

Information Meeting
for Fiscal Year 2008 1st Half Results

December 1, 2008

SOMPO JAPAN INSURANCE INC.

1. Forecast for Fiscal Year 2008

2. Overview of Fiscal Year 2008 1st Half Results

3. Sompo Japan's Business Strategy

4. Key Indicators for Fiscal Year 2008 1st Half Results

Full-Year Forecast for Fiscal 2008 (Key Points)

We expect to record an ordinary loss from booking loss reserves for financial guarantee insurance and impairment losses on securities. Insurance premiums of domestic P&C will continue to increase and Himawari Life will boost a strong top line.

1. Loss projection under the turmoil of global financial market

1) Loss reserves for financial guarantee insurance: 70 bil. JPY

Estimated loss is calculated by our assumption based on the current credit market environment over the entire guarantee period of insurance policies which have high possibility of the occurrence of claims.

2) Impairment losses on securities: 73 bil. JPY

Assumption: the market situation as of the end of October 2008 (Nikkei225: 8,576 JPY)

Break-even-point of Nikkei225: Approx. 4,900 JPY

(as of the end of October 2008, after considering impairment losses of 73 bil. JPY)

2. Upward trend of domestic P&C insurance premiums

Projecting higher premiums from all types of insurance excluding CALI

As for automobile insurance, the number of policies increased in the 1st half and the trend will continue in the 2nd half

3. Strong top line for life insurance

As for Himawari Life, top line growth will continue in the 2nd half

Profits are expected to decline on higher sales expense and the liability reserves for new policies

4. Steady performance of overseas business

Steady profits are expected in overseas subsidiaries

Summary of Exposure to Structured Finance (as of October 31, 2008)

Structured finance exposure in investment portfolio <Appendix 1>

- **Total exposure as of the end of FY2008 1st half:**
86.3 bil. JPY -Decreased by 0.2bil.JPY since June 30, 2008
0.5 bil. JPY related to U.S. subprime loans -Decreased by 0.2 bil. JPY since June 30, 2008
- **Gains/Losses in FY2008 First Half:**
0.6 bil. JPY losses (Impairment losses: 0.1 bil. JPY, Unrealized losses: 0.5 bil. JPY)

Same information released on November 19 including forecast based on the updated conditions as of October 31

Exposure to U.S. housing government-sponsored enterprises (GSEs)

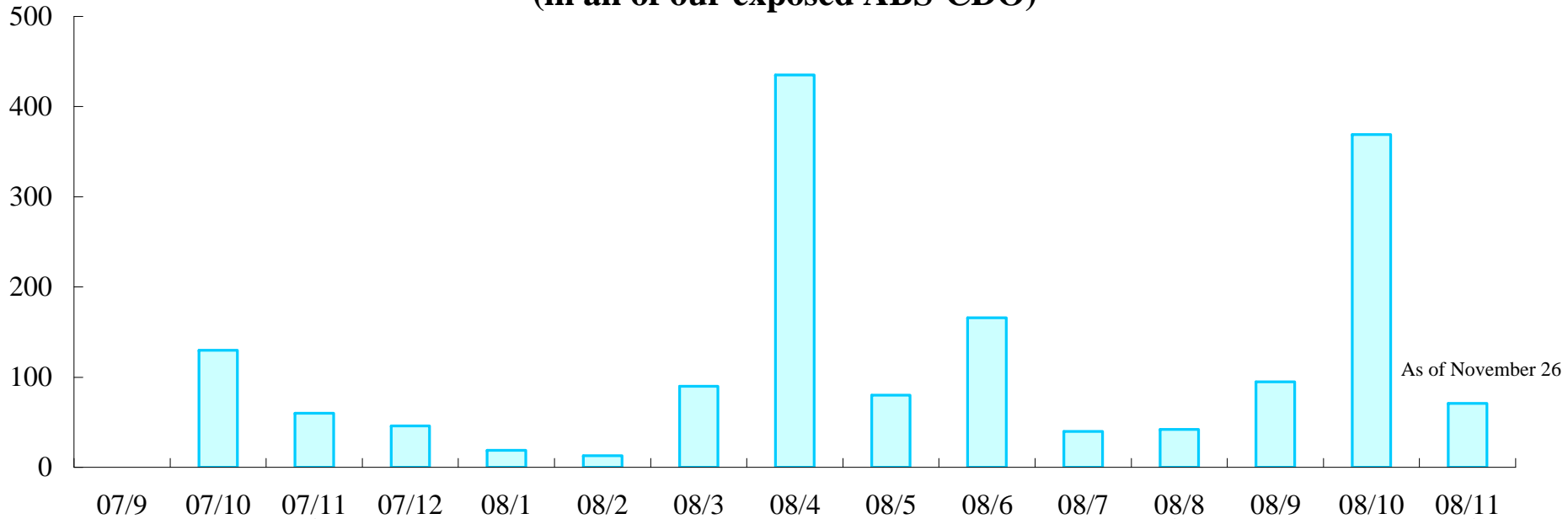
- **Total exposure as of the end of FY2008 1st half:**
74.7 bil. JPY (RMBS: 70.4 bil. JPY, Agency Bonds: 4.2 bil. JPY)
 *Fannie Mae: 47.4 bil. JPY, Freddie Mac: 26.4 bil. JPY, FHLB: 0.9 bil. JPY
- **Gains/Losses in FY2008 First Half:**
4.7 bil. JPY losses (unrealized losses, due mainly to the fluctuation of exchange rate)

Financial guarantee insurance (New business suspended) <Appendix 2>

- **Total insured amount as of the end of FY2008 1st half:**
1,081.5 bil. JPY -Decreased by 70.4 bil. JPY since June 30, 2008, due to the appreciation of yen and redemption of some transactions
189.2 bil. JPY related to U.S. subprime loans (CDOs: 184.2 bil. JPY, RMBS: 4.9 bil. JPY)
 -Decreased by 5.6 bil. JPY since June 30, 2008, mainly due to the appreciation of yen
- **Additional Losses/Reserves in FY2008 First Half:**
0.3 bil. JPY losses (Payment loss and increased loss reserve for treaty reinsurance)
*Other than the above, 0.1bil.JPY loss reserve is increased for CDO which is booked for 30.0bil.JPY loss reserve in FY2007, due to the fluctuation of exchange rate.
- **Loss Projection for FY2008:** (Refer to the press release titled "Revision of earnings projections for fiscal year 2008" as of November 19, 2008)
 Since the possibility of the occurrence of claims is increasing under the turmoil situation in the global financial markets after October 2008, we forecast to book additional loss reserves of 70 billion yen.
 Estimated loss is calculated by our assumption based on the current credit market environment over the entire guarantee period of insurance policies which have high possibility of the occurrence of claims.

Risk Recognition and Disclosure of Financial Guarantee Insurance

Downgrade action on underlying assets by month
(in all of our exposed ABS-CDO)



Disclosure

November 27, 2007

Risk recognition of the occurrence of claims

January 11, 2008

Booking loss reserve of 34 bil. JPY

May 27, 2008

List of guarantee for ABS-CDO

August 11, 2008

Update of exposure to structured finance

November 19, 2008

Loss projection of 70 bil. JPY for FY2008

List of Guarantee for ABS CDOs (Excl. Treaty Reinsurance)

(As of October 31, 2008, Unit: billions of JPY)

Policy No. *1	Issue Rating *2	Fiscal Year Issued	Insured Amount *3	Subordina tion Ratio *4	Distribution of underlying assets rating (as of October 31, 2008)						Ratio of subprime RMBS
					AAA	AA	A	BBB	*5		
									Below BBB	Default	
Guarantee for CDO①	AAA	2003	10.3	14%	44%	20%	16%	9%	11%	0.0%	0%
Guarantee for CDO② *6	AAA	2004	28.7	18%	90%	6%	2%	1%	1%	1.1%	1%
	AAA	2004	10.0	10%							
Guarantee for CDO③	AA	2004	12.4	11%	27%	48%	12%	2%	11%	2.8%	12%
Guarantee for CDO④ *7	A	2004	12.9	12%	32%	36%	14%	3%	15%	0.9%	9%
Guarantee for CDO⑤ *7	BB	2005	12.4	13%	6%	39%	19%	12%	24%	0.0%	15%
Guarantee for CDO⑥	CC	2006	15.5	12%	35%	9%	13%	5%	38%	2.5%	2%
Guarantee for CDO⑦	A	2006	20.7	8%	13%	66%	8%	8%	5%	0.0%	31%
Guarantee for CDO⑧	CC	2006	30.0	11%	20%	15%	6%	4%	55%	4.8%	10%
Guarantee for CDO⑨	B	2006	31.0	19%	18%	5%	4%	7%	65%	12.7%	11%
Subtotal of U.S. subprime loans related CDOs			184.2	12.3%	28%	29%	10%	6%	26%	2.8%	12.1%
Guarantee for CDO⑩	AAA	2004	31.0	16%	53%	28%	1%	6%	12%	1.5%	-
Guarantee for CDO⑪	BB	2007	30.3	42%	0%	0%	0%	11%	89%	5.3%	-
Subtotal of other ABS CDOs			61.3	28.6%	19%	10%	0%	9%	62%	3.9%	-
Total of ABS CDOs			245.6	16.3%	27%	27%	9%	7%	30%	2.9%	-

<Reference> The U.S. subprime loans related CDO loss reserve has been allocated

Guarantee for CDO⑫ *7	-	2006	*8 30.1	9%	15%	12%	4%	3%	66%	10.0%	15%
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*1 CDO⑩, insured amount of which as of June 30, 2008 was 0.5bil. JPY, has been terminated due to the full redemption of our guaranteeing tranche.

*2 Issue ratings are Moody's ratings as of November 11, 2008. CDO③, ④ and ⑤ are facultative reinsurance policies, and the issue ratings of which are the ratings for the ceding company's tranche including senior class to our tranche.

*3 Insured amount is principal insured amount, and some policies also insure interest payments. If a principal/interest shortfall exceeds subordinate portion, Sompo Japan will be liable for the guarantee obligation.

*4 Subordination Ratio is a ratio of portions subordinated to our guaranteed tranche. Redemption of Senior tranche results in an increase of Subordination Ratio.

*5 Deterioration ratio of underlying assets are described in the "Default". Default of underlying assets is determined by the default definition of each transaction through detail checking and the default amount is adjusted by recovery. If the Default ratio exceed the Subordination Ratio, Sompo Japan will become liable for the guarantee obligation.

*6 Guarantee for CDO② insures different two classes of the same CDO.

*7 CDO④, ⑤ and ⑫ are the CDOs with early liquidation structure as CDO investors have option to sell all underlying assets to the third party for the purpose of diminishing their loss in case the aggregate outstanding par amount of underlying assets after the calculation of rating-based par haircuts falls below a particular level.

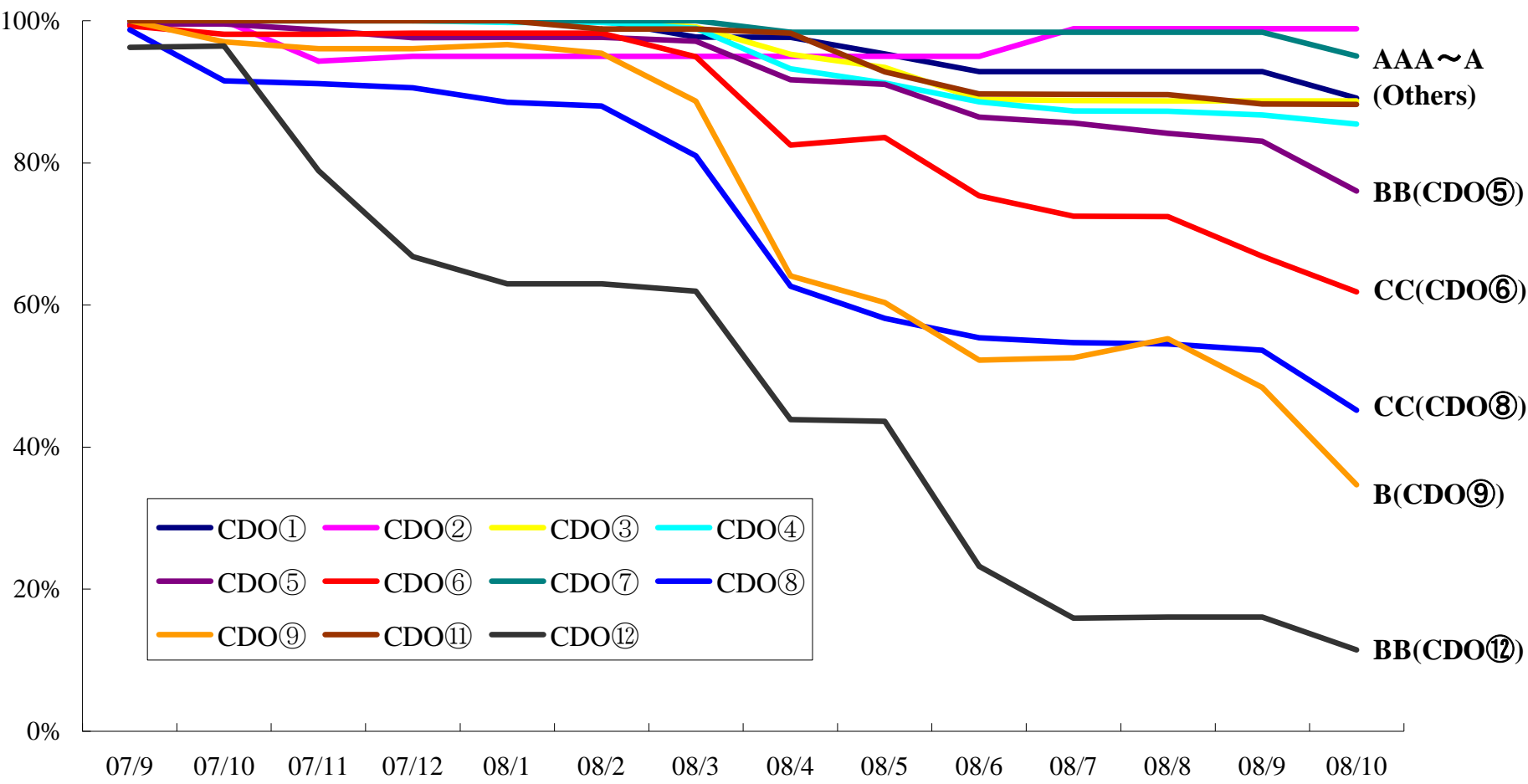
CDO④, ⑤ : Due to the increasing downgrade of underlying assets, possibility of hitting the trigger level is increasing. However, Possibility of early liquidation of CDO⑤ has been eliminated because it is confirmed that investors will not choose this option.

