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Local code : 8755

June 3, 2008

Notice to Shareholders

Sompo Japan Insurance Inc.  
1-26-1 Nishi-Shinjuku, Shinjuku-ku, Tokyo  
Masatoshi Sato, President

## Notice of Calling of the 65th Annual Shareholders' Meeting

Thank you all for your continued patronage.

The 65th Annual Shareholders' Meeting will be held as follows and your attendance is cordially requested.

Please fill out and submit the enclosed Voting Form at the reception when you attend the meeting.

If you are unable to attend on this date, you may exercise your voting rights either in writing or through the Internet. In this case, please review the "Shareholders' Meeting Reference documents" (which follow this notice), and exercise your voting rights by either one of the methods detailed below.

[Exercising voting rights in writing]

Please mark your approval or disapproval with respect to each proposal on the enclosed Voting Form, and return it so that it is received by us by 5 p.m. on June 24, 2008 (Tuesday).

[Exercising voting rights via the Internet]

Please refer to the "Instructions on the Exercise of Voting Rights via the Internet" on pages 3 and 4 for details and indicate your approval or disapproval with respect to each proposal by 5 p.m. on June 24, 2008 (Tuesday).

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(Note)

If amendments are made to Shareholders' Meeting Reference documents, business reports, financial statements, or to consolidated financial statements, the amended contents will be accessible immediately on the corporate website (<http://www.sompo-japan.co.jp>).

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## Details of the Meeting

- 1. Date and Time:** June 25, 2008 (Wednesday) at 10 a.m.
- 2. Location:** 1-26-1 Nishi-Shinjuku, Shinjuku-ku, Tokyo  
Head office, 2nd floor conference room  
(See the “Annual Shareholders’ Meeting Venue Details” on the last page)

### 3. Purpose of the Shareholders’ Meeting:

#### Matters to be Reported

1. Report of the contents of the business report, and the contents of the financial statements, for the 65th term [Business Year 2007 (April 1, 2007 to March 31, 2008)]
2. Report of the contents of the consolidated financial statements and the audit reports by the accounting auditors and the board of company auditors for the 65th term [Business Year 2007 (April 1, 2007 to March 31, 2008)]

#### Matters to be Resolved

- Proposal No. 1** Appropriation of surplus
- Proposal No. 2** Election of fourteen (14) Directors
- Proposal No. 3** Election of four (4) Company Auditors
- Proposal No. 4** Change in the Share Options (stock options) granted to directors as remuneration to Stock Compensation type Stock Options
- Proposal No. 5** Payment of the retirement allowances for retiring directors and retiring company auditors and payment of the accrued allowances associated with the abolition of the retirement allowance plan for the officers

### 4. Matters related to the Exercise of Voting Rights:

- (1) In the case where a shareholder exercises his/her voting rights using the Voting Form and does not indicate his/her approval or disapproval (or abstention) of each proposal, the absence of such indication shall be treated as a vote for approval.
- (2) If any shareholder casts duplicate or multiple votes via the Internet, the last vote cast shall be treated as the effective vote.
- (3) If duplicate votes are exercised by using both the enclosed Voting Form and the Internet, the vote cast using the Internet shall be treated as the effective vote.
- (4) In the event a proxy attends the meeting, the proxy shall submit a letter of proxy together with the Voting Form to the reception counter at the meeting. Proxy eligibility shall be limited to one (1) of the shareholders having voting rights of the Company.

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## Instructions on the Exercise of Voting Rights via the Internet

Voting rights can only be exercised via the Internet by using the Company's designated websites for the exercise of voting rights (please refer to the URLs below). You may also access the Internet using your mobile phone. When exercising your voting rights via the Internet, the voting rights execution code and the password indicated on the enclosed Voting Form are required.

1. The voting rights execution code and the password provided this time is only valid for this shareholders' meeting. A new voting rights execution code and password will be issued for the next shareholders' meeting.

2. How to exercise your voting rights via the Internet.

(1) Please go to:

<http://www.it-soukai.com> or <https://daiko.mizuho-tb.co.jp>

(These URLs cannot be accessed between the hours of 3 a.m. and 5 a.m. during the voting period)

\* The voting sites may be accessed by using a mobile phone which has barcode reading functionality and by reading the "QR code." Please refer to the user manual for your mobile phone for detailed instructions on how to use your phone.



(2) Enter the voting rights execution code and the password and press the "login" button. The voting rights execution code and the password are indicated on the upper right hand side of your Voting Form.

(3) Follow the instructions on the screen to complete the process.

3. User Environment

(1) Using a personal computer

- Personal computer: Windows (Not compatible with PDA or game machines)
- Browser: Microsoft Internet Explorer 5.5 or later version
- An Internet accessible environment such as that provided by contract with an ISP.
- Screen resolution: 1024 x 768 or better is recommended.

(2) Using a mobile phone

- Mobile telephone: A mobile phone model capable of 128 bit SSL transmission (encoding).

Allows for the use of at least one of the following services: iMode, EZweb or Yahoo!  
Keitai (Some models are not compatible).

\* Microsoft and Windows are registered trademarks or trademarks of Microsoft Corporation of USA in USA and other countries.

\* "iMode" is a registered trademark of NTT DoCoMo, Inc.

\* "EZweb" is a registered trademark of KDDI Corporation.

\* "Yahoo!" is a registered trademark or trademark of Yahoo! Inc., of USA.

\* "QR code" is a registered trademark of Denso Wave Incorporated.

4. Costs for using the Internet, including connection and transmission charges to an Internet service provider, shall be borne by the shareholder.

5. Security

SSL 128 bit encryption technology is used to ensure that information is not tampered with or stolen so that users may use the websites safely.

The voting rights exercise code and the password indicated on your Voting Form are important information that verify your identity as a shareholder. Do not disclose this information to anyone. The Company will not make inquiries regarding their passwords to an individual shareholder.

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**【Further inquiries】**

- 1) Further inquiries concerning how to use a personal computer or mobile phone to exercise voting rights via the Internet should be directed to:

Internet Help Dial, Securities & Custody Business Department, Mizuho Trust & Banking Co., Ltd.

Telephone: 0120-768-524 (Toll Free)

(Reception hours: 9:00-21:00 except Saturdays, Sundays and public holidays)

- 2) For inquiries other than the above (address changes, etc.)

Securities & Custody Business Department, Mizuho Trust & Banking Co., Ltd.

Telephone: 0120-288-324 (Toll Free)

(Reception hours: 9:00-17:00 except Saturdays, Sundays and public holidays)

**【To Corporate Investors】**

Corporate investors may use the “Electronic Voting Platform” operated by Inventor Communications Japan, Inc. as the means to exercise your voting rights.

## **Attachment (1)**

### **Business Report for Business Year 2007 (April 1, 2007 – March 31, 2008)**

#### **1. Matters concerning the Current Status of Insurance Companies**

##### **(1) Business Progress and Results**

The Japanese economy in Business Year 2007 remained on a modest recovery track, supported by increased exports on the back of an expanding global economy, despite a letup in growth compared to the previous business year due to the impact of falling housing investment and increasing energy and raw material prices. The employment picture continued to show an improving trend under a strong climate of labor shortages, prompting steady personal spending. On the other hand, prices showed some upward movement due to the rising cost of oil, but consumer prices remained flat overall.

In the non-life insurance industry, this economic situation supported the continued good performance of commercial marine insurance and general liability insurance. At the same time, automobile insurance and fire insurance both recorded decreased receipts, the former resulting from stagnant growth in new car sales and drops in the unit price of insurance premiums due to accident-free discounts, and the latter resulting from a decline in the number of housing starts. As a result, the total amount of net premiums written in the industry overall turned downward.

At Sompo Japan, Business Year 2007 marked the second year of our three-year medium-term management plan. During that time we gave the highest priority to addressing contracts that were deemed in need of correction procedures based on inspections relating to an appropriate insurance soliciting system. At the same time, we focused on improving the quality of services provided by the claims payment division and agencies, which are points of contact with customers, and improving the quality of internal procedures relating to products and services provided to customers with the aim of remaining an insurance company that is chosen by customers.

Regarding the improvement of the quality of internal procedures, we established a Reform Planning Office in August 2007, deployed a “retail business model reform project,” realized paperless procedures, and developed easy-to-understand products and insurance policies. As the first round of achievement for this project, in February 2008 we started marketing ONE-Step, a new automobile insurance product.

Going forward, we will continue efforts to improve quality, aiming to be a company that continues growing while practicing a customer first policy, and will strive to achieve our corporate vision of being a comprehensive service provider group for risk and asset management by aggressively developing business centered on the non-life insurance and life insurance businesses.

In the non-life insurance business in Japan, Sompo Japan’s mainstay automobile insurance and fire insurance businesses recorded a fall in income while marine insurance and general liability insurance, on the other hand, posted increased revenues over the preceding year. Going forward, we will roll out a sales policy for expanding premium income accompanied by improved profitability of the non-life insurance business in Japan, which is both our core business and the driver of the Group’s business development.

Regarding the effect of the subprime loan problem in the United States, in the financial guarantee insurance sector we are providing guarantees for securitized products that include some subprime loans, and accordingly appropriated 30.0 billion yen to our reserves for outstanding claims. With respect to asset management, on the other hand, investment in subprime loan-related assets and the undertaking of derivative risk were limited, resulting in no losses.

In the non-life insurance business outside Japan, Sompo Japan Insurance (China) Co., Ltd., our local subsidiary in China, received approval in September 2007 from the China Insurance Regulatory Commission to establish a branch in Shanghai and opened the branch in October 2007. The opening of this branch made the Sompo Japan

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Group the first corporate group of a Japanese non-life insurance company to have sales bases in multiple Chinese cities, in this case Dalian and Shanghai.

In India, Universal Sampo General Insurance Co., Ltd., a non-life insurance company established jointly with a banking syndicate including two local state-run banks, obtained a business license in India in November 2007 and opened for business in February 2008. Going forward, the company will expand its branch network to India's main cities and establish a system covering all of India's vast regions.

Regarding the operations of affiliated companies, in the life insurance business, Sampo Japan responds to diversified consumer needs through two life insurance companies: Sampo Japan Himawari Life Insurance Co., Ltd., which mainly conducts face-to-face sales through agencies, and Sampo Japan DIY Life Insurance Co., Ltd. which mainly conducts non-face-to-face sales. In the asset management business, we regard the defined-contribution pension business as the third important strategic business for the group after the non-life insurance and life insurance businesses, and provide the service and products through Sampo Japan DC Securities Inc., a specialty company and Sampo Japan Asset Management Co., Ltd. in defined-contribution pension plans. Healthcare Frontier Japan Inc., which was established in Business Year 2005, provides services to support health enhancement and disease prevention. Sampo Japan Healthcare Services Inc., which was established in Business Year 2007, provides mental healthcare services.

In terms of corporate social responsibility (CSR), Sampo Japan is undertaking a variety of activities, with due heed given to the three aspects of CSR—namely, the environment, economy, and society (i.e., the triple bottom line). In order to send a clear message about our CSR activities, we issued the Corporate Social Responsibility Report 2007 in September 2007. The report included an overview of the Regeneration Plan. It has been ten years (the sixth year following the foundation of Sampo Japan) since the publication of the “Environment Report” in 1998, the first by a Japanese domestic financial institution. Going forward, we will continue striving to upgrade further our CSR efforts through an exchange of views with various parties.

### **Performance overview**

The balance on insurance underwriting recorded a loss due to, among other things, the appropriation of reserves for outstanding claims related to financial guarantee insurance and increased operating costs accompanying implementation of the Sampo Japan Regeneration Plan, despite only minor effects from typhoons and other natural disasters. With respect to asset management, interest and dividend income increased mainly on foreign currency denominated funds. As a result, performance for the current period was as follows.

Ordinary income increased ¥38.5 billion over the previous period to ¥1,725.6 billion. Ordinary expenses, on the other hand, increased ¥56.9 billion over the previous period to ¥1,652.3 billion, resulting in a decrease in ordinary profit of ¥18.4 billion from the previous period to ¥73.3 billion. Net income for the current period—i.e., ordinary profit adjusted by extraordinary gains and losses, corporate income taxes and local inhabitant taxes, and adjustments to corporate income tax and other taxes—declined ¥3.4 billion to ¥44.6 billion.

### **Overview of insurance underwriting**

Of underwriting income, net premiums written fell 1.3% from the preceding year to ¥1,345.0 billion. Of underwriting expenses, net claims paid decreased 0.3% over the preceding year to ¥804.1 billion. The net loss ratio rose 0.8 points over the preceding year to 65.1%. Operating, general, and administrative expenses related to insurance underwriting increased 12.4% over the preceding year to ¥223.5 billion, with the net expense ratio rising 2.0 point from the preceding year to 32.9%.

As a result, the balance of net premiums written minus net claims paid, loss adjustment expenses, net commissions and brokerage fees, and operating, general, and administrative expenses related to insurance underwriting decreased ¥38.3 billion from the preceding year to ¥26.8 billion. Underwriting—i.e., the above balance adjusted for deposits of premiums by policyholders, maturity refunds and dividends to policyholders,

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provision for reserves for outstanding claims, and reversal of underwriting reserves, etc.—resulted in a ¥42.5 billion loss.

### **Overview by insurance category**

#### Fire Insurance

Net premiums written fell 1.9% from the preceding year to ¥145.9 billion, in part due to a decrease in long-term contracts related to housing loans.

Thanks in part to fewer typhoons and other natural disasters, the net loss ratio fell 16.4 points over the preceding year to 41.7%.

#### Marine Insurance

Net premiums written rose 1.1% over the preceding year to ¥31.3 billion, thanks in part to the brisk movement of goods through import and export trade.

The net loss ratio rose 0.1 point from the preceding year to 47.1%.

#### Personal Accident Insurance

Net premiums written increased 0.6% over the preceding year to ¥128.5 billion, owing in part to firm sales in the third sector, mainly group medical insurance.

The net loss ratio rose 3.7 points from the preceding year to 49.5%.

#### Automobile Insurance

Net premiums written declined 1.7% from the preceding year to ¥655.7 billion, due in part to a fall both in the unit price of insurance and the number of automobiles covered in the retail market.

The net loss ratio rose 2.8 points over the preceding year to 68.8%.

#### Compulsory Automobile Liability Insurance

Net premiums written dropped 1.8% from the preceding year to ¥228.5 billion, due in part to a decrease in the number of new automobile sales.

The net loss ratio went up 1.8 points to 76.2%, caused by the abolition of the government reinsurance scheme and other factors.

#### Other Insurance

Net premiums written decreased 0.4% from the preceding year to ¥154.8 billion, due to decreased receipts outside Japan, despite robust sales of general liability insurance and other corporate products in Japan.

The net loss ratio edged up 5.5 point from the preceding year to 71.7%.

### **Overview of asset management**

Total assets held at the end of Business Year 2007 decreased ¥641.2 billion over the previous year to ¥5,388.5 billion. Of the total assets held, assets under management, such as securities and loans, fell by ¥649.7 billion to ¥5,000.2 billion.

The valuation difference in the current price of securities held (unrealized gains) at the end of Business Year 2007 fell ¥666.2 billion over the previous year to ¥883.9 billion. The valuation difference in other securities held after deducting an amount equivalent to corporate income tax (net assets) decreased ¥428.7 billion to ¥570.5 billion.

In managing assets, we worked to enhance investment efficiency while continuing efforts to strengthen and improve the risk management system, paying due heed to the safety and liquidity of assets invested.

Income from interest and dividends rose ¥21.9 billion over the previous year to ¥135.6 billion, thanks in part to a significant increase in realized profits from foreign currency denominated funds. Investment income, after adjusting for realized gains on the sale of securities, transfer of investment income on premiums deposited, etc., rose ¥38.7 billion over the preceding year to ¥145.1 billion.

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Meanwhile, investment expenses, including unrealized losses on securities and realized losses on the sale of securities, increased ¥5.0 billion over the preceding year to ¥20.2 billion.

### **Issues to be addressed**

Sompo Japan recognized that our first managerial priority was the implementation of the business improvement plan submitted to the Financial Services Agency (FSA) in accordance with the business improvement order received in Business Year 2006, as well as the implementation of our three-year midterm business plan. We also focused our energies on efforts geared towards strengthening our management base. Specifically, we pushed forward initiatives to enhance the effectiveness of corporate governance, risk management, and compliance, to establish systems designed to foster a more transparent corporate culture, to improve the quality of our services, to enhance our base of agencies, and to upgrade our business infrastructure. Furthermore, as for an error which was discovered in the determination of building structure type in fire insurance policy in the process of adjusting policies, we implemented corrective measures for the policy and worked to improve the quality of our work to prevent reoccurrences.

The status of the business improvement plan's implementation was summarized in business improvement reports and submitted to the FSA during the current Business Year on June 26, 2007, September 26, 2007, December 26, 2007, and March 26, 2008.

Japan's economy during Business Year 2008 is expected to continue recovering gradually if positive underlying trends can be maintained, namely, continued growth of the world economy and steady movement in domestic private-sector demand. On the other hand, uncertainties have mounted regarding the impact on Japan's economy of the slowdown in the U.S.'s economy amid its subprime loan problems, fluctuations in the international financial market, the trend in oil prices, and other matters. This means the business climate could downshift, including a turn toward weak capital investment and personal consumption.

For Sompo Japan, Business Year 2008 will mark the final year of its three-year medium-term management plan from Business Year 2006 to Business Year 2008. We are determined to realize sustainable growth and improved shareholder value by steadily carrying out our growth strategy while pursuing high service quality and profitability.

