

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

## **Notice Concerning Grant of Stock Compensation Type Stock Options to Directors**

We hereby notify you herewith that at the meeting of the Board of Directors held today, we resolved to place for resolution before the 1st general meeting of stockholders to be held on June 27, 2011, a proposal in connection with the amount of remuneration, etc., with respect to stock acquisition rights that are to be granted as stock compensation type stock options to directors as well as in connection with determining the content of the relevant stock acquisition rights.

The grant of the stock acquisition rights shall be decided by resolution of the Board of Directors of the Company after approval is passed of the relevant proposal at the 1st general meeting of stockholders to be held on June 27, 2011.

### **1. Reason for Granting Stock Acquisition Rights as Stock Compensation Type Stock Options to Directors**

Stock acquisition rights in the form of stock compensation type stock options are to be allocated to directors of the Company, for the purpose of increasing their desire and motivation to improve stock values and performance, and to achieve further progress in management which emphasizes stockholder value and corporate value.

Outside directors will not be included in the scope of persons who are to be granted the relevant stock acquisition rights.

### **2. Content of Proposal**

#### **(1) Amount of Compensation in the Form of Stock Compensation Type Stock Options**

The amount of compensation in the form of stock compensation type stock options, which is a separate category from that is to be paid in cash out of the compensation, etc., of Directors, shall not exceed ¥100 million per year (not including the portion of salary as an employee in the event of a director who serves jointly as an employee).

The number of directors who may be granted stock compensation type stock options shall be six individuals not including the outside directors, on the assumption that the proposal for election of directors is approved at the 1st general meeting of stockholders.

#### **(2) Particulars of the Stock Acquisition Rights**

The particulars of the stock acquisition rights that are to be granted as stock compensation type stock options to directors of the Company (excluding outside directors) within the extent of the amount set forth above shall be as set forth below:

##### **(i) Type and number of shares of stock that are the underlying shares of the stock acquisition rights**

The number of shares that may be obtained by exercising the stock acquisition rights that are issued within one year from the date of the annual general meeting of stockholders shall be a maximum of 250,000 common stocks<sup>1</sup> of the Company, and the number of underlying shares of each stock acquisition right shall be 100 (hereinafter the “number of shares to be granted”).

If the Company conducts a stock split or reverse split in connection with common stocks of the Company,<sup>2</sup> an adjustment to the number of shares to be granted shall be made in accordance with the following formula. Fractions of under one share that occur in the adjustment shall be discarded.

$$\begin{array}{rcl} \text{Number of shares to} & & \text{Number of shares to} & & \text{Ratio of split (or reverse} \\ \text{be granted after} & = & \text{be granted prior to} & \times & \text{split)} \\ \text{adjustment} & & \text{adjustment} & & \end{array}$$

Moreover, if cause occurs that makes an adjustment necessary to the number of shares to be granted, the number of shares to be granted shall be adjusted within reasonable limits.

- (ii) **Total Number of Stock Acquisition Rights**  
The total number of stock acquisition rights that may be allocated within one year from the date of the general meeting of stockholders shall be a maximum of 2,500.<sup>3</sup>
- (iii) **Value of the Assets to Be Invested at the Time of Exercise of the Stock Acquisition Rights**  
The value of the assets to be invested at the time of exercise of each stock acquisition right shall be the monetary amount of ¥1 per share that can be received by exercising the stock acquisition right, multiplied by the number of shares to be granted.
- (iv) **Period in Which the Stock Acquisition Rights May Be Exercised**  
Within 25 years from the day following the date of allocation of each stock acquisition right.
- (v) **Restriction on Acquisition of Stock Acquisition Rights by Way of Assignment**  
Approval from the Board of Directors shall be required in connection with acquiring stock acquisition rights by way of assignment.
- (vi) **Conditions for Exercise of the Stock Acquisition Rights**
  - a. Grantee of stock acquisition rights may exercise the stock acquisition rights only within the period through the expiration of 10 days from the day following the date on which said individual has lost his or her status as either a director or an executive officer of the Company.
  - b. Moreover grantee of stock acquisition rights are to exercise in one transaction all of the stock acquisition rights that they hold in connection with stock acquisition rights (stock compensation type stock options) that they have respectively been allocated pursuant to their status as a director of the Company and shall not be allowed to exercise only a part thereof.
- (vii) **Other Particulars of the Stock Acquisition Rights**  
Other particulars in connection with the stock acquisition rights shall be determined at the meeting of Board of Directors which decides on the issuing terms of the stock acquisition rights.

<sup>1</sup> Or 62,500 shares if the reverse split proposal is approved at the 1st general meeting of stockholders, which is scheduled to be held on June 27, 2011, and the stock acquisition rights are allocated on or after the effective date of the reverse split of stocks. Moreover if an adjustment has been made in the number of shares to be granted as set forth in the second and third paragraphs of (i), this shall be the number of shares obtained by multiplying the number of shares to be granted after adjustment, by the maximum number of options at that time.

<sup>2</sup> Excluding the reverse split of stocks that is to be conducted as a result of a resolution approving the relevant reverse split proposal for the stocks, made at the 1st general meeting of stockholders, which is scheduled to be held on June 27, 2011; provided, however, that if this resolution is approved, and stock acquisition rights exist that have been granted on the basis of 100 shares to be granted after the closing of the 1st general meeting through the effective date of the reverse split approved at the 1st general

meeting of stockholders, the adjustment as set forth in the second paragraph of (i) shall be made to the number of shares to be granted.

- <sup>3</sup> This shall be 625 stock acquisition rights if the proposal for a reverse split of stocks is approved at the 1st general meeting of stockholders, which is scheduled to be held on June 27, 2011.

(Reference)

Regarding the particulars of the reverse split of stocks, please see the “Notice Concerning Reverse Split of Stocks, Amendment of Trading Unit of Stocks, and Amendment in Part of the Articles of Incorporation” that the Company has announced today.

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