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May 20, 2010

NKSJ Holdings, Inc.

Summary of Consolidated Financial Results for the fiscal year ended March 31, 2010

Company Name: **NKSJ Holdings, Inc.**
(with regards to Sompo Japan Insurance Inc. ("Sompo Japan"))
Listed on: Tokyo and Osaka Stock Exchange
Stock Code Number: 8630
URL: http://www.nksj-hd.com/
Representative Director: Masatoshi Sato, President & CEO
Contact: Kazuhisa Tamura, Manager, Accounting Department of NKSJ Holdings, Inc.
Hiroyuki Akiho, Manager, Accounting Department of Sompo Japan

Scheduled date to file Financial Report: June 29, 2010
Scheduled date to start payment of dividends: June 29, 2010

Note) All amounts less than the minimum unit on each table are rounded down, all ratios are rounded.

1. Consolidated Financial Results for the fiscal year ended March 31, 2010 (April 1, 2009 to March 31, 2010)

(1) Consolidated Results of Operations

	Ordinary income		Ordinary profit		Net income	
	millions of yen	%	millions of yen	%	millions of yen	%
Year ended March 31, 2010	1,807,781	2.3	48,829	–	39,366	–
Year ended March 31, 2009	1,767,980	(6.7)	(144,052)	–	(66,710)	–

Note) The percentages are changes from corresponding period of previous fiscal year.

	Net income per share	Diluted net income per share	Return on equity	Ordinary profit to total assets	Ordinary profit to ordinary income
	yen	yen	%	%	%
Year ended March 31, 2010	39.98	39.94	5.7	0.8	2.7
Year ended March 31, 2009	(67.75)	–	(8.0)	(2.3)	(8.1)

Reference) Investment losses on the equity method: For the year ended March 31, 2010 (30) million yen
For the year ended March 31, 2009 (338) million yen

(2) Consolidated Financial Conditions

	Total assets	Total net assets	Equity ratio	Total net assets per share
	millions of yen	millions of yen	%	yen
As of March 31, 2010	6,164,068	802,843	13.0	811.64
As of March 31, 2009	5,913,379	594,946	10.0	602.30

Reference) Equity capital: As of March 31, 2010 798,701 million yen
As of March 31, 2009 593,000 million yen

(3)Consolidated Cash Flows

	Cash flows from operating activities	Cash flows from investing activities	Cash flows from financing activities	Cash and cash equivalents at the end of the period
	millions of yen	millions of yen	millions of yen	millions of yen
Year ended March 31, 2010	(85,477)	(61,396)	105,449	262,844
Year ended March 31, 2009	(37,138)	41,246	(19,303)	299,497

2. Dividends

	Dividends per share					Total annual dividends	Dividend payout ratio (Consolidated)	Dividends on net assets (Consolidated)
	First quarter -end	Second quarter -end	Third quarter -end	Fiscal year -end	Annual			
	yen	yen	yen	yen	yen	millions of yen	%	%
Year ended March 31, 2009	–	–	–	20.00	20.00	19,690	–	2.4
Year ended March 31, 2010	–	–	–	20.00	20.00	19,681	50.0	2.8

Note) Please refer to "Forecasts of Financial Results for the fiscal year ending March 31, 2011 and Management Policy" NKSJ Holdings, Inc. released for the forecasts of dividends for the fiscal year ending March 31, 2011.

3. Consolidated Forecasts for the fiscal year ending March 31, 2011 (April 1, 2010 to March 31, 2011)

Please refer to "Forecasts of Financial Results for the fiscal year ending March 31, 2011 and Management Policy" NKSJ Holdings, Inc. released for consolidated forecasts for the fiscal year ending March 31, 2011.

4. Others

(1) Changes in significant subsidiaries during the period (changes in specified subsidiaries resulting in the change in the scope of consolidation): None

(2) Changes in accounting policies, procedures and methods of presentation for the preparation of the consolidated financial statements during the period (changes which are shown in changes in significant accounting policies for the preparation of the consolidated financial statements):

① Changes due to revisions to accounting standards : Yes

② Changes due to other reasons : None

Note) Please refer to "Changes in accounting policies" in "(6) Significant accounting policies for the preparation of the consolidated financial statements" on page 18 and page 19 for details.

(3) Number of shares outstanding (common stock) :

① Total shares outstanding including treasury stock:

As of March 31, 2010	984,055,299	shares
As of March 31, 2009	987,733,424	shares

② Treasury stock:

As of March 31, 2010	－	shares
As of March 31, 2009	3,188,703	shares

Note) Please refer to "Per Share Information" on page 48 for number of common stocks used for calculation of net income per share (consolidated basis).

(Reference) Summary of Non-consolidated Financial Results

1. Non-consolidated Financial Results for the fiscal year ended March 31, 2010 (April 1, 2009 to March 31, 2010)

(1) Non-consolidated Results of Operations

	Net premiums written		Ordinary profit		Net income	
	millions of yen	%	millions of yen	%	millions of yen	%
Year ended March 31, 2010	1,258,896	(2.4)	50,318	－	42,774	－
Year ended March 31, 2009	1,290,464	(4.1)	(153,884)	－	(73,943)	－

Note) The percentages are changes from corresponding period of previous fiscal year.

	Net income per share	Diluted net income per share	Return on equity	Net loss ratio	Net expense ratio
	yen	yen	%	%	%
Year ended March 31, 2010	43.44	43.40	6.0	73.9	34.1
Year ended March 31, 2009	(75.10)	－	(8.8)	70.3	34.5

(2) Non-consolidated Financial Conditions

	Total assets	Total net assets	Equity ratio	Total net assets per share
	millions of yen	millions of yen	%	yen
As of March 31, 2010	5,029,232	820,181	16.3	832.14
As of March 31, 2009	4,856,435	615,721	12.7	624.38

Reference) Equity capital: As of March 31, 2010 818,878 million yen
As of March 31, 2009 614,737 million yen

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1. Results of Operations

(1) Analysis on results of operations

<Results of operations>

The Japanese economy showed some signs of recovery during the fiscal year ended March 31, 2010 after a severe economic downturn triggered by the failure of Lehman Brothers in September 2008. Exports and production activity have yet to recover to pre-crisis levels, but industrial output has continued to receive support from strong Asian export demand, and the resulting improvement in corporate earnings has seen capital investment begin to level out after a sustained downtrend. Consumer spending has also remained strong, with cash handouts and purchase incentive schemes fueling demand for durable goods and thereby helping to offset the impact of a relatively high unemployment rate. Prices remain in a mild deflationary trend.

It would appear that the Japanese economy has yet to develop any significant endogenous momentum, with exports and fiscal stimulus measures still the main engines of growth.

The property and casualty insurance industry saw a further decline in revenues. The voluntary automobile insurance was hit by a decline in contract unit price due to progression of discounted premiums for drivers with no accident history, the fire and allied insurance was affected by a decline in housing starts, and the marine insurance suffered due to weaker shipping activity and a stronger yen.

Under these circumstances, consolidated financial results for the year ended March 31, 2010 were as follows.

(a) Ordinary income

Ordinary income for the year ended March 31, 2010 increased by 39.8 billion yen to 1,807.7 billion yen, compared with the year ended March 31, 2009.

Results by lines of business were as follows.

In property and casualty insurance business, net premiums written for the year ended March 31, 2010 decreased by 17.2 billion yen to 1,291.0 billion yen*, compared with the year ended March 31, 2009, mainly due to a decrease in revenue from voluntary automobile insurance and compulsory automobile liability insurance whose premium rate was revised in April, 2008. Ordinary income for the year ended March 31, 2010 increased by 42.0 billion yen to 1,704.8 billion yen, compared with the year ended March 31, 2009, due to an increase in underwriting profit caused by an increase in reversal of reserve for outstanding losses and claims related to claims payment of financial guarantee insurance.

In life insurance business, ordinary income for the year ended March 31, 2010 decreased by 3.6 billion yen to 104.6 billion yen, compared with the year ended March 31, 2009, mainly due to a decrease in reversal of underwriting reserves, despite an increase in life insurance premiums written caused by an increase in new business of Sompo Japan Himawari Life Insurance Co., Ltd.

* This figure represents amount before offsetting internal transactions among consolidated segments.

(b) Ordinary expenses

Ordinary expenses for the year ended March 31, 2010 decreased by 153.0 billion yen to 1,758.9 billion yen, compared with the year ended March 31, 2009.

Results by lines of business were as follows.

In property and casualty insurance business, ordinary expenses for the year ended March 31, 2010 decreased by 157.7 billion yen to 1,655.5 billion yen, compared with the year ended March 31, 2009, mainly due to a substantial decrease in losses related to financial guarantee insurance and impairment losses on securities.

In life insurance business, ordinary expenses for the year ended March 31, 2010 increased by 3.2 billion yen to 105.0 billion yen, compared with the year ended March 31, 2009, mainly due to an increase in soliciting expenses caused by an increase in new business of Sompo Japan Himawari Life Insurance Co., Ltd.

(c) Ordinary profit and net income

Ordinary profit for the year ended March 31, 2010 increased by 192.8 billion yen to 48.8 billion yen, compared with the year ended March 31, 2009. In property and casualty insurance business, ordinary profit was 49.2 billion yen. In life insurance business, ordinary loss was 0.4 billion yen.

As a result, net income for the year ended March 31, 2010 increased by 106.0 billion yen to 39.3 billion yen, compared with the year ended March 31, 2009.

(2) Analysis on financial conditions

(a) Total assets

Total assets as of March 31, 2010 increased by 250.6 billion yen from March 31, 2009 to 6,164.0 billion yen, mainly due to an increase in securities such as stocks.

(b) Total net assets

Total net assets as of March 31, 2010 were 802.8 billion yen, due to an increase in unrealized gains on securities available for sale mainly caused by a rise of stock prices. Treasury stock of 3.1 billion yen was retired as of March 31, 2010.

(c) Cash flows and liquidity

Cash flows from operating activities for the year ended March 31, 2010 decreased by 48.3 billion yen to (85.4) billion yen, compared with the year ended March 31, 2009, mainly due to a decrease in premiums revenue.

Cash flows from investing activities for the year ended March 31, 2010 decreased by 102.6 billion yen to (61.3) billion yen, compared with the year ended March 31, 2009, mainly due to an increase in purchase of securities.

Cash flows from financing activities for the year ended March 31, 2010 increased by 124.7 billion yen to 105.4 billion yen, compared with the year ended March 31, 2009, mainly due to issuance of bonds.

As a result, cash and cash equivalents as of March 31, 2010 decreased by 36.6 billion yen from March 31, 2009 to 262.8 billion yen.

Cash and cash equivalents consist of cash on hand, demand deposits and short-term investments* which can be cashed easily. They are fully saved for an unexpected fluctuation of daily necessary money.

In addition, sufficient liquid assets based on the expected cash outflow are saved for risks of liquidity problem, for example huge claim payments involved with the occurrence of major disasters.

*short-term investments: time deposit etc. with original maturities or redemption of three months or less at the date of acquisition and few risks of fluctuation in value

Equity and fair-value equity ratios for the past five fiscal years are as follows.

(%)

	FY2005	FY2006	FY2007	FY2008	FY2009
Equity ratio	20.1	20.8	16.6	10.0	13.0
Fair-value equity ratio	24.9	20.7	13.5	8.4	10.5

Notes)

1. Equity ratio: shareholders' equity / total assets × 100
2. Fair -value equity ratio: market capitalization / total assets × 100
   (Market capitalization of FY2009 is calculated on the basis of the closing price as of March 26, 2010.)
3. We do not publish our "ratio of cash flow to interest-bearing debt" or "interest coverage ratio", believing that these indicators are not appropriate measures of financial soundness for the Sompo Japan Group that are engaged primarily in the insurance business.

(3) Dividend policy

Sompo Japan is seeking to expand its internal reserve, as a social mission of property and casualty insurance company, in order to strengthen its claim paying ability for natural disasters such as earthquakes and wind or water disasters and provide for the change of future business conditions. At the same time, as for return to stockholders, Sompo Japan has the policy that it intends to increase the actual amounts of dividends stably. According to the policy, the forecast for dividends per share for this fiscal year ended March 31, 2010 is 20 yen.

(4) Business-related risks and uncertainties

Below we have listed those risk factors with the potential to affect our business, financial condition, and results of operations that we consider to be of material relevance to investor decision-making. It is important to recognize that these risks are not mutually exclusive and that a single given event could therefore impact on a number of different aspects of our operations.

We will continue to make every effort to mitigate risk factors wherever possible while also working to minimize their potential impact.

(a) Impact of a deterioration in the Japanese economy

We currently expect the Japanese economy to follow a gradual recovery path as the improving global economy continues to provide support for exports and production activity, but our insurance business could be materially adversely affected in the event of a protracted economic downturn.

Moreover, our asset portfolio—which includes domestic stocks, domestic bonds, loans to domestic entities, and domestic real estate—is relatively vulnerable to fluctuations in the performance of the domestic economy, and our financial condition and business performance could therefore be materially adversely affected in the event of a significant deterioration in the domestic economic climate.

(b) Intensified competition within the non-life insurance industry

Competition within the non-life insurance industry—and the automobile insurance sector in particular—has intensified significantly as a consequence of wide-ranging deregulation since amendments to the Insurance Business Act took effect in 1996, with price competition among existing insurers and new entrants to the industry creating significant pressure on profit margins.

Profit performance could be materially adversely affected in the event of further deregulation or fiercer price competition.

(c) Changes in relevant laws, regulations, accounting systems, etc.

The Sompo Japan Group’s domestic insurance business operates within the constraints imposed by various laws and regulations, and our financial condition and business performance could therefore be materially adversely affected in the event of an unexpected change in regulations or the imposition of new regulations that have a negative impact on revenue generated by insurance product sales and services or require significant additions to underwriting reserves.

(d) Natural disasters

Japan faces considerable exposure to the risk of earthquakes, typhoons, fires, snow-related damage, and other natural disasters, the frequency and severity of which are extremely difficult to predict.

We purchase reinsurance coverage and maintain a catastrophe reserve by way of preparation for such eventualities, but our financial condition and business performance could be materially adversely affected in the event that natural disasters exceed our current expectations in terms of frequency and/or severity.

(e) Damages beyond normal expectations

Cost of sales for insurance policies is determined only after any payout obligations have been met, and our financial condition and business performance could therefore be materially adversely affected if damages turn out to be greater than can be reasonably anticipated through an application of the law of large numbers.

(f) Reinsurance risk

We purchase reinsurance coverage as a means of expanding our underwriting capacity and protecting against the risk of natural disasters. The profitability of our insurance business and our ability to provide customers with suitable insurance coverage could therefore be materially adversely affected if reinsurance premiums move sharply higher or adequate insurance coverage becomes impossible to obtain as a consequence of sudden changes in reinsurance market conditions or credit-related problems affecting one or more of our reinsurance providers.

(g) Overseas operations

Our overseas insurance business is relatively small by comparison with our domestic insurance business, but necessarily entails a variety of country- and region-specific risks. The profitability of our overseas operations could be materially adversely affected in the event of sudden changes in laws or regulations, rapid exchange rate fluctuations, or other significant changes in political, social, and/or economic conditions.

(h) Life insurance and other businesses

The Sompo Japan Group has branched out into such areas as life insurance, defined contribution pensions, and asset management services in line with efforts to diversify its business portfolio. Our life insurance business in particular has expanded significantly over the past few years. Our financial condition and business performance could therefore be materially adversely affected if further expansion of our life insurance business requires significant additional capital, competition with other life insurers prevents us from establishing a solid business foundation, or profitability is adversely impacted due to the manifestation of various risks specific to life insurance products.

(i) Stock prices

The Sompo Japan Group has significant stock holdings relating to its maintenance of long-term relationships with insurance-buying firms, and our financial condition and business performance could therefore be materially adversely affected if stock price fluctuations result in significant realized and/or unrealized losses or an erosion of net assets.

(j) Exchange rate risk

The Sompo Japan Group invests in foreign bonds and stocks with a view to diversifying investment risk. Asset values and returns on investment (measured in yen terms) could be materially adversely affected in the event of significant fluctuations in the relevant exchange rates.

(k) Interest rate risk

An increase in market interest rates may reduce the value of our fixed-rate bond and loan holdings, while a decline in market interest rates may increase the market value of our liabilities due to the existence of our underwriting reserves for long-term insurance coverage. A rise in market interest rates may also increase our interest payment costs due to the fact that we have issued subordinated bonds for which coupon payments are variable from the sixth year onwards. In summary, our financial condition and business performance could be materially adversely affected in the event of significant fluctuations in market interest rates.

(l) Liquidity risk

The Sompo Japan Group holds highly liquid assets in recognition of the need to meet future payout obligations, but our financial condition and business performance could be materially adversely affected if cash flow difficulties arise as a consequence of a major natural disaster, an increase in policy cancellations, or financial market turmoil, in which case we might be forced to raise funds at higher-than-usual interest rates or sell off securities holdings at anomalously low prices.