(Note) Numerical figures contained in this report (including those contained in tables below) are expressed and calculated as follows:

- (1) Amounts of insurance premiums and share numbers are expressed by truncating figures smaller than units for description, while ratios such as the net loss ratio are rounded off at two decimal places.
- (2) Net loss ratio = (Net claims paid + Loss adjustment expenses) / Net premiums written
- (3) Net expense ratio = (Net commissions and brokerage fees + Operating, general and administrative expenses related to insurance underwriting) / Net premiums written

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## (2) Changes in Status of Assets and Profits and Losses

Items	Business Year 2004	Business Year 2005	Business Year 2006	Business Year 2007 (Current period)
	Millions of Yen	Millions of Yen	Millions of Yen	Millions of Yen
Net Premiums Written	1,351,915	1,370,920	1,362,785	1,345,024
(Fire Insurance)	( 150,367)	( 152,077)	( 148,865)	( 145,999)
(Marine Insurance)	( 25,199)	( 28,361)	( 31,049)	( 31,383)
(Personal Accident Insurance)	( 120,794)	( 127,634)	( 127,746)	( 128,534)
(Automobile Insurance)	( 669,097)	( 674,073)	( 666,900)	( 655,777)
(Compulsory Automobile Liability Insurance)	( 244,156)	( 237,918)	( 232,716)	( 228,503)
(Other Insurance)	( 142,300)	( 150,856)	( 155,506)	( 154,825)
Interest and Dividend Incomes Received	82,705	95,039	113,625	135,606
Underwriting Income	16,464	24,060	10,127	-42,578
(- is Underwriting Loss)				
Ordinary Profit	74,236	114,288	91,767	73,316
Net income for the Current Period	56,898	67,858	48,159	44,667
Net Loss Ratio	64.8 %	61.3 %	64.3 %	65.1 %
Net Expense Ratio	30.9 %	30.3 %	30.9 %	32.9 %
Invested Assets	4,765,982	5,523,347	5,650,070	5,000,282
Total Assets	5,157,080	5,934,761	6,029,789	5,388,567
Net income per Share for the Current Period	¥ 57.80	¥ 68.94	¥48.92	¥ 45.36

Note 1. Invested assets are the aggregate sum of bank deposits and postal savings, call loans, receivables under resale agreements, bond trading with repurchase agreement (gensaki-buy), monetary receivables bought, money in trusts, securities, loans, land property, and buildings.

2. Net income per share for the current period is calculated on the basis of the average number of shares outstanding during the year excluding the average number of treasury shares during the year (984 million shares for Business Year 2004, 984 million shares for Business Year 2005, 984 million shares for Business year 2006, and 984 million shares for Business Year 2007).

## (3) Status of Branch Offices, etc. and Agencies

Category	End of Previous Period	End of Current Period	Changes in Current Period
	Number of Branches	Number of Branches	Number of Branches
Branch Offices	60	60	—
Branch Companies	264	260	- 4
Sales Office	57	56	- 1
Overseas Branch Offices	1	1	—
Overseas Representative Offices	32	31	- 1
Total	414	408	- 6
Agencies	57,475	54,282	- 3,193
Overseas Agencies	5	5	—
Total	57,480	54,287	- 3,193

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#### (4) Status of Employees

Category	End of Previous Period	End of Current Period	Changes during Current Period	As of End of Current Period		
				Average Age	Average Years of Service	Average Monthly Salary
Office Workers	14,906	16,095	1,189	Years-old 39.1	Years 10.5	In Thousands of Yen 415
Sales Staff	—	—	—	—		

- Note 1. The number of employees does not include directors who concurrently hold the position of employee, employee on leave of absence, or temporary employee.
2. The average monthly salary is the average monthly salary as of March 2008 (including overtime pay) and does not include bonuses.
3. The average age and the average years of service are presented by truncating second decimal places.

#### (5) Status of Major Lenders

Not applicable

#### (6) Status of Funding

Not applicable

#### (7) Status of Capital Investment

##### a. Gross Capital Investment

(Unit: Millions of Yen)

Gross capital investment	8,523
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##### b. New Installation of Important Equipment

Not applicable

#### (8) Parent Company and Subsidiaries, etc. (as of end of business year)

##### a. Parent Company

Not applicable

##### b. Status of Subsidiaries, etc.

Name of Company	Location	Major Lines of Business	Date of Establishment	Capital Amount	Percentage of Voting Rights in Subsidiaries Held by Sompo Japan	Other
Sompo Japan Himawari Life Insurance Co., Ltd.	Shinjuku-ku Tokyo	Life insurance	July 7, 1981	¥17,250 million	100.0%	—
Sompo Japan DC Securities Inc.	Shinjuku-ku Tokyo	Defined contribution pension plan, Mutual fund sales	May 10, 1999	¥11,500 million	100.0%	—
Sompo Japan DIY Life Insurance Co., Ltd	Nakano-ku Tokyo	Life insurance	April 23, 1999	¥9,750 million	100.0%	—
Sompo Japan Asset Management Co., Ltd.	Chiyoda-ku Tokyo	Investment adviser, Securities investment, Trust management	Feb. 25, 1986	¥1,200 million	70.0%	—

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Name of Company	Location	Major Lines of Business	Date of Establishment	Capital Amount	Percentage of Voting Rights in Subsidiaries Held by Sompo Japan	Other
Yasuda Enterprise Development Co., Ltd.	Chiyoda-ku Tokyo	Investment and management for investment enterprise partnerships	Dec. 17, 1996	¥400 million	50.0%	—
Saison Automobile & Fire Insurance Co., Ltd.	Toshima-ku Tokyo	Casualty (non-life) insurance	Sep. 22, 1982	¥3,610 million	27.7%	—
Hitachi Capital Insurance Corporation	Chiyoda-ku Tokyo	Casualty (non-life) insurance	June 21, 1994	¥6,200 million	20.6%	—
Sompo Japan Insurance Company of America	New York, USA	Casualty (non-life) insurance	August 9, 1962	US\$12,057 thousand (¥1,208 million)	100.0%	—
Sompo Japan Insurance Company of Europe Ltd.	London, UK	Casualty (non-life) insurance	Dec. 9, 1993	£128,700 thousand (¥25,763 million)	100.0%	—
Sompo Japan Insurance (China) Co., Ltd.	Dalian, China	Casualty (non-life) insurance	June 1, 2005	500,000 thousand yuan (¥7,110 million)	100.0%	—
Sompo Japan Insurance Company (Asia) Pte Ltd.	Singapore (Singapore)	Casualty (non-life) insurance	Dec. 14, 1989	S\$34,600 thousand (¥2,511 million)	100.0%	—
Yasuda Seguros S.A.	Sao Paulo, Brazil	Casualty (non-life) insurance	Sep. 22, 1958	Real 94,528 thousand (¥5,427 million)	99.6%	—
Berjaya Sompo Insurance Berhad	Kuala Lumpur (Malaysia)	Casualty (non-life) insurance	Sep. 22, 1980	MYR 118,000 thousand (¥3,680 million)	30.0%	—
Universal Sompo General Insurance Co., Ltd.	Mumbai (India)	Casualty (non-life) insurance	Jan. 5, 2007	Rs 1,500,000 thousand (¥3,795 million)	26.0%	—

- Note
1. Only the major subsidiaries, etc. are listed in this table.
  2. Universal Sompo General Insurance Co., Ltd. was added to the list of important subsidiaries, etc. from the current period after it became an affiliated company as of October 8, 2007.
  3. The exchange rate on the closing day of the business year was used to calculate the yen figures indicated in the parentheses in the “Capital Amount” column.

#### Status of Important Business Alliances:

Sompo Japan has been commissioned by Sompo Japan Himawari Life Insurance Co., Ltd. to conduct agent of business and administrative operations associated with life insurance for that company.

Pursuant to the comprehensive business alliance with The Dai-ichi Mutual Life Insurance Company, an agreement regarding agency of business and administrative operations has been concluded. Under the agreement, The Dai-ichi Mutual Life Insurance Company carries casualty insurance products of Sompo Japan and the agencies of Sompo Japan carry life insurance products of The Dai-ichi Mutual Life Insurance Company.

Pursuant to the business alliance with Credit Saison Co, Ltd. and Saison Automobile & Fire Insurance Co., Ltd., an agreement regarding agency of business and administrative operations was entered into with Saison Automobile & Fire Insurance Co., Ltd. Under the agreement, Saison Automobile & Fire Insurance Co., Ltd. carries Sompo Japan’s casualty insurance products.

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**(9) Status of the Assignment and Acceptance of Assignment of Businesses etc.**

Not applicable

**(10) Other Important Matters Relating to the Present Condition of Insurance Companies**

On April 24, 2008, Sompo Japan agreed to inject capital into the Dai-ichi Frontier Life Insurance Co., Ltd., a subsidiary of the Dai-ichi Mutual Life Insurance Company, in order to strengthen ties with the latter.

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## 2. Matters Relating to Company Executives

### (1) Overview of Company Executives

(As of the end of business year)

Name	Position and Job Description	Important Concurrent Posts	Other
Masatoshi Sato	President and CEO	President, Sampo Japan Research Institute Inc., Associate Director, Sampo Japan Fine Art Foundation, Associate Director, Sampo Japan Foundation, and Associate Director Sampo Japan Environment Foundation	Approval was received from the Commissioner of the Financial Services Agency to hold the concurrent post of president of the Sampo Japan Research Institute Inc., based on Article 8, Paragraph 2 of the Insurance Business Law.
Yoshio Ito	Representative Director		
Yukio Nakamura	Representative Director		
Hideo Suzuki	Representative Director		
Keishiro Kinoshita	Director		
Jun Mochizuki	Director		
Junichiro Okawa	Director		
Kenichi Tomita	Director		
Koki Kazuma	Director		
Hisashi Nakano	Director		
Eiichi Yoshimitsu	Director		
Toshio Matsuzaki	Director		
Masami Ishii	Director		
Takeshi Oiwa	Director		
Kengo Sakurada	Director		
Ichiro Suzuki	Company Auditor (Full-time)		
Tsuneo Ando	Company Auditor (Full-time)		
Yoshiki Yagi	Auditor (Outside Auditor)	Director and Chairman, Audit Committee, Hitachi, Ltd., Director, Hitachi Capital Corporation, Director, Hitachi Metals, Ltd., Director, Hitachi Kokusai Electric Inc.	Having built up experience in accounting operations over many years, Mr. Yagi is a man of considerable knowledge regarding financial affairs and accounting.
Tohru Tsuji	Auditor (Outside Auditor)	Chairman, Member of the Board, Marubeni Corporation	
Toshiaki Hasegawa	Auditor (Outside Auditor)	Attorney, Company Auditor, Bridgestone Corporation	

Note 1. On April 1, 2008, Director Hisashi Nakano was elected as a Representative Director and Representative Directors Yoshio Ito and Hideo Suzuki were changed to Director status. Director Toshio Matsuzaki resigned from his post as of March 31, 2008.

2. Job descriptions are given in the table in note 3.

3. The Company has adopted the executive officer system. The list of executive officers as of March 31, 2008 is as follows:

On April 1, 2008, Managing Executive Officers Junichiro Okawa, Kenichi Tomita, Takakazu Sugishita, and Koki Kazuma were elected as Senior Managing Executive Officers; Executive Officer Hidenori Fukuzawa was elected as a Managing Executive Officer; Messrs. Hideto Ishizawa and Yukihiro Tajima were elected as Executive Officers, and each took office as Managing Executive Officer. Additionally, Messrs. Tadashi Noguchi, Minoru Nanbu, Masayoshi Hori, Kaoru Takahashi, Shinji Tsuji, and Keiji Nishizawa were elected and took office as Executive Officers.

Managing Executive Officers Shuichi Murakami and Toshio Matsuzaki and Executive Officers Toshio Asano, Hideaki Anzai, and Kyoji Kaneko resigned from their posts as of March 31, 2008.

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Name	Position and Job Description
Masatoshi Sato	President and Senior Managing Executive Officer (Overall management; In charge of Customer Relations Office)
Yoshio Ito	Senior Managing Executive Officer (In charge of Sales Promotion & Distribution Channel Planning Department, Financial Institution Marketing Department, Defined Contribution and Investment Trust Business Development Department, and Higashi-Nihon Production Promotion Department)
Yukio Nakamura	Senior Managing Executive Officer (In charge of Personal Lines Planning & Development Department, and Metropolitan Area Production Promotion Department)
Hideo Suzuki	Senior Managing Executive Officer (In charge of 1st Kansai Regional Headquarters)
Keishiro Kinoshita	Senior Managing Executive Officer (In charge of Healthcare Business Development Department, and International Planning Department)
Mitsuhiko Fuse	Senior Managing Executive Officer (General Manager, Tokyo Regional Headquarters)
Jun Mochizuki	Senior Managing Executive Officer (In charge of Financial Institutions Department, Financial Institutions Production & Marketing Department, 1st Production Department, and 3rd Production Department)
Junichiro Okawa	Managing Executive Officer (General Manager, Chubu Regional Headquarters)
Kenichi Tomita	Managing Executive Officer (In charge of Compliance Department, Risk Management Department, Information Security Department, Agency Administrative Support Department, and Investment Administrative Department)
Hiroshi Kudo	Managing Executive Officer (In charge of 2nd Production Department, 1st Corporate Account Production Department, Employee Benefit Program Production Department, 2nd Corporate Account Production Department, and Marine Hull Department)
Takakazu Sugishita	Managing Executive Officer (General Manager, Kyushu Regional Headquarters)
Koki Kazuma	Managing Executive Officer (In charge of Corporate Planning Department, Planning and Research Department, Corporate Legal Department, and Group Strategy Planning Department)
Shuichi Murakami	Managing Executive Officer (General Manager, Shikoku Regional Headquarters)
Toshio Mitsuchi	Managing Executive Officer (General Manager, Tohoku Regional Headquarters)
Yukio Ito	Managing Executive Officer (General Manager, Kanagawa, Saitama, & Chiba Regional Headquarters)
Hisashi Nakano	Managing Executive Officer (In charge of Secretarial Department, Human Capital Department, and Corporate Communications Department)
Eiichi Yoshimitsu	Managing Executive Officer (In charge of Claims Administration Department, Automobile Claims Department, and Property & Casualty Claims Department)
Jiro Handa	Managing Executive Officer (General Manager, Chugoku Regional Headquarters)
Ken Endo	Managing Executive Officer (In charge of Automobile Business Planning & Development Department, 1st Automobile Business Promotion Department, and 2nd Automobile Business Promotion Department, Manager, Automobile Business Planning & Development Department)
Toshio Matsuzaki	Managing Executive Officer (In charge of Internal Audit Department)
Mitsuhiko Fukui	Managing Executive Officer (General Manager, 2nd Kansai Regional Headquarters)
Masami Ishii	Managing Executive Officer (In charge of Commercial Risk Solutions Department, Reinsurance Department, Corporate Business Planning Department, Planning & Marketing Department, Group Organization Development Department, and Commercial Line Claims Department)
Takeshi Oiwa	Managing Executive Officer (In charge of General Affairs Department, Accounting Department, Accounting Processing Department, Investment Planning Department, Financial Services Department, and Global Securities Investment Department)
Kengo Sakurada	Managing Executive Officer (In charge of Automobile Underwriting Department, Personal Lines Underwriting Department, Special Fire Insurance Department, Business Process Planning Department, and IT Strategy Planning Department)
Masanori Ishizuka	Managing Executive Officer (General Manager, Shinetsu & Hokuriku Regional Headquarters)
Yasushi Kuriyama	Managing Executive Officer (In charge of 4th Production Department, 3rd Corporate Account Production Department, 1st Production & Marketing Department, 2nd Production & Marketing Department, and Medical & Welfare Market Department)
Koji Haranaga	Managing Executive Officer (General Manager, Hokkaido Regional Headquarters)
Toru Nakajima	Managing Executive Officer (General Manager, Kanto & Shizuoka Regional Headquarters)
Toshio Asano	Executive Officer (Branch Manager, Chiba Branch)
Toshiro Umezaki	Executive Officer (Branch Manager, Ibaraki Branch)
Hideaki Anzai	Executive Officer (Branch Manager, Nagoya Branch)
Fumiaki Akaike	Executive Officer (Manager, 2nd Corporate Account Production Department)
Kyoji Kaneko	Executive Officer (Manager, Customer Relations Office)
Hiroshi Nemoto	Executive Officer (Manager, Financial Institutions Department)
Hideo Haraguchi	Executive Officer (On leave (dispatched) Sompo Japan Insurance Company of America)
Koichi Motoyama	Executive Officer (Manager, Business Process Planning Department)
Yuji Hara	Executive Officer (Manager, 1st Corporate Account Production Department)
Hidenori Fukuzawa	Executive Officer (Manager, Human Capital Department)
Hiroataka Arai	Executive Officer (Branch Manager, Nagano Branch)
Kiyoshi Ido	Executive Officer (On leave (dispatched) Sompo Japan System Solutions, Inc.)
Hiroyuki Yamaguchi	Executive Officer (Manager, Corporate Planning Department)

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## (2) Remuneration for Company Executives

(Unit: Millions of Yen)

Category	Remuneration etc.	Maximum Amount of Remuneration Set by the Company's Articles of Incorporation or at the Shareholders' Meeting
Directors	15 directors ¥780 million (Includes a sum other than remuneration of ¥281 million)	Up to ¥60 million per month and share options up to ¥400 million per year
Company auditors	5 Company auditors ¥104 million (Includes a sum other than remuneration of ¥14 million)	Up to ¥11 million per month
Total	¥885 million (Includes a sum other than remuneration of ¥296 million)	—

- Note
1. Remuneration, etc. for directors includes executive officer remuneration portion of ¥653 million (including a sum other than remuneration of ¥223 million) for executive officers holding post of director concurrently.
  2. Of the remuneration etc. for directors, ¥141 million is the amount that corresponds to the portion for execution of their duties during the current business year of an amount equivalent to the retirement allowances for officers expected to be given at the time of retirement, and ¥140 million is the amount given in share options during the current business year. No executive bonuses were granted during the current business year.
  3. Of the remuneration etc. for auditors, ¥14 million is the amount that corresponds to the portion for execution of their duties during the current business year of an amount equivalent to the retirement allowances for officers expected to be given at the time of retirement. No executive bonuses were granted during the current business year.
  4. In addition to the above, upon retirement the following sums will be paid if the item of "payment of the retirement allowances for retiring directors and retiring company auditors and payment of the accrued allowances associated with the abolition of the retirement allowance plan for officers" is approved by the 65th Annual Shareholders' Meeting to be held on June 25, 2008: a total of ¥113 million to a retiring director; a total of ¥57 million to a retiring auditor; a total of ¥520 million to directors subject to payment of accrued allowances associated with the abolition of the retirement allowance plan for officers; and a total of ¥49 million to auditors subject to payment of the same accrued allowances (each sum includes reserves for retirement allowance for officers handled as an expense during the current business year as specified in notes 2 and 3 above).

