



**SOMPO
HOLDINGS**

Innovation for Wellbeing

Topics & Basics

February 2017

Sompo Holdings, Inc.



1. Mid-term management plan

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(1) Key points of management plan

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(2) Business strategies for each business segment

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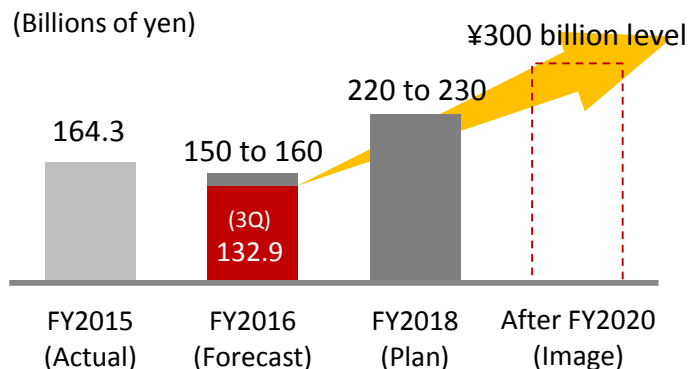
Targets of Mid-term Management Plan

- ◆ In the plan, we embody our management philosophy to provide the highest quality services that contribute to our customers' security, health, and wellbeing, and we aim to increase earnings and improve ROE further.

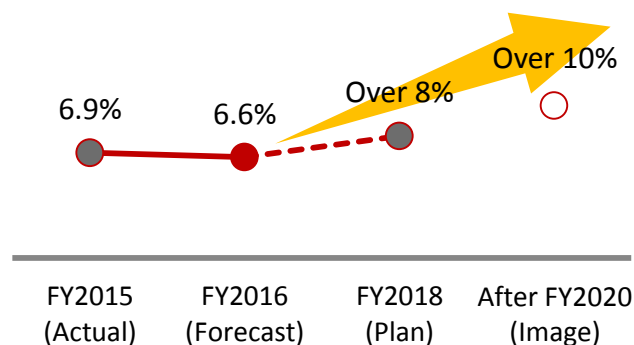
Targets of mid-term management plan (from FY2016 to FY2020)

	Targets in FY2018	Our vision (after FY2020)* ²
Adjusted consolidated profit* ¹	¥220 to 230 billion	To be global top 10 (¥300 billion level)
Adjusted consolidated ROE* ¹	Over 8%	Over 10%
Shareholder return	Enhance shareholder return in accordance with growth in adjusted consolidated profit and EPS.	

Adjusted consolidate profit



Adjusted consolidated ROE



*1 See page 33 for definitions of adjusted consolidated profit and adjusted consolidated ROE.

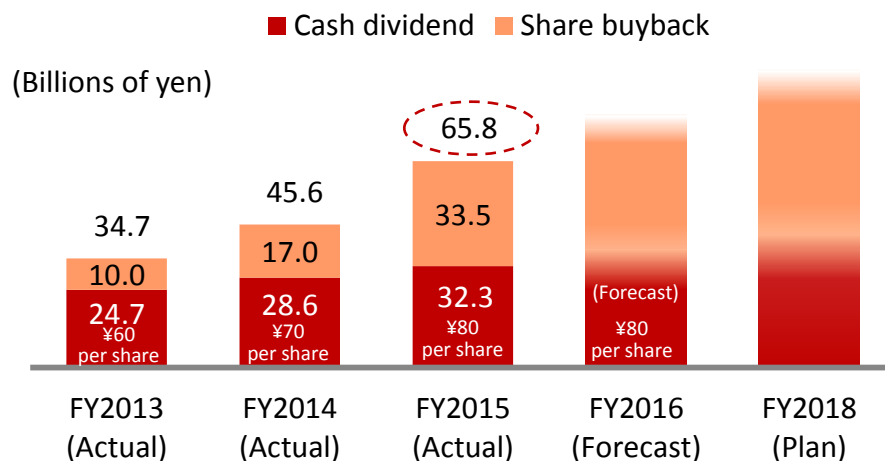
We upwardly revised targets in FY2018 in November 2016 (reflecting assumed impact of Endurance, etc.).

*2 We will set targets in FY2020 by FY2018 based on our vision, etc.

Shareholder Return

- ◆ Based on growth of adjusted consolidated profit, plan to increase total shareholder return (cash dividend and share buyback).
- ◆ Adjusted profit of domestic life insurance business is newly included in fund for shareholder return from FY2016, and target of total payout ratio over medium term is 50%.

Actual and plan



(Reference) Policy of shareholder return: unchanged

Aim at attractive shareholder return through stable dividend and flexible share buyback, taking into account dividend yield or DPS growth, etc.

<Total payout ratio ^{*3}>

It is possible that we consider additional share buyback when there is capital surplus, considering ROE level.

Around 50%

Target over medium term

It is possible that we adjust total payout ratio in a single year when we conduct huge M&A, considering capital level or financial ratings.^{*4}

Fund for return ^{*1}	15.8	90.8	132.0	150 to 160	220 to 230
(Total payout ratio)	(220%)	(50%)	(50%)		
Total shareholder return yield ^{*2}	3.2%	3.0%	5.1%		

^{*1} Changed to include adjusted profit of domestic life insurance business from FY2016.

^{*2} Total shareholder return yield = (Cash dividend + Share buyback) / Market cap. as of end of FY

^{*3} Total payout ratio = (Cash dividend + Share buyback) / Adjusted consolidated profit

^{*4} Not plan to lower total payout ratio below 30% in a single year.

Sustainable Growth of Corporate Value

- ◆ Embody management philosophy, and realize sustainable growth of corporate value over mid-term.

Differentiating factors in the mid-term management plan

Clear vision

Robust and agile
governance system

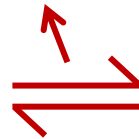
Digital strategy
(taking advantage of ICT)

Vision

Realize growth of corporate value over medium term by embodying management philosophy.

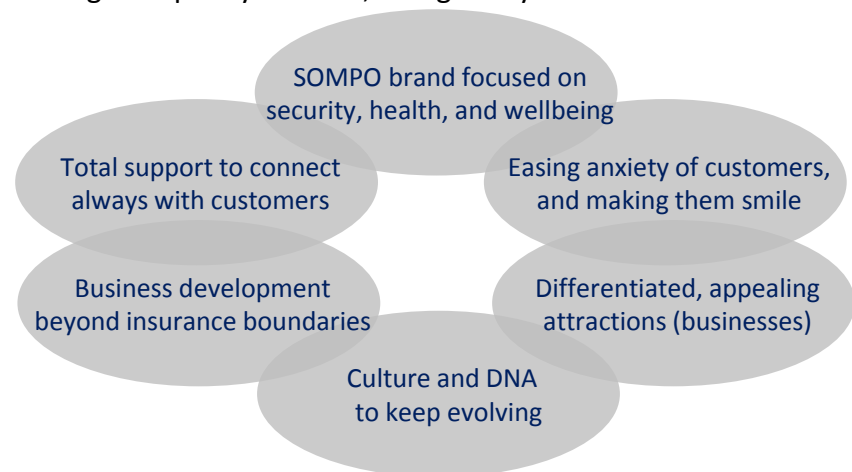
Group management philosophy

We will at all times carefully consider the interests of our customers when making decisions that shape our business. We will strive to contribute to the security, health, and wellbeing of our customers and society as a whole by providing insurance and related services of the highest quality possible.



Theme park for security, health, and wellbeing

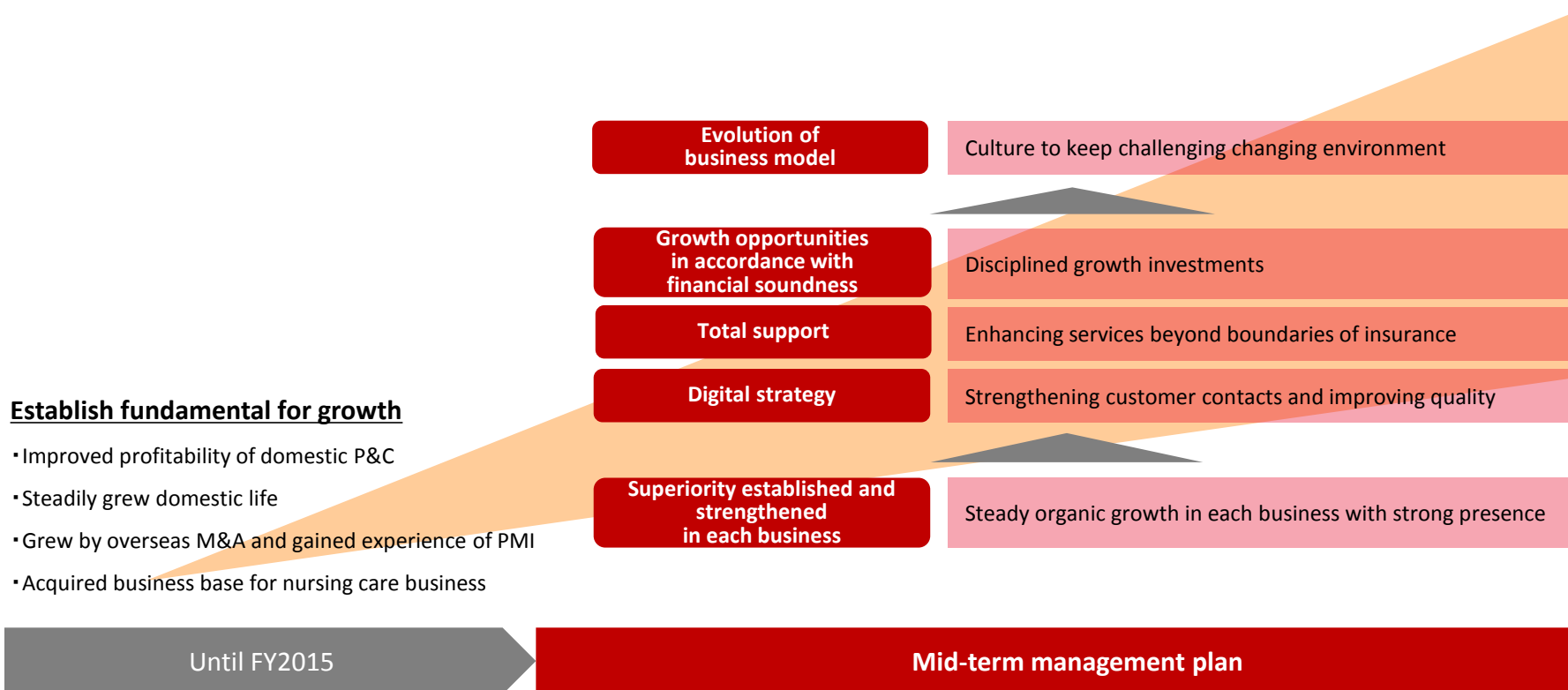
Based on the theme of security, health, and wellbeing, we support our customers' happy life by running business beyond the boundaries of insurance, utilizing digital technologies and providing the highest quality services, being always close to them.



Road Map for Growth

- ◆ Achieve steady organic growth based on robust group governance system, and realize global top 10 level earnings size and capital efficiency by steadily capturing new growth opportunities.
- ◆ Establish global SOMPO brand focused on security, health, and wellbeing by changing company name of the holding company and group.

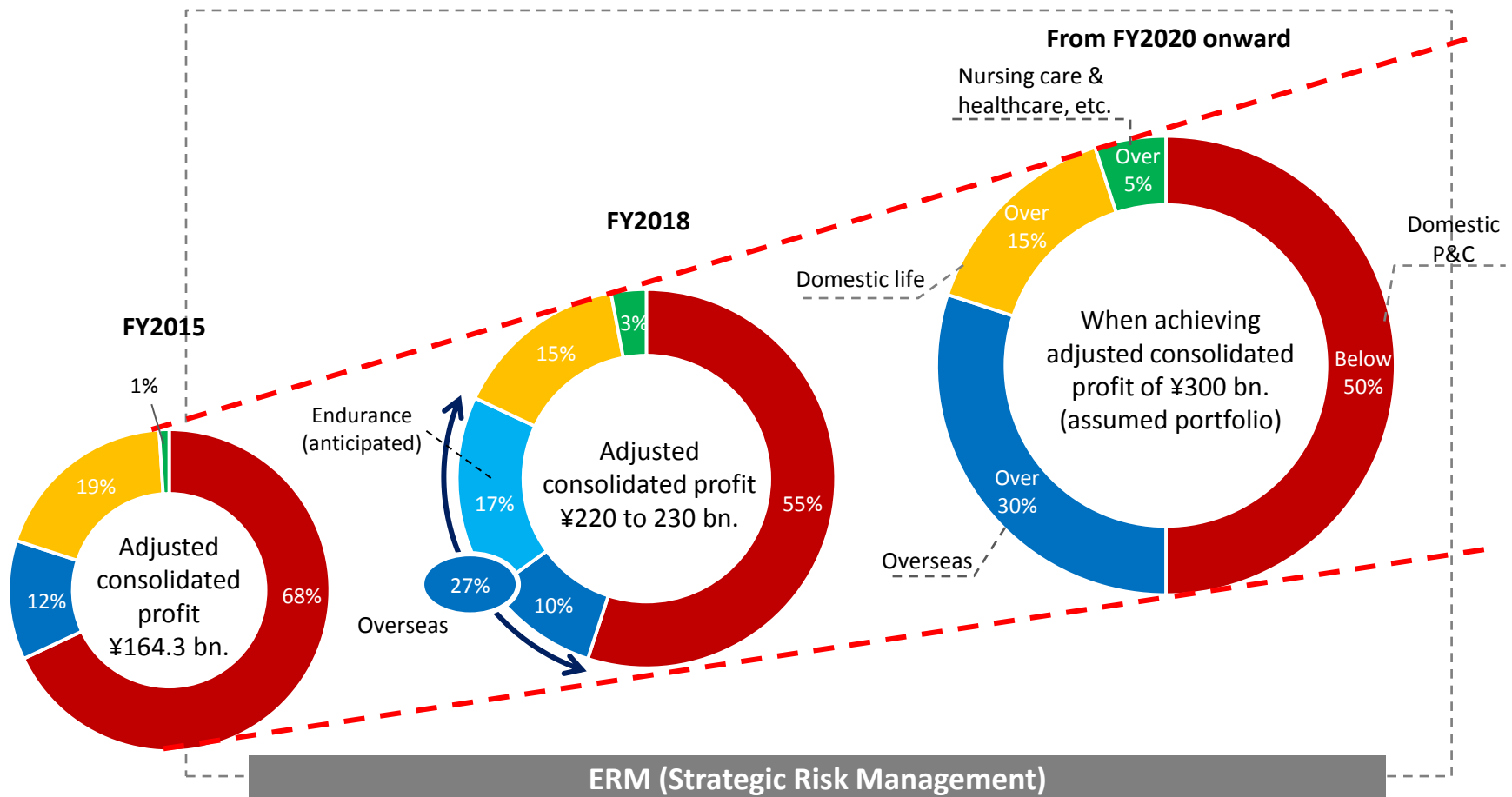
Substance of business strategies



Reform of Business Portfolio

- ◆ Build a well-balanced business portfolio that enables us to maximize risk diversification effect.