(m) Creditworthiness of securities issuers and obligors

Our financial condition and business performance could be materially adversely affected in the event that deterioration in creditworthiness or bankruptcy of a securities issuer or obligor causes a significant decline in the value of our securities or loan holdings or makes it impossible for us to recoup outstanding interest and principal.

(n) Rating downgrade risk

We are constantly working to bolster our profitability and improve our financial condition, but our credit ratings are subject to review at any time based on information collected independently by rating agencies in addition to that provided by the Sompo Japan Group, and may also be affected by rating agencies' assessments of Japan's sovereign rating and the stability of the Japanese financial system as a whole. Our financial condition and business performance could be materially adversely affected in the event that a rating downgrade results in higher fundraising costs or impedes our ability to sell insurance products.

(o) Litigation risk

Our financial condition and business performance could be materially adversely affected in the event that litigation in relation to our broad range of domestic and overseas operations requires us to pay massive damages or cut back our operations in some way.

(p) Leaks of customer information

The Sompo Japan Group maintains information pertaining to a large number of corporate and individual clients as well as a broad range of business-related information for internal use. Each of our group companies has formulated what we believe to be appropriate information management policies and procedures, and we have also implemented a range of security measures in relation to our computer systems as well as conducted training sessions to ensure that the importance of maintaining sound information management practices is fully understood by all employees and officers. Nevertheless, our operations, financial condition, and business performance could be materially adversely affected in the event that these measures to prevent leaks of important information prove insufficient in some respect.

(q) Business integration synergies

NKSJ Holdings, Inc. was established on April 1, 2010 through a merger between Sompo Japan Insurance Inc. and NIPPONKOA Insurance Co., Ltd.

Our financial condition and business performance could be materially adversely affected in the event that integration-driven synergies prove to be somewhat smaller than we currently anticipate despite our best efforts as laid out in our business plan.

(r) Reputation risk

The Sompo Japan Group's reputation could be harmed if customers or investors were to be misled or confused by information spread through the mass media or via internet bulletin boards, irrespective of that information's accuracy or veracity. Our financial condition and business performance could also be materially adversely affected by malicious rumors or misinformation.

(s) Other risks

Other risks with the potential to materially adversely affect our financial condition and business performance include—but are not limited to—the possibilities of a temporary suspension of operations due to circumstances such as a natural disaster or computer system failure, a loss of customer confidence due to an improper or illegal act on the part of a person working on behalf of the Sompo Japan Group, or an administrative order arising out of such misconduct.

(t) The above forward-looking statements are based on our expectations as of the date of this release.

2. The Sompo Japan Group

The Sompo Japan Group consists of Sompo Japan, 46 subsidiaries, and 21 affiliates. The Group is engaged in property and casualty insurance business and life insurance business.
The property and casualty insurance business managed by the Group also include financial services, for example defined contribution pension business, mutual fund and investment advisory business, and investment business. The group is also engaged in general administrative services and data processing services business accompanied by the Group's business.
The following chart illustrates the overall organization structure of the Group. (Only major group companies are represented.)

Sompo Japan Insurance Inc.

- <65 companies> **Property and casualty insurance business**
  - <44 companies> **Property and casualty insurance business / Property and casualty insurance related business**
    - **Property and casualty insurance business**
      - (22 companies: 15 subsidiaries, 7 affiliates)
      - ◎ Saison Automobile and Fire Insurance Company, Limited
      - ◎ Sompo Japan Insurance Company of America <U.S.A.>
      - ◎ Sompo Japan Insurance Company of Europe Limited <U.K.>
      - ◎ Sompo Japan Insurance (Singapore) Pte. Ltd. <Singapore>
      - ◎ Sompo Japan Insurance (China) Co., Ltd. <China>
      - ◎ Sompo Japan Insurance (Hong Kong) Company Limited <Hong Kong>
      - ◎ 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>
      - ○ Ark Re Limited <Guernsey>
      - ○ Sompo Japan Reinsurance Company Limited <Hong Kong>
      - 8 other companies
    - **Property and casualty insurance related business**
      - (22 companies: 17 subsidiaries, 5 affiliates)
      - ◎ Healthcare Frontier Japan Inc. (Consulting about health and care such as prevention of disease, etc.)
      - ○ Sompo Japan Claims Services Inc. (Claim services of voluntary automobile insurance)
      - ○ Sompo Japan Heartful Line Inc. (Auto insurance call center and consulting)
      - ○ Sompo Japan Risk Management Inc. (Assessment and analysis of risk and consulting)
      - ○ Sompo Japan Healthcare Services Inc. (Mental healthcare services)
      - 17 other companies
  - <16 companies> **Financial services business**
    - **Defined contribution pension business**
      - (1 subsidiary)
      - ◎ Sompo Japan DC Securities Co., Ltd.
    - **Mutual fund and investment advisory business**
      - (1 subsidiary)
      - ◎ Sompo Japan Asset Management Co., Ltd.
    - **Investment business**
      - (11 companies: 2 subsidiaries, 9 affiliates)
      - ★ Yasuda Enterprise Development Co., Ltd.
      - ○ YED Global Technology I Partnership
      - 9 other companies
    - **Other financial services business**
      - (3 subsidiaries)
      - ◎ Sompo Japan Asia Holdings Pte. Ltd. <Singapore> (Management control and support, human resources cultivation, and investment support such as mergers and acquisitions)
      - ○ Sompo Japan Credit Inc. (Credit card, consumer loans, and credit guarantee services)
      - ○ FGCA Limited <Cayman> (Guarantee on liabilities related to reinsurance contracts)
  - < 5 companies> **General administrative services and data processing services business**
    - **Property maintenance and management services business**
      - (1 subsidiary)
      - ○ Sompo Japan Building Management Inc. (Real estate management, car management, and storage and dispatch of printed materials)
    - **Data processing and calculation services business**
      - (3 subsidiaries)
      - ○ Sompo Japan Information Services Inc. (Data processing by computers and computer-related machinery)
      - ○ Sompo Japan System Solutions Inc. (Software development, maintenance, and sales)
      - 1 other company
    - **Survey and research business**
      - (1 subsidiary)
      - ○ Sompo Japan Research Institute Inc.
- <2 companies> **Life insurance business**
  - (2 subsidiaries)
  - ◎ Sompo Japan Himawari Life Insurance Co., Ltd.
  - ◎ Sompo Japan DIY Life Insurance Co., Ltd.

Notes)
1. The definitions of each sign are as follows.
   ◎Consolidated subsidiary ★Affiliate accounted for under the equity method ○Non-consolidated subsidiary
2. Yasuda Seguros S.A. is partly engaged in life insurance business.
3. Saison Automobile and Fire Insurance Company, Limited, which was formerly an affiliate, became a subsidiary as of July 3, 2009.
4. Maritima Seguros S.A. became an affiliate as of July 24, 2009.
5. Maritima Saude Seguros S.A. became an affiliate as of July 24, 2009.

3. Consolidated Financial Statements

(1) Consolidated Balance Sheets

(Millions of yen)

	As of March 31, 2009	As of March 31, 2010
Assets:		
Cash and deposits	151,781	187,887
Call loans	73,600	46,800
Receivables under resale agreements	81,978	61,489
Monetary receivables bought	40,160	34,585
Money trusts	9,715	8,121
Securities	4,125,568	4,479,148
Loans	517,894	493,186
Tangible fixed assets:	219,047	215,274
Land	104,173	103,625
Buildings	89,717	86,652
Lease assets	2,253	3,600
Construction in progress	1,221	730
Other tangible fixed assets	21,682	20,666
Intangible fixed assets:	26,456	28,284
Software	2,542	6,217
Goodwill	23,096	21,224
Other intangible fixed assets	816	841
Other assets	434,189	479,076
Deferred tax assets	249,507	135,415
Allowance for possible loan losses	(16,520)	(5,201)
Total assets	5,913,379	6,164,068
Liabilities:		
Underwriting funds:	4,998,577	4,924,301
Reserve for outstanding losses and claims	818,052	755,836
Underwriting reserves	4,180,524	4,168,465
Bonds	—	128,000
Other liabilities	199,019	202,370
Reserve for retirement benefits	99,342	78,451
Reserve for retirement benefits to directors	31	91
Reserve for bonus payments	14,679	14,971
Reserve for price fluctuation	6,487	12,287
Deferred tax liabilities	295	749
Total liabilities	5,318,432	5,361,224
Net assets:		
Shareholders' equity:		
Common stock	70,000	70,000
Capital surplus	24,229	24,229
Retained earnings	320,381	336,793
Treasury stock	(2,839)	—
Total shareholders' equity	411,771	431,023
Valuation and translation adjustments:		
Unrealized gains on securities available for sale, net of tax	207,503	389,352
Foreign currency translation adjustments	(26,274)	(21,674)
Total valuation and translation adjustments	181,228	367,678
Stock acquisition rights	984	1,302
Non-controlling interests	962	2,839
Total net assets	594,946	802,843
Total liabilities and net assets	5,913,379	6,164,068

(2) Consolidated Statements of Income

(Millions of yen)

	Year ended March 31, 2009 (April 1, 2008 to March 31, 2009)	Year ended March 31, 2010 (April 1, 2009 to March 31, 2010)
Ordinary income:	1,767,980	1,807,781
Underwriting income:	1,657,757	1,673,773
Net premiums written	1,308,194	1,290,948
Deposits of premiums by policyholders	145,491	112,917
Interest and dividend income on deposits of premiums, etc.	43,024	40,586
Life insurance premiums written	124,039	131,899
Reversal of reserve for outstanding losses and claims	—	69,402
Reversal of underwriting reserves	36,083	25,773
Other underwriting income	923	2,246
Investment income:	101,968	121,694
Interest and dividend income	123,548	113,368
Investment gains on money trusts	—	18
Gains on sales of securities	19,630	38,822
Gains on redemption of securities	266	411
Gains on derivatives	426	6,979
Investment gains on special account	—	2,191
Other investment income	1,122	488
Transfer of interest and dividend income on deposits of premiums, etc.	(43,024)	(40,586)
Other ordinary income:	8,254	12,313
Other ordinary income	8,254	12,313
Ordinary expenses:	1,912,032	1,758,951
Underwriting expenses:	1,476,233	1,424,573
Net claims paid	841,304	873,106
Loss adjustment expenses	75,981	76,543
Net commissions and brokerage fees	231,599	233,347
Maturity refunds to policyholders	202,767	192,360
Dividends to policyholders	30	131
Life insurance claims paid	39,485	41,174
Provision for reserve for outstanding losses and claims	82,732	—
Other underwriting expenses	2,331	7,909
Investment expenses:	139,430	31,740
Investment losses on money trusts	12,746	940
Investment losses on trading securities	225	46
Losses on sales of securities	2,444	12,182
Impairment losses on securities	80,064	3,562
Losses on redemption of securities	461	2,609
Investment losses on special account	3,110	—
Other investment expenses	40,378	12,398
Operating, general and administrative expenses	293,790	289,293
Other ordinary expenses:	2,578	13,344
Interest paid	113	6,071
Provision for allowance for possible loan losses	578	—
Losses on bad debt	100	287
Investment losses on the equity method	338	30
Other ordinary expenses	1,447	6,954
Ordinary profit (loss)	(144,052)	48,829

(Millions of yen)

	Year ended March 31, 2009 (April 1, 2008 to March 31, 2009)	Year ended March 31, 2010 (April 1, 2009 to March 31, 2010)
Extraordinary gains:	34,231	16,798
Gains on disposal of fixed assets	629	1,785
Reversal of price fluctuation reserve	31,420	―
Other extraordinary gains	2,181	15,013
Extraordinary losses:	848	7,131
Losses on disposal of fixed assets	734	958
Impairment losses	―	380
Provision for price fluctuation reserve	―	5,792
Unrealized losses on property	113	―
Income (loss) before income taxes and non-controlling interests	(110,669)	58,496
Income taxes	7,082	4,510
Refunded income taxes for prior period	―	(1,161)
Deferred income taxes	(50,931)	16,391
Total income taxes	(43,849)	19,739
Non-controlling interests	(110)	(609)
Net income (loss)	(66,710)	39,366

(3) Consolidated Statements of Changes in Net Assets

(Millions of yen)

	Year ended March 31, 2009 (April 1, 2008 to March 31, 2009)	Year ended March 31, 2010 (April 1, 2009 to March 31, 2010)
Shareholders' equity:		
Common stock:		
Balance at the beginning of the period	70,000	70,000
Balance at the end of the period	70,000	70,000
Capital surplus:		
Balance at the beginning of the period	24,241	24,229
Changes during the period		
Disposal of treasury stock	(11)	―
Total changes during the period	(11)	―
Balance at the end of the period	24,229	24,229
Retained earnings:		
Balance at the beginning of the period	407,051	320,381
Increase (decrease) due to changes in accounting policies applied to foreign subsidiaries	(257)	―
Changes during the period		
Dividends	(19,691)	(19,690)
Net income (loss)	(66,710)	39,366
Disposal of treasury stock	(10)	(7)
Retirement of treasury stock	―	(3,101)
Changes in the scope of consolidation	―	(155)
Total changes during the period	(86,412)	16,411
Balance at the end of the period	320,381	336,793
Treasury stock:		
Balance at the beginning of the period	(2,842)	(2,839)
Changes during the period		
Acquisition of treasury stock	(213)	(446)
Disposal of treasury stock	216	184
Retirement of treasury stock	―	3,101
Total changes during the period	3	2,839
Balance at the end of the period	(2,839)	―
Total shareholders' equity:		
Balance at the beginning of the period	498,449	411,771
Increase (decrease) due to changes in accounting policies applied to foreign subsidiaries	(257)	―
Changes during the period		
Dividends	(19,691)	(19,690)
Net income (loss)	(66,710)	39,366
Acquisition of treasury stock	(213)	(446)
Disposal of treasury stock	194	177
Changes in the scope of consolidation	―	(155)
Total changes during the period	(86,420)	19,251
Balance at the end of the period	411,771	431,023

(Millions of yen)

	Year ended March 31, 2009 (April 1, 2008 to March 31, 2009)	Year ended March 31, 2010 (April 1, 2009 to March 31, 2010)
Valuation and translation adjustments:		
Unrealized gains on securities available for sale, net of tax:		
Balance at the beginning of the period	571,377	207,503
Changes during the period		
Net changes in items other than shareholders' equity	(363,873)	181,849
Total changes during the period	(363,873)	181,849
Balance at the end of the period	207,503	389,352
Foreign currency translation adjustments:		
Balance at the beginning of the period	245	(26,274)
Changes during the period		
Net changes in items other than shareholders' equity	(26,520)	4,599
Total changes during the period	(26,520)	4,599
Balance at the end of the period	(26,274)	(21,674)
Total valuation and translation adjustments:		
Balance at the beginning of the period	571,622	181,228
Changes during the period		
Net changes in items other than shareholders' equity	(390,393)	186,449
Total changes during the period	(390,393)	186,449
Balance at the end of the period	181,228	367,678
Stock acquisition rights:		
Balance at the beginning of the period	557	984
Changes during the period		
Net changes in items other than shareholders' equity	426	318
Total changes during the period	426	318
Balance at the end of the period	984	1,302
Non-controlling interests:		
Balance at the beginning of the period	546	962
Changes during the period		
Net changes in items other than shareholders' equity	416	1,877
Total changes during the period	416	1,877
Balance at the end of the period	962	2,839
Total net assets:		
Balance at the beginning of the period	1,071,176	594,946
Increase (decrease) due to changes in accounting policies applied to foreign subsidiaries	(257)	—
Changes during the period		
Dividends	(19,691)	(19,690)
Net income (loss)	(66,710)	39,366
Acquisition of treasury stock	(213)	(446)
Disposal of treasury stock	194	177
Changes in the scope of consolidation	—	(155)
Net changes in items other than shareholders' equity	(389,551)	188,645
Total changes during the period	(475,971)	207,897
Balance at the end of the period	594,946	802,843

(4) Consolidated Statements of Cash Flows

(Millions of yen)