## 3. Matters Relating to Outside Executives

### (1) Concurrent Posts and Other Circumstances of Outside Executives

(As of the end of business year)

Name	Concurrent posts and other circumstances
Outside company auditor Yoshiki Yagi	Outside Director, Hitachi Capital Corporation Outside Director, Hitachi Metals, Ltd. Outside Director, Hitachi Kokusai Electric Inc.
Outside company auditor Toshiaki Hasegawa	Outside Company Auditor, Bridgestone Corporation

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## (2) Main Activities of Outside Executives

Name	Term of service	Record of Attendance at Meetings of the Board of Directors and Meetings of the Board of Company Auditors	Remarks Made at Meetings of the Board of Directors and Meetings of the Board of Company Auditors and Other Activities
Outside company auditor Yoshiki Yagi	5 years 9 months	Meetings of the Board of Directors: Attended 15 times out of 15 meetings. Meetings of the Board of Company Auditors: Attended 11 times out of 12 meetings.	Mr. Yagi expressed his opinions at meetings of the Board of Directors, including the importance of raising awareness within relevant departments of the establishment of an internal control system relating to financial calculations and to establish this system as part of the business routine. He made remarks at meetings of the Board of Company Auditors based on his experience in company management and accounting operation, including statements about improving the effectiveness of internal controls.
Outside company auditor Tohru Tsuji	4 years 9 months	Meetings of the Board of Directors: Attended 11 times out of 15 meetings. Meetings of the Board of Company Auditors: Attended 9 times out of 12 meetings.	Mr. Tsuji expressed his opinions at meetings of the Board of Directors, including the need to build reserves based on objective standards for outstanding claims arising from the U.S.'s subprime loan problems. He made remarks at meetings of the Board of Company Auditors based on his experience as a company manager, including statements about the ramifications of reputation risk at Group companies.
Outside company auditor Toshiaki Hasegawa	2 year 9 months	Meetings of the Board of Directors: Attended 15 times out of 15 meetings. Meetings of the Board of Company Auditors: Attended 11 times out of 12 meetings.	Mr. Hasegawa expressed his opinions at meetings of the Board of Directors, including stating that arbitrariness should be removed from the process of selecting agencies subject to audits by the Internal Audit Division. At meetings of the Board of Company Auditors, he reported on auditing activities he had fulfilled himself and made remarks based on his professional point of view as an attorney regarding, among other matters, the procedure of conducting internal audits.

## (3) Contracts for Limitation of Liability

Name	Overview of the Contracts for Limitation of Liability
Outside Company Auditors Yoshiki Yagi Tohru Tsuji Toshiaki Hasegawa	<p>The Company changed its Articles of Incorporation at the 63rd Annual Shareholders' Meeting held on June 28, 2006, and established provisions regarding contracts with outside company auditors for limitation of liability. The following is an overview of the Contracts for limitation of liability that the Company entered into with the outside company auditors listed at left based on the said Articles of Incorporation.</p> <p><b>Overview of the Contracts with Outside Company Auditors for Limitation of Liability</b></p> <p>In cases where an outside company auditor owes liability for damages pursuant to Article 423, Paragraph 1 of the Companies Act after entering into this Contract and such outside company auditor is without knowledge and is not grossly negligent in performing its duties, the amount of liability of such outside company auditor shall be limited to the minimum liability amount which is provided in Article 427, Paragraph 1 of the Companies Act and calculated in accordance with Article 425, Paragraph 1 of the Companies Act.</p>

## (4) Remuneration of Outside Executives

(Unit: Millions of Yen)

	Remuneration Received from Insurance Companies	Remuneration Received from Parent Companies, etc. of Insurance Companies
Total remuneration	3 Outside company auditors ¥29 million (Includes a sum other than remuneration of ¥1 million)	Not applicable

Note 1. Of the remuneration, ¥1 million is the amount that corresponds to the portion for execution of duties during the current business year of an amount equivalent to the retirement allowances for officers expected to be

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given at the time of retirement. At the Board of Directors meeting held on June 27, 2007, the Company decided to stop making retirement allowances provisions for outside company auditors. Accordingly, the said amount is the amount of provision for execution of duties from April 1, 2007 to June 27, 2007.

2. In addition to the above, upon retirement the following sums will be paid if the item of “payment of the retirement allowances for officers for retiring directors and retiring company auditors and payment of the accrued allowances associated with the abolition of the executive retirement allowance plan for officers” is approved by the 65th Annual Shareholders’ Meeting to be held on June 25, 2008: a total of ¥17 million to a retiring company auditor and a total of ¥10 million to company auditors subject to payment of accrued allowances associated with the abolition of the retirement allowance plan for officers(each sum includes reserves for retirement allowance for officers handled as an expense during the current business year as specified in note 1).

#### (5) Opinion of Outside Executives

Not applicable

#### 4. Matters Relating to Equity Shares

##### (1) Number of Shares

	(As of the end of the business year)	
Number of Authorized Shares	2,000,000	thousand shares
Number of Issued Shares	987,733	thousand shares

(2) Number of Shareholders at the End of the Current Period                      38,063

##### (3) Major Shareholders

(As of the end of the business year)

Name of Shareholder	Investment in Sampo Japan	
	Number of Shares Held	Percentage of Ownership
	(Thousands of Shares)	(%)
Japan Trustee Services Bank, Ltd. (trust)	56,068	5.7
The Master Trust Bank of Japan, Ltd.(trust)	55,833	5.7
State Street Bank and Trust Company	51,601	5.2
The Dai-ichi Mutual Life Insurance Company	40,908	4.1
Mizuho Corporate Bank, Ltd.	32,324	3.3
Meiji Yasuda Life Insurance Company	21,600	2.2
Sampo Japan Employee Stock Ownership Group	17,270	1.7
Japan Trustee Services Bank, Ltd. (4 trusts)	15,071	1.5
JPMorgan Chase Bank 380055	14,068	1.4
Investors Bank West Pension Fund Clients	12,334	1.2

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## 5. Matters Relating to Share Options etc.

### (1) Share Option etc. for Insurance Companies Held by Executives of the Insurance Companies on the Last Day of the Business Year

	Features of New Share Options	Number of People with Share Options
Directors	August 7, 2006, issue Exercise price: ¥1,598 Exercise period: June 29, 2008 – June 28, 2016 Number of share options: 129 rights (number of shares per share option: 1,000 shares) Class and number of shares subject to share options: common share, 129,000 shares	15
	February 15, 2007, issue Exercise price: ¥1,623 Exercise period: June 29, 2008 – June 28, 2016 Number of share options: 129 rights (number of shares per share option: 1,000 shares) Class and number of shares subject to share options: common share, 129,000 shares	15
	August 13, 2007, issue Exercise price: ¥1,547 Exercise period: June 28, 2009 – June 27, 2017 Number of share options: 232 rights (number of shares per share option: 1,000 shares) Class and number of shares subject to share options: common share, 232,000 shares	15
	February 12 2008, issue Exercise price: ¥990 Exercise period: June 28, 2009 – June 27, 2017 Number of share options: 223 rights (number of shares per share option: 1,000 shares) Class and number of shares subject to share options: common share, 223,000 shares	15
Auditors	Not applicable	—

Note The share options issued in accordance with the stipulations of the former Commercial Code which are held by the executives of insurance companies are as given below.

	Features of New Share Options	Number of People with Share Options
Directors	December 15, 2000, issue Exercise price: ¥605 Exercise period: June 30, 2002 – June 29, 2010 Class and number of shares subject to share options: common share, 10,000 shares	1
	August 1, 2001, issue Exercise price: ¥797 Exercise period: June 29, 2003 – June 28, 2011 Class and number of shares subject to share options: common share, 10,000 shares	1
	August 1, 2002, issue Exercise price: ¥777 Exercise period: June 28, 2004 – June 27, 2012 Number of share options: 30 rights (number of shares per share option: 1,000 shares) Class and number of shares subject to share options: common share, 30,000 shares	3

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	Features of New Share Options	Number of People with Share Options
	<p>November 1, 2002, issue</p> <p>Exercise price: ¥712</p> <p>Exercise period: June 28, 2004 – June 27, 2012</p> <p>Number of share options: 10 rights (number of shares per share option: 1,000 shares)</p> <p>Class and number of shares subject to share options: common share, 10,000 shares</p>	1
	<p>May 1, 2003, issue</p> <p>Exercise price: ¥581</p> <p>Exercise period: June 28, 2004 – June 27, 2012</p> <p>Number of share options: 20 rights (number of shares per share option: 1,000 shares)</p> <p>Class and number of shares subject to share options: common share, 20,000 shares</p>	2
	<p>June 1, 2003, issue</p> <p>Exercise price: ¥574</p> <p>Exercise period: June 28, 2004 – June 27, 2012</p> <p>Number of share options: 10 rights (number of shares per share option: 1,000 shares)</p> <p>Class and number of shares subject to share options: common share, 10,000 shares</p>	1
	<p>August 1, 2003, issue</p> <p>Exercise price: ¥735</p> <p>Exercise period: June 28, 2005 – June 27, 2013</p> <p>Number of share options: 35 rights (number of shares per share option: 1,000 shares)</p> <p>Class and number of shares subject to share options: common share, 35,000 shares</p>	7
	<p>February 2, 2004, issue</p> <p>Exercise price: ¥901</p> <p>Exercise period: June 28, 2005 – June 27, 2013</p> <p>Number of share options: 35 rights (number of shares per share option: 1,000 shares)</p> <p>Class and number of shares subject to share options: common share, 35,000 shares</p>	7
	<p>August 2, 2004, issue</p> <p>Exercise price: ¥1,167</p> <p>Exercise period: June 30, 2006 – June 29, 2014</p> <p>Number of share options: 50 rights (number of shares per share option: 1,000 shares)</p> <p>Class and number of shares subject to share options: common share, 50,000 shares</p>	8
	<p>February 1, 2005, issue</p> <p>Exercise price: ¥1,082</p> <p>Exercise period: June 30, 2006 – June 29, 2014</p> <p>Number of share options: 65 rights (number of shares per share option: 1,000 shares)</p> <p>Class and number of shares subject to share options: common share, 65,000 shares</p>	9
	<p>August 1, 2005, issue</p> <p>Exercise price: ¥1,148</p> <p>Exercise period: June 29, 2007 – June 28, 2015</p> <p>Number of share options: 108 rights (number of shares per share option: 1,000 shares)</p> <p>Class and number of shares subject to share options: common share, 108,000 shares</p>	15
	<p>February 1, 2006, issue</p> <p>Exercise price: ¥1,665</p> <p>Exercise period: June 29, 2007 – June 28, 2015</p> <p>Number of share options: 108 rights (number of shares per share option: 1,000 shares)</p> <p>Class and number of shares subject to share options: common share, 108,000 shares</p>	15

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	Features of New Share Options	Number of People with Share Options
Auditors	June 1, 2003, issue Exercise price: ¥574 Exercise period: June 28, 2004 – June 27, 2012 Number of share options: 10 rights (number of shares per share option: 1,000 shares) Class and number of shares subject to share options: common share, 10,000 shares	1
	August 1, 2003, issue Exercise price: ¥735 Exercise period: June 28, 2005 – June 27, 2013 Number of share options: 5 rights (number of shares per share option: 1,000 shares) Class and number of shares subject to share options: common share, 5,000 shares	1
	February 2, 2004, issue Exercise price: ¥901 Exercise period: June 28, 2005 – June 27, 2013 Number of share options: 5 rights (number of shares per share option: 1,000 shares) Class and number of shares subject to share options: common share, 5,000 shares	1
	August 2, 2004, issue Exercise price: ¥1,167 Exercise period: June 30, 2006 – June 29, 2014 Number of share options: 15 rights (number of shares per share option: 1,000 shares) Class and number of shares subject to share options: common share, 15,000 shares	1
	February 1, 2005, issue Exercise price: ¥1,082 Exercise period: June 30, 2006 – June 29, 2014 Number of share options: 15 rights (number of shares per share option: 1,000 shares) Class and number of shares subject to share options: common share, 15,000 shares	1

## (2) Share Options etc. for Insurance Companies Issued to Their Employees etc. during the Business Year

	Features of New Share Options etc.	Number of People with Share Options
Employees	August 13, 2007, issue Exercise price: ¥1,547 Exercise period: June 28, 2009 – June 27, 2017 (For persons allotted 5 or fewer rights, July 28, 2009 – June 27, 2017) Number of share options: 171 rights (number of shares per share option: 1,000 shares) Class and number of shares subject to share options: common share, 171,000 shares	26
	February 12, 2008, issue Exercise price: ¥990 Exercise period: June 28, 2009 – June 27, 2017 (For persons allotted 5 or fewer rights, January 26, 2010 – June 27, 2017) Number of share options: 159 rights (number of shares per share option: 1,000 shares) Class and number of shares subject to share options: common share, 159,000 shares	26
Executives and employees of subsidiaries etc.	Not applicable	—

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## 6. Matters Relating to Accounting Auditors

### (1) Overview of Accounting Auditors

(Unit: Millions of Yen)

Name	Remuneration for the business year	Other
Ernst & Young ShinNihon Designated Employee: Mitsuo Uchida Designated Employee: Munetake Kamiyama Designated Employee: Kenji Usukura	70	The Company commissions accounting auditors to give audits of the internal management system of subsidiaries and to give advice on the preparation of financial statements in accordance with United States accounting standards, etc., and pays remuneration for these services as services other than those specified in Article 2, Paragraph 1 of the Certified Public Accountants Law (non-audit services).

- Note 1. The auditing fees for auditing based on the Companies Act and auditing based on the Financial Products and Exchange Law are not classified in auditing contracts between the Company and accounting auditors; nor is it even possible to separate them, and so the amount is presented as an aggregate sum.
2. The aggregate total of cash and other property benefits to be paid by the Company or its subsidiaries etc. to accounting auditors is ¥176 million.

### (2) Contracts for Limitation of Liability

Not applicable

### (3) Other Matters Relating to Accounting Auditors

- a. Policy regarding decisions on dismissal or non-reappointment of accounting auditors

An evaluation of the accounting auditor will be carried out in compliance with general auditing standards. In the event that the accounting auditor is judged to be inappropriate in that capacity, the Board of Directors shall, with the agreement of the Board of Company Auditors, make the dismissal or non-reappointment of the accounting auditor a purpose of the Shareholders' Meeting.

- b. Cases where a certified public accountant or audit corporation (including a person with the equivalent qualification in foreign country) other than an insurance company accounting auditor carries out audits (limited to those as provided for in the Companies Act or the Financial Products and Exchange Law [including foreign laws and regulations equivalent to these laws]) of the accounting documentation (including items equivalent to this) of important subsidiaries etc. of such insurance company.

Among the Company's important subsidiaries, Sompo Japan Insurance Company of America, Sompo Japan Insurance Company of Europe Limited, Sompo Japan Insurance (China) Company Limited, Sompo Japan Insurance Company (Asia) Pte Limited, and Yasuda Seguros S.A. receive audits from audit corporations other than the Company's auditing accountants.

## 7. Basic Policy on what the Persons Controlling Financial and Business Policy Decisions ought to be

Not applicable

## 8. Systems for Ensuring the Adequacy of Operation of Business

The Company resolved the Basic Policy of Formation of Internal Control Systems at the meeting of the Board of Directors held on April 28, 2006, and is developing internal control systems in line with the Basic Policy. In addition, this resolution was partially revised on June 26, 2006; March 16, 2007; May 1, 2007, and May 2, 2008.

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An outline of the latest resolution is as follows.

### **Basic Policy on Formation of Internal Control Systems (Outline)**

The directors shall faithfully comply with relevant laws and regulations, the Articles of Association, and the Sampo Japan Insurance Inc. Group Mission Statement in the execution of their duties, and shall develop systems as described below to ensure the properness of operations of the Company and to raise the quality of corporate governance.

- 1) Systems for keeping and managing information relating to directors and executive officers' execution of their duties

The Company shall systematically manage and keep information pertaining to the execution of duties by directors and executive officers based on the regulations covering information management prescribed by the Board of Directors.

- 2) Regulations and other systems pertaining to loss risk management

The Company shall develop regulations relating to risk management as well as systems pertaining to management of individual risks and systems that integrate and manage such risks, based on the Basic Risk Management Policy prescribed by the Board of Directors, for risks that may have a significant impact on the management of the Company such as insurance underwriting risk, asset management risk, liquidity risk, operational risks and risk associated with group companies, out of the risks arising from execution of business of the Company.

- 3) Systems to ensure that the directors and executive officers effectively carry out their duties

In order to ensure that each of the directors effectively discharges his or her duties, the directors shall convene a meeting of the Board of Directors each month, and intermittently as required, to promote coordination among the directors by increasing discussion on management of the Company and the appropriate exchange of information, etc.

To contribute to the proper and prompt execution of Company business, the Board of Directors shall appoint executive officers, define the scope of the duties they are to perform, and entrust them with the execution of these duties.

