

ANNUAL REPORT
2011

Preface

On March 11, 2011, the largest earthquake in Japan's recorded history struck. Registering 9.0 on the Richter scale, the Great East Japan Earthquake caused significant damage to Japan's Tohoku and Kanto regions. The quake shocked the nation as a sense of helplessness swept the land. As the impact of the disaster continued to spread, resulting electricity shortages forced manufacturers to suspend production, fueling downward pressure on the Japanese economy.

To support the nation in a time of need, the Japanese property and casualty (P&C) insurance industry is working to enable the quickest possible payment of insurance claims through such measures as aerial and satellite photography to approve "total loss areas." As of August 3, 2011, the total amount of claims paid for "Earthquake Insurance on Dwelling Risks" by all domestic P&C insurers exceeded ¥1 trillion, according to the data published by the General Insurance Association of Japan (GIAJ).

The mission of an insurance group—to provide customers with absolute peace of mind—is now being called upon. Every employee and executive stands ready to meet this obligation. The NKSJ Group has renewed its commitment to fulfilling its responsibility to society at large.



* For details of the NKSJ Group's activities in connection with the disaster, please see page 20 of this report.

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Forward-looking Statements:

This annual report contains certain forward-looking statements relating to future plans and targets, and related operating investments. We caution that there can be no assurance that such targets and plans can or will actually be achieved.

Consolidated Financial Highlights

NKSJ Holdings

	Millions of yen		Millions of U.S. dollars
	FY2010	FY2009	FY2010
Ordinary Income	2,621,689	2,710,883	31,529
Net Premiums Written (P&C Insurance)	1,933,283	1,935,969	23,250
Life Insurance Premiums	238,178	198,237	2,864
Ordinary Profit (Loss)	(6,437)	79,715	(77)
Net Income (Loss)	(12,918)	53,385	(155)
Comprehensive Income	(143,120)	N/A	(1,721)
Net Income (Loss) per Share (yen)	(7.77)	N/A	—
Diluted Net Income per Share (yen)	N/A	N/A	N/A
Total Assets	8,981,974	9,215,974	108,021
Total Net Assets	1,079,446	1,237,701	12,981
Equity Ratio	12.0%	13.4%	—
Number of Shares (Excluding treasury stock)	1,660,425,718 shares	N/A	—
Adjusted Consolidated Profit (billions of yen)	80.7	89.9	970
Adjusted Consolidated ROE	4.2%	5.1%	—

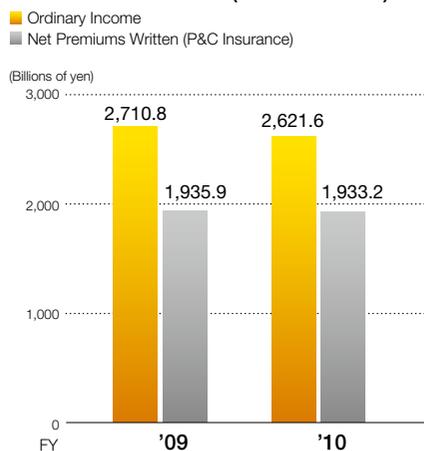
Notes: 1. Diluted net income per share is not shown for FY2010 because there was a net loss.

2. The calculation of Adjusted consolidated profit and Adjusted consolidated ROE is explained in page 30.

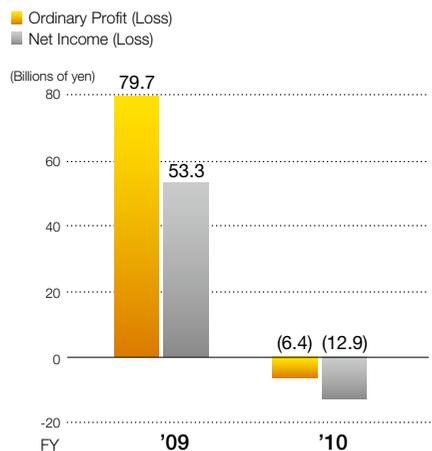
3. NKSJ Holdings was established on April 1, 2010 through a statutory share exchange. Figures for FY2009 are combined total of Sompo Japan and Nipponkoa on a consolidated basis.

4. U.S. dollar amounts are translated from yen at the rate of ¥83.15=U.S.\$1.00, the approximate rate prevailing at March 31, 2011.

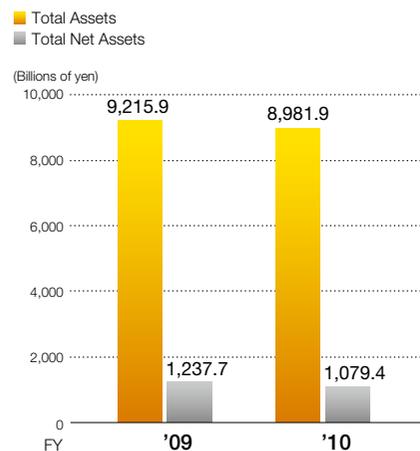
Ordinary Income/ Net Premiums Written (P&C Insurance)



Ordinary Profit (Loss) / Net Income (Loss)



Total Assets / Total Net Assets



About the NKSJ Group

Business Domains and Major Group Companies

The NKSJ Group aims to become a new solution service* group that will conduct all value judgments thoroughly from our customers' perspective, providing customers with security and service of the highest quality, and contributing to social welfare.

* A "solution service" means a broad range of services, which will provide solutions to the needs of customers and the risks that surround them across the boundaries of the insurance business.



Domestic P&C Insurance

This is the NKSJ Group's core business, through which we provide high-quality products and services that ensure our customers' peace of mind and safety. Sampo Japan and Nipponkoa market through insurance agencies, while Saison Automobile & Fire and Sonpo 24 sell directly to customers.

Overseas Insurance

We are pursuing business expansion, mainly through M&As, in overseas insurance markets with promising growth prospects, capitalizing on the human resources and strengthened financial foundation following the business integration.

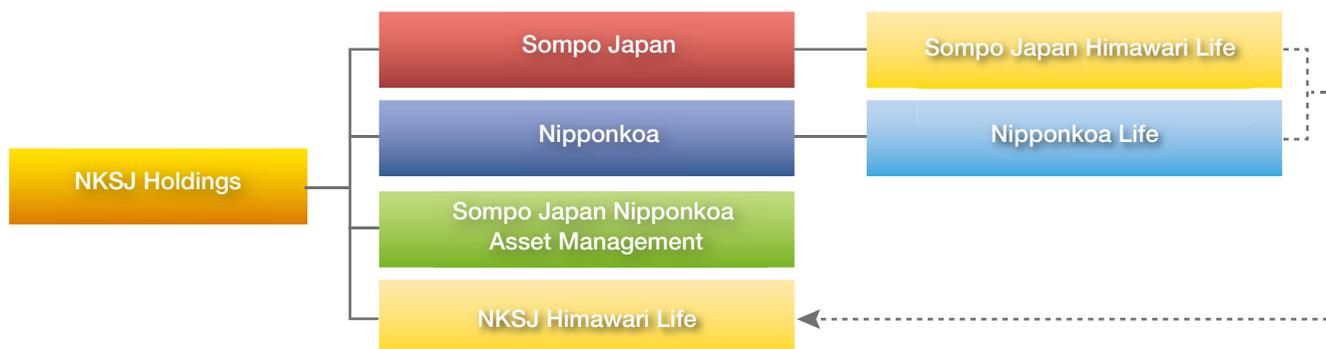
Domestic Life Insurance

We are actively engaged in this high-growth-potential area. Sampo Japan Himawari Life and Nipponkoa Life market mainly through P&C insurance agencies, while Sampo Japan DIY Life engages exclusively in direct marketing.

Other Businesses

To help customers address the risks and issues that they face, we also provide products and services in areas other than insurance, including asset management, risk consulting, healthcare, and defined-contribution pension plans.

Directly Owned Subsidiaries of NKSJ Holdings



In October 2011, Sampo Japan Himawari Life and Nipponkoa Life will merge to form NKSJ Himawari Life. NKSJ Himawari Life will become a directly owned subsidiary of NKSJ Holdings.

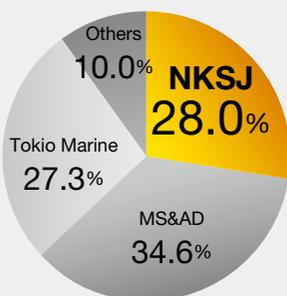
Characteristics of Each Business Domain

Domestic P&C Insurance

High Market Presence

- Realizing Group synergies and strengthening domestic competitiveness
- Enhancing earning capacity through increasing premium income, reducing expenses and reinforcing asset management

Net Premiums Written in FY2009



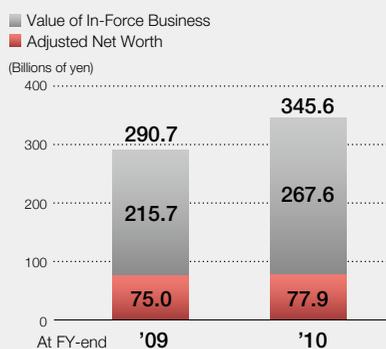
Domestic P&C Market: ¥6,832.6 billion
Source: Statistics of Japanese Non-Life Insurance, 2010

Domestic Life Insurance

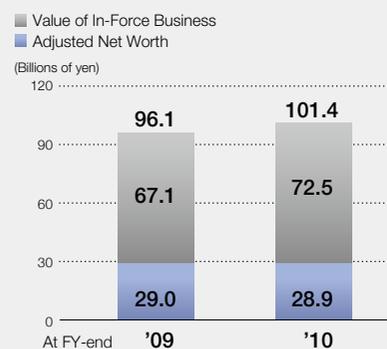
High Growth

- Growing adjusted embedded value (EV) backed by top-line growth
- Leveraging further growth by merger of two life insurance subsidiaries

Sompo Japan Himawari Life (MCEV)



Nipponkoa Life (TEV)



Overseas Insurance

Becoming Our Third Largest Earnings Pillar

NKSJ Group: 199 cities in 29 countries

Sompo Japan:
164 Cities in 28 Countries

Nipponkoa:
76 Cities in 21 Countries

(As of April 1, 2011)

Adjusted Consolidated Profit for FY2014
¥16.0 billion (Plan)

Existing Businesses: ¥8.0 billion

New Investees: ¥8.0 billion

¥200 billion M&A for the three years ending FY2012

- Expand profit in markets with high potential for growth and profitability
- Focus on sectors which can realize synergies with our insurance business
- The main target is emerging countries with high growth potential, but developed countries will also be targeted, especially those offering prospects for acquiring brands, expertise and other assets.

Recent Investments

Jul. 2009: Maritima Seguros S.A., Brazil (¥15.5 billion)

May 2010: Tenet Insurance Co. Ltd., Singapore (¥6.4 billion)

Nov. 2010: Fiba Sigorta A.S., Turkey (¥27.4 billion)

Jan. 2011: PT. Asuransi Permata Nipponkoa Indonesia, Indonesia (¥0.6 billion)

Jun. 2011: Berjaya Sompo Insurance Berhad, Malaysia (¥13.3 billion)

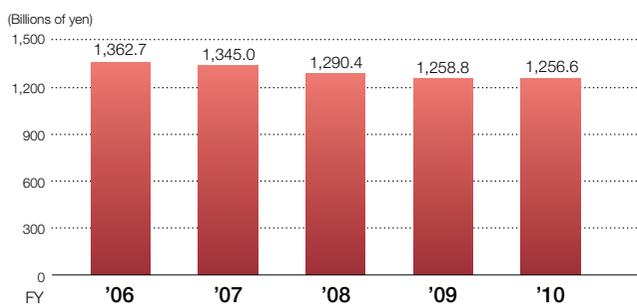
Non-Consolidated Indicators for Sampo Japan

	Millions of yen					Millions of U.S. dollars	
	FY2006	FY2007	FY2008	FY2009	FY2010	FY2010	
Net Premiums Written	1,362,785	1,345,024	1,290,464	1,258,896	1,256,639	15,112	
Net Losses Paid	806,871	804,131	832,768	855,048	817,961	9,837	
Net Loss Ratio	64.3%	65.1%	70.3%	73.9%	72.5%	72.5%	
Underwriting Expenses	421,620	442,412	445,389	428,728	423,365	5,091	
Net Expense Ratio	30.9%	32.9%	34.5%	34.1%	33.7%	33.7%	
Underwriting Balance	65,290	26,899	(62,665)	(99,801)	(77,706)	(934)	
Underwriting Profit (Loss)	10,127	(42,578)	(92,274)	(2,585)	(9,716)	(116)	
Combined Ratio	95.2%	98.0%	104.9%	107.9%	106.2%	106.2%	
Investment Assets	5,650,070	5,000,282	4,221,207	4,458,771	4,221,756	50,772	
Assets in Saving-Type Account	1,385,027	1,305,213	1,247,295	1,177,782	1,069,884	12,866	
Interest and Dividend Income	113,625	135,606	102,511	91,009	86,463	1,039	
Income Yield	2.72%	3.25%	2.49%	2.28%	2.21%	2.21%	
Investment Profit (Realized Basis)	137,126	171,596	(11,764)	105,749	79,858	960	
Realized Yield	3.36%	4.15%	(0.29)%	2.68%	2.07%	2.07%	
Investment Profit (Mark-to-Market Basis)	199,327	(494,634)	(578,808)	385,039	(60,367)	(726)	
MTM Yield	3.58%	(8.70)%	(11.66)%	9.03%	(1.36)%	(1.36)%	
Ordinary Profit (Loss)	91,767	73,316	(153,884)	50,318	20,541	247	
Net Income (Loss)	48,159	44,667	(73,943)	42,774	12,124	145	
Return on Equity (ROE)	3.4%	3.5%	(8.8)%	6.0%	1.6%	1.6%	
Solvency Margin Ratio	1,010.3%	887.9%	624.7%	800.0%	748.6%	748.6%	
Total Net Assets	1,474,041	1,074,490	615,721	820,181	696,037	8,370	
Catastrophic Loss Reserve	384,138	387,918	377,788	394,687	420,671	5,059	

Notes: 1. ROE is calculated as net income/total net assets (average of totals at the start and end of the fiscal year).

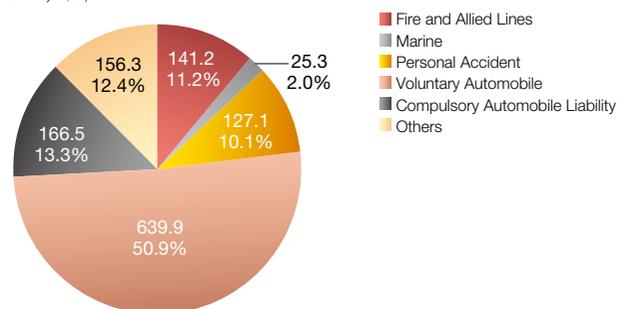
2. U.S. dollar amounts are translated from yen at the rate of ¥83.15=U.S.\$1.00, the approximate rate prevailing at March 31, 2011.

Net Premiums Written

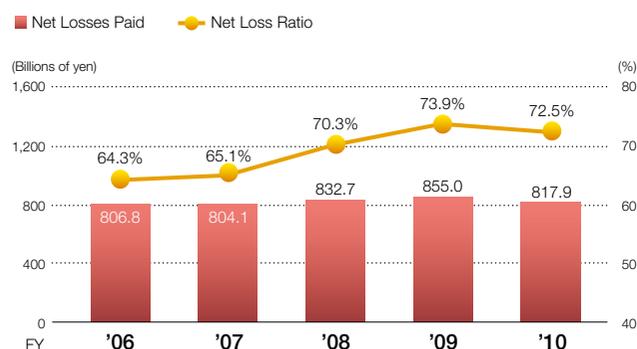


Breakdown of Net Premiums Written (FY2010)

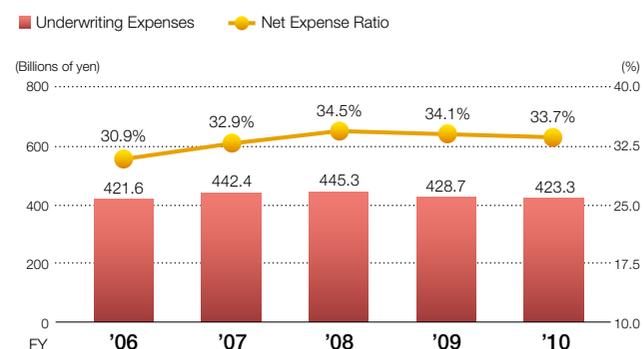
(Billions of yen, %)



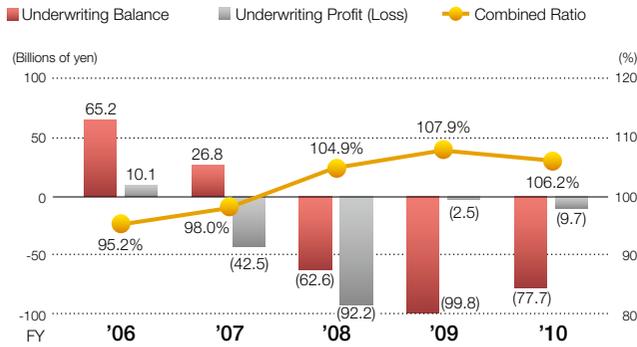
Net Losses Paid/Net Loss Ratio



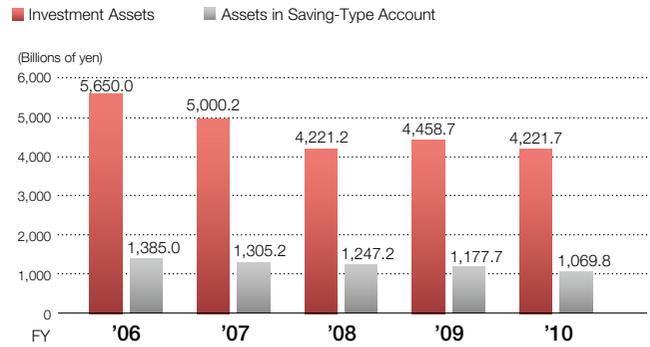
Underwriting Expenses/Net Expense Ratio



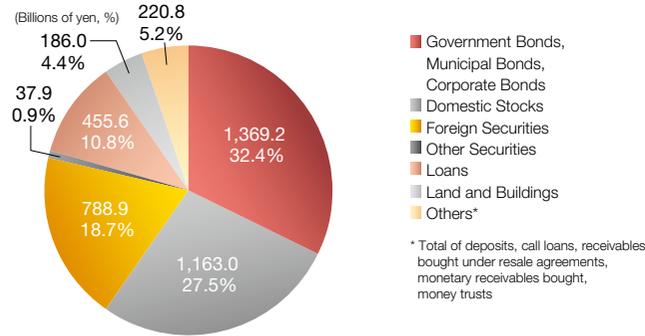
Underwriting Balance/Underwriting Profit (Loss)/Combined Ratio



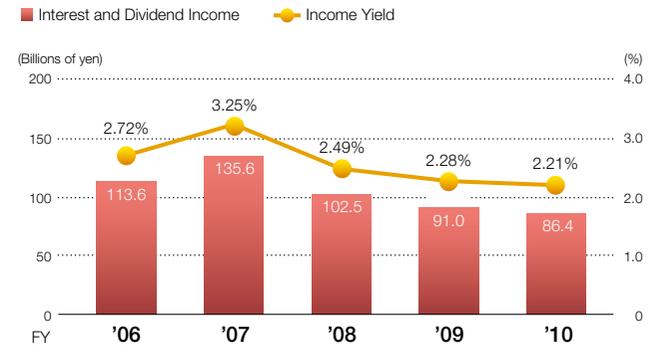
Investment Assets/Assets in Saving-Type Account



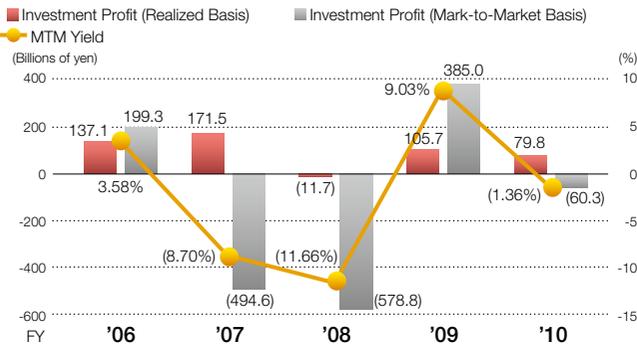
Breakdown of Investment Assets (FY2010)



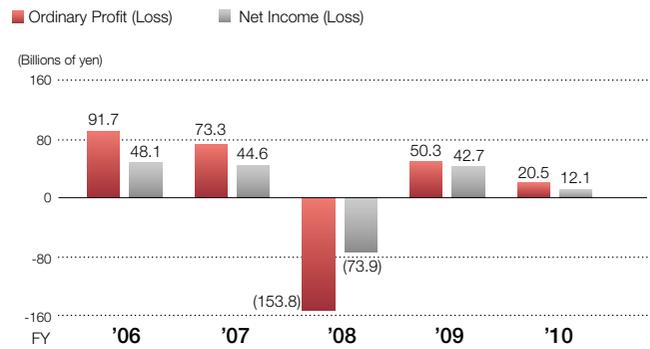
Interest and Dividend Income/Income Yield



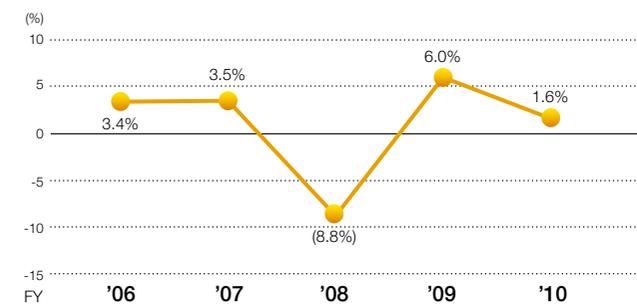
Investment Profit (Realized Basis)/Investment Profit (Mark-to-Market Basis)/MTM Yield



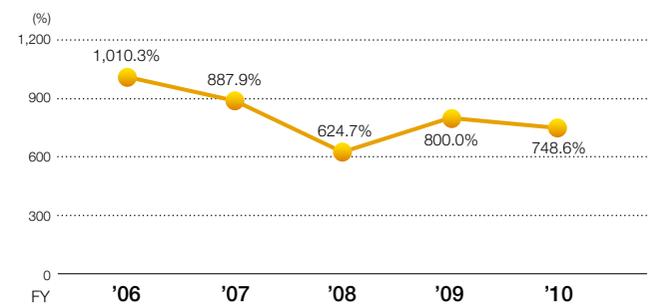
Ordinary Profit (Loss)/Net Income (Loss)



Return on Equity (ROE)



Solvency Margin Ratio

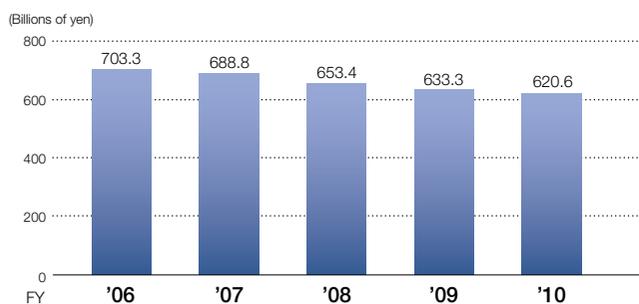


Non-Consolidated Indicators for Nipponkoa

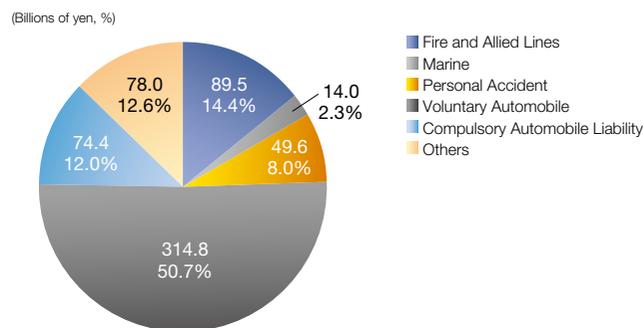
	Millions of yen					Millions of U.S. dollars	
	FY2006	FY2007	FY2008	FY2009	FY2010	FY2010	
Net Premiums Written	703,371	688,892	653,400	633,336	620,615	7,463	
Net Losses Paid	424,621	414,298	400,790	403,857	397,444	4,779	
Net Loss Ratio	65.5%	65.4%	66.7%	69.4%	69.6%	69.6%	
Underwriting Expenses	249,407	240,491	229,096	226,792	221,935	2,669	
Net Expense Ratio	35.5%	34.9%	35.1%	35.8%	35.8%	35.8%	
Underwriting Balance	(6,542)	(2,268)	(11,799)	(33,126)	(33,134)	(398)	
Underwriting Profit (Loss)	(35,747)	(14,042)	5,445	2,293	(24,991)	(300)	
Combined Ratio	100.9%	100.3%	101.8%	105.2%	105.3%	105.3%	
Investment Assets	3,240,212	2,818,984	2,412,896	2,367,667	2,202,069	26,483	
Assets in Saving-Type Account	1,107,100	1,012,658	898,704	813,343	744,194	8,950	
Interest and Dividend Income	56,693	53,009	51,124	44,999	42,722	513	
Income Yield	2.25%	2.19%	2.19%	2.06%	2.08%	2.08%	
Investment Profit (Realized Basis)	95,180	62,992	19,850	53,358	49,100	590	
Realized Yield	3.77%	2.59%	0.85%	2.47%	2.40%	2.40%	
Investment Profit (Mark-to-Market Basis)	50,970	(231,964)	(271,343)	173,995	(17,688)	(212)	
MTM Yield	1.54%	(7.30)%	(9.76)%	7.55%	(0.76)%	(0.76)%	
Ordinary Profit (Loss)	24,538	16,769	(2,851)	29,384	(319)	(3)	
Net Income (Loss)	13,425	7,877	10,111	13,123	(6,437)	(77)	
Return on Equity (ROE)	1.7%	1.2%	2.3%	3.4%	(1.6)%	(1.6)%	
Solvency Margin Ratio	1,024.3%	905.6%	711.9%	742.5%	642.9%	642.9%	
Total Net Assets	761,282	537,131	347,329	433,642	365,539	4,396	
Catastrophic Loss Reserve	230,695	224,225	229,598	234,593	240,067	2,887	

Notes: 1. ROE is calculated as net income/total net assets (average of totals at the start and end of the fiscal year).
 2. U.S. dollar amounts are translated from yen at the rate of ¥83.15=U.S.\$1.00, the approximate rate prevailing at March 31, 2011.

Net Premiums Written



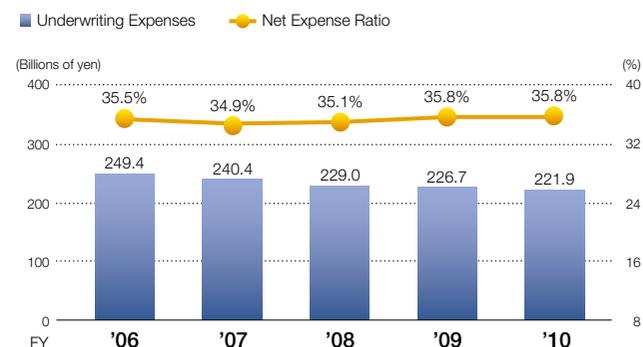
Breakdown of Net Premiums Written (FY2010)



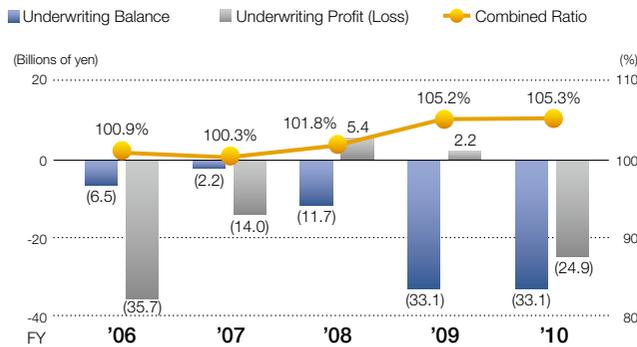
Net Losses Paid/Net Loss Ratio



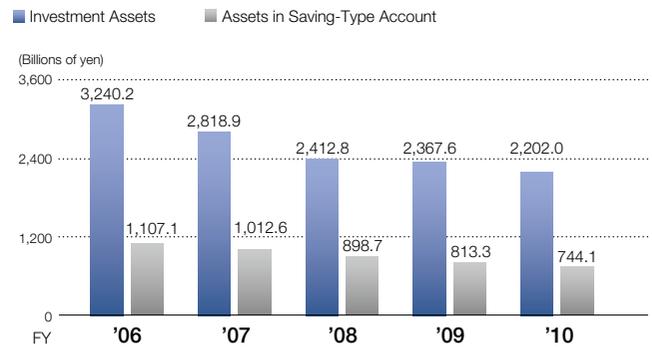
Underwriting Expenses/Net Expense Ratio



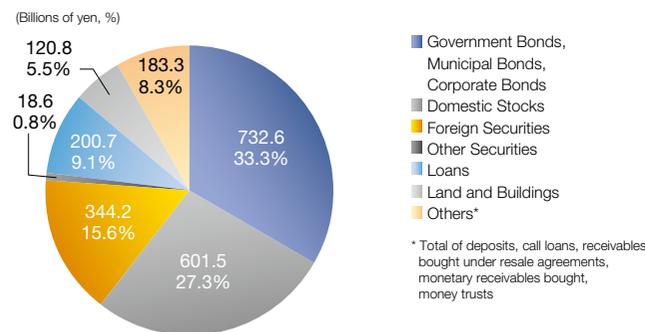
Underwriting Balance/Underwriting Profit (Loss)/Combined Ratio



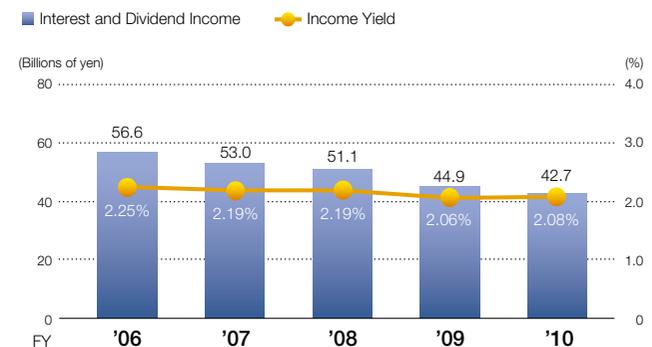
Investment Assets/Assets in Saving-Type Account



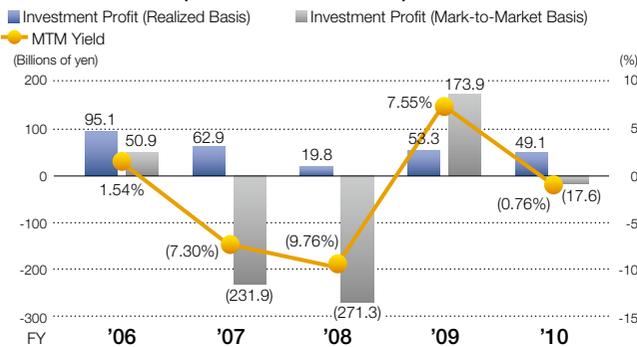
Breakdown of Investment Assets (FY2010)



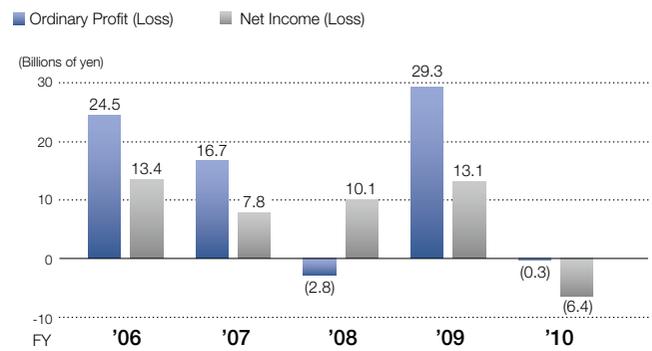
Interest and Dividend Income/Income Yield



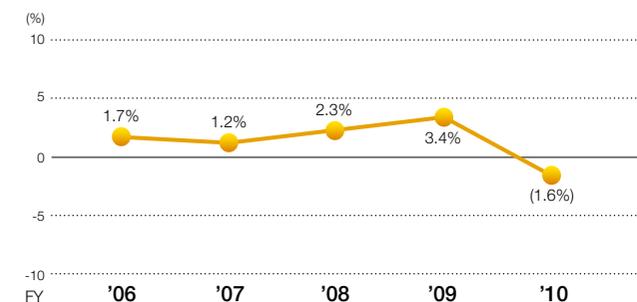
Investment Profit (Realized Basis)/Investment Profit (Mark-to-Market Basis)/MTM Yield



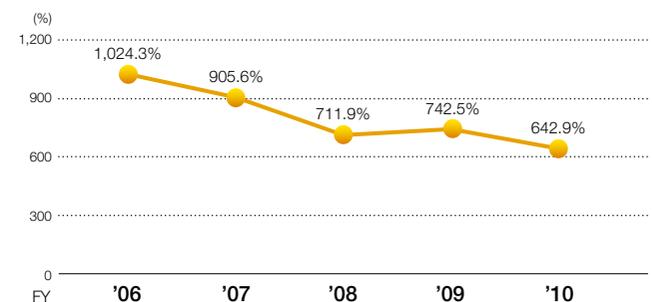
Ordinary Profit (Loss)/Net Income (Loss)



Return on Equity (ROE)



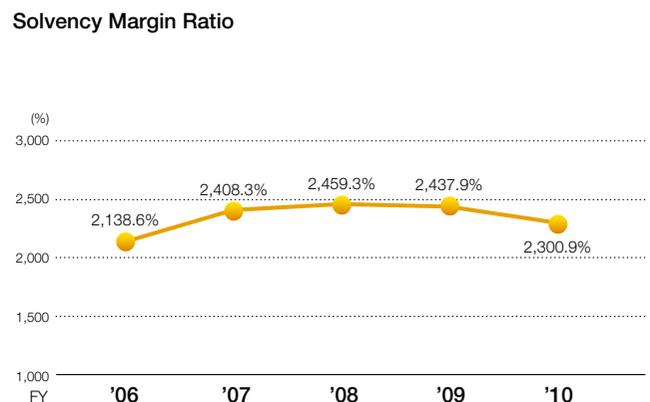
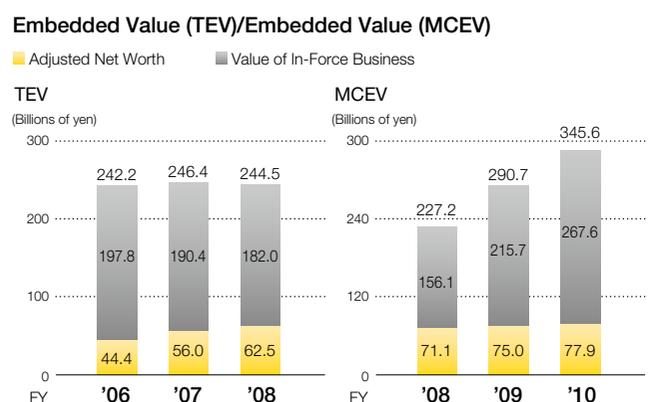
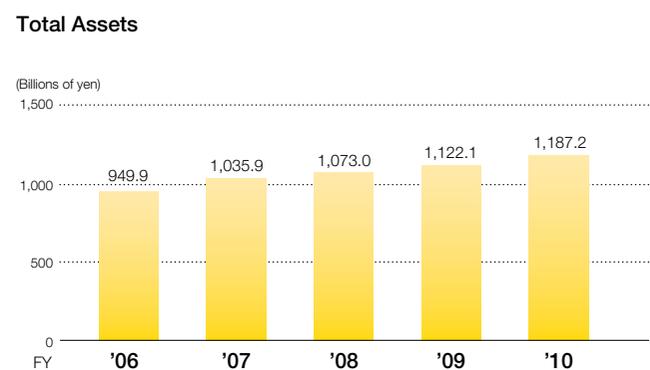
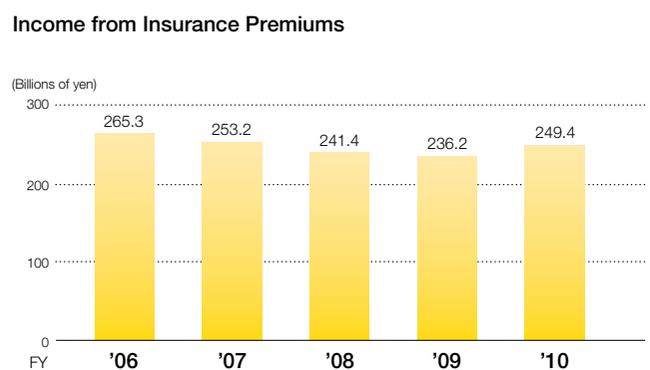
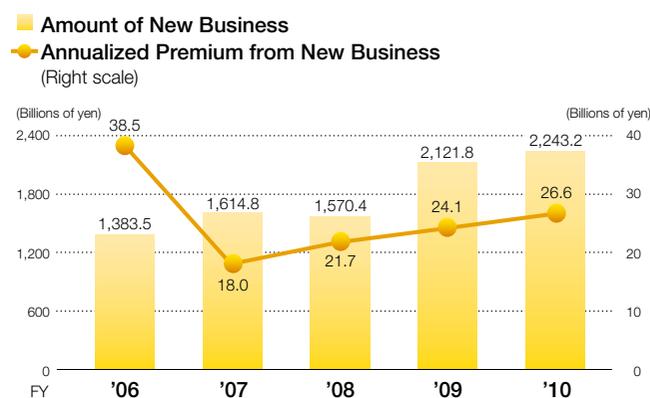
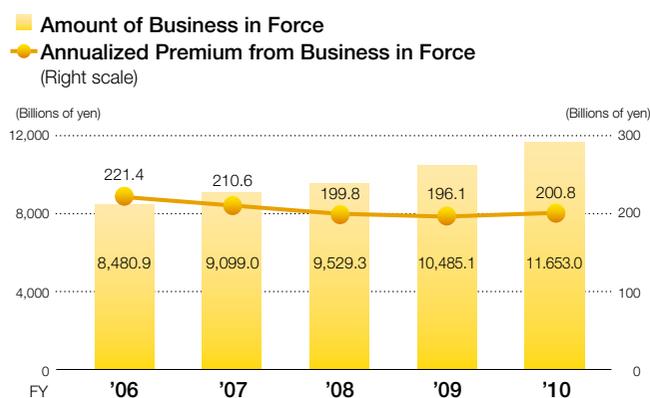
Solvency Margin Ratio



Non-Consolidated Indicators for Sampo Japan Himawari Life

	Millions of yen					Millions of U.S. dollars
	FY2006	FY2007	FY2008	FY2009	FY2010	FY2010
Amount of Business in Force	8,480,949	9,099,013	9,529,382	10,485,124	11,653,083	140,145
Annualized Premium from Business in Force	221,469	210,634	199,870	196,181	200,861	2,415
Amount of New Business	1,383,512	1,614,880	1,570,446	2,121,806	2,243,293	26,978
Annualized Premium from New Business	38,565	18,045	21,757	24,153	26,616	320
Income from Insurance Premiums	265,389	253,235	241,458	236,238	249,462	3,000
Total Assets	949,933	1,035,988	1,073,052	1,122,133	1,187,254	14,278
Embedded Value (TEV) (billions of yen)	242.2	246.4	244.5	—	—	—
Embedded Value (MCEV) (billions of yen)	—	—	227.2	290.7	345.6	4,155
Solvency Margin Ratio	2,138.6%	2,408.3%	2,459.3%	2,437.9%	2,300.9%	2,300.9%

Notes: 1. Indicators for Amount of business in force and Amount of new business are the total of Personal and Personal pension amounts.
 2. U.S. dollar amounts are translated from yen at the rate of ¥83.15=U.S.\$1.00, the approximate rate prevailing at March 31, 2011.

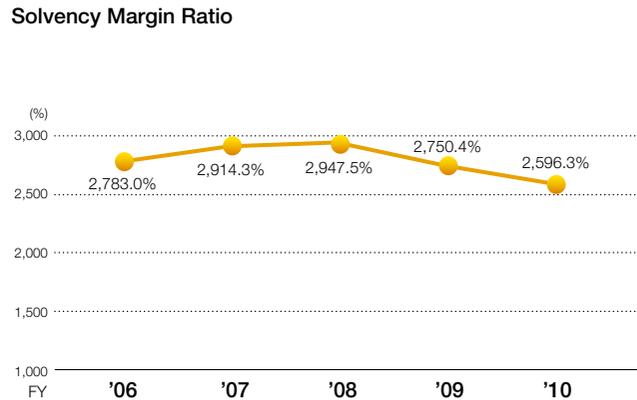
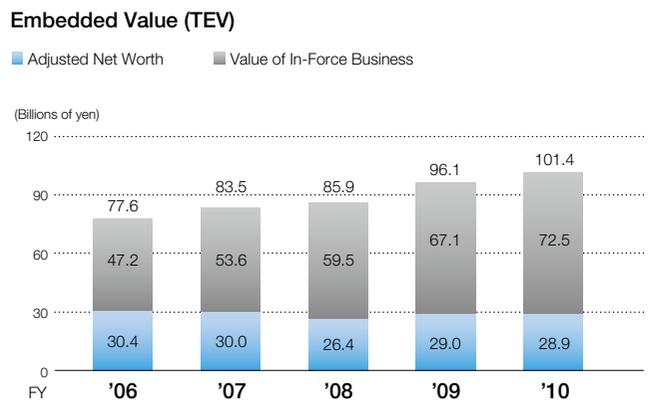
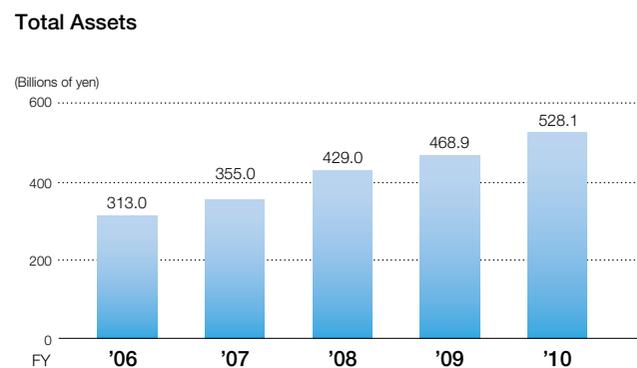
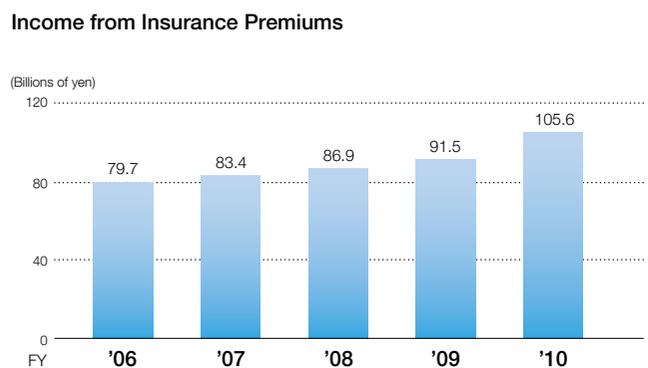
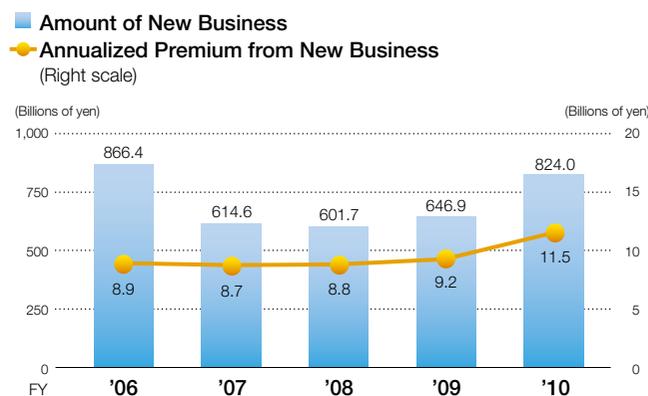
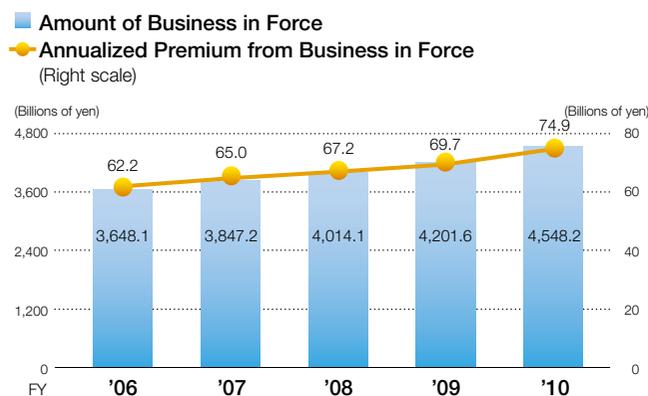


* Prior to the fiscal year ended March 31, 2010, the Company disclosed traditional embedded value (TEV). Since then, the Company has disclosed market consistent embedded value (MCEV).

