
Management Plan of NKSJ Group

June 2, 2010

NKSJ Holdings, Inc.

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Toward the No.1 Group for “Growth” and “Customers’ Trust”

Recognizing its social responsibility and public mission in insurance and financial services, the NKSJ Group will pursue sustainable growth by executing management strategies for the entire group through operations premised on building highly transparent governance systems and ensuring effective risk management and compliance.

1. We will enhance management efficiency through collaboration in all areas of the NKSJ Group’s operations to ensure that the effects of the business integration are realized as soon as possible.
2. Drawing on the solid financial foundation and human resources provided by the business integration, we will strategically invest resources in growth areas in the aim of bolstering earnings on a group-wide basis and enhancing our corporate value.
3. We will endeavor to enhance operations quality in all of our service processes and provide customers with absolute peace of mind and the highest quality services so as to strengthen the trust that customers place in us.
4. Utilizing our core business strengths in areas such as the environment, health, and medical care, we will fulfill our corporate social responsibility and help to build a sustainable society through active dialog with stakeholders.
5. We will actively undertake human resources exchanges within the group, effectively utilize know-how, and invigorate our workforce to realize a vibrant and open NKSJ Group that grows together with its employees.

NKSJ Holdings, Inc.

(Total outstanding shares as of April 1, 2010: 1,661,263,278 shares)

Domestic P&C insurance business

Sompo Japan Insurance

Saison Automobile & Fire

Nipponkoa Insurance

Sonpo 24

Domestic life insurance business

Life insurance subsidiary

Sompo Japan DIY Life

Overseas insurance business

Overseas insurance subsidiaries, etc

Financial services & other businesses

Asset management business

Risk consulting business

Healthcare business

Environmental business

Defined contribution pension plan business

Other businesses

* Merge SJAM and ZEST

* Integrate SJRM and NKRC

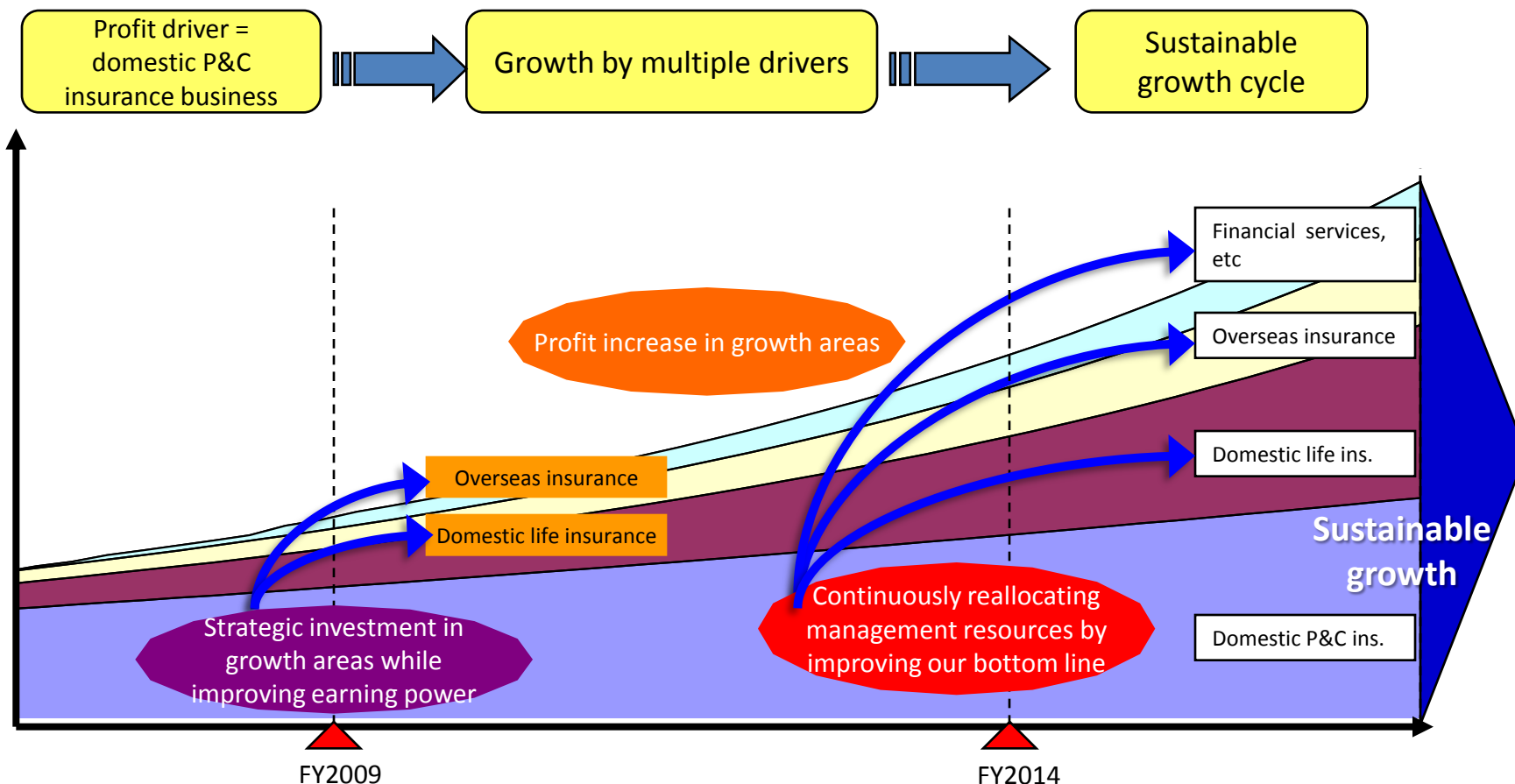
SJAM: Sompo Japan Asset Management
 ZEST: Zest Asset Management
 SJRM: Sompo Japan Risk Management
 NKRC: NK Risk Consulting