Transition of business portfolio (image)

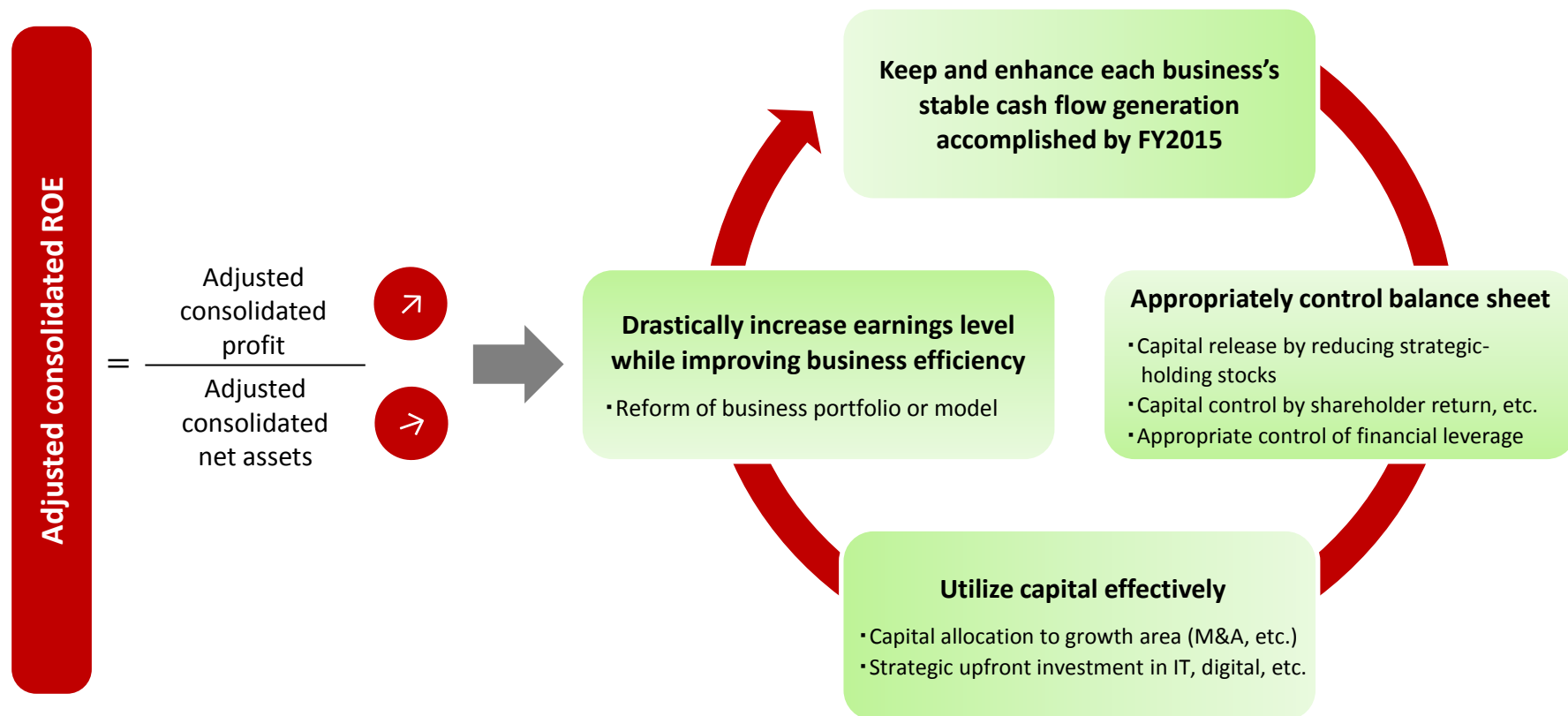


Path to Further Improvement of ROE

- ◆ Establish a cycle to improve ROE sustainably by utilizing cash generated in each business segment, and improving earnings and business efficiency under appropriate balance sheet management.

Cycle to improve ROE

[Cycle to achieve over 10% of adjusted consolidated ROE]



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Initiatives in Each Business and Collaboration among Businesses

- ◆ Steadily grow and enhance attractiveness of each business, and provide total support to customers through collaboration among businesses.

Initiatives in each business

Domestic P&C insurance business

Value-generating innovation

– be the most highly evaluated P&C insurance company –

- Reform business process and system infrastructure
- Establish customer contact by digital and human
- Grow in accordance with quality

Domestic life insurance business

Evolve into health support enterprise

– the second founding –

- Evolve into health support enterprise
- Integrate seamlessly three elements of product, service, and channel as a business model

Digital strategy

Growth opportunities in accordance
with financial soundness

Total support through collaboration
among businesses

Nursing care & healthcare business, etc.

Realize “Japan, an affluent country that can boast to the world of a long and quality life.”

- Provide safe and reliable nursing care services while simultaneously ensuring the dignity and independence of the elderly.
- Provide total service of insurance, nursing care, and healthcare.

Overseas insurance business

Accelerate growth by steady organic growth and disciplined M&A

- Establish truly integrated global insurance business platform in developed countries.
- Grow organically mainly in retail business in emerging countries.

Business Strategy for Domestic P&C Insurance Business

- ◆ Expand size of earnings by drastically improving business efficiency and developing services thoroughly from customers' perspective.

Key points

Contribute to group strategy by generating stable funds for growth and utilizing the largest customer base in the group.

Global top level business efficiency

- Evolving into cost structure competitive on global basis by reforming business process and system infrastructure (future innovation project).
- Aim at below 30% of net expense ratio in the future.

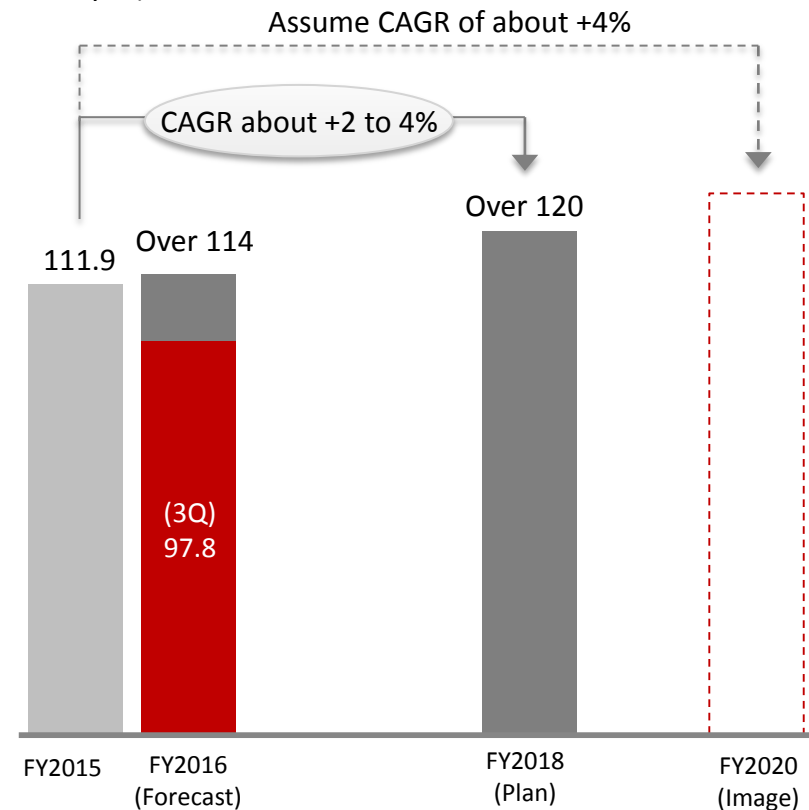


- Keep expanding top-line and bottom-line by developing products and services thoroughly from customers' perspective.
- Plan combined ratio of 92 to 94% level.

Growth accompanying quality

Plan for adjusted profit

(Billions of yen)

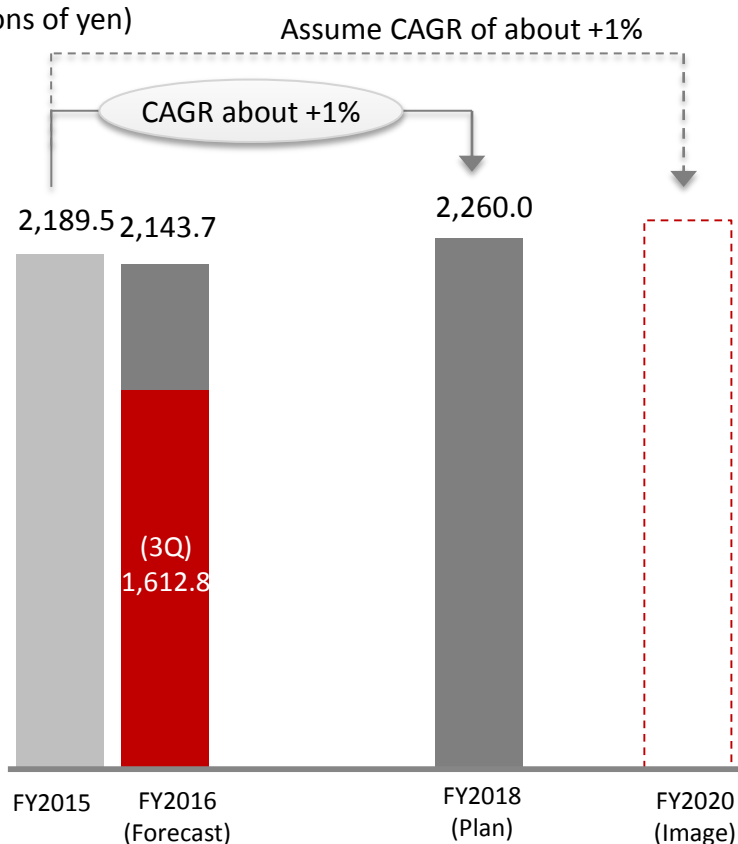


Sompo Japan Nipponkoa – Net Premiums Written

- ◆ Growth rate of net premiums written is expected to be about 1% per annum (conservatively assuming market average of growth rate is zero).

Trends of net premiums written*

(Billions of yen)



Assumptions of the plan

Automobile,
Fire and
allied lines

CAGR of +1.0% mainly due to expansion of market share (conservatively assuming market average of growth rate is zero)

Marine,
miscellaneous,
etc.

CAGR of +2.6% by selling customer-oriented products, and so forth.

* Net premiums written do not include assumed reinsurance premiums transferred from Sompo Japan Nipponkoa to Sompo Japan Canopus Re (about ¥30 billion).

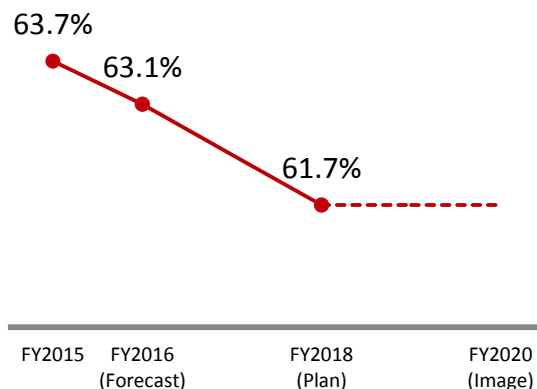
Sompo Japan Nipponkoa – Combined Ratio

◆ Plan combined ratio of 92 to 94% level by controlling expenses appropriately, and so on.

Plan for combined ratio

Loss ratio^{*1}

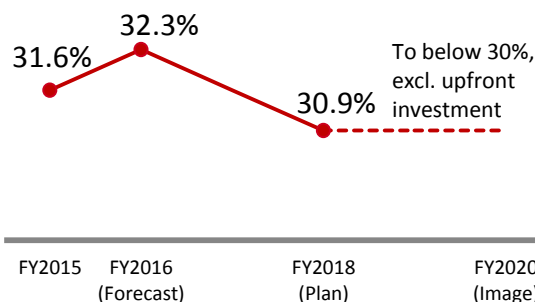
- Profitability kept on improving trend in automobile insurance.
(3Q FY2016 actual is 63.2%.)



*1 Loss ratio is on a written paid basis (excluding loss adjustment expense).

Expense ratio

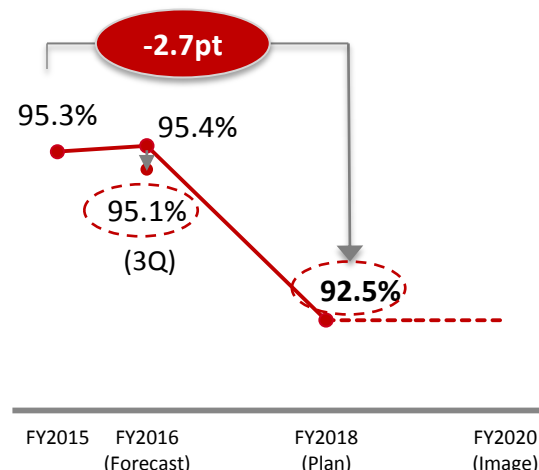
- Initiated upfront investment for future^{*2}.
- Aim at appropriate control of expense.
(3Q FY2016 actual is 31.9%.)



*2 We spend ¥8.1 billion for upfront investment by 3Q FY2016 against annual plan of ¥12 billion.

Combined ratio

- Plan to aim at combined ratio of 92 to 94% level.



Sompo Japan Nipponkoa – Future Innovation Project

- ◆ Improve productivity by reforming and slimming business process and system infrastructure.
- ◆ After completion of the project , achieve global top level company expense ratio.

Aspiration

Global top level company expense ratio

Simple system with advanced technologies

→The number of steps less than a half.

Agile product development by anticipating changes in business environment

→Period of product development from 7 to 2 months.

Achieve no administrative work in sales office

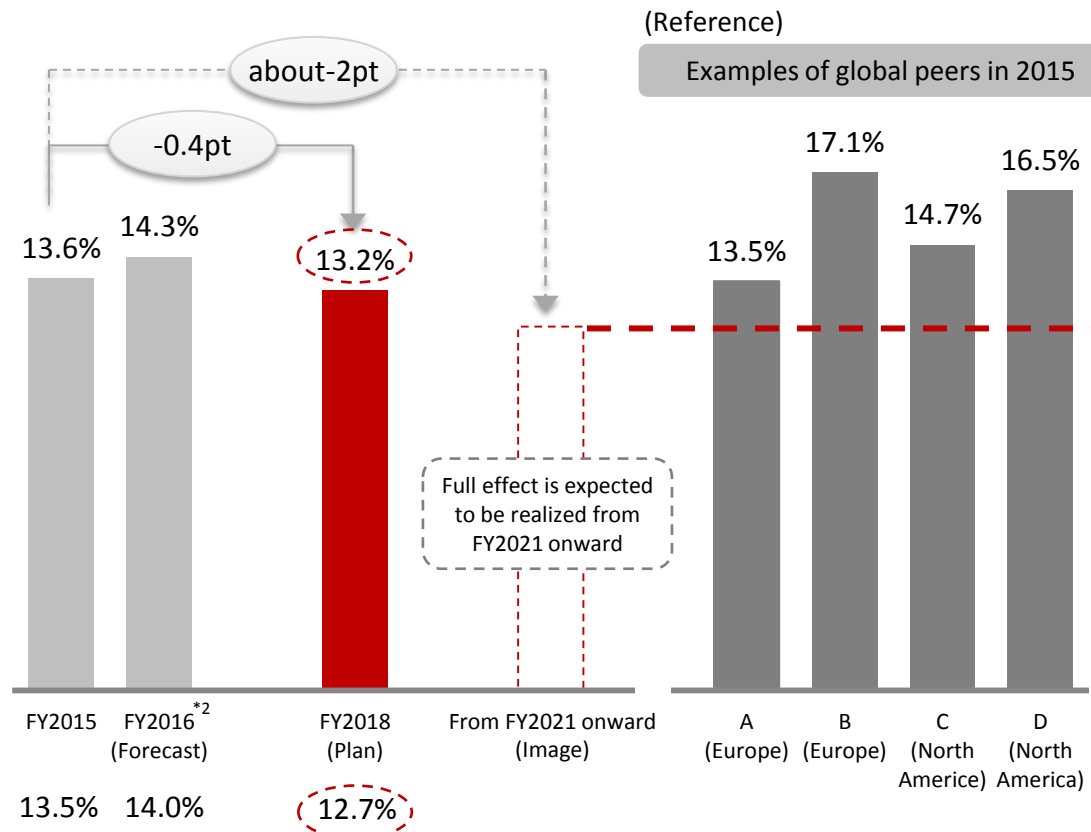
→Able to reduce sales headcounts by about 12%.

Status quo

- Old systems
- Lengthening of product development
- Structural overlap between sales office and agent

Company expense ratio
(excl. upfront investments)

Trends of company expense ratio*1



*1 Company expense ratio = Operating, general and administrative expenses for underwriting / Net premiums written

*2 (3Q FY2016 Actual) Company expense ratio: 14.1%, Company expense ratio(excl. upfront investment): 13.8%

Business Strategy for Domestic Life Insurance Business

- ◆ Positioning FY2016 as our second founding, we transform ourselves into a health support enterprise as the most innovative life insurance company.

Key points

Evolve into the new business model focusing on customers' health, and contribute to group strategy by steadily increasing the number of customers.