CDO⑫ : Loss reserve has been booked according to recognition of possibility of early liquidation of the CDO and occurrence of possible payment of the claim of said insurance policy. (Refer to the press release titled "Booking of loss reserve for financial guarantee insurance and revision of earnings projections for fiscal year 2007" as of January 11, 2008)

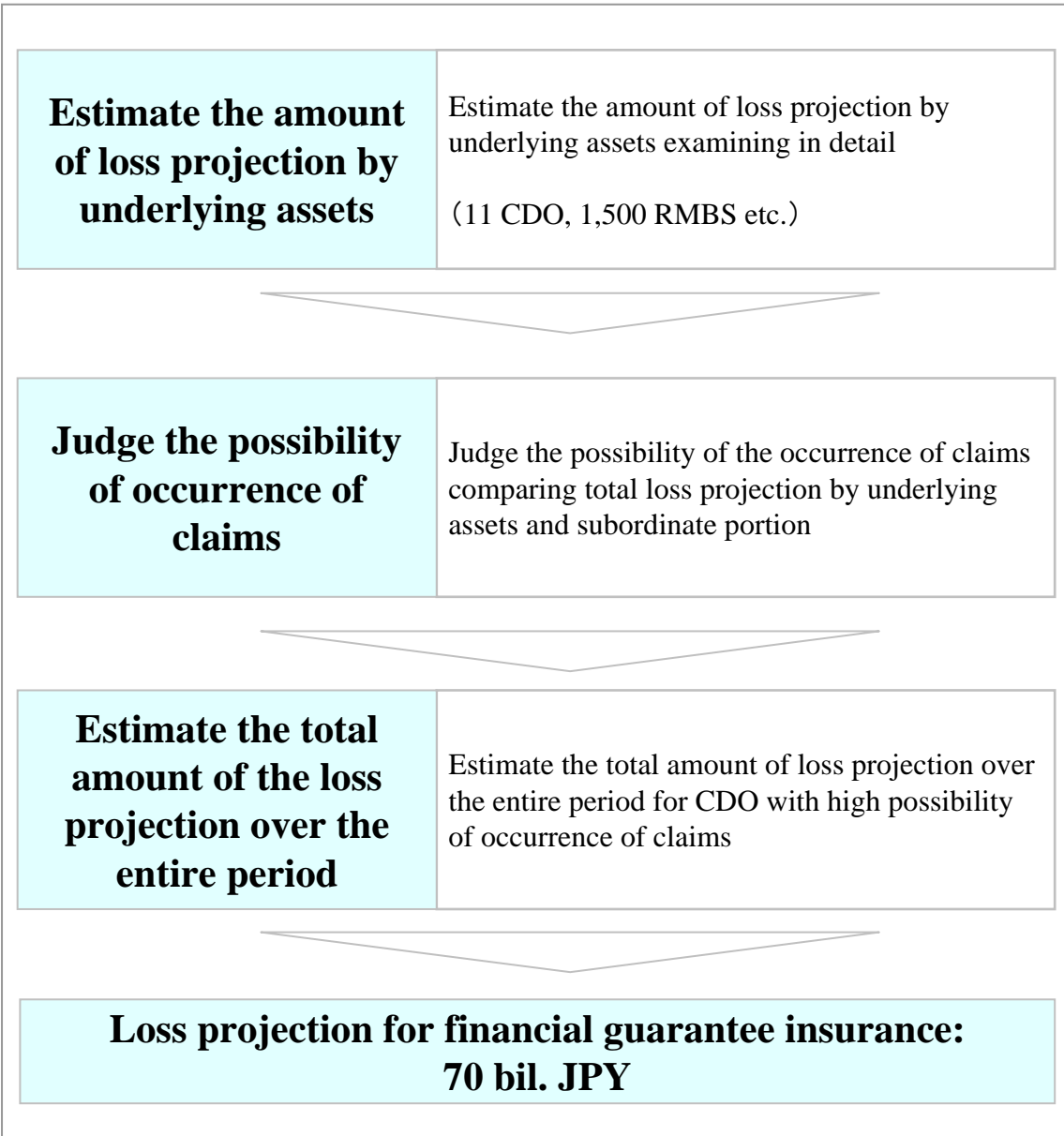
*8 Insured Amount of CDO⑫ includes gains/losses of exchange hedge transactions.

Proportion of Investment Grade (above BBB) of Underlying Assets in ABS-CDO

Issue rating
as of November 11, 2008



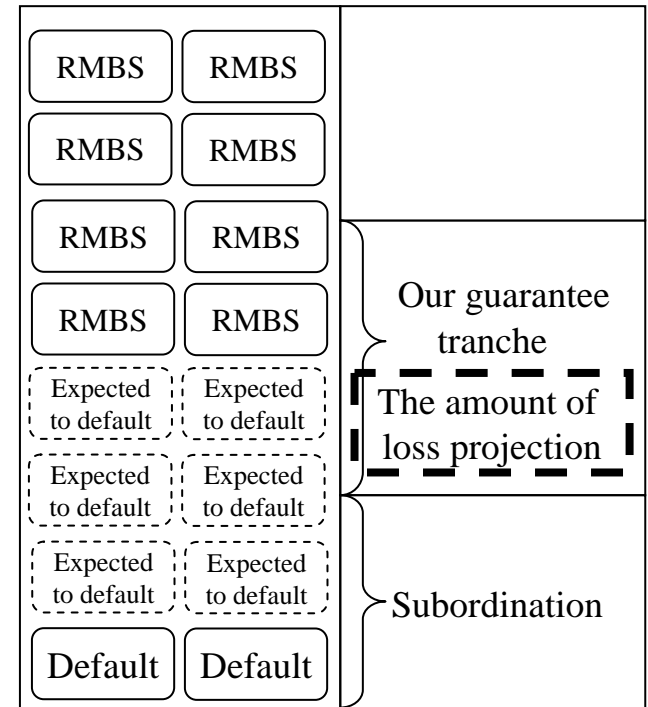
Estimation Method of Loss Projection for ABS-CDO Guarantee



Assumption

- Conservative scenario under the current credit market
- Estimate the amount of loss projection considering the shortfall of individual mortgage

Estimation of losses of CDO guarantee (image)



<Appendix 1> Structured Finance Exposure in Our Investment Portfolio

(As of September 30, 2008, Unit: billions of JPY, USD/JPY=103.63, same conversion rate applied throughout this report)

Categories		Outstanding Balance	Gains/Losses in FY2008 1H		
			Gains/Losses Charged to P/L	Unrealized Gains/Losses	Total
CDOs	Corporate CDOs *1	0.0	0.0	-	0.0
	ABS CDOs *2	0.0	0.0	-	0.0
	CDOs Total	0.0	(0.1)	-	(0.1)
ABS	RMBS *3				
	U.S. subprime loans related	0.5	-	0.0	0.0
	Global RMBS (excl. U.S. subprime loans related) *4	14.7	-	(0.5)	(0.5)
	Domestic RMBS	37.1	-	0.2	0.2
	RMBS Total	52.3	-	(0.3)	(0.3)
	CMBS *5				
	Global CMBS	2.9	-	(0.2)	(0.2)
	Domestic CMBS	23.5	-	(0.1)	(0.1)
	CMBS Total	26.5	-	(0.3)	(0.3)
	Other ABS				
	Global ABS	2.6	-	0.1	0.1
Domestic ABS	0.3	-	0.0	0.0	
Other ABS Total	2.9	-	0.1	0.1	
ABS Total	81.8	-	(0.5)	(0.5)	
Investment in SIV		-	-	-	-
Leveraged Finance *6		4.4	-	-	-
Total		86.3	(0.1)	(0.5)	(0.6)
Reference: Hedge funds (U.S. subprime loans related exposure)		0.5	Net of the long position and the short position		

*1 Corporate CDOs: CDOs (Collateralized Debt Obligations) where underlying assets are corporate debt such as corporate bonds or credit derivatives (Excluding public finance CLO). Global only (Equity, No ratings).

*2 ABS CDOs: CDOs where underlying assets are ABS (Asset Backed Securities). Global only (Below BBB).

*3 RMBS: Asset Backed Securities where underlying assets are residential mortgage loans (Excluding RMBS issued by government sponsored enterprises). All RMBS are investment grade (BBB or above), and 99% are rated AAA.

*4 55mil.JPY of Global RMBS are U.S. monoline guaranteed notes. Exposure to U.S. monoline insurers other than structured finance assets is 0.1bil.JPY.

*5 CMBS: Asset Backed Securities where underlying assets are commercial mortgage loans.

*6 Leveraged Finance: Finance where funding are provided for corporate mergers and acquisitions, mainly based on cash flows of acquired companies. Domestic only.

<Appendix 2> Financial Guarantee Insurance

(As of September 30, 2008, Unit: billions of JPY)

Categories		Insured Amount			Losses/ Reserves in FY2008 1H *4	Notes
		Direct Insurance *2	Treaty Reinsurance*3	Total		
CDOs	Corporate CDOs	388.8	10.7	399.6	-	99% of direct insurance policies are rated AAA
	ABS CDOs					
	U.S. subprime loans related *1	184.2	-	184.2	(0.1)*5	
	Others (excl. U.S. subprime loans related)	61.3	1.0	62.4	-	Such as prime RMBS, CMBS
	ABS CDOs Total	245.6	1.0	246.7	(0.1)	
	CDOs Total	634.4	11.8	646.3	(0.1)	
ABS	RMBS					
	U.S. subprime loans related	-	4.9	4.9	(0.0)	
	Global RMBS (excl. U.S. subprime loans related)	1.1	13.5	14.6	(0.3)	Almost all RMBS are investment grade (BBB or above), and 77% are rated AAA
	Domestic RMBS	47.9	-	47.9	-	
	RMBS Total	49.0	18.5	67.5	(0.3)	
	CMBS	-	-	-	-	No exposure
	Other ABS					
	Global ABS	5.1	48.6	53.7	(0.0)	10% of Global ABS are U.S. consumer loan-related ABS, while others are mainly related to corporate credit (e.g., leasing receivables)
	Domestic ABS	20.2	2.0	22.2	-	
Other ABS Total	25.3	50.7	76.0	(0.0)		
	ABS Total	74.3	69.2	143.6	(0.3)	
Public Finance		-	291.6	291.6	0.0	
Total		708.8	372.7	1,081.5	(0.4)	

*1 CDOs that include any (even a part thereof) U.S. subprime loans. (Excluding CDO which is booked for loss reserve)

*2 Facultative reinsurance policies are included under "Direct Insurance". 12.8bil.JPY of Direct Insurance are U.S. monoline guaranteed notes.

*3 "Treaty Reinsurance" is a portfolio-based reinsurance where certain parts of policies underwritten by the original insurer are ceded automatically to the reinsurer, Sompo Japan, in accordance with the conditions agreed between the original insurer and reinsurer.

*4 Total amount of payment loss and increased loss reserve in FY2008 1H. (Financial Guarantee insurance is not supposed to book mark-to-market unrealized gains/losses as it is an insurance policy.)

