

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

SOMPO JAPAN INSURANCE INC.



NIPPONKOA Insurance Co., Ltd.



July 29, 2009

1. Outline of the Business Integration

2. Effects of the Business Integration

3. Summary

4. (Reference) General Information on the Parties

【Note】

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

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Memorandum of Understanding for the Business Integration (Announced on March 13, 2009)

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

Basic Principles of the Business Integration

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

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

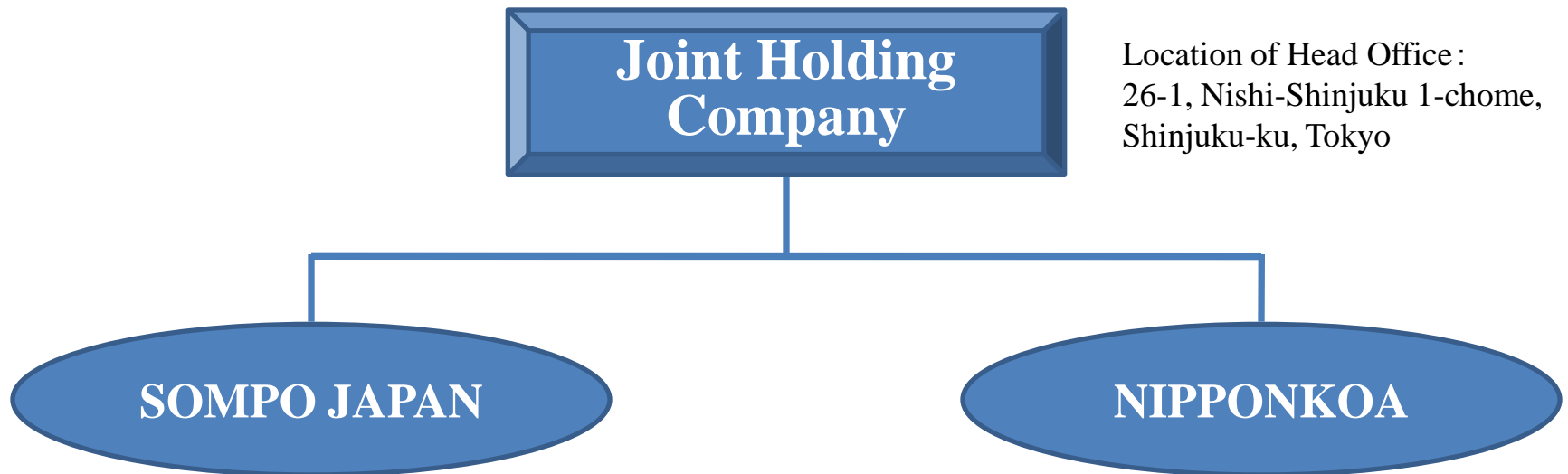
- Providing the highest-quality security and service
- Focusing on the domestic business
- Providing a broad range of solutions that are friendly to society and the environment
- Maximizing shareholder value
- A free, vigorous, open and energetic corporate culture
- Independence from the influence of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



(1) Method of Business Integration

**To achieve business integration quickly,
two companies will coexist under the umbrella of a Joint Holding Company**

Corporate name of the Joint Holding Company : NKSJ Holdings, Inc.



(2) Share Exchange Ratio

Company name	SOMPO JAPAN	NIPPONKOA
Share Exchange Ratio	1	0.9

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

(Note 2) New shares to be delivered by the Joint Holding Company (tentative):

1,722,802,230 shares of common stock

The number of shares provided above is calculated based on the total number of outstanding shares of the Parties as of March 31, 2009. The number of such new shares may be changed if treasury stock of the Parties is cancelled or if share options of the Parties are exercised prior to the incorporation of the Joint Holding Company.