Non-Consolidated Indicators for Nipponkoa Life

	Millions of yen					Millions of U.S. dollars	
	FY2006	FY2007	FY2008	FY2009	FY2010	FY2010	
Amount of Business in Force	3,648,103	3,847,200	4,014,107	4,201,638	4,548,237	54,699	
Annualized Premium from Business in Force	62,230	65,018	67,271	69,725	74,954	901	
Amount of New Business	866,437	614,684	601,770	646,927	824,094	9,910	
Annualized Premium from New Business	8,931	8,760	8,816	9,268	11,504	138	
Income from Insurance Premiums	79,796	83,424	86,948	91,507	105,646	1,270	
Total Assets	313,004	355,015	429,022	468,988	528,146	6,351	
Embedded Value (TEV) (billions of yen)	77.6	83.5	85.9	96.1	101.4	1,220	
Solvency Margin Ratio	2,783.0%	2,914.3%	2,947.5%	2,750.4%	2,596.3%	2,596.3%	

Notes: 1. Indicators for Amount of business in force and Amount of new business are the total of Personal and Personal pension amounts.
2. U.S. dollar amounts are translated from yen at the rate of ¥83.15=U.S.\$1.00, the approximate rate prevailing at March 31, 2011.





Toward the No. 1 Group for “Growth” and “Customers’ Trust”

To serve our customers is an honor and we wish to express our gratitude for your ongoing patronage. In addition, we extend our deepest sympathies to those who have suffered in the wake of the devastating Great East Japan Earthquake and deeply regret the enormous loss of lives for whom we pray will rest in peace.

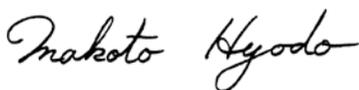
From the moments just after the strike of this devastation, the NKSJ Group has made all necessary disaster-response measures a top management priority. In doing so, the entire Group has made concerted efforts to pay customer insurance claims in an expeditious manner with the hope of restoring peace of mind as quickly as possible. As an insurance group, we will strive to remain a beneficial resource to customers in the afflicted areas in the days ahead as we continue to live up to the principles of our corporate mission.

NKSJ Holdings, the joint holding company formed between Sompo Japan and Nipponkoa in April 2010, celebrated its second anniversary this fiscal year. In 2010, the inaugural fiscal year, the domestic P&C insurance business faced harsh conditions with an increase in automobile accidents and the effects of

the earthquake disaster. In the domestic life insurance business, sales steadily expanded, while preparations for the merger of Sompo Japan Himawari Life and Nipponkoa Life scheduled for October 2011 progressed smoothly. In the overseas insurance business, we invested in P&C insurance businesses in Turkey and Singapore. Also, in other businesses, while merging our asset management companies and integrating our risk consulting companies, we progressed with efforts to reorganize Group companies on schedule.

Fiscal 2011 is the phase where the NKSJ Group will accelerate efforts to create synergies from the business integration. In the domestic P&C insurance business, we aim to expand earnings by increasing premiums, cutting business costs through greater efficiency, and strengthening asset management. In the domestic life insurance business, we aim to boost the pace of growth in scale and earnings at NKSJ Himawari Life Insurance, Inc., a new company to be created in a merger planned for October 2011. The overseas insurance business aims to grow through aggressive mergers and acquisitions to become our third largest earnings pillar following the domestic P&C and domestic life insurance businesses. In other businesses, we will advance with multifaceted solutions and services offerings now with added functionality as a result of reorganization measures undertaken in fiscal 2010.

The NKSJ Group will endeavor to enhance corporate and shareholder value while further building on the trust of its customers by providing high-quality service and solutions in response to the changing needs of our customers and society. We hope to enjoy your continued and steadfast support as the NKSJ Group.



Makoto Hyodo
Representative Director,
Chairman and Chief Executive Officer



Masatoshi Sato
Representative Director,
President and Chief Executive Officer

NKSJ Holdings, Inc.
September 2011



Question: How much progress was made in integrating businesses during NKSJ Holdings' first year?

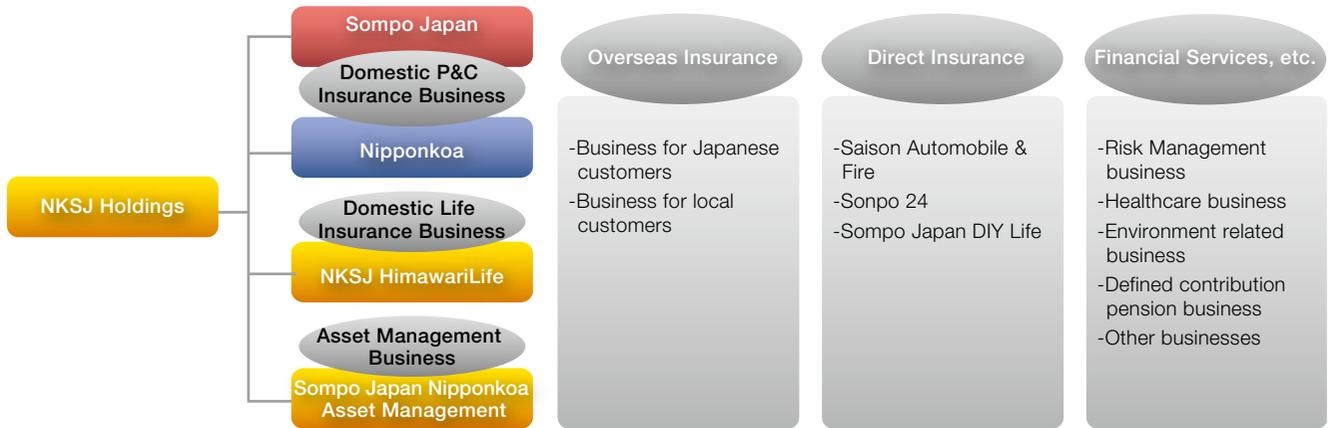
Answer: We have been proceeding on schedule with the merger and integration of group companies. In October 2011, we plan to establish NKSJ Himawari Life Insurance, Inc., as the core life insurer of the NKSJ Group.

In April 2010, Sompo Japan and Nipponkoa created NKSJ Holdings, Inc., and in the year since then, we have worked on integrating businesses with the aim of being No. 1 in terms of growth and customers' trust.

We have made steady progress integrating group companies. Over the past year, we reorganized group companies on schedule, merging together our asset management companies and integrating business at our risk consulting companies. We also plan to merge Sompo Japan Himawari Life and Nipponkoa Life to create NKSJ Himawari Life in October 2011. Synergies from P&C business integration have been on target, with ¥10 billion achieved in the inaugural fiscal year.

The Great East Japan Earthquake that struck on March 11, 2011, served as a catalyst to improve cooperation and collaboration between Sompo Japan and Nipponkoa, resulting in higher levels of cohesiveness and communication among our personnel.

Projected Group Structure as of October 1, 2011



Question: What impact did the Great East Japan Earthquake have on the insurance business?

Answer: It did not impact earnings in the household earthquake insurance business, and the impact on other types of insurance was not significant.

The household earthquake insurance business is based on the government's reinsurance system, so no losses or profits were accrued. Excluding household earthquake insurance, incurred losses amounted to ¥57.9 billion in aggregate at Somo Japan and Nipponkoa. Losses were recognized to the fullest extent possible in fiscal 2010, so we do not expect additional losses in fiscal 2011.

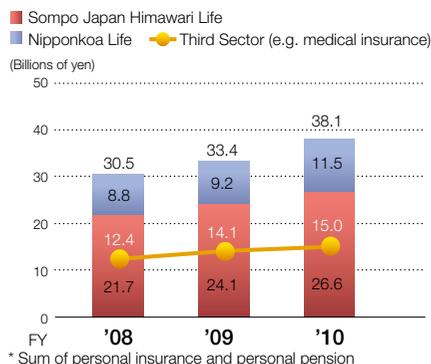
We plan for losses recognized in fiscal 2010 to be mostly offset by the reversal of the catastrophic loss reserve in fiscal 2011. The earthquake did not have a material impact on net assets, either.

Question: Including factors other than the earthquake, did performance meet your expectations in fiscal 2010?

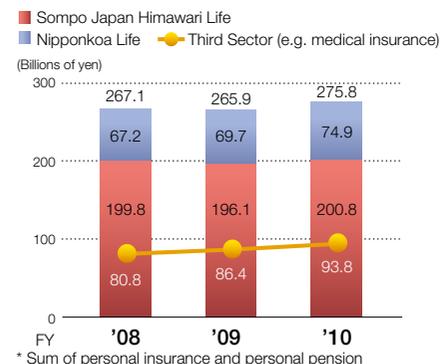
Answer: In the domestic P&C insurance business, profits worsened in the automobile insurance business, but earnings were strong in the domestic life insurance business. Adjusted profit, a strategic management indicator for the NKSJ Group, was better than our initial forecast.

Management's guidance for fiscal 2010 was consolidated ordinary income of ¥48.0 billion and net income of ¥25.0 billion for NKSJ Holdings, but the fiscal year resulted in an ordinary loss of ¥6.4 billion and a net loss of ¥12.9 billion. This was primarily attributable to incurred losses after the Great East Japan Earthquake in the domestic P&C insurance business, and earnings deterioration in the automobile insurance business.

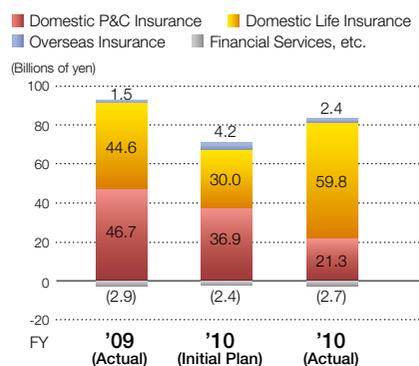
Annualized Premium from New Business



Annualized Premium from Business in Force



Transition of Adjusted Consolidated Profit



In the domestic life insurance business, premium income steadily grew on new business acquisition at both Sompo Japan Himawari Life and Nipponkoa Life. Embedded value increased steadily as a result. Market consistent embedded value (MCEV) at Sompo Japan Himawari Life grew ¥54.8 billion to ¥345.6 billion, and traditional embedded value (TEV) at Nipponkoa Life expanded ¥5.4 billion to ¥101.4 billion.

Adjusted profit, a strategic management indicator for the NKSJ Group, totaled ¥80.7 billion, higher than management's initial forecast. Strong performance in the domestic life insurance business more than offset weakness in the domestic P&C insurance business.

Question: How have business conditions been recently? Will earnings in the automobile insurance business improve? What is your outlook for earthquakes, typhoons and other natural disasters?

Answer: We do not expect any additional losses from the Great East Japan Earthquake. Our assumptions are conservative for automobile insurance and typhoons. That said, we expect losses to recede and return to ordinary profit and net income.

In fiscal 2011, our forecast is for ordinary profit of ¥42 billion and net income of ¥16 billion, as we do not expect additional losses from the Great East Japan Earthquake, and we plan to reverse the catastrophic loss reserve.

In the domestic P&C insurance business, we expect adjusted profit to total ¥10.1 billion. We conservatively assume an average year in terms of damage from natural disasters, mainly typhoons, and we do not expect to see fewer accidents in the automobile insurance business. In the domestic life insurance business, we anticipate lower profits on account of merger costs for Sompo Japan Himawari Life and Nipponkoa Life, despite our forecast increase of new premiums written.

Question: What is the future business strategy for NKSJ Holdings? Please tell us about the direction of the domestic P&C insurance business.

Answer: We aim to improve profitability in the domestic P&C insurance business by increasing income with upward rate revision and other measures, reducing business costs via integration synergies, and reinforcing asset management capabilities.

Fiscal 2011 is the second year for the NKSJ Group. Having reached this phase, we will accelerate efforts to create synergies from business integration. In the domestic P&C insurance business, we aim to expand earnings by increasing premiums, cutting business costs through greater efficiency, and strengthening our asset management.

In automobile insurance, earnings have worsened owing in part to a rise in the number of accidents. Sampo Japan has revised premiums for two consecutive years, and introduced age-based rates in April 2011 ahead of the competition. Nipponkoa revised premiums in December 2010, and continues to consider further rate revisions with the aim of offering a fair insurance premium rate.

As for trimming business costs, efforts center on maximizing integration synergies between Sampo Japan and Nipponkoa, by integrating their products, back offices and systems, using the same infrastructure, joint procurement, and sharing and advancing know-how.

Regarding asset management, the front office operations for managing securities held as pure investments was moved from Sampo Japan and Nipponkoa to Sampo Japan Nipponkoa Asset Management Co., Ltd., the group subsidiary for asset management. We aim to reinforce our asset management capabilities by harnessing synergies with third-party businesses and by unifying the front office functions of these two companies.

Question: What can you tell us about the domestic life insurance business and overseas insurance business?

Answer: The domestic life insurance business aims to expand in scale via the merger, and the overseas insurance business aims to grow through mergers and acquisitions.

In the domestic life insurance business, we aim to boost the pace of growth in scale and earnings at NKSJ Himawari Life, a new company to be created in a merger planned for October 2011, by cross-selling to our P&C customer base, taking advantage of our strengths and market characteristics in the sales channels of



Sompo Japan and Nipponkoa. We aim to expand sales of mainly protection-type products in order to bolster our sales base, and then broaden the lineup of savings-type products and products for corporations.

The overseas insurance business is being positioned as a new growth driver for the NKSJ Group, and our main strategy is to strengthen and expand business bases overseas. The Great East Japan Earthquake had a minimal impact on capital, so we have not changed our plans to pursue ¥200 billion in mergers and acquisitions over the three-year period from fiscal 2010 to fiscal 2012. In fiscal 2010, we invested in P&C insurance companies in Singapore and Turkey. In the future, we aim to invest and increase earnings in markets that we think have strong prospects for growth and high margins.

Question: Please explain efforts to address issues with capital management policy, such as the earthquake's impact on capital, excessive stock holdings, and the source of funds for overseas investment?

Answer: The NKSJ Group aims to increase corporate value by taking a balanced approach to maintaining financial soundness, improving capital efficiency and increasing shareholder returns. We also plan to continuously reduce strategic-holding stocks.

Our basic capital management policy has not changed since the integration last year. While monitoring for the possibility of regulatory changes in the future, we remained focused on expanding corporate value with a balanced approach to maintaining financial soundness, improving capital efficiency and increasing shareholder returns. Management works to lower risk, by reducing strategic-holding stocks, in order to maintain financial soundness. We will continue to increase investment in overseas business with risk profiles that are different from domestic business, on the assumption of securing a risk buffer, in order to improve capital efficiency. Concerning shareholder returns, we have a fundamental policy of paying stable dividends, with the option of buying back our own stock depending on our capital conditions. Despite the Great East Japan Earthquake, NKSJ Holdings paid a year-end dividend of ¥20 per share in fiscal 2010 as has been announced previously.

Management targets a reduction of ¥300 billion in strategic-holding stocks over the three-year period to fiscal 2012, and already reduced these by ¥45.3 billion in fiscal 2010. In fiscal 2011, plans call for reductions of ¥90 billion at Sompo Japan and ¥40 billion at Nipponkoa.

Question: Could you describe initiatives underway in corporate social responsibility?

Answer: Our efforts are aimed at creating a sustainable society, through social contributions in tune with regional needs and the provision of financial products and services that help solve social problems, such as global environmental issues.

In September 2010, NKSJ Holdings was included as a stock in Dow Jones Sustainability World Index which is the world-leading sustainability benchmark announced by Sustainable Asset Management together with Dow Jones Indexes. The selection marks the eleventh consecutive year of inclusion when including group company Sampo Japan, which had been selected for inclusion in the DJSI since 2000. I think it can be seen that the NKSJ Group's CSR initiatives are highly regarded globally.

Among our efforts to protect the environment, Sampo Japan and Nipponkoa have long-term reduction targets of CO₂ emissions, and strive to reduce their impact on the global environment. One such initiative is to offer the option of selecting web-based insurance contracts to customers, enabling them to view their clauses online and avoid using paper.

The NKSJ Group also develops and provides products and services taking sustainability risks into account, contributes to society in tune with regional needs, such as forest preservation, engages in corporate citizenship activities, and strives for diversity.

In order to fulfill our social responsibility as a corporation, we aim to actively engage in conversation with our stakeholders about the future, and take into account environmental issues and regional communities as a part of our business activities.

Question: Do you have any final comments?

Answer: The NKSJ Group will prioritize sustainable growth and improvement in corporate value by aiming to expand earnings in all business areas, including domestic P&C insurance, domestic life insurance, overseas insurance and other operations, while striving to earn customers' trust by providing high-quality services and solutions amid changing social needs. We look forward to your continuing support of the NKSJ Group.

Acquisition of Shares in Turkish P&C Insurance Company

In November 2010, Sompo Japan acquired 99.07% of the issued ordinary shares of Fiba Sigorta Anonim Sirketi, a P&C insurance company in Turkey. In December 2010, Fiba Sigorta became a joint venture with the European Bank for Reconstruction and Development (EBRD) to which Sompo Japan sold 9.99% of the share of the company in order to gain access to EBRD's depth of knowledge in corporate governance in central and eastern European countries. The company name was changed to Sompo Japan Sigorta A.S. in February 2011. The new company aims to further grow operations in the expanding Turkish market.



Ownership Raised in Malaysian P&C Insurance Company, Berjaya Sompo Insurance Berhad

In June 2011, Sompo Japan increased its stake to 70% by acquiring the issued ordinary shares of Berjaya Sompo Insurance Berhad (BSI), a P&C insurance company in Malaysia, through its Asian regional headquarters Sompo Japan Asia Holdings Pte. Ltd. As a result, BSI is now a subsidiary of Sompo Japan.

Approval Obtained to Establish Beijing Branch of Subsidiary in China

Sompo Japan Insurance (China) Co., Ltd. (SJIC) received preliminary approval, dated on April 20, 2011, to establish a branch office in Beijing from the China Insurance Regulatory Commission. SJIC will make preparations such as developing systems and securing personnel to get official approval, while aiming to open the branch office in 2011. With the opening of the Beijing Branch, SJIC will secure the biggest service network in China as a Japanese P&C insurer, covering five regions including Liaoning, Shanghai, Guangdong, Jiangsu and Beijing.

Stake Raised in Indonesian P&C Insurance Company

In January 2011, Nipponkoa raised its stake in PT Asuransi Permata Nipponkoa Indonesia, a P&C insurance company in Indonesia, from 49% to 80%, making it a subsidiary. In February 2011, Nipponkoa selected as a joint partner PT Mayapada Pratama Kasih, a member company of the Mayapada Group which is a leading conglomerate in Indonesia, and changed the company name to PT Asuransi NIPPONKOA Indonesia in April 2011. By making it a subsidiary, Nipponkoa aims to





expand operations and strengthen Nipponkoa's insurance underwriting position in the fast-growing Indonesian market. Nipponkoa will also provide high-quality insurance services to a broader range of policyholders made available through its partnership with the Mayapada Group.

■ Partnership with Deves Insurance

On December 7, 2010, Sompo Japan Insurance (Thailand) Co., Ltd. (SJIT) formed a partnership with The Deves Insurance Public Company Limited, a P&C insurance company in Thailand. Through this partnership, SJIT aims to further penetrate the P&C insurance market in Thailand, by jointly developing products with Deves Insurance and by leveraging its nationwide network.

■ P&C Insurance Agency Consignment for Bank of Shanghai in China

Sompo Japan Insurance (China) Co., Ltd. (SJIC) reached an agreement with the Bank of Shanghai, a major commercial bank in China, for the consignment of P&C insurance agency operations in Shanghai. The agreement was signed on December 24, 2010, and SJIC became the first Japanese P&C insurance company to consign the operations to the local bank. By leveraging the network of the Bank of Shanghai with 213 locations in Shanghai, SJIC aims to expand earnings by boosting efforts in the Chinese corporate and personal insurance markets, which are expected to grow.

■ Participation to the East Asian Insurance Congress

In October 2010, the 25th East Asian Insurance Congress (EAIC) was held in Indonesia. Representatives of Sompo Japan and Nipponkoa joined the event. NKSJ Holdings President and Chief Executive Officer Masatoshi Sato, acting as the EAIC Executive Board Member for Tokyo, made a presentation on current conditions in the Japanese P&C and life insurance industry. In his speech following the presentation, Mr. Sato stressed the importance of enhanced collaboration among insurance industries in Asian nations toward their common goal of achieving Asia's sustainable growth.



Japan

■ Our Response to the Great East Japan Earthquake

The highest management priority was assigned to our response after the Great East Japan Earthquake struck on March 11, 2011. Disaster response headquarters were set up and headed by the president of each company in the NKSJ Group. Local response centers were also created with the sole purpose of helping our customers by gathering information about damage in afflicted areas and facilitating the payment of insurance claims. We dispatched around 2,000 employees to the disaster-stricken region in order to pay insurance claims to our customers as quickly as possible, and we also expanded call center staff. The NKSJ Group worked together as a unified whole to help our customers in their time of need.

In addition, we gathered a total of ¥120 million in donations from executives and employees at group companies inside and outside Japan to help people affected by the Great East Japan Earthquake. These donations were given to the Central Community Chest of Japan and other charity organizations.

■ Merger of Asset Management Subsidiaries

NKSJ Group companies Sompo Japan Asset Management Co., Ltd. and ZEST Asset Management Ltd. were merged in October 2010 to form Sompo Japan Nipponkoa Asset Management Co., Ltd. in order to create a stronger asset management structure.

As a subsidiary under the direct control of NKSJ Holdings, major asset management functions of the NKSJ Group are concentrated at Sompo Japan Nipponkoa Asset Management, which aims to expand asset management operations and improve the profitability of the NKSJ Group.

■ Risk Consulting Subsidiaries Integrated Business Operations

NKSJ Risk Management, Inc. was formed in November 2010 from the business integration of group companies Sompo Japan Risk Management, Inc. and N.K. Risk Consulting Company Limited, in a bid to reinforce the risk consulting business.

The new company aims to provide customers with the highest quality of security and services and also offers new solution services in the risk consulting field.

■ “NKSJ Himawari Life” as the New Life Insurance Subsidiary

Management has decided that NKSJ Himawari Life Insurance, Inc. will be created from the planned merger of Sompo Japan Himawari Life Insurance Co., Ltd. and Nipponkoa Life Insurance Company, Limited in October 2011.

The new company will be positioned as a strategic subsidiary in charge of the life insurance business for the NKSJ Group, and become a direct subsidiary of NKSJ Holdings on the date of the merger. This forms an even more solid management foundation at the new company, upon which we aim to accelerate growth by leveraging the strengths and unique traits of the two pre-merger companies.



Disaster-affected areas



Disaster headquarters in an affected area

■ Launch of Softbank Kantan Insurance Purchasable on Mobile Phones

Insurance when you need it, for as long as you need it. As little as ¥300 per day.

In December 2010, Sompo Japan introduced the Softbank Kantan Insurance service, which allows people to buy insurance via their Softbank mobile phone. For as little as ¥300 per day, the service offers overseas travel insurance, domestic travel insurance, sports & leisure insurance, and golf insurance. Applicants input the minimum required information on a special website for each insurance product, and the insurance premium appears directly on their monthly mobile phone statement as a fee.

■ Risk Visualization Program

Nipponkoa has put in place a Risk Visualization Program, which offers a free personalized assessment and analysis of risks in one's situation and advice on how to cope with these risks. Nipponkoa guides people on how to visualize risks in a simple and easy-to-understand presentation format. Thinking from the customers' viewpoint, Nipponkoa offers descriptions of its insurance products and explains the risks faced by the customer in the context of their current insurance coverage, in order to provide security and safety.

■ Release of New Cancer Insurance *Yuki no Omamori*

Sompo Japan Himawari Life Insurance introduced a new cancer insurance policy called *Yuki no Omamori* in November 2010. It features more coverage for out-patient services, in reflection of a growing trend toward out-patient treatment of certain types of cancer instead of hospitalization. The out-patient cancer treatment benefit of *Yuki no Omamori* covers out-patient costs unrelated to hospitalization for an unlimited number of days. Whether or not the patient was hospitalized, the payment of benefits exclusively for out-patient costs is now possible. The policy specifically covers the treatment of cancer on an out-patient basis, reassuring our customers that undergo prolonged treatments.

■ Start of Biodiversity Consulting Service

In October 2010, NKSJ Risk Management, Inc. began providing biodiversity consulting services developed jointly with Bird Life International (Asia Division) to support corporate efforts to preserve biodiversity.

This service evaluates and assesses corporate activities from the perspective of biodiversity, clarifying any issues and proposing ideas for corporate clients. From a business standpoint as well, the service provides solid support to companies seeking to help preserve biodiversity and to support integration of the biodiversity-related activity into business strategies and management system.

■ “Gold Class Status” in SAM Corporate Sustainability Assessment

In September 2010, NKSJ Holdings was included as a stock for inclusion in Dow Jones Sustainability World Index which is the world-leading sustainability benchmark, as announced by SAM, the investment boutique focused exclusively on sustainability investing headquartered in Zurich, together with Dow Jones Indexes. In February 2011, NKSJ Holdings was awarded Gold Class status in SAM Corporate Sustainability Assessment a first for the Japanese insurance industry.



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NKSJ Holdings is continually working to improve the transparency and fairness of its corporate governance, and strengthen its relationships of trust with all stakeholders. The Board of Directors sets corporate governance policies and defines the overall vision for the governance organization and its mechanisms.

Corporate Governance

1. Overall Governance Structure

NKSJ Holdings is structured as a company with a Board of Corporate Auditors. The Board of Directors, which is responsible for principal management decisions and the supervision of operations, and the Corporate Auditors and Board of Corporate Auditors, which are independent from the Board of Directors, both work to maintain and enhance the effectiveness of supervisory functions and checks and balances. To ensure timely decision-making and clarify chains of authority and accountability, the Company has also adopted an executive officer system and strengthened Group solidarity by creating a co-CEO structure.

With the aim of creating a highly transparent group-wide corporate governance structure, the Company has appointed six of its 12 directors as an independent director and three of its five corporate auditors as an independent corporate auditor. NKSJ Holdings has also established a Nomination and Compensation Committee and Investment Committee to advise the Board of Directors. Both are chaired by independent directors, and independent directors make up the majority of committee members.

2. Directors and the Board of Directors

Alongside performing its statutory duties, the Board of Directors makes decisions on important management matters and supervises the performance of operations. In principle, the Board of Directors meets monthly, with the appropriate number of members required to allow timely decision making.

Directors must improve their knowledge and accumulate experience pertaining to important matters, so that they can perform their management duties appropriately, fairly and efficiently. To provide clear management accountability within each fiscal year, the terms of office of directors expires at the conclusion of the final ordinary General Meeting of Shareholders pertaining to the fiscal year that ends within one year of their appointment.

3. Corporate Auditors and Board of Corporate Auditors

Alongside performing their statutory duties, corporate auditors conduct audits concerning the legality and appropriateness of business operations, taking into account the importance of customer protection.

The Board of Corporate Auditors formulates audit policies and plans, etc., to ensure that these audits are conducted effectively. The terms of office of corporate auditors expires at the conclusion of the final ordinary General Meeting of Shareholders pertaining to the fiscal year that ends within four years of their appointment.

4. Nomination and Compensation Committee and Investment Committee

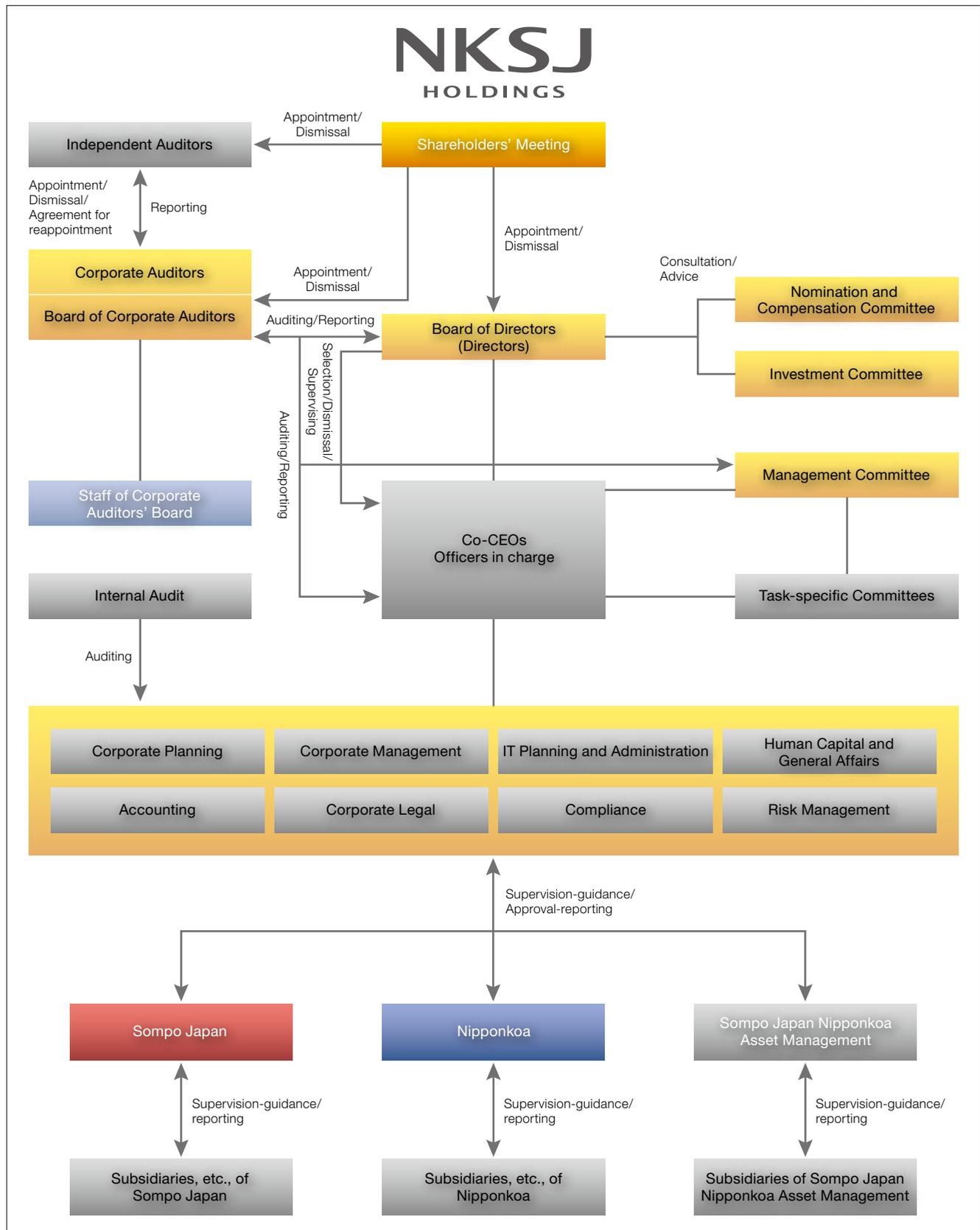
NKSJ Holdings has established the Nomination and Compensation Committee, as well as the Investment Committee to advise the Board of Directors.

To ensure transparency in the appointment and compensation of directors and executive officers, the Nomination and Compensation Committee determines policies and standards for the appointment of directors and executive officers and makes decisions on the proposal of candidates, and also advises the Board of Directors on the assessment of directors and executive officers, compensation structures and compensation. The Nomination and Compensation Committee is also involved in determining the appointment and conditions of directors and executive officers by important subsidiaries. The Committee should have no more than five members, who are appointed from among the directors. To ensure the independence and neutrality of the Committee, the majority of members must be independent directors. The chairperson is elected from among the independent directors who are members of the committee.

To improve the asset management capabilities of the NKSJ Group, the Investment Committee is involved in the establishment of asset management policies for the NKSJ Group, the assessment of the state of invested assets, and other tasks.

Management Structure of Holding Company

(As of July 1, 2011)



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The Committee should have no more than five members, who are appointed from among the directors. To ensure the independence and neutrality of the Committee, the majority of members must be independent directors. The chairperson is elected from among the independent directors who are members of the committee.

■ Development of Internal Control Systems

NKSJ Holdings' Board of Directors has resolved to establish the Basic Policy on the Development of Internal Control Systems for the purpose of ensuring that the NKSJ Group's business operations are appropriately performed and that corporate governance is continually reinforced and qualitatively improved.

Under this basic policy, the Company continuously seeks to monitor and verify the Group's control systems and work to improve related structures.

■ Compliance

The NKSJ Group aims to be a corporate group trusted by society by providing customers with the highest quality services and absolute peace of mind. Toward this end, the Group conducts appropriate corporate activities in compliance with laws, other applicable rules, societal norms and corporate ethics, based on a constant recognition of the public mission of insurance and financial service businesses and social responsibility.

1. Formulation of Basic Policies and Code of Conduct

The NKSJ Group has formulated the NKSJ Group Basic Policy on Compliance and the NKSJ Group Compliance Code of Conduct as group-level policies. In line with these, all Group executives and employees now recognize compliance as a basic requirement for the administration of business operations, and are working to implement effective compliance measures.

2. Promotion of Compliance through Compliance Programs

Insurance companies in the NKSJ Group work to resolve issues by formulating compliance programs for each business

year. NKSJ Holdings monitors initiatives by these companies, including the progress made, and provides guidance and assistance when required. NKSJ Holdings also shares information about other insurance companies' initiatives within the Group to facilitate the resolution of compliance issues.

3. Compliance Committee

A Compliance Committee has been established to improve the effectiveness of compliance systems by deliberating on and checking related matters, such as the development of systems and implementation of measures by Group companies. Members of the committee include directors and department heads from NKSJ Holdings, as well as compliance department heads from the major subsidiaries, Sompo Japan and Nipponkoa. This committee works to improve the effectiveness of group-level compliance activities by sharing up-to-date information and extending effective initiatives undertaken by individual companies across the Group.

4. Responding to Serious Breaches

A system has been established requiring any group company affected by serious compliance-related problems, including serious breaches, to report the matter to NKSJ Holdings. In such cases, the entire Group will work together to implement countermeasures based on multiple perspectives, and to maximize the effectiveness of customer-related actions and initiatives designed to prevent recurrences.

■ Internal and External Audits

NKSJ Holdings is audited by its corporate auditors, internal audit department, and independent auditors. Group companies conduct internal audits as enacted in the NKSJ Group Basic Policy on Internal Audits to verify the appropriateness, effectiveness and efficiency of their internal control systems. Should internal auditors identify problems, auditors provide advice and launch follow-up processes to ensure that the issues have been remedied.

Board of Directors, Officers and Auditors

(As of July 1, 2011)



Standing from left: Toshiyuki Takata, Atau Kadokawa, Yuichi Yamaguchi, Kengo Sakurada, George C. Olcott, Koichi Masuda, Makiko Yasuda, Motoyoshi Nishikawa, Akira Matsuda, Masaya Futamiya, Shinji Tsuji, Jiro Handa, Hiroyuki Tokuoka
 Seated from left: Yoshiharu Kawabata, Seiichi Asaka, Masatoshi Sato, Makoto Hyodo, Akira Gemma, Sumitaka Fujita

Representative Director,
 Chairman and Chief Executive Officer

Makoto Hyodo

Representative Director,
 President and Chief Executive Officer

Masatoshi Sato

Director, Senior Managing Executive Officer

Yuichi Yamaguchi

Director, Managing Executive Officer

Shinji Tsuji

Directors

Kengo Sakurada

Masaya Futamiya

Independent Directors

Akira Gemma

Seiichi Asaka

Sumitaka Fujita

Yoshiharu Kawabata

George C. Olcott

Akira Matsuda

Executive Officer, General Manager,
 Corporate Planning Department

Toshiyuki Takata

Executive Officer, General Manager,
 Corporate Management Department

Hiroyuki Tokuoka

Corporate Auditors

Atau Kadokawa

Jiro Handa

Independent Corporate Auditors

Koichi Masuda

Makiko Yasuda

Motoyoshi Nishikawa

Risk Management, Capital Management and Asset Management

The NKSJ Group has adopted “the NKSJ Group Basic Policy on Risk Management” to ensure appropriate risk management by the Group as a whole and by individual Group companies. Rules have been established according to this policy and the following systems have been developed to monitor, assess and control risks and ensure that appropriate actions are executed if risks are realized. Based on this risk management framework, the Group aims to enhance corporate value by balancing financial soundness, capital efficiency and shareholder returns. The Group’s asset management is conducted along with this basic policy.

Risk Management Systems in the NKSJ Group

The NKSJ Group has developed the following risk management systems:

1. To accurately ascertain, monitor and control the various risks inherent to individual Group companies, as well as the risks that are intrinsic in a group structure, such as contagion risk, NKSJ Holdings has established a Risk Management Department. NKSJ Holdings has also established the Risk Management Committee to deliberate on related matters, such as the risk management system and methods, and to monitor the risk management situation.
2. To ensure that equity capital is sufficient for the level of risks, risk factors, those that can affect the financial position of the Group, are measured with common metrics. The results are aggregated, so that risks can be controlled based on comparisons with the financial resources.
3. Group companies are required to develop risk management frameworks, including monitoring and assessment systems, according to the nature and scale of their operations. Certain items have been set forth as requiring approval by and reporting to NKSJ Holdings.
4. Systems have been developed to ensure the continuity or early restoration of key Group operations in case of crisis, such as major natural disasters, and steps will be taken to ensure the stability and soundness of the Group’s management structure under emergency conditions.

Roles of NKSJ Holdings and Group Companies

In the NKSJ Group, NKSJ Holdings and Group companies are each fulfilling specific roles and developing appropriate risk management systems.

1. The role of NKSJ Holdings

NKSJ Holdings has established systems to accurately ascertain, monitor and control risk factors affecting the entire Group. This includes the various risks that are inherent to

individual Group companies as well as the risks that are intrinsic in a group structure, such as contagion risk.

Actually, NKSJ Holdings aims to develop and improve risk management systems for the entire Group by adopting and disseminating this policy to executives and employees within the Group. NKSJ Holdings has set forth items for which Group companies are required to seek approval and submit reports. It has also established systems for the prompt reporting of matters that could significantly affect the Group’s financial situation.

2. The role of Group companies

Group companies are independent corporations and ensure that their operations are conducted soundly and appropriately through their own risk management systems according to the principle of self-responsibility.

Group companies manage their risks independently by adopting their own basic policies on risk management and disseminating them to their executives and employees. Those basic policies conform to the NKSJ Group Basic Policy on Risk Management.

NKSJ Group Basic Policy on Risk Management

To establish controls to ensure the NKSJ Group’s financial soundness by accurately assessing its risk exposures, avoiding unforeseen losses, and adequately controlling risks in accord with Group management policies, NKSJ Holdings has adopted the NKSJ Group Basic Policy on Risk Management, whose main points are as follows.

1. Capital management

To ensure the Group’s financial soundness, NKSJ Holdings shall measure the Group’s various risk exposures with the common metrics, tally them up to calculate the Group’s economic risk capital, and manage its capital to keep the economic risk capital from exceeding the Group’s risk tolerance

(adjusted capital). NKSJ Holdings shall also allocate capital to its insurance subsidiaries and mandate that the subsidiaries manage their risks to likewise ensure that their economic risk capital does not exceed their capital allocation.

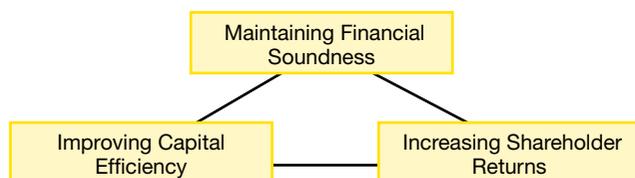
2. Enterprise risk management

In addition to accurately assessing the Group's various risk exposures, NKSJ Holdings shall manage risks on an integrated basis by monitoring risks inherent in an organization that is operating under a group structure, such as contagion, uneven distribution and concentration of risk. NKSJ Holdings shall also mandate that Group companies establish controls to ensure that they operate soundly and appropriately in accord with the principle of self responsibility.

■ Capital Management

Basic Policy

The NKSJ Group aims to enhance corporate value by balancing three imperatives: "maintaining financial soundness," "improving capital efficiency," and "increasing shareholder returns."



(1) Maintaining financial soundness

We will build an integrated risk management structure on a group-wide basis, with a target credit rating of AA.

We will reduce strategic-holding stocks continuously.

(2) Improving capital efficiency

We will enhance adjusted profit by rapidly realizing integration synergies.

We will allocate part of the risk buffer generated through the reduction of strategic-holding stocks to investments in growth businesses such as overseas M&As.

(3) Increasing shareholder returns

We aim to return profit to shareholders primarily by paying a stable dividend supplemented by stock buybacks where warranted by capital conditions.

We target a total payout ratio of 50%, such that total shareholder returns amount to 50% of adjusted profit (excluding any increase in life insurance embedded value).

■ Asset Management

The NKSJ Group recognizes investment as the group's key strategic area. By strengthening investment capabilities through various measures, we aim to improve our investment performances.

1. The Investment Committee

The Investment Committee stands as an advisory organ to the NKSJ Holdings' Board of Directors. The committee comprises of five directors, and the chairman and majority of the members are independent directors to ensure independence. The Investment Committee is involved in a wide manner of the investment activities as it establishes the Group's investment strategy and monitors investment activities of the Group. The committee is expected to give advice and recommendations to the Board of Directors as needed.

2. Strengthening investment capabilities

We have transferred front office operations for managing securities held as pure investments from Sompo Japan and Nipponkoa to Sompo Japan Nipponkoa Asset Management which was formed in October 2010 by a merger of Sompo Japan Asset Management and Zest Asset Management.

Through the integration of the front offices of both companies and synergies with third-party businesses, we will enhance and raise the efficiency of asset management capabilities.

3. Management of strategic-holding stocks

We plan to reduce our strategic-holding stocks by 300 billion yen (MTM basis) over the three years ending FY2012. In FY2010, the net reduction of strategic-holding stocks was held to ¥45.3 billion for the two companies combined.

In selecting stocks to be sold, we utilize stock appraisal offered by our asset management subsidiary. The Investment Committee determines and monitors the stock selection process performed by Group companies.

Management Plan

The NKSJ Group pursues sustainable growth and further improvement of our corporate value by expanding group income through prompt realization of integration synergies and strategic allocation of management resources to growth areas.

Basic Management Policies

Aiming to become No. 1 in "Growth" and "Customers' Trust"

Recognizing its social responsibility and public mission in insurance and financial services, the NKSJ Group pursues sustained growth by executing management strategies for the entire Group through operations premised on building highly transparent governance systems and ensuring effective risk management and compliance.