Sompo Japan Himawari Life

Nipponkoa Life

* Plan to merge in October 2011

Based on the improvement of domestic P&C insurance earning capacity, aggressively shifting management resources to promising areas to catch on a sustainable growth cycle



Basic policy

Aim to enhance corporate value by balancing the three imperatives: “maintaining financial soundness”, “improving capital efficiency”, and “increasing shareholder returns”

■ Maintain financial soundness

- Build an integrated risk management structure on a group-wide basis, with a target credit rating of AA
- Continuously reduce strategic-holding stocks

■ Improve capital efficiency

- Allocate capital to investments in growth businesses (e.g., overseas M&As) while maintaining financial soundness
- Use individual stock valuations provided by asset management companies for investment decisions of strategic-holding stocks
- Strengthen investment operations through such means as transferring pure investment operations to the asset management subsidiary

■ Increase shareholder returns

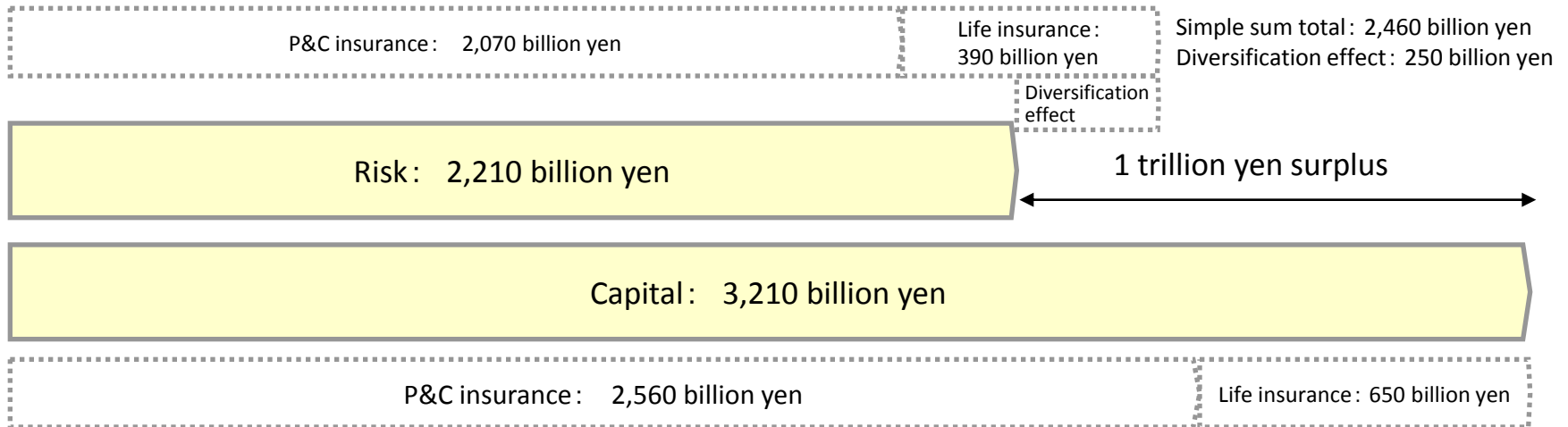
- Payout of stable dividends as a basic policy and, where capital conditions permit, also utilize share buybacks as an instrument of shareholder returns
- Target total shareholder returns equivalent to 50% of adjusted profits (excl. growth in life insurers' EV)

