

March 13, 2012

Company: The Toa Reinsurance Company, Limited  
Representative: Hiroshi Fukushima,  
President and Chief Executive

Issue of Subordinated Notes (Hybrid Securities)  
by Private Placement

Please be informed that our company is issuing Step-up Callable Subordinated Notes (Qualified Institutional Investors Only) (hereinafter, the “Notes”) under the terms below.

1. Purpose for the issue of the Notes

In order to further strengthen our financial foundation and address factors in our Group’s business environment, such as the increase in insurance claim payments in conjunction with the Thailand flooding occurring since September 2011, our company has decided to issue subordinated notes (hybrid securities) with an established equity content level recognized by major rating companies.

2. Characteristics of the Notes

The Notes are a financing instrument that is positioned between debt and equity (hybrid securities), and that has characteristics such as ①a maturity 50 years and 4 months after issue (from five years and 4 months after issue, optional early redemption possible on interest payment dates), ②optional interest payment deferral, and ③in bankruptcy proceedings, etc., the Notes payment priority is subordinated to general debt. In addition, at the time of issue, the Notes are to carry both debt and financing-measure characteristics, and they are to have equity content equivalent to “intermediate equity content” recognized by Standards & Poor’s Ratings Japan K.K. (hereinafter “S&P”) and “Mid 50” by the Japan Credit Rating Agency, Ltd.

Note: This press release does not constitute an offer of any securities for sale. This press release has been prepared for the sole purpose of publicly announcing that the Company has resolved matters relating to the issuance of Step-up Callable Subordinated Notes (Qualified Institutional Investors Only) and not for the purpose of soliciting investment or engaging in any other similar activities within or outside Japan.

3. Securities summary

|                                  |   |
|----------------------------------|---|
| (1)Securities Name               | Toa Reinsurance #1 Step-up Callable Subordinated Notes<br>(Qualified Institutional Investors Only)  |
| (2)Aggregate<br>Principal Amount | JPY 30,000,000,000  |
| (3)Issue Date                    | March 21, 2012  |
| (4)Maturity                      | July 20, 2062 (50 years and 4 months from issue date)<br>However, after five years and 4 months the company may exercise optional early redemption on any interest payment date. Optional early redemption is possible due to ①a tax system event, ②a rating company equity content change event, or ③a solvency margin regulatory equity content disqualification event. |
| (5)Interest Rate                 | Fixed rate until July 20, 2017<br>Variable rate on and after July 21, 2017 (with step-up interest)  |
| (6)Interest Deferral             | ①Interest-payment optional halt<br>②Mandatory payment of optional-halt amount in cases such as the company's issue of a surplus-fund dividend to ordinary shareholders  |
| (7)Subordination<br>Conditions   | In bankruptcy proceedings, etc., subordinated to all debt except debt with standing equal or subordinate to these Notes   |
| (8)Issue Method                  | Private placement only for qualified institutional investors in Japan (Underwriter: Nomura Securities Co.,Ltd.)   |
| (9)Equity Content<br>Assessment  | S&P: Intermediate equity content<br>Japan Credit Rating Agency: Mid 50  |
| (10)Securities Rating            | AA- (Japan Credit Rating Agency)  |

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