	Year ended March 31, 2009 (April 1, 2008 to March 31, 2009)	Year ended March 31, 2010 (April 1, 2009 to March 31, 2010)
Cash flows from operating activities:		
Income (loss) before income taxes and non-controlling interests	(110,669)	58,496
Depreciation	10,792	11,634
Impairment losses	—	380
Amortization of goodwill	1,872	3,352
Increase (decrease) in reserve for outstanding losses and claims	85,595	(70,454)
Increase (decrease) in underwriting reserves	(37,714)	(27,455)
Increase (decrease) in allowance for possible loan losses	(35)	(11,327)
Increase (decrease) in reserve for retirement benefits	3,076	(21,607)
Increase (decrease) in reserve for retirement benefits to directors	(2,471)	31
Increase (decrease) in reserve for bonus payments	552	178
Increase (decrease) in reserve for price fluctuation	(31,420)	5,792
Interest and dividend income	(123,548)	(113,368)
Losses (gains) on investment in securities	63,066	(20,880)
Interest expenses	113	6,071
Foreign exchange losses (gains)	10,935	5,748
Losses (gains) related to tangible fixed assets	219	(826)
Losses (gains) related to loans	37	34
Investment losses (gains) on the equity method	338	30
Decrease (increase) in other assets	2,880	(61,464)
Increase (decrease) in other liabilities	(16,129)	527
Others	50,711	19,020
Subtotal	(91,797)	(216,083)
Interest and dividend received	126,285	115,591
Interest paid	(110)	(3,663)
Income taxes paid	(71,515)	18,678
Cash flows from operating activities	(37,138)	(85,477)
Cash flows from investing activities:		
Net decrease (increase) in deposits	3,648	(20,761)
Purchase of monetary receivables bought	(5,897)	(1,362)
Proceeds from sales and redemption of monetary receivables bought	8,977	5,052
Increase in money trusts	—	(185)
Decrease in money trusts	18,496	4,198
Purchase of securities	(577,045)	(675,714)
Proceeds from sales and redemption of securities	598,409	623,131
Loans made	(150,151)	(141,239)
Collection of loans	142,233	157,458
Others	10,837	(7,409)
Subtotal	49,508	(56,832)
Total of operating activities and investment transactions as above	12,370	(142,309)
Acquisition of tangible fixed assets	(9,601)	(7,242)
Proceeds from sales of tangible fixed assets	1,338	2,613
Proceeds related to acquisition of stocks of subsidiaries resulting in changes in the scope of consolidation	—	64
Cash flows from investing activities	41,246	(61,396)

(Millions of yen)

	Year ended March 31, 2009 (April 1, 2008 to March 31, 2009)	Year ended March 31, 2010 (April 1, 2009 to March 31, 2010)
Cash flows from financing activities:		
Proceeds from issuance of bonds	—	128,000
Proceeds from issuance of stocks	700	—
Proceeds from sales of treasury stock	194	177
Acquisition of treasury stock	(213)	(446)
Dividends paid	(19,724)	(19,678)
Dividends paid to non-controlling shareholders	(4)	(0)
Others	(255)	(2,602)
Cash flows from financing activities	(19,303)	105,449
Effect of exchange rate changes on cash and cash equivalents	(5,305)	3,175
Net Increase (decrease) in cash and cash equivalents	(20,501)	(38,249)
Cash and cash equivalents at the beginning of the period	319,998	299,497
Net increase in cash and cash equivalents due to newly consolidated subsidiaries	—	1,596
Cash and cash equivalents at the end of the period	299,497	262,844

(5) Notes on Going-Concern Assumption

None.

(6) Significant Accounting Policies for the Preparation of the Consolidated Financial Statements

1. Scope of consolidation

(1) Number of consolidated subsidiaries: 13 companies

Sompo Japan Himawari Life Insurance Co., Ltd.
Sompo Japan DC Securities Co., Ltd.
Healthcare Frontier Japan Inc.
Sompo Japan DIY Life Insurance Co., Ltd.
Saison Automobile and Fire Insurance Company, Limited
Sompo Japan Asset Management Co., Ltd.
Sompo Japan Insurance Company of America
Sompo Japan Insurance Company of Europe Limited
Sompo Japan Asia Holdings Pte. Ltd.
Sompo Japan Insurance (Singapore) Pte. Ltd.
Sompo Japan Insurance (China) Co., Ltd.
Sompo Japan Insurance (Hong Kong) Company Limited
Yasuda Seguros S.A.

Healthcare Frontier Japan Inc. and Sompo Japan Insurance (Hong Kong) Company Limited are included in the consolidation from this fiscal year due to the increase in materiality.

Saison Automobile and Fire Insurance Company, Limited, which was formerly an affiliate accounted for under the equity method, is included in the consolidation from this fiscal year as it became Sompo Japan's subsidiary through additional acquisition of shares. Its results of operations are consolidated from the second quarter of this fiscal year, while its results of operations for the first quarter of this fiscal year are accounted for under the equity method as the date of the additional acquisition of shares is deemed to be the beginning of the second quarter of this fiscal year.

(2) Non-consolidated subsidiaries

Principal companies

Ark Re Limited
Sompo Japan Reinsurance Company Limited

As the non-consolidated subsidiaries do not have a material impact on reasonable judgment about the Group's financial conditions and results of operations in terms of total assets, ordinary income, net income or loss and retained earnings, 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

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

Investments in Maritima Seguros S.A. and Maritima Saude Seguros S.A. are accounted for under the equity method from this fiscal year as they became affiliates through the acquisition of shares.

(2) Non-consolidated subsidiaries and affiliates not accounted for under the equity method

Principal companies

Ark Re Limited

Sompo Japan Reinsurance Company Limited

These non-consolidated subsidiaries and affiliates 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 do not have a material impact as a whole.

3. The balance sheet dates of consolidated subsidiaries

The balance sheet dates of the foreign consolidated subsidiaries are December 31. As the differences in the balance sheet dates do 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

Valuation policies and methods for securities held by Sompo Japan and its domestic consolidated subsidiaries are as follows.

(a) Trading securities are carried at fair value.
Cost of sale is calculated under the moving-average method.

(b) Bonds held to maturity are carried at amortized cost based on the moving-average method.

(c) 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.

(d) Securities available for sale which have readily determinable fair value are carried at fair value based on the market price as of the balance sheet date.
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.

(e) Securities available for sale which Sompo Japan considers extremely difficult to figure out fair value are carried at cost based on the moving-average method.

(f) Securities managed as trust assets in money trust for trading purposes are carried at fair value.

(g) 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.

Securities held by the foreign consolidated subsidiaries are mainly carried at fair value.

(Changes in accounting policies)

Sompo Japan has adopted ASBJ Accounting Standard No.10 “Accounting Standards for Financial Instruments” (as amended on March 10, 2008) from this fiscal year and the scope of securities which are carried at fair value is changed.

This change has no material impact on securities, deferred tax assets, deferred tax liabilities, and unrealized gains on securities available for sale.

(2) Valuation policies and methods for derivative financial instruments

Derivative financial instruments of Sompo Japan and its domestic consolidated subsidiaries are carried at fair value.

(3) Depreciation methods of significant assets

(a) Tangible fixed assets (excluding lease assets)

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

Depreciation of tangible fixed assets (excluding lease assets) held by the foreign consolidated subsidiaries is computed using the straight-line method.

(b) Intangible fixed assets

Capitalized software for internal use held by the consolidated subsidiaries is amortized 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, Sompo Japan and its 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 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 expected default rate, which is computed based on historical loan loss experience.

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 said results.

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

(b) Reserve for retirement benefits

In order to provide for employees’ retirement benefits, Sompo Japan and its 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 gains and losses are 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.

Sompo Japan contributes 25,276 million yen of stocks that it holds to the retirement benefits trust and records other extraordinary gains of 15,013 million yen for contribution to the retirement benefits trust for this fiscal year.

(Changes in accounting policies)

Sompo Japan and its domestic consolidated companies have adopted ASBJ Accounting Standard No.19 “Partial Amendments to Accounting Standard for Retirement Benefits (Part3)” (July 31, 2008) from this fiscal year.

This change has no impact on ordinary profit and income before income taxes and non-controlling interests for this fiscal year as the same discount rate as the conventional method is used.

(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, Sompo Japan and its consolidated subsidiaries record 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, Sompo Japan and its domestic consolidated insurance subsidiaries set aside reserves under Article 115 of the Insurance Business Act.

(5) Translation of significant foreign currency assets and liabilities

Foreign currency assets and liabilities are translated into Japanese yen at the exchange rate prevailing as of the consolidated balance sheet date, and translation differences are recognized as gains or losses.

Foreign currency assets, liabilities, income and expenses of the foreign consolidated subsidiaries are translated into Japanese yen at the exchange rate prevailing as of their respective balance sheet dates, and translation differences are included in foreign currency translation adjustments and non-controlling interests.

(6) Significant hedge accounting

Sompo Japan and its domestic consolidated subsidiaries apply fair value hedge accounting to equity swap transactions for hedging the future stock price fluctuation risks.

The exceptional method is applied to interest rate swap transactions for hedging the future interest rate fluctuation risks when these transactions meet the given requirements. Fair value hedge accounting is applied to forward foreign exchange transactions and currency swap transactions for hedging the future exchange rate fluctuation risks of foreign currency bonds as exceptional accounting rule is applied when these transactions meet the given requirements.

Hedge effectiveness is assessed periodically by comparing the fair value fluctuation of hedged items and hedging instruments during the periods from the start dates of the hedges to the assessment dates as a rule. When hedged items and hedging instruments are highly interrelated, when interest rate swap transactions meet requirements for applying the exceptional method or when forward foreign exchange transactions and currency swap transactions meet requirements for applying exceptional accounting, assessment of hedge effectiveness is not performed.

(7) Accounting for consumption taxes

Sompo Japan and its domestic consolidated subsidiaries account for national and local consumption taxes using the tax-excluded method, except for Sompo Japan’s expenses such as loss adjustment expenses, net commissions and brokerage fees and operating, general and administrative expenses for which Sompo Japan accounts using the tax-included method.

Non-deductible consumption taxes relating to assets are included in other assets and amortized in equal installments over five years.

(8) Accounting standards of the foreign consolidated subsidiaries

The foreign consolidated subsidiaries apply their local accounting standards. Necessary adjustments are made in the preparation of the consolidated financial statements.

5. Valuation of assets and liabilities of the consolidated subsidiaries

All assets and liabilities of the consolidated subsidiaries are valued at fair value.

6. Amortization of goodwill and negative goodwill

Goodwill and negative goodwill are amortized over 20 years using the straight-line method. Insignificant amounts of goodwill and negative 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.

(7) Notes to the Consolidated Financial Statements

(Notes to the Consolidated Balance Sheets)

As of March 31, 2009	As of March 31, 2010
1. Accumulated depreciation of tangible fixed assets amounts to 236,040 million yen. Advanced depreciation of tangible fixed assets amounts to 10,521 million yen.	1. Accumulated depreciation of tangible fixed assets amounts to 242,018 million yen. Advanced depreciation of tangible fixed assets amounts to 10,490 million yen.
2. Investments in non-consolidated subsidiaries and affiliates Securities (stocks) 25,533 million yen Securities (equity interests) 9,147 million yen	2. Investments in non-consolidated subsidiaries and affiliates Securities (stocks) 35,392 million yen Securities (equity interests) 7,126 million yen
3. (1) Loans to borrowers in bankruptcy and overdue loans amounted to 491 million yen and 2,474 million yen, respectively. Loans to borrowers in bankruptcy represent those 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 were overdue for considerable periods and they are regarded uncollectible and which met the events defined in Article 96-1-3 (the maximum amount transferable to allowance for possible loan losses) and 4 of the Corporate Income Tax Law Enforcement Regulation (Article 97 of 1965 Cabinet Order). Hereafter, those loans are referred to as “Non-accrual loans.” Overdue loans represent non-accrual loans other than (a) loans to borrowers in bankruptcy or (b) loans on which payments of interest are deferred in order to assist or facilitate the restructuring of borrowers in financial difficulties.	3. (1) Loans to borrowers in bankruptcy and overdue loans amounted to 821 million yen and 2,101 million yen, respectively. Loans to borrowers in bankruptcy represent those 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 were overdue for considerable periods and they are regarded uncollectible and which met the events defined in Article 96-1-3 (the maximum amount transferable to allowance for possible loan losses) and 4 of the Corporate Income Tax Law Enforcement Regulation (Article 97 of 1965 Cabinet Order). Hereafter, those loans are referred to as “Non-accrual loans.” Overdue loans represent non-accrual loans other than (a) loans to borrowers in bankruptcy or (b) loans on which payments of interest are deferred in order to assist or facilitate the restructuring of borrowers in financial difficulties.
(2) Loans overdue for three months or more amounted to 4 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.	(2) Loans overdue for three months or more amounted to 5 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 amounted to 451 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.	(3) Restructured loans amounted to 1,199 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 amounted to 3,421 million yen.	(4) The total of loans to borrowers in bankruptcy, overdue loans, loans overdue for three months or more and restructured loans amounted to 4,129 million yen.

As of March 31, 2009	As of March 31, 2010
4. 76,681 million yen of securities and 7,534 million yen of deposits are pledged as collateral for the borrowings of 512 millions yen included in other liabilities and for other purposes such as issuance of letter of credit. Sompo Japan pledges 8,530 million yen of securities as collateral substantially through special purpose company established for guarantee on Sompo Japan's obligation under reinsurance contracts. 5. Securities include 73,964 million yen of lending securities under loan agreements. 6. The amount of loan commitments outstanding is 24,308 million yen.	4. 72,700 million yen of securities and 7,253 million yen of deposits are pledged as collateral for the borrowings of 438 millions yen included in other liabilities and for other purposes such as issuance of letter of credit. Sompo Japan pledges 3,592 million yen of securities as collateral substantially through special purpose company established for guarantee on Sompo Japan's obligation under reinsurance contracts. 5. Securities include 47,445 million yen of lending securities under loan agreements. 6. The amount of loan commitments outstanding is 19,118 million yen.

(Notes to the Consolidated Statements of Income)

<table>
<tr><th>Year ended March 31, 2009
(April 1,2008 to March 31, 2009)</th><th>Year ended March 31, 2010
(April 1,2009 to March 31, 2010)</th></tr>
<tr><td>1. Major components of operating expenses
Agency commissions, etc. 232,552 million yen
Salaries 133,878 million yen
Operating expenses represent the sum of loss adjustment expenses, net commissions and brokerage fees and operating, general and administrative expenses included in the consolidated statement of income.</td><td>1. Major components of operating expenses
Agency commissions, etc. 233,678 million yen
Salaries 134,982 million yen
Operating expenses represent the sum of loss adjustment expenses, net commissions and brokerage fees and operating, general and administrative expenses included in the consolidated statement of income.

2. Impairment losses on fixed assets for the year ended March 31, 2010
(1) Policy to categorize fixed assets in asset group
Sompo Japan categorizes properties used for the insurance business as a single asset group for the entire insurance business. Properties for rent and idle properties used for other than insurance business are categorized as a single asset group for each property.
Consolidated subsidiaries categorize properties used for the business as a single asset group for each subsidiary.

(2) Background of recognition of impairment losses
When realizable value is below the carrying amounts for the asset group among the properties for rent, Sompo Japan devalues the carrying amounts to the realizable value. These decreases in the carrying amounts are recorded as impairment losses in extraordinary losses.
Consolidated subsidiaries do not recognize any impairment losses.

(3) Asset group which recognized impairment losses and components of fixed assets' classification of the amount of impairment losses
<table>
<tr><th rowspan="2">Purpose of use</th><th rowspan="2">Asset group</th><th colspan="3">Impairment losses (millions of yen)</th></tr>
<tr><th>Land</th><th>buildings</th><th>Total</th></tr>
<tr><td>Properties for rent</td><td>Kanda Ogawa-cho Building</td><td>360</td><td>19</td><td>380</td></tr>
</table>
(4) Calculation methods of realizable value
The realizable value is calculated using the net sales value. The net sales value is the appraisal value based on the Real Estate Appraisal Standard.</td></tr>
<tr><td>3. The components of other extraordinary gains are 2,050 million yen of money for settlement which Sompo Japan received from Fortress Re of U.S. insurance agency, etc. in connection with the losses caused by the foreign reinsurance transactions and 131 million yen of gains on changes in interests in the consolidated subsidiaries.</td><td>3. Other extraordinary gains are 15,013 million yen of gains on contribution to an employee retirement benefits trust of Sompo Japan.</td></tr>
</table>

Segment Information

1. Segment information by lines of business

Fiscal year ended March 31, 2009 (April 1, 2008 to March 31, 2009)

(Millions of yen)

	Property and casualty	Life	Total	Elimination	Consolidated
Ⅰ Ordinary income and ordinary profit / loss					
Ordinary income					
(1) Ordinary income from transactions with external customers	1,659,745	108,234	1,767,980	－	1,767,980
(2) Ordinary income arising from internal segment	3,061	15	3,076	3,076	－
Total	1,662,807	108,249	1,771,056	3,076	1,767,980
Ordinary expenses	1,813,306	101,802	1,915,109	3,076	1,912,032
Ordinary profit (loss)	(150,499)	6,446	(144,052)	－	(144,052)
Ⅱ Assets, depreciation expenses and capital expenditure					
Assets	4,809,506	1,104,956	5,914,462	1,083	5,913,379
Depreciation expenses	10,559	232	10,792	－	10,792
Capital expenditure	11,715	2,599	14,314	－	14,314

Notes)

1. The segments are classified based on the conditions of operation of Sompo Japan and its consolidated subsidiaries.
2. Major operations of each segment are as follows:
   - (1) Property and casualty: Underwriting of property and casualty insurance and related investment activities
   - (2) Life: Underwriting of life insurance and related investment activities

Fiscal year ended March 31, 2010 (April 1, 2009 to March 31, 2010)

(Millions of yen)

	Property and casualty	Life	Total	Elimination	Consolidated
Ⅰ Ordinary income and ordinary profit / loss					
Ordinary income					
(1) Ordinary income from transactions with external customers	1,703,159	104,621	1,807,781	－	1,807,781
(2) Ordinary income arising from internal segment	1,694	17	1,711	1,711	－
Total	1,704,853	104,639	1,809,493	1,711	1,807,781
Ordinary expenses	1,655,564	105,098	1,760,663	1,711	1,758,951
Ordinary profit (loss)	49,288	(459)	48,829	－	48,829
Ⅱ Assets, depreciation expenses, impairment losses and capital expenditure					
Assets	5,013,320	1,151,366	6,164,686	618	6,164,068
Depreciation expenses	11,250	384	11,634	－	11,634
Impairment losses	380	－	380	－	380
Capital expenditure	9,571	3,387	12,959	－	12,959

Notes)

1. The segments are classified based on the conditions of operation of Sompo Japan and its consolidated subsidiaries.
2. Major operations of each segment are as follows:
   - (1) Property and casualty: Underwriting of property and casualty insurance and related investment activities
   - (2) Life: Underwriting of life insurance and related investment activities

3. As mentioned in "Significant accounting policies for the preparation of the consolidated financial statements", Sompo Japan has adopted ASBJ Accounting Standard No.10 “Accounting Standards for Financial Instruments” (as amended on March 10, 2008) from this fiscal year and the scope of securities which are carried at fair value is changed.
   This change has no material impact on assets of property and casualty insurance business and life insurance business.
4. As mentioned in "Significant accounting policies for the preparation of the consolidated financial statements", Sompo Japan and its domestic consolidated companies have adopted ASBJ Accounting Standard No.19 “Partial Amendments to Accounting Standard for Retirement Benefits (Part3)” (July 31, 2008) from this fiscal year.
   This change has no impact on ordinary profit or ordinary loss of property and casualty insurance business and life insurance business as the same discount rate as the conventional method is used.