*5 Increased loss reserve for CDO which is booked for loss reserve in FY2007, due to the fluctuation of exchange rate. (Including gains/losses of exchange hedge transactions)

Forecast for Fiscal Year 2008 (Consolidated)

(Unit: bil. JPY)

	FY2007 (Results)			FY2008 (Forecast)		
	Ordinary profit	Net income	Net income after consolidation adjustments	Ordinary profit	Net income	Net income after consolidation adjustments
Sompo Japan	73.3	44.6		(87.0)	(57.0)	
Sompo Japan Himawari Life	17.4	10.5	7.8	7.5	4.8	2.5
Sompo Japan DIY Life	(0.6)	(0.6)	0.0	(1.2)	(1.2)	(1.2)
Sompo Japan DC Securities	(0.5)	(0.6)	(0.6)	(0.5)	(0.5)	(0.5)
Sompo Japan Asset Management	0.3	0.2	0.1	(0.1)	(0.2)	(0.1)
Sompo Japan America	3.3	3.3	4.1	2.4	2.4	2.4
Sompo Japan Europe	2.4	2.5	2.5	0.3	0.4	0.4
Sompo Japan China	0.1	0.0	0.0	(0.4)	(0.4)	(0.4)
Sompo Japan Singapore	0.9	0.7	0.7	0.6	0.5	0.5
Yasuda Seguros S.A.	1.4	1.0	1.0	0.7	0.4	0.4
Consolidated	94.0	59.6		(79.0)	(52.0)	

Forecast for Fiscal Year 2008 (Non-Consolidated)

	FY2007		FY2008	
	Results	Change	Forecast	Change
Net premiums written	1,345.0	(1.3%)	1,312.0	(2.5%)
(Excluding CALI)	1,116.5	(1.2%)	1,132.0	1.4%
Loss ratio	65.1%	0.8%	67.8%	2.7%
Expense ratio	32.9%	2.0%	35.0%	2.1%
Combined ratio	98.0%	2.8%	102.9%	4.9%
Underwriting profit	(42.5)	(52.7)	(70.0)	(27.4)
Gross investment margin	124.9	33.6	(12.0)	(136.9)
Ordinary profit	73.3	(18.4)	(87.0)	(160.3)
Net income	44.6	(3.4)	(57.0)	(101.6)

(Unit: bil. JPY)

Net premiums written

(Unit: bil. JPY)

	FY2007		FY2008	
	Results	Growth	Forecast	Growth
Fire	145.9	(1.9%)	150.4	3.0%
Marine	31.3	1.1%	32.0	2.0%
Personal accident	128.5	0.6%	128.9	0.3%
Automobile	655.7	(1.7%)	661.5	0.9%
CALI	228.5	(1.8%)	180.0	(21.2%)
Others	154.8	(0.4%)	159.2	2.8%
Total	1,345.0	(1.3%)	1,312.0	(2.5%)

Net claims paid

(Unit: bil. JPY)

	FY2007		FY2008	
	Results	Loss ratio	Results	Loss ratio
Fire	58.7	41.7%	61.0	42.1%
Marine	13.8	47.1%	14.8	49.4%
Personal accident	58.7	49.5%	66.5	56.5%
Automobile	405.9	68.8%	417.4	70.5%
CALI	161.3	76.2%	159.5	95.0%
Others	105.4	71.7%	94.8	63.3%
Total	804.1	65.1%	814.0	67.8%

*CALI = Compulsory Automobile Liability Insurance

1. Forecast for Fiscal Year 2008

2. Overview of Fiscal Year 2008 1st Half Results

3. Sompo Japan's Business Strategy

4. Key Indicators for Fiscal Year 2008 1st Half Results

Summary

P&C

- Net premiums written (excluding CALI) increased by 0.4% due to a focus on marketing efforts
- Sales premiums of automobile insurance increased due to the revision of premiums and the increase of the number of policies

- Loss ratio 63.5%, with net incurred losses from natural disasters lower than initial forecast
- Expense ratio 33.8%, in line with initial forecast

- As for investment, gross investment margin declined by lower returns from investment funds denominated in foreign currency
- Impairment losses on securities were 8.2 bil. JPY under the turmoil of global financial markets

Life

- As for Himawari Life, annualized premiums from new policies increased by 16.5%, the shift to the sale of protection-based products has been successful
- New medical insurance products launched in August sold well with 56,000 new policies

Overseas

- Profits from overseas subsidiaries were stable, particularly in Europe and US
- Approximately 11% of the consolidated net income is generated by the five overseas subsidiaries

Consolidated Highlights

**Consolidated net income was 1.32 times non-consolidated,
with Himawari Life and overseas subsidiaries making a significant contribution**

(Unit: bil. JPY)

	Ordinary profit	Net income	Net income after consolidation adjustments
Sompo Japan	29.3	17.2	
Sompo Japan Himawari Life	5.9	3.6	2.4
Sompo Japan DIY Life	(0.4)	(0.4)	(0.1)
Sompo Japan DC Securities	(0.2)	(0.2)	(0.2)
Sompo Japan Asset Management	(0.0)	(0.0)	(0.0)
Sompo Japan America	1.5	1.5	1.4
Sompo Japan Europe	0.7	0.6	0.5
Sompo Japan China	(0.2)	(0.2)	(0.2)
Sompo Japan Singapore	0.2	0.2	0.2
Yasuda Seguros S.A.	0.4	0.3	0.3
Consolidated	37.0	22.7	

Non-Consolidated Highlights

**Underwriting profit increased,
net income declined due to the decrease of investment profit**

(Unit: bil. JPY)

	FY2007 1 st half	FY2008 1 st half	Change
Net premiums written	688.4	674.8	(2.0%)
(excluding CALI)	571.7	574.0	0.4%
Loss ratio	60.8%	63.5%	2.8%
Expense ration	32.4%	33.8%	1.4%
Combined ratio	93.1%	97.3%	4.2%
Underwriting profit	3.7	4.2	0.4
Gross investment margin	68.9	27.4	(41.4)
Ordinary profit	68.2	29.3	(38.9)
Net income	43.2	17.2	(26.0)

Non-Consolidated Results / Insurance Revenues

**Net premiums written, excluding CALI, increased by 0.4%
due to a focus on marketing efforts**

Net premiums written

(Unit: bil. JPY)

	Amount	Growth	W/T
Fire	69.9	3.7%	10.4%
Marine	16.7	4.1%	2.5%
Personal accident	68.5	(0.3%)	10.2%
Voluntary automobile	329.4	(0.2%)	48.8%
CALI	100.8	(13.6%)	14.9%
Others	89.3	0.1%	13.2%
Total	674.8	(2.0%)	100.0%
Total (excluding CALI)		0.4%	

※CALI = Compulsory Automobile Liability Insurance

Voluntary automobile insurance

Number of policies, unit price and sales premium

	Number	Unit	Premium
Non-Fleet	(0.6%)	0.4%	(0.2%)
Fleet	3.9%	(1.7%)	2.1%
Total	0.2%	(0.1%)	0.1%

-Net premiums written, excluding CALI, bottomed out after 2 years downward trend.

-As for voluntary automobile insurance, new product “ONE-Step” was sold well and sales premiums increased. Net premiums written got rid of downtrend. FY2007 (1.7%) ⇒ FY2008 1st half (0.2%)

-Fire insurance recovered with premiums refunds no longer required.

-Marine and liability insurance keep increasing trend.

-As for CALI, net premiums written declined due to the revision of premium rate of around 25% down in April 2008.

Non-Consolidated Results / Insurance Costs

Loss ratio 63.5%, with net incurred loss from natural disasters lower than initial forecast
Expense ratio 33.8%, in line with initial forecast

(Unit: bil. JPY)

Loss ratio	Losses paid	Loss ratio	Change
Fire	28.5	42.5%	(0.5%)
Marine	7.2	46.3%	(2.9%)
Personal accident	33.1	52.8%	8.1%
Voluntary automobile	198.2	67.5%	2.0%
CALI	81.5	87.0%	13.0%
Others	42.0	50.3%	(3.3%)
Total	390.7	63.5%	2.8%

-As for automobile insurance, loss ratio has recovered gradually. Loss ratio increased due to the progress of claims payment incurred in the previous fiscal year or before and incurred loss excluding natural disasters decreased.

-As for personal accident, loss ratio increased due to an increase of payments of aftereffects and an increase of payments of medical insurance.

(Unit: bil. JPY)

<u>◆Net incurred loss from natural disasters</u>	FY2007 1 st half	FY2008 1 st half
Net claims paid	2.5	3.1
Ordinary reserves for outstanding losses and claims	1.9	1.9
Net incurred loss	4.5	5.0

(Unit: bil. JPY)

Expense ratio	Expense	Expense ratio	Change
Personnel expense	54.3	8.1%	0.5%
Non-personnel expense	56.9	8.4%	0.6%
Tax, etc.	5.6	0.8%	0.0%
Commission	111.0	16.5%	0.2%
Total	227.9	33.8%	1.4%

-Personnel expense increased due mainly to a boost in headcount aiming at strengthening internal management structure.

-Non-personnel expense increased due mainly to the revision of automobile insurance product.

Investment

Gross investment margin declined by lower returns from investment funds denominated in foreign currency

Gross investment margin

(Unit: bil. JPY)

	FY2007 1 st half	FY2008 1 st Half	Change
Interest and dividend income	70.6	55.9	(14.6)
Assumed interest for policyholders, etc.	(22.9)	(23.1)	(0.2)
Net interest and dividend income	47.7	32.8	(14.9)
Realized gains on securities	20.8	11.7	(9.0)
Realized gains on stocks	8.2	8.5	0.2
Realized gains on foreign bonds	12.5	3.0	(9.5)
Impairment losses on securities	(3.8)	(8.2)	(4.4)
Losses on derivatives	(0.8)	(3.2)	(2.3)
Others	5.0	(5.9)	(10.9)
Total	68.8	27.1	(41.7)

Gross interest and dividend income

(Unit: bil. JPY)

	FY2007 1 st half	FY2008 1 st half	Change
Public and corporate bonds	9.0	9.9	0.8
Domestic stocks	16.1	17.0	0.8
Other securities	36.6	19.9	(16.7)
Foreign bonds	9.6	7.1	(2.5)
Investment trusts etc.	25.3	11.1	(14.2)
Others	1.6	1.6	0.0
Loans	4.2	4.4	0.1
Real estate	2.6	2.7	0.0
Others	1.6	1.7	0.0
Total	70.6	55.9	(14.6)

Asset allocation

Public and corporate bonds

Domestic stocks

Foreign securities

Loans

Others

29%

29%

18%

11%

4%

9%

Real estate

Total: 4.7 tri. JPY
as of the end of FY2008 1st half

Life Insurance Business (Himawari Life)

The shift to the sale of protection-based products has been successful

New medical insurance product launched in August sold well

Results of FY2008 1st half

➤ Annualized premiums from new policies	:	9.9 bil. JPY	+16.5%
➤ Annualized premiums from policies in force	:	205.4 bil. JPY	(4.6%)
➤ Insured amount of new policies	:	778.2 bil. JPY	+3.3%
➤ Insured amount of policies in force	:	9,334.8 bil. JPY	+6.7%

-New policies increased due to aggressive marketing.

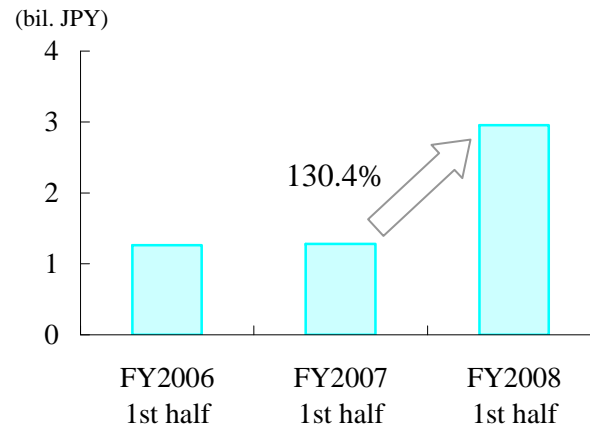
New medical insurance product launched in August sold particularly well.

(56,000 new policies were sold in FY2008 1st half, growth rate 167.2%)

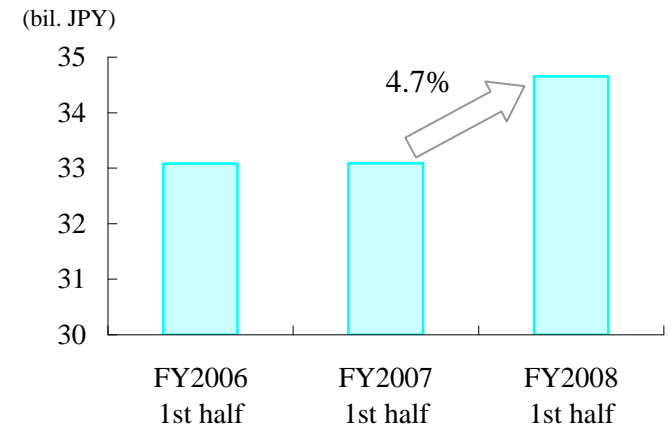
-The decline in annualized premiums from policies in force was due mainly to the surrender of increasing term life insurance policies.

