

Corporate Name: NKSJ Holdings, Inc.
Representative: Kengo Sakurada, President
Securities Code: 8630, TSE, 1st Section

Notice Concerning Issuance of Stock Acquisition Rights (Stock Compensation-type Stock Options)

NKSJ Holdings, Inc. ("the Company") hereby announces that the Board of Directors today approved a resolution to issue Stock Acquisition Rights (stock compensation-type stock options) to officers* of the Company and its subsidiaries.

* Directors and executive officers of the Company, directors and executive officers of Sompo Japan Insurance Inc., directors and executive officers of NIPPONKOA Insurance Company, Limited, directors and executive officers of NKSJ Himawari Life Insurance, Inc., directors of SOMPO JAPAN NIPPONKOA ASSET MANAGEMENT CO., LTD., directors of Prime Assistance Inc., and directors of SAISON AUTOMOBILE AND FIRE INSURANCE COMPANY, LIMITED.

1. Reasons for Allotment of Stock Acquisition Rights as Stock Options

Stock Acquisition Rights are distributed to directors and executive officers of the Company and its subsidiaries with the objectives of heightening morale and motivating these individuals to raise the Company's share price and improve business performance, and to further promote management of the NKSJ Group with an emphasis on shareholder value and enterprise value.

2. Terms and Conditions of Issuance of Stock Acquisition Rights

(1) Name of Stock Acquisition Rights

NKSJ Holdings, Inc. Series 27 Stock Acquisition Rights

(2) Total number of Stock Acquisition Rights

1,729 stock acquisition rights

The above is the total number of rights that the Company intends to be allotted. If the total number of Stock Acquisition Rights to be allotted is less because some rights are not subscribed or for other reasons, then the total number of Stock Acquisition Rights issued allotted will be the total number of Stock Acquisition Rights actually issued.

(3) Class and Number of Shares Underlying Stock Acquisition Rights

The class of the shares underlying the Stock Acquisition Rights will be the Company's common stock, and the number of shares underlying each Stock Acquisition Right (Number of Granted Shares) will be 100 shares.

If subsequent to date of the distribution of the Stock Acquisition Rights ("SAR Distribution Date") as set forth in paragraph (13) below the Company executes a stock split or a reverse split of its shares, the number of granted shares will be adjusted in accordance with the following formula, rounding down any fractions of a share arising from this adjustment.

Adjusted Number of Granted Shares = pre-adjustment number of Number of Underlying Shares × stock split (or reverse split) ratio

Furthermore, when it becomes necessary to adjust the Number of Granted Shares after SAR Distribution Date, the Company will appropriately adjust the Number of Granted Shares within reasonable bounds.

(4) Value of assets contributed when exercising Stock Acquisition Rights

The value of assets invested when exercising Stock Acquisition Rights will be an amount calculated by multiplying the exercise price of one yen for each share received from the exercise of the Stock Acquisition Rights by the Number of Granted Shares.