New growth strategy

- **Product** : Launch products satisfying customers' needs
- **Service** : Provide health-support services
- **Channel** : Enhance hybrid channel*



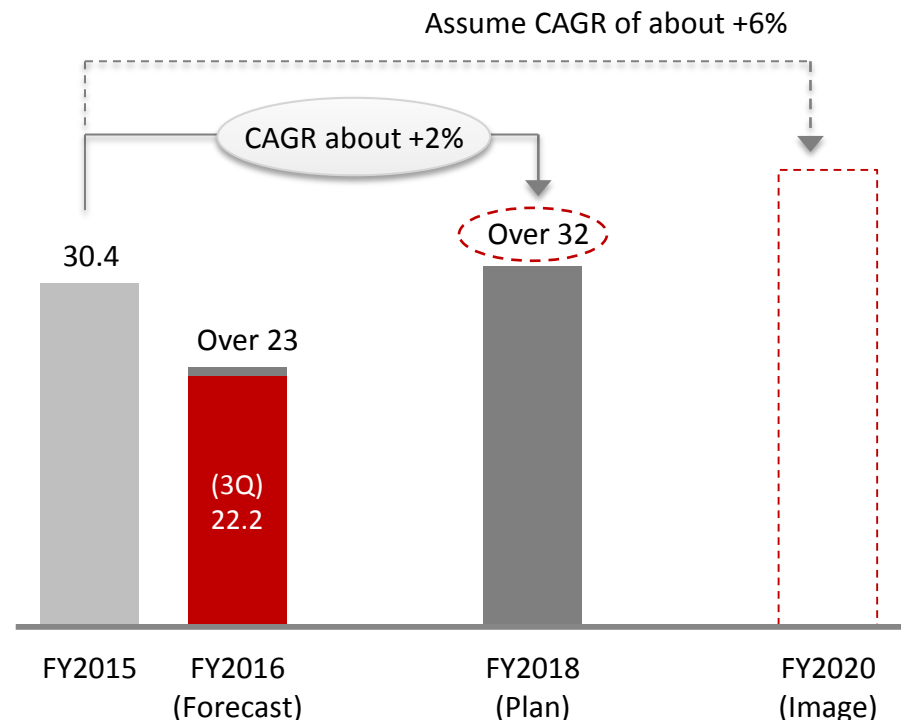
- Product strategy focusing on highly profitable protection-type products
- Channel strategy utilizing P&C agency network

Strengths of Himawari Life

* High-quality life insurance sales representatives follow up customers enrolling in insurance online.

Plan for adjusted profit

(Billions of yen)



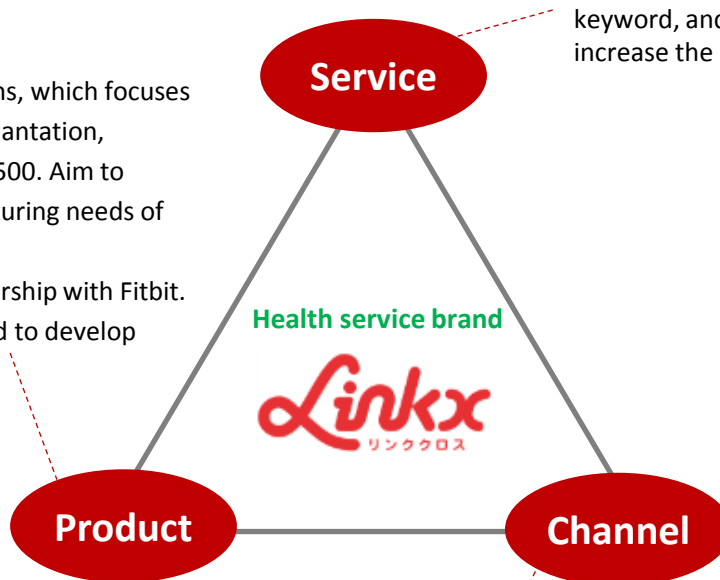
Growth Strategy of Domestic Life Insurance Business

- ◆ Aim to evolve into a health support enterprise by going beyond boundaries of “insurance.”
- ◆ Increase the number of customers and earnings in the future through new business model.

New business model

Accelerate growth strategy based on health service brand “Linkx (Link-cross)” by going beyond boundaries of insurance.

- In September 2016, launched Linkx Coins, which focuses on advanced medical and organ transplantation, available with a monthly premium of ¥500. Aim to increase the number of policies by capturing needs of customers.
- In February 2016, entered into a partnership with Fitbit. Proactively use biometric data collected to develop products in the future.



Successively expanded services centered with health as the keyword, and launched health-related app “Linkx Siru” to increase the number of customers in October 2016.

* **Linkx siru** image of app

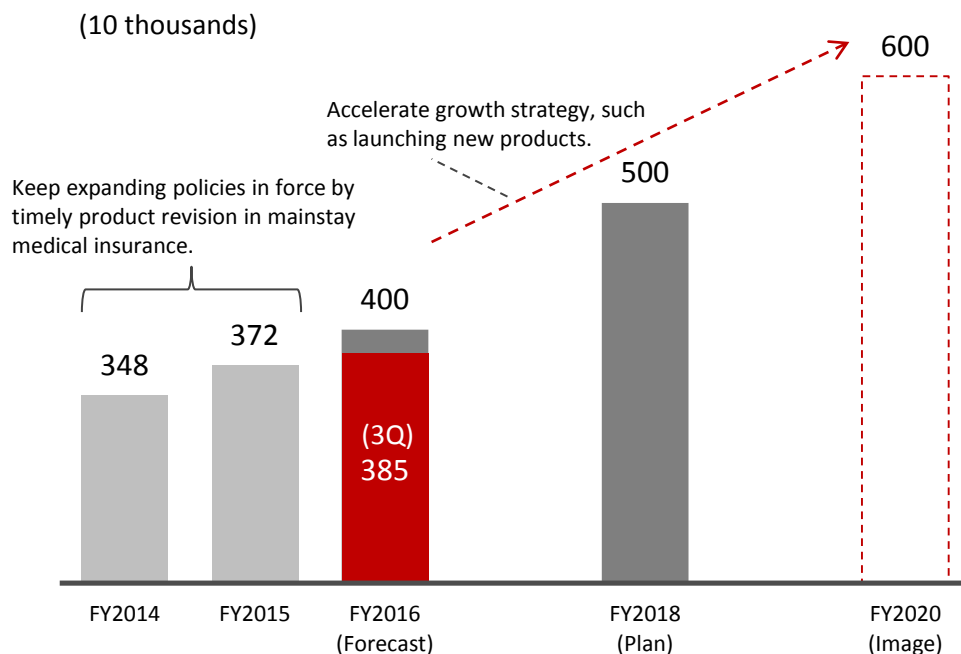


Establish system where high-quality sales representatives support customers who are connected with through our products and services.

(Reference) Policies in Force and Product Mix

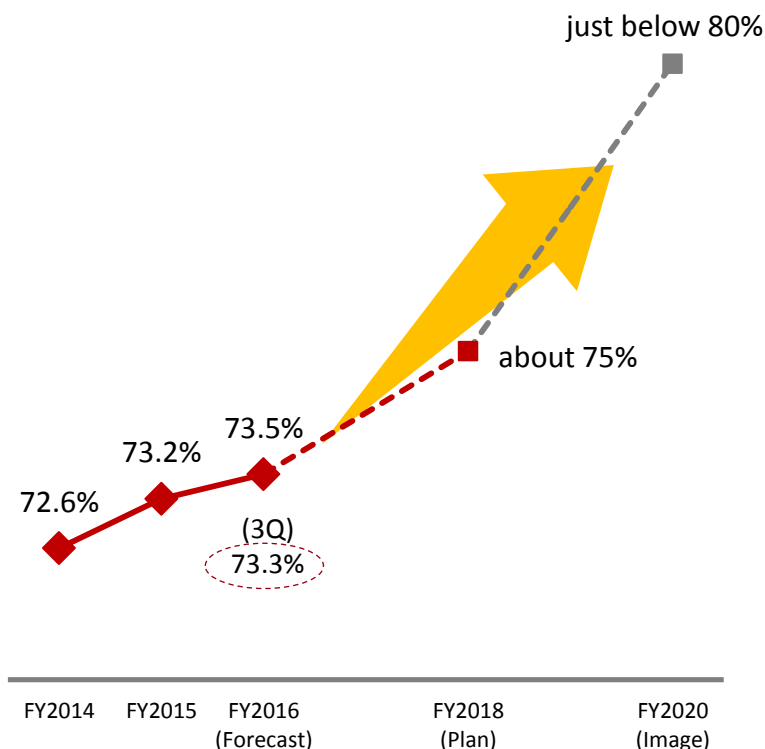
The number of policies in force

Steadily increased the number of policies in force by executing strategy based on protection-type products focused on medical insurance, with health as the keyword.



Weight of protection-type products

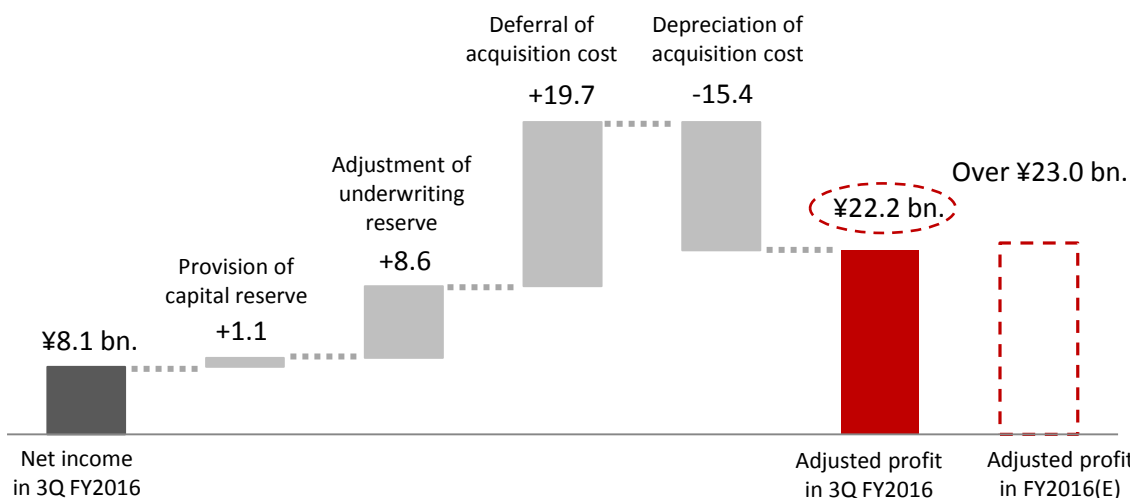
Weight of protection-type is already high level, and plan to keep raising it to improve profitability.



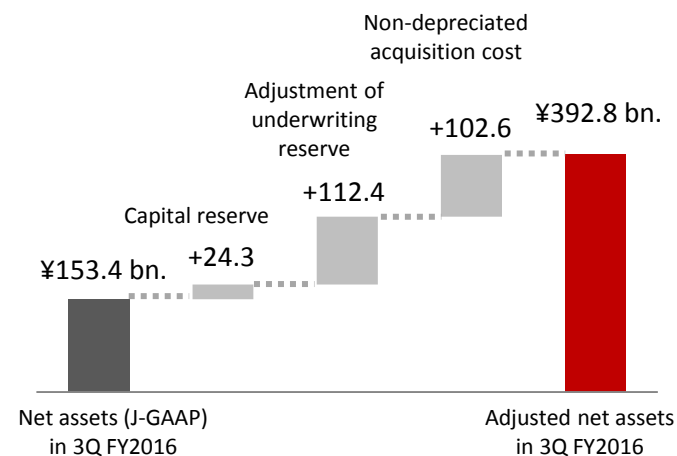
* Based on the number of policies in force.

(Reference) Adjusted Profit and Adjusted Net Assets – Himawari Life

Conversion from net income to adjusted profit



(Reference) Adjusted net assets



(Reference) Adjusted profit = Net income + Provision of capital reserve^{*1}
+ Adjustment of underwriting reserve^{*2}
+ Deferral of acquisition cost^{*3}
– Depreciation of acquisition cost^{*3}

(Reference) Adjusted net assets = Net assets + Capital reserve^{*1}
+ Adjustment of underwriting reserve^{*2}
+ Non-depreciated acquisition cost^{*3}

*1 Contingency reserve and reserve for price fluctuation (after tax).

*2 Re-calculate underwriting reserve, which is calculated conservatively, with factors used for calculation of premiums (after tax).

*3 Acquisition cost, such as commissions for new contracts, depreciated over 10 years (after tax).

Business Strategy for Nursing Care & Healthcare Business, etc.

- ◆ Realize “Japan, an affluent country that can boast to the world of a long and quality life” by providing comprehensive nursing care & healthcare services that satisfy needs of the elderly.

Key points

Contribute to group strategy as a new business pillar by utilizing ICT and digital technologies, and reshaping the industry through collaboration of insurance and nursing care.

Nursing care & healthcare business

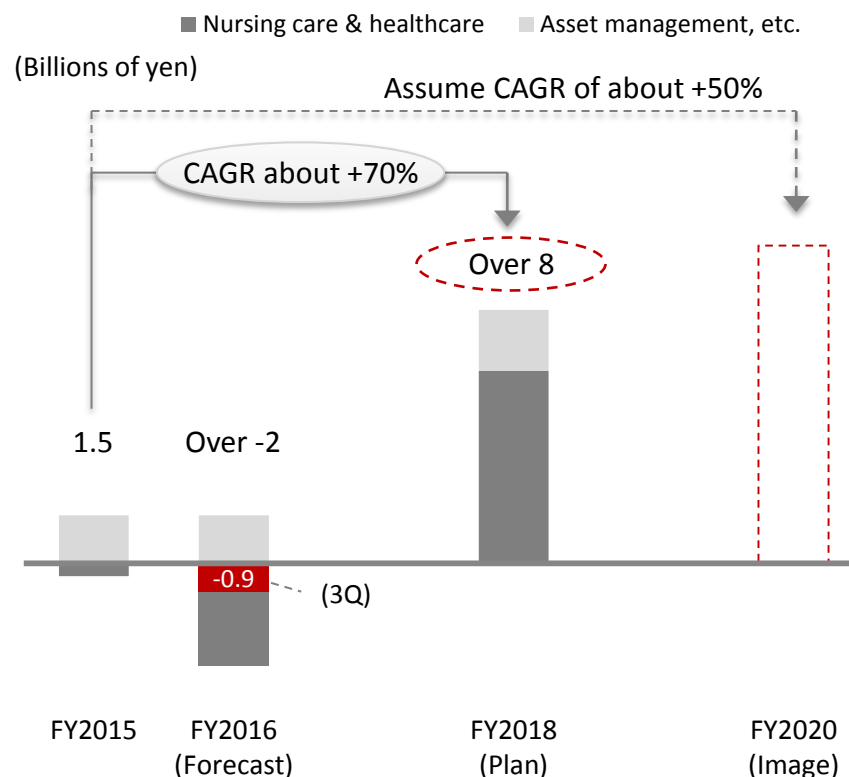
- Establish business base by strengthening internal control system.
- Improve productivity and quality by utilizing ICT or enhancing training.
- Enhance at-home nursing care service and strengthen functions.



- Strengthen and expand business domains beyond the boundaries of insurance.
- Focus rigorously on continuously providing services of the highest quality through alliance with major players and collaboration among businesses.

Other businesses

Plan for adjusted profit



* Nursing care business is the sum of SOMPO Care Message, SOMPO Care Next, Cedar (non-consolidated), and Sompo Risk Management & Health Care.

Strategy of Nursing Care Business

- ◆ Differentiate business model primarily by developing human resources and harnessing ICT, and aim to double the number of users in the future.