Further, to ensure that the executive officers and employees of the Company effectively discharge their duties, the Company shall exhaustively provide details in the organization's regulations of such items as the division of work duties, responsible managers, the scope of work authority, details of work execution procedures, etc., for each organizational unit.

- 4) Systems to ensure that directors, executive officers, and employees perform their duties in compliance with relevant laws and regulations and the Articles of Incorporation

To ensure that the directors, executive officers, and employees discharge their duties in compliance with the relevant laws and regulations and the Articles of Incorporation, the Company shall formulate a Code of Conduct that all these persons shall observe; the Company shall establish a compliance promotion headquarters to act as a consultative body regarding compliance for the Board of Directors, giving it the authority to draft plans to facilitate compliance and to enforce policies to facilitate compliance; and the Company shall also establish a Business Audit and Compliance Committee, composed mainly of external committee, and shall develop systems to comply with the relevant laws and regulations under the supervision of this Business Audit and Compliance Committee.

In accordance with the Sampo Japan Group's Basic Policy on Responding to Antisocial Forces established by the Board of Directors, the Company will work to terminate relationships with any antisocial forces that pose a threat to the order and safety of civil society and will take a stance against such forces in order to maintain the trust of society and realize sound corporate management.

Further, in addition to providing an internal auditing system, the Company shall provide systems centered around the compliance promotion headquarters to deal with compliance issues in the event of a problem

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occurring, through filing reports and issuing notices; collecting, investigating, and analyzing information; and ensuring that problems do not recur. The Board of Directors and the company auditors shall receive reports concerning any matter that may have a significant impact on the management of the Company, and shall consider these reports in depth.

5) Systems to ensure the properness of financial reporting

The Company shall develop the systems to ensure the properness of the Company's financial reporting on a non-consolidated or consolidated base, and to ensure the proper disclosure of other information as stipulated by laws and regulations etc.

6) Systems to ensure the properness of operation of the business group comprised of the Company and Company subsidiaries

To ensure that the business group operates effectively, the Company shall support each subsidiary company as it establishes regulations and other systems for business operations in conformance with these resolutions and based on the Sompo Japan Insurance Inc. Group Mission Statement.

Further, the Company shall establish regulations covering the operation and management of subsidiary companies, and shall clearly designate divisions having authority for the management of business operations of subsidiary companies and education in furtherance thereof; the Company shall also establish procedures for determining matters of importance affecting subsidiary companies.

Moreover, to prevent business from being performed improperly, the Company shall endeavor to develop systems that facilitate reporting and notification as well as the collection of information. It will also develop systems to ensure the properness of transactions within the corporate group in accordance with the Basic Policy on Internal Transaction within the Group established by the Board of Directors.

7) Matters relating to employees appointed by the company auditors in the cases where they require such appointment to assist them in the performance of their duties

The Company shall select assistant auditors from among the Company's employees at a meeting of the Board of Directors, in accordance with regulations concerning assistant auditors as prescribed by the Board of Directors.

8) Ensuring independence from the directors of employees assisting the company auditors

The Company shall ensure the independence from the directors of employees assisting the company auditors by obtaining the consent of the board of company auditors in decisions over the appointment, dismissal, and treatment of assistant auditors etc., and through the evaluation of the assistant auditors as personnel by the board of company auditors, in accordance with the regulations concerning assistant auditors.

Further, the assistant auditors shall only comply with orders and instructions of the company auditors in the discharge of their work and shall not accept orders and instructions from directors and the persons responsible for the execution of business etc.

9) Systems to facilitate reporting by directors, executive officers, and employees to the company auditors and other systems relating to submission of reports to the company auditors

The Company shall, with the agreement of the board of company auditors, determine matters that should be reported to the company auditors by the directors, executive officers, and employees of the Company and the timing of such submissions, thus improving the effectiveness of audits performed by the company auditors.

The directors, executive officers, and employees shall without fail submit reports as provided above.

Further, the directors, executive officers, and employees shall, if requested by the company auditors, promptly comply with the submission of reports concerning matters other than the matters provided above.

When the company auditors announce their opinions concerning the execution of duties by the directors or executive officers, or offer their advice on improvements to the performance of their duties, the directors or executive officers concerned shall report to the company auditors as appropriate on the status of their progress in relation to such matters as have been specified.

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10) Other systems for ensuring the effective performance of audits by the company auditors

The Company shall ensure that when an auditor enters a division of the head office, a branch, or other place of business of the Company to perform an audit, or requests cooperation in some other way with the performance of an audit, priority shall be given to such audit work over other work as much as possible, and cooperation shall be given to the audit.

The company auditors may be requested to attend a management meeting or other important meeting and may be requested to provide an adequate discussion with the directors and executive officers.

**9. Matters Regarding the Accounting Advisor**

This is not applicable, as the Company is not a company with an accounting advisor.

**10. Other Matters**

Not applicable

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**Attachment (2)**

**Non-Consolidated Balance Sheet for Business Year 2007 (As of March 31, 2008)**

(Unit: Millions of Yen)

Item	Amount	Item	Amount
( Assets )		( Liabilities )	
<b>Cash and Deposits</b>	<b>118,764</b>	<b>Insurance Policy Reserve</b>	<b>3,930,005</b>
Cash	23	Outstanding Claims	676,066
Deposits	118,741	Underwriting Reserves	3,253,939
<b>Call Loans</b>	<b>108,800</b>	<b>Other Liabilities</b>	<b>222,923</b>
<b>Repurchase Agreement Account</b>	<b>47,947</b>	Co-Insurance Payable	4,689
<b>Monetary Claims Purchased</b>	<b>47,037</b>	Re-Insurance Payable	49,790
<b>Money Trusts</b>	<b>39,398</b>	Foreign Re-Insurance Payable	17,777
<b>Securities</b>	<b>3,937,921</b>	Agency Borrowing	20
Government Bonds	870,159	Borrowings	579
Municipal Bonds	77,672	Corporate Income Tax and Other	39,512
Corporate Bonds	457,489	Deposits Received	5,586
Stocks	1,522,968	Advance Received	44
Foreign Securities	914,987	Accounts Payable	36,062
Other Securities	94,643	Temporary Receipts	67,161
<b>Loans</b>	<b>506,053</b>	Borrowed Securities	389
Insurance Policy Loans	10,762	Derivatives	1,307
General Loans	495,291	<b>Reserve for Retirement Allowance</b>	<b>95,654</b>
<b>Tangible Fixed Assets</b>	<b>217,747</b>	<b>Reserve for Retirement Allowance for officers</b>	<b>2,484</b>
Land	104,339	<b>Reserve for Accrued Bonuses</b>	<b>13,311</b>
Buildings	90,042	<b>Reserves under Special Laws</b>	<b>36,971</b>
Construction in progress	1,787	Reserve for Price Fluctuation	36,971
Other Tangible Fixed Assets	21,578	<b>Deferred Tax Liabilities</b>	<b>12,725</b>
<b>Intangible Fixed Assets</b>	<b>758</b>	<b>Total Liabilities</b>	<b>4,314,077</b>
<b>Other Assets</b>	<b>386,988</b>	( Net Assets )	
Premiums Receivable	685	<b>Capital</b>	<b>70,000</b>
Agent Balances	89,372	<b>Additional Paid-In Capital</b>	<b>24,241</b>
Foreign Agent Balances	22,411	Capital Reserves	24,229
Co-Insurance Recoverable	9,333	Other Capital Surplus	11
Reinsurance Recoverable	76,430	<b>Retained Earnings</b>	<b>411,976</b>
Foreign Reinsurance Recoverable	34,076	Retained Earnings Reserve	32,150
Agency Business Receivables	0	Other Retained Earnings	379,826
Accounts Receivable	18,756	(Reserve for Advanced Depreciation)	(891)
Uncollected Income	10,396	(Reserve for Advanced Depreciation)	(276)
Deposits	15,788	Special Account	
Deposits for Earthquake Insurance	58,194	(General Reserve)	(315,300)
Temporary Payments	43,843	(Earned Surplus Carried Forward)	(63,358)
Margin Accounts for Futures	1,075	<b>Treasury share</b>	<b>-2,842</b>
Derivatives	5,616	<b>Total Shareholders' Equity</b>	<b>503,374</b>
Other Assets	1,004	<b>Valuation differences on other Securities</b>	<b>570,558</b>
<b>Allowance for Bad Debts</b>	<b>-16,402</b>	<b>Total Valuation and Translation etc.</b>	<b>570,558</b>
<b>Investment Loss Reserve</b>	<b>-6,447</b>	Adjustments	
		<b>Share Options</b>	<b>557</b>
		<b>Total Net Assets</b>	<b>1,074,490</b>
<b>Total Assets</b>	<b>5,388,567</b>	<b>Total Liabilities and Net Assets</b>	<b>5,388,567</b>

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## Notes to Non-Consolidated Balance Sheet

1. The definitions of subsidiaries and affiliated companies etc. conform to Paragraph 2 and Paragraph 3 of Article 2-3 of the “Cabinet Order for the Enforcement of the Insurance Business Law” (1995 Cabinet Order No. 425).
2. Standards and methods for valuation of securities are as follows:
  - (1) Securities held for sale purposes are valued by the market value method.  
Cost of sales is calculated using the moving-average method.
  - (2) Securities that will be held to maturity are valued by the amortized cost method using the moving-average method.
  - (3) Shares of subsidiaries and other related companies are valued by the cost method using the moving-average method.
  - (4) Other securities with market value are valued at their market values on the final day of the business year by the market value method.  
All valuation differences are directly added to or subtracted from net asset value. In addition to this, the cost of sales is calculated using the moving-average method.
  - (5) Other securities without market value are valued by the cost method or the amortized cost method, using the moving-average method.
3. The valuation of securities that has been invested as trust assets for sole-managed money trusts, with the purpose of holding being other than investment or holding to maturity, are valued using the same method specified above for other securities.
4. Derivative transactions are valued by the market value method.
5. Depreciation of tangible fixed assets is calculated using the fixed-percentage method. However, the straight-line method is applied to buildings (excluding furniture, fixtures and equipment) acquired on or after April 1, 1998.

However, in accordance with revisions to the Corporation Income Tax Law, from this period the depreciation of tangible fixed assets acquired on or after April 1, 2007, is calculated based on the revised Corporation Income Tax Law. Under these changes, the current period’s ordinary profit and pre-tax net income are both ¥252 million lower than the levels under the previous method.

Furthermore, in accordance with revisions to the Corporation Income Tax Law those tangible fixed assets acquired on or before March 31, 2007 will be depreciated by a method based on the pre-revision Corporation Income Tax Law and, starting from the business year immediately following the business year when the value becomes equal to 5% of the acquisition price, the difference between an amount equivalent to 5% of the acquisition price and the memorandum value will be amortized in equal installments over five years and recorded as loss adjustment expenses, and operational and general administrative expenses. Under these changes, the ordinary profit and pre-tax net income are both ¥521 million lower than the levels under the previous method.

6. Foreign currency denominated assets and liabilities have been converted into Japanese Yen in accordance with the Accounting Standards Pertaining to Foreign Currency Denominated Transactions.
7. In order to provide insulation against loss from bad debts, an allowance for bad debts is set aside as follows using self-assessment standards as well as depreciation/reserve standards for assets:

The amount set aside for claims against a debtor who is legally and formally in corporate failure, such as bankruptcy or special liquidation, or subject to disposition of suspension of trading at clearinghouses, and for claims against a debtor who is effectively bankrupt, is the amount of the outstanding claims against such debtor after deducting the expected disposal value of collateral and deducting the amount of possible recovery from the guarantees.

The amount set aside for claims against a debtor who is likely to fail is the amount considered necessary by comprehensively judging the debtor’s ability to pay, from the balance of the amount of the outstanding claims

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against such debtor after deducting the expected disposal value of collateral and deducting the amount of possible recovery from guarantees.

The amount set aside for claims other than the above is calculated to be the amount of expected losses during a specified period of time in the future. This is done by computing actual historical bad debt ratios based on actual historical bad debt over a specified period of time and by multiplying the expected loss ratio computed based on such figures by the amount of outstanding claims.

All claims are assessed by the departments and branches responsible for the debts according to the self-assessment standards for assets. The results from these assessments are audited by an independent Internal Audit Department and the amounts set aside are based on these assessment results.

8. The amount set aside for investment loss reserve is based on the expected losses on securities at the end of the period in order to prepare for possible future losses based on the self-assessment standards as well as depreciation/reserve standards for assets.
9. The amount set aside for reserve for retirement allowances is based on the estimated retirement allowance obligations at the end of the current period and is applied towards the employees' retirement allowances.

The past service liability is treated as an expense using the straight line method, based on a specified number of years not exceeding the average remaining service years of the employees as at the time when the liability is incurred.

Actuarial variances are treated as expenses beginning in the subsequent period using the straight line method, based on a specified number of years not exceeding the average remaining service years of the employee as at the term when the variance occurs.

Items related to retirement allowances are as follows:

(1) Retirement allowance obligations and the breakdown

Retirement Allowance Obligations	- ¥	119,654	million
Retirement Allowance Trusts	¥	4,089	million
<hr/>			
Unfunded Retirement Allowance Obligations	- ¥	115,565	million
Unrecognized Actuarial Variances	¥	22,413	million
Unrecognized Past Service Liabilities	- ¥	2,502	million
<hr/>			
Reserve for Retirement Allowances	- ¥	95,654	million

(2) Basis for calculation of retirement allowance obligations etc.

Method of Period Allocation of Expected Retirement Allowance Obligations	Fixed Period Amount Standard
Discount Rate	1.5%
Expected Rate of Return	0.0%
Years Processed regarding the amount of Past Service Liabilities	5 years
Years Processed regarding the Actuarial Variances	11 years

10. The reserve for retirement allowances for officers is the estimated amount payable at the end of the current period, based on internal regulations, and is applied to the payment of retirement allowances (including pensions) of executives (including executive officers).
11. The amount set aside for the reserve for accrued bonuses is based on the estimated amount payable at the end of the current period and is applied towards employee bonuses.
12. The amount set aside for the reserve for price fluctuations to provide for losses associated with stock price fluctuations, is in accordance with the provisions of Article 115 of the Insurance Business Law.
13. Stock swap transactions for the purpose of hedging future share price fluctuation risks of held stocks is valued using hedge market values.

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In addition, of the interest rate swap transactions for the purpose of hedging interest rate fluctuations risks of held bonds, the exceptional disposition for the accounting of interest rate swaps is used for those transactions that meet the requirements for the exceptional disposition. The appropriation method is used for future exchange contracts and currency swaps used to hedge fluctuation risks in the currency exchange market related to foreign currency bonds, etc., for those transactions that meet the requirements of the appropriation method. Please note that the effectiveness of hedges is generally determined by periodically analyzing the fluctuation amounts of market rate fluctuations for both the hedged items and the hedging instruments during the period from the commencement of the hedge up to the assessment dates. However, the analysis of hedge effectiveness is omitted where there is strong correlation between the hedged items and the hedging instruments, and for those interest rate transactions that meet the requirements of the exceptional disposition method and those that meet the requirements of the appropriation method.

14. Amounts are stated exclusive of national and local consumption taxes. However these taxes are included in the amounts shown for expenses such as loss adjustment expenses, various commissions and collection expenses, operation expenses and general administrative expenses.

Consumption tax and other taxes related to assets that are eligible for deduction are added to temporary payments and amortized in equal installments over five years.

15. Finance lease transactions except for leases that are recognized to transfer ownership to the lessee are treated according to the accounting method used for ordinary lease transactions.

16. (1) Of the total loan amount, uncollectible loans were ¥152 million and delinquent loans were ¥2,218 million.  
Uncollectible loans are loans for which interest receivables are not reported because the principal or interest is unlikely to be collected or received as payments have been continuously delinquent for a substantial amount of time or for other reasons (excluding the portion written off; hereinafter referred to as “Loans with Unreported Interest Receivables”) and where any of the events set forth in Article 96, Paragraph 1, Sub-Paragraph 3, Item a) through e) of the Ordinance for Enforcement of Corporate Income Tax Law (Cabinet Order No. 97 of 1965) or the events in Paragraph 1, Sub-Paragraph 4 apply.

Delinquent loans are Loans with Unreported Interest Receivables other than uncollectible loans or loans which have been granted a grace period for interest payments to assist the debtors’ financial reconstruction or to provide other support.

- (2) There are no loans overdue for longer than three months.

Loans overdue for longer than three months are loans other than uncollectible loans or delinquent loans for which interest or principal payments are overdue by three months or longer from the succeeding day of the contractual due date for payment.

- (3) Of the overall loan amount, restructured loans (loans with alleviated loan terms) were ¥838 million.

Restructured loans are those loans other than uncollectible loans, delinquent loans, or loans overdue for longer than three months for which interest reductions or waivers, payment extensions for interest, repayment extensions for principal, forgiveness of debt, or other measures have been agreed upon for the benefit of the debtor, to assist the debtor’s financial reconstruction, or to provide other support.

- (4) The sum of the uncollectible loans, delinquent loans, loans overdue for longer than three months, and restructured loans was ¥3,209 million.

17. Accumulated depreciation of tangible fixed assets was ¥229,343 million and the amount of reduced value entry of tangible fixed assets was ¥10,522 million.
18. Total monetary claims against affiliated companies was ¥18,881 million while total monetary liabilities against affiliated companies was ¥5,372 million.
19. Investments in shares of affiliated companies totaled ¥196,830 million while investment in affiliated companies was ¥19,586 million.

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20. Assets pledged as collateral consist of ¥47,298 million in securities and ¥6,217 million in deposits. These are collateral for borrowings of ¥579 million as well as for obtaining letters of credit.

In addition, assets in effect pledged as collateral through a special purpose company established for the purpose of guaranteeing the Company's reinsurance contract debts are ¥8,617 million in securities.