(5) Exercise Period for the Stock Acquisition Rights

August 15, 2014 to August 14, 2039

- (6) Increase in Stated Capital and Legal Capital Surplus Arising from the Issuance of Shares upon the Exercise of Stock Acquisition Rights
- (i) When new shares are issued due to the exercise of the Stock Acquisition Rights, stated capital will be increased by an amount equivalent to one-half the maximum increase in stated capital calculated in accordance with Article 17-1 of the Corporate Accounting Regulations, with any fractions of a yen rounded up.
 - (ii) When new shares are issued due to the exercise of the Stock Acquisition Rights, the amount of the increase in legal capital surplus will be the amount remaining after the amount of the increase in stated capital as provided above is deducted from the amount of the maximum increase in stated capital as stated above.
- (7) Restrictions on Transfers of Stock Acquisition Rights
- The approval of the Board of directors is required for any acquisitions of Stock Acquisition Rights through assignment.
- (8) Conditions of Acquisition of the Stock Acquisition Rights
- If any of the resolutions enumerated below in this section are approved by the shareholders (or, in the event that shareholder approval is not required, if approved by the Board of Directors of the Company), the Company may retrieve the Stock Acquisition Rights without compensation on a date to be separately specified by the Board of Directors.
- (i) A proposal approving a merger agreement in which the Company is the disappearing entity;
 - (ii) A proposal approving a demerger agreement or a demerger plan in which the Company becomes the demerged company;
 - (iii) A proposal approving a stock swap agreement or a stock transfer plan in which the Company becomes a wholly owned subsidiary;
 - (iv) A proposal approving an amendment to the Articles of Incorporation that establishes a provision to the effect that the approval of the Company is required for an acquisition of shares through a transfer encompassing all of the outstanding shares of the Company; or
 - (v) A proposal approving an amendment to the Articles of Incorporation that establishes a provision to the effect that the approval of the Company is required for an acquisition of shares through a transfer that encompasses the shares underlying the Stock Acquisition Rights or this class of shares will be acquired in its entirety with the approval of the shareholders of the Company.
- (9) Terms and Conditions for Exercising the Stock Acquisition Rights
- (i) Individuals possessing Stock Acquisition Rights ("Stock Acquisition Rightsholders") may exercise the Stock Acquisition Rights granted to them based on his/her status as director and executive officer of the Company, director and executive officer of Sompo Japan Insurance Inc., director and executive officer of NIPPONKOA Insurance Company, Limited, director and executive officer of NKSJ Himawari Life Insurance, Inc., director of SOMPO JAPAN NIPPONKOA ASSET MANAGEMENT CO., LTD., director of Prime Assistance Inc. or director of SAISON AUTOMOBILE AND FIRE INSURANCE COMPANY, LIMITED during the period specified in paragraph (5) above, and only within a period of 10 days from the day immediately following the day on which they loses their status as either a director or executive officer of the relevant company. However, this does not apply to Stock Acquisition Rightsholders who have inherited Stock Acquisitions from an estate.
 - (ii) Stock Acquisition Rightsholders must exercise the Stock Acquisition Rights (stock compensation type stock options) that they have been granted by virtue of their status as a director and executive officer of the Company, director and executive officer of Sompo Japan Insurance Inc., director and executive officer of NIPPONKOA Insurance Company, Limited, director and executive officer of NKSJ Himawari Life Insurance, Inc., director of SOMPO JAPAN NIPPONKOA ASSET MANAGEMENT CO., LTD., director of Prime Assistance Inc. or director of SAISON AUTOMOBILE AND FIRE INSURANCE COMPANY, LIMITED in their entirety, and they may not exercise only a portion of such rights.
- (10) Extinguishing Stock Acquisition Rights and/or Delivering Stock Acquisition Rights for a Reorganized Company's Shares in the Event of a Corporate Reorganization
- If the Company executes a merger (but only in those cases in which the Company ceases to exist because of the merger), an absorption-type demerger, an incorporation-type demerger, a stock swap or stock transfer (hereinafter collectively referred to as a "corporate reorganization"), Stock Acquisition Rights in the relevant company as prescribed in Article 236, Paragraph 1, Item (viii)(a) through (e) of the Companies

Act (the “Reorganized Company”) will be granted to the Stock Acquisition Rightsholders possessing Stock Acquisition Rights outstanding (“Outstanding Stock Acquisition Rights”) at the effective date of the corporate reorganization. Under such circumstances, the Outstanding Stock Acquisition rights will be extinguished, and new stock acquisition rights will be issued for the Reorganized Company. Provided, however, that this applies only in cases in which such grant of stock acquisition rights for the Reorganized Company is stipulated, in accordance with the conditions presented below, in the absorption-type merger agreement, the incorporation-type merger agreement, the absorption-type demerger agreement, the incorporation-type demerger plan, the stock swap agreement, or the stock transfer plan.

- (i) Number of Reorganized Company Stock Acquisition Rights to be delivered
Each to be delivered a number that is the equal to the number of Outstanding Stock Acquisition Rights held by the Stock Acquisition Rightsholder.
- (ii) Class of Reorganized Company shares underlying the Stock Acquisition Rights
Common stock of the Reorganized Company
- (iii) Number of Reorganized Company shares underlying the Stock Acquisition Rights
Determined in accordance with paragraph (3) above, taking into consideration the terms of the corporate reorganization.
- (iv) Value of assets contributed when exercising Stock Acquisition Rights
The value of the assets to be contributed when exercising the Stock Acquisition Rights will be the amount calculated by multiplying the post-reorganization payment price specified below by the number of Reorganized Company shares underlying the stock acquisition rights as determined according to item (iii) above. The post-reorganization payment price will be one yen for each share of the Reorganized Company received as a result of the exercise of the delivered Stock Acquisition Rights.
- (v) Exercise period for the Stock Acquisition Rights
Beginning on the first day of the period that the Stock Acquisition Rights may be exercised as stipulated in paragraph (5) above or on the effective date of the corporate reorganization, whichever is later, and ending on the last day of the period that the Stock Acquisition Rights may be exercised as provided in paragraph (5) above.
- (vi) Increase in Stated Capital and Legal Capital Surplus Arising from the Issuance of Shares upon the Exercise of Stock Acquisition Rights
Determined in accordance with paragraph (6) above.
- (vii) Limitations on Transfers of Stock Acquisition Rights
The approval of the Reorganized Company's Board of Directors is required for any acquisitions of Stock Acquisition Rights through assignment.
- (viii) Conditions for Company Retrieval of Stock Acquisition Rights
Determined in accordance with paragraph (8) above.
- (ix) Other Terms and Conditions for Exercising the Stock Acquisition Rights
Determined in accordance with paragraph (9) above.
- (11) Treatment of fractions of a share arising from the exercise of Stock Acquisition Rights
The number of shares delivered to a Stock Acquisition Rightsholder as a result of the exercise of the Stock Acquisition Right will be rounded down to the nearest whole share.
- (12) Method for Calculating Paid-in Value of Stock Acquisition Rights
An amount calculated by multiplying the option price for a single share of common stock calculated using the Black Scholes Model, based on the formulae and basic numerical values below, by the number of shares granted.