Direction to be achieved

Operation based on basic policy

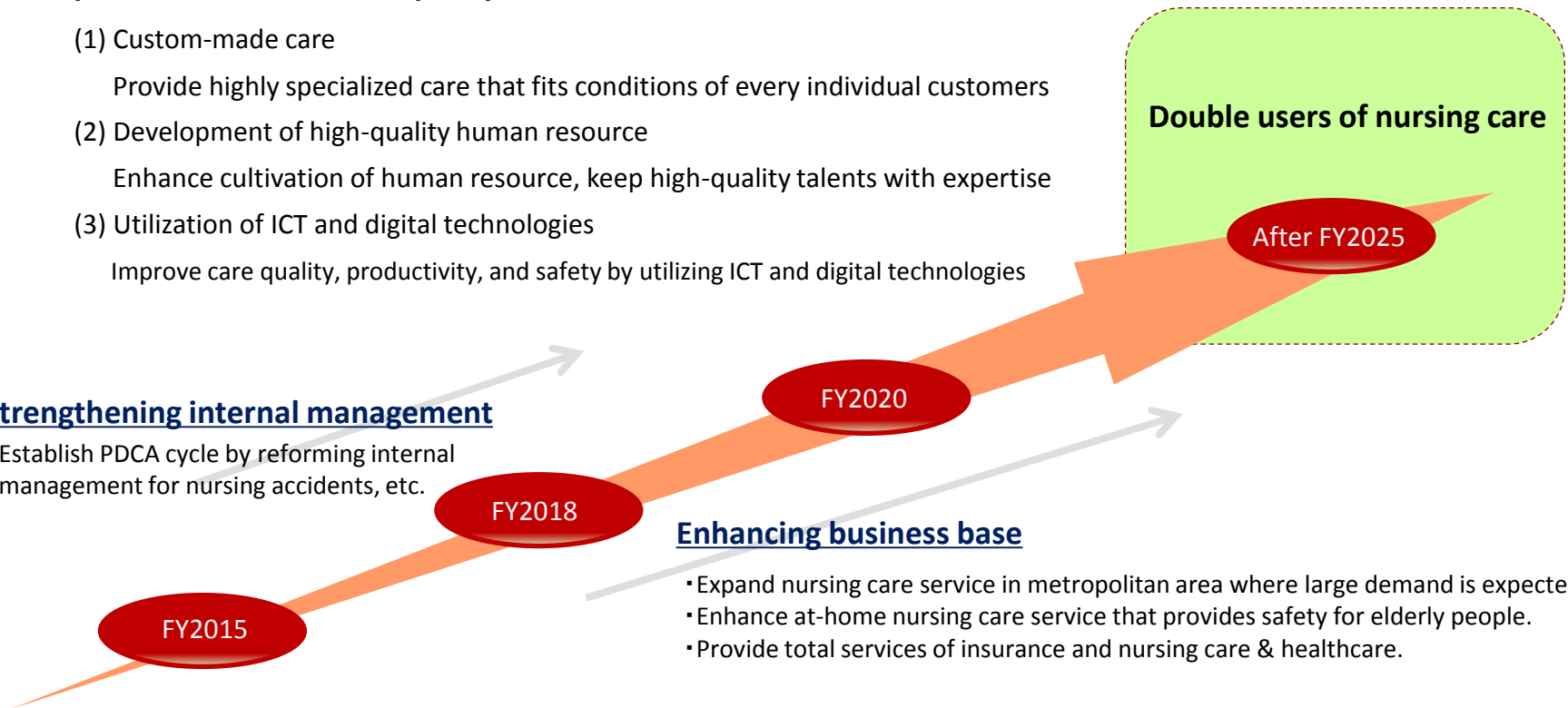
- (1) Custom-made care
Provide highly specialized care that fits conditions of every individual customers
- (2) Development of high-quality human resource
Enhance cultivation of human resource, keep high-quality talents with expertise
- (3) Utilization of ICT and digital technologies
Improve care quality, productivity, and safety by utilizing ICT and digital technologies

Strengthening internal management

Establish PDCA cycle by reforming internal management for nursing accidents, etc.

Enhancing business base

- Expand nursing care service in metropolitan area where large demand is expected.
- Enhance at-home nursing care service that provides safety for elderly people.
- Provide total services of insurance and nursing care & healthcare.



Business Strategy for Overseas Insurance Business

◆ Aim at organic growth faster than market average, and drastic expansion through disciplined M&A.

Key points

Contribute to group strategy by growing organically and pursuing certain level of scale through external growth.

Steady organic growth

- Developed countries Utilize Sompo Canopus as a vehicle for growth.
- Emerging countries Grow faster than market average.

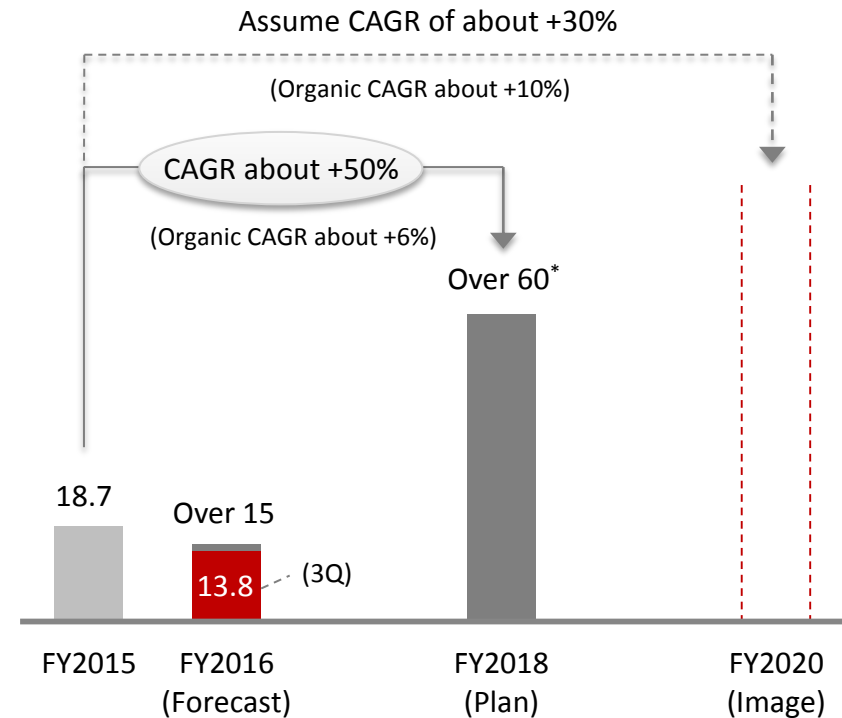


- Conduct well-balanced investments both in emerging countries to expect future growth and in developed countries to acquire immediate profit.
- Scrutinize each deal in terms of valuation, possibility of PMI, and affinity of corporate culture.

Accelerated growth via disciplined M&A

Plan for adjusted profit

(Billions of yen)



* Assume earnings contribution of around ¥40 billion from Endurance.

Review of Endurance

- ◆ Agreed with Endurance to commence procedures on the acquisition of it.
(assuming earnings contribution after FY2017)
- ◆ Plan to achieve optimization of business base in developed countries through PMI.

Overview of the transaction



- We agreed with Endurance to commence procedures on the acquisition of it in October 5, 2016.
- Total consideration is \$6,304 million, and PBR is 1.36x.
- Closing (100% acquisition) is expected around February 2017 or later.
(Earnings contribution would be from FY2017 if the deal is closed as planned.)
- Our financial soundness has no issues after the acquisition. So does group ratings currently.

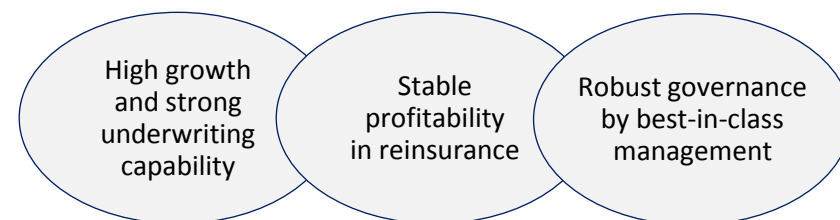
Effect of making Endurance our group company

- Group's ROE and profit will improve after earnings contribution.
- We assume positive impact on shareholder return.

Financial rating of
Sampo Japan Nipponkoa

Standard & Poor's	A+ (Stable)
Moody's	A1 (Stable)
R&I	AA- (Positive)
JCR	AA+ (Stable)
A.M. Best	A+ (Stable)

Strengths of Endurance



**Adjusted
consolidated ROE**
Around + 1 point

**Adjusted
consolidated profit**
Around + ¥40 bn.

Adjusted EPS
Around +¥100

Truly integrated global insurance platform

*Above figures are assumed impacts in FY2018.

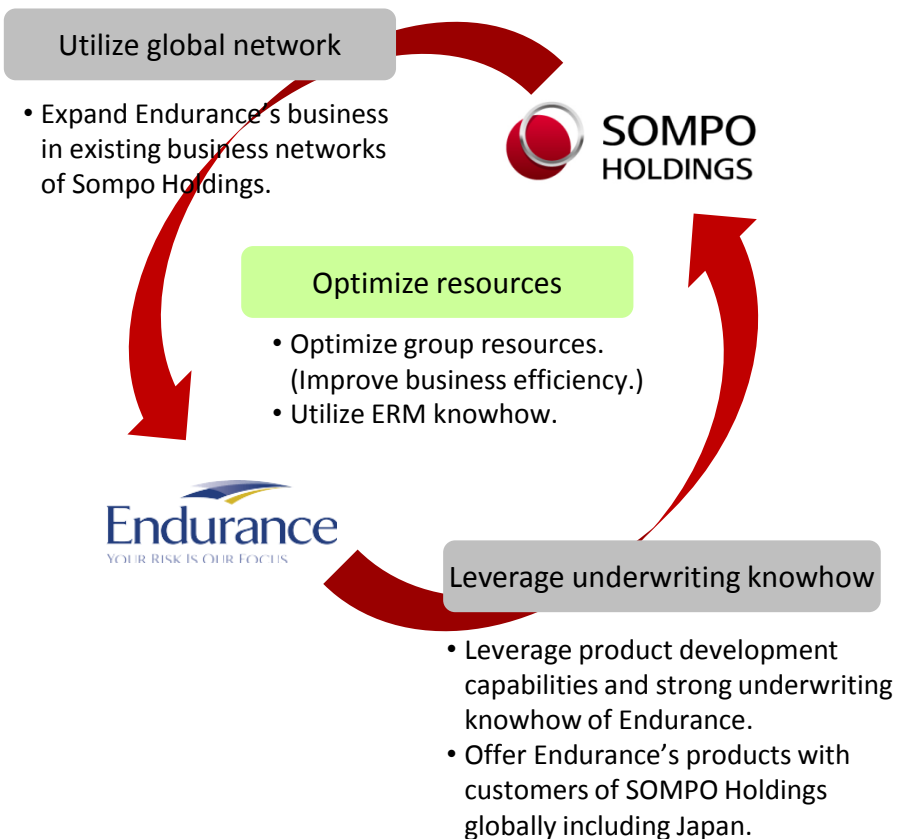
* Gross premium is ¥335.9 billion level.
\$1 = ¥101.12 as of the end of September 2016

Further Growth with Endurance

- ◆ Mutually utilize strengths in underwriting and aim at further growth by optimizing resources.

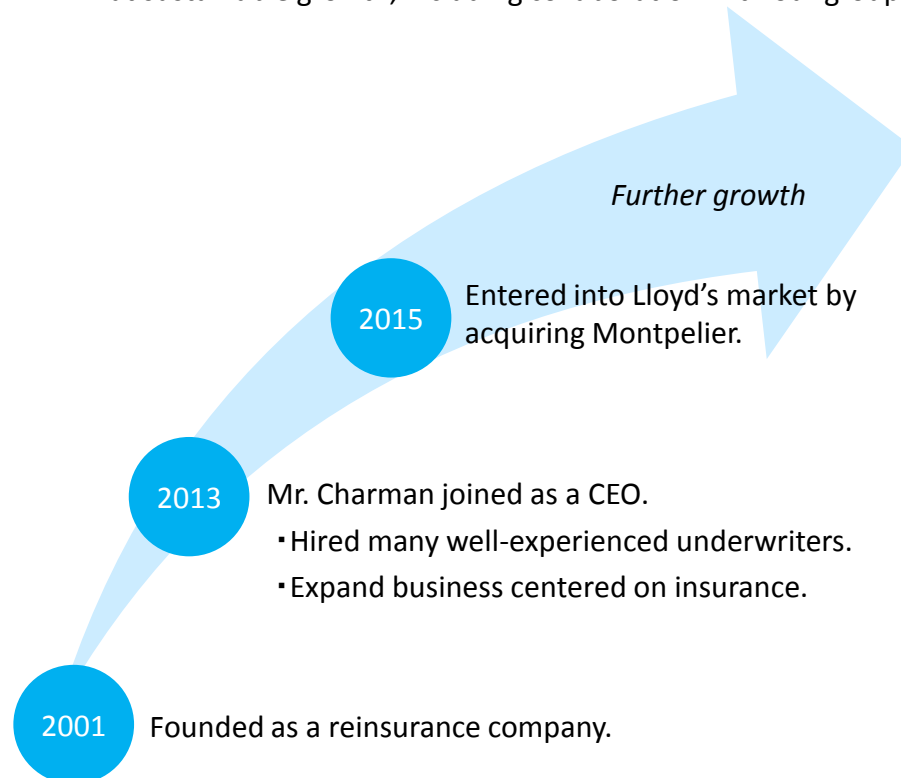
Growth opportunities

Progress closing procedures, and PMI for growth.



Growth of Endurance

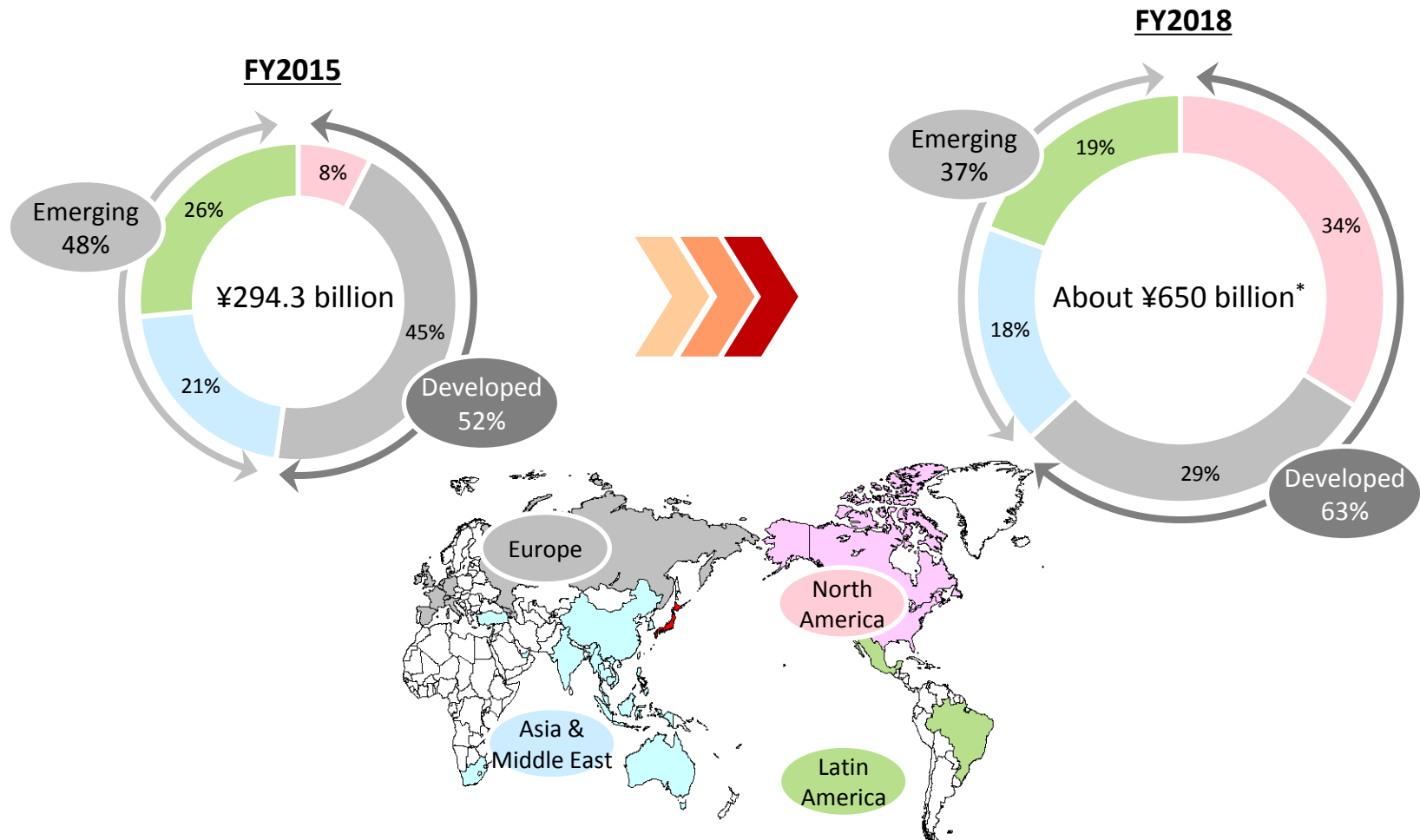
After 2013, expand business while improve risk diversification.
Aim at sustainable growth, including collaboration with our group.



Global Expansion

- ◆ Weight of developed countries exceeds 60%, and global geographical diversification improves after the procedures on the acquisition of Endurance is closed as planned.

Premiums by region



* Simply add actual premium of Endurance in FY2015 of around ¥200 billion.

History of Overseas Investment

◆ To be a truly globalized insurance group through steady organic growth and disciplined M&As.

Locus of growth in overseas insurance business

Overseas insurance business proceeds step by step and keeps evolving in a planned way to improve capital efficiency and strengthen resilience in uncertain era.

2010 onward

Strategic move to benefit from growth in emerging countries

- Captured growth in Asia & Middle East, etc. over medium to long term.

May 2010	Tenet (Singapore)	¥6.4 bn.
Nov. 2010	Sigorta (Turkey)	¥27.4 bn.
Jun. 2011	Berjaya (Malaysia)	¥17.0 bn.
Jun. 2013	Maritima (Brazil)	¥25.1 bn.

2014 onward

Entry into developed market & first step for globalization

- Entered into developed market, which has large scale of insurance business.
- Cultivated talents for overseas business, and improved experience for PMI.

