

Establishment of a Joint Holding Company for Business Integration (Share Exchange)

SOMPO JAPAN INSURANCE INC.

NIPPONKOA Insurance Co., Ltd.



July 29, 2009

SOMPO JAPAN INSURANCE INC.

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NIPPONKOA Insurance Co., Ltd.

1. Outline of the Business Integration

2. Effects of the Business Integration

3. Summary

4. (Reference) General Information on the Parties

【Note】

The Share Exchange is subject to the fulfillment of terms and conditions relating to the Share Exchange including shareholder approval at an extraordinary shareholders' meeting of each Party and regulatory notices and approvals stipulated by Japanese and foreign laws. In addition, the Share Exchange is based on the assumption that any other event that could be materially detrimental to the Share Exchange will not occur.

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- Today, as scheduled, SOMPO JAPAN and NIPPONKOA executed an Agreement for Business Integration, which includes the share exchange ratio and other details, in connection with the business integration for which the Memorandum of Understanding was executed in March.
- Today, we are here to explain the matters upon which we have agreed at this stage, in addition to the effects of the business integration.
- First, I would like to talk about the outline of the business integration.
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Memorandum of Understanding for the Business Integration (Announced on March 13, 2009)

Establishing “a new solution service group with the aim of providing customers with the highest-quality security and service and contributing to social welfare”

Basic Principles of the Business Integration


- Making all value judgments from the “customers’ perspective” and pursuing best business practices
- Placing an emphasis on speed with the aim of quickly realizing the results of our growth strategy, business integration and operational alliance
- Establishing equal and friendly relationships with any corporate or financial group as an independent New Group, with the understanding that the Parties will continue to operate under the Joint Holding Company
- The New Group is to maintain a spirit of equality between the Parties
- Exeditiously and aggressively implementing measures to boost the corporate value of the New Group as a whole



SOMPO JAPAN

**The New Group’s Aspirations
(Management’s Vision)**

- Providing the highest-quality security and service
- Focusing on the domestic business
- Providing a broad range of solutions that are friendly to society and the environment
- Maximizing shareholder value
- A free, vigorous, open and energetic corporate culture
- Independence from the influence of any corporate or financial group



NIPPONKOA INSURANCE

SOMPO JAPAN INSURANCE INC.4NIPPONKOA Insurance Co., Ltd.

- I would like to once again briefly explain the outline of the Memorandum of Understanding announced in March.
- SOMPO JAPAN and NIPPONKOA decided to establish “a new solution service group with the aim of providing customers with the highest-quality security and service and contributing to social welfare” while sharing as a unitary group the strengths nurtured over the 120 years of our respective histories.
- The five basic principles of the Business Integration consist of the pursuit of best business practices from the customers’ perspective, an emphasis on speed, the independence of the New Group, a spirit of equality and the enhancement of corporate value.
- Please see the bottom portion of the slide for the New Group’s aspirations.
- Please turn to page 5.

(2) Share Exchange Ratio

Company name	SOMPO JAPAN	NIPPONKOA
Share Exchange Ratio	1	0.9

(Note 1) One share of common stock of the Joint Holding Company will be allotted and delivered for each share of common stock of SOMPO JAPAN, and 0.9 shares of common stock of the Joint Holding Company will be allotted and delivered for each share of common stock of NIPPONKOA. However, the Share Exchange Ratio above may be changed through mutual consultation of both Parties if there are material changes in any of the conditions upon which the ratio has been determined.

(Note 2) New shares to be delivered by the Joint Holding Company (tentative):
1,722,802,230 shares of common stock
The number of shares provided above is calculated based on the total number of outstanding shares of the Parties as of March 31, 2009. The number of such new shares may be changed if treasury stock of the Parties is cancelled or if share options of the Parties are exercised prior to the incorporation of the Joint Holding Company.

- Now I will explain about the share exchange ratio.
- The share exchange ratio will be one share of common stock of SOMPO JAPAN and 0.9 shares of common stock of NIPPONKOA. Based on this ratio, common stock of the Joint Holding Company will be allotted to the shareholders of both companies.
- We agreed on and determined the share exchange ratio, upon repeated, careful negotiation and consultation, with reference to the results of fairness analyses conducted by financial advisors of the Parties and comprehensively taking into account factors including the financial conditions, assets conditions and future outlook of the Parties.
- Please turn to page 7.