21. Breakdown of reserves for outstanding claims:

Reserve for outstanding claims: (before deducting ceded reinsurance reserve for outstanding claims, excluding insurances stated in (b))	¥	656,614	million
Ceded reinsurance reserve for outstanding claims relating to the above	¥	39,199	million
Difference (a)	¥	617,414	million
Reserve for outstanding claims involved in earthquake insurance and compulsory automobile liability insurance (b)	¥	58,651	million
Total (a + b)	¥	676,066	million

22. Breakdown of underwriting reserves:

Ordinary underwriting reserves (before deducting ceded reinsurance underwriting reserves)	¥	929,888	million
Ceded reinsurance underwriting reserves relating to the above	¥	29,892	million
Difference (a)	¥	899,995	million
Other underwriting reserves (b)	¥	2,353,944	million
Total (a + b)	¥	3,253,939	million

23. A total of ¥114,664 million in securities lent pursuant to consumption loan agreements are included under stocks, government bonds, and foreign securities.

24. The balance of unexecuted loans related to loan commitment agreements were ¥27,986 million.

25. Deferred tax assets were ¥301,645 million while deferred tax liabilities were ¥314,370 million.

A breakdown of deferred tax assets and deferred tax liabilities grouped by main cause of accrual is as follows:

Deferred Tax Assets			
Underwriting reserves	¥	182,629	million
Reserve for outstanding claims	¥	39,632	million
Reserve for retirement allowances	¥	34,521	million
Loss on asset valuation	¥	33,727	million
Intangible fixed assets for tax purposes	¥	15,238	million
Other	¥	29,604	million
Subtotal for deferred tax assets	¥	335,354	million
Allowance account	- ¥	33,709	million
Total deferred tax assets	¥	301,645	million
Deferred Tax Liabilities			
Valuation differences on other securities	- ¥	313,424	million
Others	- ¥	945	million
Total Deferred Tax Liabilities	- ¥	314,370	million
Net deferred tax assets (or liabilities)	- ¥	12,725	million

26. Major intangible fixed assets include ¥ 662 million in telephone subscription rights.

27. Net assets per share are ¥1,090.78.

Net assets at the end of the current period, which provide the basis for the above calculation, are ¥1,074,490 million, including ¥557 million in share options not vested in common shareholders. Net assets at the end of the current period in relation to common shares are ¥1,073,932 million the number of common shares outstanding at the end of the current period is 984 million.

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28. Taking the opportunity presented by the announcement of the “Auditing Treatment for Reserve Funds under the Special Taxation Measures Law and Allowance or Reserves under the Special Law, and Retirement Benefits for Directors and Company Auditors, etc.” (Japanese Institute of Certified Public Accountants, Audit and Quality Assurance Committee Statement No. 42 of April 13, 2007), from the current period the retirement allowance for directors (including executive officers) formerly included in the “Reserve for Retirement Allowance” is to be indicated as the “Reserve for Retirement Allowance for Officers”

The total amount of the retirement allowance for officers (including executive officers) recorded in the previous period as “Reserve for Retirement Allowance” was ¥2,163 million.

29. Amounts have been rounded off to the unit noted.

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**Attachment (3)**

**Non-Consolidated Income Statement for Business Year 2007 (April 1, 2007 - March 31, 2008)**

(Units: Millions of Yen)

Item	Amount
<b>Ordinary Income</b>	<b>1,725,635</b>
Underwriting Income	1,572,689
Net Premiums Written	1,345,024
Savings-Type Insurance Premiums Written	134,094
Investment Income on Savings-Type Insurance Premiums Written	46,608
Reversal of Underwriting Reserves	46,873
Other Underwriting Income	89
Asset Investment Income	145,196
Interest and Dividends Received	135,606
Investment Gain on Money Trusts	629
Investment Income on Securities Held for Trading Purposes	132
Income on Sale of Securities	40,732
Income on Redemption of Securities	740
Income on Derivatives	13,767
Other Investment Income	195
Transfer of Investment Income on Savings-Type Insurance Premiums Written	- 46,608
Other Ordinary Income	7,749
<b>Ordinary Expenses</b>	<b>1,652,318</b>
Underwriting Expenses	1,388,480
Net Claims Paid	804,131
Loss Adjustment Expenses	71,581
Various Commissions and Collection Expenses	218,865
Maturity Refunds	241,357
Dividends to Policyholders	28
Amounts Transferred to Reserves for Outstanding Claims	48,825
Foreign Exchange Loss	1,386
Other Underwriting Expenses	2,304
Asset Management Expenses	20,207
Investment Loss on Money Trusts	2,966
Loss on Sale of Securities	674
Loss on Valuation of Securities	8,241
Loss on Redemption of Securities	457
Foreign Exchange Loss	4,109
Other Asset Management Expenses	3,758
Operating Expenses and General Administrative Expenses	240,668
Other Ordinary Expenses	2,961
Interest Paid	36
Provision for Allowance for Bad Debts	821
Loss on Bad Debt	10
Provision for Possible Investment Losses	686
Other Ordinary Expenses	1,406
<b>Ordinary Profit</b>	<b>73,316</b>
<b>Extraordinary Profit</b>	<b>2,099</b>
Gain on Disposal of Fixed Assets	2,099
<b>Extraordinary Loss</b>	<b>7,533</b>
Loss on Disposal of Fixed Assets	1,106
Provision for Reserves under Special Laws	6,372
Reserve for Price Fluctuation	6,372
Valuation Loss of Real Estate	54
<b>Pre-tax Net Income for Current Period</b>	<b>67,882</b>
<b>Corporate Income Tax and Inhabitant Tax</b>	<b>51,650</b>
<b>Adjustments to Corporate Income Tax and Other Taxes</b>	<b>-28,435</b>
<b>Net Income for Current Period</b>	<b>44,667</b>

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## Notes to Non-Consolidated Income Statement

1. Total income from transactions with affiliated companies was ¥18,429 million and total expenses from transactions with affiliated companies were ¥82,374 million.

2. (1) Breakdown of net premiums written:

Premiums written	¥	1,616,014	million
—) Reinsurance premiums paid	¥	270,990	million
Net Premiums Written	¥	1,345,024	million

(2) Breakdown of net losses paid:

Losses paid	¥	1,022,366	million
—) Reinsurance payments collected	¥	218,234	million
Net losses paid	¥	804,131	million

(3) Breakdown of various commissions and collection expenses:

Various commissions and collection expenses paid	¥	236,646	million
—) Ceded reinsurance commissions received	¥	17,780	million
Various commissions and collection expenses	¥	218,865	million

(4) Breakdown of provisions for amounts transferred to reserves for outstanding claims

(- indicates reversal of amounts transferred to reserves for outstanding claims):

Amounts transferred to reserves for outstanding claims (before deducting ceded reinsurance reserve for outstanding claims, excluding insurances stated in (b))	¥	47,422	million
Ceded reinsurance amounts transferred to reserves for outstanding claims relating to the above amount	- ¥	1,747	million
Difference (a)	¥	49,169	million
Amounts transferred to reserves for outstanding claims relating to earthquake insurance and compulsory automobile liability insurance (b)	- ¥	344	million
Total (a+b)	¥	48,825	million

(5) Breakdown of provisions for amounts transferred to underwriting reserves

(- indicates reversal of amounts transferred to underwriting reserves):

Amounts transferred to ordinary underwriting reserves (before deducting ceded reinsurance underwriting reserve)	- ¥	2,615	million
Ceded reinsurance amounts transferred to ordinary underwriting reserves relating to the above amount	- ¥	1,350	million
Difference (a)	- ¥	1,264	million
Other amounts transferred to underwriting reserves (b)	- ¥	45,609	million
Total (a+b)	- ¥	46,873	million

(6) Breakdown of interest and dividends received:

Interest on deposits	¥	377	million
Interest on call loans	¥	648	million
Interest on repurchase agreement accounts	¥	558	million
Interest on monetary claims purchased	¥	529	million
Interest and dividends on securities	¥	117,636	million
Interest on loans	¥	8,723	million
Rent on real estate	¥	5,326	million
Other interest and dividends	¥	1,804	million
Interest and dividend received	¥	135,606	million

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3. The investment profits on securities held for trading purposes consist of profits on sales of ¥2 million and revaluation profits of ¥130 million.
4. The valuation losses in investment loss on money trusts were ¥1,848 million. The valuation profits from derivatives were ¥4,089 million, this being the balance of ¥1 million in underwriting income and ¥4,945 million in income from derivatives, minus a ¥857 million loss in underwriting expenses.
5. The total retirement allowance expenses recorded as loss adjustment expenses, and operational and general administrative expenses were ¥12,744 million and the breakdown is as follows.

Working expenses	¥	4,312	million
Interest expenses	¥	1,734	million
Expected investment income		—	million
Expenses disposition associated with the actuarial variations	¥	3,742	million
Expenses disposition associated with past service liabilities	¥	615	million
<b>Sub Total</b>	<b>¥</b>	<b>10,405</b>	<b>million</b>
Premium payments to defined contribution pension fund	¥	2,338	million
Expenses associated with retirement allowances	¥	12,744	million

6. The statutory effective tax rate was 36.09% for the current period and the burden ratio for corporate and other taxes after the application of deferred tax accounting was 34.20%. The breakdown of main items in the differences between the two rates is as follows:

Statutory effective tax rate		36.09	%
(Adjustments)			
Dividends received that are not included in gross revenue		- 8.60	%
Increase in valuation reserves		4.31	%
Entertainment expenses not qualified as tax deductible expenses		1.34	%
Other		1.06	%
<b>Burden ratio for corporate and other taxes after the application of deferred tax accounting</b>		<b>34.20</b>	<b>%</b>

7. Net income of current period per share is ¥45.36. The items forming the calculation basis for this number are as follows: Net income, which serves as the basis for computing per-share net income, was ¥44,667 million, all of which is allocable to the common shareholders. Net income allocable to common shares was ¥44,667 million and the average number of shares outstanding during the period is 984 million.

Net income of current period per share adjusted for residual securities is ¥45.35. Adjustment of net income of current period, which serves as the basis for computing per-share net income of current period was not applicable and there is no increase in the number of common shares outstanding during the period.

8. Amounts have been rounded off to the unit noted.

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**Attachment (4)**

**Statement of Changes in Shareholders' Equity for Business Year 2007  
(April 1, 2007 - March 31, 2008)**

(Units: Millions of Yen)

	Shareholders' equity										
	Capital	Additional paid-in capital		Retained earnings						Treasury share	Total Shareholders' equity
		Capital Reserve	Other additional paid-in capital	Retained earnings reserve	Other retained earnings						
					Reserve for dividend payment to shareholders	Reserve for retirement allowances	General reserve	Retained earnings carried forward			
Balance at the end of the prior period	70,000	24,229	—	29,000	527	407	289,000	64,125	- 2,832	474,457	
Changes in the current period											
Provision of reserve for advanced depreciation					391			-391		—	
Drawdown of reserve for advanced depreciation					-27			27		—	
Provision of reserve for advanced depreciation special account						276		-276		—	
Drawdown of reserve for advanced depreciation special account						- 407		407		—	
Amount set aside for contingent reserve							26,300	- 26,300		—	
Distribution of Surplus				3,150				- 18,901		- 15,751	
Net income of current period								44,667		44,667	
Acquisition of treasury share									- 255	- 255	
Disposal of treasury share			11						245	256	
Changes in items other than shareholders' equity during the current period (net)											
Total of changes during the current period	—	—	11	3,150	363	- 131	26,300	- 766	- 9	28,917	
Balance at the end of the current period	70,000	24,229	11	32,150	891	276	315,300	63,358	- 2,842	503,374	

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(Units: Millions of Yen)

	Valuation/translation		Share options	Total net assets
	Other securities valuation difference	Total of valuation/translation difference		
Balance at the end of the prior period	999,268	999,268	315	1,474,041
Changes in the current period				
Provision of reserve for advanced depreciation				—
Drawdown of reserve for advanced depreciation				—
Provision of reserve for advanced depreciation special account				—
Drawdown of reserve for advanced depreciation special account				—
Amount set aside for contingent reserve				—
Distribution of Surplus				- 15,751
Net income				44,667
Acquisition of treasury share				- 255
Disposal of treasury share				256
Changes in items other than shareholders' equity during the current period (net)	- 428,710	- 428,710	242	- 428,467
Total of changes during the current period	- 428,710	- 428,710	242	- 399,550
Balance at the end of the current period	570,558	570,558	557	1,074,490

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## Notes to the Statement of Changes in Shareholders' Equity

### 1. Matters Concerning Type of Treasury Share and the Number of Shares

	The number of shares at the end of the prior period (1,000 shares)	Increase in the number of shares during the current period (1,000 shares)	Decrease in the number of shares during the current period (1,000 shares)	The number of shares at the end of the current period (1,000 shares)
Common share	3,266	194	278	3,181
Total	3,266	194	278	3,181

Note 1. The increase of 194,000 shares in common shares in the treasury share represents the increase due to the purchase of odd stock.  
 2. The decrease of 278,000 shares in common shares in the treasury share represents the sum of the decrease of 97,000 shares due to the additional purchase of odd stock and the disposal of 181,000 shares from the treasury share associated with the exercise of rights to share options.

2. Amounts have been rounded off to the unit noted.

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**Attachment (5)**

**Certified Copy of the Accounting Auditor's Report**

Ernst & Young ShinNihon, the accounting auditor, submitted an audit report to the Company's board of directors on May 15, 2008

**Attachment (6)**

**Certified Copy of the Audit Report**

**Audit Report**

The Board of Company Auditors has prepared this audit report following deliberation on the basis of audit reports as prepared by each auditor in respect of the duties as performed by the directors of the Company during the 65th business year between April 1, 2007 and March 31, 2008 and hereby report as follows:

1. Audit Methods and Contents of Auditors and the Board of Company Auditors

The Board of Company Auditors established the audit policy and audit plans etc., received reports from each company auditor on audit field work performed and audit results, and also received reports from directors etc. and the accounting auditor concerning the status of the performance of their duties, and requested explanations if and when needed.

Each company auditor, in conformity with general audit standards set out by the Board of Company Auditors and in accordance with the audit policy and audit plans, has requested communications with directors and employees from internal audit and other departments, strove to collect information and develop the environment for audit, attended the Board of Directors meetings and other pertinent meetings, received reports from directors and employees concerning the status of the performance of their duties, and requested explanations if and when needed, gained access to important approval documents, and examined the status of business operations and assets at the head office and other major business offices.

Further, the Board of Company Auditors has monitored and inspected the contents of a Board of Directors resolution concerning the development of the system to ensure that the execution of duties by directors is in compliance with the laws and regulations and the articles of incorporation and the system prescribed by Paragraph 1 and Paragraph 3, Article 100 of the Ordinance for Enforcement of the Companies Act as necessary to ensure proper operations of companies and the status of the system developed under the said Board of Directors resolution(the internal control system).

As for subsidiary companies, the Board of Company Auditors requested communications and an exchange of information with directors and auditors of subsidiaries, and received business reports from subsidiaries if and when needed.

On the basis of the above-mentioned methods, the Board of Company Auditors examined the business report and supplementary schedules thereof for the reference business year.

Furthermore, the Board of Company Auditors has monitored and inspected whether the accounting auditor has maintained its independent position and conducted proper auditing and received reports from the accounting auditor on the status of the performance of its duties and requested explanations if and when needed.

The Board of Company Auditors has also received the notification from the accounting auditor that it has developed the "internal system for ensuring the appropriate execution of duties (matters listed in each item of Article 159, the Ordinance for Company Accounting) in accordance with "Quality Control Standards for audit" (Business Accounting Council, October 28, 2005), and requested explanations if and when needed.

On the basis of the above-described audit methods, the Board of Company Auditors has examined the financial statements (the balance sheet, profit and loss statement, and statement of changes in shareholders' equity) and supplementary notes for the reference fiscal year.

2. Audit Results

(1) Audit Results for the Business Report, etc.

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- (i) The business report and supplementary schedules thereof properly represent conditions at the Company in accordance with relevant laws and regulations and the Company's articles of incorporation.
  - (ii) There are no unfair acts or material facts which violate any relevant laws and regulations or the Company's Articles of Incorporation relating to directors' execution of their duties.
  - (iii) The contents of the Board of Directors resolution concerning the internal control system are appropriate. Further, there are no matters to be pointed out regarding the performance of duties by directors regarding the internal control system.
- (2) Audit Results for the Financial Statements and Supplementary Schedules thereof  
The audit methods used and results obtained by the accounting auditor, Ernst & Young ShinNihon, are appropriate.