Medical insurance

Annualized premiums from new policies



Annualized premiums from policies in force



Overseas Business

**Profits from overseas subsidiaries were stable, particularly in Europe and US
Approximately 11% of consolidated net income is generated by five overseas subsidiaries**

SJ America

- The impact of hurricanes was limited and loss ratio improved greatly
- Net income was 1.5 bil. JPY, more or less the same as it was in the last fiscal year

SJ Europe

- Gross premiums increased, but the amount of incurred loss increased due to the impact of currency exchange rate
- Net income was 0.6 bil. JPY, 0.3 bil. JPY less than it was in the last fiscal year

SJ China

- Gross premiums increased by 64% due to an expansion of marketing to non-Japanese customers after the opening of Shanghai branch
- Net loss was 0.2 bil. JPY, as expense increased due to an increase in headcount and investments in IT system

SJ Singapore

- Net incurred loss increased, combined ratio was approximately 70%
- Net income was 0.2 bil. JPY, 0.1 bil. JPY less than it was in the last fiscal year

Yasuda Seguros S.A.

- Gross premiums increased significantly by 11.4%, though the amount of net incurred loss increased
- Net income was 0.3 bil. JPY, 0.2 bil. JPY less than it was in the last fiscal year

1. Forecast for Fiscal Year 2008

2. Overview of Fiscal Year 2008 1st Half Results

3. Sompo Japan's Business Strategy

4. Key Indicators for Fiscal Year 2008 1st Half Results

Sompo Japan's Business Strategy

Implementation of strategies aiming at enhancing corporate value

➤ Pursue growth and profitability in Japanese P&C insurance market

- Achieve growth in line with stable economic growth and by expanding market share
- Further growth by medical insurance and liability insurance
- Cost reduction through dissolution of duplicated sales structure of internal branch and external agency (Utilization of call center, etc.)



Core strategy: “ Retail market business model reform project” PT-R

➤ Expand profit source through diversification

- Diversification of business lines
Life insurance, DC, Asset management and Healthcare
- Geographical diversification
Overseas business in countries with potential for economic development, such as BRICs and ASEAN

Sompo Japan's Business Strategy

Optimal allocation of management resources

**Domestic P&C
insurance business**

Extreme improvements in efficiency and profitability
through the implementation of PT-R

Human resources generated
by efficiency enhancements

Profits generated
by profitability improvements

**Allocation of management resources
to growing areas**

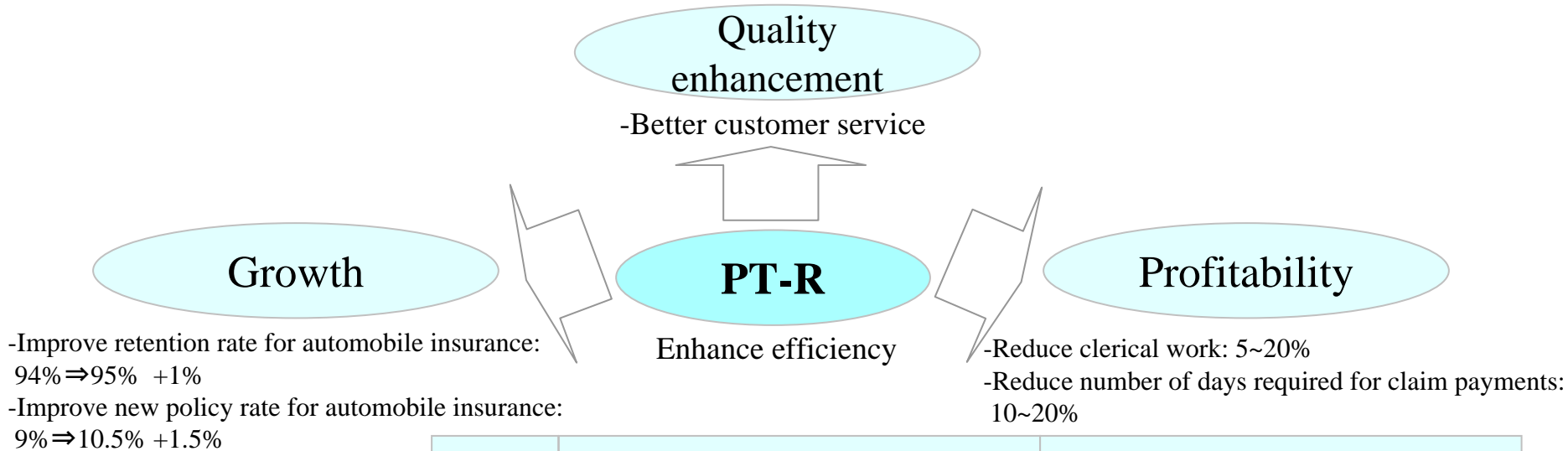
**Life insurance business
Third sector**

Overseas business

**Higher corporate value
(growth of consolidated profit)**

Retail Market Business Model Reform Project (PT-R)

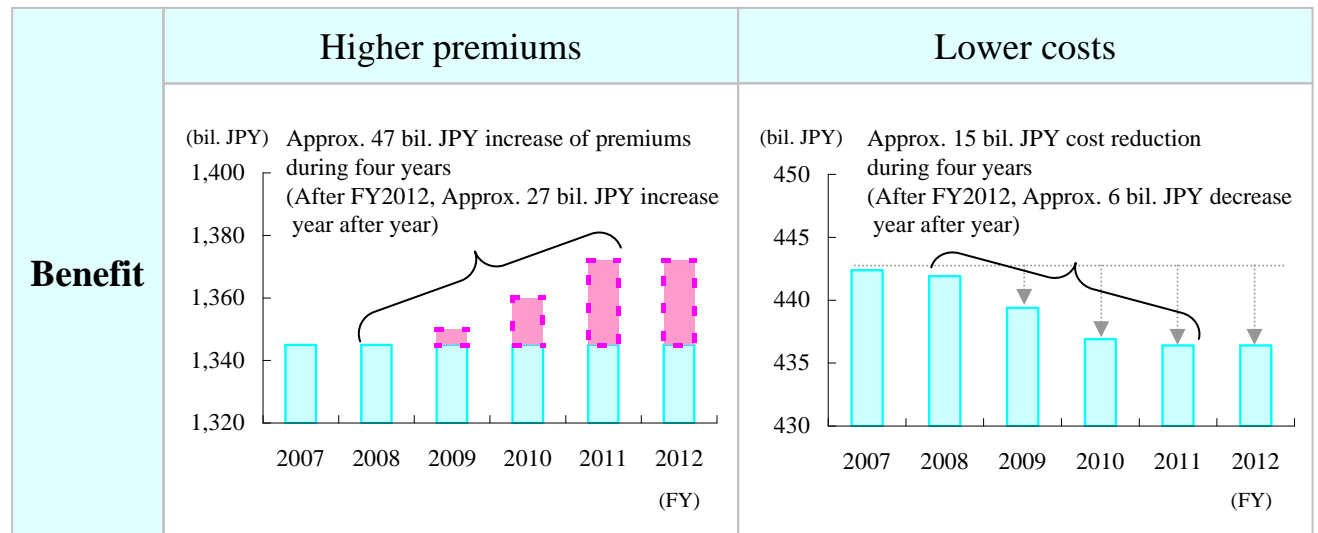
Core strategy "Retail market business model reform project" PT-R



Note) new policy rate = number of new policies / number of new policies in force last fiscal year

Cost

IT system development:
approx. 30 bil. JPY
(total for FY2008~2010)



Retail Market Business Model Reform Project (PT-R)

Maximum utilization of IT to pursue growth and profitability

Growth

+

Profitability

IT	Sales process innovation	<ul style="list-style-type: none"> ➤ All procedures to be completed through agency IT system, paperless and personal-seal free procedures ➤ Enable customers to complete procedures directly using My Page (Website) and mobile phone QR codes ➤ Diversify methods available for paying insurance premiums, by allowing payment by credit card, payment after billing, etc.
	Product innovation	<ul style="list-style-type: none"> ➤ Easy-to-understand products (simplified products and special clauses) ➤ Visual materials, such as website, DVD, etc.
	Customer contact innovation	<ul style="list-style-type: none"> ➤ Multi-access (enable customers to complete procedures using methods that suit their needs and lifestyles) ➤ Agencies offering a high level of service quality ➤ Improve website (for PC and mobile phones) and call centers
	Claims payment innovation	<ul style="list-style-type: none"> ➤ Establish centralized call center for insurance claims 24 hours a day, 365 days a year ➤ Speedy payment for claims (for accidents that do not require meetings and negotiations) ➤ Improve the claims handling menu on agency IT system

Sompo Japan's Product Innovation Capabilities

Developing innovative automobile insurance product named "ONE-series"

ニーズ細分型自動車保険
ONE

ニーズ細分型自動車保険
ONE-do

ONE Step

Evolution

More than 4 million policies sold as of the end of October

ONE
(1999~)

ONE-do
(2004~)

ONE-Step
(2008~)

Concept

- New product for deregulated era
- Risk segmentation
- Broad coverage

- Completely cash-less via IT equipped agencies
- User-friendly renewal procedure
- Simplified clerical procedures

- Simplified products
Easy-to-understand products
- All procedures done electronically by IT system
- Completely cash-less
- Comprehensive coverage, partially customizable
- Assistance via call center and website

Note) Revised premium rate by 3% in April 2008

Sompo Japan's Product Innovation Capabilities

Developing and simplifying products from the customers' standpoint as "ONE-Step"

Fire insurance

- Launch new product (in autumn 2009 or after)
 - Wholly and drastically revised product from the standpoint of customers and agency
 - "Easy-to-understand product," "product reflected customers' intention" and "fair claims payment with customers convinced"
- Implementation of measures relating to the long-term current value policies (in December 2008)
 - Establish special clause of indemnification of replacement-cost for individuals (without additional premiums)

Medical insurance

- Launched new product "Kenko no Omamori" by Himawari Life in August 2008
 - Simplified product line
 - Satisfy the latest customers' needs regarding medical coverage (covering the cost of advanced medical technologies)
 - Top class competitive premiums in the industry
- The product reflects customers' needs
- Approx. 60,000 policies sold during three months (from August to October)

Advantage of Distribution Channels


Alliances with a number of blue-chip players

Bank OTC

	Number of banks	Sompo Japan's agencies	Proportion
Mega/ Trust bank	21	8	38.1%
Regional bank	109	93	85.3%
Credit union	282	280	99.3%
Credit cooperative	168	72	42.9%
Labor bank	13	13	100.0%
Total	593	466	78.6%

Dai-ichi Life

- Sales of P&C insurance products by 40,000 sales force of Dai-ichi Life
Sales of Life insurance products by our agencies
⇒ Cross-selling of life and P&C products
- Comprehensive business alliance since 2000
Further strengthening the partnership in 2008 by reciprocal investment in each other's subsidiaries
(Sompo Japan DIY Life, Dai-ichi Frontier Life)