- **Utilize the comparison of risk and capital in the integrated risk management as a common measure in our capital management (incl. strategic-holding stocks management / mergers and acquisitions)**
- **Promote sound capital management by linking part of directors/officers remuneration to our financial results (increase in NAV per share, adjusted consolidated profit, etc)**

<Integrated risk management of the group>

- Evaluating all the group subsidiaries' risk and capital
- Risk: 1 year, 99.95% VaR (AA equivalent confidence level)
- Capital: Sum of net assets on the balance sheet, subordinated debt, catastrophe loss reserve, price fluctuation reserve, etc
- Insurance liabilities: Evaluated at economic value (life insurance liabilities reflect value in force of EV, and P&C insurance liabilities reflect fair market value of savings-type policies)
- Diversification effect between underwriting risk (P&C/life) and investment risk is reflected by using Solvency II requirement

<Capital situation at the end of March 2010>



- Comfortable level to maintain group target rating of AA
- Aim to reduce investment risk (esp. risk of strategic-holding stocks) and shift part of the created risk buffer to investments such as overseas insurance business

- Unify group investment policy/structure to strengthen investment capabilities
- Established “Investment Committee” as an advisory organ to the board

Investment Committee

- Comprise of 5 directors. The chairman and more than half of members are outside directors so as to ensure independence of the committee.
- Establish investment policies for the group, and monitor investment performances.

Extensively commit to the group's investment issues

NKSJ Group

Strategic-holding stocks

- Establish management policies of strategic-holding stocks
- Utilize stock appraisal in selecting stocks to be sold

Unification of group investment
Strengthen investment organization
Improvement of investment know-how

Pure investments

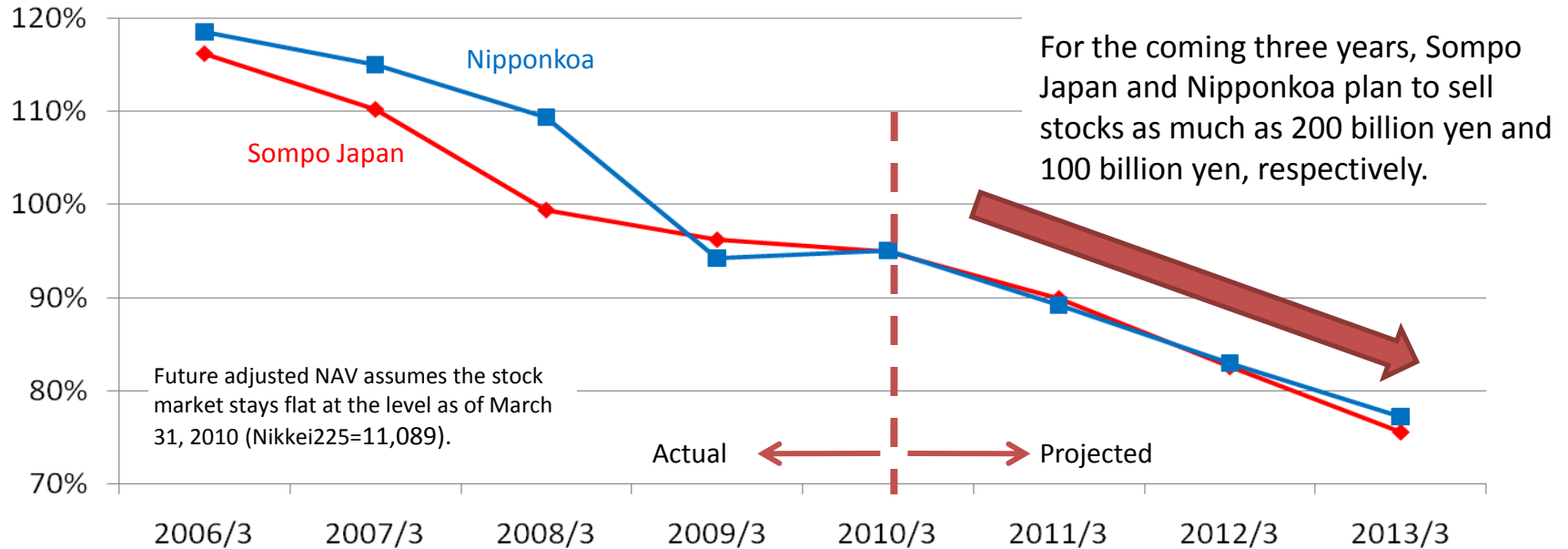
- Merge Sampo Japan Asset Management and Zest Asset Management in FY2010
- Transfer most of front-office operations of two P&C insurers to the new asset management subsidiary

