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May 21, 2008

Sompo Japan Insurance Inc.

Sompo Japan Himawari Life Insurance Co., Ltd.

Announcement of Embedded Value for Sompo Japan Himawari Life as of the end of March 2008

Sompo Japan Insurance Inc. (President: Masatoshi Sato) and Sompo Japan Himawari Life Insurance Co., Ltd. ("SJHL", President: Toshio Matsuzaki) hereby announce the Embedded Value ("EV") for SJHL as of the end of March 2008 (FY2007) to promote further understanding of SJHL's present status.

【Summary】

Embedded value as of the end of March 2008 increased to 246.4 billions of yen by 4.2 billions of yen from the end of March 2007.

(Unit: billions of yen)

	As of the end of March 2008		As of the end of March 2007		As of the end of March 2006	
		YOY change		YOY change		YOY change
Adjusted Book Value	56.0	11.6	44.4	29.9	14.5	2.4
Existing Business Value	190.4	(7.4)	197.8	34.8	163.0	2.7
Total EV as of the end of fiscal year	246.4	4.2	242.2	64.7	177.6	5.1
New Business Value	2.2	(14.7)	16.9	(0.4)	17.2	(0.2)

As for FY2006, temporary positive effect was 43.3 billions of yen, and negative effect by fluctuation in original premises was (4.6) billions of yen, compared with FY2005.

As for FY2007, negative effect on new business value was (14.7) billions of yen because of suspension of sales of increasing term life insurance, and negative effect by fluctuation in original premises was (10.1) billions of yen, compared with FY2006.

<FY2006>

-Positive effect by increase of capital 20.0 billions of yen

-Positive effect by elaboration of calculation method on policy lapse ratio and insured mortality
23.3 billions of yen

-Negative effect by fluctuation in original premises (4.6) billions of yen

The sum of above figures 38.7 billions of yen

<FY2007>

-Negative effect by fluctuation in original premises (10.1) billions of yen

(Reference: Appendix 1-3)

<Appendix>

1. Announcement of Embedded Value as of the end of March 2008 (FY2007)
2. Opinion Regarding the Embedded Value Calculations of Sompo Japan Himawari Life

May 21, 2008

Sompo Japan Himawari Life Insurance Co., Ltd.

Announcement of Embedded Value as of the end of March 2008 (FY2007)

Embedded value for Sompo Japan Himawari Life Insurance Co., Ltd. ("SJHL", President: Toshio Matsuzaki) as of the end of March 2008 is as follows.

1. Embedded value as of the end of March 2008

Embedded value as of the end of March 2008 increased to 246.4 billions of yen by 4.2 billions of yen from the end of March 2007.

(Unit: billions of yen)

	As of the end of March 2008		As of the end of March 2007		As of the end of March 2006
		YOY change		YOY change	
Adjusted Book Value (* 1)	56.0	11.6	44.4	29.9	14.5
Existing Business Value (* 2)	190.4	(7.4)	197.8	34.8	163.0
Total EV at the end of fiscal year	246.4	4.2	242.2	64.7	177.6
New Business Value (* 3)	2.2	(14.7)	16.9	(0.4)	17.2

* 1) Adjusted Book Value = Net assets (excluding Total valuation and translation adjustments)
 + Internal reserves in the Liabilities (Price Fluctuation Reserve, Risk Reserve,
 Reserve for dividend payment before allotment)
 + After-tax general reserve for possible loan losses
 - Deferred tax assets regarding Internal reserves in the Liabilities

* 2) Existing Business Value = Present value of after-tax future profits - Cost of capital
 "Cost of capital" is the interest income arising from the discrepancy between the risk discount rate and the investment return against the capital required to maintain appropriate solvency margin ratio.

* 3) "New Business Value" is the value regarding new contracts in EV as of the end of fiscal year.

2. Major premises

Major premises used in calculation are as follows.

Description of major premises	As of the end of March 2008	As of the end of March 2007
Insured mortality & morbidity	Based on the results for the latest 3 years	Same as left
Insured mortality	Based on the results for the latest 6 years	Same as left
Policy lapse ratio	Based on the results for the latest 3 years	Same as left
Corporate expense	Based on the results for the latest year	Same as left
Investment return	<p>Investment return will fluctuate due to the increasing weight of new investments (investments in 5-year government bonds, 10-year government bonds and 20-year government bonds).</p> <p>*Return for new investments 5-year government bonds 0.749% 10-year government bonds 1.284% 20-year government bonds 2.080%</p> <p>*Major investment return as of the end of fiscal year</p> <p>1.77% FY2008 1.80% FY2013 1.84% FY2018 1.88% FY2023 1.78% FY2028</p>	<p>Investment return will fluctuate due to the increasing weight of new investments (investments in 5-year government bonds, 10-year government bonds and 20-year government bonds).</p> <p>*Return for new investments 5-year government bonds 1.195% 10-year government bonds 1.659% 20-year government bonds 2.111%</p> <p>*Major investment return as of the end of fiscal year</p> <p>1.64% FY2007 1.65% FY2008 1.77% FY2013 1.84% FY2018 1.86% FY2023 1.79% FY2028</p>
Effective tax rate	Based on the latest effective tax rate : 36.21%	Same as left
Solvency margin ratio	600% Solvency margin ratio to be maintained, set for calculating "Cost of capital"	Same as left
Risk discount rate	7% Rate to discount future profits to the present value, set by adding our risk premium rate to the risk free rate	Same as left

3. Effects by change in premises

Effects to EV by change in premises are as follows.