May 19, 2008

The Board of Company Auditors, Sompo Japan Insurance Inc.  
Ichiro Suzuki, Company Auditor (full-time)  
Tsuneo Ando, Company Auditor (full-time)  
Yoshiki Yagi, Company Auditor (outside auditor)  
Tohru Tsuji, Company Auditor (outside auditor)  
Toshiaki Hasegawa, Company Auditor (outside auditor)

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**Attachment (7)**

**Consolidated Balance Sheet for Business Year 2007 (As of March 31, 2008)**

(Units: Millions of Yen)

Item	Amount	Item	Amount
( Assets )		( Liabilities )	
Cash and Deposits	172,252	Insurance Policy Reserve	4,969,818
Call Loans	108,800	Outstanding Claims	748,552
Repurchase Agreement Accounts	47,947	Underwriting Reserves	4,221,266
Monetary Claims Purchased	47,037	Other Liabilities	245,444
Money Trusts	39,429	Reserve for Retirement Allowance	96,516
Securities	4,846,949	Reserve for Retirement Allowance for officers	2,502
Loans	519,618	Reserve for Accrued Bonuses	14,126
Tangible Fixed Assets	220,536	Reserves under Special Laws	37,908
Intangible Fixed Assets	26,428	Reserve for Price Fluctuation	37,908
Other Assets	428,091	Deferred Tax Liabilities	13,239
Deferred Tax Assets	10,907	Total Liabilities	5,379,557
Allowance for Bad Debts	- 17,264	( Net Assets )	
		Capital	70,000
		Additional Paid-In Capital	24,241
		Retained Earnings	407,051
		Treasury Share	- 2,842
		Total Shareholders' equity	498,449
		Other Securities Valuation Difference	571,377
		Foreign Currency Translation Adjustments Account	245
		Total of valuation/translation differences	571,622
		Share options	557
		Minority Equity Interest	546
		Total Net Assets	1,071,176
<b>Total Assets</b>	<b>6,450,734</b>	<b>Total Liabilities and Net Assets</b>	<b>6,450,734</b>

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**Attachment (8)**

**Consolidated Income Statement for Business Year 2007 (April 1, 2007 - March 31, 2008)**

(Units: Millions of Yen)

Item	Amount
<b>Ordinary Income</b>	<b>1,894,121</b>
Underwriting Income	1,717,432
Net Premiums Written	1,368,740
Savings-Type Insurance Premiums Written	134,094
Investment Income on Savings-Type Insurance Premiums Written	46,608
Life Insurance Premiums	167,835
Other Underwriting Income	154
Asset Investment Income	167,616
Interest and Dividends Received	157,103
Investment Gain on Money Trusts	629
Investment Incomes on Securities for Trading Purposes	132
Income on Sale of Securities	41,587
Income on Redemption of Securities	740
Income on Derivatives	13,835
Other Investment Income	196
Transfer of Investment Income on Savings-Type Insurance Premiums Written	- 46,608
Other Ordinary Income	9,071
<b>Ordinary Expenses</b>	<b>1,800,057</b>
Underwriting Expenses	1,487,289
Net Claims Paid	816,642
Loss Adjustment Expenses	72,718
Various Commissions and Collection Expenses	234,491
Maturity Refunds	241,357
Dividends to Policyholders	28
Life Insurance Premiums	37,587
Amounts Transferred to Reserves for Outstanding Claims	50,733
Amounts Transferred to Reserves for Underwriting Expenses	30,048
Other Underwriting Expenses	3,680
Asset Management Expenses	21,662
Investment Loss on Money Trusts	2,966
Loss on Sale of Securities	1,121
Loss on Valuation of Securities	8,451
Loss on Redemption of Securities	458
Extraordinary Account Asset Investment Loss	2,003
Other Asset Management Expense	6,660
Operating Expenses and General Administrative Expenses	286,944
Other Ordinary Expenses	4,162
Interest Paid	145
Amounts Transferred to Allowance for Bad Debts	796
Loss on Bad Debt	118
Investment Loss under the Equity Method	1,644
Other Ordinary Expenses	1,457
<b>Ordinary Profit</b>	<b>94,063</b>
<b>Extraordinary Profit</b>	<b>3,386</b>
Gain on Disposal of Fixed Assets	2,112
Other Extraordinary Profit	1,273
<b>Extraordinary Loss</b>	<b>8,393</b>
Loss on Disposal of Fixed Assets	1,130
Provision for Reserves under Special Laws	7,208
Reserve for Price Fluctuation	7,208
Valuation Loss of Real Estate	54
<b>Pre-Tax Net Income for Current Period</b>	<b>89,056</b>
<b>Corporate Income Tax and Inhabitant Tax</b>	<b>60,686</b>
<b>Adjustments to Corporate Income Tax and Other Taxes</b>	<b>- 31,338</b>
<b>Minority Equity Profit</b>	<b>71</b>
<b>Net income for the Current Period</b>	<b>59,636</b>

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**Attachment (9)**

**Consolidated Statement of Changes in Shareholders' Equity for Business Year 2007  
(April 1, 2007 - March 31, 2008)**

(Units: Millions of Yen)

	Shareholders' equity				
	Capital	Additional paid-in capital	Retained earnings	Treasury share	Total Shareholders' equity
Consolidated balance at the end of the prior period	70,000	24,229	362,683	- 2,832	454,080
Consolidated changes in the current period					
Distribution of Surplus			- 15,751		- 15,751
Net income			59,636		59,636
Acquisition of treasury share				- 255	- 255
Disposal of treasury share		11		245	256
Increase based on foreign accounting system			534		534
Decrease based on foreign accounting system			- 51		- 51
Consolidated changes in items other than shareholders' equity during the current period (net)					
Consolidated total of changes during the current period	-	11	44,367	- 9	44,369
Consolidated balance at the end of the current period	70,000	24,241	407,051	- 2,842	498,449

(Units: Millions of Yen)

	Valuation/translation			Share options	Minority equity	Total net assets
	Other securities valuation difference	Foreign currency translation adjustments account	Total of valuation/translation differences			
Consolidated balance at the end of the prior period	998,702	1,091	999,793	315	554	1,454,744
Consolidated changes in the current period						
Distribution of Surplus						- 15,751
Net income						59,636
Acquisition of treasury share						- 255
Disposal of treasury share						256
Increase based on foreign accounting system						534
Decrease based on foreign accounting system						- 51
Consolidated changes in items other than shareholders' equity during the current period (net)	- 427,325	- 846	- 428,171	242	- 8	- 427,937
Consolidated total of changes during the current period	- 427,325	- 846	- 428,171	242	- 8	- 383,567
Consolidated balance at the end of the current period	571,377	245	571,622	557	546	1,071,176

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## Important Items for Preparation of Consolidated Balance Sheet

1. The consolidated balance sheet of the Company was prepared in accordance with the Ordinance for Enforcement of the Insurance Business Law (Ministry of Finance Ordinance No. 5 of 1996), promulgated under the provisions of the Ordinance for Company Accounting (Ministry of Justice Ordinance No. 13 of 2006) and Article 146 of the said ordinance.

2. The definitions of subsidiaries etc. and affiliated companies etc. conform to Article 2-3, Paragraphs 2 and 3 of the Cabinet Order for Enforcement of Insurance Business Law (Cabinet Order No. 425 of 1995).

3. Issues Pertaining to the Scope of Consolidation

(1) Consolidated subsidiaries-9 Companies

Sompo Japan Himawari Life Insurance Co., Ltd.

Sompo Japan DC Securities Inc.

Sompo Japan DIY Life Insurance Co., Ltd.

Sompo Japan Asset Management Co., Ltd.

Sompo Japan Insurance Company of America

Sompo Japan Insurance Company of Europe Limited

Sompo Japan Insurance (China) Co., Ltd.

Sompo Japan Insurance Company (Asia) Pte Ltd.

Yasuda Seguros S.A.

(2) Non-consolidated subsidiaries

Major company names

Sompo Japan Reinsurance Company Limited

Ark Re Limited

Non-consolidated subsidiaries were excluded from the consolidation scope as, with regards to the total assets, ordinary income, net income for current period (the appropriate amount considering the equity interest) and retained earnings (the appropriate amount considering the equity interest) of the group, they had little effect on the rational appraisal of the financial status and operating results of the consolidated group.

4. Issues Pertaining to Application of Equity Method

(1) Affiliated companies accounted for by the equity-method- 5 companies

Yasuda Enterprise Investment Co., Ltd.

Hitachi Capital Insurance Corporation

Saison Automobile & Fire Insurance Co., Ltd.

Berjaya Sompo Insurance Berhad

Universal Sompo General Insurance Company Limited

Universal Sompo General Insurance Company Limited became a new affiliate through investment and is considered a company accounted for by the equity method as of the current consolidated business year.

(2) Non-consolidated subsidiaries and affiliated companies not accounted for by the equity method

Major company names

Sompo Japan Reinsurance Company Limited

Ark Re Limited

The equity method was not applied to the non-consolidated subsidiaries and affiliated companies not accounted for by the equity method since they had minor impact on the consolidated net incomes and losses and retained earnings etc. and they are on the whole immaterial.

5. Issues Pertaining to Accounting Years of Consolidated Subsidiaries

The business year end of all foreign consolidated subsidiaries is December 31. However, as the variation in business year ends does not exceed three (3) months, business year end balance sheet etc. as of the same date were used for the purpose of preparation of the consolidated balance sheet etc.

Adjustments required for consolidated accounting were made for important transactions which occurred during the variation period of the consolidated business year ends.

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## 6. Issues Pertaining to Accounting Standards

### (1) Valuation standards and methods for securities

Valuation standards and methods for securities held by the Company and its domestic consolidated subsidiaries are as follows:

- i. Securities held for sale purposes are valued by the market value method. Cost of sales is calculated using the moving-average method.
- ii. Securities that will be held to maturity are valued by the amortized cost method using the moving-average method.
- iii. Underwriting Reserve Bonds issued under the “Accounting and Auditing of ‘Underwriting Reserve Bonds’ in the Insurance Industry” (Japan Association of Certified Public Accountants Industry Auditing Committee Publication No. 21) are stated at amortized cost (with set prices), with cost being calculated using the moving-average method. The risk management policies for the Underwriting Reserve Bonds are as follows: In order to properly manage the changes in interest on assets and liabilities, the “Insurance Agreement on the General Payment for Indivisible Goods with Less than 20 Years Shelf Life” was subdivided, and the Company adopted a management policy to deal with the gap between the duration of the underwriting reserves under the subdivision and the duration of the Underwriting Reserve Bonds.

Sompo Japan Himawari Life Insurance Co., Ltd., also previously subdivided the “Insurance Agreement on the General Payment for Indivisible Goods with Less than 20 Years Shelf Life” for its Underwriting Reserve Bonds. However, following the start of a review of the tax system for increasing term life insurance, it ceased the sale of these products from April 1, 2007, which in turn changed the assumptions existing at the time the subdivision was made and also led to fluctuating duration and increasing instability in underwriting reserves.

Therefore, this subdivision is abolished and Underwriting Reserve Bonds are transferred to “Other Securities.”

As a result of this transfer, compared with the previous method the valuation differences on securities and other securities increased by ¥2,189 and ¥1,396 million respectively, and deferred tax assets decreased by ¥792 million. Note that the above transfer has no effect on profit or loss.

- iv. Shares in non-consolidated subsidiaries and other affiliated companies etc. not accounted for by the equity method are valued by the cost method using the moving-average method.
- v. Other securities with market value are valued by their market values on the final day of the business year by the market value method. All valuation differences are added to or subtracted from net asset value. In addition to this, the cost of sales is calculated using the moving-average method.
- vi. Other securities without market values are valued by the cost method or amortized cost method, using the moving-average method.
- vii. The valuation of securities that have been invested as trust assets for sole-managed money trusts, with the purpose of holding being other than investment or holding to maturity are valued using the same methods specified above for other securities.

Securities held by foreign consolidated subsidiaries are generally valued by the market value method.

### (2) Valuation standards and methods for derivative transactions

Derivative transactions of the Company and domestic consolidated subsidiaries are valued by the market value method.

### (3) Depreciation method of important depreciable assets

#### i. Tangible Fixed Assets

Tangible fixed assets held by the Company and domestic consolidated subsidiaries are depreciated using the fixed percentage method.

However, straight line depreciation is applied to buildings (excluding furniture, fixtures and equipment) acquired after April 1, 1998.

Tangible fixed assets held by foreign consolidated subsidiaries are all depreciated using the straight-line method.

It should be noted that, in accordance with revisions to the Corporation Income Tax Law, from the current consolidated business year the Company and its domestic consolidated subsidiaries have adopted a method of depreciation based on the post-revision Corporation Income Tax Law for tangible fixed

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assets acquired on or after April 1, 2007. Consequentially, ordinary profit and net income before taxes and other adjustments are both ¥262 million lower than the levels under the previous method.

Furthermore, in accordance with revisions to the Corporation Income Tax Law, in the case of the Company and its domestic consolidated subsidiaries, those tangible fixed assets acquired on or before March 31, 2007 will be depreciated by a method based on the pre-revision Corporation Income Tax Law, and, starting from the consolidated business year immediately following the consolidated business year when the value becomes equal to 5% of the acquisition price, the difference between an amount equivalent to 5% of the acquisition price and the memorandum value will be amortized in equal installments over five years, and recorded as loss adjustment expenses, and operational and general administrative expenses. Under these changes, the ordinary profit and net income before taxes and other adjustments are both ¥522 million lower than the levels under the previous method.

ii. Software

Software used in-house by and held by the domestic consolidated subsidiaries posted as intangible fixed assets are depreciated using the straight-line method during the effective use life of the software.

(4) Recording Standards for Important Allowances

i. Allowance for Bad Debts

The Company and its domestic insurance consolidated subsidiaries provide an allowance for losses from bad debts and record it as follows using self-assessment standards, as well as depreciation/reserve standards, for assets:

The amount set aside for claims against a debtor who is legally and formally in corporate failure, such as bankruptcy or special liquidation, or subject to deposition or suspension of trading at clearinghouses, and claims against a debtor who is effectively bankrupt, is the amount of the outstanding claims against such debtors after deducting the expected disposal value of collateral and deducting the amount of possible recovery from the guarantees.

The amount set aside for claims against a debtor who is likely to fail, is the amount considered necessary by comprehensively judging the debtor's ability to pay out of the balance of the amount of the outstanding claims against such debtor after deducting the expected disposal value of collateral and deducting the amount of possible recovery from the guarantees.

The amount set aside for claims other than the above is calculated to be the amount of expected losses during a specified period of time in the future. This is done by computing actual historical bad debt ratios based on actual historical bad debt over a specified period of time and by multiplying the expected loss ratio computed based on such figures by the amount of outstanding claims.

All claims are assessed by the departments responsible for the debts according to the self-assessment standards for assets. The results from these assessments are audited by an asset audit department etc. independent from such departments and the amounts set aside are based on these assessment results.

Furthermore, all claims are assessed by the local departments and branches responsible for the loans according to the self assessment criteria for assets. The results from these assessments are audited by an independent internal audit department and the amounts set aside are based on these assessment results.

For other consolidated subsidiaries, bad debt estimations are calculated mainly based on the collectability of individual claims.

ii. Reserve for Retirement Allowance

The Company and its domestic consolidated subsidiaries appropriate for accrued retirement allowances for the employees' retirement allowances based on the estimated retirement allowances obligations at the end of the business year.

Past service liabilities are treated as expenses using the straight line method, based on a specified number of years not exceeding the average remaining service period of employees at the time when the liability is incurred.

Actuarial variances are treated as expenses beginning in the subsequent consolidated accounting period using the straight line method, based on a specified number of years not exceeding the average remaining years of employee at the time when the variance occurs.

iii. Reserve for Retirement Allowance for Officers

The Company and its domestic consolidated subsidiaries record the reserve for retirement allowance for officers as the estimated amount, based on internal regulations, payable at the end of the current period

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and apply it to the payment of retirement allowances (including pensions) for executives (including executive officers).

iv. Reserve for Accrued Bonuses

The Company and its domestic consolidated subsidiaries appropriate a bonus reserve for employee bonuses based on the estimated amount payable at the end of the current period.

v. Reserve for Price Fluctuation

To prepare for losses associated with stock price fluctuations, the Company and domestic insurance consolidated subsidiaries appropriate a price fluctuation reserve in accordance with Article 115 of the Insurance Business Law.

(5) Standards for translating important foreign currency denominated assets or liabilities into Japanese Yen

Foreign currency denominated assets and liabilities have been converted into Japanese Yen in accordance with the accounting standards pertaining to foreign currency denomination transactions. Foreign currency denominated monetary debts and credits have been translated into Japanese Yen based on the spot exchange rate of the consolidated accounting date. All translating differences have been stated as losses.

Assets and liabilities and profits and expenses of the foreign consolidated subsidiaries have been translated into Japanese Yen based on the spot exchange rate of the consolidated accounting dates of the foreign consolidated subsidiaries. The translation difference has been included in the foreign currency translation adjustments account and the minority equity interests as part of net assets portion.

(6) Important lease transaction processing method

The Company and consolidated subsidiaries have treated finance lease transactions except for leases that are recognized to transfer ownership to the lessee according to the method used for ordinary lease transactions.

(7) Important hedge accounting method

The Company values stock swap transactions for the purpose of hedging future share price fluctuation risks of held stocks using hedge market values.

In addition, of the interest rate swap transactions for the purpose of hedging interest rate fluctuations risks of held bonds, etc. the exceptional disposition for the accounting of interest rate swaps is used for those transactions that meet the requirements for the exceptional disposition. The appropriation method is used for future exchange contracts and currency swaps used to hedge fluctuation risks in the currency exchange market related to foreign currency bonds etc. that meet the requirements of the appropriation method. Please note that the effectiveness of hedges is generally determined by periodically analyzing the fluctuation amounts of market rate fluctuations for both the hedged items and the hedging instruments during the period from the commencement of the hedge up to the assessment dates. However, the analysis of hedge effectiveness is omitted where there is strong correlation between the hedged items and the hedging instruments, and for those interest rate transactions that meet the requirements of the exceptional disposition method and those that meet the requirements of the appropriation method.

(8) Accounting processing of consumption tax

The national and local consumption taxes of the Company and domestic consolidated subsidiaries are accounted for using mainly the tax exclusive method. However, loss adjustment expenses, commissions and collection expenses, and operational and general administrative expenses of the Company are accounted for using the tax inclusive method.

Non-deductible consumption tax and other taxes related to assets are added to other assets and amortized in equal installments over five years.

(9) Accounting standards applied to the foreign consolidated subsidiaries

The foreign consolidated subsidiaries mainly applied the local accounting standards of where they were located.

7. Issues Pertaining to Evaluation of Assets and Liabilities of Consolidated Subsidiaries

The market value method was adopted entirely to the evaluation of assets and liabilities of the consolidated subsidiaries.

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8. Issues Pertaining to the Amortization of Goodwill and Negative Goodwill

Goodwill and negative goodwill for domestic life insurance consolidated subsidiaries are amortized in equal installments for 20 years from the time accounts are incurred. Adjustments of small amounts are amortized at one time.