Increase group investment profit

- Reduce strategic-holding stocks by 300 billion yen (MTM basis) for three years ending FY2012
- Review our plan with deliberate consideration of future business environment
- Reflect stock appraisal offered by asset management companies, including our subsidiary, in selecting stocks to be sold

■ **Historical holding of domestic stocks (market value of stocks held divided by non-consolidated adjusted NAV*)**

* Non-consolidated adjusted NAV = non-consolidated NAV + catastrophe loss reserve + price fluctuation reserve



■ **Reflecting each stock appraisal**

- Utilize stock appraisal offered by asset management companies, including our subsidiary, in selecting stocks to be sold
- Investment Committee monitors stock selection process
- Details are to be determined

- Payout of stable dividends as a basic policy and, where capital conditions permit, also utilize share buybacks
- Target total shareholder returns (cash payout and stock buybacks) equivalent to 50% of adjusted profits (excl. growth in life insurers' EV)

		FY2009
Sompo Japan	Dividend per share	20.0
	Total dividend paid	19.6
Nipponkoa	Dividend per share	8.0
	Total dividend paid	6.0
Total	Total dividend paid	25.6

<Unit>

Dividend per share : yen

Total dividend paid : billions of yen

		FY2010(E)
NKSJ HD	Dividend per share	20.0
	Total dividend paid	33.2*

* Based on outstanding shares as of April 1, 2010.

**Plan to pay a dividend of 20 yen per share for FY2010
(more than previously paid in total)**

Medium-term Numerical Targets -1-

(Billions of yen)

Adjusted consolidated profits	Breakdown by business	FY2009 (Actual)	FY2014 (target)	【Domestic P&C insurance】 net income + provisions to catastrophe loss reserve (after tax) + provisions to price fluctuation reserve (after tax) - gains/losses on securities sales and securities devaluation losses (after tax) - extraordinary items 【Domestic life insurance (subsidiaries)】 growth in embedded value (EV) - net of capital account transactions (e.g., equity issuance) - changes in EV attributable to interest rate movements 【Overseas insurance / financial services and others】 net income as reported in financial statements
	Domestic P&C insurance	46.7	90 (56%)	
	Domestic life insurance	44.6	50 (31%)	
	Overseas insurance	1.5	16 (10%)	
	Financial services and others	- 2.9	4 (3%)	
	Total	89.9	160 (100%)	
Adjusted consolidated ROE		5.1%	7%	※ () = proportion of composition

$$\text{Adjusted consolidated ROE} = \frac{\text{adjusted consolidated profit}}{\text{consolidated net assets (excluding life insurance subsidiaries' net assets) + catastrophe loss reserve (after tax) + price fluctuation reserve (after tax) + life insurance subsidiaries' EV}}$$

※All values in the denominator are the average of the fiscal-year opening and closing balances

<Definition of business>

① Domestic P&C insurance	Sum of Sampo Japan and Nipponkoa (non-consolidated)
② Domestic life insurance	Sum of Sampo Japan Himawari Life and Nipponkoa Life
③ Overseas insurance	Overseas subsidiaries
④ Financial services and others	Saison Automobile & Fire, Sampo 24, Sampo Japan DIY, financial services, healthcare, etc.