- 
- Call-center and website assistance
 - Maximum utilization of IT

Expand Profit Source through Diversification

Diversification by utilizing our strength

Diversification of business lines

➤ Life insurance

Sompo Japan Himawari Life

Sompo Japan DIY Life

➤ DC, Asset management

Sompo Japan DC Securities

Sompo Japan Asset Management

➤ Healthcare

Healthcare Frontier Japan

Sompo Japan Healthcare Service

Geographical diversification

➤ BRICs and ASEAN: Local underwriting business through Alliance and M&A

Sompo Japan Singapore, Sompo Japan China

Yasuda Seguros S.A., Universal Sompo General Insurance

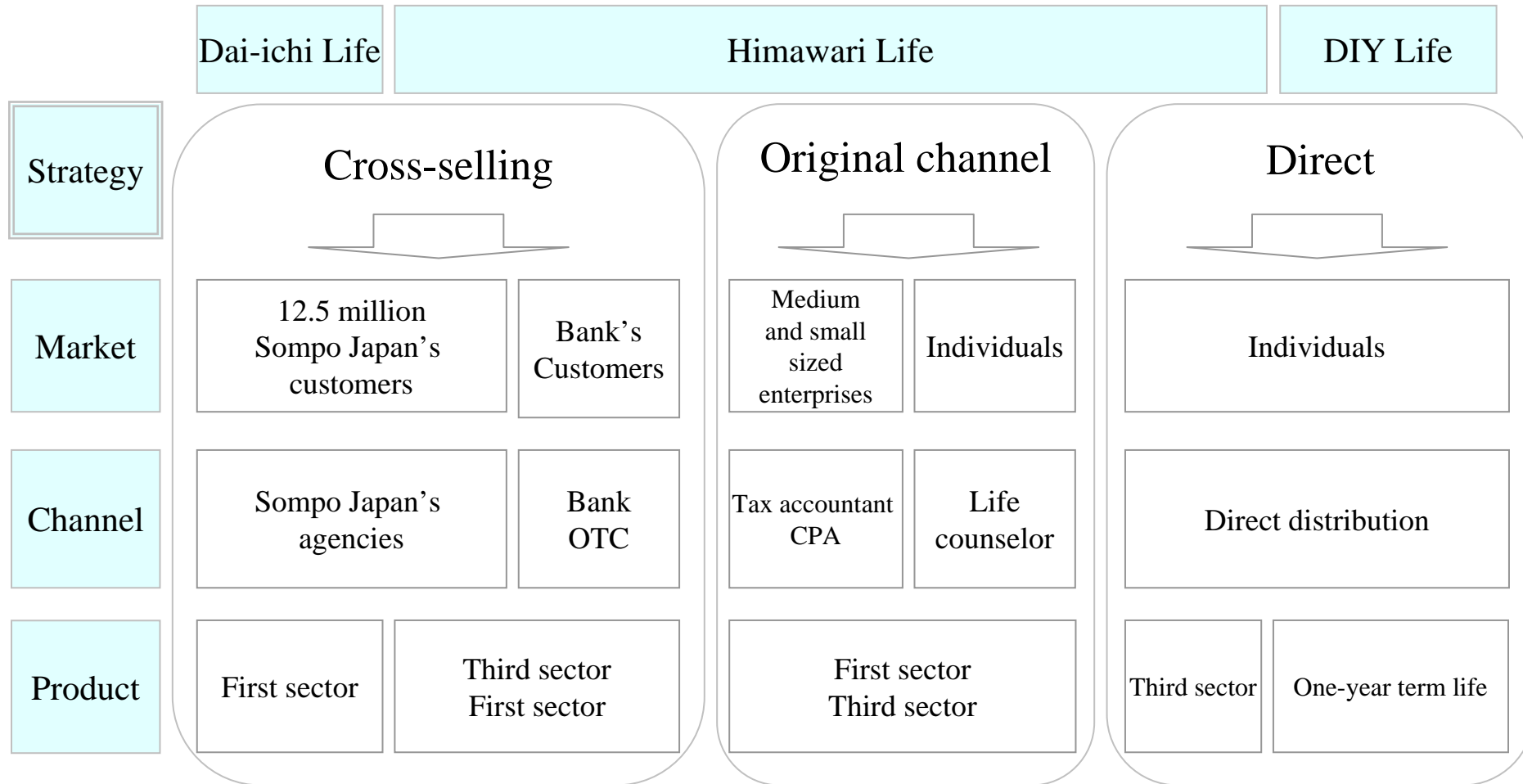
Berjaya Sompo Insurance Berhad

➤ US and Europe: Underwriting of Japanese global firms

Sompo Japan America, Sompo Japan Europe

Life Insurance Business

Strategy segmented by market, distribution channel and product
 Sompo Japan Himawari Life is the second profit source



DC, Asset management and Healthcare

**Further diversification of business lines to generate profit in the future
Leveraging our strength in the retail market to expand cross-selling**

DC

- Sompo Japan DC Securities
 - Opportunity: the abolition of tax-qualified pension plans in March 2012
 - Position: top-class-ranked in both corporate and personal type
 - Advantage: low-price bundle service, bilingual services, etc.

Asset management

- Sompo Japan Asset Management
 - Asset under management: over 1 trillion JPY, fully third party assets including DC
 - Products: two SRI funds received merit awards

Healthcare

- Healthcare Frontier Japan (since October 2005)
 - Fee business offering disease prevention services to healthcare insurance association
 - Opportunity to enter the healthcare insurance business in 2010s
- Sompo Japan Healthcare Service (since April 2007)
 - Offers mental healthcare service to corporate

Overseas Business

Maximum utilization of P&C insurance expertise in fast-growing regions

BRICs

➤ China



Sompo Japan China, established in 2005 in Dalian, set up a branch in Shanghai in 2007 and received permission to set up a new branch in Guangzhou in 2008. The first Japanese P&C insurer to operate three branches in China.

➤ India



Established Universal Sompo, joint venture with two Indian national banks and one private bank, in Mumbai in 2007. Started bank OTC in November 2008

(2,267 branches of one bank as of November ⇒ 4,500 branches of three banks as of the end of FY2008)

Gross premiums of the first fiscal year is expected to be 0.3 bil. JPY.

Planning to sell insurance products through auto dealers.

➤ Brazil



Yasuda Seguros S.A. has a track record of over 50 years in operation, including local underwriting.

Expertise of P&C insurance business

Product
development

Underwriting

Distribution
channels

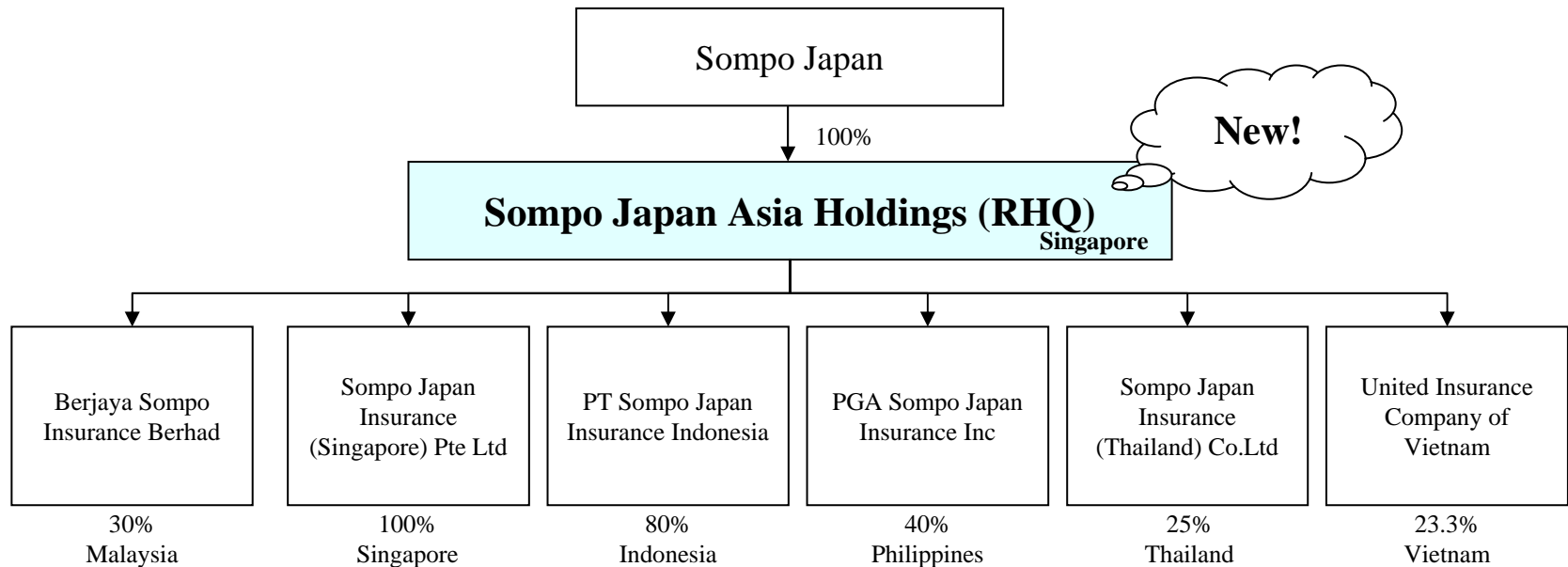
Claims handling
network

IT system
development

Risk management

Overseas Business

Reinforce our presence in Southeast Asia, particularly in ASEAN



*Implementation of share transfer in subject to the approval from the authorities in each country.

- Established “Sompo Japan Asia Holdings Pte Ltd” as an Asian Regional Headquarters (RHQ) in Singapore
- Subsidiaries and affiliated companies in Southeast Asia put under its umbrella for enhancement of supports to strategic and dynamic projects and management controls from the area-wide viewpoint

Enhancing Corporate Value

Realizing highly substantial and transparent corporate governance CSR management toward enhancing corporate value

Corporate governance

- Outside independent directors
Two outside independent directors were appointed to the board at the regular shareholders' meeting on June 25, 2008.
- Introduction of performance-linked remuneration for management
Introducing stock-remuneration-type stock options and abolition of the directors' retirement bonus system

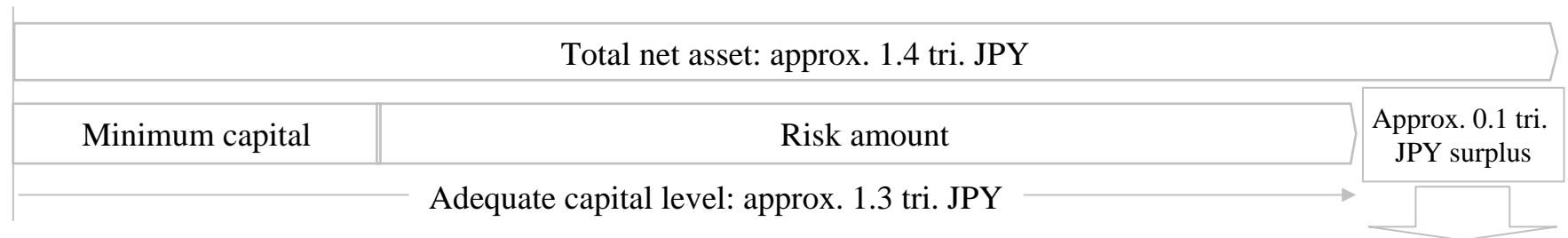
CSR

- Acclaim from domestic and international SRI funds and SRI indexes
Dow Jones Sustainability Indexes (for eight straight years since 2000)
FTSE4Good Index series
Ethibel Sustainability Index
Morningstar Socially Responsible Investment Index etc.
- SAM sustainability survey of companies
Only Japanese financial institution as Silver Reward in February 2008

Enhancing Corporate Value

Effective use of excess capital toward further capital efficiency

Risk and capital (as of the end of October, 2008)



Approx. 0.35 tri. JPY surplus calculated by globally general method, such as VaR and correlation between underwriting and investment

[Risk amount] Underwriting risk, Investment risk, Operational risk
⇒ Quantified by Tail-VaR method with 99% reliance interval

[Minimum capital] Required capital to maintain Solvency Margin Ratio of 200%

[Total net asset] Total present value of existing policies' future cash flow, net asset after necessary adjustments, quasi-capital reserves and unrealized gains on real estate

New investment

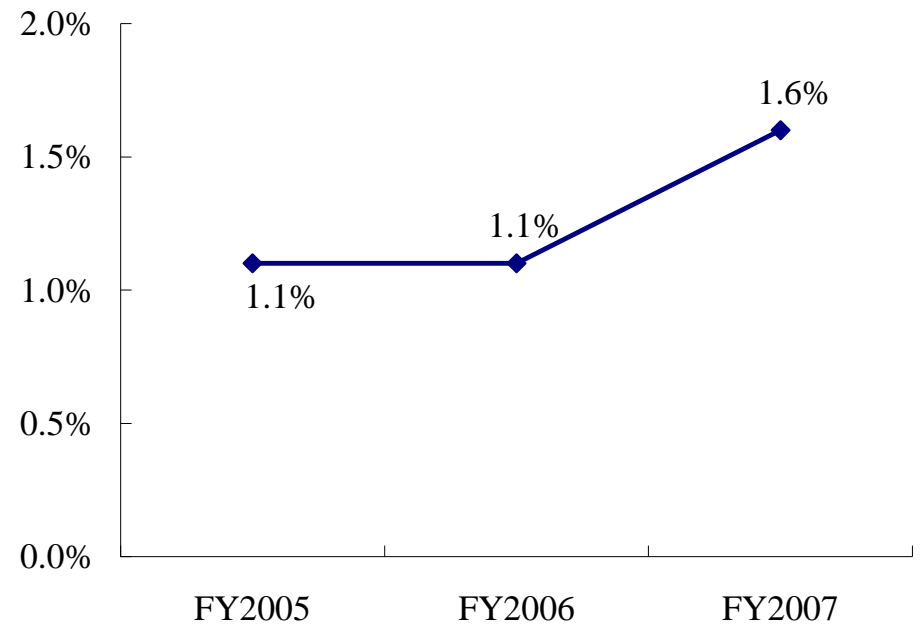
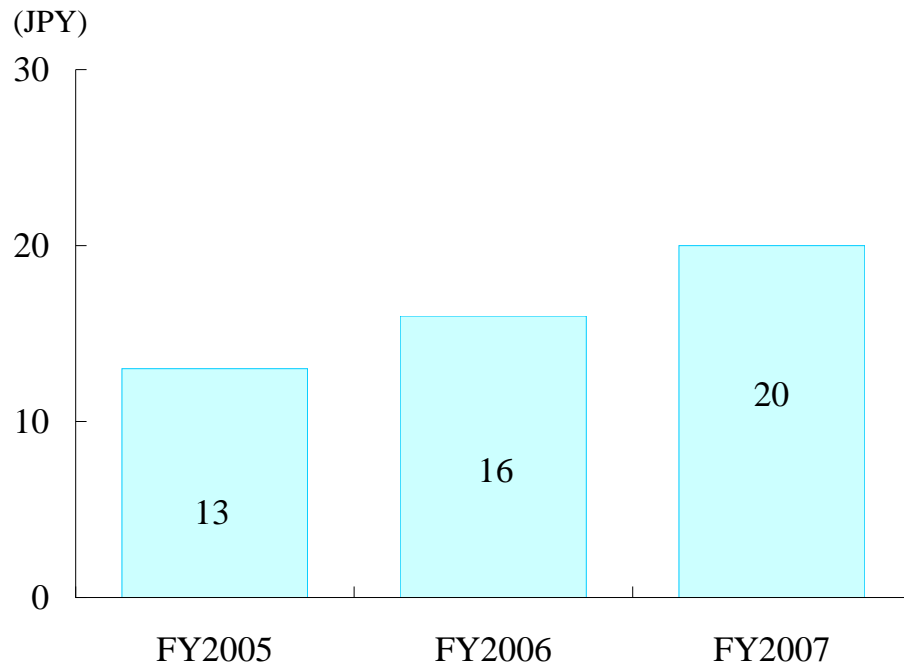
- P&C insurance: Retail market business model reform project, IT investment
- Overseas: Alliance and M&A
- Life insurance, DC, Asset management, Healthcare