(3) Governance system of the Joint Holding Company

■ Company type	Company with a board of auditors
■ Representatives	Co-CEO and Representative Director and Chairman: Makoto Hyodo Co-CEO and Representative Director and President: Masatoshi Sato
■ Composition of Directors	Total number: 12 (term of office: 1 year) Outside directors: 6
■ Composition of Corporate Auditors	Total number: 5 Outside auditors: 3
■ Nomination and Compensation Committee	Establishment of Nomination and Compensation Committee where the chairman and a majority of the committee members will be outside directors and/or outside corporate auditors
■ Compensation for Directors and Executive officers	From the medium to long term perspective of enhancement of corporate value and shareholder value, we will determine compensation by taking into account factors such as net asset value per share and the status of management target achievement.

※Details on directors and corporate auditors will be available when decided.

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NIPPONKOA Insurance Co., Ltd.

- Now we will explain the governance of the Joint Holding Company.
- The Joint Holding Company will have a board of auditors.
- At the time of the incorporation of the joint holding company, Mr. Hyodo, the current President of NIPPONKOA, will be the Representative Director and Chairman, and Mr. Sato, the current President of SOMPO JAPAN, will be the Representative Director and President. Both will manage the company as co-CEOs.
- The total number of directors will be 12, half of which will be from outside companies.
- Total number of corporate auditors will be 5, including 3 which is a majority from outside companies.
- Further, we will establish nomination and compensation committee, where the chairman and a majority of members are outside directors and/or outside corporate auditors.
- With respect to compensation for directors and executive officers, from the medium to long term perspective of enhancement of corporate value and shareholder value, we will determine compensation by taking into account factors such as net asset value per share and the status of achievement of management targets.
- Please turn to page 8.

(4) Schedule of Share Exchange

March 13, 2009		Execution of the Memorandum of Understanding for Business Integration
July 29, 2009		Execution of the Agreement for Business Integration
By the End of October 2009	(tentative)	Preparation of Share Exchange Plan
Late December 2009	(tentative)	Extraordinary Shareholders' Meeting to Approve the Share Exchange Plan
April 1, 2010	(tentative)	Date of Registration of the Incorporation of the Joint Holding Company (Effective Date)

※The schedule may be changed through mutual consultation between the Parties if any unavoidable circumstances arise in the course of the procedures relating to the Share Exchange.

- This shows the schedule going forward.
- Today, we executed an Agreement for Business Integration.
Going forward, by the end of October, we will prepare a share exchange plan and make an announcement regarding the plan.
- Subsequently, SOMPO JAPAN and NIPPONKOA each plans to hold an extraordinary shareholders' meeting in late December, where the shareholders of each company will vote on whether or not to approve the share exchange plan.
- After obtaining shareholder approvals and subject to regulatory approvals, the New Group will be established on April 1, 2010.
- Next, I will explain about effects of the business integration.
Please turn to page 9.

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(1) Effects of the Business Integration

