

Disclosure of Embedded Value as of March 31, 2009

Tokio Marine & Nichido Financial Life Insurance Co., Ltd. (President and CEO: Takashi Yagi) hereby discloses its Embedded Value ("EV") as of March 31, 2009, one of the measures of the economic value of the life insurance business operated by the Tokio Marine Group in Japan, as shown in the attachment.

<Outline>

EV as of March 31, 2009 was 44.0 billion yen, a decrease of 50.2 billion yen from the previous fiscal year.

As a result, ROE for the fiscal year ended March 31, 2009 (from April 1, 2008 to March 31, 2009, "FY2008") was negative 72.7%.

Table 1 (Billions of yen)

	FY2006	FY2007	FY2008
Net asset value	31.6	40.3	46.2
Value of in-force business	67.1	53.9	-2.2
EV at the end of the fiscal year	98.7	94.3	44.0
Value of new business	14.1	2.6	-2.7

Table 2 (Billions of yen)

	FY2006	FY2007	FY2008
Change in EV (excluding the capital increase during the term)	17.8	-14.4	-50.2
Average EV	79.8	96.5	69.1
ROE*	22.3%	-14.9%	-72.7%

*Note: ROE = Change in EV (excluding the capital increase during the term) / Average EV

Embedded Value as of March 31, 2009

1. Embedded Value

Embedded Value ("EV") is regarded as one of the measures used to assess the economic value of a life insurance business and its performance. In Japan, over ten insurers have disclosed their EV as of March 31, 2008. It is calculated as the sum of the "Net asset value" and "Value of in-force business".

"Net asset value" is calculated by adding "Contingency reserve" and "Reserve for price fluctuation", which are regarded as appropriate to be included in "Net assets", to "Net assets" in the balance sheets.

"Value of in-force business" is based on "Net income" expected to be generated by the in-force business. The present value is calculated by discounting future distributable shareholder profits, fewer surpluses required to be retained in order to maintain a certain level of solvency margin, using a risk discount rate that takes a risk premium into consideration.

2. EV at the end of fiscal year

(1) EV as of March 31, 2009

EV as of March 31, 2009 was 44.0 billion yen in total: net asset value of 46.2 billion yen and value of in-force business of negative 2.2 billion yen.

Table 1

(Billions of yen)

	FY2006	FY2007	FY2008
Net asset value	31.6	40.3	46.2
Value of in-force business	67.1	53.9	-2.2
EV at the end of fiscal year	98.7	94.3	44.0
Value of new business	14.1	2.6	-2.7

(2) Change in EV and ROE

The Tokio Marine Group adopts "Change in EV" and "ROE", as measures used for assessing its performance in the life insurance business.

EV as of March 31, 2009 (excluding the capital increase during the term) decreased by 50.2 billion yen from that as of March 31, 2008 (the change in EV: negative 50.2 billion yen), while ROE was negative 72.7%.

Table 2

(Billions of yen)

	FY2006	FY2007	FY2008
Change in EV (excluding the capital increase during the term)	17.8	-14.4	-50.2
Average EV	79.8	96.5	69.1
ROE*	22.3%	-14.9%	-72.7%

*Note: ROE = Change in EV (excluding the capital increase during the term) / Average EV

The Change in EV from March 31, 2008 to March 31, 2009 (excluding the capital increase during the term) decreased by 35.8 billion yen, compared with that from March 31, 2007 to March 31, 2008. However, when "Variances between actual performance and assumptions on investment" and "Effect of changes in assumptions" were excluded, the change in EV from March 31, 2008 to March 31, 2009 was negative 6.2 billion yen, a decrease of 13.2 billion yen compared with that from March 31, 2007 to March 31, 2008.

Reference	(Billions of yen)		
	FY2006	FY2007	FY2008
Change in EV**	12.2	6.9	-6.2

**Note: Excluding the capital increase during the term, variances between actual performance and assumptions on investment and effect of changes in assumptions.

3. Major Assumptions

The major assumptions used in calculating the value of in-force business at March 31, 2009 were as follows:

Assumptions	Basis of Assumptions
Mortality rate	Based on past claim payment performance by insurance type, policy year, etc.
Surrender rate	Based on past surrender performance by insurance type, payment method and policy year.
Expense	Based on past actual expenses, expressed as unit costs per in-force policy.
Investment earnings ratio for separate accounts	Based on earnings ratio of portfolio (stock fund, bond fund and money fund) by insurance policy type.
Effective tax rate	Based on actual experience (36.2%).
Solvency margin ratio	Assumed to maintain a solvency margin ratio of 600%.
Risk discount rate	Set by adding a risk premium of 6% to the risk free interest rate (the 20-year JGB yield). FY2007: Risk free interest rate (2.10%) + 6% → 8% FY2008: Risk free interest rate (1.96%) + 6% → 8%

<Investment earnings ratio for separate accounts>

Investment earnings ratio for separate accounts is set by insurance policy type, 4% of stock fund, 1.444% of bond fund and 0.1% of money fund.

<Risk discount rate>

The risk discount rate has been set by adding a risk premium of 6% to the risk free interest rate (the 20-year JGB yield). The risk premium has not been changed between FY2007 and FY2008.