May 2014 Canopus (UK) ¥104.7 bn.

2017 onward

To be a truly globalized insurance group

- Grow to be a global top 10 player.
- Establish cycle for sustainable growth by sophisticating overseas governance and improving risk and geographic diversification.

2017 (Plan) Endurance (US, Bermuda)

- ◆ Investigate and execute disciplined, selective M&As.
- ◆ Strengthen financial base by reducing strategic-holding stocks, controlling risk of natural disasters, etc.

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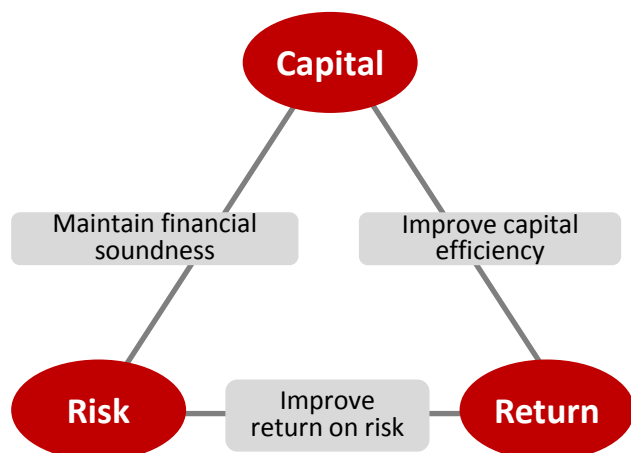
ERM

◆ Enhance thorough ERM further to maximize corporate value, and keep robust financial soundness.

Capital policy based on ERM framework

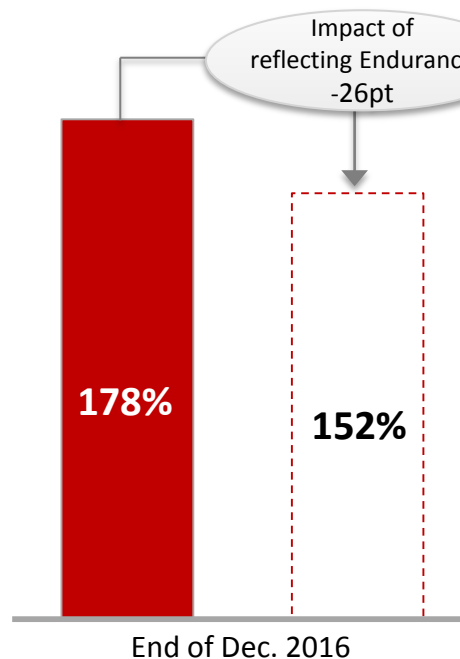
- Keep improving quality of capital, and aim at capital policy that actively enhance return.
- Progress initiatives improving capital efficiency, such as continual reduction of strategic-holding stocks, control of natural catastrophic risks, and M&A strategy.

<ERM framework>



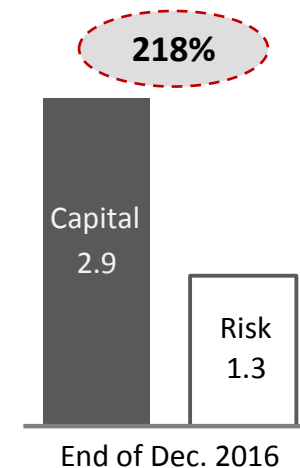
ESR (99.95% VaR)

* In accordance with Solvency II,
and more conservative in operation than Solvency II.
(Use 99.95% VaR to calculate risk amount.)



(Reference) ESR (99.5% VaR)

In accordance with Solvency II
(reflecting Endurance)

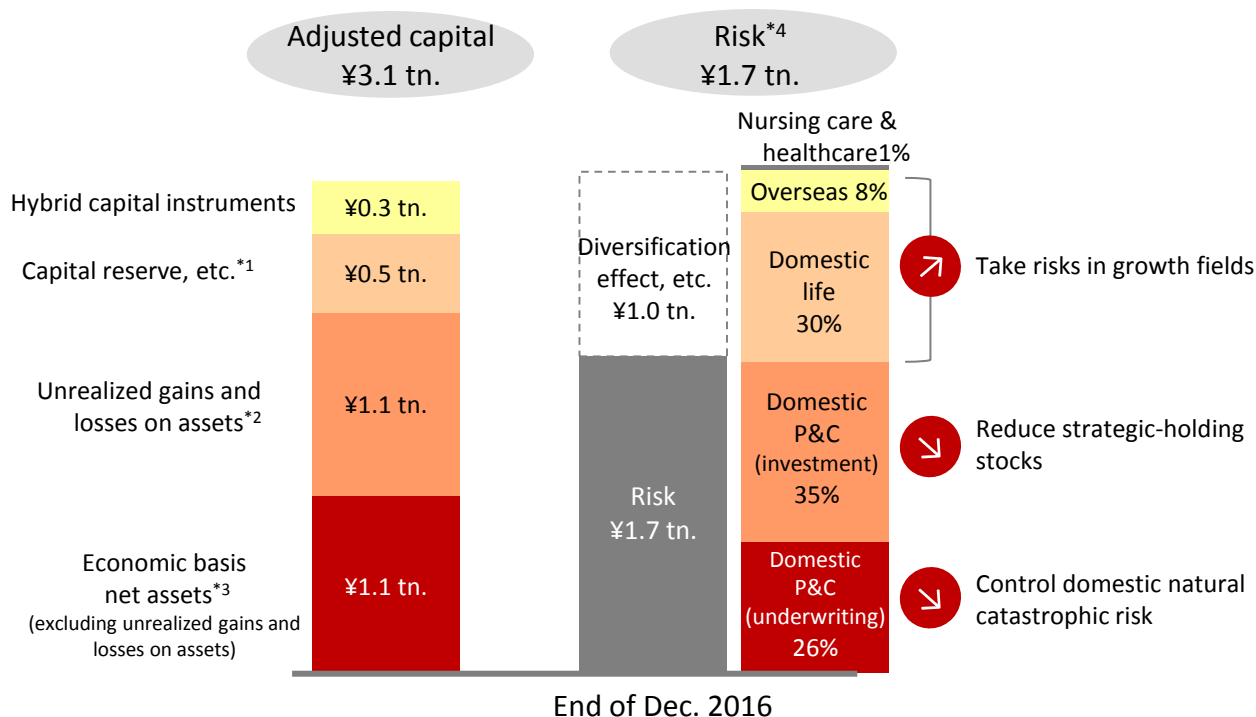


* Target range is around 120% to 170% for ESR (99.95% VaR).

Breakdown of Adjusted Capital and Risk

◆ Control domestic natural catastrophic risk and investment risk, and keep robust financial soundness.

Breakdown of adjusted capital and risk



*1 Reserve for price fluctuation and catastrophic loss reserve, etc. (after tax)

*2 Unrealized gains and losses on securities, etc., including non mark-to-market assets (e.g. policy reserve matching bonds)

*3 Total of net assets on non-consolidated balance sheets, and value in force of P&C and life insurance business.

*4 Risk : 1 year holding period, 99.95% VaR (AA equivalent confidence level)

Risk amount of each business: 99.95% VaR before reflecting risk diversification effect among businesses and before-tax basis.

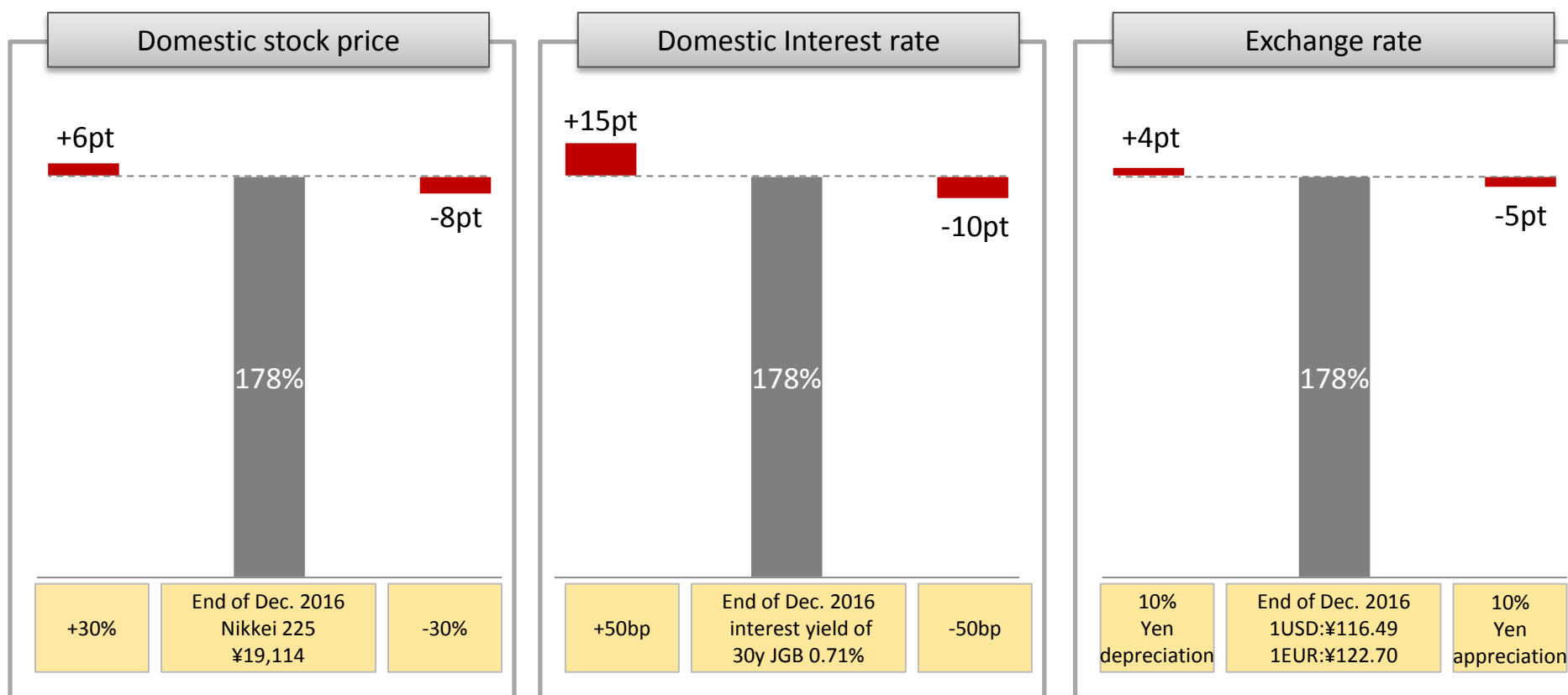
Group total risk: Sum of risk amount of each business less risk diversification effect among businesses and tax impact.

(Reference) Market Sensitivity

Market sensitivity of ESR (99.95% VaR)

■ : ESR (99.95% VaR)

■ : Assumed change

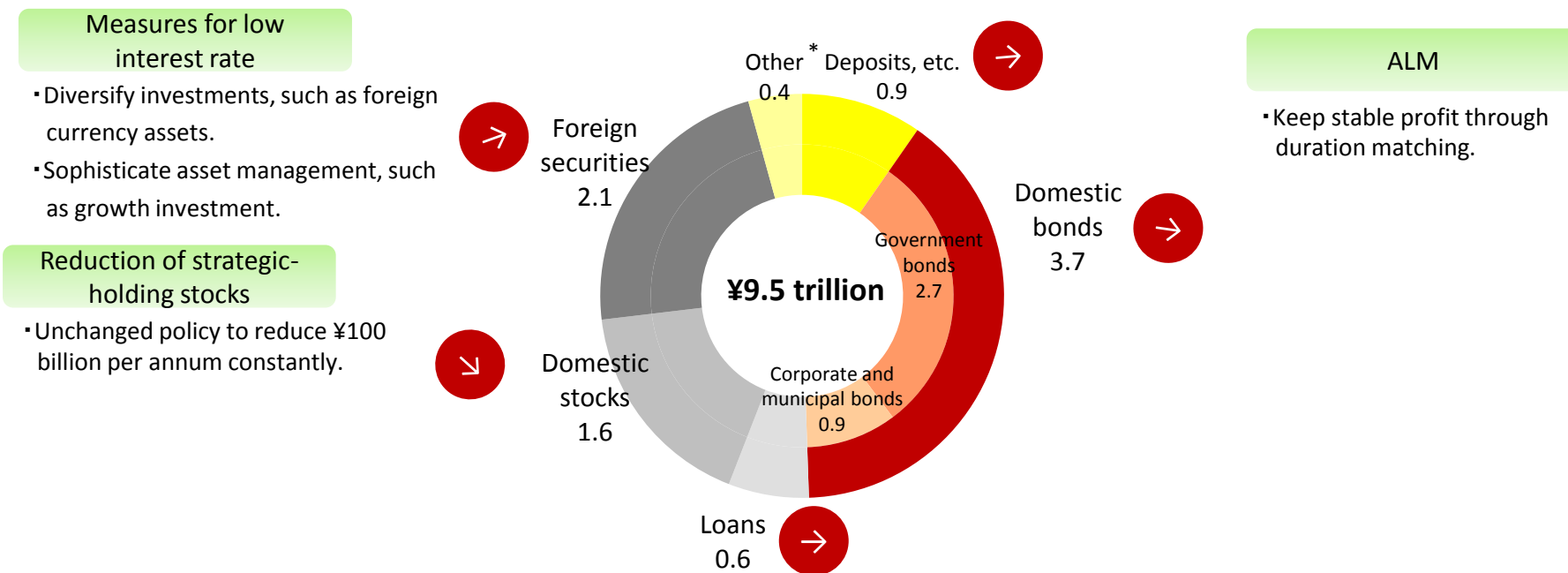


Strategy for Asset Management

- ◆ Keep reducing strategic-holding stocks, and improve return on risk by diversifying investments.
- ◆ Aim at stable investment profit through ALM, considering characteristics of liability and liquidity.

Group's asset management

<Amount of investment assets (trillions of yen, end of December 2016, group-wide basis)>

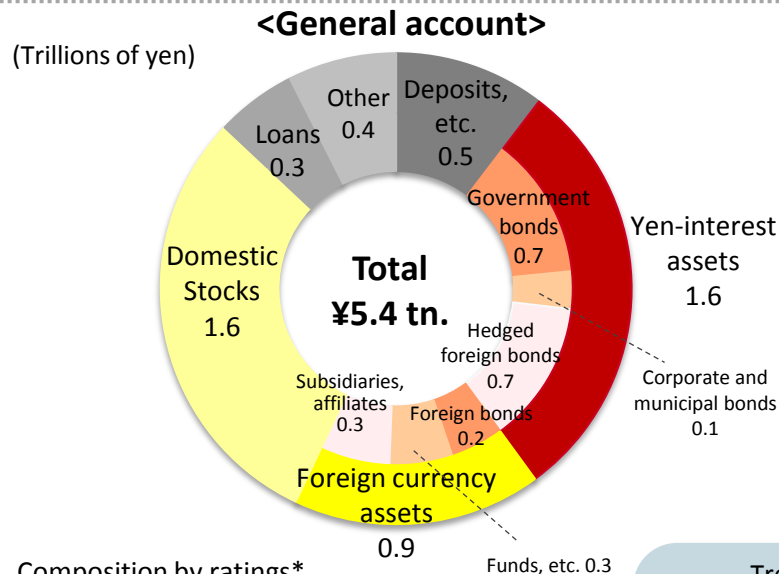


* Other includes lands, buildings and stocks of non-consolidated subsidiaries, etc.

Asset Portfolio – Sampo Japan Nipponkoa

- ◆ The general account is managed with diversified investments while the saving-type account utilizes portfolio management based on ALM.
- ◆ Aim to diversify investment instruments, considering low interest rate.