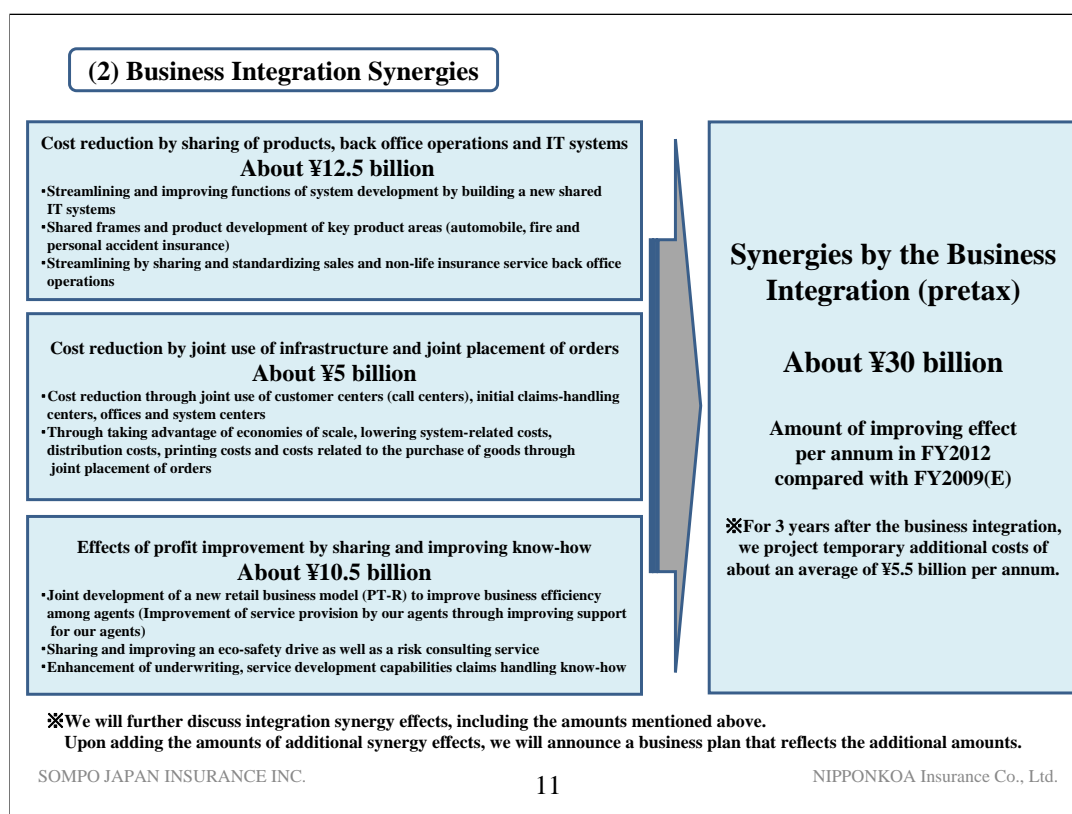
Further pursuit of revenue growth and efficiency while making use of the New Group's post-integration position and strengths by jointly harnessing the Parties' business base and quickly maximizing synergies resulting from the business integration

【The post-integration position and strengths of the New Group】

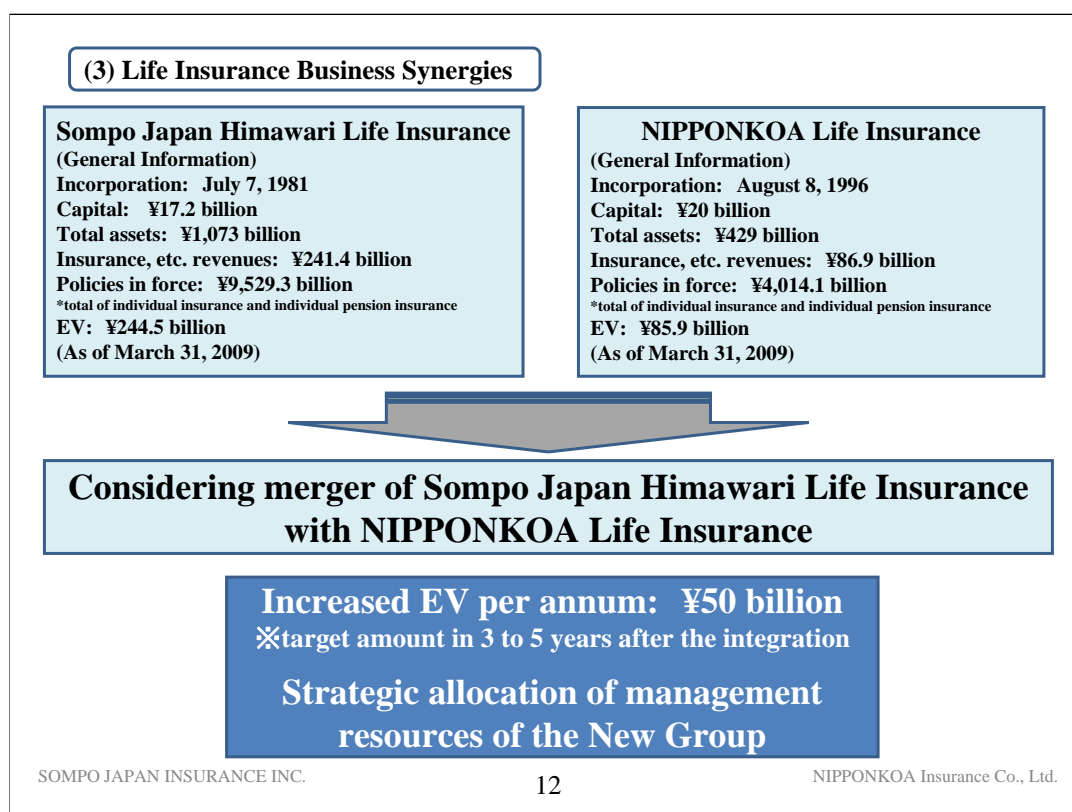
- **Top-level non-life insurance market share in approximately half of the prefectures in Japan**
- **Strong sales base supported by exclusive, specialized professional agents**
- **Our competitive edge based on our financial institutions-related agents, which are primarily regional banks**