2. Segment information by geographic area

Fiscal year ended March 31, 2009 (April 1, 2008 to March 31, 2009)

Geographic segment information is omitted because the “business in Japan” constitutes more than 90 percent of the total amount of the ordinary income or the assets of all segments.

Fiscal year ended March 31, 2010 (April 1, 2009 to March 31, 2010)

Geographic segment information is omitted because the “business in Japan” constitutes more than 90 percent of the total amount of the ordinary income or the assets of all segments.

3. Overseas sales

Fiscal year ended March 31, 2009 (April 1, 2008 to March 31, 2009)

Information on overseas sales is omitted because the overseas ordinary income constitutes less than 10 percent of the consolidated ordinary income.

Fiscal year ended March 31, 2010 (April 1, 2009 to March 31, 2010)

Information on overseas sales is omitted because the overseas ordinary income constitutes less than 10 percent of the consolidated ordinary income.

Deferred Tax Accounting

As of March 31, 2009	As of March 31, 2010

As of March 31, 2009

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

(Millions of yen)

Deferred tax assets	
Underwriting reserves	190,842
Reserve for outstanding losses and claims	71,331
Reserve for retirement benefits	35,829
Impairment losses on securities and real estate	33,590
Losses carried forward for tax purposes	31,567
Intangible fixed assets for tax purposes	20,758
Others	27,648
Subtotal	411,567
Valuation allowance	(39,596)
Total deferred tax assets	371,971
Deferred tax liabilities	
Unrealized gains on securities available for sale	(113,822)
Others	(8,935)
Total deferred tax liabilities	(122,758)
Net deferred tax assets	249,212

Note) Net deferred tax assets consist of 249,507 million yen of deferred tax assets and 295 million yen of deferred tax liabilities in the consolidated balance sheet.

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, 2009 is not shown due to loss before income taxes and non-controlling interests.
The Japanese statutory income tax rate is 36.09%.

As of March 31, 2010

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

(Millions of yen)

Deferred tax assets	
Underwriting reserves	201,589
Reserve for outstanding losses and claims	54,784
Impairment losses on securities and real estate	29,675
Reserve for retirement benefits	28,128
Losses carried forward for tax purposes	26,727
Intangible fixed assets for tax purposes	21,718
Others	29,405
Subtotal	392,030
Valuation allowance	(36,216)
Total deferred tax assets	355,813
Deferred tax liabilities	
Unrealized gains on securities available for sale	(212,001)
Others	(9,146)
Total deferred tax liabilities	(221,147)
Net deferred tax assets	134,666

Note) Net deferred tax assets consist of 135,415 million yen of deferred tax assets and 749 million yen of deferred tax liabilities in the consolidated balance sheet.

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

(%)

Japanese statutory income tax rate	36.09
(Reconciliation)	
Nontaxable revenue such as dividends received	(5.48)
Amortization of goodwill	2.07
Nondeductible expenses such as entertainment expenses	1.88
Others	(0.81)
Effective tax rate after the application of deferred tax accounting	33.74

Financial Instruments

Fiscal year ended March 31, 2010 (April 1, 2009 to March 31, 2010)

1. Overview of financial instruments

(1) Our policy to manage financial instruments

In accordance with the basic policy to “control the risk appropriately and expand the value of net asset”, Sompo Japan fully recognizes the characteristic of investment fund for the insurance company and manages the investment asset through the approaches focused on risk management, taking into consideration the optimal mix of safety, liquidity and profitability. In addition to the traditional method such as investment in stocks, bonds, and loans, Sompo Japan also leverages alternative investment to diversify the risk and the investment methodology domestically and internationally and pursue middle-and long-term return.

And to manage the investment asset regarding long term liability such as savings-type insurance appropriately, Sompo Japan intends to get the stable return for the future maturity payment by the methodology based on ALM.

Considering the scale and characteristic of investment assets, its consolidated subsidiaries aim to get the middle-and long-term investment return, and manage their investment assets appropriately through conservative approach to ensure soundness of assets.

In addition, with a view to strengthen the financial structure, Sompo Japan increased its capital substantively by the issuance of subordinated bond (i.e. hybrid finance) which is deemed as capital to some extent by major credit rating agencies.

(2) The nature and risk of financial instruments

Sompo Japan holds a large proportion of domestic stocks mainly from the viewpoint of the maintenance of good relationship in the middle-to-long term with those companies as insurance customers. But generally the domestic stocks have high volatility in terms of prices, and Sompo Japan is exposed to price volatility risk such as the following, in some cases of the decline in stock prices, the profit would decrease by recognition of losses on sale and impairment losses, and the net asset would decrease by the decrease of unrealized gains.

To diversify the investment risk, Sompo Japan invests in foreign bonds and stocks. Then Sompo Japan is exposed to not only asset value volatility risk on each local currency basis but also foreign currency volatility risk by which the company is potentially impacted significantly on the value and the investment return of those assets when exchange rate fluctuates.

Since Sompo Japan has fixed-rate assets including bonds and loans, Sompo Japan is exposed to interest rate volatility risk, by which there is a possibility that the asset value would decrease when interest rate rises.

And the securities and the loans which Sompo Japan 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 credit worthiness and bankruptcy of the issuer and the borrower.

Sompo Japan’s consolidated subsidiaries mainly hold deposits and bonds such as government bonds, so they are exposed to credit risk and interest rate volatility risk. As some subsidiaries hold stocks and foreign currency bonds, they are exposed to price volatility risk and foreign currency volatility risk. For example, when stock price declines and the exchange rate fluctuates, the profit would decrease by recognition of losses on sale and impairment losses, and the net asset would decrease by the decrease of unrealized gains.

Sompo Japan is exposed to interest rate volatility risk on the subordinated bond which Sompo Japan has issued, as the coupon payment is linked to floating rate after a lapse of 5 years from the issuance.

Sompo Japan and some domestic consolidated subsidiaries utilize derivatives transactions mainly to hedge the risk in investment.

Other than above, Sompo Japan also utilizes derivatives transactions to get investment profit within a certain volume of transaction.

Sompo Japan mainly utilizes the following derivatives transactions.

- Currency derivatives : forward foreign exchanges, currency swaps, currency options
- Interest rate derivatives : interest rate swaps
- Equity derivatives :equity swaps, stock index futures
- Bond derivatives : bond futures, bond forwards
- Others : credit derivatives, weather derivatives, earthquake derivatives and so on

Some of Sompo Japan's domestic consolidated subsidiaries utilize derivatives transactions such as forward foreign exchanges, interest rate swaps, and credit derivatives.

These derivatives have the risks as follows; the foreign currency volatility risk, the interest rate volatility risk, the stock price volatility risk, the bond price volatility risk, and the credit risk of the underlying financial instruments. However, Sompo Japan believes that the derivatives instruments utilized by Sompo Japan effectively eliminate the market risk of assets it holds.

Sompo Japan and some domestic consolidated subsidiaries apply the hedge accounting by using derivatives transactions.

The profit and loss from hedged items should be recognized for some equity derivatives to hedge the future stock price volatility risk (i.e. fair value hedge). The profit and loss from hedged items should be recognized for some forward foreign exchange transactions and currency swap transactions to hedge the future foreign currency volatility risk regarding the foreign bonds (i.e. fair value hedge) as exceptional accounting rule is applied when these transactions meet the given requirements. In addition, the exceptional method is applied to interest rate swap transactions for hedging the future interest rate volatility risk when these transactions meet the given requirements.

Hedge effectiveness is assessed periodically by comparing the fair value fluctuation of hedged items and hedging instruments during the periods from the start dates of the hedges to the assessment dates as a rule. When hedged items and hedging instruments are highly interrelated, when interest rate swap transactions meet requirements for applying the exceptional method or when forward foreign exchange transactions and currency swap transactions meet requirements for applying exceptional accounting, assessment of hedge effectiveness is not performed.

Also, Sompo Japan and its consolidated subsidiaries do not utilize the leverage transactions, which are more volatile than underlying financial instruments.

And Sompo Japan and some domestic consolidated subsidiaries utilize the over-the-counter derivative transactions. They may have default risk by bankruptcy of counterparty etc (i.e. credit risk). However, as all counterparties are global leading financial institutions, Sompo Japan believes the credit risk is limited.

(3) The risk management structure regarding financial instruments

The board of directors of Sompo Japan has established “the risk management basic policy” to properly identify the risk profile held by Sompo Japan and the Group, to avoid unforeseen loss and to control the risk appropriately in order to ensure the financial soundness, as well as to properly manage the risk and return and to take appropriate action to address any emerging risks through organized approach. Based on the said basic policy, “the company risk management rules” has been established, to define the organization structure for risk management and the important requirements to execute operation. The risk management department has been established to manage the company’s risks cross-functionally in an integrated manner, and the responsible sections have been assigned to manage the risks appropriately according to the nature of risks. The risks held by Sompo Japan and the compliance with the rules are reported regularly to the board of directors.

Sompo Japan’s consolidated subsidiaries manage the risks appropriately by reporting regularly the status of financial instruments they hold and compliance with the rules to the board of directors in accordance with risk management policy determined by the respective subsidiaries.

Sompo Japan employs the integrated management model to manage investment risks in an integrated fashion, which encompasses not only market risk, credit risk and property investment risk but also long term insurance liability of savings-type insurance including the risk that investment return would fall below assumed interest rate. The information on investment assets is captured on a daily basis, and investment risk is quantified daily. The rigorous credit review is performed for each transaction to properly monitor the credit exposure. In addition, the credit limit is determined for each debtor based on internal credit rating to avoid concentrating the risk on a specific borrower.

And in addition to daily cash management, Sompo Japan estimates the cash outflow of claim payments when a major disaster occurs, and ensures that liquidity assets are saved enough to respond to the claims.

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

While the fair value of financial instruments is based on the market price, such value may be measured reasonably 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.

2. Fair value of financial instruments

Carrying amount on the consolidated balance sheet, fair value, and unrealized gains (losses) as of March 31, 2010 are as follows. Meanwhile financial instruments which Sompo Japan considers extremely difficult to figure out the fair value are not included in the following table. (Please refer to “Note 2” for details.)

(Millions of yen)

	Carrying amount on the consolidated balance sheet	Fair value	Unrealized gains (losses)
(1) Cash and deposits	187,887	187,887	−
(2) Call loans	46,800	46,800	−
(3) Receivables under resale agreements	61,489	61,489	−
(4) Monetary receivables bought	34,585	34,585	−
(5) Money trusts	8,121	8,121	−
(6) Securities	4,376,046	4,394,320	18,273
Trading securities	17,832	17,832	−
Bonds held to maturity	860,856	879,129	18,273
Securities available for sale	3,497,358	3,497,358	−
(7) Loans	493,186		
Allowance for possible loan losses (*1)	(1,430)		
	491,756	496,813	5,057
Total assets	5,206,687	5,230,017	23,330
(1) Bonds	128,000	129,664	1,664
Total liabilities	128,000	129,664	1,664
Derivative transactions(*2)			
Qualifying for hedge accounting	2,152	2,152	−
Not qualifying for hedge accounting	(1,846)	(1,847)	(1)
Total derivative transactions	306	304	(1)

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

(*2) This table shows derivatives which are allocated on other assets and other liabilities collectively.

Assets and liabilities arising out from derivatives transactions are shown on the net basis. The items which are net debt in total are shown in the bracket ( ).

Notes)

1. Calculation methods for the fair value of financial instruments

Assets

(1) Cash and deposits

Since all deposits are short term, the fair value approximates the book value, so the book value is presented as the fair value.

(2) Call loans

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

(3) Receivables under resale agreements

Since all are short term, the fair value approximates the book value, so the book value is presented as the fair value.

(4) Monetary receivables bought

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

(5) 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, and the price quoted by counterparties. 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.

(6) 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.

(7) Loans

For the loans categorized as normal or special mention, 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. For the loans categorized as non-performing, probably irrecoverable or irrecoverable, since the potential loan losses are estimated based on the amount expected to be covered by collateral and guarantee, the fair value approximates the amount which the current estimated loan losses are deducted from the carrying amount on the consolidated balance sheet, so such amount is presented as the fair value.

Regarding the loans guaranteed by credit company, for each kind of affiliated credit company loan, the fair value is the amount of future cash flow from collection of each loan class which is discounted by the risk free rate for the corresponding the period, adding credit risk premium of each credit company and liquidity premium thereto.

Liabilities

(1) 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.

Derivatives

Please refer to the note in “Derivatives.”

2. The financial instruments which Sompo Japan considers extremely difficult to figure out the fair value are as follows. These financial instruments are not included in “(6) Securities.”

(Millions of yen)

	Carrying amount on the consolidated balance sheet
Domestic bonds	1,000
Domestic stocks (*1)	59,405
Foreign securities (*2)	32,729
Others (*3)	9,966
Total	103,101

(*1) Since they are the unlisted stocks and do not have the quoted market price, it is considered extremely difficult to figure out the fair value, therefore they are not included in the scope of fair value disclosure.

(*2) Since they are the unlisted stocks and do not have the quoted market price, or investments mainly include the unlisted stocks which do not have the quoted market price, it is considered extremely difficult to figure out the fair value, therefore they are not included in the scope of fair value disclosure.

(*3) Since these financial instruments mainly include the unlisted stocks which do not have the quoted market price, it is considered extremely difficult to figure out the fair value, and therefore 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	185,187	2,659	—	—
Call loans	46,800	—	—	—
Receivables under resale agreements	61,490	—	—	—
Monetary receivables bought	1,516	6,610	2,000	24,580
Securities				
Bond held to maturity				
Government bonds	3,000	11,250	50,113	364,683
Municipal bonds	1,200	63,335	4,965	1,000
Corporate bonds	8,800	170,044	72,991	16,400
Foreign securities	43,253	41,487	4,000	18
Fixed maturity securities available for sale				
Government bonds	115,837	392,539	199,497	292,704
Municipal bonds	9,793	17,750	3,606	—
Corporate bonds	45,569	242,028	91,676	176,382
Foreign securities	32,912	160,076	105,805	57,671
Others	23	1,976	7,320	—
Loans (*)	149,425	227,706	81,840	30,510
Total	704,810	1,337,465	623,815	963,950

(*) Of loans, 1,571 million yen in which the redemption schedules can not be expected is not included. These loans are non-performing, probably irrecoverable or irrecoverable loans.