Medium-term Numerical Targets -2-

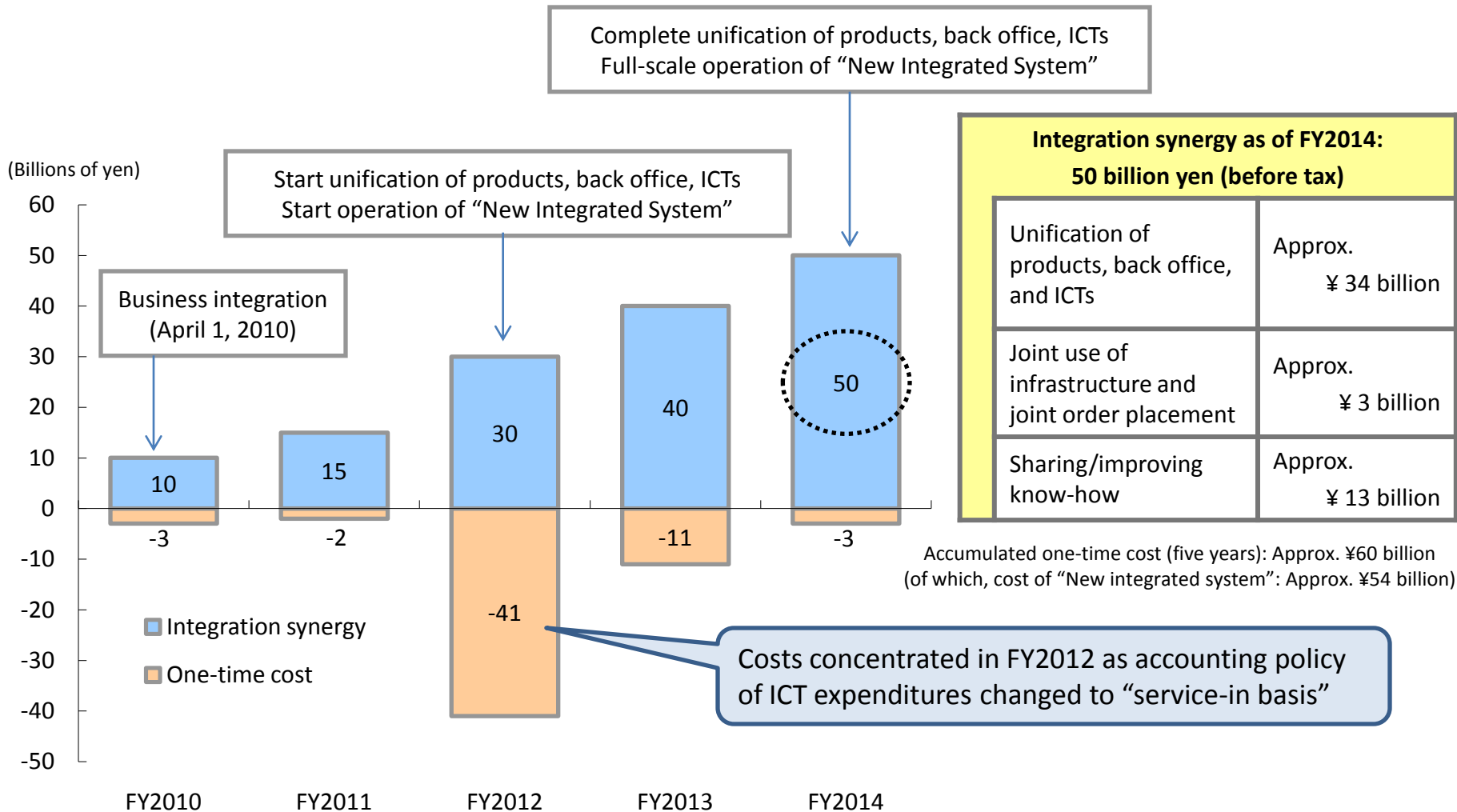
(Billions of yen)

		FY2009(A)	FY2010(E)	FY2012(E)	FY2014(E)
Domestic P&C insurance	Net premiums written	1,892.2	1,903.0	1,940	1,950
	Excl. CALI* ¹	1,653.3	1,664.6	1,710	1,720
	Loss ratio	72.4%	71.1%	66.3%	65.4%
	Excl. CALI / Fin. guarantee	64.3%	63.6%	61.2%	60.6%
	Expense ratio	34.6%	34.0%	34.9%	32.4%
	Excl. CALI	35.9%	35.2%	36.1%	33.4%
Domestic P&C insurance	Combined ratio	107.0%	105.1%	101.2%	97.8%
	Excl. CALI / Fin. guarantee	100.2%	98.8%	97.3%	94.0%
Domestic P&C insurance	Adjusted profit	46.7	36.9	50	90
	Excl. one-time costs	46.7	37.2	75	92
Domestic life insurance	Increase in adjusted EV	44.6	30.0	35	50
Overseas insurance	Net income as reported in financial statements	1.5	4.2	7+ α * ²	16
Financial service business, etc	Net income as reported in financial statements	- 2.9	- 2.4	-2	4
Group total	Adjusted consolidated profit	89.9	68.7	90	160
	Excl. one-time costs	89.9	69.0	115	162
Adjusted consolidated ROE		5.1%	3.5%	4.4%	7%
	Excl. one-time costs	5.1%	3.5%	5.6%	7%