Realizing sustainable growth and the enhancement of corporate value in addition to contributing to social welfare

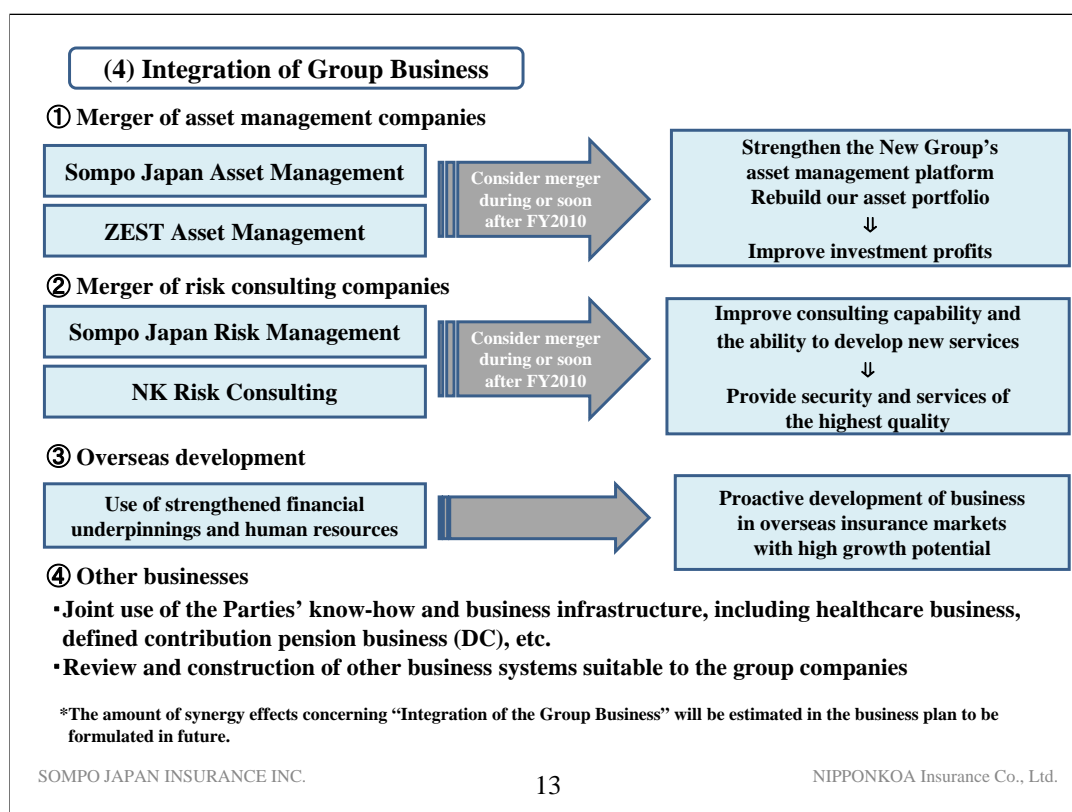
- The New Group will make use of its post-integration position and strengths and seek to quickly maximize integration synergy by jointly harnessing the business base of the Parties.
- We will maintain and further expand and develop our respective customer bases by maintaining and reinforcing each Party's own brand.
- We will enhance business efficiency and quality by sharing and standardizing the business bases for our products, back office operations and IT systems, among other areas.
- The New Group will improve group profits by shifting management resources created as a result of the business integration to areas with growth potential and enhance corporate value through integration synergy.
- Please turn to page 11.