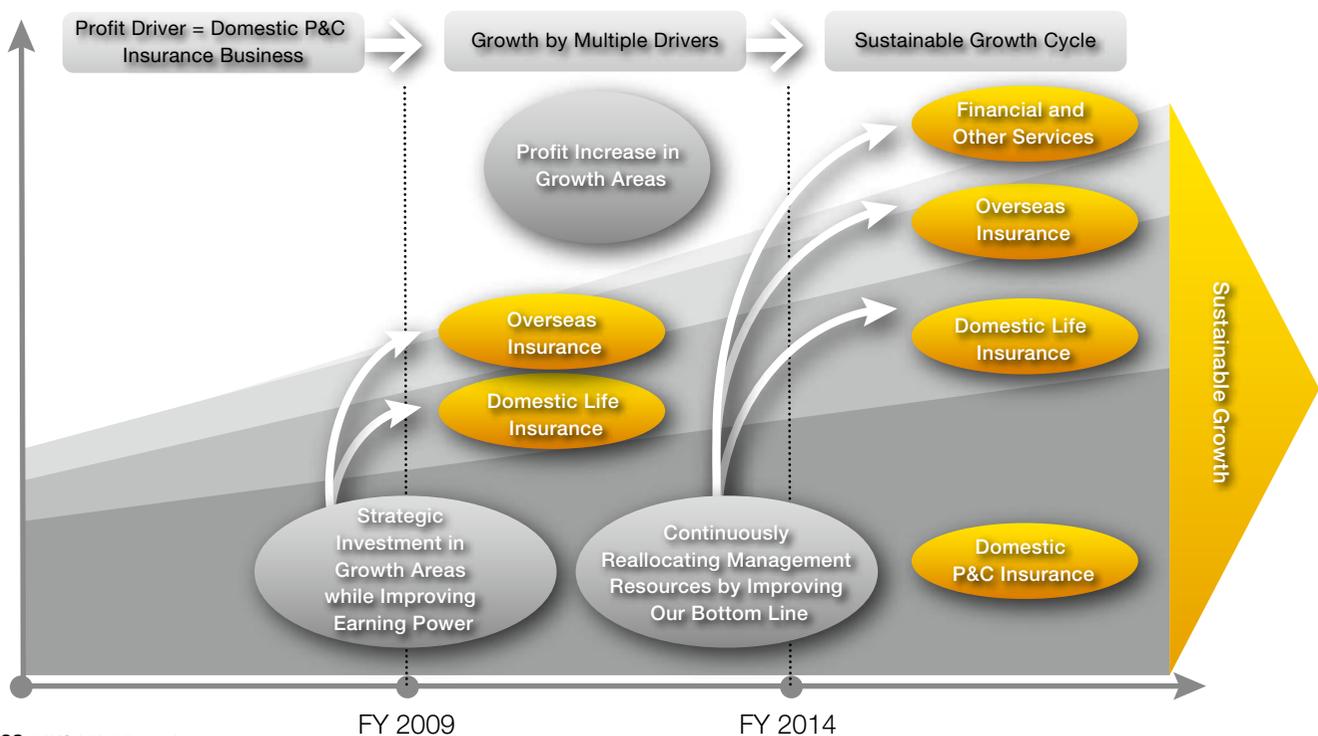
1. We are enhancing management efficiency through collaboration in all areas of the NKSJ Group's operations to ensure that the effects of the business integration are realized as soon as possible.
2. Drawing on the solid financial foundation and human resources provided by the business integration, we are strategically investing resources in growth areas in the aim of bolstering earnings on a group-wide basis and enhancing our corporate value.
3. We endeavor to enhance operational quality in all of our service processes and provide customers with absolute

peace of mind and the highest quality services so as to strengthen the trust that customers place in us.

4. Utilizing our core business strengths in areas such as the environment, health and medical care, we fulfill our corporate social responsibility and help to build a sustainable society through active dialog with stakeholders.
5. We actively undertake human resource exchanges within the Group, effectively utilize know-how, and work to invigorate our workforce to realize a vibrant and open NKSJ Group that grows together with its employees.

Basic Strategies

We aim to further improve our profit-earning capacity in the domestic P&C insurance business, which is a profit driver of the Group. Also, we are shifting management resources to promising areas such as domestic life insurance and overseas insurance businesses, and working to establish a more balanced business portfolio. Moreover, we are investing in growth businesses by utilizing enhanced profit expanded by multiple profit drivers. In this way, the NKSJ Group aims to create a sustainable growth cycle.



Progress in Integration of Group Subsidiaries

The merger and integration of group companies progressed smoothly. In October 2011, we will establish NKSJ Himawari Life Insurance, Inc., through the merger of Sompo Japan Himawari Life and Nipponkoa Life.

Our Accomplishments and Plans

October 1, 2010:

Sompo Japan Nipponkoa Asset Management

Sompo Japan Asset Management and Zest Asset Management merged.

November 1, 2010:

NKSJ Risk Management

Sompo Japan Risk Management and NK Risk Consulting integrated their businesses.

April 1, 2011:

NKSJ Business Services

Sompo Japan Information Services and Nipponkoa Business Services merged.

April 1, 2011:

NKSJ Systems

Sompo Japan System Solutions and N.K. Systems merged.

October 1, 2011:

NKSJ Himawari Life

Sompo Japan Himawari Life and Nipponkoa Life will merge. The new company will become a direct subsidiary of NKSJ Holdings.

Pursuing Medium-term Financial Targets

FY2010 adjusted consolidated profit of the NKSJ Group as a whole exceeded the earnings level of initial forecast because large earnings growth in the life insurance business outweighed lackluster earnings in the domestic P&C insurance business, which was affected by the Great East Japan Earthquake.

(Billions of yen)

	FY2009 (Actual)	FY2010 (Initial Plan)	FY2010 (Actual)	FY2011 (Forecast)	FY2012 (Plan)	FY2014 (Plan)
Adjusted Consolidated Profit						
Domestic P&C Insurance	46.7	36.9	21.3	10.1	50.0	90.0
Domestic Life Insurance	44.6	30.0	59.8	30.0	35.0	50.0
Overseas Insurance	1.5	4.2	2.4	5.4	7.0+α ¹	16.0
Financial and Other Services	(2.9)	(2.4)	(2.7)	(4.2)	(2.0)	4.0
Total	89.9	68.7	80.7	41.2	90.0	160.0
Adjusted Consolidated ROE	5.1%	3.5%	4.2%	2.2%	4.4%	7%

Notes: 1. M&A activities are expected to increase income from the overseas insurance business, but at this stage it is not possible to predict the years in which new investments will be made. For this reason, the FY2012 figures are based only on existing business.

2. We are revising our management plan according to such changes in operating environment as the Great East Japan Earthquake and planning to announce the adjusted plan by the end of September 2011.

Scope of Aggregation of Adjusted Income

Domestic P&C Insurance	Sum of non-consolidated results for Sompo Japan and Nipponkoa
Domestic Life Insurance	Sum of results for Sompo Japan Himawari Life and Nipponkoa Life
Overseas Insurance	Overseas insurance subsidiaries, etc.
Financial and Other Services	Saison Automobile & Fire, Sonpo 24, Sompo Japan DIY Life, financial services, healthcare, etc.

Calculation of Adjusted Consolidated Profit

■ Domestic P&C Insurance:

Net income + provisions for catastrophic loss reserve (after tax) + provisions for price fluctuation reserve (after tax) – gains/losses on securities sales and securities impairment losses (after tax) – extraordinary items

■ Domestic Life Insurance:

Growth in embedded value (EV) – capital account transactions (e.g., equity issuance) – changes in EV attributable to interest rate movements

■ Overseas Insurance, Financial and Other Services:

Net income as reported in financial statements

Adjusted Consolidated Profit Results for Fiscal 2010

■ Domestic P&C Insurance:

Net income	¥5.6 billion
+ Provisions for catastrophic loss reserve (after tax)	¥20.1 billion
+ Provisions for price fluctuation reserve (after tax)	¥5.6 billion
- Gains/losses on securities sales and Securities impairment losses (after tax)	¥10.1 billion
- Extraordinary items	—
Total	¥21.3 billion

■ Domestic Life Insurance:

Growth in embedded value (EV)	¥60.2 billion
- Capital account transactions (e.g., equity issuance)	—
- Changes in EV attributable to interest rate movements	¥0.5 billion
Total	¥59.8 billion

■ Adjusted Consolidated ROE:

$$\frac{\text{Adjusted consolidated profit } ¥80.7 \text{ billion}}{\text{Consolidated net assets (excluding life insurance subsidiaries' net assets) } ¥1,079.3 \text{ billion} + \text{Catastrophic loss reserve (after tax) } ¥412.1 \text{ billion} + \text{price fluctuation reserve (after tax) } ¥13.7 \text{ billion} + \text{Life insurance subsidiaries' EV } ¥416.9 \text{ billion}} = 4.2\%$$

Note: After-tax amounts are calculated by deducting an amount based on the effective tax rate from the balance of each reserve.
The denominator is the average balance at the end/start of each fiscal year.

Our Impact on Society

The NKSJ Group has pledged to fulfill its corporate social responsibilities and contribute to the realization of a sustainable future by drawing on strengths based on its core activities in the business. Described below are our approach to these goals, our medium-term priorities, and our basic strategies. Information about specific initiatives can be found in our Corporate Responsibility Communication 2011 to be released in October 2011.

NKSJ Group's Approach to CSR (Basic Policy)

In addressing corporate social responsibility as the NKSJ Group, we respect international regulations and norms of conduct and undertake business by high ethical standards while actively engaging stakeholders through forward-looking dialogue. We integrate broad environmental and social considerations into our core business operations, including tackling environmental challenges such as climate change and biodiversity loss, respect for human dignity and diversity, and proactive community involvement.

Drawing on core strengths in the insurance business cultivated over our 120-year history, we will continue to contribute toward realizing a sustainable society, create new value, and provide customers with peace of mind and safety.

Our Medium-term CSR Objectives

1. To become a highly valued corporate group by creating new social value toward a safe, secure, and sustainable future for society. In particular, we will provide a variety of solutions designed to address social challenges in areas such as healthcare and the environment.

- (1) We will provide insurance products and financial products and services, and make investment and loans, that meet the needs of society.
- (2) We will further enhance our corporate citizenship activities.

2. To seek to assume environmental leadership in addressing climate change, biodiversity loss, and other environmental challenges.

- (1) We will minimize our environmental footprint through group-wide efforts to reduce greenhouse gas emissions.
- (2) We will remain focused on valuing biodiversity and actively engage in the creation of a recycling-based society and the protection of ecosystems.
- (3) We will provide environment-friendly products and services. Together with our stakeholders, we will promote Eco and Safety Drive as well as the utilization of recycled auto parts, upgrade our green purchasing throughout our value chain, and enhance our environmental education initiatives.

3. To actively engage our stakeholders to share favorable outcomes and build trust.

- (1) We will maintain a high level of transparency and clarity in disclosure and engage in active dialogue with our stakeholders.
- (2) We will work in partnership with our stakeholders in an effort to resolve environmental and social issues and make the world a better place.



Engaging Stakeholders

The NKSJ Group sees engagement with a wide range of stakeholders as essential to fulfill its corporate social responsibilities, and as a core activity that enables us to continually improve our CSR initiatives and achieve tangible results. We regard participation as a member in international organizations and initiatives as especially significant, due to the potential to make lasting contributions to the solution of sustainability challenges and deliver real benefits to stakeholders. Listed below are main initiatives in which we are participants or signatories and the SRI fund universes and indexes.

Initiatives

United Nations Global Compact

The United Nations Global Compact is a partnership initiative between the UN and business that motivates companies to grow into better corporate citizens by voluntarily addressing the areas of human rights, labor, the environment, and anti-corruption. It was initiated in response to a proposal by then UN Secretary-General Kofi Annan. (Sompo Japan, Nipponkoa)



Principles for Responsible Investment (PRI)

The PRI was formulated by the United Nations Environment Programme Finance Initiative (UNEP FI) as a declaration by financial institutions that they will take environmental, social, and governance (ESG) issues into account when making investment decisions. Sompo Japan was the first Japanese insurance company to become a signatory to these principles in 2006. As an asset owner, we consider ESG in our investment and financing processes. (Sompo Japan)



Carbon Neutral Declaration

Nipponkoa issued a Carbon Neutrality Declaration in July 2008, stating its intention to achieve net zero CO₂ emissions by fiscal 2012 by cutting its CO₂ emissions by at least 20% (versus fiscal 2006) and purchasing carbon credits to offset unavoidable emissions. By donating purchased emissions credits to the Japanese government, Nipponkoa is also helping Japan meet its greenhouse gas emissions reduction target under the Kyoto Protocol. (Nipponkoa)



United Nations Environment Programme Finance Initiative (UNEP FI)

UNEP FI is an international financial sector network of 194 financial institutions from 40 countries (as of March 2011). Since its launch in 1992, the initiative has promoted the integration of environmental considerations into all aspects of the financial sector's operations and services in pursuit of sustainable development that is conducive to both economic progress and environmental protection. Sompo Japan has been participating in the development process of the Principles for Sustainable Insurance (PSI) to be launched at the 2012 "Rio+20 conference" together with other insurers from around the world since 2010. (Sompo Japan, Nipponkoa)

Carbon Disclosure Project (CDP)

The CDP is a collaborative initiative by the world's leading institutional investors. This international initiative encourages businesses to adopt climate change strategies and disclose their greenhouse gas emissions, spurring action on climate change. Sompo Japan has been a member since 2005 as an institutional investor and joined its advisory board of Japan in 2007. (Sompo Japan)



World Business Council for Sustainable Development (WBCSD)

The WBCSD, established in 1995, is a CEO-led global association of companies. As of March 2011, some 190 company leaders from 35 countries were involved, providing industry leadership on the environment and sustainable development through lively debate, policy recommendations, and other activities. (Sompo Japan)



Inclusion in SRI Fund Universes and SRI Indexes

NKSJ Holdings was selected for inclusion in the following SRI indexes and as a candidate for inclusion in SRI funds (as of April 1).

Dow Jones Sustainability Indexes (DJSI World)

DJSI World is a leading global SRI index of companies that are leaders in sustainability, as assessed from their economic sustainability, environmental sustainability and social sustainability.



FTSE4Good Index Series

The FTSE4Good Index Series is a group of Socially Responsible Investment indexes that tracks the performance of companies that meet recognized corporate responsibility standards.



Ethibel Pioneer Register and Ethibel Excellence Investment Register

The Ethibel Investment Register is a socially responsible investment universe for European institutional investors.



Morningstar Socially Responsible Investment Index

The Morningstar Socially Responsible Investment Index covers Japanese companies and is Japan's first SRI index.



Strategy on Global Environmental Issues—Risks and Opportunities

■ Responding to Climate Change

Climate change is a major problem that could have a wide-ranging impact on all economic and social activity in the future. All stakeholders, from individual citizens to governments and business corporations, need to respond to this issue globally and from a long-term perspective. Financial institutions are increasingly expected to play an important role in this area. The NKSJ Group believes that climate change will create both risks and opportunities for companies.

Climate risk, in the form of major losses caused by extreme weather events attributable to the effects of climate change, is a serious management issue for P&C insurance companies. Because of their important role in society, insurance companies have a fundamental responsibility to adapt to climate change by strengthening their financial structures to provide the resources needed to meet insurance payments, and by establishing service structures capable of providing insurance payouts promptly in the event of disasters affecting large areas.

Next to managing risk, however, there are also business opportunities. For example, our support for adaptation measures in developing countries, which are especially vulnerable to the effects of climate change, includes R&D relating to innovative risk finance methods, such as Weather Index Insurance. We also offer consultation services to support businesses in reducing their greenhouse gas emissions.

The NKSJ Group regards these responses to climate change as opportunities to draw on its strengths in the core business areas of insurance, finance and risk management, and apply these to the creation of new solutions.



■ Minimizing the Impact on Biodiversity

Because of its effect on forests, paper consumption has important implications for biodiversity. NKSJ Holdings, Inc., along with 36 NKSJ Group companies, participated in the “Japan Business and Biodiversity Partnership” since its inception in October 2010. Participation in the Partnership aims to pledge to the world that the NKSJ Group will make unflinching efforts to advance operations which support biodiversity conservation, and encourage each Group company to implement such business practices that contribute to biodiversity conservation as reducing paper usage via value chain. With the selection of web-based clause by customers, the NKSJ Group makes donations to NGOs that are promoting activities to protect the environment where rare creatures are living and provides assistance to natural resource development projects.

Masatoshi Sato, President of NKSJ Holdings, provides leadership in industry various roles, including the vice-chairmanship of the Keidanren Committee on Nature Conservation.

Another priority is to develop human resources who can contribute to the solution of environmental problems. The NKSJ Group implements a range of initiatives based on the concept of Education for Sustainable Development (ESD). This includes forestation projects and environmental education programs carried out in cooperation with local governments and communities, group employees and individual insurance agencies. Sompo Japan and Nipponkoa are developing their forestation programs jointly in each others’ fields.

Through these activities, the NKSJ Group seeks to offset the impact of heavy paper consumption on forest resources, alongside other measures to reduce paper use. We will also continue to inform local communities about the importance of biodiversity, and to express its appreciation for the many benefits that nature brings to people and society.

Case Examples of Initiatives on Global Environmental Issues

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Weather Index Insurance for Drought Risk: Expanding sales to five regions in northeastern Thailand

Sompo Japan Insurance (Thailand) Co., Ltd. began selling Weather Index Insurance in Khon Kaen Province in northeast Thailand in January 2010. The purpose of this product is to reduce damage caused by drought for rice farmers, as part of a pilot project to confirm adaptation measures for climate change.

The Sompo Japan Group developed this product as a result of research into risk financing methods for climate change while collaborating with the Japan Bank for International Cooperation (JBIC) since 2007, and launched the product in northeastern Thailand. Sompo Japan Insurance (Thailand) offers this product to farmers that take out loans at the Bank for Agriculture and Agricultural Cooperatives (BAAC).

In the first fiscal year, 1,158 farmers applied for the weather index insurance, surpassing our target for 1,000 insurance applications. The Sompo Japan Group made 66 insurance payments after the harvest and the closure of the insurance coverage period. The Sompo Japan Group marketed the product for the second planting season of approximately four months in 2011, expanding sales to five provinces. The product's easy to understand setup in which insurance payments are based on the observed result of accumulated precipitation was highly praised by Thai farmers, leading to the sale of 6,173. Utilizing feedback from farmers, the Sompo Japan Group will examine a broad range of new products, including policies for different crops and different regions.



Briefing farmers on insurance payments

Offering Environmentally Friendly Products and Services, and Our International Contributions

As a part of its efforts to reduce its burden on the environment, Nipponkoa strives to provide environmentally friendly products and services. These efforts include a paperless option for the terms and conditions of automotive and other types of insurance, allowing policyholders to view them on our website instead of on paper. Nipponkoa also gives automotive insurance policyholders the option of using recycled parts instead of new parts for vehicle repairs following an accident.

When policyholders choose one of these environmentally friendly options, Nipponkoa donates a preset amount to the purchase of emission reduction credits generated from natural energy development projects certified by the United Nations, thereby funding these projects. In this way, Nipponkoa plays a role in reducing Greenhouse Gas and supplying funds for natural energy development projects in emerging countries, which contributes to their economic development by creating new jobs.



Wind-generated energy project

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Consolidated Results of NKSJ Holdings

For the 2010 fiscal year (April 1, 2010 through March 31, 2011) consolidated results of NKSJ Holdings, ordinary income totaled ¥2,621.6 billion, reflecting net premiums written of ¥1,933.2 billion and life insurance premiums of ¥238.1 billion. Ordinary losses came to ¥6.4 billion and net losses were ¥12.9 billion, owing primarily to ¥57.9 billion in net incurred losses from the Great East Japan Earthquake.

	Billions of yen	Millions of U.S. dollars
Ordinary income	2,621.6	31,529
Net premiums written (P&C insurance)	1,933.2	23,250
Life insurance premiums	238.1	2,864
Ordinary profit (loss)	(6.4)	(77)
Net income (loss)	(12.9)	(155)

Impact of the Great East Japan Earthquake

The Great East Japan Earthquake had the following impact on performance.

Excluding household earthquake insurance, incurred losses came to ¥57.9 billion. We plan for the majority of incurred losses recognized in fiscal 2010 to be offset by the reversal of the catastrophic loss reserve in fiscal 2011.

Incurred losses from household earthquake insurance were ¥15.0 billion, but losses were not recorded owing to the reversal of ¥15.0 billion from the underwriting reserve of earthquake insurance.

FY2010	Sompo Japan	Nipponkoa	Total	Total
Incurring losses	(47.4)	(25.5)	(73.0)	(878)
Excluding household earthquake ¹	(38.5)	(19.4)	(57.9)	(698)
Household earthquake ²	(8.9)	(6.1)	(15.0)	(180)
Reversal of underwriting reserves of earthquake insurance	8.9	6.1	15.0	180
Other special losses ³	(1.1)	(0.3)	(1.4)	(17)
Total	(39.6)	(19.7)	(59.4)	(715)

*1. NKSJ incurred net losses to the fullest extent possible in its FY2010 accounts.

The impact of the majority of net losses incurred in FY2010 will be offset by the reversal of the catastrophic loss reserve in FY2011.

For example, in the case of fire/cargo group, reversal can be made for the portion of net losses exceeding a loss ratio of 50%.

Projected reversal in FY2011 is ¥53.8 billion.

*2. Recorded based on notices from Japan Earthquake Reinsurance Co., Ltd.

No loss will accrue because losses will be offset by the reversal of the underwriting reserve of earthquake insurance. (no loss, no profit)

*3. Restoration-related costs for property holdings, as well as relief money/disaster solatium, and various other disaster-related costs.

Domestic P&C Insurance Business

The following is a discussion of the results of Sompo Japan and Nipponkoa, the two major P&C insurance companies, for fiscal 2010. Figures are shown on a non-consolidated basis for each company unless otherwise stated.

Overview of Results

Underwriting loss was ¥9.7 billion at Sompo Japan and ¥24.9 billion at Nipponkoa, owing to the Great East Japan Earthquake and an increase in the loss ratio for automobile insurance. Losses at Sompo Japan were smaller on account of gains on the reversal of loss reserve for financial guarantee insurance.

Sompo Japan posted an ordinary profit of ¥20.5 billion and net income of ¥12.1 billion, and Nipponkoa recorded an ordinary loss of ¥0.3 billion and net loss of ¥6.4 billion.

	Billions of yen						Millions of U.S. dollars			
	Sompo Japan			Nipponkoa			Sompo Japan	Nipponkoa		
	FY2009	FY2010	Change	FY2009	FY2010	Change	FY2010			
Net premiums written	1,258.8	1,256.6	(2.2)	(0.2)%	633.3	620.6	(12.7)	(2.0)%	15,112	7,463
Excluding CALI ¹	1,094.1	1,090.1	(4.0)	(0.4)%	559.1	546.1	(13.0)	(2.3)%	13,110	6,568
Net Loss ratio ²	73.9%	72.5%		(1.4) pt	69.4%	69.6%		0.2 pt		
Excluding financial guarantee ³ / CALI)	63.9%	64.3%		0.3 pt	65.0%	65.0%		0.0 pt		
Net Expense ratio ⁴	34.1%	33.7%		(0.4) pt	35.8%	35.8%		(0.0) pt		
Excluding CALI	35.2%	34.8%		(0.4) pt	37.3%	37.2%		(0.1) pt		
Combined ratio	107.9%	106.2%		(1.7) pt	105.2%	105.3%		0.1 pt		
Excluding financial guarantee ³ /CALI)	99.1%	99.0%		(0.1) pt	102.2%	102.2%		(0.0) pt		
Underwriting profit (loss)	(2.5)	(9.7)		(7.1)	2.2	(24.9)		(27.2)	(116)	(300)
Investment profit	65.2	40.4		(24.7)	31.2	28.4		(2.7)	486	342
Ordinary profit (loss)	50.3	20.5		(29.7)	29.3	(0.3)		(29.7)	247	(3)
Net income (loss)	42.7	12.1		(30.6)	13.1	(6.4)		(19.5)	145	(77)

*1. CALI: Compulsory automobile liability insurance

*2. Net loss ratio = (Net losses paid + Loss adjustment expenses) / Net premiums written × 100

*3. "Excluding financial guarantee" is applicable only for Sompo Japan.

*4. Net expense ratio = (Operating and administrative expenses on underwriting + Net commissions and brokerage) / Net premiums written × 100

Net Premiums Written

Net premiums written decreased at both companies, sliding 0.2% at Sompo Japan and 2.0% at Nipponkoa as a result of declines in automobile insurance and fire insurance.

Reflecting a recovery in the logistics market, net premiums written in marine insurance rose 6.7% at Sompo Japan and 3.9% at Nipponkoa. Net premiums of compulsory automobile liability insurance (CALI) increased 1.1% and 0.4% at Sompo Japan and Nipponkoa, respectively.

In automobile insurance, Sompo Japan benefited from a hike in premiums implemented in April 2010, but even this did not lead to a return to growth and so its results were roughly the same as the previous fiscal year. At Nipponkoa, a decline in unit premiums owing to smaller vehicles contributed to a 1.2% decline in net premiums written for automobile insurance.

	Billions of yen						Millions of U.S. dollars	
	Sompo Japan			Nipponkoa			Sompo Japan	Nipponkoa
	Premiums	Change	% Change	Premiums	Change	% Change	Premiums	
FY2010								
Fire & allied lines	141.2	(2.9)	(2.0)%	89.5	(7.0)	(7.3)%	1,698	1,077
Marine	25.3	1.5	6.7%	14.0	0.5	3.9%	304	168
Personal accident	127.1	1.9	1.6%	49.6	(0.9)	(1.9)%	1,529	597
Voluntary automobile	639.9	(0.2)	(0.0)%	314.8	(3.8)	(1.2)%	7,696	3,786
CALI	166.5	1.8	1.1%	74.4	0.2	0.4%	2,002	895
Other	156.3	(4.4)	(2.8)%	78.0	(1.7)	(2.1)%	1,880	938
of which, liability	99.4	(0.3)	(0.4)%	39.9	(0.2)	(0.7)%	1,195	480
All lines	1,256.6	(2.2)	(0.2)%	620.6	(12.7)	(2.0)%	15,112	7,463
All lines excluding CALI	1,090.1	(4.0)	(0.4)%	546.1	(13.0)	(2.3)%	13,110	6,568

Net Loss Ratio

Net claims paid declined ¥37.0 billion at Sompo Japan and ¥6.4 billion at Nipponkoa due to a decrease in claims paid for typhoons.

The written / paid net loss ratio for fire insurance declined at Sompo Japan by 2.7 percentage points to 41.6% and at Nipponkoa by 0.6 percentage point to 47.5%, reflecting a decrease in claims paid for typhoon insurance and only a minor impact from the Great East Japan Earthquake because very few insurance claims were filed and paid by March 31, 2011. At Sompo Japan, the loss ratio for the other category declined by 13.2 percentage points, owing to a ¥21.2 billion decrease in claims paid for financial guarantee insurance.

The written / paid net loss ratio for voluntary automobile insurance increased at Sompo Japan by 1.4 percentage points to 72.0% and rose at Nipponkoa by 1.8 percentage points to 72.9%. This increase was attributable to an increase in the number of automobile accidents and a decline in net premiums written.

Owing to the Great East Japan Earthquake, the incurred loss ratio grew by 0.5 percentage point to 63.6% at Sompo Japan and advanced by 4.3 percentage points to 66.7% at Nipponkoa. The increase at Sompo Japan was minor due to an improvement in incurred losses for financial guarantee insurance, the same reason for the smaller decline in its net loss ratio.

W/P Net Loss Ratio

Billions of yen

FY2010	Sompo Japan				Nipponkoa			
	Net claims paid		Loss ratio		Net claims paid		Loss ratio	
		Change		Change		Change		Change
Fire & allied lines	56.0	(5.2)	41.6%	(2.7) pt	39.2	(3.4)	47.5%	(0.6) pt
Marine	13.7	0.5	58.1%	(2.2) pt	5.7	(2.2)	42.4%	(18.6) pt
Personal accident	68.8	0.7	59.4%	(0.2) pt	29.7	(1.0)	65.0%	(1.4) pt
Voluntary automobile	398.1	(7.7)	72.0%	1.4 pt	210.1	3.2	72.9%	1.8 pt
CALI	155.1	0.7	100.8%	(0.5) pt	71.4	0.6	103.2%	0.3 pt
Other	126.0	(26.0)	85.5%	(13.2) pt	41.2	(3.4)	57.4%	(3.7) pt
of which, liability	51.6	(0.9)	56.5%	(0.3) pt	19.9	(1.3)	53.5%	(3.6) pt
All lines	817.9	(37.0)	72.5%	(1.4) pt	397.4	(6.4)	69.6%	0.2 pt
All lines excluding financial guarantee / CALI	620.2	(16.6)	64.3%	0.3 pt	326.0	(7.0)	65.0%	0.0 pt

* "Excluding financial guarantee" is applicable only for Sompo Japan.

E/I Net Loss Ratio

Billions of yen

FY2010	Sompo Japan				Nipponkoa			
	Net claims paid		Loss ratio		Net claims paid		Loss ratio	
		Change		Change		Change		Change
Fire & allied lines	91.0	36.0	63.2%	25.1 pt	54.5	16.6	62.0%	18.4 pt
Marine	15.6	3.2	67.1%	11.2 pt	5.7	(0.1)	41.8%	(3.5) pt
Personal accident	76.2	5.1	67.2%	3.1 pt	28.0	0.0	61.1%	0.0 pt
Voluntary automobile	397.4	(15.8)	71.8%	0.8 pt	210.3	12.6	72.7%	4.3 pt
Other	32.2	(47.3)	26.1%	(29.2) pt	41.2	(7.7)	56.2%	(8.6) pt
of which, liability	35.0	(13.9)	41.4%	(14.8) pt	18.2	(2.7)	48.7%	(6.9) pt
All lines*	612.5	(18.8)	63.6%	0.5 pt	339.9	21.4	66.7%	4.3 pt

*Excluding CALI and household earthquake

Net Expense Ratio

In fiscal 2010, underwriting expenses were reduced by ¥5.3 billion at Sampo Japan and ¥4.8 billion at Nipponkoa due to lower non-personnel costs. The net expense ratio fell by 0.4 percentage point at Sampo Japan to 33.7%, but was largely unchanged at Nipponkoa at 35.8% owing to a decline in net premiums written.

Personnel expenses rose at Sampo Japan due to a transfer of expenses from insurance claims to personnel expenses on the absorption of its loss adjustment subsidiary. Personnel expenses increased at Nipponkoa as well, owing to a reallocation of expenses from non-personnel expenses (temporary staff fees) to personnel expenses (salaries and benefits) after Nipponkoa directly hired temporary staff from its staffing subsidiary.

Billions of yen

	Sampo Japan					
	Total operating expenses		Underwriting expenses		Expense ratio	
		Change		Change		Change
FY2010						
Agency commissions			213.6	2.7	17.0%	0.3 pt
Personnel expenses	177.4	14.9	102.8	(1.2)	8.2%	(0.1) pt
Non-personnel expenses	122.7	(6.3)	98.4	(6.3)	7.8%	(0.5) pt
Taxes	12.8	0.0	8.4	(0.5)	0.7%	(0.0) pt
Total	313.1	8.6	423.3	(5.3)	33.7%	(0.4) pt

Billions of yen

	Nipponkoa					
	Total operating expenses		Underwriting expenses		Expense ratio	
		Change		Change		Change
FY2010						
Agency commissions			104.4	(2.6)	16.8%	(0.1) pt
Personnel expenses	87.6	2.3	60.8	2.1	9.8%	0.5 pt
Non-personnel expenses	62.9	(5.3)	51.1	(3.8)	8.2%	(0.4) pt
Taxes	7.3	(0.5)	5.4	(0.4)	0.9%	(0.1) pt
Total	158.0	(3.5)	221.9	(4.8)	35.8%	(0.0) pt

Financial Guarantee Insurance (Sampo Japan)

The following is a summary of gains & losses and exposure in the financial guarantee insurance business.

A gain of ¥23.2 billion was recorded in fiscal 2010, reflecting a gain on the reversal of the loss reserve for ABS-CDO guarantees, and the partial recovery of the previous fiscal years' loss payment.

Net exposure to ABS-CDOs after deduction of loss reserves was reduced to ¥15.7 billion as of March 31, 2011, decreased by ¥27.7 billion since March 31, 2010.

Overall financial guarantee (Gains/Losses)

	Billions of yen		Millions of U.S. dollars
	FY2009	FY2010	FY2010
Loss Payment ¹	(63.8)	(45.1)	(543)
Provision/Reversal of Loss Reserves ²	55.7	68.4	823
Gains/Losses	(8.0)	23.2	279

¹1. Including commutation payments.

²2. Including gains/losses of exchange hedge transaction.

ABS-CDOs (Insured Amount)

	Billions of yen				Millions of U.S. dollars
	FY2007	FY2008	FY2009	FY2010	FY2010
Total of Insured Amount	289.4	218.0	123.1	25.1	302
Outstanding Loss Reserves	(30.0)	(139.0)	(79.5)	(9.3)	(112)
Insured Amount Net of Loss Reserves	259.4	78.9	43.5	15.7	189

Investment

Interest and dividend income totaled ¥86.4 billion at Sompo Japan, down ¥4.5 billion, and ¥42.7 billion at Nipponkoa, down ¥2.2 billion, owing mainly to decreases in the savings-type account balance and in interest income from foreign bonds due to the yen's appreciation against foreign currencies.

Realized gains on securities (sale gains – sale losses) fell ¥11.7 billion at Sompo Japan to ¥13.6 billion, and increased ¥3.3 billion at Nipponkoa to ¥12.5 billion.

Impairment losses on securities amounted to ¥6.7 billion at Sompo Japan, an increase of ¥3.9 billion, and ¥3.6 billion at Nipponkoa, an increase of ¥1.5 billion, owing primarily to a fall in share prices in the wake of the Great East Japan Earthquake.

Due to a decline in gains on the sale of securities and the fall in share prices, total investment profit decreased ¥24.7 billion to ¥40.4 billion at Sompo Japan, and decreased ¥2.7 billion to ¥28.4 billion at Nipponkoa.

Investment Profit

	Billions of yen						Millions of U.S. dollars	
	Sompo Japan			Nipponkoa			Sompo Japan	Nipponkoa
	FY2009	FY2010	Change	FY2009	FY2010	Change	FY2010	
Interest and dividend income	91.0	86.4	(4.5)	44.9	42.7	(2.2)	1,039	513
Assumed interest for policyholders, etc	(40.5)	(39.3)	1.1	(22.1)	(20.6)	1.5	(473)	(248)
Net interest and dividend income	50.4	47.0	(3.4)	22.8	22.0	(0.7)	566	265
Realized gains on securities	25.4	13.6	(11.7)	9.2	12.5	3.3	164	151
Realized gains on domestic stocks	27.8	15.7	(12.0)	11.7	11.4	(0.2)	189	137
Impairment losses on securities	(2.8)	(6.7)	(3.9)	(2.1)	(3.6)	(1.5)	(81)	(43)
Impairment losses on domestic stocks	(2.5)	(6.3)	(3.8)	(1.2)	(3.5)	(2.3)	76	42
Gains/losses on derivatives	7.2	3.2	(4.0)	3.4	1.2	(2.2)	38	14
Other	(15.1)	(16.7)	(1.5)	(2.2)	(3.7)	(1.4)	(201)	(45)
Total investment profit	65.2	40.4	(24.7)	31.2	28.4	(2.7)	486	342

Investment Asset Portfolio

FY2010	Market value, Billions of yen								Market value, Millions of US\$	
	SampoJapan				Nipponkoa				SampoJapan	Nipponkoa
	Saving-type accounts	General accounts	Total	Proportion	Saving-type accounts	General accounts	Total	Proportion	Total	
Securities:	878.9	2,480.2	3,359.2	79.6%	531.5	1,165.5	1,697.1	77.1%	40,399	20,410
Domestic stock	—	1,163.0	1,163.0	27.5%	—	601.5	601.5	27.3%	13,987	7,234
Yen-denominated securities, excluding stocks:	837.1	622.4	1,459.6	34.6%	526.5	287.5	814.0	37.0%	17,554	9,790
Public and corporate bonds	837.1	576.2	1,413.4	33.5%	525.7	221.1	746.9	33.9%	16,998	8,983
Others	—	46.2	46.2	1.1%	0.7	66.3	67.0	3.0%	556	806
Foreign currency denominated securities:	41.7	694.7	736.5	17.4%	5.0	276.4	281.5	12.8%	8,857	3,385
Public and corporate bonds	23.2	197.5	220.7	5.2%	5.0	226.8	231.9	10.5%	2,654	2,789
Others	18.5	497.2	515.7	12.2%	—	49.6	49.6	2.3%	6,203	596
Monetary receivables bought	22.0	7.8	29.8	0.7%	2.4	—	2.4	0.1%	358	29
Money trusts	—	0.2	0.2	0.0%	—	46.3	46.3	2.1%	2	556
Loans	227.4	228.1	455.6	10.8%	136.1	64.6	200.7	9.1%	5,479	2,413
Bank deposits	5.1	84.3	89.4	2.1%	22.7	101.8	124.6	5.7%	1,076	1,498
Call loans	17.8	50.0	67.8	1.6%	—	10.0	10.0	0.5%	815	120
Receivables under resale agreements	20.4	12.9	33.4	0.8%	—	—	—	—	402	—
Land and buildings	—	186.0	186.0	4.4%	—	120.8	120.8	5.5%	2,237	1,453
Investment assets	1,171.8	3,049.8	4,221.7	100.0%	692.8	1,509.1	2,202.0	100.0%	50,772	26,483
Change from the previous year	(92.3)	(144.6)	(237.0)		(78.3)	(87.2)	(165.5)		(2,850)	(1,991)

Domestic Life Insurance Business

This section discusses the results of Sampo Japan Himawari Life and Nipponkoa Life, the two core life insurance companies, for the 2010 fiscal year. Figures are shown on a non-consolidated basis for each company unless otherwise stated.

Overview of Results

Annualized premiums from new business rose 10.2% at Sampo Japan Himawari Life and grew 24.1% at Nipponkoa Life, on account of strong sales of income compensation insurance, medical insurance and whole-life insurance. Annualized premiums from business in force increased by 2.4% and 7.5% at Sampo Japan Himawari Life and Nipponkoa Life, respectively.

Ordinary profit was ¥0.7 billion at Sompo Japan Himawari Life and ¥1.0 billion at Nipponkoa Life, due mainly to accelerated provision to underwriting reserves in accordance with the increase in premiums. Sompo Japan Himawari Life posted a net loss of ¥1.5 billion and Nipponkoa Life also had a net loss of ¥0.2 billion.

	Billions of yen						Millions of U.S. dollars	
	Sompo Japan Himawari Life			Nipponkoa Life			Sompo Japan Himawari Life	Nipponkoa Life
	FY2009	FY2010	Change	FY2009	FY2010	Change	FY2010	
Amount of new business	2,171.6	2,262.8	4.2%	678.2	836.7	23.4%	27,214	10,062
Annualized premiums from new business	24.1	26.6	10.2%	9.2	11.5	24.1%	320	138
of which, third sector insurance* premiums	11.6	12.6	9.1%	2.5	2.3	(6.8)%	152	28
Income from insurance premiums	236.2	249.4	5.6%	91.5	105.6	15.5%	3,000	1,270
Ordinary profit	4.0	0.7	(81.4)%	2.1	1.0	(49.4)%	9	12
Net income (loss)	1.3	(1.5)	(214.5)%	0.5	(0.2)	(150.5)%	(18)	(3)
Amount of business in force	12,323.0	13,542.2	9.9%	5,306.9	5,676.9	7.0%	162,864	68,274
Annualized premiums from business in force	196.1	200.8	2.4%	69.7	74.9	7.5%	2,415	901
of which, third sector insurance* premiums	72.8	79.0	8.5%	13.6	14.7	8.6%	950	177
Increase in adjusted EV	37.7	52.4		6.9	7.3		630	88

* Third sector insurance includes medical insurance, cancer insurance, etc.

Embedded Value (EV)

Embedded Value (EV) has increased steadily on the back of strong growth in new policies. Market consistent embedded value (MCEV) at Sompo Japan Himawari Life grew ¥54.8 billion to ¥345.6 billion, and traditional embedded value (TEV) at Nipponkoa Life expanded ¥5.4 billion to ¥101.4 billion.

Adjusted EV, which is equal to growth in EV during the fiscal year minus capital account transactions (such as equity issuance) and changes in EV attributable to interest rate movements, increased by ¥52.4 billion at Sompo Japan Himawari Life and ¥7.3 billion at Nipponkoa Life, for a total increase of ¥59.8 billion at the two companies.

	Billions of yen						Millions of U.S. dollars	
	Sompo Japan Himawari Life (MCEV)			Nipponkoa Life (TEV)			Sompo Japan Himawari Life (MCEV)	Nipponkoa Life (TEV)
	FY2009	FY2010	Change	FY2009	FY2010	Change	FY2010	
EV (FY end)	290.7	345.6	54.8	96.1	101.4	5.4	4,155	1,220
Adjusted net worth	75.0	77.9	2.9	29.0	28.9	(0.1)	937	347
Value of in-force business	215.7	267.6	51.9	67.1	72.5	5.5	3,218	872

Investment Asset Portfolio

In tandem with the increased amount of business in force, the general account investment assets rose by ¥60.8 billion at Sompo Japan Himawari Life to ¥1,126.8 billion and by ¥53.9 billion at Nipponkoa Life to ¥506.4 billion. The companies conduct asset liability management (ALM) by mainly yen-denominated bonds.

General Account Investment Portfolio

Billions of yen

	Sompo Japan Himawari Life					Nipponkoa Life				
	FY2009		FY2010		Change	FY2009		FY2010		Change
Yen-denominated bonds	1,009.7	94.7%	1,056.3	93.7%	46.6	371.7	82.1%	417.4	82.4%	45.7
Foreign currency denominated bonds	6.9	0.7%	13.7	1.2%	6.7	—	—	—	—	—
Loans	17.1	1.6%	18.0	1.6%	0.9	13.7	3.0%	14.8	3.0%	1.1
Domestic stocks	0.0	0.0%	0.0	0.0%	—	6.8	1.5%	6.1	1.2%	(0.7)
Others	32.1	3.0%	38.6	3.4%	6.5	60.1	13.3%	67.9	13.4%	7.7
Total	1,066.0	100.0%	1,126.8	100.0%	60.8	452.5	100.0%	506.4	100.0%	53.9

Millions of U.S. dollars

	Sompo Japan Himawari Life	Nipponkoa Life
	FY2010	
Yen-denominated bonds	12,704	5,021
Foreign currency denominated bonds	165	—
Loans	217	178
Domestic stocks	0	74
Others	464	817
Total	13,552	6,091

Overseas Insurance Business

This section looks at the results of the Group's overseas insurance subsidiaries.

With top-line growth in emerging countries, net premiums written increased ¥1.1 billion to ¥3.5 billion at Sompo Japan Insurance (China), and rose ¥1.4 billion to ¥12.5 billion at Yasuda Seguros.

Tenet Insurance in Singapore, which Sompo Japan acquired in May 2010, became a consolidated subsidiary in the second quarter of FY 2010. Sompo Japan Sigorta in Turkey, acquired in November 2010, was made into a consolidated subsidiary in the fourth quarter of FY 2010. These two companies will contribute fully to consolidated earnings from fiscal 2011 onward.

Billions of yen

	Consolidated subsidiaries	FY2009		FY2010			
		Net premiums written	Net income	Net premiums written		Net income	
				Change	Change	Change	Change
Sompo Japan	Sompo Japan America	5.1	2.3	5.1	(0.0)	1.1	(1.1)
	Sompo Japan Europe	1.6	(1.8)	1.4	(0.1)	(0.8)	0.9
	Sompo Japan Sigorta (Turkey)			2.4		0.2	
	Sompo Japan Singapore	1.5	0.6	1.7	0.1	0.3	(0.2)
	Tenet (Singapore)			1.2		0.3	
	Sompo Japan China	2.3	(0.4)	3.5	1.1	0.0	0.4
	Sompo Japan Hongkong			1.1		0.0	
	Yasuda Seguros (Brazil)	11.0	0.2	12.5	1.4	0.2	(0.0)
Nipponkoa	Nipponkoa Europe	0.9	0.1	0.6	(0.2)	0.1	0.0
	Nipponkoa Asia	0.8	0.1	0.6	(0.1)	0.1	(0.0)
	Nipponkoa China	0.0	(0.0)	0.2	0.1	(0.0)	(0.0)

* Net income figures do not reflect consolidation adjustments.

Direct Insurance Business

This section covers Saison Automobile & Fire and Sonpo 24, which are involved in the direct non-life insurance business.

Saison Automobile & Fire has gradually expanded sales of insurance through direct channels, including direct marketing to 28 million Saison credit card holders, which comprise the core of its business. Sonpo 24 is an insurance company that specializes in the direct sale of voluntary automobile insurance, advertising through general media outlets and also selling via intermediary agents.