(Unit: billions of yen)

Change in premises	Change in EV	EV after the change
Insured mortality & morbidity : original premise ratio * 1.1	(16.0)	230.4
Policy lapse rate : original premise ratio * 1.1	(9.3)	237.1
Corporate expense : original premise ratio * 1.1	(4.9)	241.5
Return for new investments : original premise rate + 0.25%	8.4	254.8
Return for new investments : original premise rate - 0.25%	(8.4)	238.0
Required Solvency margin ratio : original premise ratio - 200%	0.4	246.8
Required Solvency margin ratio : original premise ratio + 200%	(1.5)	244.9
Risk premium : original premise rate - 2.0% i.e. risk discount rate : 5%	35.6	282.0
Risk premium : original premise rate - 1.0% i.e. risk discount rate : 6%	16.3	262.8
Risk premium : original premise rate + 1.0% i.e. risk discount rate : 8%	(14.0)	232.4
Risk premium : original premise rate + 2.0% i.e. risk discount rate : 9%	(26.2)	220.2

4. Factors for the change in EV from the end of FY2006 to the end of FY2007

The factors for the change in EV from the end of FY2006 to the end of FY2007 are as follows.

(Unit: billions of yen)

Factors for the change	Effects to EV
New business value	2.2
Release of the discounted value from the last fiscal year	17.0
Effect by fluctuation in original premises except for investment	(4.5)
Effect by fluctuation in original premises of investment	(5.6)
Others	(4.8)
Total	4.2

5. Opinion by an actuarial firm attached

We have received an opinion as attached from Milliman Inc., an independent firm with actuarial expertise in this area.

<Reference>

EV(Embedded value) is the total of "Adjusted Net Asset Value", which is thought to belong to share holders, calculated from Balance Sheet and "Future Value of Existing Business" calculated based on existing policies. Under the current accounting standard for life insurance company, there is a time lag from acquisition of new policies to realization of profits. Meanwhile, EV recognize the future profit at the time of acquisition and it is thought to reinforce accounting data on legal accounting standard. In Europe and Canada, EV is considered to be an index to evaluate life insurance company.

Disclaimer)

Because many premises including future prospects with risk and uncertainty are used in calculating EV, actual future results may differ significantly from the premises used in EV calculation. Also, since the actual market capital is determined by investors' judgment on various information, EV may differ from it materially. Therefore, EV is not the only measurement to evaluate corporate value of a life insurance company, and sufficient consideration needs to be made in using it.

Submitted to:
The Board of Directors
Sompo Japan Himawari Life Insurance Co., Ltd.

May 19, 2008

Toshiyuki Ikuma, FIAJ
Managing Director and senior consultant

Opinion Regarding the Embedded Value Calculations of Sompo Japan Himawari Life

This opinion is offered in connection with embedded value calculations of Sompo Japan Himawari Life Insurance Co., Ltd. ("Sompo Japan Himawari") as of March 31, 2008. Any distribution of this document must be in its entirety.

Qualifications

Toshiyuki Ikuma, Managing Director of Milliman, Inc. in Japan (= Japan Branch of Milliman Inc. (= Milliman)), is a Fellow of the Institute of Actuaries of Japan (hereafter referred to as "IAJ"). He is qualified as an actuary and is obligated to follow the Code of Conduct of the IAJ.

Professional Background

No practice standards have been drafted in Japan with respect to the development of embedded values. Nonetheless, a broad consensus regarding methods and choice of assumptions, for example the Canadian Institute of Actuaries' "*Interim Draft Paper on the Considerations in the Determination of Embedded Value for Public Disclosure in Canada*", and in Europe the CFO Forum's "*European Embedded Value Principles*" and supplementing

“the Basis for Conclusions”, can be said to exist worldwide. Although we have not specifically adhered to the guidelines established in any particular jurisdiction, in developing our opinion, we have taken into consideration these guidelines and generally accepted actuarial principles.

Sompo Japan Himawari did not regard the Embedded Value announced this time as the one complying with European Embedded Value Principle. Both existing business value and new business value were calculated with the method of Traditional Embedded Value (hereafter referred to as “TEV”), and the costs of option and guarantee subsisting in insurance policies were not reflected explicitly. Our opinion also did not confirm the Embedded Value complying with European Embedded Value Principle. Our opinion did not confirm the Embedded Value complying with Market Consistent Embedded Value Principle provided in Europe as well.

This letter represents our professional viewpoint, but should not be construed as a formal audit opinion, as that term would be used in the context of regulatory financial reporting.