4. The contractual maturities of the bonds 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
Bonds	—	—	—	—	—	128,000
Total	—	—	—	—	—	128,000

Securities

Fiscal year ended March 31, 2009

1. Trading securities (As of March 31, 2009)

(Millions of yen)

	Carrying amount on balance sheet	Unrealized gains (losses) recognized in statements of income
Trading securities	29,265	(3,477)

2. Bonds held to maturity (which have readily determinable fair value) (As of March 31, 2009)

(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	657,737	676,847	19,109
	Foreign securities	6,063	6,102	39
	Subtotal	663,800	682,950	19,149
Securities whose fair value doesn't exceed their carrying amount on balance sheet	Domestic bonds	79,944	78,598	(1,345)
	Foreign securities	90,203	86,496	(3,706)
	Subtotal	170,147	165,095	(5,051)
Total		833,948	848,045	14,097

3. Securities available for sale (which have readily determinable fair value) (As of March 31, 2009)

(Millions of yen)

		Cost	Carrying amount on balance sheet	Unrealized gains (losses)
Securities whose carrying amount on balance sheet exceeds their cost	Domestic bonds	1,249,352	1,281,361	32,008
	Domestic stocks	351,109	704,902	353,792
	Foreign securities	207,363	230,732	23,368
	Others	38,908	40,435	1,526
	Subtotal	1,846,734	2,257,430	410,695
Securities whose carrying amount on balance sheet doesn't exceed their cost	Domestic bonds	272,667	267,576	(5,091)
	Domestic stocks	181,027	166,225	(14,802)
	Foreign securities	487,900	424,036	(63,864)
	Others	40,800	39,555	(1,244)
	Subtotal	982,396	897,394	(85,001)
Total		2,829,131	3,154,825	325,694

Notes)
1. Beneficial interests in the loan trusts, which are classified as monetary receivables bought in the consolidated balance sheet, are included in "Others" above.
2. Impairment losses on securities available for sale amount to 71,487 million yen.
Sompo Japan and its domestic consolidated subsidiaries recognize impairment losses on securities available for sale if fair value declines by 30% or more of their cost at the end of the fiscal year.

4. Bonds held to maturity sold (April 1, 2008 to March 31, 2009)

None.

5. Securities available for sale sold (April 1, 2008 to March 31, 2009)

(Millions of yen)

	Proceeds from sales	Gains on sales	Losses on sales
Securities available for sale	227,289	19,446	2,223

Note) Beneficial interests in the loan trusts, which are classified as monetary receivables bought in the consolidated balance sheet, are included.

6. Details and carrying amounts on balance sheet of major securities which are not carried at fair value (As of March 31, 2009)

(1) Bonds held to maturity

None.

(2) Securities available for sale

	(Millions of yen)
Domestic bonds	0
Domestic stocks	46,888
Foreign securities	60,270
Others	5,849

Note)

Commercial paper, which are classified as monetary receivables bought in the consolidated balance sheet, are included in "Others" of "(2) Securities available for sale" above.

7. The redemption schedules after the consolidated balance sheet date for securities available for sale which have maturity date and bonds held to maturity (As of March 31, 2009)

(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
Government bonds	105,145	436,052	257,449	608,701
Municipal bonds	15,095	84,281	18,962	999
Corporate bonds	67,667	363,607	178,117	150,540
Foreign securities	56,556	200,696	126,216	97,266
Others	2,324	6,830	9,340	26,749
Total	246,789	1,091,468	590,086	884,256

Note)

Beneficial interests in the loan trusts, which are classified as monetary receivables bought in the consolidated balance sheet, are included in "Others" above.

Fiscal year ended March 31, 2010

1. Trading securities (As of March 31, 2010)

(Millions of yen)

	Carrying amount on balance sheet	Unrealized gains (losses) recognized in statements of income
Trading securities	17,832	2,281

2. Bonds held to maturity (As of March 31, 2010)

(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	721,198	740,275	19,077
	Foreign securities	52,750	53,097	346
	Subtotal	773,949	793,373	19,423
Securities whose fair value doesn't exceed their carrying amount on balance sheet	Domestic bonds	49,364	48,611	(752)
	Foreign securities	37,542	37,144	(398)
	Subtotal	86,907	85,756	(1,150)
Total		860,856	879,129	18,273

3. Securities available for sale (As of March 31, 2010)

(Millions of yen)

		Carrying amount on balance sheet	Cost	Unrealized gains (losses)
Securities whose carrying amount on balance sheet exceeds their cost	Domestic bonds	1,451,928	1,416,198	35,729
	Domestic stocks	1,046,167	462,984	583,183
	Foreign securities	325,478	295,071	30,407
	Others	63,472	58,557	4,915
	Subtotal	2,887,047	2,232,812	654,235
Securities whose carrying amount on balance sheet doesn't exceed their cost	Domestic bonds	176,280	178,321	(2,040)
	Domestic stocks	23,310	25,798	(2,487)
	Foreign securities	426,848	473,675	(46,826)
	Others	19,343	20,193	(849)
	Subtotal	645,783	697,987	(52,204)
Total		3,532,831	2,930,800	602,031

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, which are classified as cash and deposits and beneficial interests in the loan trusts, which are classified as monetary receivables bought in the consolidated balance sheet, are included in "Others" above.

4. Securities available for sale sold (April 1, 2009 to March 31, 2010)

(Millions of yen)

	Proceeds from sales	Gains on sales	Losses on sales
Domestic bonds	132,398	3,108	409
Domestic stocks	59,747	32,263	4,455
Foreign securities	63,050	3,326	7,219
Others	1,006	32	21
Total	256,202	38,731	12,105

Note)
Beneficial interests in the loan trusts, which are classified as monetary receivables bought in the consolidated balance sheet, are included in "Others" above.

5. Securities which recognize impairment losses (April 1, 2009 to March 31, 2010)

Impairment losses on securities available for sale amount to 3,591 million yen (domestic bonds: 715 million yen, domestic stocks: 2,508 million yen, foreign securities: 335 million yen, others: 31 million yen). Of this amount, impairment losses on beneficial interests in the loan trusts, which are classified as other investment expenses in the consolidated statement of income, amount to 29 million yen.

Sompo Japan and its domestic consolidated subsidiaries recognize impairment losses on securities available for sale if fair value declines by 30% or more of their cost at the end of the fiscal year.

Money Trusts

As of March 31, 2009

1. Money trusts for trading purposes

None.

2. Money trusts held to maturity

None.

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

(Millions of yen)

	Cost	Carrying amount on balance sheet	Unrealized gains (losses)
Money trusts	11,708	9,715	(1,992)

Note)
Impairment losses on securities in money trusts classified as other than trading purposes or held to maturity amount to 202 million yen for the year ended March 31, 2009.
Sompo Japan and its domestic consolidated subsidiaries recognize impairment losses on money trusts classified as other than trading purposes or held to maturity if the fair value of the underlying securities declines by 30% or more of their cost at the end of the fiscal year.

As of March 31, 2010

1. Money trusts for trading purposes

(Millions of yen)

	Carrying amount on balance sheet	Unrealized gains (losses) recognized in statements of income
Money trusts	1,316	0

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	6,805	6,772	32

Note)
Impairment losses on securities in money trusts classified as other than trading purposes or held to maturity are not recognized for the year ended March 31, 2010.
Sompo Japan and its domestic consolidated subsidiaries recognize impairment losses on money trusts classified as other than trading purposes or held to maturity if the fair value of the underlying securities declines by 30% or more of their cost at the end of the fiscal year.

Derivatives

Fiscal year ended March 31, 2009

1. Overview of derivatives transactions (April 1, 2008 to March 31, 2009)

(1) Our objective and policy to use derivatives transactions

Sompo Japan and its domestic consolidated subsidiaries utilize derivatives transactions mainly to hedge the risks in investment.

Other than above, Sompo Japan also utilizes derivatives transactions to get investment profit within a certain volume of transaction.

(2) The nature of derivatives transactions

Sompo Japan mainly utilizes the following derivatives transactions.

- Currency derivatives : forward foreign exchanges, currency swaps, currency options
- Interest rate derivatives : interest rate swaps
- Equity derivatives : equity swaps
- Bond derivatives : bond futures, bond forwards
- Others : credit derivatives, weather derivatives, earthquake derivatives and so on

Sompo Japan’s domestic consolidated subsidiaries mainly utilize the following derivatives transactions.

- Others : credit derivatives

(3) Risks regarding derivatives transactions

The derivatives transactions Sompo Japan utilizes hold the risks as follows; currency derivatives hold the foreign exchange volatility risk, interest rate derivatives hold the interest rate volatility risk, equity derivatives hold the stock price volatility risk, bond derivatives hold the bond price volatility risk, credit derivatives hold the credit risk of the underlying products, weather derivatives hold the climate fluctuation risk, and earthquake derivatives hold the risk of the earthquake occurrence. And credit derivatives Sompo Japan’s domestic consolidated subsidiaries utilize hold the credit risk of the underlying products. However, Sompo Japan believes that the derivative instruments utilized by Sompo Japan for hedging purpose effectively eliminate the market risks of assets it holds.

Also, Sompo Japan and its domestic consolidated subsidiaries do not utilize the leverage transactions, which are more volatile than underlying products.

And Sompo Japan and its domestic consolidated subsidiaries utilize the over-the-counter derivative transactions. They have some default risks by bankruptcy of counterparty etc (i.e. credit risk). However, as all counterparties are global leading financial institutions, Sompo Japan and its domestic consolidated subsidiaries believe the credit risk is limited.

(4) The risk management structure regarding derivatives transactions

Sompo Japan has established the policy to manage derivatives transactions on internal rules stipulated by the board of directors. Sompo Japan utilizes and manages derivatives transactions based on the said policy. The department of trade execution (the front office) and the department of processing (the back office) are set up separately to manage daily operations, so the segregation of duties has been properly ensured.

The department of processing monitors the credit exposure of derivatives transactions, including the position against the limit confirmed by the board of directors. In order to address any problems properly, Sompo Japan has established the escalation protocols to directors and the related departments. The risk management department regularly reports the risks including the monitoring against the limit confirmed by the board of directors to directors and the related departments.

Sompo Japan's domestic consolidated subsidiaries which utilize derivatives transactions have set the rules and limit on the transactions and managed the transactions. And the department of processing is independent from the department of trade execution and thereby the segregation of duties is ensured at the domestic consolidated subsidiaries. The monitoring result of derivatives transactions is regularly reported to directors.

(5) Supplemental explanation about "Fair value of derivatives transactions"

"Notional amount" on each table in "Fair value of derivatives transactions" shows contract amounts or notional amounts of derivatives transactions, these amounts do not show the volume of market risk or credit risk regarding derivatives transactions.

2. Fair value of derivatives transactions (As of March 31, 2009)

(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 exchange				
Short				
USD	103,554	—	111,366	(7,811)
EUR	40,898	—	43,218	(2,319)
Long				
USD	46,949	—	48,395	1,445
Total				(8,686)

Notes)

1. Information on currency derivatives transactions other than the above-mentioned transactions is omitted because of no transactions.
2. Calculation methods for the fair value
   The fair value is calculated using forward exchange rate.
   As for forward foreign exchange transactions between foreign currency and the other foreign currency, the fair value is calculated using forward exchange rate of the other foreign currency and yen on the day of forward foreign exchange transactions.
3. Derivatives transactions to which hedge accounting is applied are excluded.

(2) Interest rate derivatives

None.

Note) Derivatives transactions to which hedge accounting is applied are excluded.

(3) Equity derivatives

None.

(4) Bond derivatives

None.

(5) Commodity derivatives

None.

(6) Others

(Millions of yen)

	Notional amount	Due after 1 year of notional amount	Fair value	Unrealized gains (losses)
Over-the-counter transactions:				
Credit derivatives				
Long	5,000	5,000		
	235*	235*	785	550
Weather derivatives				
Short	308	―		
	14*	―*	17	(3)
Long	30	―		
	―*	―*	―	―
Earthquake derivatives				
Short	4,150	10		
	129*	0*	0	129
Long	3,726	3,726		
	388*	388*	238	(149)
Other forward				
Long	742	294	765	22
Total				549

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 the element of the contract.
   (3) Earthquake derivatives
   The fair value is calculated based on the contract term and the element of the contract.
   (4) Other forward
   The fair value is based on the price quoted by counterparties.
2. Amounts with an asterisk (*) represent the amount of the option premiums booked in the consolidated balance sheet as of the balance sheet date.

Fiscal year ended March 31, 2010 (As of March 31, 2010)

1. Derivatives 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 exchange				
Short				
EUR	28,568	—	1,096	1,096
USD	11,123	—	(166)	(166)
Long				
USD	33,833	—	1,049	1,049
Currency option				
Short				
Call				
USD	7,620	—		
	9*	—*	(0)	9
Long				
Put				
USD	6,756	—		
	9*	—*	—	(9)
Total			1,978	1,978

Notes)
1. Information on currency derivatives transactions other than the above-mentioned transactions is omitted because of no transactions.
2. Calculation methods for the fair value
   (1) Forward foreign exchange
   The fair value is calculated using forward exchange rate.
   As for forward foreign exchange transactions between foreign currency and the other foreign currency, the fair value is calculated using forward exchange rate of the other foreign currency and yen on the day of forward foreign exchange transactions.
   (2) Currency option
   The fair value is based on the price quoted by counterparties.
3. Amounts with an asterisk (*) represent the amount of the option premiums.

(2) Interest rate derivatives

None.

(3) Equity derivatives

None.

(4) Bond derivatives

None.

(5) Commodity derivatives

None.

(6) Others

(Millions of yen)

	Notional amount	Due after 1 year of notional amount	Fair value	Unrealized gains (losses)
Over-the-counter transactions:				
Credit derivatives				
Long	4,000	1,000		
	60*	12*	23	(36)
Weather derivatives				
Short	447	―		
	15*	―*	(36)	(20)
Long	36	―		
	―*	―*	―	―
Earthquake derivatives				
Short	3,840	10		
	117*	0*	(0)	116
Long	3,447	3,447		
	358*	358*	174	(184)
Other forward				
Long	294	―	12	12
Total			173	(112)

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 the element of the contract.
   (3) Earthquake derivatives
       The fair value is calculated based on the contract term and the element of the contract.
   (4) Other forward
       The fair value is based on the price quoted by counterparties.
2. Amounts with an asterisk (*) represent the amount of the option premiums.

2. Derivatives transactions to which hedge accounting is applied

(1) Currency derivatives

(Millions of yen)

Methods for hedge accounting	Type	Main hedge objectives	Notional amount	Due after 1 year of notional amount	Fair value
Fair value hedge	Forward foreign exchange Short USD	Securities available for sale	46,938	―	(1,846)
The exceptional accounting for certain forward foreign exchange transactions	Currency swap	Loans	18	―	Notes 2
Total					(1,846)

Notes)

1. Calculation methods for the fair value
   Forward foreign exchange
   The fair value is calculated using forward exchange rate.
2. The currency swap that applied exceptional accounting are accounted for together in loans of hedge objectives. Therefore, the fair value of currency swap is included in the fair value of the loans.

(2) Interest rate derivatives

(Millions of yen)

Methods for hedge accounting	Type	Main hedge objectives	Notional amount	Due after 1 year of notional amount	Fair value
The exceptional accounting for certain interest rate swap transactions	Interest rate swap Pay fix / Receivable float	Borrowings	100	60	(1)
Total					(1)

Note)

Calculation methods for the fair value

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

Retirement Benefits

Year ended March 31, 2009

1. Outline of retirement benefit plans

Sompo Japan has a lump-sum payment retirement plan containing a corporate pension fund system as a defined benefit plan and set up a retirement benefits trust for the lump-sum payment retirement plan.

Sompo Japan has also a defined contribution pension plan.

Among its domestic consolidated subsidiaries, 3 subsidiaries have a lump-sum payment retirement plan as a defined benefit plan and 3 subsidiaries have a defined contribution pension plan.

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

2. Retirement benefit obligation (As of March 31, 2009)

		(Millions of yen)
a.	Retirement benefit obligation	(121,447)
b.	Plan assets	3,026
c.	Unfunded retirement benefit obligation (a+b)	(118,420)
d.	Unrecognized actuarial losses	20,327
e.	Unrecognized prior service costs	(1,248)
f.	Reserve for retirement benefits (c+d+e)	(99,342)

Note) Sompo Japan and its consolidated subsidiaries adopt the simplified accounting method for the calculation of retirement benefit obligation for certain retirement benefit plans.

3. Retirement benefit expenses
(April 1,2008 to March 31, 2009)

		(Millions of yen)
a.	Service cost*	6,108
b.	Interest cost	1,744
c.	Expected return on plan assets	—
d.	Amortization of unrecognized actuarial losses	3,795
e.	Amortization of unrecognized prior service costs	(1,250)
f.	Net periodic benefit cost (a+b+c+d+e)	10,398
g.	Contributions paid to the defined contribution pension plan	2,641
h.	Total (f+g)	13,040

Note) Retirement benefit expenses for retirement benefit plans which adopt the simplified accounting method are included in “a. Service cost”(*).

Year ended March 31, 2010

1. Outline of retirement benefit plans

Sompo Japan has a lump-sum payment retirement plan containing a corporate pension fund system as a defined benefit plan and set up a retirement benefits trust for the lump-sum payment retirement plan.

Sompo Japan has also a defined contribution pension plan.

Among its domestic consolidated subsidiaries, 5 subsidiaries have a lump-sum payment retirement plan, 1 subsidiary has an employees' pension fund plan, both of which are defined benefit plan. 4 subsidiaries have a defined contribution pension plan.

