

October 14, 2011

Corporate Name: NKSJ Holdings, Inc.  
Name of the Representative: Makoto Hyodo  
Chairman and Co-CEO  
Name of the Representative: Masatoshi Sato  
President and Co-CEO  
(Securities Code: 8630 TSE, OSE)

## **Notice Concerning Issuance of Stock Acquisition Rights (Stock Compensation-type Stock Options)**

The Company hereby announces that the Company resolved at the meeting of the Board of Directors held today to issue share options (Stock Compensation-type Stock Options) to officers, etc.\* of the Company and the directly-owned subsidiaries as follows. Directors and executive officers of the Company, directors and executive officers of Sompo Japan Insurance Inc., directors and executive officers of NIPPONKOA Insurance Co., Ltd., directors and executive officers of NKSJ Himawari Life Insurance Inc., and directors of SOMPO JAPAN NIPPONKOA ASSET MANAGEMENT CO., LTD.

### 1. Reasons for Allotment of Stock Acquisition Rights as Stock Options

Stock Acquisition Rights will be allotted to directors and executive officers of the Company, directors and executive officers of Sompo Japan Insurance Inc., directors and executive officers of NIPPONKOA Insurance Co., Ltd., directors and executive officers of NKSJ Himawari Life Insurance Inc. and directors of Sompo Japan NIPPONKOA Asset Management Co., Ltd. for the purposes of NKSJ Group achieving even greater motivation and increased morale on the part of those directors and executive officers to increase stock prices and improve business performance, and to further promote management which places importance on shareholder value and corporate value.

### 2. Terms and Conditions of Issuance of Stock Acquisition Rights

(1) Name of Stock Acquisition Rights

Twenty-fourth Issue of Stock Acquisition Rights of NKSJ Holdings, Inc.

(2) Total number of the Stock Acquisition Rights

3,723 stock acquisition rights.

The above is expected number of the allotment. If the total number of the Stock Acquisition Rights to be allotted is less than expected, such as in the case where applications are not made as expected, total number of allotment of Stock Acquisition Rights will be reduced accordingly.

(3) Class and Number of Shares Underlying Stock Acquisition Rights

The class of shares underlying the Stock Acquisition Rights shall be common shares of stock of the Company and the number of shares underlying each Stock Acquisition Right (the "Number of Underlying Shares") shall be one hundred (100).

The Number of Underlying Shares shall be adjusted using the following formula in the event that the Company effects a share split or consolidation of shares with respect to the shares of common

stock of the Company, after the date on which each Stock Acquisition Right is allotted (“Date of Allotment of Each Stock Acquisition Right”) specified in (13) below and a fraction of less than one produced as a result of the adjustment shall be rounded down to the nearest lower integer:

Number of Underlying Shares after adjustment =

Number of Underlying Shares before adjustment x Ratio of split (or consolidation)

In addition to the above, adjustment shall be made within reasonable limits to the Number of Underlying Shares in the event that adjustment of the Number of Underlying Shares is required after the Date of Allotment of Each Stock Acquisition Right.

(4) Value of Property to be Contributed Upon Exercise of Stock Acquisition Rights

The value of the property to be contributed when each Stock Acquisition Right is exercised shall be the amount of money obtained by multiplying one (1) yen, which is the amount to be paid in for each share that can be received through exercising each relevant Stock Acquisition Right, by the Number of Underlying Shares.

(5) Period During Which the Stock Acquisition Rights can be Exercised

From November 1, 2011 through October 31, 2036

(6) Matters Regarding the Stated Capital and Capital Reserves That Will be Increased due to Issuance of Shares upon Exercise of Stock Acquisition Rights

① The amount of stated capital that shall be increased in the event of issuing shares as a result of the exercise of the Stock Acquisition Rights shall be one-half of the maximum increase in capital, etc., as calculated pursuant to Article 17, Paragraph 1 of the Ordinance on Company Accounting. A fraction of less than one yen produced as a result of this calculation shall be rounded up to the nearest yen.

② The amount of capital reserves that shall be increased in the event of issuing shares as a result of the exercise of the Stock Acquisition Rights shall be the maximum increase in capital, etc., as set forth in ① above, minus the amount of increase in the amount of stated capital as set forth in ① above.

(7) Restriction on Acquisition of Stock Acquisition Rights by way of Assignment

Acquisition of the Stock Acquisition Rights by way of assignment shall require the approval of the board of directors of the Company.