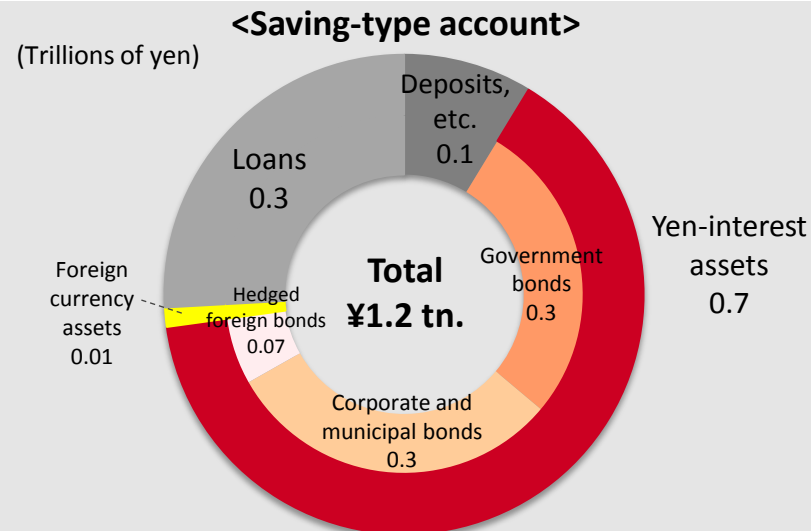
Amount of investment assets (end of December 2016, Sampo Japan Nipponkoa, non-consolidated)



Composition by ratings*

Internal rating	Composition
BBB or above	99.9%
BB or below	0.1%

* Total of yen-interest assets and foreign currency assets



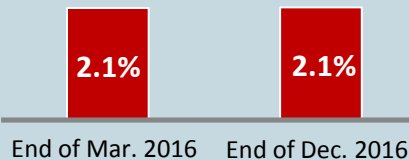
Composition by ratings*

Internal rating	Composition
BBB or above	100.0%
BB or below	0.0%

Duration (years)

	End of Mar. 2016	End of Dec. 2016
Asset	4.7	4.5
Liability	7.2	6.3

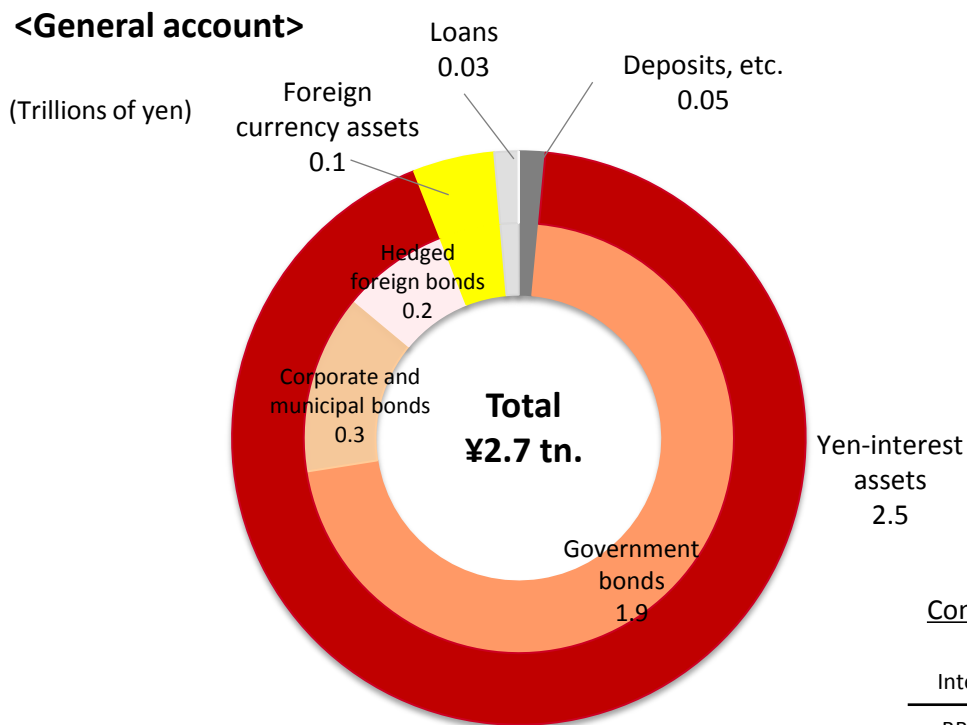
Trend of income yield



Asset Portfolio – Himawari Life

- ◆ Manage the portfolio through disciplined ALM, which mainly consists of yen-interest assets.
- ◆ Keep allocating investment assets to foreign currency assets, assuming normalization of low interest rate.

Amount of investment assets (end of December 2016, Himawari Life, non-consolidated)



Trend of income yield

1.8%

End of Mar. 2016

1.7%

End of Dec. 2016

Composition by ratings*

Internal rating	Composition
BBB or above	99.8%
BB or below	0.2%

Duration (years)

	End of Mar. 2016	End of Dec. 2016
Asset	14	14
Liability	23	20

(Reference) Amount of separate account (End of Dec. 2016): ¥22.1 billion
(mainly investment in domestic stocks and bonds)

* Total of yen-interest assets and foreign currency assets

Reduction of Strategic-holding Stocks

- ◆ By reducing strategic-holding stocks, enhance quality of capital, and improve capital efficiency by utilizing released capital for growth investments, etc.

Plan for reduction of strategic-holding stocks

Around ¥100 billion (fair value basis)

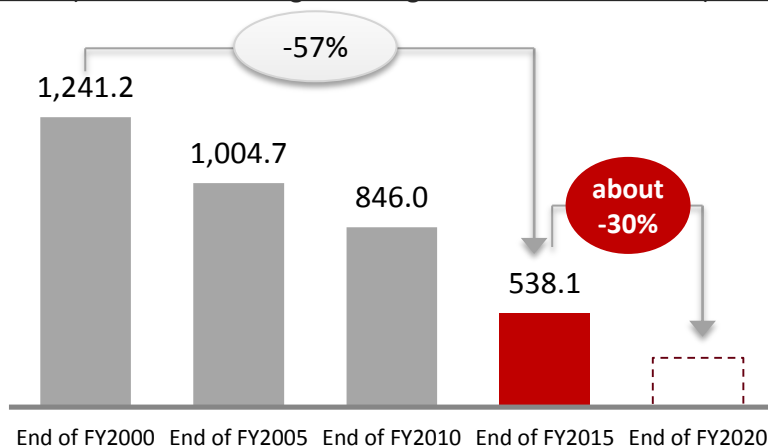
Reduction of strategic-holding stocks
(3Q FY2016 Actual)

Actual ^{*1}	¥56.1 billion
Stock future ^{*2}	¥33.1 billion
Total	¥89.3 billion

^{*1} Net reduction on fair value basis.
(market value of sales minus market value of purchase)

^{*2} Short position of Nikkei 225 Futures.

(Reference) Balance of strategic-holding stocks on book value^{*3} (billions of yen)



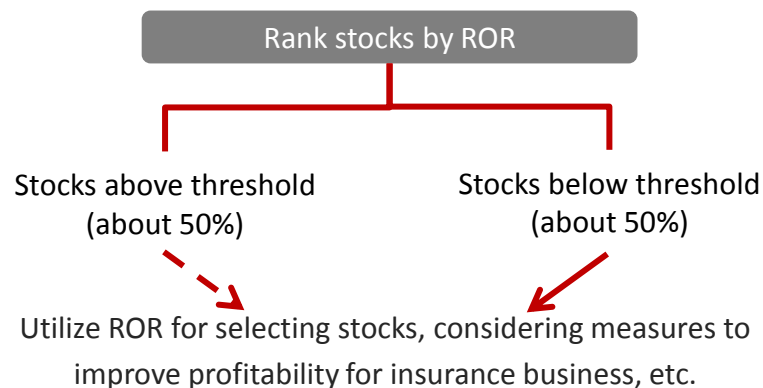
^{*3} Book value as of end of 3Q FY2016: ¥518.7 billion

Disclosure based on Corporate Governance Code

We plan to keep reducing strategic-holding stocks.

- Discuss on the Board of Directors meetings about strategic-holding stocks, based on economic rationality, etc.
- Allocate a part of capital surplus released by reduction of strategic-holding stocks to growth business investments to improve financial soundness and capital efficiency.

(Reference) Image to utilize ROR indicator^{*4}



^{*4} As for ROR calculation, numerator (return) is the sum of dividend income of strategic-holding stocks (excluding investment expense) and net underwriting results of insurance business. Denominator (risk) is the sum of risks of stock price change and insurance risk.

(Reference) Numerical Management Targets, etc.

Numerical management targets

(Billions of yen)	FY2015	FY2016		FY2018
	(Actual)	(3Q actual)	(FY forecast)	(Plan)
Domestic P&C insurance ^{*1}	111.9	97.8	Over 114.0	Over 120.0
Domestic life insurance	30.4	22.2	Over 23.0	Over 32.0
Nursing care & healthcare, etc.	1.5	-0.9	Over -2.0	Over 8.0
Overseas insurance	20.4	13.8	Over 15.0	Over 60.0
Total (Adjusted consolidated profit)	164.3	132.9	150.0 – 160.0	220.0 – 230.0
Adjusted consolidated ROE^{*2}	6.9%	-	6.6%	Over 8%
(Reference) ROE (J-GAAP)	9.2%	-	8.7%	Around 10% level

Definition of adjusted profit

Domestic P&C insurance

Net income
+ Provisions for catastrophic loss reserve (after tax)
+ Provisions for reserve for price fluctuation (after tax)
– Gains/losses on sales of securities and impairment losses on securities (after tax)
– Special factors (e.g. dividend from subsidiaries)

Domestic life insurance

Net income
+ Provision of contingency reserve (after tax)
+ Provision of reserve for price fluctuation (after tax)
+ Adjustment of underwriting reserve (after tax)
+ Deferral of acquisition cost (after tax)
– Depreciation of acquisition cost (after tax)

Nursing care & healthcare, etc.

Net income

Overseas insurance

Net income
(including major non-consolidated subsidiaries)

^{*1} Total of Sompo Japan Nipponkoa, Saison Automobile & Fire, Sonpo 24, Sompo Japan Nipponkoa Insurance Services, and DC Securities

^{*2} Adjusted consolidated ROE = Adjusted consolidated profit / Adjusted consolidated net assets (The denominator is the average balance at the end/start of each fiscal year.)

Adjusted consolidated net assets = Consolidated net assets (excluding life insurance subsidiary's net assets) + Catastrophic loss reserve in domestic P&C insurance (after tax)

+ Reserve for price fluctuation in domestic P&C insurance (after tax) + Domestic life insurance adjusted net assets

Domestic life insurance adjusted net assets = Net assets (J-GAAP, after tax) + Contingency reserve (after tax) + Reserve for price fluctuation (after tax)

+ Adjustment of underwriting reserve (after tax) + Non-depreciated acquisition cost (after tax)

1. Mid-term management plan

P1

(1) Key points of management plan

P1

(2) Business strategies for each business segment

P8

(3) ERM, capital policy & asset management

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2. About SOMPO Holdings

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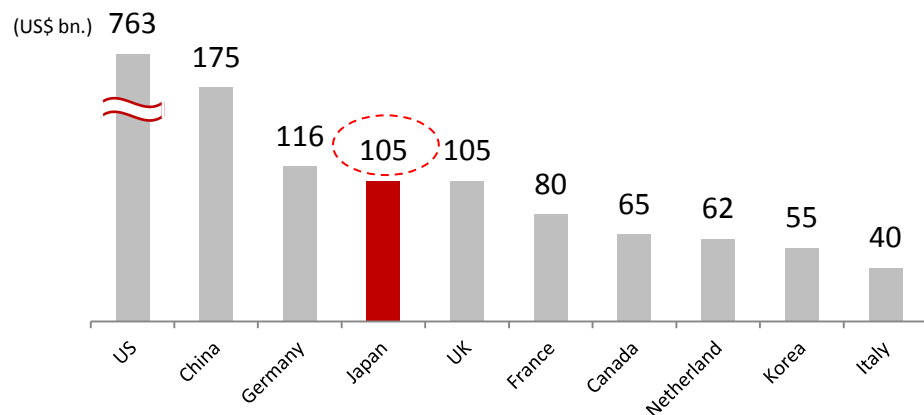
Appendix

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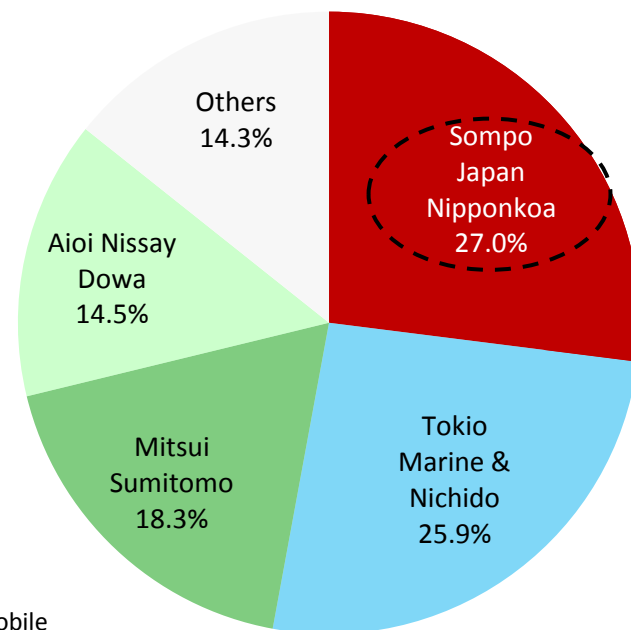
Overview of the Japanese P&C Insurance Market and our Position

- ◆ Premiums are stable and earned mainly from automobile insurance. The total market share of the top 4 companies is approximately 90%.
- ◆ Sompo Japan Nipponkoa has the largest share in the Japanese P&C insurance market.

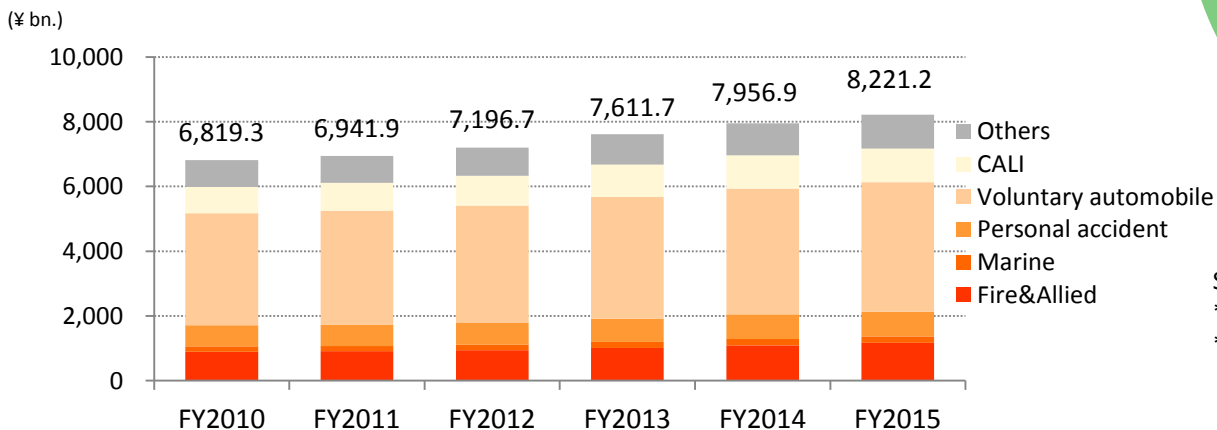
Size of P&C insurance market by country*¹ (FY2015)



Market share in the Japanese P&C insurance market*² (FY2015)



Historical premiums in the Japanese P&C insurance market*²



Source: Swiss Re "Sigma Report", Hoken Kenkyujo "Insurance".

*¹ Gross premiums, including reinsurance premiums

*² Based on net premiums of P&C insurers in Japan excluding reinsurance companies

Overview of SOMPO Holdings

- ◆ Positioning the Sampo Japan Nipponkoa as the core, SOMPO Holdings develops insurance businesses at home and abroad, etc.
- ◆ Ordinary income amounted to over ¥3.2 trillion and total assets amounted to over ¥10 trillion.

Group at a glance



SOMPO HOLDINGS

Domestic P&C

Sampo Japan Nipponkoa

- Saison Automobile & Fire
- Sonpo 24
- DC Securities

Domestic Life

Himawari Life

Nursing care & healthcare business, etc.

- SOMPO Care Message
- SOMPO Care Next
- Healthcare business
- Asset management business
- Assistance business, etc.

Overseas insurance

- Sampo Canopus (UK)
- Sampo Seguros (Brazil)
- Sampo America (US)
- SJ Sigorta (Turkey)
- Berjaya Sampo (Malaysia)
- Sampo Singapore, etc.