Net premiums written rose 3.1% at Saison Automobile & Fire to ¥14.2 billion and increased 8.8% at Sonpo 24 to ¥10.7 billion.

The loss ratio improved by 0.3 percentage point to 59.7% at Saison Automobile & Fire, whereas rose 4.7 percentage points to 67.1% at Sonpo 24 owing to an increase in the number of automobile accidents.

The net expense ratio was 49.5% at Saison Automobile & Fire, up 6.1 percentage points due to upfront investment in the direct sales business. Net expense ratio was 30.5% at Sonpo 24, an improvement of 4.2 percentage points thanks to better work efficiency. As a result of the above, Saison Automobile & Fire incurred a net loss of ¥2.3 billion, and Sonpo 24 had a net loss of ¥0.3 billion.

	Billions of yen						Millions of U.S. dollars	
	Saison Automobile & Fire			Sonpo 24			Saison Automobile & Fire	Sonpo 24
	FY2009	FY2010	Change	FY2009	FY2010	Change	FY2010	
Net premiums written	13.8	14.2	0.4	9.9	10.7	0.8	171	129
Loss ratio ¹	60.0%	59.7%	(0.3)%	62.4%	67.1%	4.7%		
Expense ratio ²	43.4%	49.5%	6.1%	34.7%	30.5%	(4.2)%		
Ordinary profit (loss)	(0.7)	(2.3)	(1.5)	(0.2)	(0.3)	(0.0)	(27)	(4)
Net income (loss)	(0.7)	(2.3)	(1.5)	(0.2)	(0.3)	(0.0)	(27)	(4)

*1: Loss ratio = (Net loss paid + Loss adjustment) / Net premiums written × 100

*2: Expense ratio = (Operating and administrative expenses on underwriting + Net commissions and brokerage expenses) / Net premiums written × 100

Net Assets

This section looks at the adjusted consolidated net assets of NKSJ Holdings.

Adjusted consolidated net assets declined 4.2% to ¥1,880.7 billion, or ¥1,132.66 per share, owing to weak stock markets in Japan. The EV of life insurance subsidiaries was ¥269.22 per share, representing around 24% of adjusted consolidated net assets, highlighting the growing significance of the domestic life insurance business in the Group.

Adjusted Consolidated Net Assets

	NKSJ Consolidated			
	As of the opening of FY2010		As of the end of FY2010	
	Amount (billions of yen)	Amount per share (yen)	Amount (billions of yen)	Amount per share (yen)
(a) Consolidated net assets ¹ (of which, unrealized gains on securities available for sale)	1,244.7	749.27	1,074.3	647.00
	389.3	234.37	268.9	161.99
(b) Consolidated net assets (excluding life insurance subsidiaries' net assets)	1,163.7	700.54	994.8	599.17
(c) Catastrophic loss reserve (net of tax) ²	402.1	242.06	422.2	254.29
(d) Reserve for price fluctuation (net of tax) ²	10.9	6.58	16.5	9.97
(e) Life insurance subsidiaries' EV	386.8	232.83	447.0	269.22
(f) Total (Adjusted consolidated net assets (b+c+d+e))	1,963.6	1,182.02	1,880.7	1,132.66

*1. Stock acquisition rights and non-controlling interests are deducted.

*2. "Net of tax" figure is the amount of each reserve minus tax effect. Tax rate used is non-consolidated effective basis for each of Sampo Japan and Nipponkoa.



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Report of Independent Auditors

The Board of Directors
NKSJ Holdings, Inc.

We have audited the accompanying consolidated balance sheet of NKSJ Holdings, Inc. (the “Company”) and consolidated subsidiaries as of March 31, 2011, and the related consolidated statement of income, comprehensive income, changes in net assets, and cash flows for the year then ended, all expressed in yen. These financial statements are the responsibility of the Company’s management. Our responsibility is to express an opinion on these financial statements based on our audits.

We conducted our audits in accordance with auditing standards generally accepted in Japan. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

In our opinion, the financial statements referred to above present fairly, in all material respects, the consolidated financial position of the Company and consolidated subsidiaries at March 31, 2011, and the consolidated results of their operations and their cash flows for the year then ended in conformity with accounting principles generally accepted in Japan.

Supplemental Information

As described in the note of “Significant Subsequent Events”, on June 15, 2011, the Company additionally acquired the shares of Berjaya Sampo Insurance Berhad through its consolidated subsidiary and made it a subsidiary.

Ernst & Young ShinNihon LLC

June 27, 2011

Consolidated Financial Statements

Consolidated Balance Sheet

NKSJ Holdings, Inc.

		(Millions of yen)
		As of March 31, 2011
Assets:		
Cash and deposits	*4	328,528
Call loans		78,399
Receivables under resale agreements		33,490
Receivables under securities borrowing transactions		30,370
Monetary receivables bought		32,273
Money trusts		67,861
Securities	*2, *4, *5	6,431,235
Loans	*3, *6	691,294
Tangible fixed assets:	*1, *4	363,416
Land		195,746
Buildings		132,690
Leased assets		6,841
Construction in progress		2,028
Other tangible fixed assets		26,109
Intangible fixed assets:		53,438
Software		6,797
Goodwill		41,956
Other intangible fixed assets		4,684
Other assets		618,602
Deferred tax assets		258,966
Allowance for possible loan losses		(5,903)
Total assets		8,981,974

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Consolidated Balance Sheet (Continued)

NKSJ Holdings, Inc.

	(Millions of yen)
	As of March 31, 2011
Liabilities:	
Underwriting funds:	7,313,315
Reserve for outstanding losses and claims	1,009,329
Underwriting reserves	6,303,985
Corporate bonds	128,000
Other liabilities	*4 305,559
Reserve for retirement benefits	104,793
Reserve for retirement benefits to directors	141
Reserve for bonus payments	22,624
Reserves under the special laws:	27,520
Reserve for price fluctuation	27,520
Deferred tax liabilities	572
Total liabilities	7,902,527
Net assets:	
Shareholders' equity:	
Common stock	100,045
Capital surplus	438,555
Retained earnings	298,339
Treasury stock	(572)
Total shareholders' equity	836,367
Accumulated other comprehensive income:	
Unrealized gains on securities available for sale, net of tax	268,976
Deferred gains on hedges	3,543
Foreign currency translation adjustments	(34,583)
Total accumulated other comprehensive income	237,936
Stock acquisition rights	2,349
Non-controlling interests	2,793
Total net assets	1,079,446
Total liabilities and net assets	8,981,974

Consolidated Statement of Income and Consolidated Statement of Comprehensive Income

Consolidated Statement of Income

NKSJ Holdings, Inc.

		(Millions of yen)
		Year ended March 31, 2011 (April 1, 2010 to March 31, 2011)
Ordinary income:		2,621,689
Underwriting income:		2,480,715
Net premiums written		1,933,283
Deposits of premiums by policyholders		153,723
Interest and dividend income on deposits of premiums, etc.		60,088
Life insurance premiums written		238,178
Reversal of reserve for outstanding losses and claims		13,655
Reversal of underwriting reserves		76,033
Other underwriting income		5,752
Investment income:		129,136
Interest and dividend income		156,467
Investment gains on money trusts		1,220
Investment gains on trading securities		104
Gains on sales of securities		26,359
Gains on redemption of securities		698
Gains on derivatives		4,134
Other investment income		238
Transfer of interest and dividend income on deposits of premiums, etc.		(60,088)
Other ordinary income:		11,837
Investment gains on the equity method		511
Other ordinary income		11,325
Ordinary expenses:		2,628,126
Underwriting expenses:		2,144,942
Net claims paid		1,244,450
Loss adjustment expenses	*1	129,526
Net commissions and brokerage fees	*1	353,193
Maturity refunds to policyholders		350,406
Dividends to policyholders		117
Life insurance claims paid and other payments		58,318
Other underwriting expenses		8,930
Investment expenses:		51,524
Investment losses on money trusts		968
Losses on sales of securities		9,281
Impairment losses on securities		20,993
Losses on redemption of securities		3,320
Investment losses on special account		379
Other investment expenses		16,581
Operating, general and administrative expenses	*1	419,925
Other ordinary expenses:		11,734
Interest paid		7,301
Losses on bad debt		148
Other ordinary expenses		4,284
Ordinary loss		(6,437)

Consolidated Statement of Income and Consolidated Statement of Comprehensive Income

Consolidated Statement of Income (Continued)

NKSJ Holdings, Inc.

	(Millions of yen)
	Year ended March 31, 2011 (April 1, 2010 to March 31, 2011)
Extraordinary gains:	3,540
Gains on disposal of fixed assets	1,605
Gains on negative goodwill	149
Other extraordinary gains	*3 1,785
Extraordinary losses:	14,786
Losses on disposal of fixed assets	1,366
Impairment losses	*2 1,118
Provision for reserves under the special laws:	9,028
Provision for reserve for price fluctuation	9,028
Other extraordinary losses	*4 3,273
Loss before income taxes and non-controlling interests	(17,683)
Income taxes	3,240
Deferred income taxes	(7,623)
Total income taxes	(4,382)
Loss before non-controlling interests	(13,300)
Net loss attributable to non-controlling interests	(382)
Net loss	(12,918)

Consolidated Statement of Comprehensive Income

NKSJ Holdings, Inc.

	(Millions of yen)
	Year ended March 31, 2011 (April 1, 2010 to March 31, 2011)
Loss before non-controlling interests	(13,300)
Other comprehensive income:	
Unrealized losses on securities available for sale, net of tax	(120,733)
Deferred gains on hedges	3,543
Foreign currency translation adjustments	(12,233)
Share of other comprehensive income of affiliates accounted for under the equity method	(395)
Total other comprehensive income	(129,819)
Comprehensive income	(143,120)
(Comprehensive income attributable to)	
Comprehensive income attributable to shareholders of the parent	(142,660)
Comprehensive income attributable to non-controlling interests	(459)

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Consolidated Statement of Changes in Net Assets

NKSJ Holdings, Inc.

	(Millions of yen)
	Year ended March 31, 2011 (April 1, 2010 to March 31, 2011)
Shareholders' equity:	
Common stock:	
Balance at the beginning of the period	70,000
Changes during the period:	
Issuance of new stocks - exercise of stock acquisition rights	45
Increase due to share exchange	30,000
Total changes during the period	30,045
Balance at the end of the period	100,045
Capital surplus:	
Balance at the beginning of the period	24,229
Changes during the period:	
Issuance of new stocks - exercise of stock acquisition rights	45
Disposal of treasury stock	31
Increase due to share exchange	414,248
Total changes during the period	414,325
Balance at the end of the period	438,555
Retained earnings:	
Balance at the beginning of the period	336,793
Changes during the period:	
Dividends	(25,700)
Net loss	(12,918)
Changes in the scope of consolidation	165
Total changes during the period	(38,454)
Balance at the end of the period	298,339
Treasury stock:	
Balance at the beginning of the period	—
Changes during the period:	
Acquisition of treasury stock	(769)
Disposal of treasury stock	196
Total changes during the period	(572)
Balance at the end of the period	(572)
Total shareholders' equity:	
Balance at the beginning of the period	431,023
Changes during the period:	
Issuance of new stocks - exercise of stock acquisition rights	91
Dividends	(25,700)
Net loss	(12,918)
Acquisition of treasury stock	(769)
Disposal of treasury stock	228
Changes in the scope of consolidation	165
Increase due to share exchange	444,248
Total changes during the period	405,344
Balance at the end of the period	836,367

Consolidated Statement of Changes in Net Assets (Continued)

NKSJ Holdings, Inc.

	(Millions of yen)
	Year ended March 31, 2011 (April 1, 2010 to March 31, 2011)
Accumulated other comprehensive income:	
Unrealized gains on securities available for sale, net of tax:	
Balance at the beginning of the period	389,352
Changes during the period:	
Net changes in items other than shareholders' equity	(120,376)
Total changes during the period	(120,376)
Balance at the end of the period	268,976
Deferred gains on hedges:	
Balance at the beginning of the period	—
Changes during the period:	
Net changes in items other than shareholders' equity	3,543
Total changes during the period	3,543
Balance at the end of the period	3,543
Foreign currency translation adjustments:	
Balance at the beginning of the period	(21,674)
Changes during the period:	
Net changes in items other than shareholders' equity	(12,908)
Total changes during the period	(12,908)
Balance at the end of the period	(34,583)
Total accumulated other comprehensive income:	
Balance at the beginning of the period	367,678
Changes during the period:	
Net changes in items other than shareholders' equity	(129,741)
Total changes during the period	(129,741)
Balance at the end of the period	237,936
Stock acquisition rights:	
Balance at the beginning of the period	1,302
Changes during the period:	
Net changes in items other than shareholders' equity	1,046
Total changes during the period	1,046
Balance at the end of the period	2,349
Non-controlling interests:	
Balance at the beginning of the period	2,839
Changes during the period:	
Net changes in items other than shareholders' equity	(46)
Total changes during the period	(46)
Balance at the end of the period	2,793
Total net assets:	
Balance at the beginning of the period	802,843
Changes during the period:	
Issuance of new stocks – exercise of stock acquisition rights	91
Dividends	(25,700)
Net loss	(12,918)
Acquisition of treasury stock	(769)
Disposal of treasury stock	228
Changes in the scope of consolidation	165
Increase due to share exchange	444,248
Net changes in items other than shareholders' equity	(128,742)
Total changes during the period	276,602
Balance at the end of the period	1,079,446

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Consolidated Statement of Cash Flows

NKSJ Holdings, Inc.

		(Millions of yen)
		Year ended March 31, 2011 (April 1, 2010 to March 31, 2011)
Cash flows from operating activities:		
	Loss before income taxes and non-controlling interests	(17,683)
	Depreciation	20,132
	Impairment losses	1,118
	Amortization of goodwill	2,221
	Gains on negative goodwill	(149)
	Increase (decrease) in reserve for outstanding losses and claims	(23,560)
	Increase (decrease) in underwriting reserves	(78,908)
	Increase (decrease) in allowance for possible loan losses	(1,669)
	Increase (decrease) in reserve for retirement benefits	1,227
	Increase (decrease) in reserve for retirement benefits to directors	49
	Increase (decrease) in reserve for bonus payments	105
	Increase (decrease) in reserve for bonus payments to directors	(57)
	Increase (decrease) in reserve for price fluctuation	9,028
	Interest and dividend income	(156,467)
	Losses (gains) on investment in securities	6,553
	Interest expenses	7,301
	Foreign exchange losses (gains)	6,767
	Losses (gains) related to tangible fixed assets	(238)
	Losses (gains) related to loans	56
	Investment losses (gains) on the equity method	(511)
	Decrease (increase) in other assets	44,787
	Increase (decrease) in other liabilities	(1,199)
	Others	20,151
	Subtotal	(160,941)
	Interest and dividend received	165,269
	Interest paid	(7,173)
	Income taxes paid	(15,750)
	Cash flows from operating activities	(18,596)
Cash flows from investing activities:		
	Net decrease (increase) in deposits	25,600
	Purchase of monetary receivables bought	(1,187)
	Proceeds from sales and redemption of monetary receivables bought	10,282
	Increase in money trusts	(1,874)
	Decrease in money trusts	18,351
	Purchase of securities	(858,423)
	Proceeds from sales and redemption of securities	838,695
	Loans made	(192,900)
	Collection of loans	229,106
	Net increase in receivables and payables under securities borrowing transactions	121
	Others	15,280
	Subtotal	83,050
	Total of operating activities and investment transactions as above	64,453

Consolidated Statement of Cash Flows (Continued)

NKSJ Holdings, Inc.

		(Millions of yen)
		Year ended March 31, 2011 (April 1, 2010 to March 31, 2011)
Acquisition of tangible fixed assets		(13,324)
Proceeds from sales of tangible fixed assets		2,707
Acquisition of stocks of subsidiaries resulting in changes in the scope of consolidation	*2	(28,410)
Others		(5,254)
Cash flows from investing activities		38,768
Cash flows from financing activities:		
Proceeds from issuance of stocks		0
Proceeds from sales of treasury stock		20
Acquisition of treasury stock		(769)
Dividends paid		(25,696)
Dividends paid to non-controlling shareholders		(5)
Others		768
Cash flows from financing activities		(25,683)
Effect of exchange rate changes on cash and cash equivalents		(2,584)
Net increase (decrease) in cash and cash equivalents		(8,095)
Cash and cash equivalents at the beginning of the period		262,844
Net increase in cash and cash equivalents due to share exchange		141,141
Net increase in cash and cash equivalents due to merger		3,022
Cash and cash equivalents at the end of the period	*1	398,912

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Notes to the Consolidated Financial Statements

NKSJ Holdings, Inc.

1. Significant Accounting Policies for the Preparation of the Consolidated Financial Statements

1. Scope of consolidation

(1) Number of consolidated subsidiaries: 24 companies

Sompo Japan Insurance Inc.
NIPPONKOA Insurance Co., Ltd.
Sompo 24 Insurance Company Limited
Saison Automobile and Fire Insurance Company, Limited
Sompo Japan Himawari Life Insurance Co., Ltd.
NIPPONKOA Life Insurance Company, Limited
Sompo Japan DIY Life Insurance Co., Ltd.
Sompo Japan DC Securities Co., Ltd.
Healthcare Frontier Japan Inc.
SOMPO JAPAN NIPPONKOA ASSET MANAGEMENT CO., LTD.
Sompo Japan Insurance Company of America
Sompo Japan Insurance Company of Europe Limited
NIPPONKOA Insurance Company (Europe) Limited
NIPPONKOA Management Services (Europe) Limited
Nippon Insurance Company of Europe Limited
Sompo Japan Sigorta Anonim Sirketi
Sompo Japan Asia Holdings Pte. Ltd.
Sompo Japan Insurance (Singapore) Pte. Ltd.
Tenet Insurance Company Limited
Sompo Japan Insurance (China) Co., Ltd.
NIPPONKOA Insurance Company (China) Limited
Sompo Japan Insurance (Hong Kong) Company Limited
NIPPONKOA Insurance Company (Asia) Limited
Yasuda Seguros S.A.

NKSJ Holdings, Inc. (the “Company”) made each of Sompo Japan Sigorta Anonim Sirketi, which changed its name from Fiba Sigorta Anonim Sirketi as of February 25, 2011, and Tenet Insurance Company Limited a consolidated subsidiary during the fiscal year ended March 31, 2011, through acquisition of shares.

(2) Names of principal non-consolidated subsidiaries

Names of principal non-consolidated subsidiaries
Ark Re Limited
Sompo Japan Reinsurance Company Limited

As the non-consolidated subsidiaries do not have a material impact on reasonable judgment about the financial conditions and results of operations of the NKSJ Group (the “Group” or “NKSJ Group”) in terms of total assets, ordinary income, net income or loss and retained earnings (to the extent of the Company’s equity position), they are excluded from the scope of consolidation.

2. Application of the equity method

(1) Number of affiliates accounted for under the equity method: 6 companies

Hitachi Capital Insurance Corporation
Yasuda Enterprise Development Co., Ltd.
Berjaya Sampo Insurance Berhad
Universal Sampo General Insurance Company Limited
Maritima Seguros S.A.
Maritima Saude Seguros S.A.

(2) The non-consolidated subsidiaries and affiliates (Ark Re Limited, Sampo Japan Reinsurance Company Limited, etc.) are not accounted for under the equity method as each company has a minor impact on the consolidated net income or loss and retained earnings and they also do not have a material impact as a whole.

(3) The Company holds 26.6% of voting rights of Japan Earthquake Reinsurance Co., Ltd. (“J.E.R.”) through its domestic consolidated property and casualty insurance subsidiaries. As J.E.R. is engaged in public business and the Company is not considered to have a material impact on J.E.R.’s decisions of finance, promotion and business strategy, J.E.R. is excluded from affiliates.

3. The fiscal year of consolidated subsidiaries

The balance sheet dates of the foreign consolidated subsidiaries are December 31. As the difference between the balance sheet dates and the consolidated balance sheet date does not exceed three months, the financial statements as of December 31 are used for the preparation of the consolidated financial statements.

Necessary adjustments are made for the significant transactions during the periods from the balance sheet dates of the subsidiaries to the consolidated balance sheet date.

4. Accounting policies

(1) Valuation policies and methods for securities

- (a) Trading securities are carried at fair value.
Cost of sale is calculated based on the moving-average method.
- (b) Bonds held to maturity are carried at amortized cost based on the moving-average method.
- (c) Policy reserve matching bonds are carried at amortized cost based on the moving-average method in accordance with “Temporary Treatment of Accounting and Auditing Concerning Policy Reserve Matching Bonds in the Insurance Industry” (Japanese Institute of Certified Public Accountants Industry Audit Practice Committee Report No.21).
The outline of risk management policy in relation to policy reserve matching bonds is as follows.
A certain domestic consolidated life insurance subsidiary sets up “policy reserve for single-premium whole-life” as a sub-category, and follow the management policy to match the duration of the policy reserve in the sub-category with the duration of policy reserve matching bonds corresponding to this sub-category within a certain range, to better manage the changes in the interest rate risk associated with the assets and liabilities.

- (d) Stocks of non-consolidated subsidiaries and affiliates that are not accounted for under the equity method are carried at cost based on the moving-average method.
- (e) Securities available for sale which have determinable fair value are carried at fair value based on the market price and other factors at the end of the fiscal year.
Changes in unrealized gains or losses, net of applicable income taxes, are directly included in net assets, and cost of sale is calculated based on the moving-average method.
- (f) Securities available for sale which are considered extremely difficult to figure out fair value are carried at cost based on the moving-average method.
- (g) Securities managed as trust assets in money trusts for trading purposes are carried at fair value.
- (h) Securities managed as trust assets in money trusts classified as other than trading purposes or held to maturity are carried on the same basis as that of securities available for sale.

(2) Valuation policies and methods for derivative transactions

Derivative transactions are carried at fair value.

(3) Depreciation methods of significant depreciable assets

- (a) Tangible fixed assets (excluding leased assets)

Depreciation of tangible fixed assets (excluding leased assets) held by the Company and its domestic consolidated subsidiaries is computed using the declining-balance method, except for buildings (excluding fixtures attached to buildings) acquired on or after April 1, 1998 on which depreciation is computed using the straight-line method. Depreciation of tangible fixed assets (excluding leased assets) held by the foreign consolidated subsidiaries is mainly computed using the straight-line method.

- (b) Intangible fixed assets

Amortization of software for internal use held by the consolidated subsidiaries is computed using the straight-line method based on the estimated useful life.

(4) Accounting policies for significant reserves

- (a) Allowance for possible loan losses

In order to provide for losses from defaults, the domestic consolidated insurance subsidiaries establish allowance for possible loan losses in accordance with the internal standards for self-assessment of assets and the policy of write-off and provision.

For claims on debtors that have legally, formally or substantially entered into bankruptcy, special liquidation or whose notes have been under suspension at clearing houses, allowances are provided based on the amount remaining after deduction of the estimated recoverable amounts from the disposal of collateral and from guarantees. For claims on debtors that are highly probable that they would go bankrupt in the future, allowances are provided based on the amount remaining after deduction of the estimated recoverable amounts from the disposal of collateral and from guarantees, considering the debtor's overall solvency assessment.

For claims other than those described above, allowances are provided based on the amount of claims multiplied by the default rate, which is computed based on historical loan loss experience for a certain period in the past.

The departments responsible for respective assets assess relevant claim in accordance with the in-house self-assessment criteria. The asset auditing department independently reviews the results and allowances are provided based on the results.

The other consolidated subsidiaries determine the collectability of the receivables respectively to provide allowances to cover the estimated future losses.

(b) Reserve for retirement benefits

In order to provide for employees' retirement benefits, the domestic consolidated subsidiaries record the amount based on the projected retirement benefit obligation and the estimated plan assets at the end of the fiscal year.

Prior service costs are amortized using the straight-line method over certain years within the average remaining service years of employees at the time of occurrence.

Actuarial difference is amortized using the straight-line method over certain years within the average remaining service years of employees at the time of occurrence from the following fiscal year.

(c) Reserve for retirement benefits to directors

In order to provide for retirement benefits to directors, the domestic consolidated subsidiaries record the amount deemed accrued at the end of the fiscal year based on internal regulations.

(d) Reserve for bonus payments

In order to provide for employees' bonus payments, reserve for bonus payments is recorded, based on the estimated amounts to be paid at the end of the fiscal year.

(e) Reserve for price fluctuation

In order to provide for possible losses arising from price fluctuation of stock etc., the domestic consolidated insurance subsidiaries set aside reserves under Article 115 of the Insurance Business Act.

(5) Significant hedge accounting

Generally the domestic consolidated subsidiaries apply the deferred hedge accounting method to interest rate swaps to hedge cash flow fluctuation risk of floating-rate loans and bonds and interest rate fluctuation risk related to long-term insurance contracts based on "The Accounting and Auditing Treatment on the Application of the Financial Products Accounting Standard to the Insurance Industry" (Japanese Institute of Certified Public Accountants Industry Audit Practice Committee Report No.26, hereafter "Industry Audit Practice Committee Report No.26"). The exceptional treatment is applied to certain interest rate swaps to the extent that such transactions meet certain conditions required for the application of the exceptional treatment.

The domestic consolidated subsidiaries apply the fair value hedge accounting method to equity swaps for hedging the future stock price fluctuation risks.

The fair value hedge accounting method is applied to forward foreign exchanges, currency options and currency swaps in order to reduce foreign exchange rate fluctuation risk on foreign currency denominated assets. The exceptional treatment is applied to certain transactions to the extent that such transactions meet certain conditions required for application of the exceptional treatment.

Hedge effectiveness is assessed by periodically comparing the accumulated fluctuations of the market value or cash flows of the hedged item to those of the related hedging instrument for the period from the commencement of the

hedge to the date of assessment. However, when the material conditions are shared among the hedged item and the hedging instrument and its effectiveness is considered high, when interest rate swaps meet requirements for applying the exceptional treatment or when certain transactions fulfill the required conditions to apply the exceptional treatment, the assessment of the hedge effectiveness is omitted.

The hedge effectiveness based on Industry Audit Practice Committee Report No.26 is assessed by monitoring the interest rates which impact the calculation of theoretical prices of both insurance liabilities as hedged item and interest rate swaps as hedging instrument which are grouped by different remaining periods.

(6) Method and period of amortization of goodwill

Goodwill is amortized over 20 years using the straight-line method. Insignificant amounts of goodwill are amortized at one time.

(7) Cash and cash equivalents in the consolidated statement of cash flows

Cash and cash equivalents in the consolidated statement of cash flows consist of cash on hand, demand deposits and short-term investments with original maturities or redemption of three months or less, which can be cashed easily and have few risks of fluctuation in value.

(8) Accounting for consumption taxes

The Company and its domestic consolidated subsidiaries account for national and local consumption taxes using the tax-excluded method, except for the domestic consolidated insurance subsidiaries' expenses such as loss adjustment expenses and operating, general and administrative expenses under the tax-included method. Non-deductible consumption taxes relating to assets are included in other assets and amortized in equal installments over five years.

2. Notes to the Consolidated Balance Sheet

As of March 31, 2011

***1. Accumulated depreciation of tangible fixed assets amounts to 396,437 million yen and advanced depreciation of tangible fixed assets amounts to 28,987 million yen.**

***2. Investments in non-consolidated subsidiaries and affiliates are as follows.**

Securities (stocks)	37,122 million yen
Securities (equity interests)	6,003 million yen

***3. (1) Loans to borrowers in bankruptcy and overdue loans amount to 591 million yen and 2,210 million yen, respectively.**

Loans to borrowers in bankruptcy represent non-accrual loans which meet the events defined in Article 96-1-3 (the maximum amount transferable to allowance for possible loan losses) or Article 96-1-4 of the "Corporate Income Tax Law Enforcement Regulation" (Article 97 of 1965 Cabinet Order). Non-accrual loans are defined as loans (excluding the portion of the loans that were written off), on which accrued interest receivable is not recognized because repayments of principal or interest are overdue for considerable periods and therefore are regarded uncollectible. Overdue loans represent non-accrual loans other than (a) loans to borrowers in bankruptcy or (b) loans on which grace on interest payments have been granted in order to assist or facilitate the restructuring of borrowers in financial difficulties.

(2) Loans overdue for three months or more amount to 1 million yen.

Loans overdue for three months or more represent, among loans which are not included in loans to borrowers in bankruptcy or overdue loans, loans on which the payment of principal or interest has been delayed for three months or more from the date following the due date.

(3) Restructured loans amount to 963 million yen.

Restructured loans represent, among loans which are not included in any of the above categories, loans on which favorable terms for the benefit of borrowers such as interest exemption or reduction, grace on interest payments, grace on principal repayments or forgiveness of debts have been granted in order to assist or facilitate the restructuring of borrowers in financial difficulties.

(4) The total of loans to borrowers in bankruptcy, overdue loans, loans overdue for three months or more and restructured loans amount to 3,767 million yen.***4. Securities of 64,798 million yen, deposits of 2,330 million yen and tangible fixed assets of 5,177 million yen are pledged as collateral. The borrowings of 1,834 million yen, which are included in other liabilities, are secured debts.**

Other than those mentioned above, stocks of subsidiaries and affiliates of 2,794 million yen are pledged as collateral, but the entire amount is eliminated for the preparation of the consolidated financial statements.

5. Securities include 74,592 million yen of lending securities under loan agreements.**6. The amount of loan commitments outstanding is 10,940 million yen.****7. Of the securities received under borrowing transactions of bonds with cash collateral, those which the Group holds a right to dispose of by sale or use as collaterals at its discretion amount to 34,071 million yen. All of those are retained by the Group.****3. Notes to the Consolidated Statement of Income**

Fiscal year ended March 31, 2011 (April 1, 2010 to March 31, 2011)

***1. Major components of operating expenses are as follows.**

Agency commissions, etc.	353,682	million yen
Salaries	221,632	million yen

Operating expenses represent the sum of loss adjustment expenses, operating, general and administrative expenses and net commissions and brokerage fees included in the consolidated statement of income.

***2. Impairment losses on the following assets are recorded for the fiscal year ended March 31, 2011.**

Purpose of use	Category	Location	Impairment losses (millions of yen)			
			Land	Buildings	Others	Total
Properties for rent	Land and buildings	9 properties, including building for rent in Tokyo	596	354	—	951
Idle properties	Land, buildings and others	11 properties, including parking lot in Ehime	145	19	1	166
Total			742	374	1	1,118

The domestic consolidated insurance subsidiaries categorize properties used for the insurance business as a single asset group for the entire insurance business. Each property for rent, idle property and potential disposal property is categorized as an individual asset group. The other consolidated subsidiaries categorize properties used for the business as a single asset group for each subsidiary.

Concerning properties which have reduced their profitability significantly during the fiscal year ended March 31, 2011, mainly due to a decline in the prices of land, the consolidated subsidiaries devalue the carrying amounts of those properties to the realizable value. These decreases in the carrying amounts are recorded as impairment losses in extraordinary losses.

The realizable value is calculated using the value in use or the net selling price for properties for rent and the net selling price for idle properties. The value in use is calculated by discounting the future cash flows at the rate of 5.2%. The net selling price is the appraisal value based on the Real Estate Appraisal Standard.

***3. Other extraordinary gains are 1,785 million yen of gains on extinguishment of tie-in shares.**

***4. The major components of other extraordinary losses are 1,465 million yen of losses related to the Great East Japan Earthquake and 904 million yen of the impact related to the adoption of accounting standards for asset retirement obligations.**

4. Notes to the Consolidated Statement of Changes in Net Assets

Fiscal year ended March 31, 2011 (April 1, 2010 to March 31, 2011)

1. Type and number of shares outstanding and of treasury stock

	Number of shares as of March 31, 2010 (thousand shares)	Increase during the year ended March 31, 2011 (thousand shares)	Decrease during the year ended March 31, 2011 (thousand shares)	Number of shares as of March 31, 2011 (thousand shares)
Shares outstanding				
Common stock	—	1,661,409	—	1,661,409
Total	—	1,661,409	—	1,661,409
Treasury stock				
Common stock	—	1,317	334	983
Total	—	1,317	334	983

Notes)

- Breakdown of increase in shares outstanding of common stock of 1,661,409 thousand shares is as follows.
New stocks issued in the establishment of the Company through share exchange of Sompo Japan Insurance Inc. ("Sompo Japan") and NIPPONKOA Insurance Co., Ltd. ("NIPPONKOA"): 1,661,263 thousand shares
Increase due to exercise of stock acquisition rights: 145 thousand shares
- Breakdown of increase in treasury stock of common stock of 1,317 thousand shares is as follows.
Increase due to acquisition of treasury stock in accordance with approval by board of directors: 1,000 thousand shares
Increase due to purchase of shares less than a full trading unit: 317 thousand shares
- Breakdown of decrease in treasury stock of common stock of 334 thousand shares is as follows.
Decrease due to disposal of treasury stock related to exercise of stock acquisition rights: 299 thousand shares
Decrease due to sales of shares less than a full trading unit: 34 thousand shares

2. Stock acquisition rights

Category	Breakdown of stock acquisition rights	Balance as of March 31, 2011 (millions of yen)
NKSJ Holdings, Inc.	Stock acquisition rights for stock options	2,349
Total		2,349

3. Dividends

(1) Dividends paid

As the Company is a joint holding company established through share exchange on April 1, 2010, the amounts of dividends paid are the amounts approved at each general meeting of stockholders of wholly-owned subsidiaries mentioned below.

Sompo Japan

Resolution	Type of shares	Total amount of dividends	Dividend per share	Record date	Effective date
General meeting of stockholders held on June 28, 2010	Common stock	19,681 million yen	20 yen	March 31, 2010	June 29, 2010

NIPPONKOA

Resolution	Type of shares	Total amount of dividends	Dividend per share	Record date	Effective date
General meeting of stockholders held on June 28, 2010	Common stock	6,019 million yen	8 yen	March 31, 2010	June 29, 2010

(2) Of dividends with record date within the fiscal year ended March 31, 2011, dividends with the effective date after March 31, 2011

Resolution	Type of shares	Total amount of dividends	Source of dividend	Dividend per share	Record date	Effective date
General meeting of stockholders held on June 27, 2011	Common stock	33,208 million yen	Retained earnings	20 yen	March 31, 2011	June 28, 2011

5. Notes to the Consolidated Statement of Cash Flows

Fiscal year ended March 31, 2011 (April 1, 2010 to March 31, 2011)

*1. Reconciliation of cash and cash equivalents to the line items disclosed in the consolidated balance sheet as of March 31, 2011

Cash and deposits	328,528 million yen
Call loans	78,399 million yen
Receivables under resale agreements	33,490 million yen
Securities	6,431,235 million yen
Time deposits with original maturities of more than 3 months	(46,402) million yen
Securities other than cash equivalents	(6,426,338) million yen
Cash and cash equivalents	398,912 million yen

***2. Major components of assets and liabilities of newly consolidated subsidiaries through the acquisition of shares**

(1) The major components of assets and liabilities of a newly consolidated subsidiary, Tenet Insurance Company Limited, at the commencement of the consolidation are as follows. The following also shows the acquisition cost of the shares and net expenditure for the acquisition of those shares.

Assets:	8,233 million yen
Cash and deposits	4,903 million yen
Goodwill	2,625 million yen
Liabilities:	(4,183) million yen
Underwriting funds	(3,706) million yen
Acquisition cost of the shares of the subsidiary mentioned above	6,674 million yen
Cash and cash equivalents of the subsidiary mentioned above	(186) million yen
Net: Expenditure for the acquisition of the subsidiary mentioned above	6,488 million yen

(2) The major components of assets and liabilities of a newly consolidated subsidiary, Sompo Japan Sigorta Anonim Sirketi, at the commencement of the consolidation are as follows. The following also shows the acquisition cost of the shares and net expenditure for the acquisition of those shares.

Assets:	21,489 million yen
Cash and deposits	14,473 million yen
Goodwill	21,234 million yen
Liabilities:	(14,150) million yen
Underwriting funds	(12,314) million yen
Acquisition cost of the shares of the subsidiary mentioned above	28,573 million yen
Cash and cash equivalents of the subsidiary mentioned above	(6,651) million yen
Net: Expenditure for the acquisition of the subsidiary mentioned above	21,922 million yen

3. Significant non-cash transactions

None.

4. Cash flows from investing activities include cash flows from investment activities conducted as a part of insurance business.

6. Lease Transactions

Fiscal year ended March 31, 2011 (April 1, 2010 to March 31, 2011)

1. Finance lease transactions

Finance lease transactions that do not transfer ownership accounted for in a manner similar to accounting treatment for ordinary rental transactions.

(Lessee)

(1) Acquisition cost, accumulated depreciation, accumulated impairment losses and net book value of leased assets

	Acquisition cost (millions of yen)	Accumulated depreciation (millions of yen)	Accumulated impairment losses (millions of yen)	Net book value (millions of yen)
Tangible fixed assets	2,665	2,166	—	499

Acquisition cost includes interest payable thereon because the balance of future lease payments account for a small portion of the balance of tangible fixed assets.

(2) Balance of future lease payments

Balance of future lease payments	
Due within one year	421 million yen
Due after one year	77 million yen
Total	499 million yen
Balance of reserve for impairment losses on leased assets	— million yen

Future lease payments include interest payable thereon because the balance of future lease payments account for a small portion of the balance of tangible fixed assets.

(3) Lease payments, reversal of reserve for impairment losses on leased assets, depreciation equivalent and impairment losses

Lease payments	706 million yen
Reversal of reserve for impairment losses on leased assets	— million yen
Depreciation equivalent	706 million yen
Impairment losses	— million yen

(4) Computation of depreciation equivalent

Depreciation equivalent is computed using the straight-line method over the lease period, with no residual value.

2. Operating lease transactions

Future lease payments related to non-cancelable operating leases (Lessee)	
Due within one year	2,061 million yen
Due after one year	2,702 million yen
Total	4,763 million yen
(Lessor)	
Due within one year	1,496 million yen
Due after one year	6,683 million yen
Total	8,180 million yen

7. Financial Instruments

Fiscal year ended March 31, 2011(April 1, 2010 to March 31, 2011)

1. Overview of financial instruments

(1) Our policy to manage financial instruments

As the Group is mainly engaged in insurance businesses and fully recognizes the characteristic of investment fund for the insurance company, the Group manages the investment asset taking into consideration the optimal mix of safety, liquidity and profitability. Further, in order to appropriately manage investment assets related to long-term insurance liabilities such as life insurance and savings-type insurance, the Group intends to stabilize returns for the future maturity refunds to policyholders by the methodology based on ALM (integrated management of assets and liabilities).

(2) The nature and risk of financial instruments

As financial instruments which the Group holds are mainly securities such as bonds and stocks, the Group is exposed to risks (market risks) associated with price fluctuations of investments, which are influenced by foreign exchange rates, market interest rates and stock prices. And the securities and the loans which the Group holds are exposed to credit risk which would cause a significant decrease in their value or uncollectible interest and principal due to the deterioration of creditworthiness and bankruptcy of the issuer and the borrower.

Regarding derivative transactions, the Group utilizes derivatives to hedge risks on assets held. These also involve market risks and credit risks.

The Company is exposed to interest rate volatility risk on the subordinated bonds which the consolidated subsidiaries have issued.

(3) The risk management structure regarding financial instruments

The Company has established “the NKSJ Group risk management basic policy” to properly identify the risk profile held by the Group, to avoid unforeseen loss and to control the risk appropriately in order to ensure the financial soundness. In addition, the risk management department has been established to manage the Group’s risks.

The Company employs the integrated management model to manage investment risks in an integrated fashion and the investment risk is quantified on a daily basis.

The Company has established comprehensive stress scenarios covering a range of events that could cause a significant impact on the Group and performs stress tests to evaluate and measure risks on an integrated basis.

In addition, in order to avoid concentrating the risk on specific borrowers, the Company has set credit limits and established controls to appropriately manage the risks.

(4) Supplemental explanation about the fair value of financial instruments

Other than the fair value of financial instruments based on the market price, fair value computed reasonably is included if the market price is not obtainable. In view that certain assumption is employed to measure the fair value, the resulting value might differ depending on the assumption to be applied. “Notional amount” on each table in notes on “Derivative Transactions” shows contract amounts or notional amounts of derivative transactions. These amounts do not show the volume of market risk or credit risk regarding derivative transactions.

2. Fair value of financial investments

Carrying amount, fair value and unrealized gains (losses) on the consolidated balance sheet as of March 31, 2011 are as follows. Meanwhile, financial instruments which the Company considers extremely difficult to determine the fair value are not included in the following table. (Please refer to Notes) 2 for details.)

	Carrying amount (millions of yen)	Fair value (millions of yen)	Unrealized gains (losses) (millions of yen)
(1) Cash and deposits	328,528	328,528	—
(2) Call loans	78,399	78,399	—
(3) Receivables under resale agreements	33,490	33,490	—
(4) Receivables under securities borrowing transactions	30,370	30,370	—
(5) Monetary receivable bought	32,273	32,273	—
(6) Money trusts	67,440	67,440	—
(7) Securities:			
Trading securities	16,289	16,289	—
Bonds held to maturity	1,182,616	1,212,955	30,339
Policy reserve matching bonds	16,887	17,045	158
Securities available for sale	5,034,489	5,034,489	—
(8) Loans	691,294		
Allowance for possible loan losses ⁽¹⁾	(1,293)		
	690,000	694,863	4,862
Total assets	7,510,786	7,546,145	35,359
(1) Corporate bonds	128,000	129,369	1,369
Total liabilities	128,000	129,369	1,369
Derivative transactions ⁽²⁾ :			
Hedge accounting is not applied	[1,921]	[1,921]	—
Hedge accounting is applied	[2,522]	[2,523]	(0)
Total derivative transactions	[4,444]	[4,445]	(0)

⁽¹⁾ General allowance for possible loan losses and individual allowance for possible loan losses responding to loans are excluded.

⁽²⁾ This table collectively shows derivative transactions which are included in other assets and other liabilities. Assets and liabilities from derivative transactions are shown on the net basis. The items which are net debt in total are shown in the brackets [].

Notes)

1. Calculation methods for the fair value of financial instruments

Assets

(1) Cash and deposits

As all deposits are short term and the fair value approximates the book value, the book value is presented as the fair value.

(2) Call loans

As all call loans are short term and the fair value approximates the book value, the book value is presented as the fair value.

(3) Receivables under resale agreements

As all are short term and the fair value approximates the book value, the book value is presented as the fair value.

(4) Receivables under securities borrowing transactions

As all are short term and the fair value approximates the book value, the book value is presented as the fair value.

(5) Monetary receivables bought

The fair value is based on the price quoted by counterparties.

(6) Money trusts

The fair value of the domestic bonds which are managed as trust asset is based on exchange price, the price released by Japan Securities Dealers Association, the price quoted by counterparties and the over-the-counter average price released by the information providers. The fair value of the domestic stocks which are managed as trust asset is based on exchange price. And the fair value of foreign securities is based on exchange price, the price released by the industry association and the price quoted by counterparties. As for derivative transactions, the fair value of quoted derivatives is based on exchange price and the fair value of forward foreign exchanges is based on forward exchange rate.

(7) Securities

The fair value of the domestic bonds is based on exchange price, the price released by Japan Securities Dealers Association and the price quoted by counterparties. The fair value of the domestic stocks is based on exchange price. And the fair value of foreign securities is based on exchange price and the price quoted by counterparties.

(8) Loans

The fair value is the amount of future collection cash flow of each loan which is discounted by the risk free rate for the corresponding the period, adding credit risk premium and liquidity premium thereto, or the total amount of principal and interest which is discounted by the expected interest rate of new loans by the types and categories of internal ratings. For the loans categorized as loans to borrowers in bankruptcy legally or substantially, borrowers who are highly probable to go bankrupt in the future and some borrowers special mention, the fair values are i) the present values of estimated future cash flows or ii) the amount which the current estimated loan losses are deducted from carrying amount on the consolidated balance sheet. As for ii), because the estimated loan losses are computed based on the amount expected to be covered by collateral and guarantee, the fair value approximates the amount.

Liabilities

(1) Corporate bonds

The fair value is calculated as the amount of future cash flow discounted at the risk free rate for the corresponding period, adding credit risk premium and liquidity premium thereto.

Derivative transactions

Please refer to the notes on "Derivative Transactions."