- We anticipate synergy effects resulting from the business integration of about ¥30 billion per year in FY2012.
- The specific breakdown is: we anticipate cost reduction of about ¥12.5 billion by significantly streamlining the business process and lowering business expenses through sharing products, back office operations and IT systems.
- We anticipate a synergy effect of about ¥5 billion through joint use of the Parties' infrastructure including stores and call centers as well as through reduction of system related costs, distribution costs and printing costs by the Parties' joint placement of orders.
- We anticipate a profit improvement effect of about ¥10.5 billion by improving service provision by our agents and sharing and improving know-how such as loss prevention and risk consulting.
- However, we also expect temporary additional costs for three years after the integration.
- Going forward, we will further continue our discussion and plan to make another announcement on a business plan which will reflect the synergy values when we make an announcement on the share exchange plan scheduled at the end of October.
- Please turn to page 12.



- This shows our life insurance business synergies.
- In the life insurance business, an area with growth potential, we will consider a merger between Sompo Japan Himawari Life Insurance and NIPPONKOA Life Insurance and strategically allocate the New Group's management resources.
- We aim to increase EV by ¥50 billion per year in three to five years after the integration by introducing attractive products into the expanded market resulting from the business integration.
- Please turn to page 13.



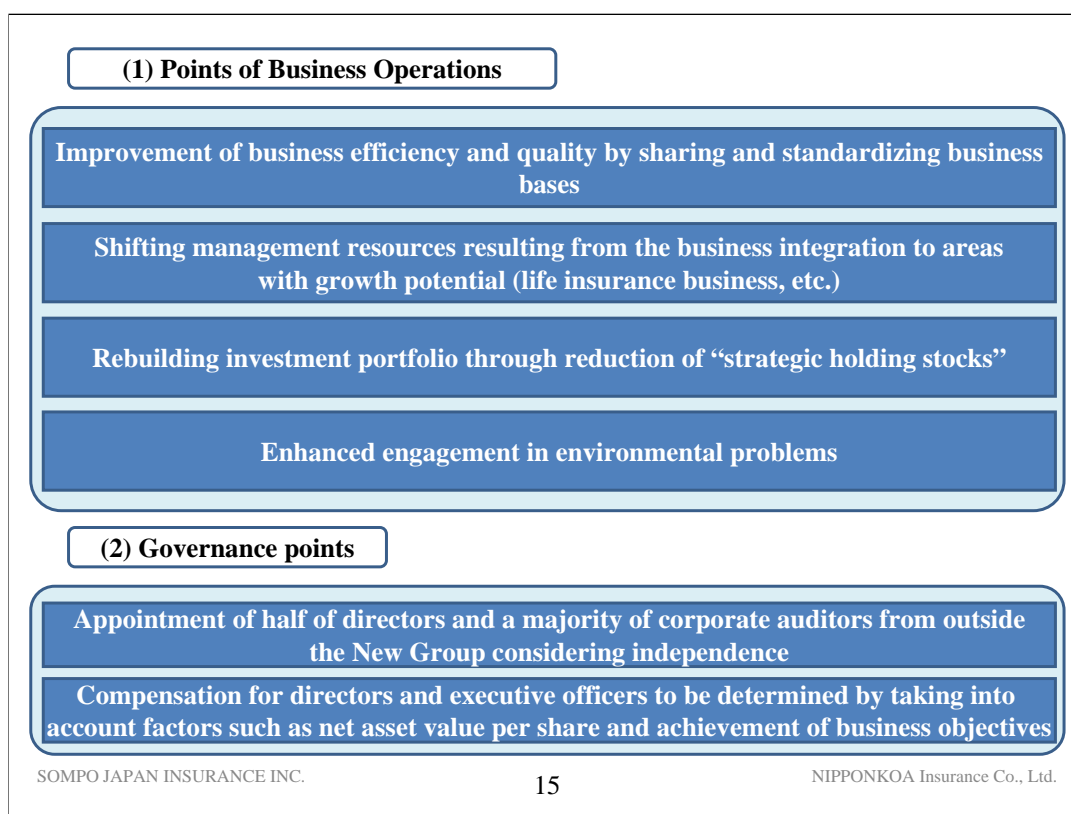
- We will explain the integration of the group business.
- With respect to the asset management business, we will consider having the Parties' investment management companies merge during or soon after FY 2010 in order to strengthen the asset management structure of the New Group. Furthermore, the New Group will seek to improve investment profits by rebuilding its asset portfolio through such measures as reduction of our ownership of "strategic holding stocks" intended to solidify our business relationships with corporate customers.
- We will consider having the Parties' risk consulting companies merge during or soon after FY2010 in order to improve our ability to develop new services that handle increased and diversified risks and our consulting capabilities.
- Moreover, we will proactively expand our business to overseas insurance markets with high growth potential.
- We will consider the specific amount of synergy effects resulting from the integration of the group business and growth strategy in the business plan to be formulated in the future.
- Finally, we will summarize our points. Please turn to page 15.

