

(Translation)

October 5, 2016

Corporate Name: Sompo Holdings, Inc.

Representative: Kengo Sakurada, President & CEO
(Stock Code: 8630, TSE 1st Section)

Agreement to Acquire Endurance Specialty Holdings Ltd.

Sompo Holdings, Inc. (“SOMPO”) today entered into a definitive agreement to acquire 100% of the outstanding ordinary shares (the “Acquisition”) of Endurance Specialty Holdings Ltd. (headquartered in Bermuda, listed on New York Stock Exchange, Chairman and CEO: John Charman; “Endurance”), with its operating base centered on the U.S., the world largest insurance market, through SOMPO’s wholly owned subsidiary, Sompo Japan Nipponkoa Insurance Inc. (“SJNK”).

The Acquisition is friendly and has been unanimously approved by the Board of Directors of Endurance.

The aggregate purchase price (approximately JPY 639.4 billion) is the largest to date for an acquisition by the Sompo Holdings Group.

1. Background of the Acquisition

- Under the Mid-Term Management Plan (FY2016 - FY2020) announced in May 2016, Sompo Holdings Group is aiming to establish a position where it is able to compete effectively against global players, as well as to achieve a structural transformation into the best customer service provider in order to contribute to society by realizing its Group Management Philosophy of “providing insurance and related services of the highest quality possible to contribute to the security, health, and wellbeing of our customers.” For its overseas insurance business, SOMPO is pursuing a drastic expansion of its scale and earnings through organic growth and disciplined M&A both in developed and emerging countries.
- To date, the Sompo Holdings Group has been actively seeking to strengthen its operating base and to expand its earnings by shifting resources towards its overseas insurance business through, among other things, the acquisition of Fiba Sigorta (Turkey) in 2010, the acquisition of Berjaya Sompo (Malaysia) in 2011, the acquisition of additional shares in Maritima (Brazil) in 2013 in the case of emerging countries and the acquisition of Canopus (Lloyd’s) in 2014 in the case of developed countries.
- Under the Mid-Term Management Plan, SOMPO, aiming to build a globally diversified business portfolio in order to achieve further growth and improvement of ROE, has been considering the acquisition of an insurance company with strength in insurance business in developed and emerging countries.
- Endurance is a specialty insurance group with an experienced management team with a strong track record as well as an underwriting team with superior insurance underwriting techniques. It operates its insurance and reinsurance businesses in, among other regions, the U.S. SOMPO aims to build a genuinely integrated global insurance business by bringing in great talent, which will stimulate significant development and transformation in SOMPO’s overseas insurance business.

2. Overview of the Acquisition

- (1) **Acquisition target:** Endurance
- (2) **Acquirer:** SJNK
- (3) **Shares to be acquired, acquiring price and shares owned before and after the transaction**

Number of shares held before the acquisition	0 ordinary shares (Number of voting rights: 0) (Ownership percentage: 0%)
Number of shares held after the acquisition	67,782,489 ordinary shares (*1) (Number of voting rights: 67,594,088) (Ownership percentage: 100% of voting rights)
Acquisition Price	Endurance ordinary shares: approx. USD 6.30 billion (JPY 637.5 billion) (*2) Advisory fees: approx. JPY 1.9 billion

(*1) The number of shares is as of the date of this press release on a fully diluted basis. (taking into account dilution due to, among other things, liquidation of equity-based compensation in connection with the Acquisition). Endurance Specialty Holdings Ltd. has issued, in addition to ordinary shares, non-voting preferred shares that are listed on New York Stock Exchange. These preferred shares, which are not convertible into ordinary shares, are not subject to the Acquisition, nor counted in the number of shares on a fully diluted basis.

(*2) The exchange rate of 1USD = JPY101.12 is used in this press release.

- (4) **Acquisition terms:** USD 93.00 per ordinary share (approximately JPY 9,404)
This price constitutes an acquisition price to book ratio of x1.36 times Endurance's book value per ordinary share of USD 68.20 as of the end of June 2016. Furthermore, the acquisition premium represents, as of October 3, a 40.3% premium to the average share price for the past three months. After careful analysis and review of Endurance's assets, business operations and prospects, SOMPO considers that this price is fair and reasonable.
- (5) **Shares financing:** The Acquisition will be financed through the utilization of the Sampo Holdings Group's cash on hand.

3. Overview of Endurance

(1)	Company name	Endurance Specialty Holdings Ltd.	
(2)	Location	Bermuda, British Overseas Territory (Waterloo House, 100 Pitts Bay Road, Pembroke HM 08, Bermuda)	
(3)	Name and title of representative	Chairman and CEO: John Charman	
(4)	Nature of business	Insurance holding company	
(5)	Capital	USD 68 million (JPY 7 billion) (*3)	
(6)	Date of Establishment	December 17, 2001	
(7)	Major shareholders and investment rate (as of June 30, 2016)	Dimensional Fund Advisors LP	6.79%
		The Vanguard Group Inc.	6.66%
		BlackRock Fund Advisors	6.38%
		Fidelity Management & Research Co	5.03%
		John Charman	4.96%
(8)	SOMPO's relationship with the company	Capital relationship	None