9. Taking the opportunity presented by the announcement of the “Auditing Treatment for Reserve Funds under the Special Taxation Measures Law and Allowances or Reserves under Special Law, and Retirement Benefits for Directors and Corporate Auditors, etc.” (Japanese Institute of Certified Public Accountants, Audit and Quality Assurance Committee Statement No. 42 of April 13, 2007), from the current consolidated business year the retirement allowance for officers (including executive officers) formerly included in the “Reserve for Retirement Allowance” is to be indicated as the “Reserve for Retirement Allowance for officers.”

The total amount of the retirement allowance for officers (including executive officers) recorded during the previous consolidated business year as “Reserve for Retirement Allowance” was ¥2,173 million.

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## Notes on the Consolidated Balance Sheet

1. Total depreciation of all tangible fixed assets amounts to ¥231,064 million and the reduced value entry amounts to ¥10,522 million.
2. Shares and amount invested of non-consolidated companies and affiliated companies are as follows:

Securities (stock)	¥ 21,914	million
Securities (investments)	¥ 12,293	million
3. (1) Of the total loan amount, ¥152 million is in uncollectible loans and ¥2,228 million is in delinquent loans.

Uncollectible loans are those loans that are not included in interest receivables because the principal or interest is unlikely to be collected by or repaid to the Company due to such reasons as payments have been delinquent for a substantial amount of time (excluding the portion of the bad debt already written off; hereinafter referred to as “Loans with Unreported Interest Receivable”) to which the conditions set forth in Article 96, Paragraph 1, Sub-Paragraph 3, Items a) through e) or Sub-Paragraph 4 of the Cabinet Order for Enforcement of Corporate Income Tax Law (Cabinet Order No. 97 of 1965) apply.

Delinquent loans fall under the Loans with Unreported Interest Receivable and are those loans which are not uncollectible loans or loans for which interest payments are deferred in order to assist the debtor or help the debtor restructure its business.
- (2) Of the overall loan amount, none is attributed to loans overdue longer than three months.

Loans overdue longer than three months are those loans other than uncollectible loans or delinquent loans and for which interest or principal payments are overdue by three months or longer from the next day after the payment date set forth in the contract.
- (3) Of the overall loan amount, ¥838 million is allocated to restructured loans (loans with alleviated loan terms).

Restructured loans are those loans, other than uncollectible loans, delinquent loans or loans overdue longer than three months, for which interest reductions or waivers, payment extensions for interest or principal, forgiveness of debt or other beneficial conditions have been applied in favor of the borrower in order to assist the business restructuring of or to provide other support to the borrower.
- (4) The sum of the uncollectible loans, delinquent loans, loans overdue longer than three months, and restructured loans is ¥3,219 million.
4. Assets pledged as collateral consist of securities worth ¥55,985 million and deposits worth ¥7,766 million. These assets are used as collateral for borrowings of ¥579 million included in other liabilities and as a deposit to obtain a letter of credit. Assets effectively pledged as collateral through a special purpose company established for the purpose of guarantying liabilities under the Company’s reinsurance contracts consist of securities worth ¥8,617 million.
5. Securities lent pursuant to consumption loan agreements total ¥114,664 million and are included in Securities.
6. The balance on unexecuted loans related to loan commitment agreements amounts to ¥27,986 million.
7. Net assets per share are ¥1,086.86.

The net assets at the end of the current consolidated business year which form the basis for computing the above number are ¥1,071,176 million, ¥1,103 million related to minority equity interest and share options are not vested to common shareholders. At the end of the current consolidated business year, net assets related to common share are ¥1,070,072 million, and number of common shares is 984 million.

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8. Items related to share options are as follows:

(1) Expenses and expense amount related to share options in the current consolidated business year.

Business costs, general administrative costs, and loss adjustment costs: ¥242 million

(2) Share option contents, scale, and status of changes

i. Share option contents

	Grantee classification and number	Number of share options granted by type of stock	Grant date	Exercise period
2000 share options	Company directors: 29	Common share: 450,000 shares	Dec. 15, 2000	Jun. 30, 2002 – Jun. 29, 2010 <sup>*1</sup>
2001 share options	Company directors: 12 Executive officers: 16	Common share: 450,000 shares	Aug. 1, 2001	Jun. 29, 2003 – Jun. 28, 2011 <sup>*2</sup>
2002 share options	Company directors: 15 Executive officers: 32	Common share: 800,000 shares	Aug. 1, 2002 Nov. 1, 2002 Jan. 1, 2003 May 1, 2003 Jun. 1, 2003	Jun. 28, 2004 – Jun. 27, 2012 <sup>*3</sup>
2003 share options	Company directors: 9 Executive officers: 28	Common share: 600,000 shares	Aug. 1, 2003 Feb. 2, 2004	Jun. 28, 2005 – Jun. 27, 2013 <sup>*3</sup>
2004 share options	Company directors: 8 Executive officers: 31	Common share: 625,000 shares	Aug. 2, 2004 Feb. 1, 2005	Jun. 30, 2006 – Jun. 29, 2014 <sup>*3</sup>
2005 share options	Company directors: 11 Executive officers: 36	Common share: 733,000 shares	Aug. 1, 2005 Feb. 1, 2006	Jun. 29, 2007 – Jun. 28, 2015 <sup>*3</sup>
2006 share options	Company directors: 10 Executive officers: 32	Common share: 640,000 shares	Aug. 7, 2006 Feb. 15, 2007	Jun. 29, 2008 – Jun. 28, 2016 <sup>*3</sup>
2007 share options	Company directors: 15 Executive officers: 26	Common share: 785,000 shares	Aug. 13, 2007 Feb. 12, 2008	Jun. 28, 2009 – Jun. 27, 2017 <sup>*3</sup>

- Note
1. The number of share options granted is listed as the number of shares.
  2. Vesting conditions: all options are vested on the grant date.
  3. Subject service period: not applicable.
  4. \*1 When an individual ceases to hold the position of director of the Company, his or her last day to exercise the share options shall be the sooner of the last day of the exercise period or the day three years following retirement.
  - \*2 When an individual ceases to hold the position of director or executive officer of the Company, his or her last day to exercise the share options shall be the sooner of the last day of the exercise period or the day three years following retirement.
  - \*3 When an individual ceases to hold the position of director and the position of executive officer of the Company, his or her last day to exercise the share options shall be the sooner of the last day of the exercise period or the day five years following retirement.
  5. For the 2006 share options, the starting date of the exercise period for the executive officers who were granted 5,000 shares on August 7, 2006 is July 22, 2008, and the starting date of the exercise period for the executive officers who were granted 5,000 shares on February 15, 2007 is January 27, 2009.
  6. For the 2007 share options, the starting date of the exercise period for the executive officers who were granted 5,000 shares on August 13, 2007 is July 28, 2009, and the starting date of the exercise period for the executive officers who were granted 5,000 shares on February 12, 2008 is January 26, 2010.

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ii. Share options scale and status of changes

The number of share options existing in the current consolidated business year is listed as the number of shares.

a. Number of share options

< After vesting >

(Unit: Shares)

	End of previous consolidated business year	Vested	Exercised	Lapsed	Unexercised
2000 share options	10,000	-	-	-	10,000
2001 share options	44,000	-	10,000	-	34,000
2002 share options	363,000	-	40,000	-	323,000
2003 share options	468,000	-	98,000	-	370,000
2004 share options	600,000	-	28,000	-	572,000
2005 share options	733,000	-	5,000	-	728,000
2006 share options	640,000	-	-	-	640,000
2007 share options	-	785,000	-	-	785,000

Note Under the Company's share option system, options are vested at the time they are granted, and so there are no options before they are vested.

b. Unit value information

	Grant date	Exercise price	Stock price average at time of exercise	Fair unit value on grant date
2000 share options	Dec. 15, 2000	¥605	-	-
2001 share options	Aug. 1, 2001	¥797	¥1,513	-
2002 share options	Aug. 1, 2002	¥777	¥1,549	-
	Nov. 1, 2002	¥712	-	
	Jan. 1, 2003	¥705	-	
	May 1, 2003	¥581	-	
2003 share options	Jun. 1, 2003	¥574	-	-
	Aug. 1, 2003	¥735	¥1,473	
2004 share options	Feb. 2, 2004	¥901	¥1,518	-
	Aug. 2, 2004	¥1,167	¥1,372	
2005 share options	Feb. 1, 2005	¥1,082	¥1,434	-
	Aug. 1, 2005	¥1,148	¥1,440	
2006 share options	Feb. 1, 2006	¥1,665	-	-
	Aug. 7, 2006	¥1,598	-	
2007 share options	Feb. 15, 2007	¥1,623	-	¥470
	Aug. 13, 2007	¥1,547	-	
	Feb. 12, 2008	¥990	-	¥236

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(3) Method for estimating the fair unit value of share options

The method for estimating the fair unit value of share options granted during the current consolidated business year is as follows:

- i. Valuation technique used: binomial model
- ii. Main basis figures and estimation method

Valuation date	Aug. 13, 2007	Feb. 12, 2008
Unit period	3 months	3 months
Price change rate (Note 1)	30%	30%
Share price on valuation date	¥1,350	¥869
Exercise price	¥1,547	¥990
Anticipated time to maturity (Note 2)	7 years and 9 months	7 years and 2 months
Dividend rate (Note 3)	0.97%	0.97%
Interest rate (Note 4)	1.94%	1.61%

- Note
1. Calculated based on 10 years of share price performance.
  2. Estimated by taking the weighted average of the periods to each lattice point in a binomial model where it is assumed that options will be exercised at certain lattice points if the price when exercised exceeds the expected discount value of the options at the next point.
  3. Based on dividend performance since the business year ended March 1990.
  4. Calculated using the interest rate obtained from the swap rate corresponding to each period, covering the period from the grant date to expiration.

(4) Method for estimating the number of vested share options

This item is not applicable, since options are vested at the time of granting under the Company's share option system.

9. Amounts have been rounded off to the unit noted.

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## Notes on the Consolidated Statement of Income

1. Breakdown of main business costs:

Agency commission                      ¥ 235,993      million

Salary    ¥ 125,640      million

The business costs are a sum of the loss adjustment expenses, various commissions and collection expenses stated in the consolidated statement of income plus operational and general administrative expenses of the Company.

2. The breakdown of other extraordinary profit is: ¥553 million in gains from changes in equity associated with affiliated companies accounted for by the equity-method; ¥520 million in extraordinary gains on cancellation of shares due to absorption of subsidiaries; and ¥199 million in gains on the drawdown of reserves for retirement allowance accompanying the conversion of the retirement allowance plan.

3. Net income of the current period per share for the business year is ¥60.57.

The net income for the current period which forms the basis for computing the above number is ¥59,636 million, not applicable for what is not vested to common shareholders, the net income from the current period related to common shares is ¥59,636 million, and the average number of outstanding common shares during the business year is 984 million shares. Net income of the current period per share after adjustment of residual shares is ¥60.55. The adjustments to net income that form the basis for computing the above number are not applicable, and the increase in the number of common shares is 0 million shares.

4. Amounts have been rounded off to the unit noted.

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## Notes on the Consolidated Statement of Changes in Shareholders' Equity

### 1. Items related to the type and total number of outstanding shares, and the type and number of treasury share

	Shares at end of previous consolidated business year (thousands of shares)	Increase in number of shares during current consolidated business year (thousands of shares)	Decrease in number of shares during current consolidated business year (thousands of shares)	Shares at end of current consolidated business year (thousands of shares)
Outstanding shares				
Common shares	987,733	—	—	987,733
Total	987,733	—	—	987,733
Treasury share				
Common shares	3,266	194	278	3,181
Total	3,266	194	278	3,181

- Note
1. The increase of 194,000 in the number of common shares of treasury share was the result of a buyback of fractional shares.
  2. The decrease of 278,000 in the number of common shares of treasury share was the result of a decrease by 97,000 shares due to the purchase of fractional shares and the disposal of 181,000 shares of treasury share accompanying the exercise of share options.

### 2. Items related to new share options and treasury share options of treasury share

Category	Breakdown of share options	Balance at end of current consolidated business year (millions of yen)
Sompo Japan	Share options as stock options	557
Total		557

### 3. Items related to dividends

#### (1) Dividends paid

	Type of stock	Gross dividends	Dividend per share	Record date	Effective date
June 27, 2007 Annual Shareholders' Meeting	Common share	¥15,751 million	¥16	March 31, 2007	June 28, 2007

#### (2) Dividends with a record date in the current consolidated business year and an effective date in the next consolidated business year

	Type of stock	Gross dividends	Money to pay dividend	Dividend per share	Record date	Effective date
June 25, 2008 Annual Shareholders' Meeting	Common share	¥19,691 million	Retained earnings	¥20	March 31, 2008	June 26, 2008

### 4. Amounts have been rounded off to the unit noted.

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## Notes on Retirement Allowance

### 1. Summary of Adopted Retirement Allowance Plan

The Company utilizes a defined benefit type plan and has established retirement allowance trusts for its lump sum retirement allowance system (including company administered pension plans).

Further, the Company has adopted a defined contribution pension fund plan.

Three domestic consolidated subsidiaries have adopted defined-benefit type plans, establishing a lump sum retirement allowance system. Another three have adopted a defined contribution pension fund plan. A part of the foreign consolidated subsidiaries have established a defined contribution pension fund plan and a defined-benefit type pension plan.

### 2. Issues Pertaining to Retirement Allowance Obligations

Retirement allowance obligations	- ¥	120,591	million
Pension assets	¥	4,131	million
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Unfunded retirement allowances obligations	- ¥	116,460	million
Unrecognized statistical variances	¥	22,443	million
Unrecognized past service liabilities	- ¥	2,498	million
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Reserve for retirement allowances	- ¥	96,516	million

### 3. Issues Pertaining to Retirement Allowance Expenses

Working expenses	¥	4,520	million
Interest expenses	¥	1,734	million
Anticipated investment income	¥	-	million
Disposal of expenses associated with statistical expenses	¥	3,754	million
Disposal of expenses associated with past service liabilities	¥	616	million
<hr/>			
Sub-total	¥	10,627	million
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Installment payments into the defined contribution type pension plan	¥	2,500	million
<hr/>			
Total retirement allowance expenses	¥	13,127	million

Note Some consolidated companies have calculated ¥199 million in gains on the drawdown of reserves for retirement allowance accompanying the conversion of the retirement allowance plan as extraordinary profit.

### 4. Issues Pertaining to the Basis of Calculation of Retirement Allowance Obligations

Method of periodically allocating	Periodically fixed amount standard
Projected retirement allowances	
Discount rate	1.5%
Expected investment return rate	0.0%
Years Processed with respect to the amount of past service liabilities amounts	5 years
Years Processed with respect to actuarial variances	8 - 11 years

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## Tax Effect Accounting

1. Deferred tax assets total ¥321,261 million, while deferred tax liabilities total ¥323,593 million.  
A breakdown of the main factors that generate deferred tax assets and deferred tax liabilities are given below:

Deferred tax assets			
Underwriting reserves etc.	¥	188,287	million
Outstanding claims	¥	42,607	million
Reserve for retirement allowances	¥	34,717	million
Asset valuation loss	¥	33,728	million
Intangible fixed assets for tax purposes	¥	18,186	million
Other	¥	46,724	million
<hr/>			
Subtotal for deferred tax assets	¥	364,252	million
Allowance account	- ¥	42,991	million
<hr/>			
Total deferred tax assets	¥	321,261	million
Deferred tax liabilities			
Valuation Difference on other securities, etc.	- ¥	314,748	million
Other	- ¥	8,845	million
<hr/>			
Total deferred tax liabilities	- ¥	323,593	million
<hr/>			
Net deferred tax assets (or liabilities)	- ¥	2,332	million

Note The net amount of deferred tax liabilities is split and included in the consolidated balance sheet as deferred tax assets totaling ¥10,907 million and as deferred tax liabilities totaling ¥13,239 million.

2. For the current consolidated accounting year, the domestic statutory effective tax rate was 36.09% and the corporate tax burden rate upon the application of deferred tax accounting was 32.95%. The main differences between the two rates are broken down below:

Domestic statutory effective tax rate	36.09%
(Adjustments)	
Received dividends excluded from gross revenues	- 6.81%
Entertainment expenses not qualifying for as tax deductible expenses	1.28%
Increase in valuation allowance account	0.77%
Depreciation of goodwill	0.76%
Other	0.86%
<hr/>	
Corporate tax burden rate upon application of deferred tax accounting	32.95%

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**Attachment (10)**

**Certified Copy of the Accounting Auditor's Report  
Pertaining to Consolidated Financial Statements**

Ernst & Young ShinNihon, the accounting auditor, submitted an audit report to the Company's board of directors on May 15, 2008

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**Attachment (11)**

**Certified copy of the Board of Company Auditors Report Pertaining to Consolidated Financial Statements**

**Audit Report Pertaining to Consolidated Financial Statements**

The Board of Company Auditors has prepared this audit report following deliberation on the basis of audit reports as prepared by each auditor in respect to the consolidated financial statements (the consolidated balance sheet, consolidated income statement and consolidated statement of changes in shareholders' equity) for the 65th business year from April 1, 2006 to March 31, 2007 and hereby report as follows:

1. Audit Methods and Contents of Auditors and the Board of Company Auditors

The Board of Company Auditors established the audit policy and audit plans, received reports from each auditor on audit field work performed and audit results, and also received reports from directors and the accounting auditor concerning the status of the execution of their duties, and requested explanations if and when needed.

Each company auditor, in conformity with general audit standards set out by the Board of Company Auditors and in accordance with the audit policy and audit plans, has received reports from directors and employees pertaining to the consolidated financial statements and requested explanations if and when needed. Further, the Board of Company Auditors has monitored and inspected whether the accounting auditor has maintained its independent position and conducted auditing in a proper manner, received reports from the accounting auditor on the status of the execution of its duties, and requested explanations if and when needed. The Board of Company Auditors has also received notification from the accounting auditor that it has developed the "system for ensuring the proper execution of duties" (matters listed in each item of Article 159, Ordinance for Company Accounting) in accordance with "Quality Control Standards for audit" (Business Accounting Council, October 28, 2005) etc., and requested explanations if and when needed. On the basis of the above-described audit methods, the Board of Company Auditors has examined the consolidated financial statements for the reference business year.