The Tokio Marine Group set a risk premium of 6% as the required level for its domestic life insurance business.

4. Effects of Changes in Assumptions (Sensitivities)

The table below shows the change in EV at March 31, 2009 arising from changes to assumptions:

Table 3 (Billions of yen)

Change in Assumptions	Effect on EV	EV Amount
Set 1.1 times the insurable mortality rate	-0.9	43.0
Set 1.1 times the surrender rate	0.3	44.3
Set 1.1 times the expense	-1.1	42.8
If the balance of actual cash value of separate accounts is instantly increased by 10%	17.3	61.4
If the balance of actual cash value of separate accounts is instantly reduced by 10%	-19.1	24.9
Set Solvency margin ratio at 500%	2.0	46.1
Set Solvency margin ratio at 700%	-2.2	41.7
Reduce risk premium by 2% (with 6% discount rate)	1.5	45.5
Reduce risk premium by 1% (with 7% discount rate)	0.7	44.7
Raise risk premium by 1% (with 9% discount rate)	-0.7	43.2
Raise risk premium by 2% (with 10% discount rate)	-1.4	42.5

<Increase or reduction in risk premium >

Any increase or reduction in discount rate is in tandem with the fluctuations in market interest rates and increases or reductions in the risk premium rate. However, in this case, the market interest rate is fixed and the effect is calculated based on the fluctuation of risk premium.

5. Factors for the Change in EV

Table 4 (Billions of yen)

	FY2007	FY2008	Year-on-year change
Capital increase during the term	10.0	--	-10.0
Value of new business	2.6	-2.7	-5.3
Release of the discounted value of in-force business	6.6	4.4	-2.2
Variances between actual performance and assumptions on investment	-21.5	-42.4	-20.8
Variances between actual performance and assumptions on others	-1.4	-0.0	1.3
Effect of reinsurance	-0.8	-7.9	-7.0
Effect of changes in assumptions	0.1	-1.5	-1.7
Total	-4.4	-50.2	-45.8
(Excluding capital increase during the term)	-14.4	-50.2	-35.8

The change in EV, excluding capital increase during the term, consists of two major components, the value of new business and others.

(1) Value of new business

The value of new business written for FY2008 was negative 2.7 billion yen, down by 5.3 billion yen from the previous fiscal year. This was mainly because the hedge costs for minimum guarantee risks related to new business written for FY2008 increased in the latter half of FY2008 when the investment environment rapidly worsened due to financial turmoil.

(2) Changes other than Value of new business

Actual performance on investment was 42.4 billion yen lower than the assumptions, which was due to the projected decrease in M&E to be earned in the future in proportion to the total amount of net assets of the separate accounts, resulting from the fact that the actual performance of the separate accounts fell short of the assumptions due to rapid worsening of the investment environment caused by financial turmoil.

Effect of reinsurance for FY2008 was negative 7.9 billion yen, which was because reinsurance premium rate for the policies ceded in this fiscal year was higher than expected at the beginning in total.

Release of the discounted value of in-force business for FY2008 was 4.4 billion yen, a decrease of 2.2 billion yen from the previous fiscal year, along with the decreased value of in-force business as of the beginning of FY2008.

6. Instruction

As EV is calculated based on the assumptions including future prospects with risk and uncertainty, actual future results can differ largely from the assumptions used in EV calculation.

Also, since the actual market capital is determined by investors' judgment based on a number of information, EV can significantly differ from it. Therefore, sufficient consideration needs to be made in using EV.

Terminology

- Net asset value

"Net asset value" is calculated by adding "Contingency reserve" and "Reserve for price fluctuation", which are regarded as appropriate to be included in "Net asset value", to "Net assets" in the balance sheets.

As "Contingency reserve" and "Reserve for price fluctuation" are prepared to ensure the soundness of the Company's assets in case of unforeseeable circumstances in the future. Considering that these reserves are not for the payment of specific benefits and the time of payment is undetermined, these are regarded as appropriate to be added to net assets.

- Value of in-force business

"Value of in-force business" is calculated by subtracting the following capital cost from the expected present value of the current net incomes generated from the in-force business.

To calculate the future net incomes, assumptions such as future mortality rate, surrender rate, expenses and investment earnings ratio for separate accounts need to be set. As these assumptions, however, can differ from the actual future results, the present value are calculated by applying a risk discount rate to the projected future net incomes.

The minimum amounts of capital required to sustain its business (to maintain a certain level of solvency margin ratio) is calculated. This capital is repeatedly used for the investment until it is no longer necessary. For the investment/return of this capital, the present value is calculated by discounting the capital using a risk discount rate, in order to recognize "opportunity cost (capital cost)".

Therefore, the value of in-force business is the present value of future distributable shareholder profits less the amounts to be re-invested from the current net incomes.

- Value of new business

"Value of new business" is the present value of profits to be generated by new business for the fiscal year. It is the sum of profit/loss from the new business expenses (part of the above-mentioned net asset value) and the present value of profit/loss to be generated in the next fiscal year and later (part of the above-mentioned value of in-force business).