Enhancing Corporate Value

Seeking steady increase in dividend payments toward enhancement of shareholders value

Dividend per share

DOE: target 2%



1. Forecast for Fiscal Year 2008

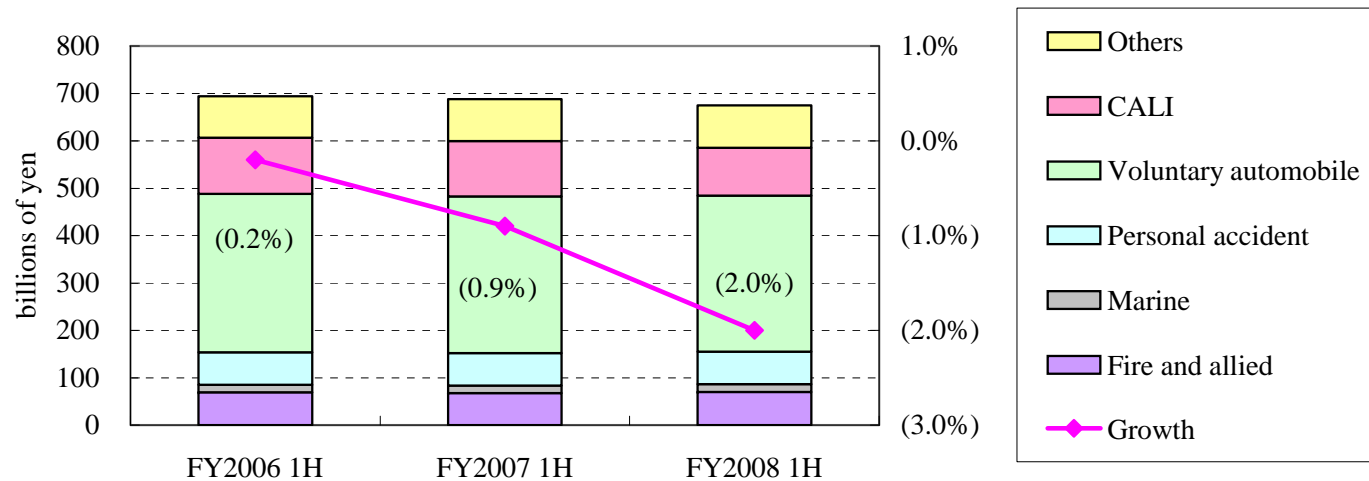
2. Overview of Fiscal Year 2008 1st Half Results

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4. Key Indicators for Fiscal Year 2008 1st Half Results

Net Premiums Written

Net premiums written decreased by 2.0% (increased by 0.4% excluding CALI)

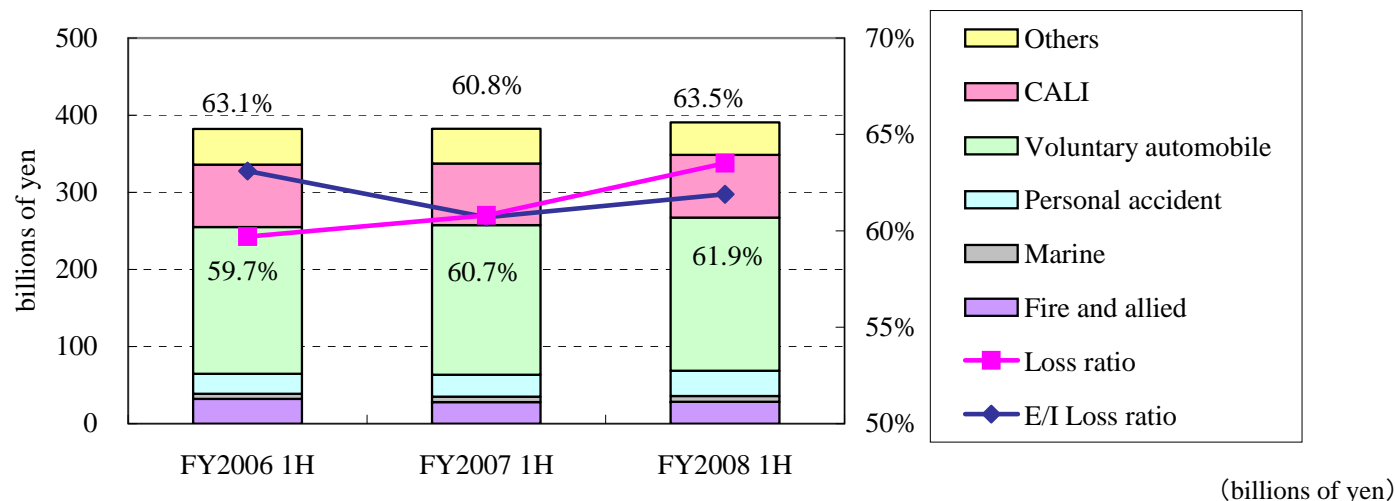


(billions of yen)

	FY2006 1H		FY2007 1H		FY2008 1H	
	Amount	Growth	Amount	Growth	Amount	Growth
Fire and allied	69.5	0.4%	67.4	(3.1%)	69.9	3.7%
Marine	15.6	11.9%	16.1	2.8%	16.7	4.1%
Personal accident	68.7	1.3%	68.7	0.1%	68.5	(0.3%)
Voluntary automobile	334.4	(0.7%)	330.2	(1.3%)	329.4	(0.2%)
CALI	118.3	(2.4%)	116.7	(1.4%)	100.8	(13.6%)
Others	87.9	1.3%	89.2	1.5%	89.3	0.1%
Total	694.7	(0.2%)	688.4	(0.9%)	674.8	(2.0%)

Net Claims Paid

Loss ratio rose, but the deterioration trend was settled



	FY2006 1H		FY2007 1H		FY2008 1H	
	Amount	Loss ratio	Amount	Loss ratio	Amount	Loss ratio
Fire and allied	32.1	47.7%	27.8	43.0%	28.5	42.5%
Marine	6.7	46.3%	7.4	49.2%	7.2	46.3%
Personal accident	25.6	40.4%	28.2	44.8%	33.1	52.8%
Voluntary automobile	190.4	62.7%	194.1	65.5%	198.2	67.5%
CALI	81.2	74.2%	79.9	74.0%	81.5	87.0%
Others	46.1	55.8%	45.0	53.6%	42.0	50.3%
Total	382.4	59.7%	382.7	60.8%	390.7	63.5%
E/I Loss ratio		63.1%		60.7%		61.9%

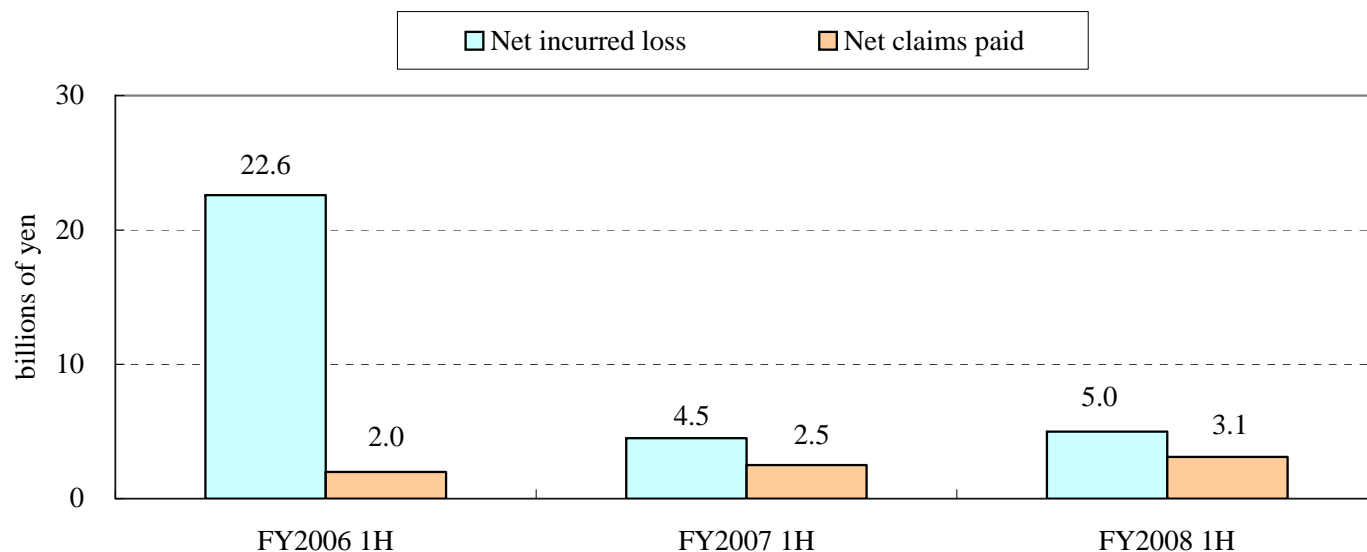
Notes)

1. "Loss ratio" = (Net claims paid + Loss adjustment) / Net premiums written

2. "E/I Loss ratio" = (Net incurred loss + Loss adjustment) / Earned premiums : ex. Household earthquake, CALI

Natural Disasters

Net incurred loss from natural disasters was the same level compared to FY2007 1st half and far lower than initial forecast



(billions of yen)

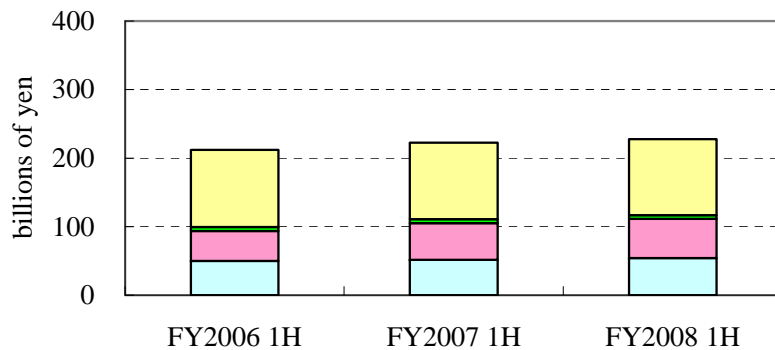
	Net incurred loss			Net claims paid		
	FY2006 1H	FY2007 1H	FY2008 1H	FY2006 1H	FY2007 1H	FY2008 1H
Fire and allied	20.2	4	2.5	1.2	2.2	1.4
Voluntary automobile	2.2	0.4	2.2	0.7	0.3	1.6
Others	0	0.1	0.1	0	0	0
Total	22.6	4.5	5.0	2.0	2.5	3.1

Note) The above figures include the loss and claims paid related to the natural disasters incurred in each fiscal year and do not include those incurred in previous years.