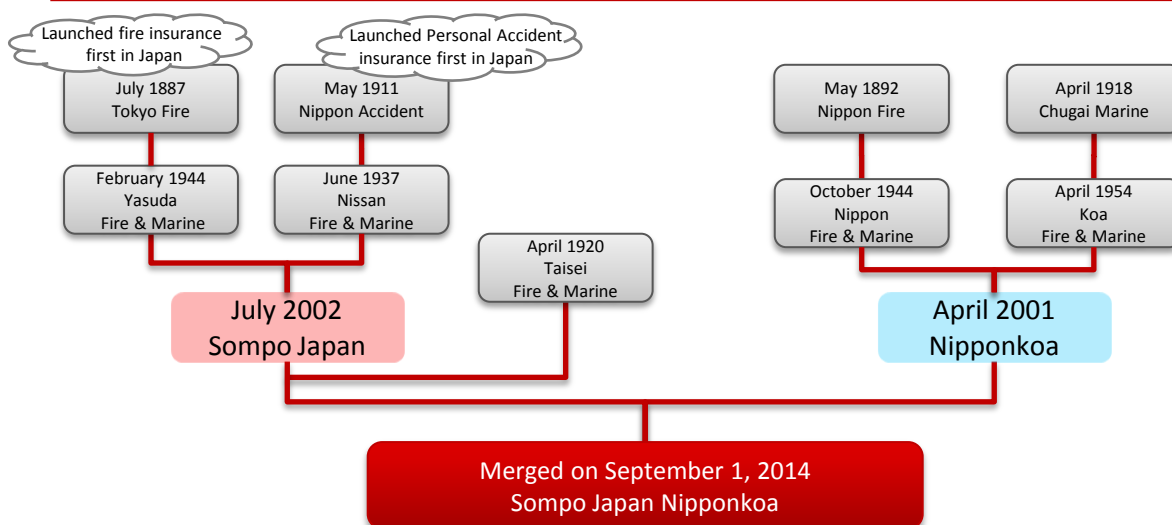
Selected financial data (Consolidated)

(¥ bn.)	FY2014	FY2015	FY2016(E)
Consolidated Ordinary Income	3,282.3	3,256.1	-
Consolidated Ordinary Profit (Loss)	208.3	216.8	206.0
Consolidated Net Income (Loss)	54.2	159.5	140.0
Total Assets	10,253.4	10,186.7	-
Total Net Assets	1,829.8	1,652.8	-
Market Capitalization	1,524.0	1,288.4	-

Overview of Sampo Japan Nipponkoa

◆ We have about 130 years of history, and net premiums written amount to more than ¥2 trillion.

History of domestic P&C insurance



Selected financial data

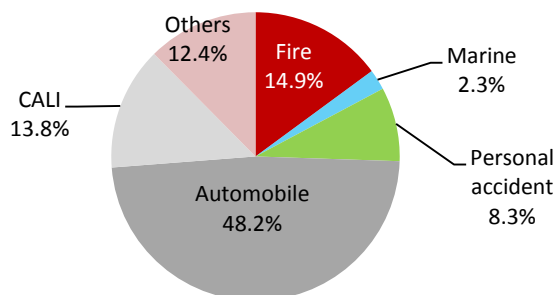
(¥ bn)	FY2014	FY2015	FY2016(E)
Net Premiums	2,181.3	2,218.4	2,164.5
Ordinary Profit (Loss)	195.1	178.0	206.5
Net Income (Loss)	45.0	126.2	147.0
Total Assets	7,326.2	7,036.2	-
Total Net Assets	1,592.6	1,324.8	-
Combined Ratio	97.4%	95.3%	95.4%

Credit Ratings (As of January 2017)

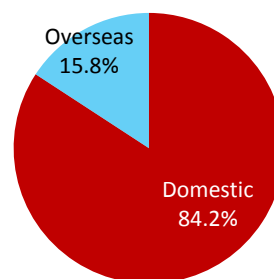
Moody's	S&P	R&I	JCR	A.M. Best
A1 (Stable)	A+ (Stable)	AA- (Positive)	AA+ (Stable)	A+ (Stable)

Premiums in FY2015

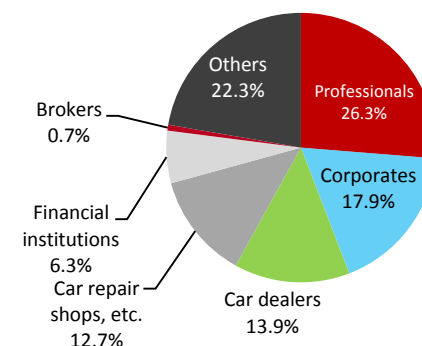
By products (Net premiums)



Domestic vs. Overseas^{*1} (Net premiums)



By distribution channel^{*2} (Gross premiums)



^{*1} Overseas net premiums = Net premiums of overseas subsidiaries + Net premiums from overseas insurance contracts of Sampo Japan Nipponkoa

^{*2} Gross premium on a performance evaluation basis, excluding saving-type insurance.

"Professionals", "Corporates", "Car dealers", "Car repair shops, etc.", "Financial institutions" and "Others" are all agents.

1. Mid-term management plan	P1
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(1) Key points of management plan	P1
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(2) Business strategies for each business segment	P8
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(3) ERM, capital policy & asset management	P25
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2. About SOMPO Holdings	P34
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Appendix

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Digital Strategy

- ◆ Initiated digital strategies to drive business efficiency and sustainable growth while fostering organic collaboration between Silicon Valley and each business segment.

Utilization of digital technologies



SOMPO Digital Lab

Accelerate networking with innovative digital companies mainly in Silicon Valley.

Cloud & Big data

P&C Provide telematics service “Smiling Road”

Life Utilize Fitbit’s wearable devices for product development



Artificial Intelligent

P&C Introduce AI in call centers and claim handling divisions on a trial basis



ICT in nursing care

Nursing Consider to introduce digital recording and sensors



Customer contact

P&C Support safety driving by “Portable Smiling Road”

Life Provide health information app “Linkx Siru”

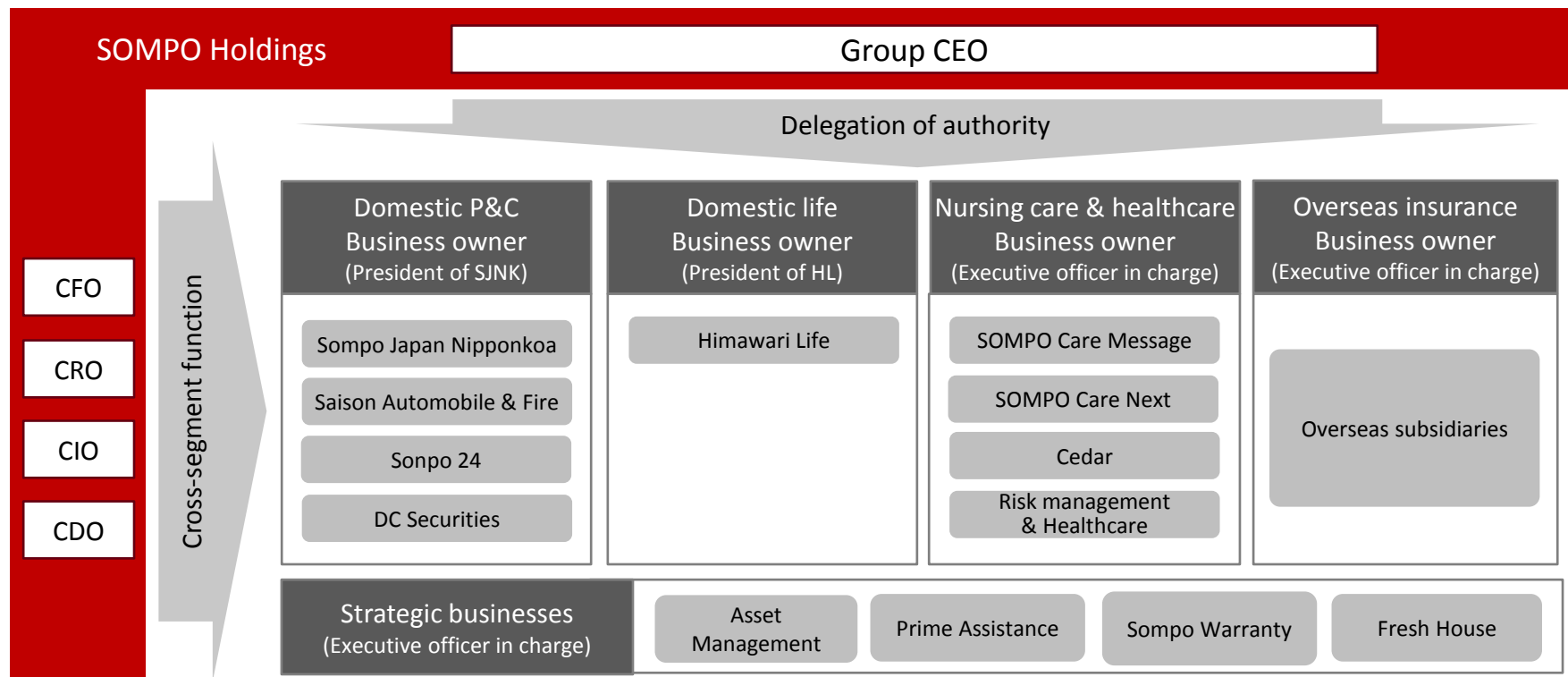


Establish
new
business
model

Group Governance (1) – Business Owner System

- ◆ Speed up management further by delegating authority to the utmost.
- ◆ Establish robust and agile management system, and maximize possibility to achieve the management plan in the changing environment.

Framework of governance



Group Governance (2) – Governance Model

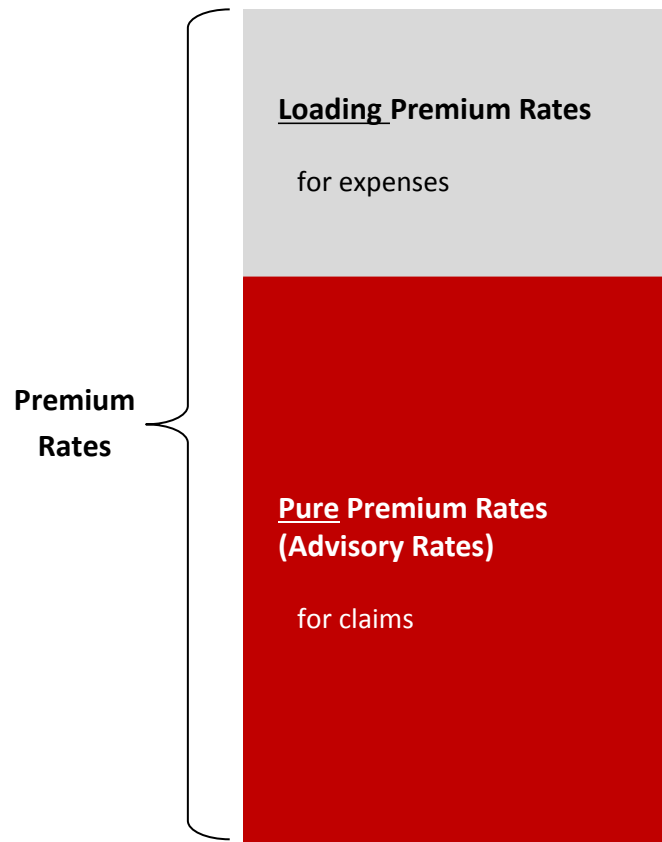
- ◆ Seek to adopt a hybrid governance model that combines the advantages of having an institutional design of company with committees with our existing structure of company with auditors.
- ◆ Proactively appoint outside directors and outside Audit & Supervisory Board members, and build a system that optimizes the functions of the Board of Directors and the Audit & Supervisory Board.

Key points for our initiatives

(Reference) Major prerequisites		Our initiatives *as of August 2016	
	company with auditors	company with committees	
Board of Directors	2 or more outside directors are recommended.	2 or more outside directors are required.	4 out of 13 directors are outside directors.
	-	Nominating and compensation committee are required.	Voluntarily established the Nomination and Compensation Committee chaired by an outside director. (4 out of 5 members are outside directors)
	Basically decision are made by the Board of Directors.	Authority is drastically delegated to executive officers.	Drastically delegate authority to executions. (Ensure speedy management decisions.)
Audit & Supervisory Board	At least 1 full-time auditors are required.	Members of the Audit Committee are not need to be full-time.	2 out of 5 auditors are full-time, and 3 auditors are outside auditors.
	Auditors are NOT members of the Board of Directors.	Members of the Audit Committee are member of the Board of Directors.	Auditors provide supervision and checks and balances from a position independent of management.
	Scope of audit covers legality only.	Scope of audit covers legality and validity.	Auditors participate in various internal committees, and get involved in decisions on the validity of business execution.
			<div>System to support outside directors</div> <ul style="list-style-type: none"> • <u>Diversity of outside directors</u> Assign people from different nationality, gender, and background. • <u>Sending materials in advance and conducting preliminary briefing sessions to facilitate Board of Directors operations</u> Promote constructive and effective deliberations by convening preliminary briefing sessions for outside directors. • <u>Meetings between outside directors and Group CEO</u> Convene meetings enabling open exchange of opinions between outside directors, and with the chief executive. • <u>Support for auditors' auditing</u> Establish an office for staffs of Audit & Supervisory Board to enhance the effectiveness of auditors' auditing.

(Domestic P&C) Advisory Rating System in Japan

- ◆ Advisory rates are pure premium calculated based on a wide range of statistics, and member insurance companies*¹ refer them when calculating their own premiums.
- ◆ The advisory rating system functions as a profit stabilizer.



Advisory Pure Premium Rates

- Calculated for: fire insurance, personal accident insurance, automobile insurance, etc.
- Calculated by the GIROJ.*²
- The GIROJ collects large quantities of data from member insurance companies.
- The GIROJ uses statistical approach to calculate the advisory pure premium rates and present it to member insurance companies.*¹
- Member insurance companies can use the advisory pure premium rates with respect to the pure premium rates as a basis of calculating their own premium rates.
- The GIROJ annually reviews whether the current advisory pure premium rates are at an appropriate level and reports the result to FSA. If they are judged to be inappropriate, the advisory rates are promptly recalculated.

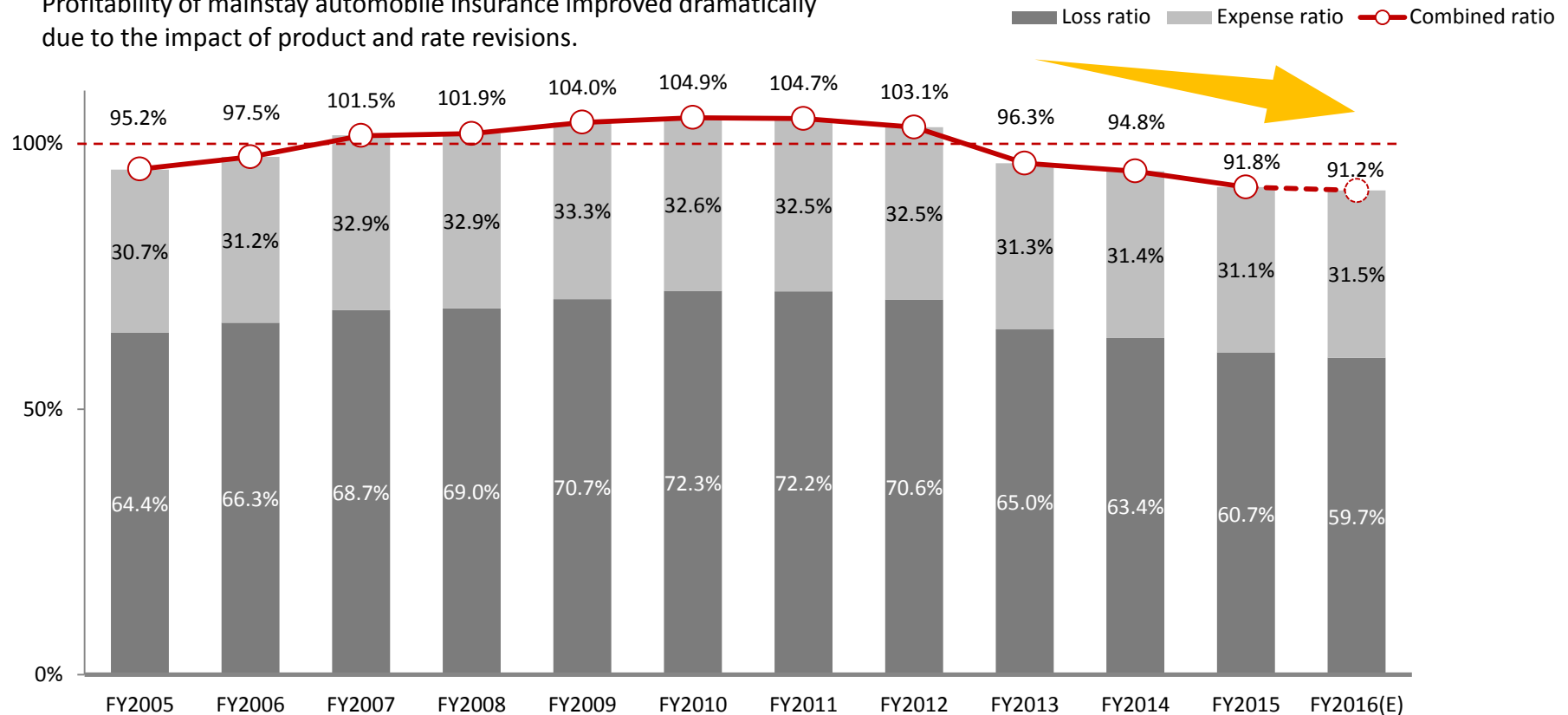
*¹ Member companies of the General Insurance Association of Japan