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- The New Group will enhance business efficiency and quality by sharing and standardizing business bases, and then shift management resources resulting from the business integration to areas with growth potential such as the life insurance business, etc. Concerning investment, we will rebuild an asset portfolio through reduction of the so-called “strategic holding stocks” in order to improve profits. We will pursue enhanced engagement in environmental problems.
- Concerning governance, we will build fair and highly transparent governance through the appointment of directors and corporate auditors from outside the New Group considering independence.
- With respect to our business operation policy and governance policy aimed at enhancing of shareholder value, we plan to disclose more details at the time of our announcement on the share exchange plan scheduled at the end of October.
- Starting on page 16, for your reference, general information on SOMPO JAPAN and NIPPONKOA are included.
- This is the end of our presentation. Thank you very much for your kind attention.

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(Reference) General Information on Parties

(1)Corporate Name	SOMPO JAPAN INSURANCE INC.	NIPPONKOA Insurance Co., Ltd.
(2)Line of Business	Non-life insurance	Non-life insurance
(3)Date of Incorporation	February 12, 1944	October 1, 1944
(4)Date of Establishment	1888	1892
(5)Location of Head Office	26-1, Nishi-Shinjuku 1-chome, Shinjuku-ku, Tokyo	7-3, Kasumigaseki 3-chome, Chiyoda-ku, Tokyo
(6)Title and Name of Representative	President and Chief Executive Officer Masatoshi Sato	President and Chief Executive Officer Makoto Hyodo
(7)Capital	¥70 billion (as of March 31, 2009)	¥91.2 billion (as of March 31, 2009)
(8)Total Number of Issued Shares	987,733,424 shares (as of March 31, 2009)	816,743,118 shares (as of March 31, 2009)
(9)Net Assets (consolidated)	¥594.9 billion (as of March 31, 2009)	¥345.4 billion (as of March 31, 2009)
(10)Total Assets (consolidated)	¥5,913.3 billion (as of March 31, 2009)	¥3,089.5 billion (as of March 31, 2009)
(11)End of Fiscal Year	March 31	March 31
(12)Number of Employees (consolidated)	19,572 (as of March 31, 2009)	9,501 (as of March 31, 2009)
(13)Major Shareholders and Shareholding Ratios (as of March 31, 2009)	Japan Trustee Services Bank, Ltd. (Trust account) (6.77%) Japan Trustee Services Bank, Ltd. (Trust account 4G) (5.59%) The Master Trust Bank of Japan, Ltd. (Trust account) (5.42%) State Street Bank and Trust Company (4.69%) The Dai-ichi Mutual Life Insurance Company (4.14%) Mizuho Corporate Bank, Ltd. (3.27%)	State Street Bank and Trust Company (8.76%) Longleaf Partners Fund (7.80%) Nippon Express Co., Ltd. (4.35%) Japan Trustee Services Bank, Ltd. (Trust account 4G) (4.22%) Mellon Bank NA Treaty Client Omnibus (2.71%) The Bank of Tokyo-Mitsubishi UFJ, Ltd. (2.67%)
(14)Relationship between Parties	No material capital, personal or business relationship exists among the Parties, nor is any of the Parties a related party ("kanren tojisha") vis-à-vis one another.	
(15)Number of Agents	49,430 (as of March 31, 2009)	29,857 (as of March 31, 2009)

SOMPO JAPAN INSURANCE INC.

NIPPONKOA Insurance Co., Ltd.