2. The financial instruments which are considered extremely difficult to figure out the fair value are as follows. These financial instruments are not included in "(6) Money trusts" or "(7) Securities."

(Millions of yen)	
Category	Carrying amount
Money trusts	420
Domestic bonds	1,000
Domestic stocks	110,735
Foreign securities	44,176
Others	25,040
Total	181,373

As domestic stocks are the unlisted stocks and do not have the quoted market price, they are not included in the scope of fair value disclosure. As foreign securities are the unlisted stocks or investments mainly including the unlisted stocks and do not have the quoted market price, they are not included in the scope of fair value disclosure. As others are investments mainly including the real estate or instruments mainly including the unlisted stocks and do not have the quoted market price, they are not included in the scope of fair value disclosure.

3. The redemption schedules after the consolidated balance sheet date for monetary receivables and securities which have maturity date

(Millions of yen)				
	Due within 1 year	Due after 1 year through 5 years	Due after 5 years through 10 years	Due after 10 years
Deposits	324,103	4,325	—	—
Call loans	78,399	—	—	—
Receivables under resale agreements	33,490	—	—	—
Receivables under securities borrowing transactions	30,370	—	—	—
Monetary receivables bought	190	7,201	2,379	22,081
Securities:				
Bonds held to maturity:				
Government bonds	7,620	11,130	56,673	622,713
Municipal bonds	3,178	64,528	600	51,900
Corporate bonds	20,057	162,787	63,191	68,000
Foreign securities	25,872	21,622	1,051	16
Policy reserve matching bonds:				
Government bonds	—	—	1,500	14,800
Fixed maturity securities available for sale:				
Government bonds	102,434	449,686	313,763	538,440
Municipal bonds	12,758	46,582	6,680	4,600
Corporate bonds	88,947	435,995	138,797	221,576
Foreign securities	52,109	277,655	200,593	51,034
Others	1,682	2,149	7,284	—
Loans ^(*)	204,072	309,844	119,212	52,831
Total	985,286	1,793,509	911,727	1,647,993

(*) 1,782 million yen of loans which are regarded uncollectible such as loans to borrowers in bankruptcy legally or substantially and to borrowers who are highly probable to go bankrupt in the future is not included.

4. The contractual maturities of the corporate bonds, long-term borrowings and lease obligations after the consolidated balance sheet date

(Millions of yen)

	Due within 1 year	Due after 1 year through 2 years	Due after 2 years through 3 years	Due after 3 years through 4 years	Due after 4 years through 5 years	Due after 5 years
Corporate bonds	—	—	—	—	—	128,000
Long-term borrowings	200	168	143	138	125	3,901
Lease obligations	2,327	2,171	1,601	822	355	0
Total	2,527	2,340	1,745	960	480	131,901

8. Securities

Fiscal year ended March 31, 2011

1. Trading securities (As of March 31, 2011)

(Millions of yen)

	Carrying amount on balance sheet	Unrealized gains (losses) recognized in statement of income
Trading securities	16,289	(517)

2. Bonds held to maturity (As of March 31, 2011)

(Millions of yen)

		Carrying amount on balance sheet	Fair value	Unrealized gains (losses)
Securities whose fair value exceeds their carrying amount on balance sheet	Domestic bonds	995,987	1,028,399	32,411
	Foreign securities	35,918	36,481	562
	Subtotal	1,031,906	1,064,881	32,974
Securities whose fair value doesn't exceed their carrying amount on balance sheet	Domestic bonds	137,065	134,472	(2,592)
	Foreign securities	13,644	13,601	(42)
	Subtotal	150,709	148,074	(2,635)
Total	1,182,616	1,212,955	30,339	

3. Policy reserve matching bonds (As of March 31, 2011)

(Millions of yen)

		Carrying amount on balance sheet	Fair value	Unrealized gains (losses)
Securities whose fair value exceeds their carrying amount on balance sheet	Domestic bonds	10,397	10,653	256
Securities whose fair value doesn't exceed their carrying amount on balance sheet	Domestic bonds	6,489	6,392	(97)
Total		16,887	17,045	158

4. Securities available for sale (As of March 31, 2011)

(Millions of yen)

		Carrying amount on balance sheet	Cost	Unrealized gains (losses)
Securities whose carrying amount on balance sheet exceeds their cost	Domestic bonds	2,072,558	2,024,355	48,202
	Domestic stocks	1,048,158	549,193	498,965
	Foreign securities	427,681	395,039	32,641
	Others	54,348	50,963	3,385
	Subtotal	3,602,747	3,019,552	583,195
Securities whose carrying amount on balance sheet doesn't exceed their cost	Domestic bonds	354,765	360,520	(5,755)
	Domestic stocks	476,054	552,661	(76,607)
	Foreign securities	618,991	694,896	(75,905)
	Others	28,882	29,810	(928)
Subtotal	1,478,692	1,637,889	(159,196)	
Total		5,081,440	4,657,441	423,998

Notes)

1. Securities available for sale which are considered extremely difficult to figure out their fair value are not included in the above table.
2. Certificate of deposit classified as cash and deposits and beneficial interests in the loan trusts classified as monetary receivables bought in the consolidated balance sheet are included in "Others" above.

5. Securities available for sale sold (April 1, 2010 to March 31, 2011)

(Millions of yen)

	Proceeds from sales	Gains on sales	Losses on sales
Domestic bonds	271,796	4,875	1,512
Domestic stocks	60,320	18,711	2,338
Foreign securities	88,613	2,481	5,018
Others	217	70	126
Total	420,947	26,138	8,995

6. Securities for which impairment losses are recognized (April 1, 2010 to March 31, 2011)

For the fiscal year ended March 31, 2011, impairment losses on securities available for sale which have determinable fair value amount to 20,124 million yen (domestic stocks: 19,731 million yen, foreign securities: 393 million yen). Impairment losses on securities available for sale which are considered extremely difficult to figure out fair value amount to 381 million yen (domestic stocks: 333 million yen, foreign securities: 47 million yen).

Basically, the Company and its domestic consolidated subsidiaries recognize impairment losses on securities which have determinable fair value if fair value declines by 30% or more from their cost at the end of the fiscal year.

9. Money Trusts

As of March 31, 2011

1. Money trusts for trading purposes

(Millions of yen)

	Carrying amount on balance sheet	Unrealized gains (losses) recognized in statement of income
Money trusts	47,159	890

2. Money trusts held to maturity

None.

3. Money trusts classified as other than trading purposes or held to maturity

(Millions of yen)

	Carrying amount on balance sheet	Cost	Unrealized gains (losses)
Money trusts	20,281	20,302	(20)

Note) Money trusts which are considered extremely difficult to figure out their fair value are not included in the above table.

10. Derivative Transactions

Fiscal year ended March 31, 2011 (As of March 31, 2011)

1. Derivative transactions to which hedge accounting is not applied

(1) Currency derivatives

(Millions of yen)

	Notional amount	Due after 1 year of notional amount	Fair value	Unrealized gains (losses)
Over-the-counter transactions:				
Forward foreign exchanges:				
Short:				
EUR	36,566	—	(1,187)	(1,187)
USD	10,243	—	(145)	(145)
GBP	183	—	(4)	(4)
Long:				
USD	7,398	—	73	73
TRY	2,598	—	38	38
EUR	183	—	3	3
Currency options:				
Short:				
Call:				
EUR	5,911	—		
	6*	—*	(7)	(1)
Long:				
Put:				
EUR	5,300	—		
	6*	—*	—	(6)
Total			(1,228)	(1,228)

Notes)

1. Calculation methods for the fair value

(1) Forward foreign exchanges

The fair value is calculated using forward exchange rate.

As for forward foreign exchanges between foreign currency and the other foreign currency, the fair value is calculated using forward exchange rate between the other foreign currency and yen on the transaction date of forward foreign exchanges.

(2) Currency options

The fair value is based on the price quoted by counterparties.

2. Amounts with an asterisk (*) represent the amount of the option premiums.

(2) Equity derivatives

(Millions of yen)

	Notional amount	Due after 1 year of notional amount	Fair value	Unrealized gains (losses)
Market transactions:				
Equity index futures:				
Short	6,546	—	(773)	(773)
Total			(773)	(773)

Note) Calculation methods for the fair value
The fair value is based on the closing price at major exchanges.

(3) Bond derivatives

(Millions of yen)

	Notional amount	Due after 1 year of notional amount	Fair value	Unrealized gains (losses)
Market transactions:				
Bond futures:				
Long	1,730	—	(2)	(2)
Total			(2)	(2)

Note) Calculation methods for the fair value
The fair value is based on the closing price at major exchanges.

(4) Others

(Millions of yen)

	Notional amount	Due after 1 year of notional amount	Fair value	Unrealized gains (losses)
Over-the-counter transactions:				
Credit derivatives:				
Short	9,000	9,000	17	17
Long	1,000	—	(1)	(1)
Weather derivatives:				
Short	597	201		
	21*	7*	(9)	12
Earthquake derivatives:				
Short	3,560	10		
	103*	0*	(0)	103
Long	3,195	2,610		
	314*	234*	77	(236)
Total			83	(104)

Notes)

1. Calculation methods for the fair value

(1) Credit derivatives

The fair value is based on the price quoted by counterparties.

(2) Weather derivatives

The fair value is calculated based on the contract term and other elements of the contract.

(3) Earthquake derivatives

The fair value is calculated based on the contract term and other elements of the contract.

2. Amounts with an asterisk (*) represent the amount of the option premiums.

2. Derivative transactions to which hedge accounting is applied

(1) Currency derivatives

(Millions of yen)

Methods for hedge accounting	Type	Main hedged items	Notional amount	Due after 1 year of notional amount	Fair value
Fair value hedge	Forward foreign exchanges:	Securities available for sale			
	Short:				
	USD		142,409	—	(2,094)
	EUR		115,637	—	(4,989)
	CAD		7,899	—	(397)
	GBP		5,203	—	(113)
	AUD	4,999	—	(473)	
Total					(8,068)

Note) Calculation methods for the fair value
The fair value is calculated using forward exchange rate.

(2) Interest rate derivatives

(Millions of yen)

Methods for hedge accounting	Type	Main hedged items	Notional amount	Due after 1 year of notional amount	Fair value
Deferred hedge	Interest rate swaps: Receipt fix / Payment float	Insurance liabilities	83,000	83,000	5,545
The exceptional treatment for certain interest rate swaps	Interest rate swaps: Payment fix / Receipt float	Borrowings	60	20	(0)
Total					5,545

Note) Calculation methods for the fair value
The fair value is based on the price quoted by counterparties or the fair value calculated by discounting future cash flow to the present value.

11. Retirement Benefits

Fiscal year ended March 31, 2011 (April 1, 2010 to March 31, 2011)

1. Outline of retirement benefit plans

In addition to a defined contribution pension plan, Sompo Japan provides a lump-sum payments retirement plan and a corporate pension fund system as defined benefit plans. Sompo Japan sets up a retirement benefits trust.

In addition to a defined contribution pension plan, NIPPONKOA provides defined benefit plans with a lump-sum payments retirement plan, a contract-type corporate pension plan and a self-administered corporate pension plan both for retired employees who already receive or who is eligible for employees' benefits but have not yet reached the pension commencement age. NIPPONKOA also sets up a retirement benefit trust.

The other domestic consolidated subsidiaries provide a lump-sum payments retirement plan and a corporate pension fund plan as defined benefit plans in addition to a defined contribution pension plan.

Certain foreign consolidated subsidiaries have a defined contribution pension plan and a defined benefit pension plan.

2. Retirement benefit obligation (As of March 31, 2011)

	(Millions of yen)
a. Retirement benefit obligation	(179,490)
b. Plan assets	75,300
c. Unfunded retirement benefit obligation (a+b)	(104,190)
d. Unrecognized actuarial difference	(259)
e. Unrecognized prior service costs	(25)
f. Net amount of retirement benefit obligation on balance sheet (c+d+e)	(104,475)
g. Prepaid pension cost	318
h. Reserve for retirement benefits (f-g)	(104,793)

Note) Consolidated subsidiaries adopt the simplified accounting method for the calculation of retirement benefit obligation for certain retirement benefit plans.

3. Retirement benefit expenses (April 1, 2010 to March 31, 2011)

	(Millions of yen)
a. Service cost*	7,902
b. Interest cost	2,829
c. Expected return on plan assets	(470)
d. Amortization of unrecognized actuarial difference	1,925
e. Amortization of unrecognized prior service costs	(67)
f. Subtotal (a+b+c+d+e)	12,120
g. Contributions paid to the defined contribution pension plan	5,583
h. Total (f+g)	17,703

Note) Retirement benefit expenses for retirement benefit plans which adopt simplified accounting method are included in "a. Service cost."

4. Basis of calculation of retirement benefit obligation

a. Allocation method of projected retirement benefits	Straight-line method, point method
b. Discount rate	1.5%-2.0%
c. Expected rate of return on plan assets	0.0%-4.0%
d. Amortization period of prior service costs	5 to 10 years (Prior service costs are amortized using the straight-line method over certain years within the average remaining service years of employees at the time of occurrence.)
e. Amortization period of actuarial difference	7 to 13 years (Actuarial difference is amortized using the straight-line method over certain years within the average remaining service years of employees at the time of occurrence from the following fiscal year.)

12. Stock Options

Fiscal year ended March 31, 2011 (April 1, 2010 to March 31, 2011)

1. Recorded amount and account on stock options for the fiscal year ended March 31, 2011

Operating, general and administrative expenses: 631 million yen

2. Contents, scale and its changes of stock options

(1) Contents of stock options

First to sixteenth issue of stock acquisition rights of NKSJ Holdings, Inc. ("NKSJ") are those granted by NKSJ on April 1, 2010, the establishment date of NKSJ, in lieu of the stock options originally granted by Sampo Japan. Seventeenth to twenty-second issue of stock acquisition rights of NKSJ on April 1, 2010, the establishment date of NKSJ, are those originally granted by NKSJ in lieu of the stock options granted by NIPPONKOA.

Stock options transferred from Sampo Japan to NKSJ

First issue of stock acquisition rights of NKSJ

Title and number of grantees	Directors and executive officers of Sampo Japan	1
	Others (Note 1)	7
Number of stock options granted by types of shares (shares)	Common stock	125,000 (Note 2)
Grant date	April 1, 2010	
Vesting conditions	Stock options are vested on the grant date	
Requisite service period	—	
Exercise period	April 1, 2010 to June 27, 2012	
Exercise price (yen)	777	
Fair value per share on the grant date (yen)	— (Note 3)	

Notes)

1. "Others" in the table represents grantees at the time of grant by Sampo Japan but who already retired or resigned the position by the grant date by NKSJ.
2. Number of stock options is indicated by converting to number of shares.
3. Fair value per share is not shown because the stock acquisition rights were issued in accordance with Articles 280-20 and 280-21 of the former Japanese Commercial Code revised in 2001 and transferred to NKSJ.

Second issue of stock acquisition rights of NKSJ

Title and number of grantees	Directors and executive officers of Sampo Japan	0
	Others (Note 1)	1
Number of stock options granted by types of shares (shares)	Common stock	10,000 (Note 2)
Grant date	April 1, 2010	
Vesting conditions	Stock options are vested on the grant date	
Requisite service period	—	
Exercise period	April 1, 2010 to June 27, 2012	
Exercise price (yen)	712	
Fair value per share on the grant date (yen)	— (Note 3)	

Notes)

1. "Others" in the table represents grantees at the time of grant by Sampo Japan but who already retired or resigned the position by the grant date by NKSJ.
2. Number of stock options is indicated by converting to number of shares.
3. Fair value per share is not shown because the stock acquisition rights were issued in accordance with Articles 280-20 and 280-21 of the former Japanese Commercial Code revised in 2001 and transferred to NKSJ.

Third issue of stock acquisition rights of NKSJ

Title and number of grantees	Directors and executive officers of Sompo Japan	1
	Others (Note 1)	1
Number of stock options granted by types of shares (shares)	Common stock	20,000 (Note 2)
Grant date	April 1, 2010	
Vesting conditions	Stock options are vested on the grant date	
Requisite service period	—	
Exercise period	April 1, 2010 to June 27, 2012	
Exercise price (yen)	581	
Fair value per share on the grant date (yen)	— (Note 3)	

Notes)

1. "Others" in the table represents grantees at the time of grant by Sompo Japan but who already retired or resigned the position by the grant date by NKSJ.
2. Number of stock options is indicated by converting to number of shares.
3. Fair value per share is not shown because the stock acquisition rights were issued in accordance with Articles 280-20 and 280-21 of the former Japanese Commercial Code revised in 2001 and transferred to NKSJ.

Fourth issue of stock acquisition rights of NKSJ

Title and number of grantees	Directors and executive officers of Sompo Japan	0
	Others (Note 1)	3
Number of stock options granted by types of shares (shares)	Common stock	30,000 (Note 2)
Grant date	April 1, 2010	
Vesting conditions	Stock options are vested on the grant date	
Requisite service period	—	
Exercise period	April 1, 2010 to June 27, 2012	
Exercise price (yen)	574	
Fair value per share on the grant date (yen)	— (Note 3)	

Notes)

1. "Others" in the table represents grantees at the time of grant by Sompo Japan but who already retired or resigned the position by the grant date by NKSJ.
2. Number of stock options is indicated by converting to number of shares.
3. Fair value per share is not shown because the stock acquisition rights were issued in accordance with Articles 280-20 and 280-21 of the former Japanese Commercial Code revised in 2001 and transferred to NKSJ.

Fifth issue of stock acquisition rights of NKSJ

Title and number of grantees	Directors and executive officers of Sompo Japan	3
	Others (Note 1)	12
Number of stock options granted by types of shares (shares)	Common stock	90,000 (Note 2)
Grant date	April 1, 2010	
Vesting conditions	Stock options are vested on the grant date	
Requisite service period	—	
Exercise period	April 1, 2010 to June 27, 2013	
Exercise price (yen)	735	
Fair value per share on the grant date (yen)	— (Note 3)	

Notes)

1. "Others" in the table represents grantees at the time of grant by Sompo Japan but who already retired or resigned the position by the grant date by NKSJ.
2. Number of stock options is indicated by converting to number of shares.
3. Fair value per share is not shown because the stock acquisition rights were issued in accordance with Articles 280-20 and 280-21 of the former Japanese Commercial Code revised in 2001 and transferred to NKSJ.

Sixth issue of stock acquisition rights of NKSJ

Title and number of grantees	Directors and executive officers of Sompo Japan	3
	Others (Note 1)	18
Number of stock options granted by types of shares (shares)	Common stock	130,000 (Note 2)
Grant date	April 1, 2010	
Vesting conditions	Stock options are vested on the grant date	
Requisite service period	—	
Exercise period	April 1, 2010 to June 27, 2013	
Exercise price (yen)	901	
Fair value per share on the grant date (yen)	— (Note 3)	

Notes)

1. "Others" in the table represents grantees at the time of grant by Sompo Japan but who already retired or resigned the position by the grant date by NKSJ.
2. Number of stock options is indicated by converting to number of shares.
3. Fair value per share is not shown because the stock acquisition rights were issued in accordance with Articles 280-20 and 280-21 of the former Japanese Commercial Code revised in 2001 and transferred to NKSJ.

Seventh issue of stock acquisition rights of NKSJ

Title and number of grantees	Directors and executive officers of Sompo Japan	5
	Others (Note 1)	27
Number of stock options granted by types of shares (shares)	Common stock	255,000 (Note 2)
Grant date	April 1, 2010	
Vesting conditions	Stock options are vested on the grant date	
Requisite service period	—	
Exercise period	April 1, 2010 to June 29, 2014	
Exercise price (yen)	1,167	
Fair value per share on the grant date (yen)	— (Note 3)	

Notes)

1. "Others" in the table represents grantees at the time of grant by Sompo Japan but who already retired or resigned the position by the grant date by NKSJ.
2. Number of stock options is indicated by converting to number of shares.
3. Fair value per share is not shown because the stock acquisition rights were issued in accordance with Articles 280-20 and 280-21 of the former Japanese Commercial Code revised in 2001 and transferred to NKSJ.

Eighth issue of stock acquisition rights of NKSJ

Title and number of grantees	Directors and executive officers of Sompo Japan	6
	Others (Note 1)	26
Number of stock options granted by types of shares (shares)	Common stock	262,000 (Note 2)
Grant date	April 1, 2010	
Vesting conditions	Stock options are vested on the grant date	
Requisite service period	—	
Exercise period	April 1, 2010 to June 29, 2014	
Exercise price (yen)	1,082	
Fair value per share on the grant date (yen)	— (Note 3)	

Notes)

1. "Others" in the table represents grantees at the time of grant by Sompo Japan but who already retired or resigned the position by the grant date by NKSJ.
2. Number of stock options is indicated by converting to number of shares.
3. Fair value per share is not shown because the stock acquisition rights were issued in accordance with Articles 280-20 and 280-21 of the former Japanese Commercial Code revised in 2001 and transferred to NKSJ.

Ninth issue of stock acquisition rights of NKSJ

Title and number of grantees	Directors and executive officers of Sompo Japan	11
	Others (Note 1)	34
Number of stock options granted by types of shares (shares)	Common stock	363,000 (Note 2)
Grant date	April 1, 2010	
Vesting conditions	Stock options are vested on the grant date	
Requisite service period	—	
Exercise period	April 1, 2010 to June 28, 2015	
Exercise price (yen)	1,148	
Fair value per share on the grant date (yen)	— (Note 3)	

Notes)

1. "Others" in the table represents grantees at the time of grant by Sompo Japan but who already retired or resigned the position by the grant date by NKSJ.
2. Number of stock options is indicated by converting to number of shares.
3. Fair value per share is not shown because the stock acquisition rights were issued in accordance with Articles 280-20 and 280-21 of the former Japanese Commercial Code revised in 2001 and transferred to NKSJ.

Tenth issue of stock acquisition rights of NKSJ

Title and number of grantees	Directors and executive officers of Sompo Japan	11
	Others (Note 1)	35
Number of stock options granted by types of shares (shares)	Common stock	365,000 (Note 2)
Grant date	April 1, 2010	
Vesting conditions	Stock options are vested on the grant date	
Requisite service period	—	
Exercise period	April 1, 2010 to June 28, 2015	
Exercise price (yen)	1,665	
Fair value per share on the grant date (yen)	— (Note 3)	

Notes)

1. "Others" in the table represents grantees at the time of grant by Sompo Japan but who already retired or resigned the position by the grant date by NKSJ.
2. Number of stock options is indicated by converting to number of shares.
3. Fair value per share is not shown because the stock acquisition rights were issued in accordance with Articles 280-20 and 280-21 of the former Japanese Commercial Code revised in 2001 and transferred to NKSJ.

Eleventh issue of stock acquisition rights of NKSJ

Title and number of grantees	Directors and executive officers of Sompo Japan	11
	Others (Note 1)	31
Number of stock options granted by types of shares (shares)	Common stock	324,000 (Note 2)
Grant date	April 1, 2010	
Vesting conditions	Stock options are vested on the grant date	
Requisite service period	—	
Exercise period	April 1, 2010 to June 28, 2016	
Exercise price (yen)	1,598	
Fair value per share on the grant date (yen)	470 (Note 3)	

Notes)

1. "Others" in the table represents grantees at the time of grant by Sompo Japan but who already retired or resigned the position by the grant date by NKSJ.
2. Number of stock options is indicated by converting to number of shares.
3. Fair value per share at the time of grant by Sompo Japan is shown in the table.

Twelfth issue of stock acquisition rights of NKSJ

Title and number of grantees	Directors and executive officers of Sompo Japan	11
	Others (Note 1)	30
Number of stock options granted by types of shares (shares)	Common stock	316,000 (Note 2)
Grant date	April 1, 2010	
Vesting conditions	Stock options are vested on the grant date	
Requisite service period	—	
Exercise period	April 1, 2010 to June 28, 2016	
Exercise price (yen)	1,623	
Fair value per share on the grant date (yen)	515 (Note 3)	

Notes)

1. "Others" in the table represents grantees at the time of grant by Sompo Japan but who already retired or resigned the position by the grant date by NKSJ.
2. Number of stock options is indicated by converting to number of shares.
3. Fair value per share at the time of grant by Sompo Japan is shown in the table.

Thirteenth issue of stock acquisition rights of NKSJ

Title and number of grantees	Directors and executive officers of Sompo Japan	17
	Others (Note 1)	24
Number of stock options granted by types of shares (shares)	Common stock	403,000 (Note 2)
Grant date	April 1, 2010	
Vesting conditions	Stock options are vested on the grant date	
Requisite service period	—	
Exercise period	April 1, 2010 to June 27, 2017	
Exercise price (yen)	1,547	
Fair value per share on the grant date (yen)	379 (Note 3)	

Notes)

1. "Others" in the table represents grantees at the time of grant by Sompo Japan but who already retired or resigned the position by the grant date by NKSJ.
2. Number of stock options is indicated by converting to number of shares.
3. Fair value per share at the time of grant by Sompo Japan is shown in the table.

Fourteenth issue of stock acquisition rights of NKSJ

Title and number of grantees	Directors and executive officers of Sompo Japan	17
	Others (Note 1)	24
Number of stock options granted by types of shares (shares)	Common stock	382,000 (Note 2)
Grant date	April 1, 2010	
Vesting conditions	Stock options are vested on the grant date	
Requisite service period	—	
Exercise period	April 1, 2010 to June 27, 2017	
Exercise price (yen)	990	
Fair value per share on the grant date (yen)	236 (Note 3)	

Notes)

1. "Others" in the table represents grantees at the time of grant by Sompo Japan but who already retired or resigned the position by the grant date by NKSJ.
2. Number of stock options is indicated by converting to number of shares.
3. Fair value per share at the time of grant by Sompo Japan is shown in the table.

Fifteenth issue of stock acquisition rights of NKSJ

Title and number of grantees	Directors and executive officers of Sompo Japan	27
	Others (Note 1)	1
Number of stock options granted by types of shares (shares)	Common stock	297,300 (Note 2)
Grant date	April 1, 2010	
Vesting conditions	Stock options are vested on the grant date	
Requisite service period	—	
Exercise period	April 1, 2010 to August 11, 2033	
Exercise price (yen)	1	
Fair value per share on the grant date (yen)	940 (Note 3)	

Notes)

1. "Others" in the table represents grantees at the time of grant by Sompo Japan but who already retired or resigned the position by the grant date by NKSJ.
2. Number of stock options is indicated by converting to number of shares.
3. Fair value per share at the time of grant by Sompo Japan is shown in the table.

Sixteenth issue of stock acquisition rights of NKSJ

Title and number of grantees	Directors and executive officers of Sompo Japan	41
	Others (Note 1)	1
Number of stock options granted by types of shares (shares)	Common stock	747,100 (Note 2)
Grant date	April 1, 2010	
Vesting conditions	Stock options are vested on the grant date	
Requisite service period	—	
Exercise period	April 1, 2010 to August 10, 2034	
Exercise price (yen)	1	
Fair value per share on the grant date (yen)	623 (Note 3)	

Notes)

1. "Others" in the table represents grantees at the time of grant by Sompo Japan but who already retired or resigned the position by the grant date by NKSJ.
2. Number of stock options is indicated by converting to number of shares.
3. Fair value per share at the time of grant by Sompo Japan is shown in the table.

Stock options transferred from NIPPONKOA to NKSJ

Seventeenth issue of stock acquisition rights of NKSJ

Title and number of grantees	Directors and executive officers of NIPPONKOA	5
	Others (Note 1)	7
Number of stock options granted by types of shares (shares)	Common stock	143,100 (Note 2)
Grant date	April 1, 2010	
Vesting conditions	Stock options are vested on the grant date	
Requisite service period	—	
Exercise period	April 1, 2010 to June 29, 2024	
Exercise price (yen)	1	
Fair value per share on the grant date (yen)	596	

Notes)

1. "Others" in the table represents grantees at the time of grant by NIPPONKOA but who already retired or resigned the position by the grant date by NKSJ.
2. Number of stock options is indicated by converting to number of shares.

Eighteenth issue of stock acquisition rights of NKSJ

Title and number of grantees	Directors and executive officers of NIPPONKOA	7
	Others (Note 1)	11
Number of stock options granted by types of shares (shares)	Common stock	201,600 (Note 2)
Grant date	April 1, 2010	
Vesting conditions	Stock options are vested on the grant date	
Requisite service period	—	
Exercise period	April 1, 2010 to June 29, 2025	
Exercise price (yen)	1	
Fair value per share on the grant date (yen)	596	

Notes)

1. "Others" in the table represents grantees at the time of grant by NIPPONKOA but who already retired or resigned the position by the grant date by NKSJ.
2. Number of stock options is indicated by converting to number of shares.

Nineteenth issue of stock acquisition rights of NKSJ

Title and number of grantees	Directors and executive officers of NIPPONKOA	12
	Others (Note 1)	2
Number of stock options granted by types of shares (shares)	Common stock	110,700 (Note 2)
Grant date	April 1, 2010	
Vesting conditions	Stock options are vested on the grant date	
Requisite service period	—	
Exercise period	April 1, 2010 to March 27, 2027	
Exercise price (yen)	1	
Fair value per share on the grant date (yen)	610	

Notes)

1. "Others" in the table represents grantees at the time of grant by NIPPONKOA but who already retired or resigned the position by the grant date by NKSJ.
2. Number of stock options is indicated by converting to number of shares.

Twentieth issue of stock acquisition rights of NKSJ

Title and number of grantees	Directors and executive officers of NIPPONKOA	12
	Others (Note 1)	2
Number of stock options granted by types of shares (shares)	Common stock	121,500 (Note 2)
Grant date	April 1, 2010	
Vesting conditions	Stock options are vested on the grant date	
Requisite service period	—	
Exercise period	April 1, 2010 to March 17, 2028	
Exercise price (yen)	1	
Fair value per share on the grant date (yen)	610	

Notes)

1. "Others" in the table represents grantees at the time of grant by NIPPONKOA but who already retired or resigned the position by the grant date by NKSJ.
2. Number of stock options is indicated by converting to number of shares.

Twenty-first issue of stock acquisition rights of NKSJ

Title and number of grantees	Directors and executive officers of NIPPONKOA	16
	Others (Note 1)	3
Number of stock options granted by types of shares (shares)	Common stock	247,500 (Note 2)
Grant date	April 1, 2010	
Vesting conditions	Stock options are vested on the grant date	
Requisite service period	—	
Exercise period	April 1, 2010 to March 16, 2029	
Exercise price (yen)	1	
Fair value per share on the grant date (yen)	610	

Notes)

1. "Others" in the table represents grantees at the time of grant by NIPPONKOA but who already retired or resigned the position by the grant date by NKSJ.
2. Number of stock options is indicated by converting to number of shares.

Twenty-second issue of stock acquisition rights of NKSJ

Title and number of grantees	Directors and executive officers of NIPPONKOA	21
	Others (Note 1)	3
Number of stock options granted by types of shares (shares)	Common stock	353,700 (Note 2)
Grant date	April 1, 2010	
Vesting conditions	Stock options are vested on the grant date	
Requisite service period	—	
Exercise period	April 1, 2010 to October 7, 2029	
Exercise price (yen)	1	
Fair value per share on the grant date (yen)	610	

Notes)

1. "Others" in the table represents grantees at the time of grant by NIPPONKOA but who already retired or resigned the position by the grant date by NKSJ.
2. Number of stock options is indicated by converting to number of shares.

Stock options granted by NKSJ

Twenty-third issue of stock acquisition rights of NKSJ

Title and number of grantees	Directors and executive officers of NKSJ	7
	Directors and executive officers of Sompo Japan	40
	Directors and executive officers of NIPPONKOA	26
	(Note 1, 2)	
Number of stock options granted by types of shares (shares)	Common stock	1,397,800 (Note 3)
Grant date	August 16, 2010	
Vesting conditions	Stock options are vested on the grant date	
Requisite service period	—	
Exercise period	August 17, 2010 to August 16, 2035	
Exercise price (yen)	1	
Fair value per share on the grant date (yen)	452	

Notes)

1. "Directors" in the table excludes outside directors and non-full time directors.
2. Since several directors and executive officers of NKSJ are concurrently served as director/executive officer of Sompo Japan or NIPPONKOA, the actual number of the persons whom the stock acquisition rights are granted is 69.
3. Number of stock options is indicated by converting to number of shares.

(2) Scale and its changes of stock options

Number of stock options existing for the fiscal year ended March 31, 2011 is indicated by converting to number of shares.

(a) Number of stock options

As all stock options are vested at the time that they are granted, items of stock options before vested are not shown.

<Stock options after vested>

	First issue of stock acquisition rights of NKSJ	Second issue of stock acquisition rights of NKSJ	Third issue of stock acquisition rights of NKSJ	Fourth issue of stock acquisition rights of NKSJ	Fifth issue of stock acquisition rights of NKSJ
As of March 31, 2010 (shares)	—	—	—	—	—
Vested (shares)	125,000	10,000	20,000	30,000	90,000
Exercised (shares)	—	—	—	—	—
Forfeited (shares)	—	—	—	10,000	5,000
Unexercised (shares)	125,000	10,000	20,000	20,000	85,000

	Sixth issue of stock acquisition rights of NKSJ	Seventh issue of stock acquisition rights of NKSJ	Eighth issue of stock acquisition rights of NKSJ	Ninth issue of stock acquisition rights of NKSJ	Tenth issue of stock acquisition rights of NKSJ
As of March 31, 2010 (shares)	—	—	—	—	—
Vested (shares)	130,000	255,000	262,000	363,000	365,000
Exercised (shares)	—	—	—	—	—
Forfeited (shares)	6,000	25,000	20,000	8,000	—
Unexercised (shares)	124,000	230,000	242,000	355,000	365,000

	Eleventh issue of stock acquisition rights of NKSJ	Twelfth issue of stock acquisition rights of NKSJ	Thirteenth issue of stock acquisition rights of NKSJ	Fourteenth issue of stock acquisition rights of NKSJ	Fifteenth issue of stock acquisition rights of NKSJ
As of March 31, 2010 (shares)	—	—	—	—	—
Vested (shares)	324,000	316,000	403,000	382,000	297,300
Exercised (shares)	—	—	—	—	80,700
Forfeited (shares)	—	—	—	—	—
Unexercised (shares)	324,000	316,000	403,000	382,000	216,600

	Sixteenth issue of stock acquisition rights of NKSJ	Seventeenth issue of stock acquisition rights of NKSJ	Eighteenth issue of stock acquisition rights of NKSJ	Nineteenth issue of stock acquisition rights of NKSJ	Twentieth issue of stock acquisition rights of NKSJ
As of March 31, 2010 (shares)	—	—	—	—	—
Vested (shares)	747,100	143,100	201,600	110,700	121,500
Exercised (shares)	169,000	42,300	36,900	18,000	17,100
Forfeited (shares)	—	—	—	—	—
Unexercised (shares)	578,100	100,800	164,700	92,700	104,400

	Twenty-first issue of stock acquisition rights of NKSJ	Twenty-second issue of stock acquisition rights of NKSJ	Twenty-third issue of stock acquisition rights of NKSJ
As of March 31, 2010 (shares)	—	—	—
Vested (shares)	247,500	353,700	1,397,800
Exercised (shares)	36,900	44,100	—
Forfeited (shares)	—	—	—
Unexercised (shares)	210,600	309,600	1,397,800

(b) Unit value information

	First issue of stock acquisition rights of NKSJ	Second issue of stock acquisition rights of NKSJ	Third issue of stock acquisition rights of NKSJ	Fourth issue of stock acquisition rights of NKSJ	Fifth issue of stock acquisition rights of NKSJ
Exercise price (yen)	777	712	581	574	735
Average stock price at the time of exercise (yen)	—	—	—	—	—
Fair value per share on the grant date (yen)	— (Note 1)	— (Note 1)	— (Note 1)	— (Note 1)	— (Note 1)

	Sixth issue of stock acquisition rights of NKSJ	Seventh issue of stock acquisition rights of NKSJ	Eighth issue of stock acquisition rights of NKSJ	Ninth issue of stock acquisition rights of NKSJ	Tenth issue of stock acquisition rights of NKSJ
Exercise price (yen)	901	1,167	1,082	1,148	1,665
Average stock price at the time of exercise (yen)	—	—	—	—	—
Fair value per share on the grant date (yen)	— (Note 1)	— (Note 1)	— (Note 1)	— (Note 1)	— (Note 1)

	Eleventh issue of stock acquisition rights of NKSJ	Twelfth issue of stock acquisition rights of NKSJ	Thirteenth issue of stock acquisition rights of NKSJ	Fourteenth issue of stock acquisition rights of NKSJ	Fifteenth issue of stock acquisition rights of NKSJ
Exercise price (yen)	1,598	1,623	1,547	990	1
Average stock price at the time of exercise (yen)	—	—	—	—	545
Fair value per share on the grant date (yen)	470 (Note 2)	515 (Note 2)	379 (Note 2)	236 (Note 2)	940 (Note 2)

	Sixteenth issue of stock acquisition rights of NKSJ	Seventeenth issue of stock acquisition rights of NKSJ	Eighteenth issue of stock acquisition rights of NKSJ	Nineteenth issue of stock acquisition rights of NKSJ	Twentieth issue of stock acquisition rights of NKSJ
Exercise price (yen)	1	1	1	1	1
Average stock price at the time of exercise (yen)	556	535	514	692	692
Fair value per share on the grant date (yen)	623 (Note 2)	596	596	610	610

	Twenty-first issue of stock acquisition rights of NKSJ	Twenty-second issue of stock acquisition rights of NKSJ	Twenty-third issue of stock acquisition rights of NKSJ
Exercise price (yen)	1	1	1
Average stock price at the time of exercise (yen)	692	692	—
Fair value per share on the grant date (yen)	610	610	452

Notes)

1. Fair value per share is not shown because the stock acquisition rights were issued in accordance with Articles 280-20 and 280-21 of the former Japanese Commercial Code revised in 2001 and transferred to NKSJ.
2. Fair value per share at the time of grant by Sompo Japan is shown in the table.

3. Method for estimating the fair value per share of stock options

Method for estimating the fair value per share of twenty-third issue of stock acquisition rights of NKSJ granted for the fiscal year ended March 31, 2011 is as follows.

NKSJ does not make a new estimation for the fair value per share of stock acquisition rights transferred from Sompo Japan to NKSJ (first to sixteenth issue of stock acquisition rights of NKSJ).

NKSJ also does not make a new estimation for the fair value per share of stock acquisition rights transferred from NIPPONKOA to NKSJ (seventeenth to twenty-second issue of stock acquisition rights of NKSJ) because those are revalued under the purchase method as accounting method.

(1) Model to calculate the option price per share

The Black-Scholes model

(2) The basic numerical values used in calculation and estimation method

	Twenty-third issue of stock acquisition rights of NKSJ
Volatility (Note 1)	55.30%
Expected remaining period (Note 2)	3 years
Expected dividends (Note 3)	20 yen
Risk-free interest rate (Note 4)	0.159%

Notes)

1. This figure is calculated based on the closing price in the regular trading of common stock of NKSJ (Sompo Japan for the period from August 17, 2007 to March 31, 2010) on each trading day from August 17, 2007 to August 16, 2010.
2. This figure is calculated based on average terms in position until retirement under the historical data of Sompo Japan and NIPPONKOA.
3. This figure is calculated based on the expected dividends for the fiscal year ended March 31, 2011.
4. This figure is the interest rate of Japanese government bonds with a maturity that corresponds to the expected remaining period.

4. Method for estimating the number of rights of stock options granted

This item is not applicable, since stock options are vested at the time of grant under NKSJ's stock option system.

13. Deferred Tax Accounting

As of March 31, 2011

1. Major components of deferred tax assets and deferred tax liabilities

(Millions of yen)

Deferred tax assets:	
Underwriting reserves	323,733
Reserve for outstanding losses and claims	69,804
Impairment losses on securities and real estate	50,928
Reserve for retirement benefits	36,977
Intangible fixed assets for tax purposes	29,244
Losses carried forward for tax purposes	27,239
Others	40,576
Subtotal	578,505
Valuation allowance	(65,576)
Total deferred tax assets	512,928
Deferred tax liabilities:	
Unrealized gains on securities available for sale	(233,431)
Unrealized gains on consolidated subsidiaries	(14,051)
Others	(7,051)
Total deferred tax liabilities	(254,534)
Net deferred tax assets	258,393

2. Reconciliation of the significant difference between the statutory income tax rate and the effective tax rate after the application of deferred tax accounting

The reconciliation for the year ended March 31, 2011 is not shown due to loss before income taxes and non-controlling interests.

14. Business Combinations

Fiscal year ended March 31, 2011 (April 1, 2010 to March 31, 2011)

1. Business integration

(1) Summary of business integration

- (a) The name of acquiree and its type of business
NIPPONKOA Insurance Co., Ltd.: Property and casualty insurance business
- (b) Reason for business integration

In the face of the declining birthrate and aging society - the significant challenges Japan faces in the medium to long-term period - as well as of increased risks associated with depopulating society, deteriorating global climate change, and in response to the diversified consumer demands amidst the individuals' lifestyle changes, companies are urged to take proper actions and contribute to social safety and to customers' sense of security.

Based on this shared perspective, Sompo Japan and NIPPONKOA decided to establish a new solution service group which provides customers with security and service of the highest quality and contribute to social welfare, while sharing as a unitary group the strengths nurtured through 120 years of their respective history.

(c) Date of business integration

April 1, 2010

(d) Legal form of business integration

Share exchange

(e) Name of the entity after business integration

NKSJ Holdings, Inc.

(f) Percentage of voting rights acquired

100%

(g) The primary reason for determination of the acquirer

Sompo Japan was determined as the acquirer based on relative ownership percentage of voting rights in general.

(2) The period of financial result of the acquiree included in the consolidated financial statements

From April 1, 2010 to March 31, 2011

(3) Acquisition cost of the acquiree

Purchase price	444,248	million yen
Amount of stock acquisition rights	713	million yen
Total	444,962	million yen

(4) Share exchange ratio, basis of calculation for the share exchange and the number of shares allotted

(a) Share exchange ratio

One share of common stock of NKSJ was allotted and delivered for each share of common stock of Sompo Japan, and 0.9 shares of common stock of NKSJ were allotted and delivered for each share of common stock of NIPPONKOA.

(b) Basis of calculation for the allotment in relation to the share exchange

In order to ensure the fairness of the share exchange ratio to be used in the share exchange, Sompo Japan appointed Nomura Securities Co., Ltd., Mizuho Securities Co., Ltd. and Goldman Sachs Japan Co., Ltd., and NIPPONKOA appointed Merrill Lynch Japan Securities Co., Ltd. and Mitsubishi UFJ Securities Co., Ltd. to calculate the share exchange ratio. Based on the calculation results and a comprehensive consideration of the financial conditions, asset conditions and future outlook of both companies, Sompo Japan and NIPPONKOA engaged in careful deliberation concerning the share exchange ratio. Both companies concluded and agreed that the share exchange ratio mentioned above is appropriate.

(c) Number of shares allotted

Sompo Japan	984,055,299	shares
NIPPONKOA	677,207,979	shares

(5) Gains on negative goodwill and reason for recognizing gains on negative goodwill

(a) Amount of gains on negative goodwill

149 million yen

(b) Reason for recognizing gains on negative goodwill

The net amounts of assets acquired and liabilities assumed on the day of business integration exceeded the amount of investment based on evaluation of entity.

(6) Amounts of assets acquired and liabilities assumed on the day of business integration

Total assets:	3,064,910	million yen
Securities	2,180,871	million yen
Total liabilities:	2,619,450	million yen
Underwriting funds	2,482,288	million yen

2. Business integration

(1) Summary of business integration

- (a) The name of acquiree and its type of business
Tenet Insurance Company Limited (“Tenet”): Property and casualty insurance business
- (b) Reason for business integration
Through the acquisition of Tenet, Sompo Japan Group plans to further strengthen its solid platform and expand its operations in Singapore and Southeast Asia.
- (c) Date of business integration
May 31, 2010
- (d) Legal form of business integration
Acquisition of shares by cash
- (e) Name of the entity after business integration
Tenet Insurance Company Limited
- (f) Percentage of voting rights acquired
100%
- (g) The primary reason for determination of the acquirer
Sompo Japan was determined as the acquirer because Sompo Japan acquired shares of Tenet by cash.