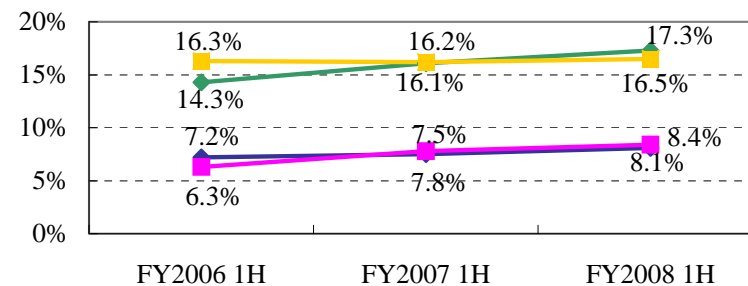
Expense Ratio

The amount of expense was in line with initial forecast

■ Personnel expenses ■ Non-personnel expenses
■ Tax, contributions and others ■ Net agency commissions



◆ Personnel expense ratio ◆ Non-personnel expense ratio
◆ Company expense ratio ◆ Net agency commission ratio



billions of yen)

	FY2006 1H		FY2007 1H		FY2008 1H	
	Amount	Change	Amount	Change	Amount	Change
Personnel expenses	49.8	(0.3)	51.7	1.8	54.3	2.6
Non-personnel expenses	43.9	2.4	53.5	9.6	56.9	3.3
Tax, contributions and others	5.7	(0.0)	5.6	(0.1)	5.6	(0.0)
Total company expenses	99.5	2.0	110.9	11.3	116.8	5.9
Net agency commissions	112.9	(1.7)	111.7	(1.1)	111.0	(0.7)
Total operating expenses	212.5	0.2	222.7	10.2	227.9	5.1

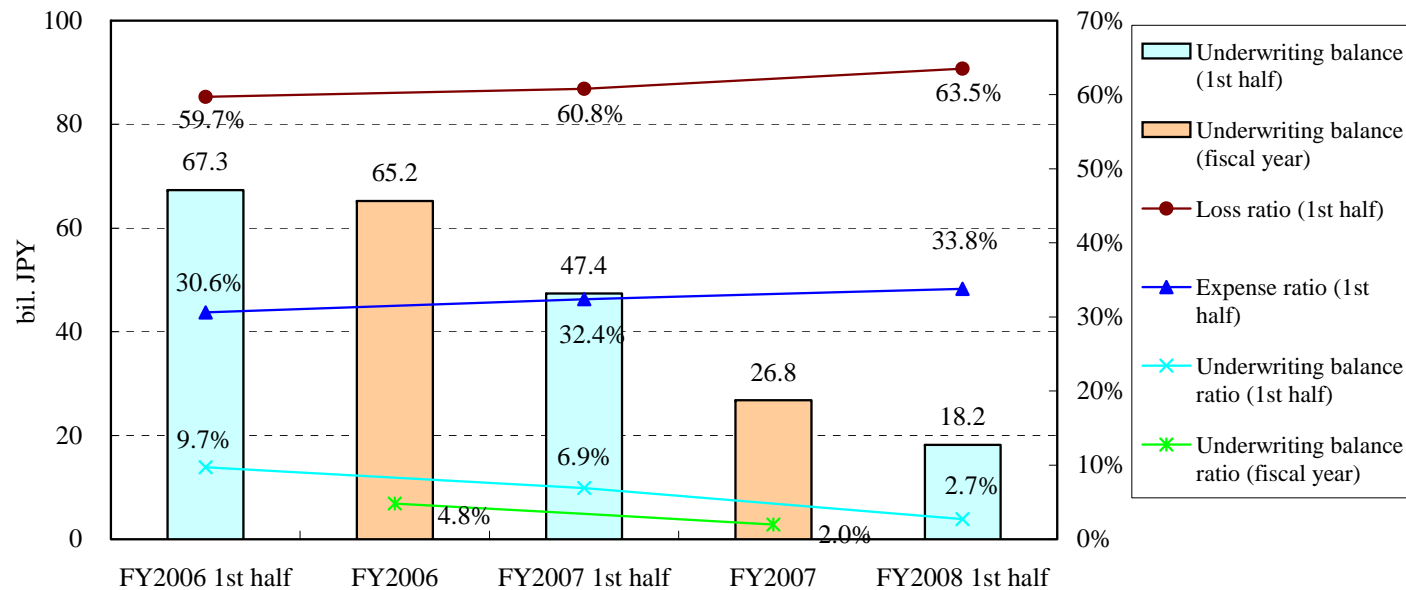
	FY2006 1H		FY2007 1H		FY2008 1H	
	Expense ratio	Change	Expense ratio	Change	Expense ratio	Change
Personnel expense ratio	7.2%	(0.0%)	7.5%	0.3%	8.1%	0.5%
Non-personnel expense ratio	6.3%	0.4%	7.8%	1.5%	8.4%	0.6%
Company expense ratio	14.3%	0.3%	16.1%	1.8%	17.3%	1.2%
Net agency commission ratio	16.3%	(0.2%)	16.2%	(0.0%)	16.5%	0.2%
Total operating expense ratio	30.6%	0.1%	32.4%	1.8%	33.8%	1.4%

Net premiums written 694.7 (1.2) 688.4 (6.2) 674.8 (13.6)

Note) Figures above are operating expenses regarding underwriting business.

Underwriting Balance Ratio

Underwriting balance ratio declined due to the deterioration of both loss ratio and expense ratio



(billions of yen)

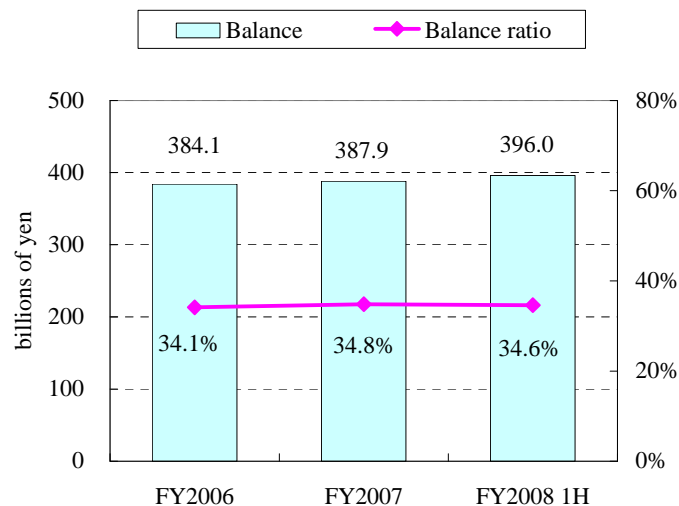
		FY2006	FY2007	FY2008
1st half	Loss ratio	59.7%	60.8%	63.5%
	Expense ratio	30.6%	32.4%	33.8%
	Underwriting balance ratio	9.7%	6.9%	2.7%
	Underwriting balance	67.3	47.4	18.2
Fiscal year	Underwriting balance ratio	4.8%	2.0%	
	Underwriting balance	65.2	26.8	

Note) Loss adjustments are included in the "Loss ratio"

Catastrophic Loss Reserve

The balance and balance ratio of catastrophic loss reserve were the same level compared to FY2007

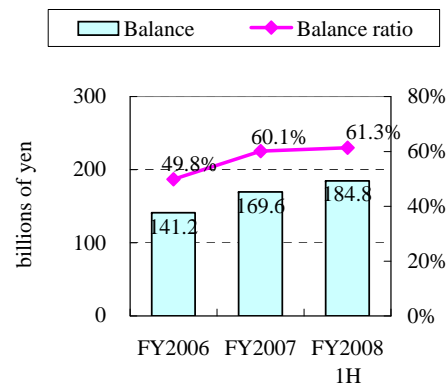
Total



(billions of yen)

	FY2006	FY2007	FY2008 1H
Balance	384.1	387.9	396.0
Balance ratio	34.1%	34.8%	34.6%
Change	(0.4)	3.7	8.1
Provision	83.3	82.9	42.8
Reversal	83.8	79.1	34.7

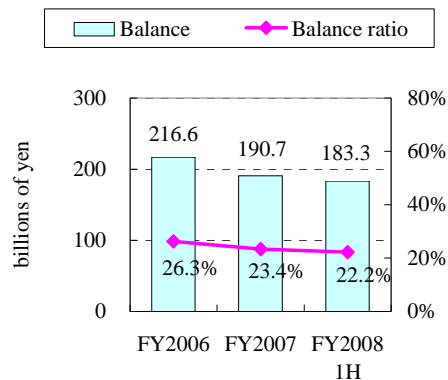
Fire group



(billions of yen)

	FY2006	FY2007	FY2008 1H
Reserve rate	10.0%	10.0%	10.0%
Balance	141.2	169.6	184.8
Balance ratio	49.8%	60.1%	61.3%
Provision	28.3	28.4	15.1
Reversal	23.2	-	-

Auto group

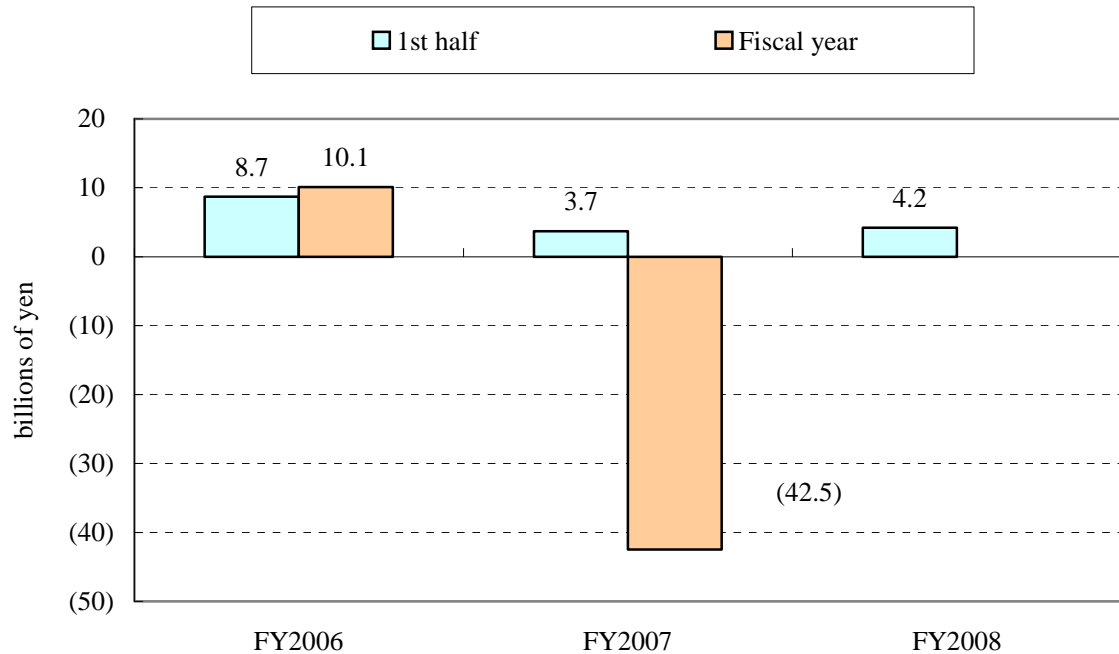


(billions of yen)

	FY2006	FY2007	FY2008 1H
Reserve rate	6.5%	6.5%	6.5%
Balance	216.6	190.7	183.3
Balance ratio	26.3%	23.4%	22.2%
Provision	53.4	52.8	26.8
Reversal	60.1	78.7	34.2

Underwriting Profit

Underwriting profit was the same level compared to FY2007 1st half



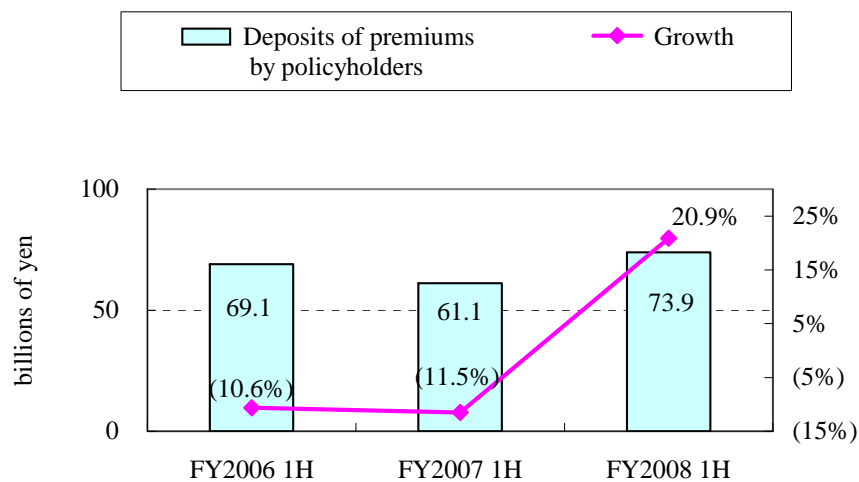
(billions of yen)

	FY2006	FY2007	FY2008
1st half	8.7	3.7	4.2
Fiscal year	10.1	(42.5)	

Deposits of Premiums by Policyholders / Maturity Refunds

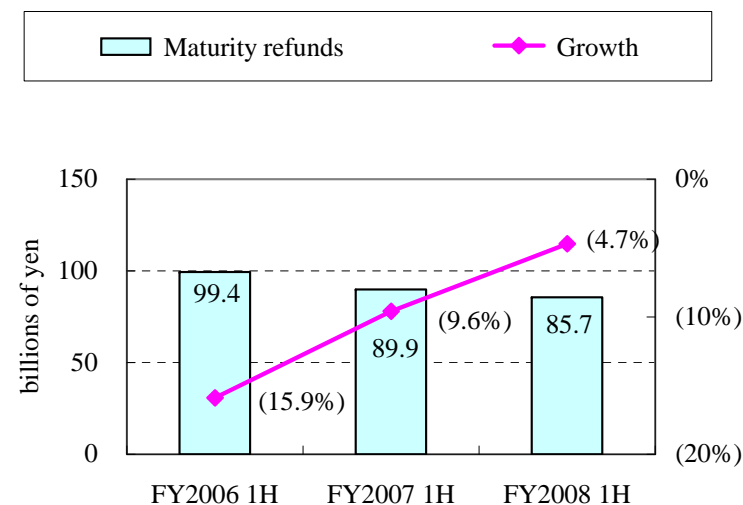
Saving premiums income increased and maturity refunds decreased