*1 CALI: Compulsory automobile liability insurance

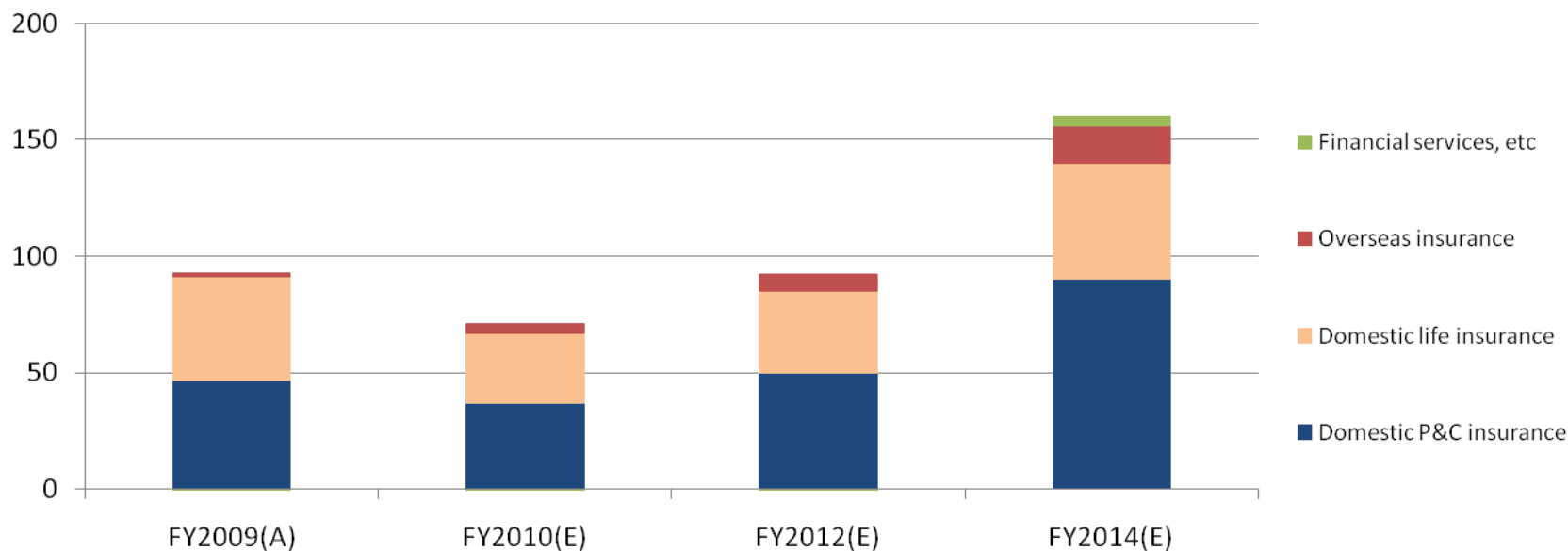
*2 Because it is difficult to predict timing of future mergers and acquisitions, we calculate overseas insurance profits of FY2012 only from the existing business.

Integration synergy as of FY2014: 50 billion yen (before tax)



Adjusted Consolidated Profit

(billions of yen)



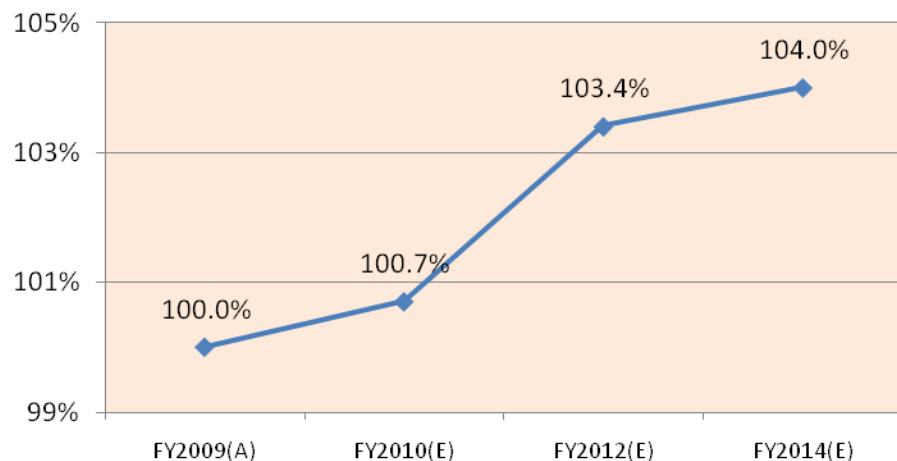
	(Billions of yen)			
	FY2009(A)	FY2010(E)	FY2012(E)	FY2014(E)
Domestic P&C insurance	46.7	36.9	50	90 (56%)
Domestic life insurance	44.6	30.0	35	50 (31%)
Overseas insurance	1.5	4.2	7+α	16 (10%)
Financial services, etc	- 2.9	- 2.4	- 2	4 (3%)
Group total	89.9	68.7	90	160 (100%)