(2) The period of financial result of the acquiree included in the consolidated financial statements

From June 1, 2010 to December 31, 2010

(3) Acquisition cost of the acquiree

Purchase price	97	million Singapore dollars
Direct cost for the acquisition	2	million Singapore dollars
Total	99	million Singapore dollars

(4) Amount of goodwill, reason for recognizing goodwill and method and period of amortization

- (a) Amount of goodwill
39 million Singapore dollars
- (b) Reason for recognizing goodwill
The acquisition cost exceeded the net amounts of assets acquired and liabilities assumed on the day of business integration.
- (c) Method and period of amortization
Straight-line amortization over 20 years

(5) Amounts of assets acquired and liabilities assumed on the day of business integration

Total assets:	122	million Singapore dollars
Cash and deposits	72	million Singapore dollars
Total liabilities:	62	million Singapore dollars
Underwriting funds	55	million Singapore dollars

3. Business integration

(1) Summary of business integration

- (a) The name of acquiree and its type of business
Fiba Sigorta Anonim Sirketi ("Fiba Sigorta"): Property and casualty insurance business
- (b) Reason for business integration
Through the acquisition of Fiba Sigorta, NKSJ plans to establish a strong platform to expand NKSJ's property and casualty insurance business in the fast-growing Turkish market.
- (c) Date of business integration
November 2, 2010
- (d) Legal form of business integration
Acquisition of shares by cash
- (e) Name of the entity after business integration
Fiba Sigorta Anonim Sirketi
Fiba Sigorta changed its company name to Sompo Japan Sigorta Anonim Sirketi as of February 25, 2011.
- (f) Percentage of voting rights acquired
90.0%
- (g) The primary reason for determination of the acquirers
Five consolidated subsidiaries of NKSJ including Sompo Japan were determined as the acquirers because five consolidated subsidiaries acquired shares of Fiba Sigorta by cash.

(2) The period of financial result of the acquiree included in the consolidated financial statements

From November 1, 2010 to December 31, 2010

(3) Acquisition cost of the acquiree

Purchase price	484	million Turkish liras
Direct cost for the acquisition	22	million Turkish liras
Total	507	million Turkish liras

(4) Amount of goodwill, reason for recognizing goodwill and method and period of amortization

- (a) Amount of goodwill
377 million Turkish liras
- (b) Reason for recognizing goodwill
The acquisition cost exceeded the net amounts of assets acquired and liabilities assumed on the day of business integration.
- (c) Method and period of amortization
Straight-line amortization over 20 years

(5) Amounts of assets acquired and liabilities assumed on the day of business integration

Total assets:	381	million Turkish liras
Cash and deposits	256	million Turkish liras
Total liabilities:	251	million Turkish liras
Underwriting funds	218	million Turkish liras

4. Transactions under common control

(1) Summary of transactions

- (a) The name of subject companies and their type of business
- | | |
|---|--|
| Sompo Japan Asset Management Co., Ltd. ("SJAM") | : Investment advisory business and investment trust business |
| ZEST Asset Management Ltd. ("ZEST") | : Investment advisory business |
- (b) Date of business integration
October 1, 2010
- (c) Legal form of business integration
Merger between SJAM (consolidated subsidiary of NKSJ, surviving company) and ZEST (non-consolidated subsidiary of NKSJ, merging company)
- (d) Name of the entity after business integration
SOMPO JAPAN NIPPONKOA ASSET MANAGEMENT CO., LTD. (consolidated subsidiary of NKSJ)
- (e) Other matters concerning the transactions
Through this merger, NKSJ plans to concentrate and strengthen asset management function of the Group.

(2) Summary of accounting treatment

The transactions are accounted for as transactions under common control in accordance with the Accounting Standards Board of Japan Statement No. 21 "Accounting Standard for Business Combinations in Japan" (December 26, 2008) and the Accounting Standards Board of Japan Guidance No. 10 "Guidance on Accounting Standard for Business Combinations and Accounting Standard for Business Divestitures" (December 26, 2008).

15. Segment Information

Segment information

1. Summary of reportable segments

The reportable segment of NKSJ is the component of the Group, for which discrete financial information is available and whose operating results are regularly reviewed by the board of directors to make decisions about resources to be allocated to the segment and assess its performance.

The respective group companies of NKSJ determine their comprehensive strategies for their operations as independent management unit and roll out their operations under the group-wide management policy of NKSJ.

Therefore, NKSJ is composed of business segments which consist of the respective group companies as a minimum component and determines "Property and casualty insurance business" and "Life insurance business" as the reportable segments. NKSJ and other operations which are not covered by the reportable segments are included in "Others." The major companies which constitute each reportable segment and "Others" are listed below.

“Property and casualty insurance business” conducts underwriting of property and casualty insurance, investment and related activities. “Life insurance business” conducts underwriting of life insurance and investment activities.

		Major companies
Reportable segments		
Property and casualty insurance business	Sompo Japan Insurance Inc. NIPPONKOA Insurance Co., Ltd. Sompo 24 Insurance Company Limited Saison Automobile and Fire Insurance Company, Limited Sompo Japan Insurance Company of America Sompo Japan Insurance Company of Europe Limited Yasuda Seguros S.A.	
Life insurance business	Sompo Japan Himawari Life Insurance Co., Ltd. NIPPONKOA Life Insurance Company, Limited Sompo Japan DIY Life Insurance Co., Ltd.	
Others	NKSJ Holdings, Inc. Sompo Japan DC Securities Co., Ltd. Healthcare Frontier Japan Inc. SOMPO JAPAN NIPPONKOA ASSET MANAGEMENT CO., LTD. Yasuda Enterprise Development Co., Ltd.	

2. Calculation methods for the amount of sales, net income or loss, assets and other items by each reportable segment

The accounting methods of reportable business segments are the same as mentioned in “Significant Accounting Policies for the Preparation of the Consolidated Financial Statements.” Net income or loss attributable to segments is the amounts based on net income in the consolidated statement of income.

Income from internal transactions among segments is based on the price of transactions among third parties.

3. Information related to the amount of sales, net income or loss, assets and other items by each reportable segment

Fiscal year ended March 31, 2011 (April 1, 2010 to March 31, 2011)

(Millions of yen)

	Reportable segments			Others (Note 2)	Total	Adjustment (Note 3)	Carrying amount on the consolidated financial statements (Note 4)
	Property and casualty insurance business	Life insurance business	Total				
Sales: (Note 1)							
Sales from transactions with external customers	1,933,283	238,178	2,171,461	5,313	2,176,775	444,913	2,621,689
Sales from internal transactions among segments	—	—	—	3,109	3,109	(3,109)	—
Total	1,933,283	238,178	2,171,461	8,423	2,179,885	441,804	2,621,689
Net income (loss) attributable to segments	(7,873)	(4,073)	(11,946)	(971)	(12,918)	—	(12,918)
Assets attributable to segments	7,233,827	1,740,175	8,974,003	7,971	8,981,974	—	8,981,974
Other items:							
Depreciation	18,464	1,405	19,870	262	20,132	—	20,132
Amortization of goodwill	349	1,872	2,221	0	2,221	—	2,221
Interest and dividend income	129,528	27,559	157,088	1	157,090	(622)	156,467
Interest paid	7,202	95	7,298	7	7,306	(4)	7,301
Investment gains (losses) on the equity method	509	—	509	2	511	—	511
Extraordinary gains:	3,547	—	3,547	—	3,547	(6)	3,540
Gains on negative goodwill	149	—	149	—	149	—	149
Extraordinary losses:	13,507	1,283	14,791	1	14,793	(6)	14,786
Impairment losses	1,118	—	1,118	—	1,118	—	1,118
Income tax expense	(3,735)	(664)	(4,400)	17	(4,382)	—	(4,382)
Investment in affiliates accounted for under the equity method	20,271	—	20,271	1,166	21,437	—	21,437
Increase in tangible fixed assets and intangible fixed assets	41,685	4,580	46,266	419	46,686	—	46,686

Notes)

- The definitions of sales are as follows.

Property and casualty insurance business:	Net premiums written
Life insurance business:	Life insurance premiums written
"Others" and carrying amount on the consolidated financial statements:	Ordinary income
- "Others" is business segments which are not included in reportable segments. It includes other operations.
- Adjustments of sales are as follows.

Elimination of internal transactions among segments:	(3,109) million yen
Ordinary income related to property and casualty insurance business and life insurance business excluding net premiums written and life insurance premiums written:	444,913 million yen
- Net income (loss) attributable to segments is adjusted to net loss in the consolidated statement of income.

Related information

Fiscal year ended March 31, 2011 (April 1, 2010 to March 31, 2011)

1. Information by products and services**(1) Property and casualty insurance business**

(Millions of yen)

	Fire and allied insurance	Marine insurance	Personal accident insurance	Voluntary automobile insurance	Compulsory automobile liability insurance	Others	Total
Sales from transactions with external customers	239,420	47,611	180,262	982,028	241,625	242,335	1,933,283

Note) Sales represent amounts of net premiums written.

(2) Life insurance business

(Millions of yen)

	Individual insurance	Individual annuities	Group insurance	Group annuities	Total
Sales from transactions with external customers	215,929	10,780	11,468	—	238,178

Note) Sales represent amounts of life insurance premiums written.

2. Information by geographic area**(1) Sales**

Geographic information is omitted because sales (net premiums written and life insurance premiums written) from transactions with external customers attributed to Japan constitute more than 90 percent of sales (net premiums written and life insurance premiums written) in the consolidated statement of income.

(2) Tangible fixed assets

Geographic information is omitted because tangible fixed assets located in Japan constitute more than 90 percent of tangible fixed assets in the consolidated balance sheet.

3. Information by major customers

None.

Information related to impairment losses on fixed assets by reportable segments

Fiscal year ended March 31, 2011 (April 1, 2010 to March 31, 2011)

(Millions of yen)

	Reportable segments			Others	Unallocated amounts and eliminations	Total
	Property and casualty insurance business	Life insurance business	Total			
Impairment losses	1,118	—	1,118	—	—	1,118

Information related to amortization of goodwill and balance of goodwill by reportable segments

Fiscal year ended March 31, 2011 (April 1, 2010 to March 31, 2011)

(Millions of yen)

	Reportable segments			Others	Unallocated amounts and eliminations	Total
	Property and casualty insurance business	Life insurance business	Total			
Amortization for the year ended March 31, 2011	349	1,872	2,221	0	—	2,221
Balance as of March 31, 2011	22,604	19,352	41,956	—	—	41,956

Information related to gains on negative goodwill by reportable segments

Fiscal year ended March 31, 2011 (April 1, 2010 to March 31, 2011)

(Millions of yen)

	Reportable segments			Others	Unallocated amounts and eliminations	Total
	Property and casualty insurance business	Life insurance business	Total			
Gains on negative goodwill	149	—	149	—	—	149

Outline of events resulting in recognition of gains on negative goodwill

Property and casualty insurance business:

As mentioned in “Business Combinations”, Sompo Japan, which was defined as the acquirer, acquired NIPPONKOA through share exchange, and NKSJ was established as a joint holding company as of April 1, 2010.

16. Related-Party Transactions

Fiscal year ended March 31, 2011 (April 1, 2010 to March 31, 2011)

There is no material related-party transaction to be represented for the fiscal year ended March 31, 2011.

17. Per Share Information

Year ended March 31, 2011 (April 1, 2010 to March 31, 2011)	
Net assets per share	647.00 yen
Net loss per share	(7.77) yen

Notes)

1. Diluted net income per share for the year ended March 31, 2011 is not shown due to net loss per share.
2. Calculation of net loss per share is based on the following figures.

(Millions of yen)

	Year ended March 31, 2011 (April 1, 2010 to March 31, 2011)
Net loss	(12,918)
Net loss not attributable to common stockholders	—
Net loss attributable to common stocks	(12,918)
Average number of common stocks outstanding	1,660,618 thousand shares
Outline of dilutive shares which are not included in the calculation of diluted net income per share because they do not have dilutive effect	Stock acquisition rights: 13 types Number of dilutive shares: 2,981,000 shares

3. Calculation of net assets per share is based on the following figures.

(Millions of yen)

	As of March 31, 2011
Total net assets	1,079,446
Amount to be deducted from total net assets:	5,142
Stock acquisition rights	2,349
Non-controlling interests	2,793
Total net assets attributable to common stocks	1,074,303
Number of common stocks used for calculation of net assets per share	1,660,425 thousand shares

18. Significant Subsequent Events

Fiscal year ended March 31, 2011 (April 1, 2010 to March 31, 2011)

(Acquisition of shares)

On June 15, 2011, Sompō Japan, which is a consolidated subsidiary of NKSJ, has acquired additional 40% of the shares of Berjaya Sompō Insurance Berhad ("BSI"), which is an affiliate of NKSJ, from Berjaya Capital Berhad ("Berjaya Capital"), the major shareholder of BSI through Sompō Japan's consolidated subsidiary, Sompō Japan Asia Holdings Pte. Ltd. ("SJAH"). This has increased the shareholding ratio of SJAH in BSI from current 30% to 70% and subsequently made BSI be a subsidiary of NKSJ.

General information of BSI, purpose of the acquisition of shares, etc. are as follows.

1. General information of BSI

Company name:	Berjaya Sompō Insurance Berhad
Head office:	Kuala Lumpur, Malaysia
Type of business:	Property and casualty insurance business
Net premiums written (Fiscal year ended April 30, 2010):	356 million Malaysian ringgits (9,550 million yen)
Total assets (As of April 30, 2010):	927 million Malaysian ringgits (24,862 million yen)

2. Purpose of the acquisition of shares

The size of the Malaysian property and casualty insurance market is the third biggest in Southeast Asia region after Singapore and Thailand, and it is expected that further stable market expansion would continue. This share acquisition would enable NKSJ to strengthen its insurance business operations and expand its earnings in the growing Malaysian property and casualty insurance market.

3. Date of acquisition

June 15, 2011

4. The price of the acquisition

496 million Malaysian ringgits (13,153 million yen)

Note) Yen amounts in the parentheses () are translated by the exchange rate (1 Malaysian ringgit = 26.81 yen) as of March 31, 2011, but yen amount of the price of the acquisition in the parentheses () is only translated by the exchange rate (1 Malaysian ringgit = 26.52 yen) as of the date of acquisition, June 15, 2011.

(Reverse split of stocks)

NKSJ has resolved to carry out a reverse split of stocks at the first general meeting of stockholders held on June 27, 2011.

1. Purpose of the reverse split of stocks

NKSJ shall carry out a reverse split of stocks for the purpose of adjusting the total number of shares outstanding of NKSJ to an appropriate level.

Further, the trading unit of the stocks shall be amended at the same time as the coming into effect of the reverse split of stocks, so that as much as possible the reverse split does not have any impact on the rights of stockholders or convenience or liquidity on the stock markets.

NKSJ believes that it is of vital importance that all stockholders and investors deepen their understanding of the circumstances of NKSJ through various investment indexes.

From this perspective, NKSJ is endeavoring to have various indicators such as earnings and dividends per share as well as the stock price represented in a manner that fits the circumstances of NKSJ and is more easily understood, by carrying out a reverse split of stocks and making the total number of shares outstanding of NKSJ more appropriate.

NKSJ anticipates that these actions will result in the stock markets making more appropriate evaluations of stocks in NKSJ, thereby contributing to improvement of the corporate image of the NKSJ Group overall.

2. Particulars of reverse split of stocks**(1) Type of shares for which the reverse split is to be made**

Common stock

(2) Reverse split ratio

The shares are to be combined at a ratio of four shares to one share.

(3) Number of shares to be reduced

Total number of shares outstanding (as of March 31, 2011)	1,661,409,178 shares
Number of shares to be reduced by the reverse split	1,246,056,884 shares
Total number of shares outstanding after the reverse split	415,352,294 shares
Total number of authorized shares after the reverse split	1,200,000,000 shares

Fractions of under one share that occur as a result of the reverse split shall be processed as a lump sum, and the proceeds of the disposition shall be distributed to the stockholders for whom the fractions have occurred, in proportion to the percentage of the fraction.

Further, the trading unit of the stocks shall be amended from 1,000 shares to 100 shares.

3. Effective date of the reverse split of stocks

October 1, 2011

4. Impact on per share information

Per share information for the fiscal year ended March 31, 2011 assuming that the reverse split of stocks had been carried out on the commencement date of the fiscal year are as follows.

Net assets per share 2,588.02 yen

Net loss per share (31.11) yen

Diluted net income per share is not shown due to net loss per share.

19. Risk-monitored Loans

(Millions of yen)

	As of March 31, 2011
Loans to borrowers in bankruptcy	591
Overdue loans	2,210
Loans overdue for three months or more	1
Restructured loans	963
Total	3,767
Percent of risk-monitored loans to total loans	0.5%

(Reference)

Total loans	691,294
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Note)

Please refer to "Notes to the Consolidated Financial Statements ((3) Notes to the Consolidated Balance Sheet)" for the definitions of each loan.

Balance Sheets and Statements of Income of Principal Consolidated Subsidiaries

Sompo Japan Insurance Inc. (Non-consolidated)

Balance Sheets

(Millions of yen)

	As of March 31, 2010	As of March 31, 2011	
	Amount	Amount	Increase (Decrease)
Assets:			
Cash and deposits:	118,455	89,494	(28,960)
Cash	3	4	1
Deposits	118,451	89,489	(28,962)
Call loans	46,800	67,800	21,000
Receivables under resale agreements	61,489	33,490	(27,999)
Monetary receivables bought	34,585	29,823	(4,762)
Money trusts	6,773	237	(6,536)
Securities:	3,525,735	3,359,247	(166,487)
Government bonds	893,426	837,468	(55,957)
Municipal bonds	30,916	19,068	(11,847)
Corporate bonds	520,528	512,744	(7,783)
Domestic stocks	1,239,408	1,163,091	(76,316)
Foreign securities	787,306	788,949	1,643
Other securities	54,149	37,923	(16,225)
Loans:	476,173	455,617	(20,556)
Policy loans	9,800	9,575	(224)
Ordinary loans	466,373	446,041	(20,332)
Tangible fixed assets:	212,244	211,597	(647)
Land	103,535	103,264	(271)
Buildings	85,225	82,786	(2,438)
Leased assets	2,785	5,357	2,572
Construction in progress	730	826	96
Other tangible fixed assets	19,966	19,361	(605)
Intangible fixed assets	758	96	(662)
Other assets:	437,671	381,845	(55,826)
Premiums receivable	1,369	1,519	150
Agency accounts receivable	97,377	98,000	622
Foreign agency accounts receivable	23,099	23,668	568
Coinsurance accounts receivable	9,041	8,701	(340)
Reinsurance accounts receivable	70,569	67,711	(2,858)
Foreign reinsurance accounts receivable	12,517	9,125	(3,392)
Proxy service receivable	0	1	1
Accounts receivable	20,173	23,571	3,397
Accrued income	8,670	7,748	(922)
Advance deposits	27,369	13,011	(14,357)
Earthquake insurance deposits	65,097	68,895	3,797
Suspense payments	97,205	54,878	(42,327)
Deposits paid for future transactions	1,860	3,632	1,771
Derivative assets	2,331	417	(1,914)
Other assets	987	962	(24)
Deferred tax assets	121,347	168,619	47,271
Allowance for possible loan losses	(5,068)	(3,477)	1,591
Allowance for possible investment losses	(7,734)	(8,019)	(284)
Total assets	5,029,232	4,786,371	(242,860)

(Millions of yen)

	As of March 31, 2010	As of March 31, 2011	Increase (Decrease)
	Amount	Amount	
Liabilities:			
Underwriting funds:	3,797,586	3,645,004	(152,581)
Reserve for outstanding losses and claims	687,801	639,564	(48,237)
Underwriting reserves	3,109,784	3,005,440	(104,344)
Corporate bonds	128,000	128,000	—
Other liabilities:	181,855	207,245	25,390
Coinsurance accounts payable	4,997	4,623	(373)
Reinsurance accounts payable	48,173	46,366	(1,807)
Foreign reinsurance accounts payable	12,567	9,663	(2,903)
Proxy service payable	17	16	(1)
Borrowings	438	3,157	2,719
Income taxes payable	3,248	3,353	105
Deposits received	5,341	5,301	(39)
Unearned income	39	35	(4)
Accounts payable	48,271	66,842	18,571
Suspense receipts	53,499	55,349	1,849
Securities borrowed	455	299	(155)
Derivative liabilities	1,875	5,030	3,154
Lease obligations	2,930	5,662	2,731
Asset retirement obligations	—	1,543	1,543
Reserve for retirement benefits	76,741	77,984	1,243
Reserve for bonus payments	13,405	14,793	1,387
Reserves under the special laws:	11,462	17,305	5,843
Reserve for price fluctuation	11,462	17,305	5,843
Total liabilities	4,209,051	4,090,334	(118,716)
Net assets:			
Shareholders' equity:			
Common stock	70,000	70,000	—
Capital surplus:	24,229	24,229	—
Capital reserves	24,229	24,229	—
Retained earnings:	338,304	305,999	(32,305)
Legal reserve	40,026	45,770	5,743
Other retained earnings:	298,277	260,229	(38,048)
Reserve for advanced depreciation	1,307	1,257	(49)
General reserve	233,300	233,300	—
Retained earnings carried forward	63,670	25,671	(37,998)
Total shareholders' equity	432,534	400,229	(32,305)
Valuation and translation adjustments:			
Unrealized gains on securities available for sale, net of tax	386,343	295,807	(90,536)
Total valuation and translation adjustments	386,343	295,807	(90,536)
Stock acquisition rights	1,302	—	(1,302)
Total net assets	820,181	696,037	(124,144)
Total liabilities and net assets	5,029,232	4,786,371	(242,860)

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Sompo Japan Insurance Inc. (Non-consolidated)

Statements of Income

(Millions of yen)

	Year ended March 31, 2010 (April 1, 2009 to March 31, 2010)	Year ended March 31, 2011 (April 1, 2010 to March 31, 2011)	Increase (Decrease)	Rate of change
	Amount	Amount		
Ordinary income:	1,661,802	1,637,215	(24,587)	(1.5)%
Underwriting income:	1,557,803	1,562,178	4,375	0.3
Net premiums written	1,258,896	1,256,639	(2,256)	(0.2)
Deposits of premiums by policyholders	112,383	118,184	5,801	5.2
Interest and dividend income on deposits of premiums, etc.	40,537	39,399	(1,137)	(2.8)
Reversal of reserve for outstanding losses and claims	70,737	38,950	(31,787)	(44.9)
Reversal of underwriting reserves	73,089	104,344	31,255	42.8
Other underwriting income	2,160	4,660	2,499	115.7
Investment income:	95,612	69,131	(26,480)	(27.7)
Interest and dividend income	91,009	86,463	(4,546)	(5.0)
Investment gains on money trusts	0	0	0	540.1
Investment gains on trading securities	—	62	62	—
Gains on sales of securities	37,205	18,604	(18,601)	(50.0)
Gains on redemption of securities	229	0	(228)	(99.6)
Gains on derivatives	7,279	3,231	(4,047)	(55.6)
Other investment income	425	168	(256)	(60.3)
Transfer of interest and dividend income on deposits of premiums, etc.	(40,537)	(39,399)	1,137	—
Other ordinary income	8,387	5,905	(2,482)	(29.6)
Ordinary expenses:	1,611,484	1,616,673	5,189	0.3
Underwriting expenses:	1,340,481	1,359,579	19,098	1.4
Net claims paid	855,048	817,961	(37,087)	(4.3)
Loss adjustment expenses	74,920	93,020	18,100	24.2
Net commissions and brokerage fees	210,910	213,680	2,769	1.3
Maturity refunds to policyholders	191,568	227,802	36,233	18.9
Dividends to policyholders	131	89	(41)	(31.5)
Foreign exchange losses	1,621	155	(1,466)	(90.4)
Other underwriting expenses	6,279	6,869	590	9.4
Investment expenses:	30,399	28,672	(1,726)	(5.7)
Investment losses on money trusts	940	365	(575)	(61.1)
Investment losses on trading securities	56	—	(56)	(100.0)
Losses on sales of securities	11,750	4,926	(6,824)	(58.1)
Impairment losses on securities	2,843	6,767	3,923	138.0
Losses on redemption of securities	2,596	2,840	244	9.4
Foreign exchange losses	5,231	10,228	4,997	95.5
Other investment expenses	6,980	3,544	(3,436)	(49.2)
Operating, general and administrative expenses	229,567	220,108	(9,458)	(4.1)
Other ordinary expenses:	11,036	8,312	(2,723)	(24.7)
Interest paid	6,021	7,161	1,140	18.9
Losses on bad debt	13	8	(5)	(38.0)
Provision for allowance for possible investment losses	447	284	(162)	(36.3)
Other ordinary expenses	4,554	858	(3,695)	(81.1)
Ordinary profit	50,318	20,541	(29,776)	(59.2)

(Millions of yen)

	Year ended March 31, 2010 (April 1, 2009 to March 31, 2010)		Year ended March 31, 2011 (April 1, 2010 to March 31, 2011)		Increase (Decrease)	Rate of change
	Amount	Amount	Amount	Amount		
Extraordinary gains:		16,783	3,320		(13,463)	(80.2)
Gains on disposal of fixed assets		1,769	231		(1,538)	(86.9)
Other extraordinary gains		15,013	3,088		(11,925)	(79.4)
Extraordinary losses:		6,985	8,449		1,463	21.0
Losses on disposal of fixed assets		922	464		(457)	(49.6)
Impairment losses		380	259		(120)	(31.8)
Provision for reserves under the special laws:		5,682	5,843		160	2.8
Provision for reserve for price fluctuation		5,682	5,843		160	2.8
Other extraordinary losses		—	1,882		1,882	—
Income before income taxes		60,116	15,412		(44,703)	(74.4)
Income taxes		519	454		(65)	(12.6)
Refunded income taxes for prior period		(1,159)	—		1,159	—
Deferred income taxes		17,982	2,833		(15,148)	(84.2)
Total income taxes		17,342	3,288		(14,054)	(81.0)
Net income		42,774	12,124		(30,649)	(71.7)
Underwriting result:						
Net premiums written	(+)	1,258,896	1,256,639		(2,256)	(0.2)
Net claims paid	(-)	855,048	817,961		(37,087)	(4.3)
Loss adjustment expenses	(-)	74,920	93,020		18,100	24.2
Operating expenses:	(-)	428,728	423,365		(5,363)	(1.3)
Net commissions and brokerage fees		210,910	213,680		2,769	1.3
Operating, general and administrative expenses related to underwriting		217,817	209,684		(8,132)	(3.7)
Underwriting result		(99,801)	(77,706)		22,094	—
Underwriting profit (loss)		(2,585)	(9,716)		(7,131)	—
Ratios:						
Net loss ratio	(%)	73.9	72.5		(1.4)	
Net expense ratio	(%)	34.1	33.7		(0.4)	
Underwriting result ratio	(%)	(7.9)	(6.2)		1.7	

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NIPPONKOA Insurance Co., Ltd. (Non-consolidated)

Balance Sheets

(Millions of yen)

	As of March 31, 2010	As of March 31, 2011	
	Amount	Amount	Increase (Decrease)
Assets:			
Cash and deposits:	80,793	124,674	43,880
Cash	61	65	3
Deposits	80,732	124,609	43,876
Call loans	50,000	10,000	(40,000)
Monetary receivables bought	6,129	2,449	(3,679)
Money trusts	56,752	46,313	(10,438)
Securities:	1,822,848	1,697,112	(125,736)
Government bonds	366,918	375,501	8,583
Municipal bonds	48,913	45,552	(3,360)
Corporate bonds	345,742	311,568	(34,174)
Domestic stocks	679,555	601,533	(78,022)
Foreign securities	362,761	344,291	(18,470)
Other securities	18,956	18,664	(292)
Loans:	227,417	200,717	(26,700)
Policy loans	5,953	5,654	(298)
Ordinary loans	221,464	195,062	(26,402)
Tangible fixed assets:	130,437	127,897	(2,540)
Land	67,914	66,692	(1,221)
Buildings	55,872	54,174	(1,698)
Leased assets	52	466	413
Construction in progress	225	1,201	976
Other tangible fixed assets	6,372	5,362	(1,009)
Intangible fixed assets	534	526	(8)
Other assets:	159,263	169,264	10,001
Premiums receivable	460	266	(194)
Agency accounts receivable	21,895	20,841	(1,054)
Foreign agency accounts receivable	5,946	3,895	(2,050)
Coinsurance accounts receivable	2,336	2,076	(260)
Reinsurance accounts receivable	29,573	35,485	5,911
Foreign reinsurance accounts receivable	7,678	9,005	1,326
Accounts receivable	8,824	13,178	4,353
Accrued income	5,871	5,877	5
Advance deposits	6,301	5,731	(570)
Earthquake insurance deposits	46,186	48,813	2,627
Suspense payments	16,131	17,033	902
Derivative assets	5,977	5,553	(424)
Other assets	2,079	1,507	(571)
Deferred tax assets	60,392	82,262	21,869
Allowance for possible loan losses	(2,106)	(2,028)	78
Total assets	2,592,464	2,459,190	(133,273)

(Millions of yen)

	As of March 31, 2010	As of March 31, 2011	Increase (Decrease)
	Amount	Amount	
Liabilities:			
Underwriting funds:	2,059,290	1,982,929	(76,360)
Reserve for outstanding losses and claims	267,872	289,142	21,270
Underwriting reserves	1,791,418	1,693,786	(97,631)
Other liabilities:	65,184	73,476	8,291
Coinsurance accounts payable	1,225	1,213	(11)
Reinsurance accounts payable	18,771	18,650	(120)
Foreign reinsurance accounts payable	1,245	1,775	529
Borrowings	1,561	1,455	(105)
Income taxes payable	5,210	1,441	(3,769)
Deposits received	1,829	1,740	(89)
Unearned income	974	898	(76)
Accounts payable	24,478	33,370	8,892
Suspense receipts	6,841	6,798	(43)
Derivative liabilities	2,993	5,358	2,364
Lease obligations	53	489	436
Asset retirement obligations	—	282	282
Other liabilities	0	0	—
Reserve for retirement benefits	22,583	23,217	634
Reserve for bonus payments	6,078	5,415	(663)
Reserve for bonus payments to directors	41	—	(41)
Reserves under the special laws:	5,643	8,611	2,968
Reserve for price fluctuation	5,643	8,611	2,968
Total liabilities	2,158,821	2,093,650	(65,170)
Net assets:			
Shareholders' equity:			
Common stock	91,249	91,249	—
Capital surplus:	46,702	46,702	—
Capital reserves	46,702	46,702	—
Retained earnings:	117,202	92,050	(25,151)
Legal reserve	38,151	41,894	3,742
Other retained earnings:	79,050	50,156	(28,894)
Reserve for dividends	34,385	—	(34,385)
Reserve for extraordinary losses	54,000	—	(54,000)
Reserve for foreign investment losses	0	—	(0)
Reserve for advanced depreciation	3,270	3,133	(137)
General reserve	25,962	50,000	24,038
Retained earnings carried forward	(38,567)	(2,977)	35,589
Total shareholders' equity	255,153	230,001	(25,151)
Valuation and translation adjustments:			
Unrealized gains on securities available for sale, net of tax	175,808	131,995	(43,813)
Deferred gains on hedges	2,115	3,543	1,427
Total valuation and translation adjustments	177,924	135,538	(42,386)
Stock acquisition rights	565	—	(565)
Total net assets	433,642	365,539	(68,102)
Total liabilities and net assets	2,592,464	2,459,190	(133,273)

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NIPPONKOA Insurance Co., Ltd. (Non-consolidated)

Statements of Income

(Millions of yen)

	Year ended March 31, 2010 (April 1, 2009 to March 31, 2010)	Year ended March 31, 2011 (April 1, 2010 to March 31, 2011)	Increase (Decrease)	Rate of change
	Amount	Amount		
Ordinary income:	859,978	819,445	(40,533)	(4.7)%
Underwriting income:	813,345	773,845	(39,499)	(4.9)
Net premiums written	633,336	620,615	(12,721)	(2.0)
Deposits of premiums by policyholders	38,562	34,918	(3,643)	(9.4)
Interest and dividend income on deposits of premiums, etc.	22,147	20,625	(1,522)	(6.9)
Reversal of reserve for outstanding losses and claims	15,154	—	(15,154)	(100.0)
Reversal of underwriting reserves	103,651	97,631	(6,020)	(5.8)
Foreign exchange gains	438	—	(438)	(100.0)
Other underwriting income	53	54	0	1.6
Investment income:	45,131	43,237	(1,893)	(4.2)
Interest and dividend income	44,999	42,722	(2,277)	(5.1)
Investment gains on money trusts	2,510	671	(1,839)	(73.3)
Gains on sales of securities	16,075	19,181	3,106	19.3
Gains on redemption of securities	198	2	(196)	(99.0)
Gains on derivatives	3,470	1,217	(2,252)	(64.9)
Foreign exchange gains	7	—	(7)	(100.0)
Other investment income	17	68	50	282.3
Transfer of interest and dividend income on deposits of premiums, etc.	(22,147)	(20,625)	1,522	—
Other ordinary income	1,502	2,362	860	57.3
Ordinary expenses:	830,594	819,764	(10,829)	(1.3)
Underwriting expenses:	689,800	680,302	(9,498)	(1.4)
Net claims paid	403,857	397,444	(6,413)	(1.6)
Loss adjustment expenses	35,813	34,369	(1,443)	(4.0)
Net commissions and brokerage fees	107,151	104,455	(2,695)	(2.5)
Maturity refunds to policyholders	142,510	121,532	(20,977)	(14.7)
Dividends to policyholders	250	27	(223)	(89.1)
Provision for reserve for outstanding losses and claims	—	21,270	21,270	—
Foreign exchange losses	—	977	977	—
Other underwriting expenses	216	224	7	3.5
Investment expenses:	13,920	14,762	841	6.0
Investment losses on money trusts	100	603	502	500.9
Losses on sales of securities	6,786	6,590	(195)	(2.9)
Impairment losses on securities	2,104	3,641	1,536	73.0
Losses on redemption of securities	1,671	1,085	(585)	(35.0)
Foreign exchange losses	—	474	474	—
Other investment expenses	3,257	2,366	(891)	(27.4)
Operating, general and administrative expenses	125,792	123,663	(2,129)	(1.7)

(Millions of yen)					
	Year ended March 31, 2010 (April 1, 2009 to March 31, 2010)		Year ended March 31, 2011 (April 1, 2010 to March 31, 2011)		
	Amount	Amount	Increase (Decrease)	Rate of change	
Other ordinary expenses:	1,080	1,037	(42)	(3.9)	
Interest paid	45	32	(12)	(28.0)	
Provision for allowance for possible loan losses	34	121	86	249.7	
Losses on bad debt	2	3	1	48.5	
Other ordinary expenses	997	879	(117)	(11.8)	
Ordinary profit (loss)	29,384	(319)	(29,703)	(101.1)	
Extraordinary gains:	508	1,931	1,423	279.9	
Gains on disposal of fixed assets	508	1,366	858	168.8	
Other extraordinary gains	—	565	565	—	
Extraordinary losses:	6,936	5,203	(1,732)	(25.0)	
Losses on disposal of fixed assets	476	876	400	84.1	
Impairment losses	263	859	595	225.9	
Provision for reserves under the special laws:	3,061	2,968	(92)	(3.0)	
Provision for reserve for price fluctuation	3,061	2,968	(92)	(3.0)	
Other extraordinary losses	3,134	499	(2,635)	(84.1)	
Income (loss) before income taxes	22,957	(3,591)	(26,548)	(115.6)	
Income taxes	7,865	311	(7,553)	(96.0)	
Deferred income taxes	1,967	2,534	566	28.8	
Total income taxes	9,833	2,845	(6,987)	(71.1)	
Net income (loss)	13,123	(6,437)	(19,560)	(149.1)	
Underwriting result:					
Net premiums written	(+)	633,336	620,615	(12,721)	(2.0)
Net claims paid	(-)	403,857	397,444	(6,413)	(1.6)
Loss adjustment expenses	(-)	35,813	34,369	(1,443)	(4.0)
Operating expenses:	(-)	226,792	221,935	(4,856)	(2.1)
Net commissions and brokerage fees		107,151	104,455	(2,695)	(2.5)
Operating, general and administrative expenses related to underwriting		119,640	117,480	(2,160)	(1.8)
Underwriting result		(33,126)	(33,134)	(7)	—
Underwriting profit (loss)		2,293	(24,991)	(27,285)	(1,189.6)
Ratios:					
Net loss ratio	(%)	69.4	69.6	0.2	
Net expense ratio	(%)	35.8	35.8	—	
Underwriting result ratio	(%)	(5.2)	(5.3)	(0.1)	

Sonpo 24 Insurance Company Limited (Non-consolidated)

Balance Sheets

(Millions of yen)

	As of March 31, 2010	As of March 31, 2011	
	Amount	Amount	Increase (Decrease)
Assets:			
Cash and deposits:	1,851	1,664	(187)
Deposits	1,851	1,664	(187)
Securities:	15,618	16,451	832
Government bonds	10,618	15,951	5,332
Other securities	5,000	500	(4,500)
Tangible fixed assets:	182	137	(44)
Buildings	38	33	(4)
Other tangible fixed assets	144	104	(39)
Other assets:	810	806	(4)
Accounts receivable	627	617	(9)
Accrued income	3	5	2
Advance deposits	166	166	0
Suspense payments	13	16	2
Total assets	18,463	19,059	596
Liabilities:			
Underwriting funds:	8,538	9,497	959
Reserve for outstanding losses and claims	2,333	2,807	473
Underwriting reserves	6,204	6,690	485
Other liabilities:	1,443	1,558	114
Reinsurance accounts payable	6	7	0
Income taxes payable	45	34	(10)
Deposits received	13	9	(3)
Accounts payable	831	922	90
Suspense receipts	547	584	37
Reserve for retirement benefits	79	103	24
Reserve for bonus payments	92	80	(12)
Reserves under the special laws:	20	23	3
Reserve for price fluctuation	20	23	3
Deferred tax liabilities	18	—	(18)
Total liabilities	10,193	11,263	1,069
Net assets:			
Shareholders' equity:			
Common stock	19,000	19,000	—
Capital surplus:	19,000	19,000	—
Capital reserves	19,000	19,000	—
Retained earnings:	(29,763)	(30,132)	(368)
Other retained earnings:	(29,763)	(30,132)	(368)
Retained earnings carried forward	(29,763)	(30,132)	(368)
Total shareholders' equity	8,236	7,867	(368)
Valuation and translation adjustments:			
Unrealized gains (losses) on securities available for sale, net of tax	32	(72)	(105)
Total valuation and translation adjustments	32	(72)	(105)
Total net assets	8,269	7,795	(473)
Total liabilities and net assets	18,463	19,059	596

Sonpo 24 Insurance Company Limited (Non-consolidated)

Statements of Income

(Millions of yen)

	Year ended March 31, 2010 (April 1, 2009 to March 31, 2010)		Year ended March 31, 2011 (April 1, 2010 to March 31, 2011)		Increase (Decrease)	Rate of change
	Amount		Amount			
Ordinary income:	10,023		11,143		1,120	11.2 %
Underwriting income:	9,929		10,797		868	8.8
Net premiums written	9,919		10,788		868	8.8
Interest and dividend income on deposits of premiums, etc.	9		9		0	0.7
Investment income:	92		345		252	272.9
Interest and dividend income	101		80		(20)	(20.5)
Gains on sales of securities	—		273		273	—
Transfer of interest and dividend income on deposits of premiums, etc.	(9)		(9)		(0)	—
Other ordinary income	1		0		(0)	(60.9)
Ordinary expenses:	10,297		11,504		1,206	11.7
Underwriting expenses:	7,489		8,901		1,411	18.8
Net claims paid	5,564		6,604		1,039	18.7
Loss adjustment expenses	623		637		13	2.2
Net commissions and brokerage fees	641		699		58	9.1
Provision for reserve for outstanding losses and claims	64		473		409	635.2
Provision for underwriting reserves	595		485		(109)	(18.5)
Other underwriting expenses	0		0		0	10.7
Operating, general and administrative expenses	2,799		2,597		(201)	(7.2)
Other ordinary expenses:	7		5		(2)	(33.4)
Other ordinary expenses	7		5		(2)	(33.4)
Ordinary loss	(274)		(360)		(86)	—
Extraordinary losses:	8		4		(4)	(47.1)
Losses on disposal of fixed assets	2		1		(1)	(50.6)
Provision for reserves under the special laws:	3		3		0	6.1
Provision for reserve for price fluctuation	3		3		0	6.1
Other extraordinary losses	2		—		(2)	(100.0)
Loss before income taxes	(283)		(364)		(81)	—
Income taxes	3		3		—	—
Total income taxes	3		3		—	—
Net loss	(286)		(368)		(81)	—
Underwriting result:						
Net premiums written	(+)	9,919	10,788		868	8.8
Net claims paid	(-)	5,564	6,604		1,039	18.7
Loss adjustment expenses	(-)	623	637		13	2.2
Operating expenses:	(-)	3,438	3,293		(145)	(4.2)
Net commissions and brokerage fees		641	699		58	9.1
Operating, general and administrative expenses related to underwriting		2,797	2,593		(204)	(7.3)
Underwriting result		292	253		(38)	(13.2)
Underwriting profit (loss)		(358)	(696)		(338)	—
Ratios:						
Net loss ratio	(%)	62.4	67.1		4.7	
Net expense ratio	(%)	34.7	30.5		(4.2)	
Underwriting result ratio	(%)	2.9	2.4		(0.5)	

Saison Automobile and Fire Insurance Company, Limited (Non-consolidated)

Balance Sheets

(Millions of yen)

	As of March 31, 2010	As of March 31, 2011	
	Amount	Amount	Increase (Decrease)
Assets:			
Cash and deposits:	10,796	4,028	(6,768)
Cash	13	5	(7)
Deposits	10,782	4,022	(6,760)
Money trusts	1,316	1,316	0
Securities:	19,223	23,104	3,881
Government bonds	4,111	8,543	4,432
Municipal bonds	616	1,453	836
Corporate bonds	10,414	9,390	(1,024)
Domestic stocks	137	166	28
Foreign securities	2,559	1,345	(1,214)
Other securities	1,383	2,205	822
Loans:	20	16	(4)
Policy loans	20	16	(4)
Tangible fixed assets:	171	385	214
Buildings	15	17	1
Leased assets	151	365	213
Other tangible fixed assets	3	2	(0)
Intangible fixed assets:	897	1,958	1,060
Software	874	1,878	1,003
Leased assets	—	57	57
Other intangible fixed assets	23	21	(1)
Other assets:	1,917	2,239	322
Premiums receivable	318	480	161
Agency accounts receivable	54	13	(41)
Coinsurance accounts receivable	30	22	(8)
Reinsurance accounts receivable	256	362	106
Accounts receivable	265	283	18
Accrued income	77	76	(1)
Advance deposits	299	407	108
Earthquake insurance deposits	181	196	15
Suspense payments	433	397	(36)
Allowance for possible loan losses	(0)	(0)	0
Total assets	34,342	33,049	(1,293)

(Millions of yen)

	As of March 31, 2010	As of March 31, 2011	Increase (Decrease)
	Amount	Amount	
Liabilities:			
Underwriting funds:	19,359	20,051	692
Reserve for outstanding losses and claims	4,946	4,741	(204)
Underwriting reserves	14,413	15,310	896
Other liabilities:	1,431	1,986	554
Coinsurance accounts payable	20	23	3
Reinsurance accounts payable	539	626	86
Proxy service payable	0	0	(0)
Income taxes payable	58	60	1
Deposits received	16	14	(1)
Accounts payable	559	799	239
Suspense receipts	81	32	(49)
Lease obligations	154	429	274
Reserve for retirement benefits	364	218	(145)
Reserve for retirement benefits to directors	34	42	7
Reserve for bonus payments	206	217	11
Reserves under the special laws:	14	7	(6)
Reserve for price fluctuation	14	7	(6)
Deferred tax liabilities	100	85	(14)
Total liabilities	21,510	22,610	1,099
Net assets:			
Shareholders' equity:			
Common stock	8,610	8,610	—
Capital surplus:	6,848	6,848	—
Capital reserves	6,848	6,848	—
Other capital surplus	0	0	—
Retained earnings:	(2,925)	(5,250)	(2,325)
Other retained earnings:	(2,925)	(5,250)	(2,325)
Retained earnings carried forward	(2,925)	(5,250)	(2,325)
Total shareholders' equity	12,532	10,207	(2,325)
Valuation and translation adjustments:			
Unrealized gains on securities available for sale, net of tax	299	231	(67)
Total valuation and translation adjustments	299	231	(67)
Total net assets	12,831	10,439	(2,392)
Total liabilities and net assets	34,342	33,049	(1,293)