(8) Conditions of Acquisition of the Stock Acquisition Rights

If a shareholders’ meeting of the Company approves a proposal set forth in ①, ②, ③, ④, or ⑤ below (or in the event that the board of directors of the Company has resolved that the resolution of a shareholders meeting is not necessary), the Company may acquire the Stock Acquisition Rights for no consideration, on the date as shall be separately prescribed by the board of directors:

① A proposal to approve a merger agreement in which the Company will cease to exist after the merger;

② A proposal to approve a company split agreement or a company split plan in which the Company will be the splitting company;

③ A proposal to approve an agreement of a share exchange or share transfer plan in which the Company will become a wholly owned subsidiary;

④ A proposal to approve the amending of the articles of incorporation, in order to create a provision to the effect that the approval of the Company is required for the acquisition of shares by assignment, as a condition of all shares issued by the Company; or

- ⑤ A proposal to approve the amendment of the articles of incorporation, in order to create a provision to the effect that as a condition of the shares underlying the Stock Acquisition Rights the approval of the Company is required for the acquisition of these shares by way of assignment, or that the Company may acquire all of the shares of such class by a resolution of a shareholders meeting.
- (9) Conditions of Exercise of the Stock Acquisition Rights
- ① Each of the holders of the Stock Acquisition Rights ( “Holder of the Stock Acquisition Rights” ) may exercise the Stock Acquisition Rights allotted based on his/her capacity as director and executive officer of the Company, director and executive officer of Sompo Japan Insurance Inc., director and executive officer of NIPPONKOA Insurance Co., Ltd., director and executive officer of NKSJ Himawari Life Insurance Inc., and director of SOMPO JAPAN NIPPONKOA ASSET MANAGEMENT CO., LTD. during the period specified in (5) above, and only within a period of 10 days from the day immediately following the day on which he/she forfeits the position as either a director or executive officer of the relevant company. This shall not apply, however, to the holders of the Stock Acquisition Rights succeeded to through inheritance.
- ② A holder of the Stock Acquisition Rights (Stock Compensation-type Stock Options) which have been allotted based on his/her capacity as a director and executive officer of the Company, Sompo Japan Insurance Inc., NIPPONKOA Insurance Co., Ltd. or NKSJ Himawari Life Insurance Inc. or as a director of SOMPO JAPAN NIPPONKOA ASSET MANAGEMENT CO., LTD. must exercise all of the Stock Acquisition Rights held by him/her together and shall not be permitted to exercise only a part of such Stock Acquisition Rights.
- (10) Policy concerning Decisions in Connection with the Content of Extinguishing Stock Acquisition Rights in a Restructuring of Corporate Organization, as well as the Delivery of Stock Acquisition Rights in the Company to be Restructured
- If the Company will effect a merger (limited to the case in which the Company will be the company that is extinguished as a result of the merger), absorption-type company split, an incorporation-type company split, a share exchange or share transfer (hereinafter referred to collectively as a “Corporate Restructuring”), then Stock Acquisition Rights in the relevant company as prescribed in Article 236, Paragraph 1, Item (viii)(a) through (e) of the Companies Act (the “Restructured Company”) shall be delivered to existing holders of the Stock Acquisition Rights as of the time the Corporate Restructuring comes into effect (the “Existing Stock Acquisition Rights”), in accordance with the following conditions, and in this event the Existing Stock Acquisition Rights shall be extinguished and the Restructured Company shall issue new Stock Acquisition Rights; provided, however, that this shall be limited to cases in which delivery of Stock Acquisition Rights in the Restructured Company in accordance with the following conditions is stipulated in the absorption-type merger agreement, the consolidation-type merger agreement, the absorption-type corporate split agreement, the incorporation-type company split plan, the share exchange agreement or the share transfer plan:
- ① Number of Stock Acquisition Rights that are to be delivered of the Restructured Company  
These Stock Acquisition Rights are to be delivered in the same number as the number of Existing Stock Acquisition Rights that are respectively held by the holders of the Stock Acquisition Rights
- ② Class of Shares of the Restructured Company Underlying the Stock Acquisition Rights. Shares

of common stock of the Restructured Company

③ Number of Shares of the Restructured Company Underlying the Stock Acquisition Rights

This shall be determined in accordance with (3) above in consideration of the conditions, etc. of the Corporate Restructuring.

④ Value of Property to be Contributed at the Time of Exercise of the Stock Acquisition Rights

The value of the property to be contributed at the time of exercise of each of the Stock Acquisition Rights to be delivered shall be the amount of money obtained by multiplying the amount to be paid in after restructuring as specified below by the Number of Shares of the Restructured Company underlying each of the relevant Stock Acquisition Rights, which is determined based on ③ above. The amount to be paid in after the restructuring shall be one (1) yen per share of the Restructured Company which can be received by exercising each Stock Acquisition Right to be delivered.

⑤ Period during Which the Stock Acquisition Rights can be Exercised

This shall be the period from whichever is later of the commencement date of the period during which the Stock Acquisition Rights can be exercised as set forth in (5) above, or the effective date of the Corporate Restructuring, through the final date of the period during which the Stock Acquisition Rights can be exercised as set forth in (5) above.

⑥ Matters in Connection With the Stated Capital and Capital Reserves to be Increased in the Event of Issue of the Shares as a Result of Exercise of Stock Acquisition Rights

To be determined in accordance with (6) above.

⑦ Restriction on Acquisition of Stock Acquisition Rights by way of Assignment

Acquisition of Stock Acquisition Rights by way of assignment shall require the approval of the board of directors of the Restructured Company.

