li>• Maintenance of balance between financial security (financial soundness) and capital efficiency</li> <li>• Conversion from capital policy based on flow (income) to capital strategy based on stock (capital)</li> <li>• Sale of strategically-held stocks on a larger scale during the three years under the Corporate Strategy than during three years under the current corporate strategy (further accelerating reduction of the ratio of stock holdings).</li> </ul>
◇ Appealing to Stakeholders	
Brand	<ul style="list-style-type: none"> <li>• Implementing promotions that emphasize our products, services and the Group brand</li> </ul>

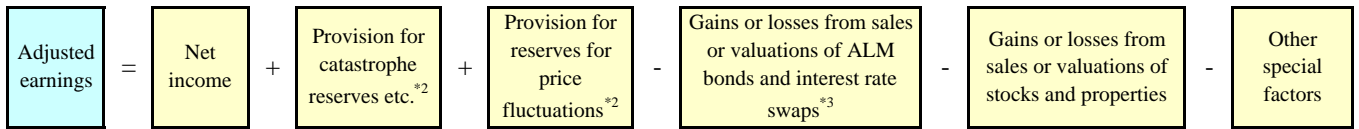
**Notes:**

- (1) Enterprise Risk Management (Risk-Based Management Strategy)
- (2) Customer Relationship Management (Customer Value Enhancement Strategy)

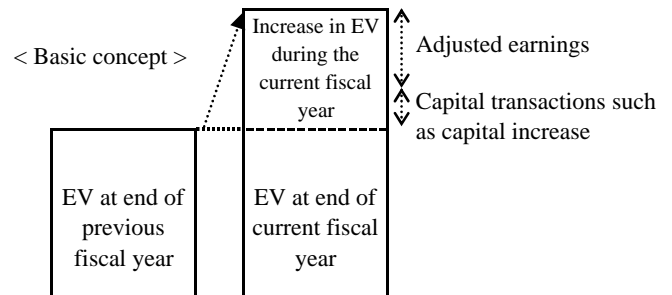
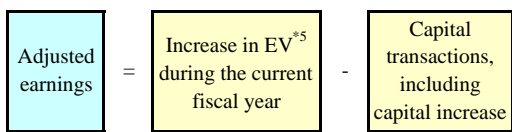
## Adjusted earnings and adjusted ROE

### 1. Adjusted earnings<sup>\*1</sup>

(1) Property and casualty insurance business



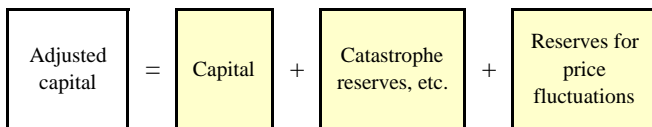
(2) Life insurance business<sup>\*4</sup>



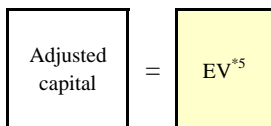
(3) Other businesses ... Net income determined following financial accounting principles

### 2. Adjusted capital<sup>\*1</sup> (average balance basis)

(1) Property and casualty insurance business

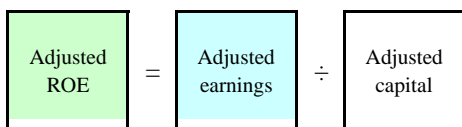


(2) Life insurance business<sup>\*4</sup>



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

### 3. Adjusted ROE



\*1 After tax

\*2 Reversals are subtracted

\*3 ALM: asset liability management  
Excluded as compensation for fluctuations in the market value of liabilities of ALM

\*4 Calculations are based on (3) criteria for life insurance companies in certain regions

(Overhead costs incurred by the head office are deducted from profits)

\*5 EV: embedded value  
An indexed value in which the net present value of profits to be gained from premiums written is added to the net asset value