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Saison Automobile and Fire Insurance Company, Limited (Non-consolidated)

Statements of Income

(Millions of yen)

	Year ended March 31, 2010 (April 1, 2009 to March 31, 2010)	Year ended March 31, 2011 (April 1, 2010 to March 31, 2011)	Increase (Decrease)	Rate of change
	Amount	Amount		
Ordinary income:	15,570	15,724	154	1.0 %
Underwriting income:	14,963	15,173	209	1.4
Net premiums written	13,862	14,294	431	3.1
Deposits of premiums by policyholders	734	620	(114)	(15.6)
Interest and dividend income on deposits of premiums, etc.	58	53	(4)	(8.5)
Reversal of reserve for outstanding losses and claims	307	204	(102)	(33.3)
Foreign exchange gains	—	0	0	—
Investment income:	392	339	(53)	(13.6)
Interest and dividend income	306	283	(22)	(7.4)
Investment gains on money trusts	67	0	(66)	(99.5)
Investment gains on trading securities	3	2	(1)	(39.0)
Gains on sales of securities	71	106	34	47.9
Gains on redemption of securities	2	—	(2)	(100.0)
Other investment income	—	0	0	—
Transfer of interest and dividend income on deposits of premiums, etc.	(58)	(53)	4	—
Other ordinary income	213	212	(1)	(0.7)
Ordinary expenses:	16,338	18,031	1,693	10.4
Underwriting expenses:	11,619	12,238	619	5.3
Net claims paid	7,494	7,571	77	1.0
Loss adjustment expenses	823	964	141	17.1
Net commissions and brokerage fees	1,761	1,727	(33)	(1.9)
Maturity refunds to policyholders	1,024	1,071	47	4.6
Dividends to policyholders	0	0	0	20.7
Provision for underwriting reserves	509	896	387	76.0
Foreign exchange losses	0	—	(0)	(100.0)
Other underwriting expenses	6	5	(0)	(8.4)
Investment expenses:	121	151	30	25.0
Losses on sales of securities	76	54	(22)	(29.5)
Losses on redemption of securities	16	64	47	293.8
Other investment expenses	27	33	5	18.2
Operating, general and administrative expenses	4,522	5,629	1,107	24.5
Other ordinary expenses:	75	12	(63)	(83.9)
Interest paid	4	9	5	102.3
Provision for allowance for possible loan losses	0	—	(0)	(100.0)
Losses on bad debt	4	—	(4)	(100.0)
Other ordinary expenses	65	2	(63)	(96.7)
Ordinary loss	(768)	(2,307)	(1,538)	—
Extraordinary gains:	—	6	6	—
Reversal of reserves under the special laws:	—	6	6	—
Reversal of reserve for price fluctuation	—	6	6	—

(Millions of yen)

	Year ended March 31, 2010 (April 1, 2009 to March 31, 2010)		Year ended March 31, 2011 (April 1, 2010 to March 31, 2011)		Increase (Decrease)	Rate of change
	Amount		Amount			
Extraordinary losses:	7		3		(4)	(57.4)
Losses on disposal of fixed assets	0		2		1	691.4
Impairment losses	0		1		0	133.3
Provision for reserves under the special laws:	6		—		(6)	(100.0)
Provision for reserve for price fluctuation	6		—		(6)	(100.0)
Loss before income taxes	(775)		(2,303)		(1,527)	—
Income taxes	21		21		—	—
Total income taxes	21		21		—	—
Net loss	(797)		(2,325)		(1,527)	—
Underwriting result:						
Net premiums written	(+)	13,862	14,294		431	3.1
Net claims paid	(-)	7,494	7,571		77	1.0
Loss adjustment expenses	(-)	823	964		141	17.1
Operating expenses:	(-)	6,012	7,071		1,059	17.6
Net commissions and brokerage fees		1,761	1,727		(33)	(1.9)
Operating, general and administrative expenses related to underwriting		4,250	5,343		1,092	25.7
Underwriting result		(466)	(1,313)		(846)	—
Underwriting profit (loss)		(861)	(2,369)		(1,507)	—
Ratios:						
Net loss ratio	(%)	60.0	59.7		(0.3)	
Net expense ratio	(%)	43.4	49.5		6.1	
Underwriting result ratio	(%)	(3.4)	(9.2)		(5.8)	

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Sompo Japan Himawari Life Insurance Co., Ltd. (Non-consolidated)

Balance Sheets

(Millions of yen)

	As of March 31, 2010	As of March 31, 2011	
	Amount	Amount	Increase (Decrease)
Assets:			
Cash and deposits:	32,988	39,395	6,406
Cash	21	22	0
Deposits	32,967	39,372	6,405
Securities:	1,030,306	1,083,552	53,246
Government bonds	560,887	644,873	83,985
Municipal bonds	70,489	69,354	(1,134)
Corporate bonds	310,212	314,678	4,466
Domestic stocks	5,140	4,744	(395)
Foreign securities	83,576	49,902	(33,674)
Loans:	17,162	18,067	904
Policy loans	17,162	18,067	904
Tangible fixed assets:	1,197	1,354	157
Buildings	458	603	144
Leased assets	647	644	(2)
Other tangible fixed assets	92	106	14
Intangible fixed assets:	4,625	4,114	(511)
Software	4,573	4,114	(458)
Other intangible fixed assets	52	—	(52)
Agency accounts receivable	174	143	(30)
Reinsurance accounts receivable	1,206	1,480	273
Other assets:	21,401	25,303	3,901
Accounts receivable	15,244	16,771	1,527
Prepaid expenses	444	662	218
Accrued income	3,102	3,129	26
Advance deposits	2,451	3,411	960
Derivative assets	23	31	7
Suspense payments	85	1,265	1,180
Other assets	49	31	(18)
Deferred tax assets	13,164	13,871	706
Allowance for possible loan losses	(94)	(29)	65
Total assets	1,122,133	1,187,254	65,120

(Millions of yen)

	As of March 31, 2010	As of March 31, 2011	Increase (Decrease)
	Amount	Amount	
Liabilities:			
Policy reserves:	1,054,852	1,121,707	66,855
Reserve for outstanding claims	20,155	22,017	1,861
Policy reserves	1,032,371	1,097,361	64,990
Reserve for dividends to policyholders	2,325	2,329	3
Agency accounts payable	1,591	2,584	993
Reinsurance accounts payable	1,205	1,231	26
Other liabilities:	7,564	5,803	(1,760)
Income taxes payable	67	37	(30)
Accounts payable	1,839	638	(1,201)
Accrued expenses	4,101	3,529	(571)
Deposits received	83	94	11
Derivative liabilities	174	58	(115)
Lease obligations	662	688	25
Suspense receipts	634	756	121
Reserve for retirement benefits	663	941	278
Reserve for retirement benefits to directors	45	84	38
Reserves under the special laws:	794	923	129
Reserve for price fluctuation	794	923	129
Total liabilities	1,066,716	1,133,276	66,559
Net assets:			
Shareholders' equity:			
Common stock	17,250	17,250	—
Capital surplus:	10,000	10,000	—
Capital reserves	10,000	10,000	—
Retained earnings:	27,283	25,777	(1,506)
Other retained earnings:	27,283	25,777	(1,506)
Reserve under Article 10 of the Supplementary Provisions of Ordinance for Enforcement of the Insurance Business Law	325	325	—
Retained earnings carried forward	26,958	25,452	(1,506)
Total shareholders' equity	54,533	53,027	(1,506)
Valuation and translation adjustments:			
Unrealized gains on securities available for sale, net of tax	882	949	67
Total valuation and translation adjustments	882	949	67
Total net assets	55,416	53,977	(1,438)
Total liabilities and net assets	1,122,133	1,187,254	65,120

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Sompo Japan Himawari Life Insurance Co., Ltd. (Non-consolidated)

Statements of Income

(Millions of yen)

	Year ended March 31, 2010 (April 1, 2009 to March 31, 2010)	Year ended March 31, 2011 (April 1, 2010 to March 31, 2011)		
	Amount	Amount	Increase (Decrease)	Rate of change
Ordinary income:	258,426	269,332	10,905	4.2 %
Insurance premiums and other:	236,238	249,462	13,223	5.6
Insurance premiums	232,187	244,911	12,723	5.5
Reinsurance income	4,050	4,550	500	12.4
Investment income:	22,095	19,710	(2,384)	(10.8)
Interest and dividend income:	18,121	19,127	1,005	5.6
Interest and dividends on securities	17,534	18,486	952	5.4
Interest on loans	580	632	51	8.9
Other interest and dividends	6	8	1	31.4
Gains on sales of securities	1,596	582	(1,013)	(63.5)
Gains on redemption of securities	179	—	(179)	(100.0)
Foreign exchange gains	6	—	(6)	(100.0)
Investment gains on special account	2,191	—	(2,191)	(100.0)
Other ordinary income:	93	159	66	71.2
Fund receipt for annuity rider	2	50	48	1,829.9
Fund receipt for claim deposit payments	83	83	0	0.4
Other ordinary income	7	24	17	247.8
Ordinary expenses:	254,338	268,572	14,234	5.6
Insurance claims and other:	147,861	138,884	(8,977)	(6.1)
Insurance claims	20,970	22,970	1,999	9.5
Annuity payments	897	1,050	152	17.0
Insurance benefits	22,121	24,057	1,935	8.7
Surrender benefits	97,900	85,253	(12,646)	(12.9)
Other refunds	1,119	977	(142)	(12.7)
Reinsurance premiums	4,851	4,575	(276)	(5.7)
Provision for policy reserves and other:	47,251	66,851	19,599	41.5
Provision for reserve for outstanding claims	2,079	1,861	(218)	(10.5)
Provision for policy reserves	45,172	64,990	19,817	43.9
Provision for interest portion of reserve for dividends to policyholders	0	0	0	72.0
Investment expenses:	1,519	853	(666)	(43.9)
Interest paid	37	60	22	60.0
Losses on sales of securities	389	334	(55)	(14.2)
Impairment losses on securities	719	—	(719)	(100.0)
Losses on derivatives	299	34	(265)	(88.5)
Foreign exchange losses	—	13	13	—
Other investment expenses	73	31	(42)	(57.6)
Investment losses on special account	—	379	379	—
Operating, general and administrative expenses	56,105	59,332	3,227	5.8
Other ordinary expenses:	1,600	2,651	1,051	65.7
Claim deposit payments	26	38	11	44.3
Taxes	862	972	109	12.7
Depreciation	331	1,269	937	282.4
Provision for reserve for retirement benefits	270	301	31	11.5
Other ordinary expenses	107	69	(38)	(35.6)
Ordinary profit	4,088	759	(3,328)	(81.4)

(Millions of yen)

	Year ended March 31, 2010 (April 1, 2009 to March 31, 2010)	Year ended March 31, 2011 (April 1, 2010 to March 31, 2011)	Increase (Decrease)	Rate of change
	Amount	Amount		
Extraordinary gains:	3	10	7	214.7
Other extraordinary gains	3	10	7	214.7
Extraordinary losses:	108	940	831	763.4
Losses on disposal of fixed assets	8	17	8	99.7
Provision for reserves under the special laws:	100	129	28	28.9
Provision for reserve for price fluctuation	100	129	28	28.9
Other extraordinary losses	—	794	794	—
Provision for reserve for dividends to policyholders	1,586	1,706	119	7.5
Income (loss) before income taxes	2,396	(1,876)	(4,273)	(178.3)
Income taxes	2,549	374	(2,175)	(85.3)
Deferred income taxes	(1,469)	(744)	724	—
Total income taxes	1,080	(370)	(1,451)	(134.3)
Net income (loss)	1,315	(1,506)	(2,821)	(214.5)

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NIPPONKOA Life Insurance Company, Limited (Non-consolidated)

Balance Sheets

(Millions of yen)

	As of March 31, 2010	As of March 31, 2011	
	Amount	Amount	Increase (Decrease)
Assets:			
Cash and deposits:	14,371	16,986	2,614
Cash	0	1	0
Deposits	14,371	16,985	2,614
Call loans	478	599	121
Receivables under securities borrowing transactions	25,382	30,370	4,987
Money trusts	19,916	19,963	46
Securities:	378,612	423,688	45,075
Government bonds	243,074	285,772	42,698
Municipal bonds	52,132	56,588	4,455
Corporate bonds	75,571	74,149	(1,422)
Domestic stocks	6,892	6,188	(704)
Foreign securities	941	989	48
Loans:	13,763	14,882	1,118
Policy loans	13,763	14,882	1,118
Tangible fixed assets:	178	256	78
Buildings	29	21	(7)
Other tangible fixed assets	149	235	86
Intangible fixed assets:	240	2,579	2,338
Other intangible fixed assets	240	2,579	2,338
Agency accounts receivable	24	20	(4)
Reinsurance accounts receivable	183	74	(108)
Other assets:	8,911	10,730	1,818
Accounts receivable	6,719	7,997	1,277
Prepaid expenses	153	246	93
Accrued income	1,589	1,522	(66)
Advance deposits	227	678	451
Suspense payments	222	285	63
Deferred tax assets	6,931	8,001	1,069
Allowance for possible loan losses	(7)	(6)	0
Total assets	468,988	528,146	59,158

(Millions of yen)

	As of March 31, 2010	As of March 31, 2011	Increase (Decrease)
	Amount	Amount	
Liabilities:			
Policy reserves:	411,682	466,833	55,150
Reserve for outstanding claims	2,998	3,420	422
Policy reserves	407,193	461,954	54,760
Reserve for dividends to policyholders	1,491	1,457	(33)
Agency accounts payable	804	998	193
Reinsurance accounts payable	113	126	13
Other liabilities:	30,000	33,739	3,738
Payables under securities lending transactions	25,861	30,970	5,109
Income taxes payable	2,628	12	(2,616)
Accounts payable	56	972	916
Accrued expenses	1,182	1,385	202
Deposits received	21	25	4
Suspense receipts	249	371	122
Reserve for retirement benefits	300	384	83
Reserve for bonus payments to directors	15	—	(15)
Reserves under the special laws:	542	631	89
Reserve for price fluctuation	542	631	89
Total liabilities	443,459	502,712	59,253
Net assets:			
Shareholders' equity:			
Common stock	20,000	20,000	—
Retained earnings:	1,564	1,285	(278)
Legal reserve	4	4	—
Other retained earnings:	1,560	1,281	(278)
Retained earnings carried forward	1,560	1,281	(278)
Total shareholders' equity	21,564	21,285	(278)
Valuation and translation adjustments:			
Unrealized gains on securities available for sale, net of tax	3,964	4,147	183
Total valuation and translation adjustments	3,964	4,147	183
Total net assets	25,528	25,433	(95)
Total liabilities and net assets	468,988	528,146	59,158

NIPPONKOA Life Insurance Company, Limited (Non-consolidated)

Statements of Income

(Millions of yen)

	Year ended March 31, 2010 (April 1, 2009 to March 31, 2010)	Year ended March 31, 2011 (April 1, 2010 to March 31, 2011)	Increase (Decrease)	Rate of change
	Amount	Amount		
Ordinary income:	101,554	116,048	14,493	14.3 %
Insurance premiums and other:	91,507	105,646	14,139	15.5
Insurance premiums	91,188	104,966	13,777	15.1
Reinsurance income	318	680	361	113.6
Investment income:	8,916	9,497	580	6.5
Interest and dividend income:	8,070	8,960	890	11.0
Interest on deposits	0	0	0	201.0
Interest and dividends on securities	7,631	8,486	855	11.2
Interest on loans	390	429	38	9.8
Other interest and dividends	47	44	(3)	(6.7)
Investment gains on money trusts	691	385	(305)	(44.2)
Gains on sales of securities	152	151	(0)	(0.2)
Other investment income	3	—	(3)	(100.0)
Other ordinary income:	1,130	903	(226)	(20.1)
Fund receipt for annuity rider	500	212	(287)	(57.4)
Fund receipt for claim deposit payments	630	690	60	9.6
Other ordinary income	0	0	0	44.8
Ordinary expenses:	99,439	114,977	15,538	15.6
Insurance claims and other:	37,483	39,094	1,610	4.3
Insurance claims	8,535	9,840	1,304	15.3
Annuity payments	530	609	79	15.0
Insurance benefits	3,589	4,069	479	13.4
Surrender benefits	24,080	23,774	(306)	(1.3)
Other refunds	181	166	(14)	(8.2)
Reinsurance premiums	565	633	67	12.0
Provision for policy reserves and other:	42,994	55,184	12,190	28.4
Provision for reserve for outstanding claims	466	422	(43)	(9.3)
Provision for policy reserves	42,527	54,760	12,233	28.8
Provision for interest portion of reserve for dividends to policyholders	1	1	0	23.2
Investment expenses:	64	40	(24)	(38.4)
Interest paid	55	35	(19)	(35.4)
Provision for allowance for possible loan losses	5	—	(5)	(100.0)
Other investment expenses	4	4	0	7.1
Operating, general and administrative expenses	17,863	19,577	1,713	9.6
Other ordinary expenses:	1,032	1,081	49	4.7
Claim deposit payments	524	509	(15)	(2.9)
Taxes	333	383	50	15.1
Depreciation	95	103	7	8.3
Provision for reserve for retirement benefits	77	80	3	4.7
Other ordinary expenses	1	4	2	141.9
Ordinary profit	2,115	1,070	(1,045)	(49.4)
Extraordinary gains:	—	0	0	—
Reversal of allowance for possible loan losses	—	0	0	—
Extraordinary losses:	89	340	251	281.8
Losses on disposal of fixed assets	8	0	(7)	(88.8)
Provision for reserves under the special laws:	80	89	8	9.9
Provision for reserve for price fluctuation	80	89	8	9.9
Other extraordinary losses	—	250	250	—
Provision for reserve for dividends to policyholders	1,122	1,095	(26)	(2.4)
Income (loss) before income taxes	903	(365)	(1,269)	(140.4)
Income taxes	3,397	1,085	(2,311)	(68.1)
Deferred income taxes	(3,044)	(1,172)	1,872	—
Total income taxes	352	(87)	(439)	(124.8)
Net income (loss)	551	(278)	(829)	(150.5)

Sompo Japan DIY Life Insurance Co., Ltd. (Non-consolidated)

Balance Sheets

(Millions of yen)

	As of March 31, 2010	As of March 31, 2011	Increase (Decrease)
	Amount	Amount	
Assets:			
Cash and deposits:	182	251	68
Deposits	182	251	68
Securities:	5,407	4,354	(1,052)
Government bonds	2,690	1,575	(1,114)
Domestic stocks	950	757	(193)
Other securities	1,766	2,021	254
Tangible fixed assets:	80	51	(28)
Buildings	24	19	(5)
Leased assets	15	7	(8)
Other tangible fixed assets	40	24	(15)
Intangible fixed assets:	0	1,064	1,063
Other intangible fixed assets	0	1,064	1,063
Agency accounts receivable	0	0	(0)
Reinsurance accounts receivable	21	3	(17)
Other assets:	456	288	(167)
Accounts receivable	175	172	(2)
Prepaid expenses	5	3	(1)
Accrued income	0	0	(0)
Advance deposits	74	74	—
Suspense payments	199	36	(162)
Other assets	0	0	(0)
Allowance for possible loan losses	(0)	—	0
Total assets	6,149	6,014	(134)
Liabilities:			
Policy reserves:	1,041	1,204	163
Reserve for outstanding claims	141	315	174
Policy reserves	899	888	(11)
Agency accounts payable	3	3	0
Reinsurance accounts payable	32	31	(0)
Other liabilities:	342	227	(114)
Income taxes payable	3	3	—
Accrued expenses	318	213	(105)
Deposits received	1	1	0
Lease obligations	17	8	(8)
Suspense receipts	1	0	(0)
Reserve for retirement benefits	20	24	4
Reserves under the special laws:	15	16	1
Reserve for price fluctuation	15	16	1
Deferred tax liabilities	225	155	(70)
Total liabilities	1,680	1,664	(15)
Net assets:			
Shareholders' equity:			
Common stock	10,100	10,100	—
Capital surplus:	2,100	2,100	—
Capital reserves	2,100	2,100	—
Retained earnings:	(8,128)	(8,123)	5
Other retained earnings:	(8,128)	(8,123)	5
Retained earnings carried forward	(8,128)	(8,123)	5
Total shareholders' equity	4,071	4,076	5
Valuation and translation adjustments:			
Unrealized gains on securities available for sale, net of tax	397	273	(123)
Total valuation and translation adjustments	397	273	(123)
Total net assets	4,468	4,350	(118)
Total liabilities and net assets	6,149	6,014	(134)

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Sompo Japan DIY Life Insurance Co., Ltd. (Non-consolidated)

Statements of Income

(Millions of yen)

	Year ended March 31, 2010 (April 1, 2009 to March 31, 2010)	Year ended March 31, 2011 (April 1, 2010 to March 31, 2011)		
	Amount	Amount	Increase (Decrease)	Rate of change
Ordinary income:	3,722	3,794	71	1.9%
Insurance premiums and other:	3,649	3,751	101	2.8
Insurance premiums	3,572	3,655	83	2.3
Reinsurance income	77	95	17	23.0
Investment income:	42	32	(9)	(22.4)
Interest and dividend income:	42	32	(9)	(22.4)
Interest and dividends on securities	42	32	(9)	(22.4)
Other ordinary income:	31	11	(19)	(64.3)
Reversal of reserve for outstanding claims	30	—	(30)	(100.0)
Reversal of policy reserves	—	11	11	—
Other ordinary income	0	0	(0)	(44.4)
Ordinary expenses:	4,456	3,784	(671)	(15.1)
Insurance claims and other:	1,361	1,105	(256)	(18.8)
Insurance claims	997	752	(244)	(24.6)
Insurance benefits	219	212	(6)	(3.1)
Other refunds	1	4	2	209.1
Reinsurance premiums	143	136	(7)	(5.3)
Provision for policy reserves and other:	14	174	160	1,095.4
Provision for reserve for outstanding claims	—	174	174	—
Provision for policy reserves	14	—	(14)	(100.0)
Investment expenses:	2	2	0	5.6
Interest paid	2	2	0	5.6
Operating, general and administrative expenses	3,009	2,448	(561)	(18.7)
Other ordinary expenses:	67	53	(13)	(20.5)
Taxes	16	16	0	0.4
Depreciation	46	32	(14)	(29.8)
Provision for reserve for retirement benefits	4	4	0	1.3
Ordinary profit (loss)	(733)	10	743	—
Extraordinary losses:	9	1	(8)	(87.1)
Provision for reserves under the special laws:	1	1	(0)	(12.4)
Provision for reserve for price fluctuation	1	1	(0)	(12.4)
Other extraordinary losses	8	—	(8)	(100.0)
Income (loss) before income taxes	(742)	8	751	—
Income taxes	1	3	2	166.5
Total income taxes	1	3	2	166.5
Net income (loss)	(744)	5	749	—

Solvency Margin Ratios of Principal Consolidated Subsidiaries

< Solvency margin ratio >

- In addition to reserves to cover payments for claims, benefits and maturity refunds, etc., it is necessary for insurance companies to maintain sufficient solvency in order to cover against risks which may exceed their normal estimates, i.e. the occurrence of major catastrophes, the fluctuation in mortality rate due to significant changes in key environmental factors and a big decline in value of assets held by insurance companies, etc.
- Solvency margin ratio: (C), which is calculated in accordance with the Insurance Business Law, is the ratio of “solvency margin of insurance companies by means of their capital, reserves, etc.” (total solvency margin: (A)) to “risks which will exceed their normal estimates” (total risks: (B)).
- “Risks which will exceed their normal estimates” are composed of risks described below.
 - <1> Underwriting risk, underwriting risk for third-sector insurance products including accident, sickness and nursing-care insurance:
Risks of occurrence of insurance claims in excess of normal estimates (excluding risks relating to major catastrophes)
 - <2> Guaranteed interest rate risk:
Risks of invested assets failing to yield assumed interest rates due to the aggravation of investment conditions than expected
 - <3> Investment risk:
Risks of retained securities and other assets fluctuating in prices in excess of normal estimates
 - <4> Business management risk:
Risks beyond normal estimates arising from business management (That does not fall under other categories.)
 - <5> Major catastrophe risk:
Risks of the occurrence of major catastrophic losses in excess of normal estimates (risks such as the Great Kanto Earthquake or Isewan Typhoon)
 - <6> Guaranteed minimum benefit risk:
Risks of special account assets fluctuating in prices in excess of normal estimates
- “Solvency margin of insurance companies by means of their capital, reserves, etc.” (total solvency margin) is the sum of total net assets (excluding planned outflows), certain reserves (reserve for price fluctuation, contingency reserve and catastrophic loss reserve, etc.) and parts of net unrealized gains and losses on real estate, etc.
- Solvency margin ratio is one of the indicators for the regulatory authorities to monitor financial soundness of insurance companies. Solvency margin ratio exceeding 200% would indicate adequate capability to meet payments of possible insurance claims.

< Revision of the standards for the calculation of solvency margin ratio >

- For the purpose of improving credibility of solvency margin ratio, regulations on solvency margin ratio are revised, which will be officially applied at the end of the fiscal year ending March 31, 2012. Until the date of application, solvency margin ratio calculated under the revised standards is disclosed as a reference, in addition to the solvency margin ratio calculated under the current standards.
- Under the new standards, solvency margin ratio may decline compared to that of under the current standards because of stricter standards of estimating total risk and others. However, as is the case under the current standards, solvency margin ratio under the new standards exceeding 200% would indicate adequate capability to meet payments of possible insurance claims.

Sompo Japan Insurance Inc. (Non-consolidated)

Solvency Margin Ratio

(Millions of yen)

	As of March 31, 2010	As of March 31, 2011
(A) Total Solvency Margin	1,671,429	1,476,906
Capital and funds, etc.	414,156	400,229
Reserve for price fluctuation	11,462	17,305
Contingency reserve	611	611
Catastrophic loss reserve	466,702	487,656
General allowance for possible loan losses	992	404
Unrealized gains on securities (before tax effect deductions)	536,605	415,622
Net unrealized gains and losses on real estate	52,252	30,177
Excess amount of reserve for maturity refunds	—	—
Subordinated debt, etc.	128,000	128,000
Deductions	101,616	157,360
Others	162,261	154,258
(B) Total Risks	417,827	394,555
$\sqrt{(R_1+R_2)^2+(R_3+R_4)^2}+R_5+R_6$		
Underwriting risk (R ₁)	83,975	77,389
Underwriting risk for third-sector insurance products including accident, sickness and nursing-care insurance (R ₂)	—	—
Guaranteed interest rate risk (R ₃)	5,368	5,144
Investment risk (R ₄)	185,633	173,292
Business management risk (R ₅)	9,493	8,938
Major catastrophe risk (R ₆)	199,686	191,119
(C) Solvency Margin Ratio		
$[(A) / \{(B) \times 1/2\}] \times 100$	800.0%	748.6%

Note) The above figures are calculated based on Articles 86 and 87 of the Ordinance for Enforcement of the Insurance Business Law and the provisions of Notification No. 50 of the Ministry of Finance (1996).

[Reference] The figures based on new standards to be applied from March 31, 2012

(Millions of yen)

	As of March 31, 2011
(A) Total Solvency Margin	1,476,906
Capital and funds, etc.	400,229
Reserve for price fluctuation	17,305
Contingency reserve	611
Catastrophic loss reserve	487,656
General allowance for possible loan losses	404
Unrealized gains on securities (before tax effect deductions)	415,622
Net unrealized gains and losses on real estate	30,177
Excess amount of reserve for maturity refunds	—
Subordinated debt, etc.	128,000
Excess amount of reserve for maturity refunds and subordinated debt, etc. which are excluded from total solvency margin	—
Deductions	157,360
Others	154,258
(B) Total Risks	525,109
$\sqrt{(R_1+R_2)^2+(R_3+R_4)^2}+R_5+R_6$	
Underwriting risk (R ₁)	108,300
Underwriting risk for third-sector insurance products including accident, sickness and nursing-care insurance (R ₂)	—
Guaranteed interest rate risk (R ₃)	18,681
Investment risk (R ₄)	301,892
Business management risk (R ₅)	12,070
Major catastrophe risk (R ₆)	174,665
(C) Solvency Margin Ratio	
$[(A) / \{(B) \times 1/2\}] \times 100$	562.5%

Note) The "new standards" is the revision of the current standards which reflects the revisions of Cabinet Office Ordinance No. 23 and the provisions of Notification No. 48 of the Financial Services Agency issued on April 20, 2010 (application from March 31, 2012).

NIPPONKOA Insurance Co., Ltd. (Non-consolidated)

Solvency Margin Ratio

(Millions of yen)

	As of March 31, 2010	As of March 31, 2011
(A) Total Solvency Margin	840,210	742,896
Capital and funds, etc.	249,698	230,001
Reserve for price fluctuation	5,643	8,611
Contingency reserve	12	14
Catastrophic loss reserve	285,675	287,719
General allowance for possible loan losses	40	75
Unrealized gains on securities (before tax effect deductions)	242,132	180,010
Net unrealized gains and losses on real estate	24,275	15,866
Excess amount of reserve for maturity refunds	—	—
Subordinated debt, etc.	—	—
Deductions	13,269	13,269
Others	46,002	33,866
(B) Total Risks	226,293	231,098
$\sqrt{(R_1+R_2)^2+(R_3+R_4)^2+R_5+R_6}$		
Underwriting risk (R ₁)	39,271	37,852
Underwriting risk for third-sector insurance products including accident, sickness and nursing-care insurance (R ₂)	1	1
Guaranteed interest rate risk (R ₃)	3,088	2,926
Investment risk (R ₄)	85,444	78,200
Business management risk (R ₅)	7,492	7,589
Major catastrophe risk (R ₆)	121,948	133,986
(C) Solvency Margin Ratio	742.5%	642.9%
$[(A) / \{(B) \times 1/2\}] \times 100$		

Note) The above figures are calculated based on Articles 86 and 87 of the Ordinance for Enforcement of the Insurance Business Law and the provisions of Notification No. 50 of the Ministry of Finance (1996).

[Reference] The figures based on new standards to be applied from March 31, 2012

(Millions of yen)

	As of March 31, 2011
(A) Total Solvency Margin	742,896
Capital and funds, etc.	230,001
Reserve for price fluctuation	8,611
Contingency reserve	14
Catastrophic loss reserve	287,719
General allowance for possible loan losses	75
Unrealized gains on securities (before tax effect deductions)	180,010
Net unrealized gains and losses on real estate	15,866
Excess amount of reserve for maturity refunds	—
Subordinated debt, etc.	—
Excess amount of reserve for maturity refunds and subordinated debt, etc. which are excluded from total solvency margin	—
Deductions	13,269
Others	33,866
(B) Total Risks	284,736
$\sqrt{(R_1+R_2)^2+(R_3+R_4)^2+R_5+R_6}$	
Underwriting risk (R ₁)	55,228
Underwriting risk for third-sector insurance products including accident, sickness and nursing-care insurance (R ₂)	1
Guaranteed interest rate risk (R ₃)	10,408
Investment risk (R ₄)	147,295
Business management risk (R ₅)	9,628
Major catastrophe risk (R ₆)	108,013
(C) Solvency Margin Ratio	521.8%
$[(A) / \{(B) \times 1/2\}] \times 100$	

Note) The "new standards" is the revision of the current standards which reflects the revisions of Cabinet Office Ordinance No. 23 and the provisions of Notification No. 48 of the Financial Services Agency issued on April 20, 2010 (application from March 31, 2012).

Sonpo 24 Insurance Company Limited (Non-consolidated)

Solvency Margin Ratio

(Millions of yen)

	As of March 31, 2010	As of March 31, 2011
(A) Total Solvency Margin	8,616	8,160
Capital and funds, etc.	8,236	7,867
Reserve for price fluctuation	20	23
Contingency reserve	—	—
Catastrophic loss reserve	312	340
General allowance for possible loan losses	—	—
Unrealized gains (losses) on securities (before tax effect deductions)	46	(72)
Net unrealized gains and losses on real estate	—	—
Excess amount of reserve for maturity refunds	—	—
Subordinated debt, etc.	—	—
Deductions	—	—
Others	—	—
(B) Total Risks	895	962
$\sqrt{(R_1+R_2)^2+(R_3+R_4)^2}+R_5+R_6$		
Underwriting risk (R ₁)	734	809
Underwriting risk for third-sector insurance products including accident, sickness and nursing-care insurance (R ₂)	—	—
Guaranteed interest rate risk (R ₃)	—	—
Investment risk (R ₄)	193	153
Business management risk (R ₅)	30	32
Major catastrophe risk (R ₆)	104	105
(C) Solvency Margin Ratio		
$[(A) / \{(B) \times 1/2\}] \times 100$	1,924.8%	1,695.8%

Note) The above figures are calculated based on Articles 86 and 87 of the Ordinance for Enforcement of the Insurance Business Law and the provisions of Notification No. 50 of the Ministry of Finance (1996).

[Reference] The figures based on new standards to be applied from March 31, 2012

(Millions of yen)

	As of March 31, 2011
(A) Total Solvency Margin	8,160
Capital and funds, etc.	7,867
Reserve for price fluctuation	23
Contingency reserve	—
Catastrophic loss reserve	340
General allowance for possible loan losses	—
Unrealized losses on securities (before tax effect deductions)	(72)
Net unrealized gains and losses on real estate	—
Excess amount of reserve for maturity refunds	—
Subordinated debt, etc.	—
Excess amount of reserve for maturity refunds and subordinated debt, etc. which are excluded from total solvency margin	—
Deductions	—
Others	—
(B) Total Risks	1,521
$\sqrt{(R_1+R_2)^2+(R_3+R_4)^2}+R_5+R_6$	
Underwriting risk (R ₁)	1,316
Underwriting risk for third-sector insurance products including accident, sickness and nursing-care insurance (R ₂)	—
Guaranteed interest rate risk (R ₃)	—
Investment risk (R ₄)	351
Business management risk (R ₅)	53
Major catastrophe risk (R ₆)	105
(C) Solvency Margin Ratio	
$[(A) / \{(B) \times 1/2\}] \times 100$	1,072.8%

Note) The "new standards" is the revision of the current standards which reflects the revisions of Cabinet Office Ordinance No. 23 and the provisions of Notification No. 48 of the Financial Services Agency issued on April 20, 2010 (application from March 31, 2012).

Saison Automobile and Fire Insurance Company, Limited (Non-consolidated)

Solvency Margin Ratio

(Millions of yen)

	As of March 31, 2010	As of March 31, 2011
(A) Total Solvency Margin	16,208	13,698
Capital and funds, etc.	12,532	10,207
Reserve for price fluctuation	14	7
Contingency reserve	8	8
Catastrophic loss reserve	3,291	3,185
General allowance for possible loan losses	0	—
Unrealized gains on securities (before tax effect deductions)	359	285
Net unrealized gains and losses on real estate	—	—
Excess amount of reserve for maturity refunds	—	—
Subordinated debt, etc.	—	—
Deductions	—	—
Others	2	2
(B) Total Risks	1,666	1,633
$\sqrt{(R_1+R_2)^2+(R_3+R_4)^2+R_5+R_6}$		
Underwriting risk (R ₁)	838	846
Underwriting risk for third-sector insurance products including accident, sickness and nursing-care insurance (R ₂)	—	—
Guaranteed interest rate risk (R ₃)	6	6
Investment risk (R ₄)	553	516
Business management risk (R ₅)	59	58
Major catastrophe risk (R ₆)	598	579
(C) Solvency Margin Ratio		
$[(A) / \{(B) \times 1/2\}] \times 100$	1,945.3%	1,677.2%

Note) The above figures are calculated based on Articles 86 and 87 of the Ordinance for Enforcement of the Insurance Business Law and the provisions of Notification No. 50 of the Ministry of Finance (1996).

[Reference] The figures based on new standards to be applied from March 31, 2012

(Millions of yen)

	As of March 31, 2011
(A) Total Solvency Margin	13,698
Capital and funds, etc.	10,207
Reserve for price fluctuation	7
Contingency reserve	8
Catastrophic loss reserve	3,185
General allowance for possible loan losses	—
Unrealized gains on securities (before tax effect deductions)	285
Net unrealized gains and losses on real estate	—
Excess amount of reserve for maturity refunds	—
Subordinated debt, etc.	—
Excess amount of reserve for maturity refunds and subordinated debt, etc. which are excluded from total solvency margin	—
Deductions	—
Others	2
(B) Total Risks	2,114
$\sqrt{(R_1+R_2)^2+(R_3+R_4)^2+R_5+R_6}$	
Underwriting risk (R ₁)	1,260
Underwriting risk for third-sector insurance products including accident, sickness and nursing-care insurance (R ₂)	—
Guaranteed interest rate risk (R ₃)	25
Investment risk (R ₄)	707
Business management risk (R ₅)	77
Major catastrophe risk (R ₆)	579
(C) Solvency Margin Ratio	
$[(A) / \{(B) \times 1/2\}] \times 100$	1,295.8%

Note) The "new standards" is the revision of the current standards which reflects the revisions of Cabinet Office Ordinance No. 23 and the provisions of Notification No. 48 of the Financial Services Agency issued on April 20, 2010 (application from March 31, 2012).

Sompo Japan Himawari Life Insurance Co., Ltd. (Non-consolidated)

Solvency Margin Ratio

(Millions of yen)

	As of March 31, 2010	As of March 31, 2011
(A) Total Solvency Margin	157,431	159,904
Capital, etc.	54,533	53,027
Reserve for price fluctuation	794	923
Contingency reserve	15,355	14,939
General allowance for possible loan losses	18	7
Unrealized gains on securities (90% of gain or 100% of loss)	1,245	1,340
Net unrealized gains and losses on real estate (85% of gain or 100% of loss)	—	—
Policy reserves in excess of surrender values	69,171	74,145
Brought in capital, etc.	—	—
Subordinated debt, etc.	—	—
Deductions	—	—
Others	16,312	15,520
(B) Total Risks	12,915	13,898
$\sqrt{(R_1+R_2)^2+(R_3+R_4+R_5)^2}+R_6$		
Underwriting risk (R ₁)	6,382	7,114
Underwriting risk for third-sector insurance products including accident, sickness and nursing-care insurance (R ₂)	3,516	3,966
Guaranteed interest rate risk (R ₃)	3,188	3,217
Investment risk (R ₄)	4,223	4,202
Business management risk (R ₅)	352	376
Guaranteed minimum benefit risk (R ₆)	322	329
(C) Solvency Margin Ratio $\frac{(A)}{(1/2) \times (B)} \times 100$	2,437.9%	2,300.9%

Notes) 1. The above figures are calculated based on Articles 86, 87, 161, 162 and 190 of the Ordinance for Enforcement of the Insurance Business Law and the provisions of Notification No. 50 of the Ministry of Finance (1996). "Policy reserves in excess of surrender values" is calculated based on the provisions of Article 1 Paragraph 3-1 of Notification No. 50 of the Ministry of Finance.

2. Guaranteed minimum benefit risk is calculated by the standard method.

[Reference] The figures based on new standards to be applied from March 31, 2012

(Millions of yen)

	As of March 31, 2011
(A) Total Solvency Margin	153,831
Capital, etc.	53,027
Reserve for price fluctuation	923
Contingency reserve	14,939
General allowance for possible loan losses	7
Unrealized gains on securities (90% of gain or 100% of loss)	1,340
Net unrealized gains and losses on real estate (85% of gain or 100% of loss)	—
Policy reserves in excess of surrender values	74,145
Subordinated debt, etc.	—
Policy reserves in excess of surrender values and subordinated debt, etc. which are excluded from total solvency margin	(5,219)
Brought in capital, etc.	—
Deductions	—
Others	14,667
(B) Total Risks	18,683
$\sqrt{(R_1+R_2)^2+(R_3+R_4+R_5)^2}+R_6$	
Underwriting risk (R ₁)	7,114
Underwriting risk for third-sector insurance products including accident, sickness and nursing-care insurance (R ₂)	3,966
Guaranteed interest rate risk (R ₃)	7,388
Investment risk (R ₄)	6,692
Business management risk (R ₅)	509
Guaranteed minimum benefit risk (R ₆)	323
(C) Solvency Margin Ratio $\frac{(A)}{(1/2) \times (B)} \times 100$	1,646.7%

Notes) 1. Under Cabinet Office Ordinance No.23 (2010) and the provisions of Notification No. 48 of the Financial Services Agency (2010), the standards for the calculation of solvency margin ratio are revised to tighten and refine calculation of total solvency margin and estimation of total risk and others. The revised standards will be applied from March 31, 2012. The above figures are calculated by using the revised standards to the financial results as of March 31, 2011.

2. Guaranteed minimum benefit risk is calculated by the standard method.

3. "Policy reserves in excess of surrender values" is calculated under the provisions of Article 1 Paragraph 1-1 of Notification No. 25 of the Financial Services Agency (2011). "Policy reserves in excess of surrender values and subordinated debt, etc. which are excluded from total solvency margin" is calculated under the provisions of Article 1 Paragraph 1-3 of Notification No. 25 of the Financial Services Agency (2011).

NIPPONKOA Life Insurance Company, Limited (Non-consolidated)

Solvency Margin Ratio

(Millions of yen)

	As of March 31, 2010	As of March 31, 2011
(A) Total Solvency Margin	60,078	61,719
Capital, etc.	21,564	21,285
Reserve for price fluctuation	542	631
Contingency reserve	4,859	4,752
General allowance for possible loan losses	—	—
Unrealized gains on securities (90% of gain or 100% of loss)	5,592	5,849
Net unrealized gains and losses on real estate (85% of gain or 100% of loss)	—	—
Policy reserves in excess of surrender values	25,993	27,847
Brought in capital, etc.	—	—
Subordinated debt, etc.	—	—
Deductions	—	—
Others	1,527	1,352
(B) Total Risks	4,368	4,754
$\sqrt{(R_1+R_2)^2+(R_3+R_4+R_5)^2}+R_6$		
Underwriting risk (R ₁)	2,930	3,134
Underwriting risk for third-sector insurance products including accident and sickness insurance (R ₂)	970	1,113
Guaranteed interest rate risk (R ₃)	164	173
Investment risk (R ₄)	1,538	1,674
Business management risk (R ₅)	112	121
Guaranteed minimum benefit risk (R ₆)	—	—
(C) Solvency Margin Ratio $\frac{(A)}{(1/2) \times (B)} \times 100$	2,750.4%	2,596.3%

Note) The above figures are calculated based on Articles 86, 87, 161, 162 and 190 of the Ordinance for Enforcement of the Insurance Business Law and the provisions of Notification No. 50 of the Ministry of Finance (1996). "Policy reserves in excess of surrender values" is calculated based on the provisions of Article 1 Paragraph 3-1 of Notification No. 50 of the Ministry of Finance.

[Reference] The figures based on new standards to be applied from March 31, 2012

(Millions of yen)

	As of March 31, 2011
(A) Total Solvency Margin	60,073
Capital, etc.	21,285
Reserve for price fluctuation	631
Contingency reserve	4,752
General allowance for possible loan losses	—
Unrealized gains on securities (90% of gain or 100% of loss)	5,849
Net unrealized gains and losses on real estate (85% of gain or 100% of loss)	—
Policy reserves in excess of surrender values	27,847
Subordinated debt, etc.	—
Policy reserves in excess of surrender values and subordinated debt, etc. which are excluded from total solvency margin	(1,099)
Brought in capital, etc.	—
Deductions	—
Others	805
(B) Total Risks	5,756
$\sqrt{(R_1+R_2)^2+(R_3+R_4+R_5)^2}+R_6$	
Underwriting risk (R ₁)	3,134
Underwriting risk for third-sector insurance products including accident and sickness insurance (R ₂)	1,113
Guaranteed interest rate risk (R ₃)	624
Investment risk (R ₄)	3,021
Business management risk (R ₅)	157
Guaranteed minimum benefit risk (R ₆)	—
(C) Solvency Margin Ratio $\frac{(A)}{(1/2) \times (B)} \times 100$	2,087.3%

- Notes) 1. Under Cabinet Office Ordinance No.23 (2010) and the provisions of Notification No. 48 of the Financial Services Agency (2010), the standards for the calculation of solvency margin ratio are revised to tighten and refine calculation of total solvency margin and estimation of total risk and others. The revised standards will be applied from March 31, 2012. The above figures are calculated by using the revised standards to the financial results as of March 31, 2011.
2. "Policy reserves in excess of surrender values" is calculated under the provisions of Article 1 Paragraph 1-1 of Notification No. 25 of the Financial Services Agency (2011). "Policy reserves in excess of surrender values and subordinated debt, etc. which are excluded from total solvency margin" is calculated under the provisions of Article 1 Paragraph 1-3 of Notification No. 25 of the Financial Services Agency (2011).