⑧ Conditions of Acquisition of the Stock Acquisition Rights

These shall be determined in accordance with (8) above.

⑨ Other Conditions of Exercise of Stock Acquisition Rights

These shall be determined in accordance with (9) above.

(11) Treatment of Fractional Less Than One Share That Occur at the Time of Exercise of the Stock Acquisition Rights

In cases where the number of the shares to be issued to the holder of Stock Acquisition Rights who has exercised his/her Stock Acquisition Rights includes a fraction of less than one share, such fraction shall be rounded down to the nearest lower integer.

(12) Amount to be paid in for each Stock Acquisition Right

The amount to be paid in for each Stock Acquisition Right shall be the amount obtained by multiplying the option price per share calculated by the Black–Scholes Model using the formula and the basic numerical value set forth below by the Number of Underlying Shares.

$$C = Se^{-qT} N(d) - Xe^{-rT} N(d - \sigma\sqrt{T})$$

Where

$$d = \frac{\ln\left(\frac{S}{X}\right) + \left(r - q + \frac{\sigma^2}{2}\right)T}{\sigma\sqrt{T}}$$

- ① Option price per share (C)
- ② Stock price (S): Closing price of the regular trading of the shares of common stocks of the Company at the Tokyo Stock Exchange on October 31, 2011 (if there is no closing price on such date, the base price of the next transaction date)
- ③ Exercise Price (X): One (1) yen
- ④ Expected time to maturity (T): Three (3) years
- ⑤ Volatility ( $\sigma$ ): Stock price fluctuation rate calculated based on the closing price of the regular trading of the shares of common stock of the Company (for the period from November 1, 2008 through March 31, 2010, Sompo Japan Insurance, Inc.) on each trading date over 3 years (from November 1, 2008 through October 31, 2011)
- ⑥ Risk-free interest rate (r): Interest rate of Japanese government bonds with a maturity that corresponds to the expected time to maturity
- ⑦ Yield (q): Dividend per share of the most recent fiscal year (with the impact of consolidation of shares undertaken on October 1, 2011 taken into consideration) divided by stock price set forth in ② above
- ⑧ Cumulative distribution function of the standard normal distribution (N( $\cdot$ ))

The Company will pay to the respective directors and executive officers of the Company monetary remuneration in an amount equal to the total amount to be paid in for the Stock Acquisition Rights allotted to him/her (the amount obtained by multiplying the amount to be paid in for each Stock Acquisition Right by the number of the Stock Acquisition Rights to be allotted) and the Company's obligation to pay to him/her such monetary remuneration shall be offset by his/her obligation to pay the amount to be paid in for the Stock Acquisition Rights.

Sompo Japan Insurance Inc., NIPPONKOA Insurance Co., Ltd. and NKSJ Himawari Life Insurance Inc. will pay to their directors and executive officers, and SOMPO JAPAN NIPPONKOA ASSET MANAGEMENT CO., LTD. will pay to its directors, monetary remuneration in an amount equal to the total amount to be paid in for the Stock Acquisition Rights allotted to him/her, and the Company will assume the obligations of those companies to pay such monetary remuneration and the Company's obligation to pay monetary remuneration to each of such directors and executive officers shall be offset by his/her obligation to pay the amount to be paid in for the Stock Acquisition Rights.

The amount to be paid in for each Stock Acquisition Right obtained as a result of the above calculation is the fair value and shall not constitute an issue that is made on particularly favorable terms.

- (13) Date of Allotment of Each Stock Acquisition Right  
November 11, 2011
- (14) Date for the payment of monies in exchange for the Stock Acquisition Rights  
November 11, 2011
- (15) Persons to whom Stock Acquisition Rights are Allotted and Number of Such Persons and Number of Stock Acquisition Rights to be Allotted

| Persons to whom Stock Acquisition Rights are Allotted                  | Number of persons | Number of the Stock Acquisition Rights to be allotted |
|--|-------------------|---|
| Directors* and Executive Officers of the Company                       | 8                 | 337   |
| Directors* and Executive Officers of Sompo Japan Insurance Inc.        | 43                | 2,011   |
| Directors* and Executive Officers of NIPPONKOA Insurance Co., Ltd.     | 26                | 1,028   |
| Directors and Executive Officers of NKSJ Himawari Life Insurance, Inc. | 12                | 302   |
| Directors of SOMPO JAPAN NIPPONKOA ASSET MANAGEMENT CO., LTD.          | 1                 | 45  |
| Total  | 90                | 3,723   |

\* Exclusive of outside directors and non-full time directors.

Since some of the directors and executive officers of the Company and Sompo Japan Insurance Inc. hold concurrent offices at both of these companies, and some of the directors and executive officers of the Company and NIPPONKOA Insurance Co., Ltd. hold concurrent offices at both of these companies, the actual number of the persons to whom the Stock Acquisition Rights are allotted is 86.

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