* Figures in parentheses shown in FY2014 column are proportions to the total profit.

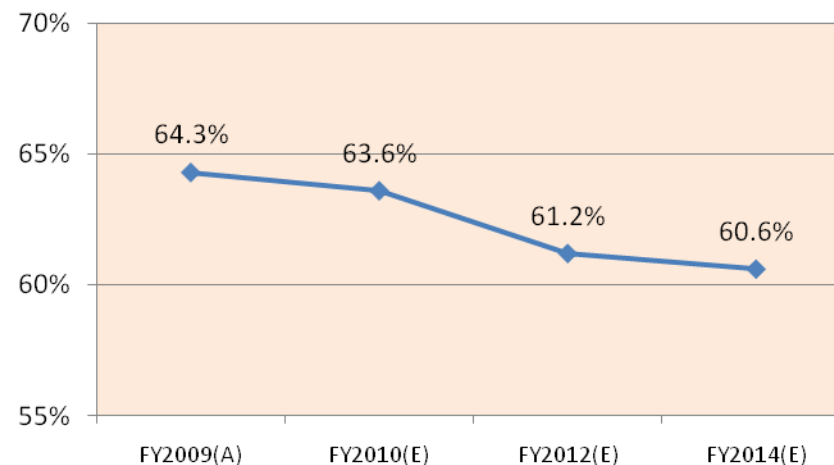
Domestic P&C Insurance Business (Key Indicators)