Sompo Japan DIY Life Insurance Co., Ltd. (Non-consolidated)

Solvency Margin Ratio

(Millions of yen)

	As of March 31, 2010	As of March 31, 2011
(A) Total Solvency Margin	5,199	5,020
Capital, etc.	4,071	4,076
Reserve for price fluctuation	15	16
Contingency reserve	551	540
General allowance for possible loan losses	—	—
Unrealized gains on securities (90% of gain or 100% of loss)	560	385
Net unrealized gains and losses on real estate (85% of gain or 100% of loss)	—	—
Policy reserves in excess of surrender values	—	—
Brought in capital, etc.	—	—
Subordinated debt, etc.	—	—
Deductions	—	—
Others	—	—
(B) Total Risks	582	567
$\sqrt{(R_1+R_6)^2+(R_2+R_3+R_7)^2}+R_4$	454	443
Underwriting risk (R ₁)	454	443
Underwriting risk for third-sector insurance products including accident, sickness and nursing-care insurance (R ₆)	95	95
Guaranteed interest rate risk (R ₇)	0	0
Investment risk (R ₂)	118	102
Business management risk (R ₃)	20	19
Guaranteed minimum benefit risk (R ₄)	—	—
(C) Solvency Margin Ratio $\frac{(A)}{(1/2) \times (B)} \times 100$	1,785.9%	1,768.9%

Note) The above figures are calculated based on Articles 86, 87, 161, 162 and 190 of the Ordinance for Enforcement of the Insurance Business Law and the provisions of Notification No. 50 of the Ministry of Finance (1996). "Policy reserves in excess of surrender values" is calculated based on the provisions of Article 1 Paragraph 3-1 of Notification No. 50 of the Ministry of Finance.

[Reference] The figures based on new standards to be applied from March 31, 2012

(Millions of yen)

	As of March 31, 2011
(A) Total Solvency Margin	5,020
Capital, etc.	4,076
Reserve for price fluctuation	16
Contingency reserve	540
General allowance for possible loan losses	—
Unrealized gains on securities (90% of gain or 100% of loss)	385
Net unrealized gains and losses on real estate (85% of gain or 100% of loss)	—
Policy reserves in excess of surrender values	—
Subordinated debt, etc.	—
Policy reserves in excess of surrender values and subordinated debt, etc. which are excluded from total solvency margin	—
Brought in capital, etc.	—
Deductions	—
Others	—
(B) Total Risks	593
$\sqrt{(R_1+R_6)^2+(R_2+R_3+R_7)^2}+R_4$	443
Underwriting risk (R ₁)	443
Underwriting risk for third-sector insurance products including accident, sickness and nursing-care insurance (R ₆)	95
Guaranteed interest rate risk (R ₇)	0
Investment risk (R ₂)	191
Business management risk (R ₃)	21
Guaranteed minimum benefit risk (R ₄)	—
(C) Solvency Margin Ratio $\frac{(A)}{(1/2) \times (B)} \times 100$	1,690.3%

Note) Under Cabinet Office Ordinance No.23 (2010) and the provisions of Notification No. 48 of the Financial Services Agency (2010), the standards for the calculation of solvency margin ratio are revised to tighten and refine calculation of total solvency margin and estimation of total risk and others. The revised standards will be applied from March 31, 2012. The above figures are calculated by using the revised standards to the financial results as of March 31, 2011.

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Financial Section

Corporate
Information

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1209, 1077 XX Amsterdam,
THE NETHERLANDS
Tel. 31-20-6730873
Fax. 31-20-6629179

FRANCE

Paris

○ Sompo Japan Insurance Company of Europe Limited (France Branch)

6, Square de L'Opéra Louis Jouvet,
75009 Paris, FRANCE
Tel. 33-142653232
Fax. 33-142653233

ITALY

Milan

○ Sompo Japan Insurance Company of Europe Limited (Italy Branch)

Via Larga 13, 20122, Milano, ITALY
Tel. 39-02-8057150
Fax. 39-02-8900749

SPAIN

Barcelona

○ Sompo Japan Insurance Company of Europe Limited (Spain Branch)

Calle de la Marina, 16-18, Planta 8A,
Torre Mapfre Villa-Olimpica,
08005, Barcelona, SPAIN
Tel. 34-93-401-2704
Fax. 34-93-401-2602

RUSSIA

Moscow

● OJSC IC ROSNO, NKSJ Division

▲ **Moscow Representative Office**
NKSJ Division, ROSNO building, 30,
Ozerkovskaya Nab., Moscow,
115184, RUSSIA
Tel. 7-495-234-2351
Fax. 7-495-234-2353

MIDDLE EAST

U.A.E.

Dubai

▲ Dubai Representative Office

Al Kharbash Tower 902,
Shaikh Zayed Road, Dubai,
P.O. Box 25538,
UNITED ARAB EMIRATES
Tel. 971-4-321-4475
Fax. 971-4-321-4476

TURKEY

Istanbul

■ Sompo Japan Sigorta Anonim Sirketi

* branches in 7 other cities
Ruzgarli Bahce Mah. Cumhuriyet Cad.
No:12 Acarlar iş merkezi C blok
Kavacık-Beykoz / Istanbul, TURKEY
Tel. 90-216-538-60-00
Fax. 90-216-538-62-90

▲ Istanbul Representative Office

c/o Strateji Insurance & Reinsurance
Brokerage Inc. Cayiryolu Sk. No.:11
Sayar Is Merkezi K.:6 34752 Icerenkoy,
Istanbul, TURKEY
Tel. 90-216-469-1111
Fax. 90-216-469-0367

NORTH AMERICA

U.S.A.

New York

● Sompo Japan Insurance Company of America (Headquarters)

Tel. 1-212-416-1200
Fax. 1-212-416-1205

● Sompo Japan Fire & Marine Insurance Company of America

Tel. 1-212-416-1200
Fax. 1-212-416-1469

777 Third Avenue, 28th Floor,
New York, NY 10017-1414, U.S.A.

Los Angeles

○ Sompo Japan Insurance Company of America (Los Angeles Branch)

Tel. 1-213-243-1800
Fax. 1-213-243-1855

○ **SJA Insurance Agency, LLC
(Los Angeles Branch)**

Tel. 1-213-243-1800
Fax. 1-213-243-1856

633 West Fifth Street, Suite 800,
Los Angeles, CA 90071, U.S.A.

Chicago

○ **Sompo Japan Insurance Company
of America (Chicago Branch)**

25 Northwest Point Blue Bird, Suite 745
Elk Grove Village, IL 60007, U.S.A.
Tel. 1-847-258-6970
Fax. 1-847-258-0292

Nashville

○ **Sompo Japan Insurance Company
of America (Nashville Branch)**

Cool Springs I, Suite 460
720 Cool Springs Blvd.
Franklin, TN 37067, U.S.A.
Tel. 1-615-771-0747
Fax. 1-615-771-0748

San Francisco

○ **Sompo Japan Insurance Company
of America (San Francisco Branch)**

Lake Amir Office Park 1250 Bayhill Drive,
Suite 203 San Bruno, CA 94066, U.S.A.
Tel. 1-650-737-0400
Fax. 1-650-737-0747

Charlotte

■ **SJA Insurance Agency, LLC
(Headquarters)**

11405 North Community House Road,
Suite 500, Charlotte, NC 28277, U.S.A.
Tel. 1-704-759-2200
Fax. 1-704-759-2542
1-704-759-2209

CANADA

Toronto

◆ **Canada Branch**

25 York Street, Suite 602, Toronto,
Ontario, M5J 2V5, CANADA
Tel. 1-416-368-4011
Fax. 1-416-368-7400

△ **Ace INA Insurance**

25 York Street, Suite 1400,
Toronto, Ontario, M5J 2V5, CANADA

CENTRAL AND SOUTH AMERICA

BERMUDA

Hamilton

■ **Eterna Insurance Company Limited**

Clarendon House 2 Church Street,
Hamilton HM11, BERMUDA

BRAZIL

Sao Paulo

■ **Yasuda Seguros, S.A.
(Headquarters)**

* branches in 10 other cities
Tel. 55-11-3886-1411
Fax. 55-11-3887-3660

■ **Sompo Japan do Brasil Ltda.**

Tel. 55-11-3886-1412
Fax. 55-11-3887-3661

Rua Cubatão, 320 Paraíso
São Paulo-SP CEP04013-001-BRAZIL

■ **Vistomar Sevcos de Vistoria Ltda**

Rua Cubatão, 320-12º and.
Paraíso São Paulo-SP
CEP04013-001-BRAZIL
Tel. 55-11-3884-4156

■ **Maritima Seguros S.A.
(Headquarters)**

* branches in 43 other cities
Rua Coronel Xavier de Toledo No.114,
9th Floor, São Paulo-SP
CEP01048-902-BRAZIL
Tel. 55-11-3156-6645
Fax. 55-11-3156-1910

■ **Maritima Saude Seguros S.A.**

Rua Coronel Xavier de Toledo,
No.114, 10th Floor,
São Paulo-SP CEP01048-902-BRAZIL
Tel. 55-11-3156-1000
Fax. 55-11-3156-1702

MEXICO

Mexico City

■ **Sompo Japan Insurance De Mexico,
S.A. de C.V.**

Av. Insurgentes Sur No. 1196 Piso 12,
Col. Tlacoquemecatl Del Valle
C.P. 03200 Mexico, D.F. MEXICO
Tel. 52-55-5559-3717
Fax. 52-55-5559-3807
52-55-5575-3768

ASIA

CHINA

Dalian

■ **Sompo Japan Insurance (China)
Co., Ltd. (Headquarters)**

10th Floor, Dalian Senmao Building,
147 Zhong Shan Road, Xi Gang District,
Dalian, Liaoning Province,
THE PEOPLE'S REPUBLIC OF CHINA
Tel. 86-411-8360-3093
Fax. 86-411-8360-3092

■ **Sompo Japan System Solutions
(Dalian) Co.,Ltd.**

Room 302A, Building 17,
Software Park, NO.267 Wuyi Rd.
Shahekou District, Dalian,
Liaoning Province,
THE PEOPLE'S REPUBLIC OF CHINA

Shanghai

○ **Sompo Japan Insurance (China)
Co., Ltd. (Shanghai Branch)**

20th Floor, Hang Seng Bank Tower,
1000 Lujiazui Ring Road,
Pudong New Area, Shanghai,
THE PEOPLE'S REPUBLIC OF CHINA
Tel. 86-21-5407-5828
Fax. 86-21-5407-6055

Guangzhou

○ **Sompo Japan Insurance (China)
Co., Ltd. (Guangdong Branch)**

Room 4016, Tower B,
China Shine Plaza, 9 Lin He West Road,
Tian He District, Guangzhou,
Guangdong Province,
THE PEOPLE'S REPUBLIC OF CHINA
Tel. 86-20-3810-8140
Fax. 86-20-3810-8141

Suzhou

○ **Sompo Japan Insurance (China)
Co., Ltd. (Jiangsu Branch)**

Room 1602, 16th Floor, Genway Plaza,
188 Wang Dun Road,
Suzhou Industrial Park,
Suzhou, Jiangsu Province,
THE PEOPLE'S REPUBLIC OF CHINA
Tel. 86-512-6296-9918
Fax. 86-512-6296-9917

Beijing**▲ Beijing Representative Office**

Room 1009, Beijing Fortune Building,
5 Dong San Huan North Road,
Chao Yang District, Beijing,
THE PEOPLE'S REPUBLIC OF CHINA
Tel. 86-10-6590-8970
Fax. 86-10-6590-9880

Shenzhen**▲ Shenzhen Representative Office**

Room 507, China Resources Building,
5001, Shen Nan East Road,
Luo Hu District, Shenzhen,
Guandong Province,
THE PEOPLE'S REPUBLIC OF CHINA
Tel. 86-755-8266-8721
Fax. 86-755-8266-8934

Chongqing**▲ Chongqing Representative Office**

Room 1708 A, Metropolitan Tower,
68 Zou Rong Road, Chongqing,
THE PEOPLE'S REPUBLIC OF CHINA
Tel. 86-23-6374-0709
Fax. 86-23-6374-0694

Hong Kong**■ ▲ Sampo Japan Insurance
(Hong Kong) Company Limited**

Tel. 852-2831-9980
Fax. 852-2573-2072

◆ Hong Kong Branch

Tel. 852-2831-9980
Fax. 852-2573-2072

Room 1901, Lincoln House,
Taikoo Place, 979 King's Road,
Island East, Hong Kong S.A.R.,
THE PEOPLE'S REPUBLIC OF CHINA

**■ Sampo Japan Reinsurance
Company Limited**

22/F, Bank of East Asia Harbour
View Centre 56 Gloucester Road,
Wanchai, Hong Kong S.A.R.,
THE PEOPLE'S REPUBLIC OF CHINA
Tel. 852-2827-1268
Fax. 852-2827-1632

TAIWAN**Taipei****■ Sampo Japan Insurance (Taiwan)
Brokers Co., Ltd.**

Tel. 886-2-2541-3768
Fax. 886-2-2562-2134

▲ Taipei Representative Office

Tel. 886-2-2562-2236
Fax. 886-2-2536-7107

Room C, 10th Floor, Shen Hsiang Tang
Sung Chiang Building, No. 146,
Sung Chiang Road, Taipei, TAIWAN

KOREA**Seoul****■ Sampo Japan Consulting
(Korea) Inc.**

7th Floor, Seoul Finance Center,
84 Taepyung-ro 1-ka, Chung-ku,
Seoul, KOREA
Tel. 82-2-757-0927
Fax. 82-2-757-0929

SINGAPORE**Singapore****■ Sampo Japan Asia Holdings
Pte. Ltd.**

Tel. 65-6223-7092
Fax. 65-6322-4689

**■ Sampo Japan Insurance
(Singapore) Pte. Ltd.**

Tel. 65-6223-5293
Fax. 65-6225-7947

50 Raffles Place,
#03-03 Singapore Land Tower,
Singapore 048623,
REPUBLIC OF SINGAPORE

■ Tenet Insurance Company Limited

11 Collyer Quay #09-00
The Arcade, Singapore 049317,
REPUBLIC OF SINGAPORE
Tel. 65-6221-2211
Fax. 65-6221-3302

MALAYSIA**Kuala Lumpur****■ Berjaya Sampo Insurance Berhad
(Headquarters)**

* branches in 22 other cities
18th Floor, Menara BGI, Plaza Berjaya,
12 Jalan Imbi, 55100, Kuala Lumpur,
MALAYSIA
Tel. 60-3-2117-2118
Fax. 60-3-2144-7297

Labuan**◆ Labuan Branch**

c/o Etiqa Offshore Insurance (L) Ltd,
Level 11B, Block 4 Office Tower,
Financial Park Labuan,
Jalan Merdeka 87000,
Labuan F.T. MALAYSIA

INDONESIA**Jakarta****■ P. T. Sampo Japan Insurance
Indonesia**

18th Floor, Midplaza 1 Jl. Jend.
Sudirman Kav. 10-11 Jakarta 10220,
REPUBLIC OF INDONESIA
Tel. 62-21-570-6230
Fax. 62-21-573-7040
62-21-570-3992

PHILIPPINES**Manila****■ PGA Sampo Japan Insurance Inc.**

Tel. 63-2-811-3417
Fax. 63-2-811-3278

▲ Manila Representative Office

Tel. 63-2-811-3160

5th Floor, Corinthian Plaza,
121 Paseo de Roxas Legaspi Village,
Makati, Metro Manila, PHILIPPINES

THAILAND

Bangkok

■ Sampo Japan Insurance (Thailand) Co., Ltd.

Tel. 66-2636-2333
Fax. 66-2636-2340

■ Sampo Japan Service (Thailand) Co., Ltd.

Tel. 66-2636-2330
Fax. 66-2636-2329

12th Floor, Abdulrahim Place,
990 Rama 4 Road, Silom, Bangrak,
Bangkok 10500, THAILAND

VIETNAM

Hanoi

■ United Insurance Company of Vietnam

Tel. 84-4-3826-2686
Fax. 84-4-3934-1752

▲ Hanoi Representative Office

Tel. 84-4-3934-0980
Fax. 84-4-3934-0981

11th Floor, Hanoi Tung Shing Square,
Unit 1102, 2 Ngo Quyen Street,
Hoan Kiem District, Hanoi, VIETNAM

Ho Chi Minh City

■ United Insurance Company of Vietnam

Tel. 84-8-3821-9036
Fax. 84-8-3821-9248

▲ Ho Chi Minh Representative Office

Tel. 84-8-3821-9034
Fax. 84-8-3821-9037

8th Floor, Sunwah Tower,
115 Nguyen Hue Street, District 1,
Ho Chi Minh City, VIETNAM

MYANMAR

Yangon

▲ Yangon Representative Office

Room No. 1205, 12th Floor,
Sakura Tower, No. 339,
Bogyoke Aung San Street,
Kyauktada Township, Yangon,
MYANMAR
Tel. 95-1-255-355
Fax. 95-1-255-403

INDIA

Mumbai

■ Universal Sampo General Insurance Co., Ltd. (Headquarters)

* branches in 41 cities, other than
Mumbai, Cennai, Kolkata and Delhi
Unit No.401 4th Floor, Sangam Complex,
127 Andheli (E), Mumbai 400069, INDIA

▲ Mumbai Representative Office

210, Trade Centre,
Opp. MTNL Building,
Bandra Kurla Complex, Bandra (E),
Mumbai 400098, INDIA
Tel. 91-22-2650-5044
Fax. 91-22-6675-8774

Chennai

○ Universal Sampo General Insurance Co., Ltd. (Chennai Office)

Capitale Towers, 5th Floor,
554 & 555, Anna Salai, Teynampet,
Chennai - 600018, INDIA
Tel. 91-44-4297-5000
Fax. 91-44-4297-5050

Kolkata

○ Universal Sampo General Insurance Co., Ltd. (Kolkata Office)

7th Floor, Express Towers,
42A, Shakespeare Sarani,
Kolkata - 700017, INDIA
Tel. 91-33-3020-2785
Fax. 91-33-3020-2791

Delhi

○ Universal Sampo General Insurance Co., Ltd. (Delhi Office)

Ground Floor, Enkay Tower, B&B1,
Vanijya Nikunj, Udyog Vihar Phase V,
Gurgaon, Haryana 122016, INDIA
Tel. 91-124-472-8800
Fax. 91-124-472-8899

OCEANIA

AUSTRALIA

Sydney

◆ Australia Branch

Tel. 61-2-9390-6280
Fax. 61-2-9390-6445

Allianz Australia Insurance Limited

Allianz Centre,
Forecourt Building Level 12,
2 Market Street, Sydney, N.S.W. 2000,
AUSTRALIA

Nipponkoa

EUROPE

U.K.

London

- **NIPPONKOA Insurance Company (Europe) Limited (Headquarters)**
- **NIPPONKOA Management Services (Europe) Limited**
- **Nippon Insurance Company of Europe Limited (Headquarters)**
- ▲ **London Representative Office**
1st Floor, John Stow House,
18 Bevis Marks,
London EC3A 7JB, U.K.
Tel. 44-20-7648-9930
Fax. 44-20-7929-6223

Guernsey

Saint Peter Port

- **Nippon Insurance Company of Europe Limited (Guernsey Branch)**
P.O. Box 34 Albert House
South Esplanade
St. Peter Port Guernsey
Channel Island GY1 4AU

GERMANY

Düsseldorf

- **NIPPONKOA Insurance Company (Europe) Limited (Germany Branch)**
- ▲ **Düsseldorf Representative Office**
Cantadorstr. 3,
40211 Düsseldorf, GERMANY
Tel. 49-211-178670
Fax. 49-211-162266

BELGIUM

Brussels

- **NIPPONKOA Insurance Company (Europe) Limited (Belgium Branch)**
- ▲ **Brussels Representative Office**
Place de l'Alma 3, Bte-4,
1200 Brussels, BELGIUM
Tel. 32-2-779-2446
Fax. 32-2-771-7169

NETHERLANDS

Amsterdam

- **NIPPONKOA Insurance Company (Europe) Limited (The Netherlands Branch)**
Teleportboulevard 110, Postbus 59329,
1040 KH Amsterdam,
THE NETHERLANDS
Tel. 31-20-503 1651
Fax. 31-20-503 1933

FRANCE

Paris

- **NIPPONKOA Insurance Company (Europe) Limited (France Branch)**
- ▲ **Paris Representative Office**
10, Rue de Milan, 75009 Paris, FRANCE
Tel. 33-1-44 53 00 11
Fax. 33-1-44 53 00 22

ITALY

Genova

- **NIPPONKOA Insurance Company (Europe) Limited (Italy Branch)**
Via XX Settembre 5/9,
16121 Genova, ITALY
Tel. 39-010-57622-28
Fax. 39-010-591227

RUSSIA

Moscow

- **OJSC IC ROSNO, NKSJ Division**
- ▲ **Moscow Representative Office**
Millennium House,
Office "G" (4F) Trubnaya
St.12 Moscow 107045, RUSSIA
Tel. 7-495-787-2796
Fax. 7-495-787-2792

NORTH AMERICA

U.S.A.

New York

- ◆ **U.S.A. Branch**
- **NIPPONKOA Management Corporation (Headquarters)**
- ▲ **New York Representative Office**
14 Wall Street, Suite 812
New York, 10005, U.S.A.
Tel. 1-212-405-1650
Fax. 1-212-405-1660

Hartford

- **NIPPONKOA Management Corporation (Hartford Office)**
- △ **The Travelers Marine Corporation**
One Tower square Hartford,
CT 06183, U.S.A.

Chicago

- **NIPPONKOA Management Corporation (Chicago Office)**
- ▲ **Chicago Representative Office**
180 North LaSalle Street, Suite 2503,
Chicago, IL 60601, U.S.A.
Tel. 1-312-553-9344
Fax. 1-312-553-9347

Los Angeles

- **NIPPONKOA Management Corporation (Los Angeles Office)**
- ▲ **Los Angeles Representative Office**
601 South Figueroa Street, Suite 2100,
Los Angeles, CA 90017, U.S.A.
Tel. 1-213-833-2100
Fax. 1-213-833-2120

Guam

- ◆ **Guam Branch**
- ◆ **Nanbo Guam Limited**
Post Office Box 2980 Haganta,
Guam 96932, U.S.A.

CANADA

Toronto

- ◆ **Canada Branch**
- ▲ **Toronto Representative Office**
- △ **St. Paul Fire and Marine Insurance Company**
Suite 200 P.O. Box 5
20 Queen St. West Toronto,
Ontario M5H 3R3, CANADA
Tel. 1-416-601-2543
Fax. 1-416-601-4432

ASIA

SINGAPORE

Singapore

- ◆ **Singapore Branch**
- **NIPPONKOA Management Service (Singapore) Private Limited**
- ▲ **Singapore Representative Office**
36 Robinson Road #11-01 City House,
Singapore 068877,
REPUBLIC OF SINGAPORE
Tel. 65-6222-6001
Fax. 65-6222-2557

MALAYSIA

Kuala Lumpur

- **Lonpac Insurance Bhd**
* branches in 16 other cities and one subsidiary in CAMBODIA
- ▲ **Kuala Lumpur Representative Office**
7th Floor, Bangunan Public Bank,
No. 6, Jalan Sultan Sulaiman, 50000
Kuala Lumpur, MALAYSIA
Tel. 60-3-2723-7772
Fax. 60-3-2715-0697

INDONESIA

Jakarta

■ PT. Asuransi NIPPONKOA Indonesia

* branches in 4 other cities

▲ Jakarta Representative Office

Permata Bank Tower I, 8th Floor,
Jl Jend. Sudirman Kav. 27
Jakarta 12920, P.O. Box 3129,
INDONESIA
Tel. 62-21-5237500
Fax. 62-21-5237506

PHILIPPINES

Manila

▲ Manila Representative Office

C/O Pioneer Insurance &
Surety Corporation, 7th Floor,
Pioneer House, 108 Paseo de Roxas,
Makati City, PHILIPPINES
Tel. 63-2-841-0267
Fax. 63-2-841-0269

THAILAND

Bangkok

■ The Navakij Insurance

Public Company Limited

* branches in 24 other cities

100/48-55, 90/3-6 Sathorn Nakorn Bldg.,
26th Fl., North Sathorn Rd., Silom,
Bangrak, Bangkok, 10500, THAILAND
Tel. 66-2-664-7798
Fax. 66-2-636-7999

■ NIPPONKOA Insurance Broker (Thailand) Company Limited

▲ Bangkok Representative Office

90/53 Sathorn Thani I Bldg.,
18th Floor, North Sathorn Rd.,
Silom, Bangrak, Bangkok,
10500, THAILAND
Tel. 66-2-636-7288
Fax. 66-2-636-8277

VIETNAM

Ho Chi Minh

▲ Ho Chi Minh Representative Office

Me Linh Point Tower 6th Floor,
Unit 602, 2 Ngo Duc Ke, District 1,
Ho Chi Minh City, VIETNAM
Tel. 84-8-3825-0364
Fax. 84-8-3827-2335

Hanoi

▲ Hanoi Representative Office

C/O Baoviet Insurance,
2nd Fl., 35 Hai Ba Trung, Hanoi City,
VIETNAM

INDIA

New Delhi

▲ New Delhi Representative Office

406, 4th Floor, Time Tower, MG Road,
Gurgaon 122009-03, INDIA
Tel. 91-124-4979-123

CHINA

Shenzhen

■ NIPPONKOA Insurance Company (China) Limited

No. 903-904, Kerry Plaza Tower 2,
No. 1 Zhong Xin Si Road Futian District,
Shenzhen, Guangdong 518048,
THE PEOPLE'S REPUBLIC OF CHINA
Tel. 86-755-8256-0055
Fax. 86-755-8256-0199

▲ Shenzhen Representative Office

Room 511, Fujian Industrial Bank Building,
No. 4013 Mintian Road, Futian District,
Shenzhen, Guangdong,
THE PEOPLE'S REPUBLIC OF CHINA
Tel. 86-755-2518-0500
Fax. 86-755-8236-1274

Beijing

▲ Beijing Representative Office

Room 1001A, Fortune Building 10/F,
Dongsanhuan Beilu, Chaoyang District,
Beijing 10004,
THE PEOPLE'S REPUBLIC OF CHINA
Tel. 86-10-6590-9500
Fax. 86-10-6590-9502

Dalian

▲ Dalian Representative Office

805 Dalian Asia Pacific Finance Centre 55
Ren Min Road, Dalian, Liaoning 116001,
THE PEOPLE'S REPUBLIC OF CHINA
Tel. 86-411-3989-1889
Fax. 86-411-3989-1879

Qingdao

▲ Qingdao Representative Office

Room 609, Crowne Plaza Qingdao,
76 Xiang Gang Zhong Lu,
Qingdao, Shandong 266071,
THE PEOPLE'S REPUBLIC OF CHINA
Tel. 86-532-8573-5910
Fax. 86-532-8575-5302

Shanghai

▲ Shanghai Representative Office

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Shanghai International Trade Center,
2201 Yanan Road (w.), Shanghai 200336,
THE PEOPLE'S REPUBLIC OF CHINA
Tel. 86-21-6275-4574
Fax. 86-21-6275-4075

Suzhou

▲ Suzhou Representative Office

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Suzhou Industrial Park, Jiangsu 215021,
THE PEOPLE'S REPUBLIC OF CHINA
Tel. 86-512-6824-0545
Fax. 86-512-6824-3348

Hong Kong

■ NIPPONKOA Insurance Company (Asia) Limited

▲ Hong Kong Representative Office

19th Floor, Tai Tung Building,
8 Fleming Road, Wanchai, Hong Kong
THE PEOPLE'S REPUBLIC OF CHINA
Tel. 852-2524-0036
Fax. 852-2868-4413

TAIWAN

Taipei

▲ Taipei Representative Office

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Tun-Hwa S Road, Taipei,
TAIWAN R.O.C.
Tel. 886-02-2776-6484
Fax. 886-02-2772-5456

OCEANIA

AUSTRALIA

Sydney

▲ Australia Branch

△ Allianz Australia Insurance Limited

▲ Sydney Representative Office
Level 12, 2 Market Street,
Sydney NSW 2000, AUSTRALIA
Tel. 61-2-8258-6251
Fax. 61-2-8252-6309

Status of Shares Held

Sompo Japan

The number of companies and carrying amount on the balance sheet in which equity investments are held for purposes other than pure investment

1,732 companies ¥1,140,517 million

<Top 50 shares held>

• Specific shares held

Purpose for which shares are held: To maintain and strengthen business relationships

Company Name	Number of Shares (Shares)	Carrying Amount on the Balance Sheet (Millions of yen)
Honda Motor Co., Ltd.	34,766,600	108,645
Canon Inc.	22,939,987	83,042
The Dai-ichi Life Insurance Company, Limited	400,000	50,200
NISSAN MOTOR CO., LTD.	63,528,000	46,883
Marubeni Corporation	56,110,000	33,609
Sharp Corporation	26,870,000	22,167
Panasonic Corporation	20,000,000	21,160
JFE Holdings, Inc.	7,998,025	19,467
SUZUKI MOTOR CORPORATION	9,500,000	17,660
AISIN SEIKI CO., LTD.	5,855,000	16,909
Murata Manufacturing Co., Ltd.	2,789,200	16,707
JX Holdings, Inc.	29,833,380	16,706
ITOCHU Corporation	17,353,000	15,114
NITTO DENKO CORPORATION	2,566,800	11,319
Hulic Co., Ltd.	15,327,200	11,081
Mizuho Financial Group, Inc.	78,360,070	10,813
Hitachi, Ltd.	23,836,032	10,321
TOYOTA MOTOR CORPORATION	3,000,900	10,053
Ajinomoto Co., Inc.	10,377,500	8,997
Kawasaki Kisen Kaisha, Ltd.	27,295,000	8,379
YAMATO HOLDINGS CO., LTD.	6,488,000	8,369
Asahi Kasei Corporation	13,032,000	7,310
Suruga Bank Ltd.	9,655,000	7,125
Showa Denko K.K.	41,867,600	6,991
The Kansai Electric Power Company, Incorporated	3,833,700	6,942
The Bank of Kyoto, Ltd.	8,912,000	6,559
Bridgestone Corporation	3,757,000	6,548
Fuji Heavy Industries Ltd.	11,716,490	6,280
Kawasaki Heavy Industries, Ltd.	16,343,000	5,981
East Japan Railway Company	1,221,200	5,648
KYOCERA Corporation	631,500	5,323
NSK Ltd.	7,248,000	5,196
Tohoku Electric Power Co., Inc.	3,653,300	5,132

Company Name	Number of Shares (Shares)	Carrying Amount on the Balance Sheet (Millions of yen)
Olympus Corporation	2,216,000	5,127
MITSUBISHI GAS CHEMICAL COMPANY, INC.	8,564,850	5,113
TonenGeneral Sekiyu K.K.	4,819,000	4,949
AEON CO., LTD.	5,041,600	4,860
KONICA MINOLTA HOLDINGS, INC.	6,500,000	4,530
Kayaba Industry Co., Ltd.	6,744,000	4,511
Keikyu Corporation	7,457,000	4,466
Mazda Motor Corporation	23,710,000	4,338
The Iyo Bank, Ltd.	6,071,000	4,207
Odakyu Electric Railway Co., Ltd.	5,865,000	4,111
COSMO OIL CO., LTD.	15,792,000	4,090
The Bank of Yokohama, Ltd	10,017,000	3,956
The Hiroshima Bank Ltd.	10,900,000	3,934
Nichirei Corporation	11,059,000	3,925
Nissan Chemical Industries, Ltd.	4,365,000	3,753
ZEON CORPORATION	4,689,000	3,596

• Shares subject to deemed holding

Purpose for which shares are held: To secure the ability to exercise voting rights

Company Name	Number of Shares (Shares)	Carrying Amount on the Balance Sheet (Millions of yen)
Honda Motor Co., Ltd.	8,900,000	27,812

Note: Specific shares for investment and shares subject to deemed holding have not been combined at the time of selecting the aforementioned companies recorded on the balance sheet.

Nipponkoa

The number of companies and carrying amount on the balance sheet in which equity investments are held for purposes other than pure investment

1,033 companies ¥545,750 million

<Top 50 shares held>

• Specific shares held

Purpose for which shares are held: To maintain and strengthen business relationships

Company Name	Number of Shares (Shares)	Carrying Amount on the Balance Sheet (Millions of yen)
ITOCHU Corporation	37,748,714	32,879
Komatsu Ltd.	10,462,448	29,556
Shin-Etsu Chemical Co., Ltd.	7,077,556	29,265
TOSHIBA CORPORATION	51,308,000	20,882
Honda Motor Co., Ltd.	5,700,000	17,812
Ricoh Company, Ltd.	18,197,414	17,760
Shiseido Company, Limited	11,277,497	16,239
NIPPON EXPRESS CO., LTD.	50,294,850	16,044
Ajinomoto Co., Inc.	16,097,994	13,956
The Chiba Bank, Ltd.	29,905,518	13,935
SHIONOGI & CO., LTD.	7,551,791	10,715
T&D Holdings, Inc.	4,819,405	9,879
The Joyo Bank, Ltd.	28,973,000	9,474
Kawasaki Heavy Industries, Ltd.	24,769,999	9,065
Mitsubishi UFJ Financial Group, Inc.	22,391,975	8,598
LPI CAPITAL BHD	18,902,400	7,126
Astellas Pharma Inc.	2,241,544	6,903
TOYOTA MOTOR CORPORATION	2,055,418	6,885
NOK CORPORATION	4,500,000	6,633
JX Holdings, Inc.	11,101,645	6,216
The Hiroshima Bank, Ltd.	16,687,911	6,024
Kobe Steel, Ltd.	25,033,557	5,407
YAMAZAKI BAKING CO., LTD.	5,557,396	5,385
The Keiyo Bank, Ltd.	12,619,128	5,249
NIPPON MEAT PACKERS, INC.	4,990,000	5,234
The Shiga Bank, Ltd.	11,651,260	5,091
Seven & i Holdings Co., Ltd	2,307,002	4,895
Sapporo Hokuyo Holdings, Inc.	10,866,480	4,346
FUKUYAMA TRANSPORTING CO.,LTD.	10,087,304	4,075
Isetan Mitsukoshi Holdings Ltd.	5,189,767	3,887
HISAMITSU PHARMACEUTICAL CO., INC.	1,101,102	3,694
The Iyo Bank, Ltd.	5,016,421	3,476
The Juroku Bank, Ltd.	12,338,080	3,368
THE HACHIJUNI BANK,LTD.	6,515,541	3,120

Company Name	Number of Shares (Shares)	Carrying Amount on the Balance Sheet (Millions of yen)
Fuji Heavy Industries Ltd.	5,649,540	3,028
NIPPON SHOKUBAI CO., LTD.	2,781,350	2,898
Keio Corporation	5,809,421	2,887
Mazda Motor Corporation	15,587,200	2,852
Nisshin Steel Co., Ltd.	15,758,559	2,820
Ube Industries, Ltd.	10,643,609	2,820
The Hyakugo Bank, Ltd.	7,230,274	2,704
OMRON Corporation	1,155,947	2,702
Hokuetsu Kishu Paper Co., Ltd.	5,992,860	2,678
The Chugoku Electric Power Co., Inc.	1,717,666	2,641
NIPPON KONPO UNYU SOKO CO.,LTD.	2,800,470	2,601
AEON CO., LTD.	2,639,688	2,544
Kyowa Hakko Kirin Co., Ltd.	3,246,456	2,532
YAKULT HONSHA CO., LTD.	1,114,760	2,369
SEKISUI CHEMICAL CO., LTD.	3,616,080	2,354

• Shares subject to deemed holding

Purpose for which shares are held: To secure the ability to exercise voting rights

Company Name	Number of Shares (Shares)	Carrying Amount on the Balance Sheet (Millions of yen)
TOSHIBA CORPORATION	9,500,000	3,866

Note: Specific shares for investment and shares subject to deemed holding have not been combined at the time of selecting the aforementioned companies recorded on the balance sheet.

Shares and Shareholders

■ Share Information (As of March 31, 2011)

Fiscal year:	April 1 through March 31 of the following year
Annual General Meeting of Shareholders:	Held within three months of April 1
Record date for dividends and voting rights:	March 31
Share-trading lot size:	1,000 Note: The trading unit of the shares shall be amended from 1,000 shares to 100 shares on October 1, 2011.
Shareholder registry administrator:	Mitsubishi UFJ Trust and Banking Corporation
Public notices:	NKSJ Holdings issues public notices electronically (http://www.nksj-hd.com/) (Japanese only). *If a public notice cannot be issued electronically, it will be published in the Nihon Keizai Shimbun (newspaper).
Exchange listings:	Tokyo Stock Exchange (First Section), Osaka Securities Exchange (First Section)

■ Matters for the General Meeting of Shareholders

The 1st General Meeting of Shareholders was held on June 27, 2011. The matters to be reported and the matters to be resolved were as follows:

Matters to be Reported

1. The business report, the consolidated financial statements and the audit reports by the accounting auditors and the board of auditors for FY2010 (April 1, 2010 to March 31, 2011)
2. The financial statements for FY2010 (April 1, 2010 to March 31, 2011)

Matters to be Resolved

- Proposal No. 1** Disposition of Retained Earnings
- Proposal No. 2** Reverse Split of Shares
- Proposal No. 3** Amendment in part of Articles of Incorporation
- Proposal No. 4** Appointment of Twelve Directors
- Proposal No. 5** Determination of Remuneration, etc. of Directors
- Proposal No. 6** Determination of Remuneration etc. of Auditors
- Proposal No. 7** Determination of Amount and Content of Share Compensation Type Share Options to be Granted to Directors
- The proposals were approved as initially proposed.

■ Distribution and Shares (As of March 31, 2011)

Summary of Issued Shares

Type of shares:	Common Share
Total number of authorized shares:	5,000,000,000 ¹
Total number of shares outstanding:	1,661,409,178 ²
Total number of shareholders:	51,025

Notes: 1. Total number of authorized shares shall be amended to 1.2 billion shares on October 1, 2011.
2. Total number of shares outstanding shall be combined at a ratio of four shares to one share on October 1, 2011.

Types of Shareholders

	Number of Shareholders	Number of Shares Held (Thousands)	Portion of Shares Outstanding (%)
National and Regional Governmental Organizations	2	33	0.00
Financial Institutions	185	592,448	35.66
Securities Companies	63	49,256	2.96
Other Corporations	1,220	172,875	10.41
Foreign Investors	480	660,269	39.74
Individuals and Others	49,074	185,542	11.17
Treasury Shares	1	983	0.06
Total	51,025	1,661,409	100.00

■ Major Shareholders (As of March 31, 2011)

Name of Shareholder	Number of Shares Held (Thousands)	Portion of Shares Outstanding (%)
State Street Bank and Trust Company	91,129	5.49
Japan Trustee Services Bank, Ltd. (Trust account)	65,154	3.92
Longleaf Partners Fund	56,402	3.39
The Master Trust Bank of Japan, Ltd. (Trust account)	47,476	2.86
NKSJ Holdings Employee Shareholders Association	41,491	2.50
The Dai-ichi Life Insurance Company, Limited	40,908	2.46
Mizuho Corporate Bank, Ltd.	34,052	2.05
Nippon Express Co., Ltd.	32,004	1.93
SSBT OD05 OMNIBUS ACCOUNT - TREATY CLIENTS	29,709	1.79
Barclays Capital Japan Limited	20,000	1.20

Notes: The number of shares held by The Dai-ichi Life Insurance Company, Limited includes 17,971 thousand shares contributed by that company as trust assets for a retirement benefit trust (In the shareholder register, the shares are listed in the name of Mizuho Trust & Banking Co., Ltd., Dai-ichi Life Insurance Retirement Benefit Trust).

NKSJ Holdings, Subsidiaries and Affiliates

(As of March 31, 2011)

The NKSJ Group consists of NKSJ Holdings, Inc., 70 subsidiaries and 23 affiliates. The Group is engaged in property and casualty insurance business, life insurance business and other business.

Major group companies are as follows.

Property and casualty insurance business

- Sompo Japan Insurance Inc.
- NIPPONKOA Insurance Company, Limited
- Sompo 24 Insurance Company Limited
- SAISON AUTOMOBILE AND FIRE INSURANCE COMPANY, LIMITED
- Sompo Japan Insurance Company of America <USA>
- Sompo Japan Insurance Company of Europe Limited <UK>
- NIPPONKOA Insurance Company (Europe) Limited <UK>
- NIPPONKOA Management Services (Europe) Limited <UK>
- Nippon Insurance Company of Europe Limited <UK>
- Sompo Japan Sigorta Anonim Sirketi <Turkey>
- Sompo Japan Asia Holdings Pte. Ltd. <Singapore>
- Sompo Japan Insurance (Singapore) Pte. Ltd. <Singapore>
- Tenet Insurance Company Limited <Singapore>
- Sompo Japan Insurance (China) Co., Ltd. <China>
- NIPPONKOA Insurance Company (China) Limited <China>
- Sompo Japan Insurance (Hong Kong) Company Limited <China>
- NIPPONKOA Insurance Company (Asia) Limited <China>
- Yasuda Seguros S.A. <Brazil>
- ★ Hitachi Capital Insurance Corporation
- ★ Berjaya Sompo Insurance Berhad <Malaysia>
- ★ Universal Sompo General Insurance Company Limited <India>
- ★ Maritima Seguros S.A. <Brazil>
- ★ Maritima Saude Seguros S.A. <Brazil>

Life insurance business

- Sompo Japan Himawari Life Insurance Co., Ltd.
- NIPPONKOA Life Insurance Company, Limited
- Sompo Japan DIY Life Insurance CO., LTD.

Other business

- Sompo Japan DC Securities Inc. (Defined contribution pension plan business and fund sales business)
- Healthcare Frontier Japan Inc. (Consulting service regarding health and care such as prevention of disease)
- SOMPO JAPAN NIPPONKOA ASSET MANAGEMENT CO., LTD. (Investment advisory service and fund trust management service)
- ★ Yasuda Enterprise Development Co., Ltd. (Investment and management for investment enterprise partnerships)

Note: The definitions of each sign are as follows. ● : Consolidated subsidiary ★ : Affiliate accounted for under the equity method

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Corporate
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Company name: NKSJ Holdings, Inc.

Established: April 1, 2010

Capital: 100 billion yen

Head office: 26-1, Nishi-Shinjuku 1-chome,
Shinjuku-ku, Tokyo, Japan 160-8338
Telephone: 03-3349-3000 (operator)

**Representative Director,
Chairman and Chief Executive Officer:** Makoto Hyodo

**Representative Director,
President and Chief Executive Officer:** Masatoshi Sato

Business activities: Management of P&C insurance companies, life insurance companies, and other companies controlled as subsidiaries pursuant to the Insurance Business Law, and other operations incidental thereto.

Employees: 230

URL: <http://www.nksj-hd.com/>

Independent auditors: Ernst & Young ShinNihon LLC

Rating Information for NKSJ Group Companies

Listed below are credit ratings for NKSJ Group companies as of July 1, 2011.*

Rating agency	Sompo Japan	Nipponkoa	Sompo Japan Himawari Life	Nipponkoa Life	Saison Automobile & Fire
Standard & Poor's	AA-	AA-	AA-	—	—
Moody's	Aa3	—	Aa3	—	—
R&I	AA	AA	—	AA	—
JCR	AA+	—	—	—	A+
A.M. Best	A+	A	—	—	—

* Only ratings commissioned by the Group are shown.

For further information please contact

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NKSJ HOLDINGS

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