*² General Insurance Rating Organization of Japan

(Domestic P&C) Automobile Insurance (1)

Combined ratio of automobile insurance

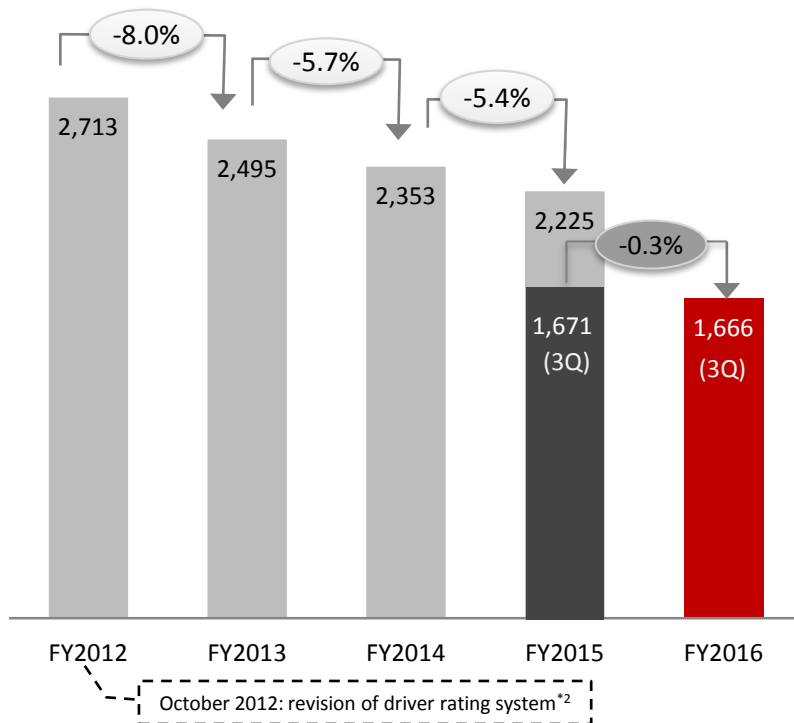
Profitability of mainstay automobile insurance improved dramatically due to the impact of product and rate revisions.



(Domestic P&C) Automobile Insurance (2)

Trends of number of reported claims in Sampo Japan Nipponkoa *1

(Thousand)

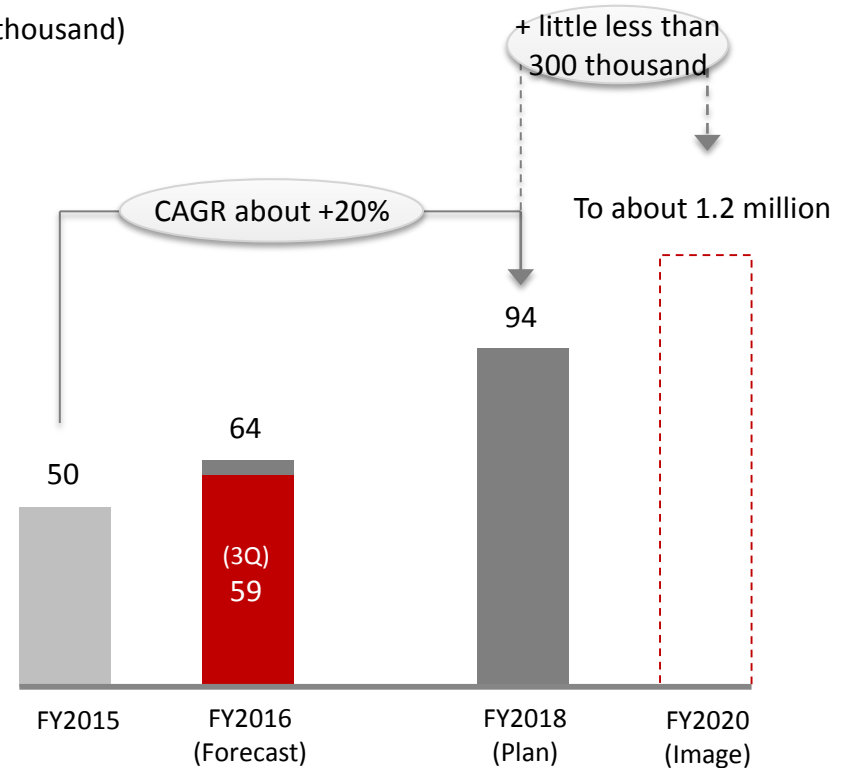


*1 The number of reported claims are excluded for certain natural disasters, whose incurred loss exceeds certain threshold.

*2 Premium rates were subdivided into an accident-free coefficient and an accident coefficient. Premiums for customers who were involved in an accident and received an insurance payment were effectively raised (for three years by around 40% for customers with 20 rating level).

Trends of policies in force of “Otona no Jidosha Hoken” in Saison Automobile & Fire

(10 thousand)



Overview of 3Q FY2016 Results and Business Forecasts for FY2016 – Consolidated Basis

(Billions of yen)	3Q FY2015	3Q FY2016	Change	FY2016 (Forecast)	Change
Consolidated ordinary income	2,442.5	2,503.8	+61.2 (+2.5%)	-	-
Net premiums written (P&C)	1,939.4	1,886.3	-53.1 (-2.7%)	2,505.5	-46.6
Life insurance premiums	216.0	231.0	+14.9 (+6.9%)	309.5	+11.8
Consolidated ordinary profit	121.5	165.5	+43.9	206.0	-10.8
Sompo Japan Nipponkoa	88.6	150.8	+62.1	206.5	+28.4
Himawari Life	15.2	12.4	-2.7	10.5	-7.7
Overseas insurance subsidiaries	16.0	15.2	-0.7	17.2	-6.4
Consolidated adjustment* ¹ /Others	1.6	-13.0	-14.7	-28.3	-25.0
Consolidated net income* ²	88.3	109.7	+21.4	140.0	-19.5
Sompo Japan Nipponkoa	61.1	102.6	+41.5	147.0	+20.7
Himawari Life	10.1	8.1	-2.0	6.5	-5.1
Overseas insurance subsidiaries	12.8	12.9	+0.0	13.5	-6.9
Consolidated adjustment* ¹ /Others	4.1	-13.9	-18.1	-27.0	-28.1

*1 “Purchase method” accounting was adopted upon the establishment of Sompo Holdings. In the consolidated accounts of the holdings, assets and liabilities of the former Nipponkoa and some group companies were acquired and carried on the balance sheet at fair value at the time of business integration. (This gave rise to a difference between the carrying amount in the non-consolidated accounts of Sompo Japan Nipponkoa and some group companies, and the carrying amount in consolidated accounts of the holdings.) Therefore, realized gains/losses, etc. of Sompo Japan Nipponkoa must be adjusted, and this adjustment is included in the above “consolidated adjustment.”

*2 Consolidated net income denotes net income (loss) attributable to shareholders of the parent.

Overview of 3Q FY2016 Results and Business Forecasts for FY2016 – Major Subsidiaries

Sompo Japan Nipponkoa

(Billions of yen)	3Q FY2015	3Q FY2016	Change	FY2016 (Forecast)	Change
Net premiums written	1,685.9	1,618.8	-67.1 (-4.0%)	2,164.5	-53.8
(Excl. CALI, household earthquake)	1,451.6	1,398.8	-52.8 (-3.6%)	1,862.3	-48.5
Loss ratio	62.9%	63.2%	+0.2pt	63.1%	-0.6pt
(Excl. CALI, household earthquake)	60.2%	59.3%	-0.9pt	60.0%	-1.1pt
E/I loss ratio (excl. CALI, household earthquake)	62.8%	59.1%	-3.7pt	58.6%	-3.1pt
Net expense ratio	31.6%	31.9%	+0.3pt	32.3%	+0.7pt
(Excl. CALI, household earthquake)	33.4%	33.7%	+0.3pt	34.1%	+0.7pt
Combined ratio	94.5%	95.1%	+0.6pt	95.4%	+0.1pt
(Excl. CALI, household earthquake)	93.5%	92.9%	-0.6pt	94.1%	-0.4pt
Underwriting profit	29.8	85.8	+56.0	105.3	+27.0
Investment profit	68.4	79.2	+10.8	116.9	+8.4
Ordinary profit	88.6	150.8	+62.1	206.5	+28.4
Net income	61.1	102.6	+41.5	147.0	+20.7
Adjusted profit	73.1	100.1	+27.0	119.7	+3.5

Himawari Life

(Billions of yen)	3Q FY2015	3Q FY2016	Change	FY2016 (Forecast)	Change
Annualized new premium	29.9	32.9	+3.0	40.5	+0.2
Premium and other income	289.7	304.6	+14.8	408.4	+12.0
Investment profit	31.0	32.0	+1.0	43.0	+0.7
Ordinary profit	18.6	15.7	-2.9	14.8	-7.7
Net income	10.1	8.1	-2.0	6.5	-5.1
Adjusted profit	23.5	22.2	-1.2	23.0	-7.4

Overview of 3Q FY2016 Results and Business Forecasts for FY2016 – Overseas Subsidiaries

(Billions of yen)		Net premiums written			Net income			Key points for 3Q FY2016	(Reference) Exchange rate
		3Q FY2016	Change	FY2016 (Forecast)	3Q FY2016	Change	FY2016 (Forecast)		3Q FY2016*2
North America	Sompo America	13.7	-2.7	20.3	2.4	-0.7	1.5	Loss ratio was favorable in workers compensation, etc., and bottom-line progressed faster than planned.	101.12 JPY/USD (-15.7%)
Europe	SJNK Europe	0.6	-2.9	0.7	0.6	+0.3	0.5	Expanded reinsurance coverage. Bottom-line was favorable due to one-time gain by reversal of reserves, etc.	131.00 JPY/GBP (-28.0%)
	Sompo Canopus (UK)	95.1	-10.8	118.3	4.2	-0.0	5.4	Both underwriting and investment profits are in line with the plan.	101.12 JPY/USD (-15.7%)
Asia & Middle East	SJ Sigorta (Turkey)	43.0	+25.7	49.0	2.5	+1.3	2.8	Motor Third-party Liability Insurance grew drastically. Progress is faster than planned with good loss ratio.	33.63 JPY/TRY (-14.9%)
	Sompo Singapore	4.2	-2.3	5.7	1.1	+0.2	0.8	Bottom-line was steady with good loss ratio.	74.01 JPY/SGD (-12.0%)
	Berjaya Sompo (Malaysia)	7.6	+0.0	10.6	0.8	-0.2	0.9	Loss ratio steadily progressed.	24.46 JPY/MYR (-9.1%)
	SJNK China NK China	3.4	-1.8	5.5	-0.2	-0.2	-0.1	Premiums decreased mainly due to tightened underwriting.	15.14 JPY/RMB (-20.1%)
	Sompo Hong Kong	2.4	-0.8	3.2	0.2	-0.1	0.4	Basically in line with the plan.	13.04 JPY/HKD (-15.8%)
	Universal Sompo (India)	2.0	+0.1	2.6	0.1	-0.0	0.1	Basically in line with the plan.	1.72 JPY/INR (-5.5%)
Latin America	Sompo Seguros (Brazil)	61.6	+6.7	83.7	1.2	-0.0	1.8	Loss ratio is improving because benefit of underwriting optimization began to appear.	31.02 JPY/BRL (+5.1%)
Other (non-consolidated)*1		5.3	+5.3	7.5	0.5	+0.5	0.6	-	-
Total		239.5	+16.3	307.7	13.8	+0.9	15.0	-	-

*1 Sum of Sompo Indonesia, Sompo Thailand, PGA Sompo (Philippines), United Insurance (Vietnam), Sompo Mexico.

*2 For 3Q FY2016 results, exchange rates as of the end of September 2016 are applied. (Change is comparison with exchange rate as of the end of September 2015.)

(Reference) Results of Previous Mid-term Management Plan until FY2015

- ◆ Adjusted consolidated profit doubled, and adjusted consolidated ROE amounted to 7.8%. Both achieved numerical management targets.

Results of major indicators

		Initial plan (Announced in Nov. 2012)		Results (FY2015)	Changes from FY2012 results	
Adjusted consolidated profit		¥180 to 210 billion	▶	¥215.5 billion	+¥103.9 billion	
Adjusted consolidated ROE		Over 7%	▶	7.8%	+2.4pt	Key points for each business
Domestic P&C	Adjusted profit	¥70 to 80 billion	▶	¥110.8 billion	+¥119.7 billion	<ul style="list-style-type: none"> Improved profitability of automobile insurance by appropriate revisions of product and premium rate. Reduced costs through the merger. (Cost reduction of about ¥50 billion compared with FY2011)
Domestic life	Growth in adjusted EV	¥100 to 110 billion	▶	¥83.4 billion	-¥24.4 billion	<ul style="list-style-type: none"> Accelerated growth by new medical insurance products. Achieved steady sales in P&C channel, grew in life professionals and financial institutions, and started online sales. * Decrease in growth in adjusted EV is mainly due to lowering interest rate.
Overseas insurance	Net income	¥14 to 20 billion	▶	¥19.3 billion	+¥7.5 billion	<ul style="list-style-type: none"> Succeeded in M&A, and drastically gain PMI experience. Realized organic growth mainly in Brazil, Turkey, and Malaysia.
Financial & other services	Net income	¥2 to 3 billion	▶	¥1.8 billion	+¥1.1 billion	<ul style="list-style-type: none"> Acquired business base in nursing care business. Entered into businesses that have high affinity with insurance business.

* Definitions of adjusted consolidated profit and adjusted consolidated ROE are based on previous standard, and different from current definitions.

(Mainly changed definitions of indicators for domestic life insurance business.)

Consolidated ordinary profit was ¥216.8 billion, consolidated net income was ¥159.5 billion, and ROE (J-GAAP) was 9.2% in FY2015.

Disclaimer

The information in this presentation is subject to change without prior notice. Financial data included in this presentation relating to Endurance Specialty Holdings Ltd. (“Endurance”) is based on its public filings with the United States Securities and Exchange Commission. Statements contained in this presentation that relate to the future operating performance of Sompo Holdings, Inc. (the “Company”) or other future events, transactions or conditions are forward-looking statements. Forward-looking statements may include – but are not limited to – words such as “believe,” “anticipate,” “plan,” “strategy,” “expect,” “forecast,” “predict,” “possibility” and similar words that describe future operating activities, business performance, events or conditions. Forward-looking statements relating to the transaction involving the Company and Endurance include, but are not limited to: statements about the anticipated benefits of the transaction, including future financial and operating results; the Company’s plans, objectives, expectations and intentions; the expected timing of completion of the transaction; and other statements relating to the transaction that are not historical facts.

Forward-looking statements are based on assumptions, estimates, expectations and projections made by the Company’s management based on information that is currently available. As such, these forward-looking statements are subject to various risks and uncertainties and actual business results may vary substantially from the results or forecasts expressed or implied in forward-looking statements. Consequently, you are cautioned not to place undue reliance on forward-looking statements. With respect to the transaction involving the Company and Endurance, important factors that could cause actual results to differ materially from those indicated by such forward-looking statements include, but are not limited to: risks and uncertainties relating to the ability to obtain the requisite approval of Endurance’s shareholders; the risk that the Company may be unable to obtain governmental and regulatory approvals required to complete the transaction, or that required governmental and regulatory approvals may delay the transaction or result in the imposition of conditions that could reduce the anticipated benefits from the transaction or cause the parties to abandon the transaction; the risk that conditions to the closing of the transaction may not be satisfied; the length of time necessary to consummate the transaction; the risk that the businesses will not be integrated successfully; the risk that the strategic benefits from the transaction may not be fully realized or may take longer to realize than expected; disruption arising as consequence of the transaction making it more difficult to maintain existing relationships or establish new relationships with customers or employees; the diversion of management time on transaction-related issues; the ability of the Company, after completion of the transaction, to hire and retain key personnel; the effect of future regulatory or legislative actions on the Company; and the risk that the credit ratings of the Company or its subsidiaries may be different from what the Company currently expects.

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Note Regarding Forward-looking Statements

The forecasts included in this document are based on the currently available information and certain assumptions that we believe reasonable. Accordingly, the actual results may differ materially from those projected herein depending on various factors.

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