Expect combined ratio go down to 94% in five years

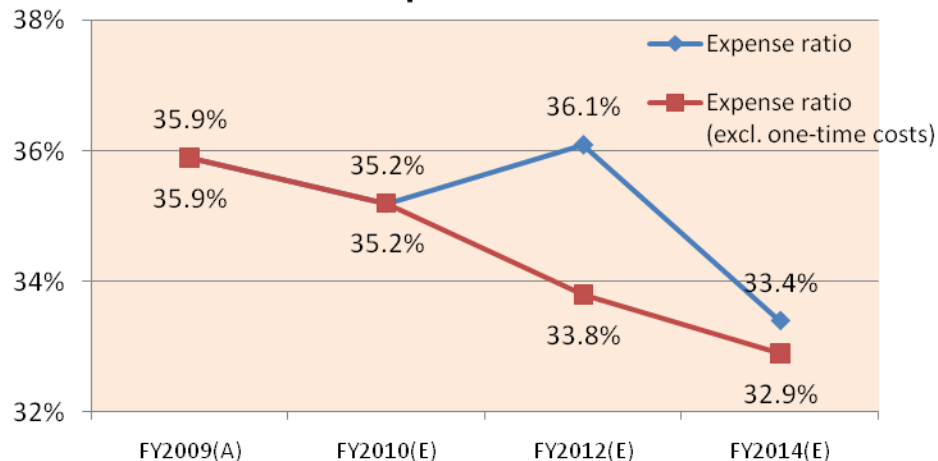
<Net premiums written>



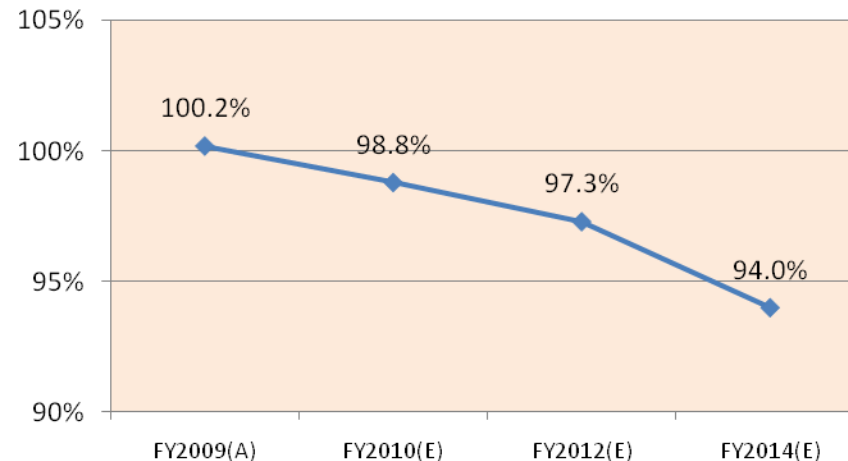
<Loss ratio>



<Expense ratio>



<Combined ratio>



* "Net premiums written" and "Expense ratio" exclude CALI. "Loss ratio" and "Combined ratio" exclude CALI and financial guarantee insurance.

“Acceleration of growth”

- ◆ Prompt realization of merger synergies of two life insurance subsidiaries (Sompo Japan Himawari Life and Nipponkoa Life)
- ◆ Enlarge revenue and profit by strategic allocation of management resources
- ◆ Accelerate growth by enriching product line-ups, strengthening sales capacity, and realizing synergies with P&C insurance business

(Billions of yen)

<Target>	FY2009(A)	FY2010(E)	FY2012(E)	FY2014(E)
		Sum of Sompo Japan Himawari Life and Nipponkoa Life		After merger
EV growth*	44.6	30.0	35	50

* EV growth excludes capital transactions (e.g. equity issuance) and changes in EV attributable to interest rate movements.

Sales strategy	<ul style="list-style-type: none"> ✓ Expand our sales bases in all the distribution channels, inter alia, two P&C insurers’ professional channel in all the markets the group has (personal, corporate, and corporate-employee markets) ✓ Strengthen sales base by shifting sales force from our P&C insurance business
Product strategy	<ul style="list-style-type: none"> ✓ Launch attractive products/services to the market expanded by merger, utilizing both life insurers’ features ✓ Establish well-balanced business portfolio of first sector and third sector by concentrating in protection-type products such as medical insurance (third sector) and income protection insurance (first sector)

- Growth driver of the group
- Assume investing as much as 200 billion yen in overseas insurance business for 3 years ending FY2012

Target profit as of FY2014: ¥16 billion

Profit from new investments: ¥8 billion

Profit from existing business: ¥8 billion



**Mergers and acquisitions of
200 billion for 3 years**

- ✓ Expand profit in markets with high growth and profitability
- ✓ Focus on sectors which can realize synergies with our business, especially P&C insurance
- ✓ Main target: emerging countries with high growth potential

<Recent investments>

- Maritima (Brazil) in July 2009 ¥15.5 billion
- Tenet (Singapore) in May 2010 ¥6.4 billion

Future core profit driver following domestic P&C and domestic life

Note Regarding Forward-looking Statements

This document includes “forward-looking statements” that reflect the information in relation to the NKSJ Holdings, Inc. (“NKSJ”). To the extent that statements in this document 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 NKSJ in light of the information currently available to NKSJ, 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 NKSJ, as the case may be, to be materially different from any future results, performance, achievements or financial position expressed or implied by these forward-looking statements. NKSJ does not undertake or will not undertake any obligation to publicly update any forward-looking statements after the date of this document. Investors are advised to consult any further disclosures by NKSJ in their subsequent domestic filings in Japan and filings with, or submissions to, the U.S. Securities Exchange Commission pursuant to the U.S. Securities Exchange Act of 1934.

The risks, uncertainties and other factors referred to above include, but are not limited to, those below.

- (1) Effects of deterioration of economic and business conditions in Japan
- (2) Risks associated with non-life insurance business, life insurance business, and other businesses in which NKSJ group participates
- (3) Changes to laws, regulations, and systems
- (4) Risk of natural disasters
- (5) Occurrence of unpredictable damages
- (6) Reinsurance risk
- (7) Overseas business risk
- (8) Effects of declining stock price
- (9) Effects of fluctuation in exchange rate
- (10) Effects of fluctuation in interest rate
- (11) Liquidity risk
- (12) Effects of decline in creditworthiness of investment and/or loan counterparties
- (13) Credit rating downgrade
- (14) Litigation risk
- (15) Risk concerning retirement benefit liabilities
- (16) Occurrence of personal information leak
- (17) Damage on business operations by major disasters
- (18) Effects resulting from business integration
- (19) Other risks

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