	Human relationship	None	
	Business relationship	Reinsurance transactions exist between SOMPO's affiliates and Endurance's affiliate.	
	Related party	None	
(9) Consolidated financial results of the past three years(*4)			
Fiscal year	December 2013	December 2014	December 2015
Consolidated net assets	2,887	3,185	5,124
Consolidated total assets	8,973	9,641	13,242
Consolidated net assets per share	55.18	61.33	65.48
Gross premiums	2,665	2,894	3,321
Consolidated profit before tax	318	349	359
Consolidated net income	312	348	355
Consolidated net income per share	6.37	7.07	5.74
Dividends per share	1.28	1.36	1.40
Combined ratio(*2)	90.2%	86.0%	82.9%

(*3) As of June 30, 2016

(*4) Based on Endurance's annual report on Form 10-K filed with the U.S. Security Exchange Commission. In USD million (excluding net assets per share, net income per share and dividends per share)

4. Features of Endurance

- Endurance is a specialty insurance group with operations in the insurance and reinsurance business in the U.S., the U.K, Bermuda and other regions.
- Underwriting wide variety of insurances such as crop insurance, in which Endurance has the fifth largest presence in the U.S.(*5), property and casualty insurance and specialty lines of insurance, Endurance has built a well-balanced underwriting portfolio while achieving stable and profitable business operations by establishing an advanced enterprise risk management system.
- Endurance has expanded its business not only in the U.S. but also in the U.K., including through the acquisition of a Lloyd's business in 2015, by focusing on improvement of profitability based on disciplined underwriting and pursuit of growth through M&A.
- Endurance, with its high profitability, growth potential and financial soundness, is expected to make a significant contribution to the Somp Holdings Group.

➤ Profitability:

In addition to its well-balanced business portfolio of insurance and reinsurance, its low

expense rate has underpinned Endurance's high profitability at an average combined ratio level of 90.2% for the past ten years (2006 -2015, the same shall apply hereinafter).

- **Growth potential:**
Endurance has had high average annual growth rate of its gross premiums for the past ten years of up to 7.1%
- **Financial soundness:**
Maintaining solid financial soundness, Endurance obtains high financial strength ratings from private rating agencies (ratings for its major insurance subsidiaries: S&P: A, Moody's: A2, A.M. Best: A).

(*5) Based on underwriting insurance fees for FY 2015

5. Strategic Rationale

(1) Building a Genuinely Integrated Global Insurance Business Platform

Endurance has established a global business foundation in the area of specialty insurance and reinsurance, with an experienced management team led by a CEO with more than a forty-year career and a strong track record, as well as its sophisticated underwriting team. SOMPO intends to integrate Endurance's business with Sompo Holdings Group's overseas insurance business in developed countries in order to pursue further development together.

(2) Building a Globally Diversified Business Portfolio

Endurance has been expanding its business in the U.S., the U.K. and Bermuda, while maintaining its high profitability, through launching new business units and executing M&A transactions led by its experienced management team, as well as through disciplined insurance underwriting by its sophisticated underwriting team.

Through the Acquisition, SOMPO will acquire a strong operating base in the U.S., the world largest insurance market, and SOMPO's overseas insurance business portfolio will become more geographically diversified. Income from SOMPO's overseas insurance business, currently 12% of the total group income, would account for 27% following the Acquisition, enabling SOMPO to further diversify its business portfolio and to strengthen its group management fundamentals.

(3) Rapidly Expanding Overseas Insurance Business and Earnings

Under the Mid-Term Management Plan (FY2016 - FY2020), SOMPO aims to achieve adjusted consolidated profit of JPY 300 billion and adjusted consolidated ROE of more than 10% from fiscal year 2020 and thereafter. SOMPO also aims to achieve more than 25% of its adjusted consolidated profit from its overseas insurance business, to which the Acquisition will make a significant contribution.

Based on the simple sum of the two companies' actual performance for FY 2015, adjusted consolidated profit would increase by JPY 31.5 billion, from JPY 164.3 billion to JPY 195.8 billion, and adjusted consolidated ROE would improve by 1.3%, from 6.9% to 8.2%.

(4) Creating Growth Opportunities through Mutual Strength

John Charman and other members of Endurance's management have agreed to continue to operate Endurance's business after the Acquisition. By welcoming Endurance into the Sompo Holdings Group, SOMPO will deploy Endurance's advanced insurance underwriting know-how throughout the group in order to provide solutions to customers who operate businesses globally. In addition, by deploying Endurance's advanced risk management know-how throughout the group, SOMPO aims to strengthen its enterprise risk management system. Furthermore, SOMPO's global network will enable Endurance to expand its underwriting business geographically. By utilizing the mutual strength, SOMPO aims to achieve sustained growth.

6. Acquisition Process

- Under and in accordance with applicable laws and regulations in Bermuda, the Acquisition will be implemented by first establishing SJNK's special purpose company in Bermuda, and then merging it into Endurance, with Endurance as the surviving company (a reverse triangular merger). Through this process, SJNK will acquire all of Endurance's outstanding ordinary shares in return for the payment of cash consideration to Endurance's shareholders.
- The Acquisition is subject to the approval of Endurance's shareholders at its shareholders' meeting, and to clearances and approvals of relevant regulators.
- SOMPO intends to proceed expeditiously and expects to complete the acquisition process by the end of fourth quarter of SOMPO's fiscal year ended March 2017 (January to March).

7. Estimated Impact on Financial Results of SOMPO

The effect of the Acquisition on SOMPO's operating performance will be announced at an appropriate time.

This document does not constitute an offer of any securities for sale or the solicitation of an offer to buy any securities or a solicitation of any vote or approval. This document is prepared for the sole purpose of publicly announcing that SOMPO has resolved matters relating to the acquisition of Endurance, and not for the purpose of soliciting investment or engaging in any other similar activities within or outside Japan.