Deposits of premiums by policyholders



	(billions of yen)		
	FY2006 1H	FY2007 1H	FY2008 1H
Deposits of premiums by policyholders	69.1	61.1	73.9
Growth	(10.6%)	(11.5%)	20.9%

Maturity refunds

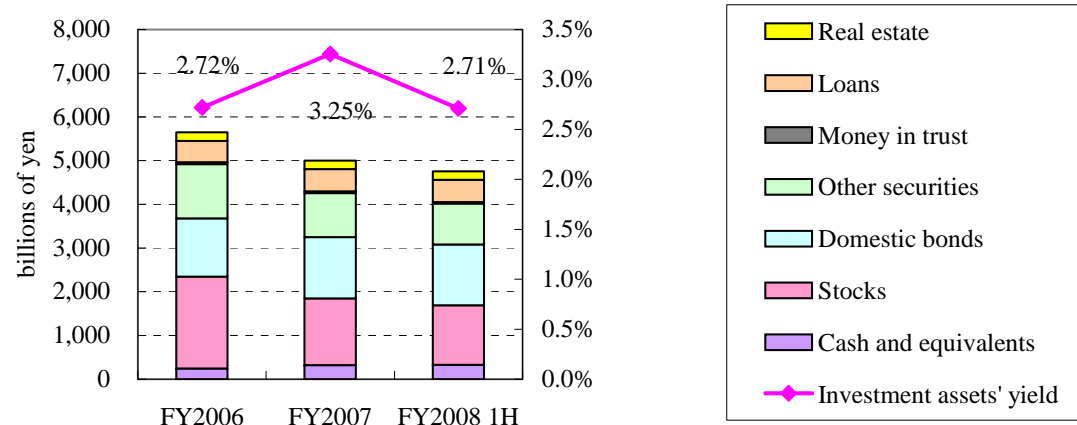


	(billions of yen)		
	FY2006 1H	FY2007 1H	FY2008 1H
Maturity refunds	99.4	89.9	85.7
Growth	(15.9%)	(9.6%)	(4.7%)

Note) Dividends to policyholders are included in the "Maturity refunds".

Investment Yield

**Investment yield of foreign securities declined,
but that of total assets were the same level compared to FY2006**



(billions of yen)

	FY2006		FY2007		FY2008 1H	
	Balance	Yield	Balance	Yield	Balance	Yield
Deposits	129.0	0.32%	118.7	0.47%	111.3	0.28%
Call loans	69.0	0.30%	108.8	0.57%	75.7	0.55%
Receivables under resale agreements	28.9	0.27%	47.9	0.60%	90.3	0.60%
Monetary receivables bought	18.9	0.97%	47.0	1.39%	49.0	1.70%
Money in trust	47.9	1.76%	39.3	1.68%	32.9	2.19%
Securities	4,673.7	3.11%	3,937.9	3.83%	3,692.3	3.07%
Domestic bonds	1,330.6	1.32%	1,405.3	1.37%	1,391.7	1.43%
Stocks	2,099.9	3.53%	1,522.9	3.98%	1,361.5	4.57%
Foreign securities	1,129.0	5.03%	914.9	6.81%	855.2	4.15%
Other securities	114.1	4.88%	94.6	10.96%	83.7	6.32%
Loans	483.4	1.67%	506.0	1.77%	510.6	1.74%
Real estate	198.9	2.58%	194.3	2.68%	192.2	2.79%
Total	5,650.0	2.72%	5,000.2	3.25%	4,754.7	2.71%

Note) Yield for FY2008 1H is annualized.

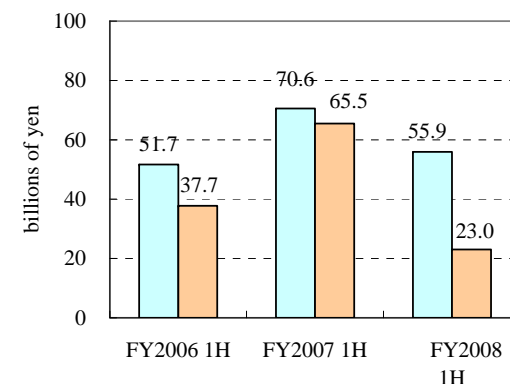
Investment Profit

**Investment profit declined by lower returns
from investment funds denominated in foreign currency**

(billions of yen)

		FY2006 1H	FY2007 1H	FY2008	Change
				1H	
Net interest and dividend income	(+)	29.3	47.7	32.8	(14.9)
Interest and dividend income		51.7	70.6	55.9	(14.6)
Transfer of interest and dividend income on deposits of premiums, etc.		(22.4)	(22.9)	(23.1)	(0.2)
Investment gain on money in trust	(+)	1.5	2.8	(2.7)	(5.5)
Investment gain on trading securities	(+)	0.1	0.1	0.0	(0.1)
Realized gain on sales of securities	(+)	17.2	20.8	11.7	(9.0)
Gain on redemption of securities	(+)	(0.2)	0.2	(0.0)	(0.2)
Devaluation loss on securities	(-)	2.4	3.8	8.2	4.4
Gain on derivative products*	(+)	(5.3)	(0.8)	(3.2)	(2.3)
Gain on foreign exchange transactions*	(+)	0.6	2.7	(0.7)	(3.4)
Other investment income expenses	(+)	(0.2)	(0.9)	(2.5)	(1.5)
Gross investment margin		40.5	68.8	27.1	(41.7)
Investment expenses	(-)	3.4	3.2	3.2	0.0
Allowances and losses for bad debts*	(-)	(0.6)	(0.2)	0.5	0.7
Written-off expense and devaluation allowances for equities and bonds	(-)	0.0	0.3	0.2	(0.0)
Investment profit		37.7	65.5	23.0	(42.4)

□ Interest and dividend income ■ Investment profit



*Excluding gains and/or losses below

-Gains/losses on derivatives other than asset management purpose

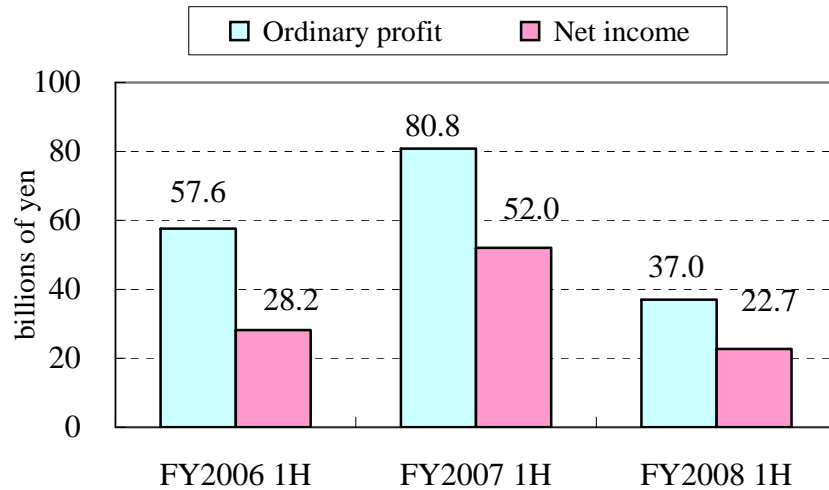
-Gains/losses due to foreign exchange fluctuation on credits to foreign agencies, etc. incurred not by investment divisions

-Allowances and losses for bad debts which are held not for the investment purpose

Ordinary Profit / Net Income

Both ordinary profit and net income declined

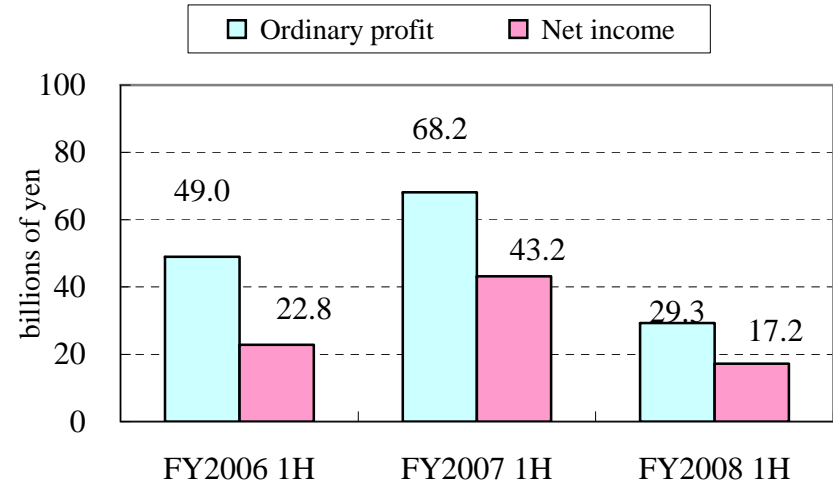
Consolidated



(billions of yen)

	FY2006 1H	FY2007 1H	FY2008 1H
Ordinary profit	57.6	80.8	37.0
Net income	28.2	52.0	22.7

Non-consolidated



(billions of yen)

	FY2006 1H	FY2007 1H	FY2008 1H
Ordinary profit	49.0	68.2	29.3
Net income	22.8	43.2	17.2

<Reference> Profit / Loss Reinsurance Contracts Handled by FR

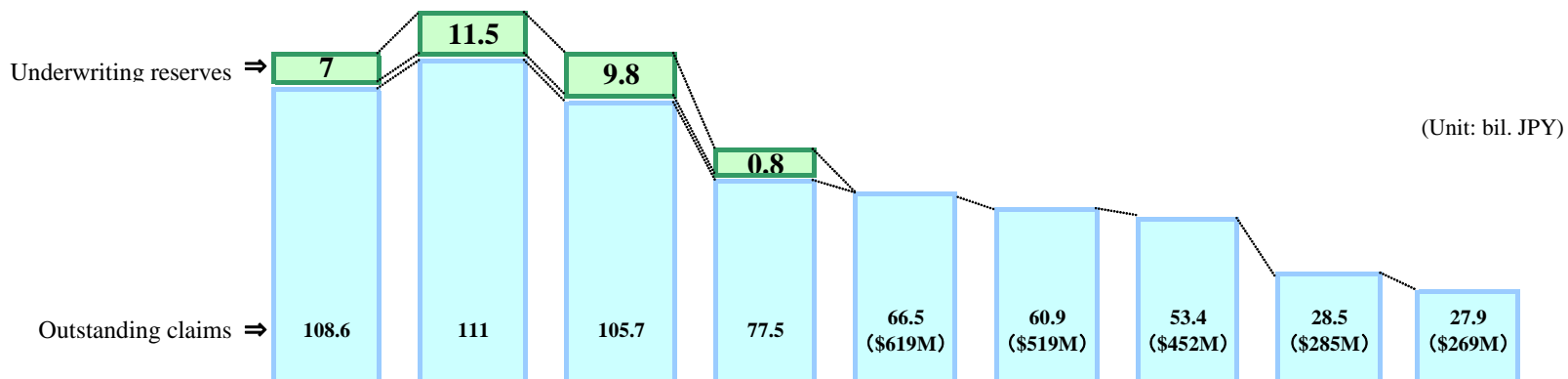
No policy was effective after January 2005 and no new accident incurred

	FY02.3	FY02.6	FY03.3	FY04.3	FY05.3	FY06.3	FY07.3	FY08.3	FY08.9	Total as of the end of Mar. 2008
Premiums	—	(5.9)	+6.5	+5.4	+1.0	+2.2	+2.4	+0.6	+0.7	+12.9
Claims	—	(1.0)	(10.5)	(25.5)	(11.1)	(7.8)	(8.4)	(16.4)	(2.4)	(83.1)
Comissions	—	(0.1)	(1.1)	(0.4)	(0.1)	(0.1)	(0.0)	(0.0)	(0.0)	(1.8)
Outstanding claims	(108.6)	(2.4)	+5.3	+28.2	+11.0	+5.6	+7.6	+24.8	+0.7	(27.8)
Underwriting reserves	(7.0)	(3.0)	+1.6	+9.0	+0.8	—	—	—	—	+1.4
Others	—	(19.4)	+1.5	(10.2)	+5.2	+17.6	+2.3	(1.8)	+0.6	(4.2)
Total	(115.6)	(31.8)	+3.3	+6.5	+7.0	+17.5	+3.9	+7.1	(0.4)	(102.5)
									Sompo Japan : Total ⇒ +44.9	

(Unit: bil. JPY)

(Outstanding claims and Underwriting reserves : "+" represent reversal and "(" represent provision.)

<Trend of outstanding claims and underwriting reserves>



Note) Underwriting reserves include unearned premium and merger profit at legacy Nissan Fire.

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