$$C = Se^{-qT} N(d) - Xe^{-rT} N(d - \sigma\sqrt{T})$$

Where

$$d = \frac{\ln\left(\frac{S}{X}\right) + \left(r - q + \frac{\sigma^2}{2}\right)T}{\sigma\sqrt{T}}$$

- (i) Option price per share (C)
- (ii) Stock price (S): The Tokyo Stock Exchange regular trading session closing price for the Company's

shares on August 14, 2014 (or, in the event there is no closing price on that day, the base price for the following trading day)

- (iii) Exercise Price (X): One (1) yen
- (iv) Expected time to exercise (T): Three (3) years
- (v) Volatility (σ): Share price volatility calculated based on the regular trading session closing price of the Company's common stock for each trading day over a three-year period (from August 15 2011 to August 14 2014).
- (vi) Risk-free interest rate (r): Interest rate of Japanese government bonds with a maturity that corresponds to the expected time to exercise.
- (vii) Yield (q): Dividend yield (q): dividend per share in the latest fiscal year \div share price specified in item (ii) above
- (viii) Standard normal cumulative distribution function ($N(\cdot)$)

The Company will pay to the respective directors and executive officers of the Company monetary remuneration in an amount equal to the total amount to be paid in for the Stock Acquisition Rights allotted to him/her (the amount obtained by multiplying the amount to be paid in for each Stock Acquisition Right by the number of the Stock Acquisition Rights to be allotted) and the Company's obligation to pay to him/her such monetary remuneration shall be offset by his/her obligation to pay the amount to be paid in for the Stock Acquisition Rights. Sompo Japan Insurance Inc., NIPPONKOA Insurance Company, Limited and NKSJ Himawari Life Insurance, Inc. will pay to their directors and executive officers, and SOMPO JAPAN NIPPONKOA ASSET MANAGEMENT CO., LTD., Prime Assistance Inc. and SAISON AUTOMOBILE AND FIRE INSURANCE COMPANY, LIMITED will pay to their directors, monetary remuneration in an amount equal to the total amount to be paid in for the Stock Acquisition Rights allotted to him/her, and the Company will assume the obligations of those companies to pay such monetary remuneration and the Company's obligation to pay monetary remuneration to each of such directors and executive officers shall be offset by his/her obligation to pay the amount to be paid in for the Stock Acquisition Rights.

Because the amount calculated using the above formula is the fair price for the Stock Acquisition Rights, this is not considered a preferential issue.

- (13) Distribution Date for the Stock Acquisition Rights
August 15, 2014
- (14) Date of Payment in Exchange for Stock Acquisition Rights
August 15, 2014
- (15) Persons to Receive Distribution of Stock Acquisition Rights and Number of Stock Acquisition Rights to be Allotted

	Persons	Stock Acquisition Rights
Directors and Executive Officers of the Company	11	189
Directors and Executive Officers of Sompo Japan Insurance Inc.	50	615
Directors and Executive Officers of NIPPONKOA Insurance Company, Limited	50	590
Directors and Executive Officers of NKSJ Himawari Life Insurance, Inc.	13	264
Directors of SOMPO JAPAN NIPPONKOA ASSET MANAGEMENT CO., LTD.	1	25
Directors of Prime Assistance Inc.	2	20
Directors of SAISON AUTOMOBILE AND FIRE INSURANCE COMPANY, LIMITED	1	26
Total	128	1,729

Note: The persons to receive distribution of the Stock Acquisition Rights include 8 individuals concurrently serving at the Company, Sompo Japan Insurance Inc., and NIPPONKOA Insurance Company, Limited and 43 individuals concurrently serving at two companies out of these three companies. Those who hold posts concurrently will receive distribution of the Stock Acquisition Rights as directors or executive officers of the respective companies. Accordingly, the actual number of the persons to receive distribution of Stock Acquisition Rights is 69.

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