In opining on embedded values, this letter is not offering an opinion on the market value of Sompo Japan Himawari Life or its parent Sompo Japan Insurance Inc.

For many reasons, market value may deviate materially from a calculated embedded value. Any valuation is a matter of informed judgment, and each investor should develop their own view of market value based on a detailed analysis of financial and qualitative information available, combined with a consideration of alternative investments, overall expectations regarding performance of the financial markets, attitude towards risk and return, and a variety of other factors.

Background

Sompo Japan Himawari professionals developed a financial model that can be used to project future cash flows and reported profits for Sompo Japan Himawari, given a set of experience assumptions. This model was used by Sompo Japan Himawari, along with balance sheet information and future experience assumptions, to calculate embedded values of Sompo Japan Himawari Life at March 31, 2008.

Sompo Japan Himawari asked Milliman to review methods and assumptions for consistency with Sompo Japan Himawari experience and actuarial international standards for TEV calculation. In addition, Milliman was asked to review Sompo Japan Himawari's model and results to form a broad conclusion regarding the accuracy of the technical calculations. Milliman reviewed the results of calculations broadly, and confirmed that they did not have significant problems. Milliman did not review the results of calculations except the request in detail. Our review did not include a detailed audit of models.

Specifically, Milliman undertook the following:

- (1) Review of Sompo Japan Himawari adjusted book value for material consistency with (a) figures shown in reported financials and (b) the methodology used to project future profits in developing existing business value.
- (2) Review of the general consistency of embedded value assumptions with recent and expected future experience.
- (3) Review of model fit, in particular, the accuracy with which balance sheet and recent income statement items are reproduced by the model.
- (4) Review of the consistency of embedded value methods with actuarial international standards for TEV calculation.

Reliance

In the course of this work, Milliman professionals depended on data and information provided by Sompo Japan Himawari. The data and information Milliman has relied on can be broadly categorized as follows:

1. Information in the financial statements of Sompo Japan Himawari, in particular, the value of balance sheet assets and the size of reported liabilities.
2. Data and information on in-force business at March 31, 2008, and other related information and data.
3. Data and information on historical and expected future gross premiums, investment income, benefit payments, cash values, operating expenses, other expenditures.
4. Information on business plans, in particular, the Sompo Japan Himawari's expectation for future investment allocations, and the company's projections of future yields based on in-force assets and expected future investment policy.

5. Various experience studies, for example lapse, mortality, and morbidity rates, prepared by Sompo Japan Himawari professionals.
6. Various operational information, in particular, aggregate and unit expense analysis provided by the company.
7. Output results of financial projection, for example future cash flows, provided by the company.

We performed no formal audit of this data and information, and the validity of our opinion is dependent on the accuracy of the data and information provided.

Embedded Value Results on which we are Opining

The embedded value results, as of March 31, 2008, that are the subject of this opinion, are summarized in the table below:

(Unit: billions of yen)

Item	Amount
Adjusted Book Value	56.0
Existing Business Value, after tax and cost of capital	190.4
Total Embedded Value	246.4
New business value for the last one year at the time of evaluation	2.2

This embedded value does not reflect changes that may have occurred in experience assumptions or financial market conditions subsequent to March 31, 2008, and we have not considered such changes in rendering our opinion.

Analysts making use of these figures should have a thorough understanding of methods and assumptions. Assumptions, including investment earnings, mortality, morbidity, lapse, expense and discount rates, are updated periodically. Analysts should understand these assumptions, and the impact of changing assumptions from year to year.

Caveats regarding the embedded value

While an embedded value can provide insight into the financial progress of a life insurance company, and, in conjunction with detailed supplemental analyses, may provide a benchmark as a starting point for the valuation of the company, no particular measure can be used as a sole means of valuation, and actual market value may differ materially from an embedded value.

Embedded values are dependent on a large number of assumptions with respect to future experience, such as investment earnings, lapse, mortality, morbidity and expense rates. In choosing assumptions, Sompo Japan Himawari has taken care to reflect available experience studies and a plausible view of future expectations. However, due to the nature of long-term actuarial projections, future experience results will deviate, possibly materially, from those underlying the values shown above. Calculated embedded values will vary, possibly materially, as key experience assumptions are varied. Further, reflecting the situation of domestic and global markets, material uncertainty exists with respect to asset valuations, a key component of embedded value.

It is also important to appreciate that embedded values are developed using a single, deterministic set of assumptions. Regarding the embedded value as the object of this Opinion, Milliman did not undertake probability risk analysis which makes insight for the valuation completely based on EEU principle available. Embedded values should be used with caution for these points, and only when supported by experts familiar with the appropriate use of such measures.

Opinion

We reviewed methods and assumptions for the calculation of existing business value and new business value as of March 31, 2008, confirmed that the company's choice of assumptions is consistent with the latest experience studies, and is likely to fall within a range of assumptions that would be viewed as acceptable by professionals proficient in TEV analysis. Subject to the caveats outlined in the preceding sections, we think that the methods and assumptions are practical, and are consistent with actuarial international standards for TEV calculation.