(16) Financial Results for the Previous Three Years

(¥ billion)

Fiscal year ended	SOMPO JAPAN (consolidated)			NIPPONKOA (consolidated)		
	March 31, 2007	March 31, 2008	March 31, 2009	March 31, 2007	March 31, 2008	March 31, 2009
Ordinary income	1,901.5	1,894.1	1,767.9	1,000.4	975.4	949.1
Net premiums written	1,386.6	1,368.7	1,308.1	712.8	698.6	663.8
Ordinary profit	110.5	94.0	(144.0)	28.1	17.7	(3.0)
Net income	61.9	59.6	(66.7)	15.8	8.9	9.9
Net income per share (yen)	62.93	60.57	(67.75)	19.81	11.63	13.15
Dividends per share (yen)	16.00	20.00	20.00	7.50	7.50	8.00
Net assets per share (yen)	1,476.81	1,086.86	602.30	962.55	711.58	458.09

※Dividends per share are on a non-consolidated basis.

(¥ billion)

Fiscal year ended	(Reference) Sum of the two companies (consolidated)		
	March 31, 2007	March 31, 2008	March 31, 2009
Ordinary income	2,902.0	2,869.5	2,717.0
Net premiums written	2,099.5	2,067.4	1,972.0
Ordinary profit	138.6	111.8	(147.0)
Net income	77.8	68.6	(56.7)

SOMPO JAPAN INSURANCE INC.

NIPPONKOA Insurance Co., Ltd.

SOMPO JAPAN INSURANCE INC. (“SOMPO JAPAN”) and NIPPONKOA Insurance Co., Ltd. (“NIPPONKOA”) may file a registration statement on Form F-4 (“Form F-4”) with the U.S. Securities and Exchange Commission (the “SEC”) in connection with their proposed business combination. The Form F-4 (if filed) will contain a prospectus and other documents. If a Form F-4 is filed and declared effective, the prospectus contained in the Form F-4 will be mailed to U.S. shareholders of SOMPO JAPAN and NIPPONKOA prior to their respective shareholders’ meetings at which the proposed business combination will be voted upon. The Form F-4 and prospectus (if the Form F-4 is filed) will contain important information about SOMPO JAPAN and NIPPONKOA, the proposed business combination and related matters. U.S. shareholders of SOMPO JAPAN and NIPPONKOA are urged to read the Form F-4, the prospectus and other documents that may be filed with the SEC in connection with the proposed business combination carefully before they make any decision at the respective shareholders’ meeting with respect to the proposed business combination. Any documents filed with the SEC in connection with the proposed business combination will be made available when filed, free of charge, on the SEC’s web site at www.sec.gov. In addition, upon request, the documents can be distributed for free of charge. To make a request, please refer to the following contact information.

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Note Regarding Forward-looking Statements

This document includes “forward-looking statements” that reflect the plans and expectations of SOMPO JAPAN and NIPPONKOA in relation to, and the benefits resulting from, their proposed business combination and business alliance described above. To the extent that statements in this press release do not relate to historical or current facts, they constitute forward-looking statements. These forward-looking statements are based on the current assumptions and beliefs of SOMPO JAPAN and NIPPONKOA in light of the information currently available to them, and involve known and unknown risks, uncertainties and other factors. Such risks, uncertainties and other factors may cause the actual results, performance, achievements or financial position of SOMPO JAPAN and NIPPONKOA (or the post-business combination group) to be materially different from any future results, performance, achievements or financial position expressed or implied by these forward-looking statements. SOMPO JAPAN and NIPPONKOA undertake no obligation to publicly update any forward-looking statements after the date of this document. Investors are advised to consult any further disclosures by SOMPO JAPAN and NIPPONKOA (or the post-business combination group) in their subsequent domestic filings in Japan and filings with the SEC. The risks, uncertainties and other factors referred to above include, but are not limited to:

- (1) economic and business conditions in and outside Japan;
- (2) the regulatory outlook of the Japanese insurance industry;
- (3) occurrence of losses the type or magnitude of which could not be foreseen at the time of writing the insurance policies covering such losses;
- (4) the price and availability of reinsurance;
- (5) the performance of the two companies’ (or the post-business combination group’s) investments;
- (6) the two companies’ being unable to reach a mutually satisfactory agreement on the detailed terms of the proposed business combination or otherwise unable to complete it; and
- (7) difficulties in realizing the synergies and benefits of the post-business combination group.