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

2. Retirement benefit obligation (As of March 31, 2010)

		(Millions of yen)
a.	Retirement benefit obligation	(108,825)
b.	Plan assets	33,872
c.	Unfunded retirement benefit obligation (a+b)	(74,953)
d.	Unrecognized actuarial losses	(3,405)
e.	Unrecognized prior service costs	(93)
f.	Reserve for retirement benefits (c+d+e)	(78,451)

Notes)
1. Sompo Japan contributes 25,276 million yen of stocks that it holds to the retirement benefits trust during the year ended March 31, 2010.
2. Sompo Japan and its consolidated subsidiaries adopt the simplified accounting method for the calculation of retirement benefit obligation for certain retirement benefit plans.

3. Retirement benefit expenses
(April 1,2009 to March 31, 2010)

		(Millions of yen)
a.	Service cost*	6,750
b.	Interest cost	1,775
c.	Expected return on plan assets	(7)
d.	Amortization of unrecognized actuarial losses	3,748
e.	Amortization of unrecognized prior service costs	(1,318)
f.	Net periodic benefit cost (a+b+c+d+e)	10,947
g.	Contributions paid to the defined contribution pension plan	2,749
h.	Total (f+g)	13,696

Note) Retirement benefit expenses for retirement benefit plans which adopt the simplified accounting method are included in “a. Service cost”(*).

Year ended March 31, 2009	Year ended March 31, 2010
4. Basis of calculation of retirement benefit obligation	4. Basis of calculation of retirement benefit obligation

	Year ended March 31, 2009		Year ended March 31, 2010
a. Allocation method of projected retirement benefits	Straight-line method	a. Allocation method of projected retirement benefits	Straight-line method
b. Discount rate	1.5%	b. Discount rate	1.5% - 2.0%
c. Expected rate of return on plan assets	0.0%	c. Expected rate of return on plan assets	2.5% (Expected rate of return on plan assets related to the retirement benefits trust is 0.0%.)
d. Amortization period of prior service costs	5 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.)	d. Amortization period of prior service costs	5 to 7 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 gains and losses	11 to 13 years (Actuarial gains and losses are 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.)	e. Amortization period of actuarial gains and losses	7 to 13 years (Actuarial gains and losses are 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.)

Business Combinations

Ⅰ Fiscal year ended March 31, 2009 (April 1, 2008 to March 31, 2009)

1. Transactions under common control

(1) Details of constituent companies and operations, legal form of business combination, and summary of transactions including purpose thereof

(a) Details of constituent companies and operations
Sompo Japan Insurance Inc. :Property and casualty insurance business
Sompo Japan Asia Holdings Pte. Ltd. :Financial services

(b) Legal form of business combination
Investment in kind by Sompo Japan of shares in subsidiaries and affiliated companies in Sompo Japan Asia Holdings Pte. Ltd.

(c) Summary of transactions including purpose thereof
During the year ended March 31, 2009, Sompo Japan made investment in kind in Sompo Japan Asia Holdings Pte. Ltd. of all the shares held by Sompo Japan in Sompo Japan Insurance (Singapore) Pte. Ltd. and Sompo Japan Service (Thailand) Co., Ltd. with the aim of strengthening strategic planning support and management control across the region and further expanding operations and enhancing internal control by bringing subsidiaries and affiliates in Southeast Asia under the control of Sompo Japan Asia Holdings Pte. Ltd.

(2) Summary of accounting treatment

The transactions are accounted for at appropriate book value as transactions under common control in accordance with report of the Business Accounting Council “Accounting Standard for Business Combinations in Japan” (issued on October 31, 2003), the Accounting Standards Board of Japan Statement No. 7 “Accounting Standard for Business Divestitures” (issued on December 27, 2005), and the Accounting Standards Board of Japan Guidance No. 10 “Guidance on Accounting Standard for Business Combinations and Accounting Standard for Business Divestitures” (issued on November 15, 2007).

Ⅱ Fiscal year ended March 31, 2010 (April 1, 2009 to March 31, 2010)

1. Transactions under common control

(1) Details of constituent companies and operations, legal form of business combination, name of the company after combination, and summary of transactions including purpose thereof

(a) Details of constituent companies and operations
Healthcare Frontier Japan Inc. :Property and casualty insurance related business
Zenkoku Houmon Kenko Shido Kyoukai K. K. :Property and casualty insurance related business

(b) Legal form of business combination
Merger between Healthcare Frontier Japan Inc. (surviving company) and Zenkoku Houmon Kenko Shido Kyoukai K. K. (merging company)

(c) Name of the company after combination in English
Healthcare Frontier Japan Inc.

(d) Summary of transactions including purpose thereof
Healthcare Frontier Japan Inc. merged with Zenkoku Houmon Kenko Shido Kyoukai K. K. on April 1, 2009 with the aim to reorganize and roll out the healthcare guidance services in line with the healthcare program reform by MHLW.

(2) Summary of accounting treatment

The transactions are recorded under common control in accordance with report of the Business Accounting Council “Accounting Standard for Business Combinations in Japan” (issued on October 31, 2003) and the Accounting Standards Board of Japan Guidance No. 10 “Guidance on Accounting Standard for Business Combinations and Accounting Standard for Business Divestitures” (issued on November 15, 2007).

2. Transactions under common control

(1) Details of constituent companies and operations, legal form of business combination, and summary of transactions including purpose thereof

(a) Details of constituent companies and operations

Sompo Japan Insurance Inc.	:Property and casualty insurance business
Sompo Japan Asia Holdings Pte. Ltd.	:Financial services

(b) Legal form of business combination

Investment in kind by Sompo Japan of shares in affiliated companies in Sompo Japan Asia Holdings Pte. Ltd.

(c) Summary of transactions including purpose thereof

During the year ended March 31, 2010, Sompo Japan made investment in kind in Sompo Japan Asia Holdings Pte. Ltd. of all the shares held by Sompo Japan in Berjaya Sompo Insurance Berhad with the aim of strengthening strategic planning support and management control across the region and further expanding operations and enhancing internal control by bringing subsidiaries and affiliates in Southeast Asia under the control of Sompo Japan Asia Holdings Pte. Ltd.

(2) Summary of accounting treatment

The transactions are accounted for at appropriate book value as transactions under common control in accordance with report of the Business Accounting Council “Accounting Standard for Business Combinations in Japan” (issued on October 31, 2003), the Accounting Standards Board of Japan Statement No. 7 “Accounting Standard for Business Divestitures” (issued on December 27, 2005), and the Accounting Standards Board of Japan Guidance No. 10 “Guidance on Accounting Standard for Business Combinations and Accounting Standard for Business Divestitures” (issued on November 15, 2007).

Per Share Information

	Year ended March 31, 2009	Year ended March 31, 2010
Total net assets per share	602.30 yen	811.64 yen
Net income (loss) per share - Basic	(67.75) yen	39.98 yen
Net income per share - Diluted	――	39.94 yen

Notes)

1. Diluted net income per share for the year ended March 31, 2009 is not shown due to basic net loss per share.
2. Calculation of basic net income (loss) per share and diluted net income per share is based on the following figures.

(Millions of yen)

	Year ended March 31, 2009 (April 1, 2008 to March 31, 2009)	Year ended March 31, 2010 (April 1, 2009 to March 31, 2010)
Net income (loss) per share - Basic		
Net income (loss)	(66,710)	39,366
Net income (loss) not attributable to common stockholders	―	―
Net income (loss) attributable to common stocks	(66,710)	39,366
Average number of common stocks outstanding	thousand shares 984,540	thousand shares 984,622
Net income per share - Diluted		
Adjustment of net income	―	―
Increase of common stocks:	thousand shares ―	thousand shares 790
Stock acquisition rights	thousand shares ―	thousand shares 790

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

(Millions of yen)

	As of March 31, 2009	As of March 31, 2010
Total net assets	594,946	802,843
Amount to be deducted from total net assets:	(1,946)	(4,142)
Stock acquisition rights	(984)	(1,302)
Non-controlling interests	(962)	(2,839)
Total net assets attributable to common stocks	593,000	798,701
Number of common stocks used for calculation of total net assets per share	thousand shares 984,544	thousand shares 984,055

Subsequent Events

Fiscal year ended March 31, 2009 (April 1, 2008 to March 31, 2009)

None.

Fiscal year ended March 31, 2010 (April 1, 2009 to March 31, 2010)

(Establishment of a Joint Holding Company through share transfer)

The establishment of a sole parent company of Sompo Japan and NIPPONKOA Insurance Co., Ltd. (“NIPPONKOA”), “NKSJ Holdings, Inc.” through joint share transfer was approved at the extraordinary shareholders’ meeting held on December 22, 2009. NKSJ Holdings, Inc. was established on April 1, 2010 and Sompo Japan became a wholly-owned subsidiary of NKSJ Holdings, Inc.

(1) Corporate name

NKSJ Holdings, Inc.

(2) Location of head office

1-26-1 Nishi-Shinjuku, Shinjuku-ku, Tokyo

(3) Name of the representatives

Representative Director, Chairman and Chief Executive Officer	Makoto Hyodo
Representative Director, President and Chief Executive Officer	Masatoshi Sato

(4) Capital

100,000 million yen

(5) Business description

Management and administration of the companies made subsidiaries pursuant to the applicable provisions of the Insurance Business Act, including, but not limited to, property and casualty insurance companies and life insurance companies, and business incidental thereto

(6) Main reasons for business integration/establishment of the joint holding company

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, adverse effects by global climate change and global warming, and in response to the diversified consumer demands amidst the individuals’ lifestyle changes, companies are urged to take proper actions to address such challenges and contribute to social safety and to customers’ sense of security and comfort.

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 our histories.

(7) Date of establishment

April 1, 2010

Omission of Disclosure

Notes relating to lease transaction, related-party transactions, stock options and real estate for rent are not included in this summary since they are considered immaterial.

4. Non-consolidated Financial Statements

(1) Non-consolidated Balance Sheets

(Millions of yen)

	As of March 31, 2009	As of March 31, 2010
Assets:		
Cash and deposits:	95,589	118,455
Cash	5	3
Deposits	95,583	118,451
Call loans	73,600	46,800
Receivables under resale agreements	81,978	61,489
Monetary receivables bought	40,160	34,585
Money trusts	9,684	6,773
Securities:	3,225,496	3,525,735
Government bonds	883,863	893,426
Municipal bonds	49,126	30,916
Corporate bonds	463,377	520,528
Domestic stocks	1,019,302	1,239,408
Foreign securities	756,705	787,306
Other securities	53,120	54,149
Loans:	502,025	476,173
Policy loans	10,122	9,800
Ordinary loans	491,902	466,373
Tangible fixed assets:	216,864	212,244
Land	104,108	103,535
Buildings	88,570	85,225
Lease assets	1,843	2,785
Construction in progress	1,220	730
Other tangible fixed assets	21,121	19,966
Intangible fixed assets	758	758
Other assets:	396,647	437,671
Premiums receivable	905	1,369
Agency accounts receivable	95,409	97,377
Foreign agency accounts receivable	20,110	23,099
Coinsurance accounts receivable	8,289	9,041
Reinsurance accounts receivable	75,534	70,569
Foreign reinsurance accounts receivable	27,186	12,517
Proxy service receivable	0	0
Accounts receivable	42,029	20,173
Accrued income	8,985	8,670
Advance deposits	15,481	27,369
Earthquake insurance deposits	61,367	65,097
Suspense payments	38,335	97,205
Deposits paid for future transactions	183	1,860
Derivative assets	1,821	2,331
Other assets	1,008	987
Deferred tax assets	237,293	121,347
Allowance for possible loan losses	(16,374)	(5,068)
Allowance for possible losses on investment securities	(7,287)	(7,734)
Total assets	4,856,435	5,029,232

(Millions of yen)

	As of March 31, 2009	As of March 31, 2010
Liabilities:		
Underwriting funds:	3,941,412	3,797,586
Reserve for outstanding losses and claims	758,538	687,801
Underwriting reserves	3,182,874	3,109,784
Bonds	—	128,000
Other liabilities:	181,214	181,855
Coinsurance accounts payable	4,693	4,997
Reinsurance accounts payable	46,633	48,173
Foreign reinsurance accounts payable	14,323	12,567
Proxy service payable	19	17
Borrowings	512	438
Income tax payable	4,320	3,248
Deposits received	5,389	5,341
Unearned income	35	39
Accounts payable	39,953	48,271
Suspense receipts	53,008	53,499
Securities borrowed	224	455
Derivative liabilities	10,164	1,875
Lease obligation	1,937	2,930
Reserve for retirement benefits	98,711	76,741
Reserve for bonus payments	13,595	13,405
Reserve for price fluctuation	5,779	11,462
Total liabilities	4,240,713	4,209,051
Net assets:		
Shareholders' equity:		
Common stock	70,000	70,000
Capital surplus:		
Additional paid-in capital	24,229	24,229
Total capital surplus	24,229	24,229
Retained earnings:		
Legal reserve	36,088	40,026
Other retained earnings:	282,242	298,277
Reserve for advanced depreciation	1,123	1,307
General reserve	331,300	233,300
Retained earnings carried forward	(50,181)	63,670
Total retained earnings	318,330	338,304
Treasury stock	(2,839)	—
Total shareholders' equity	409,720	432,534
Valuation and translation adjustments:		
Unrealized gains on securities available for sale, net of tax	205,017	386,343
Total valuation and translation adjustments	205,017	386,343
Stock acquisition rights	984	1,302
Total net assets	615,721	820,181
Total liabilities and net assets	4,856,435	5,029,232

(2) Non-consolidated Statements of Income

	Year ended March 31, 2009 (April 1, 2008 to March 31, 2009)	Year ended March 31, 2010 (April 1, 2009 to March 31, 2010)
		(Millions of yen)
Ordinary income:	1,637,825	1,661,802
Underwriting income:	1,550,908	1,557,803
Net premiums written	1,290,464	1,258,896
Deposits of premiums by policyholders	145,491	112,383
Interest and dividend income on deposits of premiums, etc.	43,024	40,537
Reversal of reserve for outstanding losses and claims	—	70,737
Reversal of underwriting reserves	71,065	73,089
Other underwriting income	862	2,160
Investment income:	79,496	95,612
Interest and dividend income	102,511	91,009
Investment gains on money trusts	—	0
Investment gains on trading securities	148	—
Gains on sales of securities	18,424	37,205
Gains on redemption of securities	266	229
Gains on derivatives	54	7,279
Other investment income	1,116	425
Transfer of interest and dividend income on deposits of premiums, etc.	(43,024)	(40,537)
Other ordinary income	7,420	8,387
Ordinary expenses:	1,791,710	1,611,484
Underwriting expenses:	1,410,733	1,340,481
Net claims paid	832,768	855,048
Loss adjustment expenses	74,972	74,920
Net commissions and brokerage fees	215,692	210,910
Maturity refunds to policyholders	202,767	191,568
Dividends to policyholders	30	131
Provision for reserve for outstanding losses and claims	82,472	—
Foreign exchange losses	1,391	1,621
Other underwriting expenses	638	6,279
Investment expenses:	134,285	30,399
Investment losses on money trusts	12,746	940
Investment losses on trading securities	—	56
Losses on sales of securities	2,006	11,750
Impairment losses on securities	78,746	2,843
Losses on redemption of securities	461	2,596
Foreign exchange losses	12,826	5,231
Other investment expenses	27,497	6,980
Operating, general and administrative expenses	244,055	229,567
Other ordinary expenses:	2,635	11,036
Interest paid	66	6,021
Provision for allowance for possible loan losses	565	—
Losses on bad debt	13	13
Provision for allowance for possible losses on investment securities	839	447
Other ordinary expenses	1,151	4,554
Ordinary profit (loss)	(153,884)	50,318

(Millions of yen)

	Year ended March 31, 2009 (April 1, 2008 to March 31, 2009)	Year ended March 31, 2010 (April 1, 2009 to March 31, 2010)
Extraordinary gains:	33,850	16,783
Gains on disposal of fixed assets	608	1,769
Reversal of price fluctuation reserve	31,191	―
Other extraordinary gains	2,050	15,013
Extraordinary losses:	810	6,985
Losses on disposal of fixed assets	697	922
Impairment losses	―	380
Provision for price fluctuation reserve	―	5,682
Unrealized losses on property	113	―
Income (loss) before income taxes	(120,845)	60,116
Income taxes	1,613	519
Refunded income taxes for prior period	―	(1,159)
Deferred income taxes	(48,515)	17,982
Total income taxes	(46,901)	17,342
Net income (loss)	(73,943)	42,774

(3) Non-consolidated Statements of Changes in Net Assets

(Millions of yen)