(4) Schedule of Share Exchange

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

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

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(1) Effects of the Business Integration

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

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

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



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

(2) Business Integration Synergies

Cost reduction by sharing of products, back office operations and IT systems

About ¥12.5 billion

- Streamlining and improving functions of system development by building a new shared IT systems
- Shared frames and product development of key product areas (automobile, fire and personal accident insurance)
- Streamlining by sharing and standardizing sales and non-life insurance service back office operations

Cost reduction by joint use of infrastructure and joint placement of orders

About ¥5 billion

- Cost reduction through joint use of customer centers (call centers), initial claims-handling centers, offices and system centers
- Through taking advantage of economies of scale, lowering system-related costs, distribution costs, printing costs and costs related to the purchase of goods through joint placement of orders

Effects of profit improvement by sharing and improving know-how

About ¥10.5 billion

- Joint development of a new retail business model (PT-R) to improve business efficiency among agents (Improvement of service provision by our agents through improving support for our agents)
- Sharing and improving an eco-safety drive as well as a risk consulting service
- Enhancement of underwriting, service development capabilities claims handling know-how

Synergies by the Business Integration (pretax)

About ¥30 billion

Amount of improving effect per annum in FY2012 compared with FY2009(E)

※For 3 years after the business integration, we project temporary additional costs of about an average of ¥5.5 billion per annum.

※We will further discuss integration synergy effects, including the amounts mentioned above.

Upon adding the amounts of additional synergy effects, we will announce a business plan that reflects the additional amounts.

(3) Life Insurance Business Synergies

Sompo Japan Himawari Life Insurance

(General Information)

Incorporation: July 7, 1981

Capital: ¥17.2 billion

Total assets: ¥1,073 billion

Insurance, etc. revenues: ¥241.4 billion

Policies in force: ¥9,529.3 billion

*total of individual insurance and individual pension insurance

EV: ¥244.5 billion

(As of March 31, 2009)

NIPPONKOA Life Insurance

(General Information)

Incorporation: August 8, 1996

Capital: ¥20 billion

Total assets: ¥429 billion

Insurance, etc. revenues: ¥86.9 billion

Policies in force: ¥4,014.1 billion

*total of individual insurance and individual pension insurance

EV: ¥85.9 billion

(As of March 31, 2009)



**Considering merger of Sompo Japan Himawari Life Insurance
with NIPPONKOA Life Insurance**

Increased EV per annum: ¥50 billion

※target amount in 3 to 5 years after the integration

**Strategic allocation of management
resources of the New Group**

(4) Integration of Group Business

① Merger of asset management companies

Sompo Japan Asset Management

ZEST Asset Management

Consider merger
during or soon
after FY2010

Strengthen the New Group's
asset management platform
Rebuild our asset portfolio



Improve investment profits

② Merger of risk consulting companies

Sompo Japan Risk Management

NK Risk Consulting

Consider merger
during or soon
after FY2010

Improve consulting capability and
the ability to develop new services



Provide security and services of
the highest quality

③ Overseas development

Use of strengthened financial
underpinnings and human resources

Proactive development of business
in overseas insurance markets
with high growth potential

④ Other businesses

- Joint use of the Parties' know-how and business infrastructure, including healthcare business, defined contribution pension business (DC), etc.
- Review and construction of other business systems suitable to the group companies

*The amount of synergy effects concerning "Integration of the Group Business" will be estimated in the business plan to be formulated in future.

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(1) Points of Business Operations

Improvement of business efficiency and quality by sharing and standardizing business bases

Shifting management resources resulting from the business integration to areas with growth potential (life insurance business, etc.)

Rebuilding investment portfolio through reduction of “strategic holding stocks”

Enhanced engagement in environmental problems

(2) Governance points

Appointment of half of directors and a majority of corporate auditors from outside the New Group considering independence

Compensation for directors and executive officers to be determined by taking into account factors such as net asset value per share and achievement of business objectives

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(Reference) General Information on Parties

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

(16) Financial Results for the Previous Three Years

(¥ billion)

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

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

(¥ billion)

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

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

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Note Regarding Forward-looking Statements

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

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