	Year ended March 31, 2009 (April 1, 2008 to March 31, 2009)	Year ended March 31, 2010 (April 1, 2009 to March 31, 2010)
Shareholders' equity:		
Common stock:		
Balance at the beginning of the period	70,000	70,000
Balance at the end of the period	70,000	70,000
Capital surplus:		
Additional paid-in capital:		
Balance at the beginning of the period	24,229	24,229
Balance at the end of the period	24,229	24,229
Other capital surplus:		
Balance at the beginning of the period	11	—
Changes during the period		
Disposal of treasury stock	(11)	—
Changes during the period	(11)	—
Balance at the end of the period	—	—
Retained earnings:		
Legal reserve:		
Balance at the beginning of the period	32,150	36,088
Changes during the period		
Dividends	3,938	3,938
Total changes during the period	3,938	3,938
Balance at the end of the period	36,088	40,026
Other retained earnings:		
Reserve for advanced depreciation:		
Balance at the beginning of the period	891	1,123
Changes during the period		
Provision for reserve for advanced depreciation	276	265
Reversal of reserve for advanced depreciation	(44)	(81)
Total changes during the period	231	184
Balance at the end of the period	1,123	1,307
Reserve for advanced depreciation special account:		
Balance at the beginning of the period	276	—
Changes during the period		
Reversal of reserve for advanced depreciation special account	(276)	—
Total changes during the fiscal year	(276)	—
Balance at the end of the period	—	—
General reserve:		
Balance at the beginning of the period	315,300	331,300
Changes during the period		
Provision for general reserve	16,000	—
Reversal of general reserve	—	(98,000)
Total changes during the period	16,000	(98,000)
Balance at the end of the period	331,300	233,300

(Millions of yen)

	Year ended March 31, 2009 (April 1, 2008 to March 31, 2009)	Year ended March 31, 2010 (April 1, 2009 to March 31, 2010)
Retained earnings carried forward:		
Balance at the beginning of the period	63,358	(50,181)
Changes during the period		
Provision for reserve for advanced depreciation	(276)	(265)
Reversal of reserve for advanced depreciation	44	81
Reversal of reserve for advanced depreciation special account	276	－
Provision for general reserve	(16,000)	－
Reversal of general reserve	－	98,000
Dividends	(23,629)	(23,629)
Net income (loss)	(73,943)	42,774
Disposal of treasury stock	(10)	(7)
Retirement of treasury stock	－	(3,101)
Total changes during the period	(113,539)	113,851
Balance at the end of the period	(50,181)	63,670
Treasury stock:		
Balance at the beginning of the period	(2,842)	(2,839)
Changes during the period		
Acquisition of treasury stock	(213)	(446)
Disposal of treasury stock	216	184
Retirement of treasury stock	－	3,101
Total changes during the period	3	2,839
Balance at the end of the period	(2,839)	－
Total shareholders' equity:		
Balance at the beginning of the period	503,374	409,720
Changes during the period		
Dividends	(19,691)	(19,690)
Net income (loss)	(73,943)	42,774
Acquisition of treasury stock	(213)	(446)
Disposal of treasury stock	194	177
Total changes during the period	(93,653)	22,813
Balance at the end of the period	409,720	432,534

(Millions of yen)

	Year ended March 31, 2009 (April 1, 2008 to March 31, 2009)	Year ended March 31, 2010 (April 1, 2009 to March 31, 2010)
Valuation and translation adjustments:		
Unrealized gains on securities available for sale, net of tax:		
Balance at the beginning of the period	570,558	205,017
Changes during the period		
Net changes in items other than shareholders' equity	(365,540)	181,326
Total changes during the period	(365,540)	181,326
Balance at the end of the period	205,017	386,343
Total valuation and translation adjustments:		
Balance at the beginning of the period	570,558	205,017
Changes during the period		
Net changes in items other than shareholders' equity	(365,540)	181,326
Total changes during the period	(365,540)	181,326
Balance at the end of the period	205,017	386,343
Stock acquisition rights:		
Balance at the beginning of the period	557	984
Changes during the period		
Net changes in items other than shareholders' equity	426	318
Total changes during the period	426	318
Balance at the end of the period	984	1,302
Total net assets:		
Balance at the beginning of the period	1,074,490	615,721
Changes during the period		
Dividends	(19,691)	(19,690)
Net income (loss)	(73,943)	42,774
Acquisition of treasury stock	(213)	(446)
Disposal of treasury stock	194	177
Net changes in items other than shareholders' equity	(365,114)	181,645
Total changes during the period	(458,768)	204,459
Balance at the end of the period	615,721	820,181

(4) Notes on Going-Concern Assumption

None.

5. Other Information

Key Figures of the Consolidated and Non-consolidated Results of Operations

(Millions of yen)

	Year ended March 31, 2009 (April 1, 2008 to March 31, 2009)					Year ended March 31, 2010 (April 1, 2009 to March 31, 2010)				
	Consolidated		Non-consolidated		Consolidated/ Non-consolidated balance	Consolidated		Non-consolidated		Consolidated/ Non-consolidated balance
	Amount	Rate of change	Amount	Rate of change		Amount	Rate of change	Amount	Rate of change	
		%		%			%		%	
Ordinary income	1,767,980	(6.7)	1,637,825	(5.1)	130,155	1,807,781	2.3	1,661,802	1.5	145,978
Net premiums written	1,308,194	(4.4)	1,290,464	(4.1)	17,729	1,290,948	(1.3)	1,258,896	(2.4)	32,052
Ordinary profit	(144,052)	(253.1)	(153,884)	(309.9)	9,832	48,829	−	50,318	−	(1,489)
Net income	(66,710)	(211.9)	(73,943)	(265.5)	7,233	39,366	−	42,774	−	(3,407)
Consolidated/ Non-consolidated ratio					−					0.92

Notes)

1. "Consolidated/Non-consolidated balance" represents the difference between consolidated amounts and non-consolidated amounts.
2. "Consolidated/Non-consolidated ratio" represents the proportion of consolidated amounts to non-consolidated amounts.
3. Consolidated/non-consolidated ratio for the year ended March 31, 2009 is not shown due to net loss on the non-consolidated basis.

(Consolidated) Summary of Results of Operations

(Millions of yen)

	Year ended March 31, 2009 (April 1, 2008 to March 31, 2009)	Year ended March 31, 2010 (April 1, 2009 to March 31, 2010)	Increase (decrease)	Rate of change
				%
Ordinary income and expenses:				
Underwriting income:	1,657,757	1,673,773	16,015	1.0
Net premiums written	1,308,194	1,290,948	(17,246)	(1.3)
Deposits of premiums by policyholders	145,491	112,917	(32,574)	(22.4)
Life insurance premiums written	124,039	131,899	7,859	6.3
Underwriting expenses:	1,476,233	1,424,573	(51,660)	(3.5)
Net claims paid	841,304	873,106	31,801	3.8
Loss adjustment expenses	75,981	76,543	561	0.7
Net commissions and brokerage fees	231,599	233,347	1,748	0.8
Maturity refunds to policyholders	202,767	192,360	(10,407)	(5.1)
Life insurance claims paid	39,485	41,174	1,689	4.3
Investment income:	101,968	121,694	19,725	19.3
Interest and dividend income	123,548	113,368	(10,179)	(8.2)
Gains on sales of securities	19,630	38,822	19,192	97.8
Investment expenses:	139,430	31,740	(107,689)	(77.2)
Losses on sales of securities	2,444	12,182	9,738	398.4
Impairment losses on securities	80,064	3,562	(76,502)	(95.6)
Operating, general and administrative expenses	293,790	289,293	(4,496)	(1.5)
Other ordinary income and expenses:	5,675	(1,030)	(6,706)	(118.2)
Investment losses on the equity method	(338)	(30)	308	−
Ordinary profit (loss)	(144,052)	48,829	192,881	−
Extraordinary gains and losses:				
Extraordinary gains	34,231	16,798	(17,432)	(50.9)
Extraordinary losses	848	7,131	6,283	740.9
Net extraordinary gains	33,383	9,667	(23,715)	(71.0)
Income (loss) before income taxes and non-controlling interests	(110,669)	58,496	169,166	−
Income taxes	7,082	4,510	(2,572)	(36.3)
Refunded income taxes for prior period	−	(1,161)	(1,161)	−
Deferred income taxes	(50,931)	16,391	67,322	−
Total income taxes	(43,849)	19,739	63,588	−
Non-controlling interests	(110)	(609)	(499)	−
Net income (loss)	(66,710)	39,366	106,077	−

(Consolidated) Premiums Written and Claims Paid by Lines of Business

Direct premiums written (including deposits of premiums by policyholders)

(Millions of yen)

Business line	Year ended March 31, 2009 (April 1, 2008 to March 31, 2009)			Year ended March 31, 2010 (April 1, 2009 to March 31, 2010)		
	Amount	% of total amount	Rate of change	Amount	% of total amount	Rate of change
		%	%		%	%
Fire and allied insurance	226,066	14.7	(2.7)	230,565	15.4	2.0
Marine insurance	42,799	2.8	(8.5)	37,122	2.5	(13.3)
Personal accident insurance	242,857	15.8	5.8	212,854	14.3	(12.4)
Voluntary automobile insurance	660,162	42.9	(0.6)	652,608	43.7	(1.1)
Compulsory automobile liability insurance	190,590	12.4	(15.3)	176,938	11.9	(7.2)
Others	175,089	11.4	(0.8)	182,397	12.2	4.2
Total	1,537,566	100.0	(2.3)	1,492,487	100.0	(2.9)
Deposits of premiums by policyholders	145,491	9.5	8.5	112,917	7.6	(22.4)

Net premiums written

(Millions of yen)

Business line	Year ended March 31, 2009 (April 1, 2008 to March 31, 2009)			Year ended March 31, 2010 (April 1, 2009 to March 31, 2010)		
	Amount	% of total amount	Rate of change	Amount	% of total amount	Rate of change
		%	%		%	%
Fire and allied insurance	148,467	11.3	(1.1)	150,079	11.6	1.1
Marine insurance	34,961	2.7	(8.9)	29,200	2.3	(16.5)
Personal accident insurance	126,535	9.7	(1.7)	127,361	9.9	0.7
Voluntary automobile insurance	657,701	50.3	(0.6)	652,664	50.6	(0.8)
Compulsory automobile liability insurance	179,982	13.8	(21.2)	165,042	12.8	(8.3)
Others	160,546	12.3	(0.5)	166,599	12.9	3.8
Total	1,308,194	100.0	(4.4)	1,290,948	100.0	(1.3)

Net claims paid

(Millions of yen)

Business line	Year ended March 31, 2009 (April 1, 2008 to March 31, 2009)			Year ended March 31, 2010 (April 1, 2009 to March 31, 2010)		
	Amount	% of total amount	Rate of change	Amount	% of total amount	Rate of change
		%	%		%	%
Fire and allied insurance	57,629	6.9	(3.7)	63,587	7.3	10.3
Marine insurance	16,731	2.0	(0.1)	15,727	1.8	(6.0)
Personal accident insurance	66,865	7.9	13.7	69,447	8.0	3.9
Voluntary automobile insurance	412,040	49.0	0.5	414,016	47.4	0.5
Compulsory automobile liability insurance	160,461	19.1	(0.5)	154,672	17.7	(3.6)
Others	127,577	15.2	15.9	155,654	17.8	22.0
Total	841,304	100.0	3.0	873,106	100.0	3.8

Note to the above three tables:

The above figures represent amounts after offsetting internal transactions among consolidated segments.

(Consolidated) Life Insurance Business

Life insurance premiums

(Millions of yen)

	Year ended March 31, 2009 (April 1, 2008 to March 31, 2009)		Year ended March 31, 2010 (April 1, 2009 to March 31, 2010)	
	Amount	Rate of change	Amount	Rate of change
		%		%
Life insurance premiums	124,039	(26.1)	131,899	6.3

Note) The above figures represent amounts after offsetting internal transactions among consolidated segments.

Total amount of policies in force

(Millions of yen)

	As of March 31, 2009		As of March 31, 2010	
	Amount	Rate of change	Amount	Rate of change
		%		%
Individual insurance	10,254,286	4.6	11,208,887	9.3
Individual annuities	81,435	(2.1)	80,187	(1.5)
Group insurance	2,033,965	1.4	1,877,599	(7.7)
Group annuities	—	—	—	—

Notes)
1. The above figures represent amounts before offsetting internal transactions among consolidated segments.
2. Amount of "Individual annuities" represents the sum of annuity fund at the beginning of annuity payment of contracts before the beginning of annuity payment and underwriting reserves for the contracts after the beginning of annuity payment.

Total amount of new business

(Millions of yen)

	Year ended March 31, 2009 (April 1, 2008 to March 31, 2009)			Year ended March 31, 2010 (April 1, 2009 to March 31, 2010)		
	Net increase by new business and conversion	New business	Net increase by conversion	Net increase by new business and conversion	New business	Net increase by conversion
Individual insurance	1,656,826	1,656,826	—	2,195,228	2,195,228	—
Individual annuities	2,165	2,165	—	2,269	2,269	—
Group insurance	21,101	21,101	—	51,722	51,722	—
Group annuities	—	—	—	—	—	—

Notes)
1. The above figures represent amounts before offsetting internal transactions among consolidated segments.
2. Amount of "Net increase by new business and conversion" for "Individual annuities" represents annuity fund at the beginning of annuity payment.

Annualized premiums of new business (individual insurance and individual annuities)

(Millions of yen)

	Year ended March 31, 2009 (April 1, 2008 to March 31, 2009)		Year ended March 31, 2010 (April 1, 2009 to March 31, 2010)	
	Amount	Rate of change	Amount	Rate of change
		%		%
Annualized premiums of new business	22,112	20.3	24,468	10.7

Note) The above figures represent amounts before offsetting internal transactions among consolidated segments.

(Consolidated) Risk-monitored Loans

(Millions of yen)

	As of March 31, 2009	As of March 31, 2010	Increase (decrease)
Loans to borrowers in bankruptcy	491	821	329
Overdue loans	2,474	2,101	(372)
Loans overdue for three months or more	4	5	1
Restructured loans	451	1,199	748
Total	3,421	4,129	707
Percent of total loans	0.7%	0.8%	0.2%

(Reference)

Total loans	517,894	493,186	(24,707)

Note) Please refer to "Notes to the consolidated balance sheets" for the definitions of each loan.

(Non-consolidated) Summary of Results of Operations

(Millions of yen)

			Year ended March 31, 2009 (April 1, 2008 to March 31, 2009)	Year ended March 31, 2010 (April 1, 2009 to March 31, 2010)	Increase (decrease)	Rate of change
						%
Direct premiums written (including deposits of premiums by policyholders)		**(1)**	1,504,262	1,442,984	(61,277)	(4.1)
Direct premiums written		**(2)**	1,358,771	1,330,601	(28,169)	(2.1)
Ordinary income and expenses:						
Net premiums written	(+)	**(3)**	1,290,464	1,258,896	(31,568)	(2.4)
Net claims paid	(−)	**(4)**	832,768	855,048	22,280	2.7
Loss adjustment expenses	(−)	**(5)**	74,972	74,920	(51)	(0.1)
Net commissions and brokerage fees	(−)	**(6)**	215,692	210,910	(4,781)	(2.2)
Deposits of premiums by policyholders	(+)	**(7)**	145,491	112,383	(33,108)	(22.8)
Interest and dividend income on deposits of premiums, etc.	(+)	**(8)**	43,024	40,537	(2,487)	(5.8)
Maturity refunds and dividends to policyholders	(−)	**(9)**	202,798	191,699	(11,098)	(5.5)
Provision for reserve for outstanding losses and claims	(−)	**(10)**	82,472	(70,737)	(153,209)	(185.8)
Provision for underwriting reserves	(−)	**(11)**	(71,065)	(73,089)	(2,023)	−
Other underwriting income and expenses	(+)	**(12)**	(1,167)	(5,740)	(4,572)	−
Gross underwriting margin		**(13)**	140,175	217,322	77,147	55.0
Operating, general and administrative expenses related to underwriting		**(14)**	229,696	217,817	(11,879)	(5.2)
Other income and expenses		**(15)**	(2,752)	(2,089)	663	−
Underwriting profit (loss)		**(16)**	(92,274)	(2,585)	89,689	−
Interest and dividend income	(+)	**(17)**	102,511	91,009	(11,502)	(11.2)
Investment gains and losses on money trusts	(+)	**(18)**	(12,746)	(940)	11,805	−
Gains and losses on sales of securities	(+)	**(19)**	16,417	25,455	9,037	55.0
Impairment losses on securities	(−)	**(20)**	78,746	2,843	(75,903)	(96.4)
Transfer of interest and dividend income on deposits of premiums, etc.	(+)	**(21)**	(43,024)	(40,537)	2,487	−
Other investment income and expenses	(+)	**(22)**	(39,200)	(6,930)	32,269	−
Operating, general and administrative expenses	(−)	**(23)**	244,055	229,567	(14,487)	(5.9)
Other ordinary income and expenses	(+)	**(24)**	4,784	(2,648)	(7,432)	(155.4)
Losses on bad debt and provision for allowance for possible loan losses		**(25)**	(578)	1,165	1,744	−
Ordinary profit (loss)		**(26)**	(153,884)	50,318	204,203	−
Extraordinary gains and losses:						
Extraordinary gains	(+)	**(27)**	33,850	16,783	(17,066)	(50.4)
Extraordinary losses	(−)	**(28)**	810	6,985	6,174	761.5
Net extraordinary gains		**(29)**	33,039	9,798	(23,241)	(70.3)
Income (loss) before income taxes		**(30)**	(120,845)	60,116	180,961	−
Income taxes	(−)	**(31)**	1,613	519	(1,094)	(67.8)
Refunded income taxes for prior period	(−)	**(32)**	−	(1,159)	(1,159)	−
Deferred income taxes	(−)	**(33)**	(48,515)	17,982	66,497	−
Total income taxes		**(34)**	(46,901)	17,342	64,243	−
Net income (loss)		**(35)**	(73,943)	42,774	116,717	−

Underwriting result:						
Net premiums written	(+)	**(36)**	1,290,464	1,258,896	(31,568)	(2.4)
Net claims paid	(−)	**(37)**	832,768	855,048	22,280	2.7
Loss adjustment expenses	(−)	**(38)**	74,972	74,920	(51)	(0.1)
Operating expenses:	(−)	**(39)**	445,389	428,728	(16,661)	(3.7)
Net commissions and brokerage fees		**(40)**	215,692	210,910	(4,781)	(2.2)
Operating, general and administrative expenses related to underwriting		**(41)**	229,696	217,817	(11,879)	(5.2)
Underwriting result		**(42)**	(62,665)	(99,801)	(37,136)	−
Ratios:						
Net loss ratio	(%)	**(43)**	70.3	73.9	3.5	
Net expense ratio	(%)	**(44)**	34.5	34.1	(0.5)	
Underwriting result ratio	(%)	**(45)**	(4.9)	(7.9)	(3.1)	
Income return	**(%)**	**(46)**	2.49	2.28	(0.21)	
Realized return	**(%)**	**(47)**	(0.29)	2.68	2.97	

Reference) Total return based on the fair value: For the year ended March 31, 2009 (11.66)%
For the year ended March 31, 2010 9.03%

Note) Please refer to "Appendix" on the next page for the calculation of return and other indicators.

<Calculation of return>

The calculation methods of “Income return”, “Realized return”, and “Total return based on the fair value” are as follows.

1. Income return

The results of investment activities are shown from the point of view of income earned (interest and dividend income earned).

Numerator is based on interest and dividend income related to investment assets. Denominator is based on the cost of investment assets.

Numerator = Interest and dividend income (including amounts which correspond to interest and dividend income of investment gains and losses on money trusts)

Denominator = Average balances of investment assets based on the historical cost or the amortized cost

2. Realized return

The results of investment activities are shown from the point of view of the contribution to gains and losses of the period (statements of Income).

Numerator is based on realized gains and losses. Denominator is based on the cost of investment assets.

Numerator = Investment income + Interest and dividend income on deposits of premiums, etc. - Investment expenses

Denominator = Average balances of investment assets based on the historical cost or the amortized cost

3. Total return based on the fair value (reference)

The return on investment based on the fair value is shown.

Numerator is based on realized gains and losses and the increase and decrease in unrealized gains and losses.

Denominator is based on the fair value of investment assets.

Numerator = (Investment income + Interest and dividend income on deposits of premiums, etc. - Investment expenses) + (Unrealized gains and losses at the end of this period* - Unrealized gains and losses at the end of the previous period*) + Increase and decrease in deferred gains and losses on hedge transactions

Denominator = Average balances of investment assets based on the historical cost or the amortized cost + Unrealized gains and losses at the end of the previous period* + Unrealized gains and losses on trading securities at the end of the previous period

* Unrealized gains and losses related to securities available for sale, monetary receivables bought, and money trusts classified as other than trading purposes or held to maturity before tax effect deductions

<Calculation of other indicators>

Underwriting profit = Gross underwriting margin - Operating, general and administrative expenses related to underwriting + Other income and expenses*

*Other income and expenses include, but not limited to, income tax expenses for compulsory automobile liability insurance.

Net loss ratio = (Net claims paid + Loss adjustment expenses) / Net premiums written × 100

Net expense ratio = (Net commissions and brokerage fees + Operating, general and administrative expenses related to underwriting) / Net premiums written × 100

Underwriting result ratio = (Net premiums written - Net claims paid - Loss adjustment expenses - Operating expenses) / Net premiums written × 100

(Non-consolidated) Premiums Written and Claims Paid by Lines of Business

Direct premiums written (excluding deposits of premiums by policyholders)

(Millions of yen)

Business line	Year ended March 31, 2009 (April 1, 2008 to March 31, 2009)			Year ended March 31, 2010 (April 1, 2009 to March 31, 2010)		
	Amount	% of total amount	Rate of change	Amount	% of total amount	Rate of change
		%	%		%	%
Fire and allied insurance	183,589	13.5	(0.0)	185,299	13.9	0.9
Marine insurance	35,175	2.6	(1.5)	28,919	2.2	(17.8)
Personal accident insurance	127,828	9.4	(1.6)	126,622	9.5	(0.9)
Voluntary automobile insurance	655,923	48.3	(0.3)	639,992	48.1	(2.4)
Compulsory automobile liability insurance	190,590	14.0	(15.3)	176,743	13.3	(7.3)
Others	165,663	12.2	1.0	173,024	13.0	4.4
Total	1,358,771	100.0	(2.7)	1,330,601	100.0	(2.1)
Deposits of premiums by policyholders	145,491	―	8.5	112,383	―	(22.8)

Net premiums written

(Millions of yen)

Business line	Year ended March 31, 2009 (April 1, 2008 to March 31, 2009)			Year ended March 31, 2010 (April 1, 2009 to March 31, 2010)		
	Amount	% of total amount	Rate of change	Amount	% of total amount	Rate of change
		%	%		%	%
Fire and allied insurance	144,999	11.2	(0.7)	144,138	11.4	(0.6)
Marine insurance	29,883	2.3	(4.8)	23,740	1.9	(20.6)
Personal accident insurance	126,388	9.8	(1.7)	125,229	9.9	(0.9)
Voluntary automobile insurance	654,001	50.7	(0.3)	640,251	50.9	(2.1)
Compulsory automobile liability insurance	179,982	13.9	(21.2)	164,724	13.1	(8.5)
Others	155,208	12.0	0.2	160,811	12.8	3.6
Total	1,290,464	100.0	(4.1)	1,258,896	100.0	(2.4)

Net claims paid

(Millions of yen)

Business line	Year ended March 31, 2009 (April 1, 2008 to March 31, 2009)			Year ended March 31, 2010 (April 1, 2009 to March 31, 2010)		
	Amount	Rate of change	Net loss ratio	Amount	Rate of change	Net loss ratio
		%	%		%	%
Fire and allied insurance	56,127	(4.5)	40.3	61,291	9.2	44.2
Marine insurance	14,946	7.7	54.0	13,211	(11.6)	60.2
Personal accident insurance	66,836	13.9	57.4	68,118	1.9	59.5
Voluntary automobile insurance	409,814	0.9	70.0	405,899	(1.0)	70.6
Compulsory automobile liability insurance	160,461	(0.5)	95.7	154,378	(3.8)	101.3
Others	124,581	18.2	84.1	152,148	22.1	98.8
Total	832,768	3.6	70.3	855,048	2.7	73.9

Note) Net loss ratio = (Net claims paid + Loss adjustment expenses) / Net premiums written × 100

(Non-consolidated) Net Incurred Loss related to Natural Disasters (which occurred in the period)

(Millions of yen)

	Year ended March 31, 2009			Year ended March 31, 2010		
	Net claims paid	Reserve for outstanding losses and claims	Net incurred loss	Net claims paid	Reserve for outstanding losses and claims	Net incurred loss
Fire and allied insurance	3,402	179	3,582	8,570	1,381	9,952
Voluntary automobile insurance	2,408	20	2,429	2,456	74	2,530
Others	382	99	482	666	108	775
Total	6,194	299	6,494	11,693	1,565	13,258

Notes)

1. This table represents net claims paid and reserve for outstanding losses and claims related to natural disasters which occurred in the period.
2. Net incurred loss ＝ Net claims paid ＋ Reserve for outstanding losses and claims
   "Reserve for outstanding losses and claims" represents amounts deducting reinsurance recoverable on unpaid loss from direct insurance reserve for outstanding losses and claims.

(Non-consolidated) Breakdown of Operating, General and Administrative Expenses and Loss Adjustment Expenses

(Millions of yen)

	Year ended March 31, 2009		Year ended March 31, 2010	
	Amount	Increase (decrease)	Amount	Increase (decrease)
Personnel expenses	165,397	6,994	162,489	(2,907)
Non-personnel expenses	140,080	(158)	129,147	(10,933)
Others	13,549	(58)	12,851	(698)
Total	319,027	6,777	304,488	(14,538)

(Non-consolidated) Reserve for Outstanding Losses and Claims

(Millions of yen)

	Year ended March 31, 2009		Year ended March 31, 2010	
	Amount	Change	Amount	Change
Fire and allied insurance	32,604	2,018	26,332	(6,272)
Marine insurance	12,651	1,651	11,832	(819)
Personal accident insurance	50,636	5,677	53,641	3,005
Voluntary automobile insurance	294,577	(19,991)	302,058	7,481
Compulsory automobile liability insurance	57,319	(1,332)	55,818	(1,500)
Others	310,749	94,449	238,116	(72,632)
Total	758,538	82,472	687,801	(70,737)

Notes)

1. "Amount" of financial guarantee insurance is included in "Others."
   Year ended March 31, 2009: 140,183 million yen
   Year ended March 31, 2010: 80,665 million yen
2. "Change" of financial guarantee insurance is included in "Others."
   Year ended March 31, 2009: 109,995 million yen
   Year ended March 31, 2010: (59,518) million yen

(Non-consolidated) Catastrophic Loss Reserve

(Millions of yen)

	Year ended March 31, 2009		Year ended March 31, 2010	
	Amount	Change	Amount	Change
Fire and allied insurance	129,551	19,181	148,525	18,974
Marine insurance	25,341	1,135	26,231	890
Personal accident insurance	87,685	(1,407)	84,587	(3,097)
Voluntary automobile insurance	47,509	(36,512)	38,609	(8,900)
Others	87,701	7,473	96,733	9,032
Total	377,788	(10,129)	394,687	16,898

(Non-consolidated) Solvency Margin Ratio

(Millions of yen)

		As of March 31, 2009	As of March 31, 2010
(A)	Total Solvency Margin	1,264,786	1,671,429
	Capital and funds, etc.	391,013	414,156
	Reserve for price fluctuation	5,779	11,462
	Contingency reserve	611	611
	Catastrophic loss reserve	446,019	466,702
	General allowance for possible loan losses	899	992
	Unrealized gains on securities (before tax effect deductions)	285,244	536,605
	Net unrealized gains and losses on real estate	63,450	52,252
	Excess amount of reserve for maturity refunds	—	—
	Subordinated debt, etc.	—	128,000
	Deductions	81,480	101,616
	Others	153,248	162,261
(B)	Total Risks $\sqrt{(R_1+R_2)^2+(R_3+R_4)^2}+R_5+R_6$	404,892	417,827
	Underwriting risk (R_1)	86,313	83,975
	Underwriting risk for third-sector insurance products including accident, sickness and nursing-care insurance (R_2)	—	—
	Guaranteed interest rate risk (R_3)	5,572	5,368
	Investment risk (R_4)	161,758	185,633
	Business management risk (R_5)	13,696	9,493
	Major catastrophe risk (R_6)	202,915	199,686
(C)	Solvency Margin Ratio [(A) / {(B) × 1/2 }] × 100	624.7%	800.0%

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).

< Solvency Margin Ratio >

- In addition to reserves to cover claims payments and payments for maturity refunds of saving type insurance policies, 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, a big decline in value of assets held by insurance companies, etc.
- Solvency margin ratio (C) above, 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) above) to "risks which will exceed their normal estimates" (total risks: (B) above).
- "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)
- "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 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.

Note Regarding Forward-looking Statements

This document includes “forward-looking statements” that reflect the information in relation to the NKSJ Holdings, Inc. (“NKSJ”). To the extent that statements in this document do not relate to historical or current facts, they constitute forward-looking statements. These forward-looking statements are based on the current assumptions and beliefs of NKSJ in light of the information currently available to NKSJ, and involve known and unknown risks, uncertainties and other factors. Such risks, uncertainties and other factors may cause the actual results, performance, achievements or financial position of NKSJ, as the case may be, to be materially different from any future results, performance, achievements or financial position expressed or implied by these forward-looking statements. NKSJ does not undertake or will not undertake any obligation to publicly update any forward-looking statements after the date of this document. Investors are advised to consult any further disclosures by NKSJ in their subsequent domestic filings in Japan and filings with, or submissions to, the U.S. Securities Exchange Commission pursuant to the U.S. Securities Exchange Act of 1934.

The risks, uncertainties and other factors referred to above include, but are not limited to, those below.

(1) Effects of deterioration of economic and business conditions in Japan
(2) Risks associated with non-life insurance business, life insurance business, and other businesses in which NKSJ group participates
(3) Changes to laws, regulations, and systems
(4) Risk of natural disasters
(5) Occurrence of unpredictable damages
(6) Reinsurance risk
(7) Overseas business risk
(8) Effects of declining stock price
(9) Effects of fluctuation in exchange rate
(10) Effects of fluctuation in interest rate
(11) Liquidity risk
(12) Effects of decline in creditworthiness of investment and/or loan counterparties
(13) Credit rating downgrade
(14) Litigation risk
(15) Risk concerning retirement benefit liabilities
(16) Occurrence of personal information leak
(17) Damage on business operations by major disasters
(18) Effects resulting from business integration
(19) Other risks

Changes of Directors
(Scheduled on June 28, 2010 and July 1, 2010)

1. Changes of directors
(Scheduled on July 1, 2010)

Director, Chairman and Executive Officer	Masatoshi Sato	(Representative Director, President and Chief Executive Officer)
Representative Director, President and Chief Executive Officer	Kengo Sakurada	(Director, Managing Executive Officer)

(Scheduled on June 28, 2010)

Resignation	Hisashi Nakano	(Representative Director, Deputy President and Senior Managing Executive Officer, General Manager, 1st Kansai Regional Headquarters)
Representative Director, Senior Managing Executive Officer, General Manager, 1st Kansai Regional Headquarters	Masami Ishii	(Director, Managing Executive Officer)

2. Changes of other directors
(Scheduled on June 28, 2010)

(1) Candidates for directors

Director, Deputy President and Senior Managing Executive Officer	Takakazu Sugishita	(Senior Managing Executive Officer)
Director, Managing Executive Officer	Kaoru Takahashi	(Managing Executive Officer)
Director, Managing Executive Officer	Keiji Nishizawa	(Managing Executive Officer)
Director, Managing Executive Officer	Masayoshi Hori	(Executive Officer, General Manager, Planning and Research Department)
Director, Managing Executive Officer	Hidehiro Sumi	(Executive Officer, General Manager, Commercial Risk Solutions Department)

(2) Scheduled resignation of directors

	Mitsuhiko Fuse	(Director, Deputy President and Senior Managing Executive Officer)
	Koki Kazuma	(Director, Deputy President and Senior Managing Executive Officer)
	Kenichi Tomita	(Director)

(3) Candidates for corporate auditors

Corporate Auditor	Takaaki Komatsu
Outside Corporate Auditor	Sumio Uesugi

(4) Scheduled resignation of auditor

Jiro Handa	(Corporate Auditor)

(5) Resignation of executive officer

Koichi Motoyama	(Executive officer seconded to Sompo Japan Information Services Inc.)

(6) Changes of positions

Director, Deputy President and Senior Managing Executive Officer	Takakazu Sugishita	(Senior Managing Executive Officer)
Director, Senior Managing Executive Officer, General Manager, 1st Kansai Regional Headquarters	Masami Ishii	(Director, Managing Executive Officer)
Director, Senior Managing Executive Officer	Eiichi Yoshimitsu	(Director, Managing Executive Officer)
Senior Managing Executive Officer, General Manager, Tokyo Regional Headquarters	Ken Endo	(Managing Executive Officer, General Manager, Tokyo Regional Headquarters)
Director, Senior Managing Executive Officer	Takeshi Oiwa	(Director, Managing Executive Officer)
Senior Managing Executive Officer, General Manager, Shizuoka Regional Headquarters and Chubu Regional Headquarters	Tooru Nakajima	(Managing Executive Officer, General Manager, Shizuoka Regional Headquarters and Chubu Regional Headquarters)
Director, Managing Executive Officer	Masayoshi Hori	(Executive Officer, General Manager, Planning and Research Department)
Director, Managing Executive Officer	Hidehiro Sumi	(Executive Officer, General Manager, Commercial Risk Solutions Department)

Note) Titles and responsibilities which are shown in ( ) represent those as of May 20, 2010.