2. Audit Results

The audit methods used and results obtained by the accounting auditor, Ernst & Young ShinNihon, are appropriate.

May 19, 2008

The Board of Company Auditors, Sompo Japan Insurance Inc.  
Ichiro Suzuki, Standing Company Auditor (full-time)  
Tsuneo Ando, Company Auditor, (full-time)  
Yoshiki Yagi, Company Auditor (outside auditor)  
Tohru Tsuji, Company Auditor (outside auditor)  
Toshiaki Hasegawa, Company Auditor (outside auditor)

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## Shareholders' Meeting Reference Materials

### Proposals and Related Reference Matters

#### Proposal No. 1 Appropriation of Surplus

It is proposed that surplus for this term be appropriated as follows:

1. Matter concerning term-end dividend

In line with its policy of returning profits to shareholders, the company values the steady increase of dividend payments and has set a Dividend on Equity Ratio (DOE) of 2% as its mid-to-long term target.

Based on this policy of returning profits to shareholders and in consideration of the Company's future business plans, the Board of Directors proposes that the term-end dividend be increased by ¥4 per share over the previous period to ¥20.

(1) Type of Dividend Property

Cash

(2) Matters regarding the apportionment of Dividend Property to shareholders and the total amount thereof

A dividend payment of ¥20 per share of the Company's common share will be made.

Total amount of ¥19,691,028,580

(3) Effective date of the distribution of dividends

June 26, 2008.

2. Other matters concerning the Appropriation of Surplus

(1) Item of surplus to be reduced and the amount of reduction

Earned surplus carried forward                      ¥16,000,000,000

(2) Item of surplus to be increased and the amount of increase

General reserve    ¥16,000,000,000

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## Proposal No. 2 Election of fourteen (14) Directors

Fifteen (15) directors were elected at the 64th Annual Shareholders' Meeting held on June 27, 2007. Director Toshio Matsuzaki has resigned his position effective March 31, 2008. Further, fourteen (14) directors will complete their current period of service on the board of directors as of the end of this Annual Shareholders' Meeting.

This period, the Company will move to elect fourteen (14) directors, including new candidates for outside director in order to improve management transparency and objectiveness and strengthen the supervisory function of management.

The candidates for the positions of directors are listed below:

### Candidates for Directors (14 Individuals)

Candidate No.	Name (Date of Birth)	Summarized Personal History, Representation at Other Companies and Status and Position in charge at the Company	No. of Company Shares Held
1	Masatoshi Sato (March 2, 1949)	<p>April 1972 Joined the Company</p> <p>April 1994 Branch Manager, Yamanashi Branch of the Company</p> <p>April 1996 Manager, System Planning Department of the Company</p> <p>April 1997 Manager, Information Systems Department of the Company</p> <p>April 1999 Office Manager, Presidential Staff Office, Manager, New Business Development Office of the Company</p> <p>July 1999 Office Manager, Presidential Staff Office of the Company</p> <p>June 2000 Director, Office Manager, Presidential Staff Office of the Company</p> <p>June 2001 Director, Executive Officer, Manager, Information Systems Department of the Company</p> <p>April 2002 Director, Managing Executive Officer of the Company</p> <p>July 2004 Director, Managing Executive Officer, Manager, Corporate Business Planning Department of the Company</p> <p>Dec. 2004 Director, Managing Executive Officer, Manager, Commercial Risk Solutions Department, Manager, Corporate Business Planning Department of the Company</p> <p>Jan. 2005 Director, Managing Executive Officer, Manager, Corporate Business Planning Department of the Company</p> <p>April 2005 Director, Managing Executive Officer of the Company</p> <p>June 2006 President and Chief Executive Officer, President and Senior Managing Executive Officer of the Company</p> <p>To present</p> <p>Representation at other companies:</p> <ul style="list-style-type: none"> <li>• President, Sompo Japan Research Institute Inc.</li> <li>• Chairman, Sompo Fine Art Foundation</li> <li>• Chairman, Sompo Japan Foundation</li> <li>• Chairman, Sompo Japan Environment Foundation</li> </ul> <p>Overall management; In charge of Customer Service Department and Customer Relations Office</p>	41,693 Shares
2	Yukio Nakamura (Jan. 2, 1949)	<p>April 1973 Joined the Company</p> <p>April 1996 Branch Manager, Sanin Branch of the Company</p> <p>June 1998 Manager, Sales Development Department of the Company</p> <p>April 2000 Manager, Sales Service Development Department of the Company</p> <p>June 2000 Executive Officer, Manager, Sales Development Department of the Company</p> <p>April 2002 Executive Officer, General Manager, Kita-Nihon Regional Headquarters, Manager, Sales Development Department of the Company</p> <p>June 2002 Director, Executive Officer, General Manager, Kita-Nihon Regional Headquarters, General Manager, Kansai Regional Headquarters, and Manager, Sales Development Department of the Company</p> <p>July 2002 Director, Managing Executive Officer, General Manager, Kanto Regional Headquarters of the Company</p> <p>June 2003 Managing Executive Officer, General Manager, Kanto Regional Headquarters of the Company</p> <p>April 2005 Senior Managing Executive Officer, General Manager, Hokuriku &amp; Shinetsu Regional Headquarters of the Company</p> <p>June 2006 Director, Senior Managing Executive Officer, General Manager, Hokuriku &amp; Shinetsu Regional Headquarters of the Company</p> <p>April 2007 Director, Senior Managing Executive Officer of the Company</p> <p>to present</p> <p>In charge of Internal Audit Department, regional Internal Audit Offices, and Human Capital Department</p> <p>Regions: Head Office, Tokyo, Metropolitan Area, Hokkaido, Tohoku, Higashi-Nihon, Nagoya, Kansai, Chugoku, and Kyushu</p>	20,338 Shares

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Candidate No.	Name (Date of Birth)	Summarized Personal History, Representation at Other Companies and Status and Position in charge at the Company	No. of Company Shares Held
3	Keishiro Kinoshita (Nov. 6, 1948)	<p>April 2002 Managing Executive Officer, Mizuho Corporate Bank, Ltd.  June 2002 Associate Director, Mizuho Corporate Bank, Ltd.  Oct. 2002 Joined the Company  Feb. 2003 Associate Director of the Company  April 2003 Executive Officer of the Company  April 2004 Managing Executive Officer of the Company  April 2005 Managing Executive Officer, General Manager, Chugoku Regional Headquarters of the Company  March 2007 Managing Executive Officer of the Company  April 2007 Senior Managing Executive Officer of the Company  June 2007 Director, Senior Managing Executive Officer of the Company to present  In charge of International Planning Department</p>	12,000 Shares
4	Jun Mochizuki (Jan. 5, 1952)	<p>Oct. 1974 Joined the Company  April 1997 Manager, Accounting Department of the Company  April 1999 Manager, Accounting Department, Chief Actuary of the Company  April 2002 Manager, Accounting Department, Manager, Accounting Processing Department, Chief Actuary of the Company  June 2002 Manager, Accounting Department, Manager, Accounting Processing Department and Manager, Information Systems Department, Chief Actuary of the Company  July 2002 Manager, Information Systems Department, Chief Actuary of the Company  April 2003 Manager, BP &amp; IT Planning Department, Chief Actuary of the Company  April 2004 Executive officer, Manager, BP &amp; IT Planning Department, Chief Actuary of the Company  April 2005 Managing Executive, Officer, Chief Actuary of the Company  June 2005 Director, Managing Executive Officer, Chief Actuary of the Company  April 2006 Director, Managing Executive Officer of the Company  April 2007 Director, Senior Managing Executive Officer of the Company to present  In charge of Financial Institutions Department, Financial Institutions Production &amp; Marketing Department, 1st Production Department, and 3rd Production Department</p>	16,000 Shares
5	Junichiro Okawa (March 13, 1952)	<p>April 1975 Joined the Company  April 1998 Branch Manager, Matsumoto Branch of the Company  July 2000 Manager, Business Development Department of the Company  April 2001 Manager, Financial Institution Marketing Department, Manager, Marketing Department of the Company  July 2001 Branch Manager, Yokohama Branch of the Company  April 2002 Branch Manager, Yokohama Branch, Manager, Yokohama Chuo Branch of the Company  July 2002 Branch Manager, Yokohama Branch of the Company  June 2003 Managing Executive Officer, General Manager, Chiba Regional Headquarters, Manager, Chiba Production Promotion Department and Office Manager, Chiba Business Development Office of the Company  April 2004 Managing Executive Officer, General Manager, Saitama &amp; Chiba Regional Headquarters of the Company  April 2006 Managing Executive Officer of the Company  June 2006 Director, Managing Executive Officer of the Company  April 2007 Director, Managing Executive Officer, General Manager, Chubu Regional Headquarters of the Company  April 2008 Director, Senior Managing Executive Officer of the Company to present  In charge of Personal Lines Planning &amp; Development Department, Sales Promotion &amp; Distribution Channel Planning Department, Financial Institution Marketing Department, and Defined Contribution and Investment Trust Business Development Department</p>	28,365 Shares

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Candidate No.	Name (Date of Birth)	Summarized Personal History, Representation at Other Companies and Status and Position in charge at the Company	No. of Company Shares Held
6	Kenichi Tomita (June 28, 1949)	<p>April 2002 Managing Executive Officer, Mizuho Corporate Bank, Ltd.  June 2002 Associate Director, Mizuho Corporate Bank  Oct. 2002 Joined the Company  Feb. 2003 Associate Director of the Company  April 2003 Executive Officer of the Company  July 2003 Executive Officer, Manager, Risk Management Department, Manager, Investment Administrative Department of the Company  April 2004 Managing Executive Officer, Manager, Risk Management Department, Manager, Investment Administrative Department of the Company  July 2005 Managing Executive Officer, Manager, Investment Administrative Department of the Company  April 2007 Managing Executive Officer of the Company  June 2007 Director, Managing Executive Officer of the Company  April 2008 Director, Senior Managing Executive Officer of the Company to present  In charge of Compliance Department, Risk Management Department, Information Security Department, Agency Administrative Support Department, and Investment Administrative Department</p>	11,000 Shares
7	Kouki Kazuma (Feb. 25, 1952)	<p>April 1975 Joined the Company  April 1998 Manager, Investment Planning Department of the Company  Jan. 1999 Manager, Investment Planning Department, Office Manager, Equities Investment &amp; Research Office of the Company  July 1999 Manager, Investment Planning Department of the Company  July 2000 Manager, Investment Planning Department, Manager, Global Securities Investment Department of the Company  April 2001 Manager, Investment Planning Department of the Company  July 2002 Manager, Investment Planning Department, Manager, Equities Investment &amp; Research Department of the Company  Jan. 2003 Manager, Investment Planning Department of the Company  April 2003 Manager, Investment Planning Department, Manager, Global Securities Investment Department of the Company  July 2003 Manager, Investment Planning Department of the Company  April 2004 Associate Director, Manager, Investment Planning Department of the Company  July 2004 Executive Officer, Manager, Investment Planning Department of the Company  April 2005 Managing Executive Officer, Manager, Investment Planning Department of the Company  June 2005 Director, Managing Executive Officer, Manager, Investment Planning Department of the Company  April 2006 Director, Managing Executive Officer of the Company  April 2008 Director, Senior Managing Executive Officer of the Company to present  In charge of Corporate Planning Department, Renovation Planning Department, Planning and Research Department, Corporate Legal Department, Group Strategy Planning Department, Secretarial Department, and Corporate Communications Department</p>	13,000 Shares
8	Hisashi Nakano (June 21, 1952)	<p>April 1975 Joined the Company  July 1999 Manager, Chubu Production Promotion Department  July 2000 temporary transferred to INA Himawari Life Insurance (current Sompō Japan Himawari Life Insurance Co., Ltd.)  June 2002 temporary transferred to Saison Automobile &amp; Fire Insurance Co., Ltd.  April 2004 Manager, Medical &amp; Welfare Market Department of the Company  April 2005 Executive Officer, Manager, Human Capital Department of the Company  June 2006 Managing Executive Officer, Manager, Human Capital Department of the Company  June 2006 Director, Managing Executive Officer, Manager, Human Capital Department of the Company  Sept. 2006 Director, Managing Executive Officer of the Company  April 2008 Director, Managing Executive Officer, General Manager, 1<sup>st</sup> Kansai Regional Headquarters of the Company to present</p>	12,000 Shares

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Candidate No.	Name (Date of Birth)	Summarized Personal History, Representation at Other Companies and Status and Position in charge at the Company	No. of Company Shares Held
9	Eiichi Yoshimitsu (Dec. 19, 1952)	<p>April 1976 Joined the Company</p> <p>Oct. 2001 Manager, Defined Contribution and Investment Trust Business Development Department of the Company</p> <p>June 2002 Manager, Business Strategy Planning Department, Manager, Defined Contribution and Investment Trust Business Development Department of the Company</p> <p>Jan. 2003 Manager, Defined Contribution and Investment Trust Business Development Department of the Company</p> <p>April 2005 Executive Officer, Manager, Accounting Department, Manager, Group Strategy Planning Department of the Company</p> <p>July 2005 Executive Officer, Manager, Corporate Planning Department of the Company</p> <p>June 2006 Managing Executive Officer, Manager, Corporate Planning Department of the Company</p> <p>April 2007 Managing Executive Officer of the Company</p> <p>June 2007 Director, Managing Executive Officer to present</p> <p>In charge of Claims Administration Department, Commercial Line Claims Department, Healthcare Business Development Department, Automobile Claims Department, Property &amp; Casualty Claims Department, and Health Insurance Office</p>	4,000 Shares
10	Masami Ishii (Sept. 4, 1952)	<p>April 1976 Joined the Company</p> <p>July 2000 Manager, Planning &amp; Marketing Department of the Company</p> <p>May 2001 Manager, Planning &amp; Marketing Department, Office Manager, Group Organization Development Office of the Company</p> <p>April 2005 Executive Officer, Manager, Planning &amp; Marketing Department, Manager, Group Organization Development Department of the Company</p> <p>July 2005 Executive Officer of the Company</p> <p>March 2006 Executive Officer, Manager, Corporate Business Planning Department of the Company</p> <p>April 2007 Managing Executive Officer, Manager, Corporate Business Planning Department of the Company</p> <p>June 2007 Director, Managing Executive Officer to present</p> <p>In charge of Commercial Risk Solutions Department, Marine Underwriting Department, Reinsurance Department, Corporate Business Planning Department, and Planning &amp; Marketing Department</p>	14,000 Shares
11	Takeshi Oiwa (Dec. 7, 1952)	<p>April 1976 Joined the Company</p> <p>July 1999 Manager, Property &amp; Casualty Underwriting Department of the Company</p> <p>April 2001 Manager, Commercial Risk Solutions Department of the Company</p> <p>June 2001 Manager, Commercial Risk Solutions Department, Manager, Corporate Business Planning Department of the Company</p> <p>April 2002 Manager, Commercial Risk Solutions Department, Office Manager, Reinsurance Office, Manager, Corporate Business Planning Department of the Company</p> <p>July 2002 Manager, Commercial Risk Solutions Department, Manager, Corporate Business Planning Department of the Company</p> <p>Oct. 2002 Manager, Commercial Risk Solutions Department, Manager, Corporate Business Planning Department, Manager, International Planning Department of the Company</p> <p>Nov. 2002 Manager, Commercial Risk Solutions Department, Manager, International Planning Department of the Company</p> <p>Dec. 2004 Manager, International Planning Department of the Company</p> <p>July 2005 Executive Officer, Manager, International Planning Department of the Company</p> <p>April 2007 Managing Executive Officer of the Company</p> <p>June 2007 Director, Managing Executive Officer to present</p> <p>In charge of General Affairs Department, Accounting Department, Investment Planning Department, Financial Services Department, and Global Securities Investment Department</p>	8,000 Shares

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Candidate No.	Name (Date of Birth)	Summarized Personal History, Representation at Other Companies and Status and Position in charge at the Company	No. of Company Shares Held
12	Kengo Sakurada (Feb. 11, 1956)	<p>April 1978 Joined the Company</p> <p>Dec. 2000 Manager, Consolidated Planning Department of the Company</p> <p>April 2001 Manager, Consolidated Planning Department, Manager, DAI-ICHI LIFE Office Integration Planning Department of the Company</p> <p>April 2003 Manager, Business Strategy Planning Department of the Company</p> <p>June 2003 Manager, Corporate Planning Department of the Company</p> <p>July 2005 Executive Officer, Manager, Financial Institutions Department of the Company</p> <p>April 2007 Managing Executive Officer of the Company</p> <p>June 2007 Director, Managing Executive Officer to present</p> <p>In charge of Automobile Underwriting Department, Personal Lines Underwriting Department, Personal Lines Underwriting Department Accident &amp; Health Insurance Office, Special Fire Insurance Department, Marketing &amp; Contact Center Planning Office, Saga Call Center Office, Sapporo Call Center Office, Business Process Planning Department, and IT Strategy Planning Department</p>	13,365 Shares
13	Yoshiki Yagi (Feb. 27, 1938)	<p>April 1960 Joined Hitachi, Ltd.</p> <p>June 1983 Manager, Business Department of Hitachi, Ltd.</p> <p>June 1988 Manager, Accounting Department of Hitachi, Ltd.</p> <p>June 1991 Director, Manager, Accounting Department of Hitachi, Ltd.</p> <p>June 1993 Executive Director, Manager, Accounting Department of Hitachi, Ltd.</p> <p>June 1994 Executive Director of Hitachi, Ltd.</p> <p>June 1997 Senior Managing Director of Hitachi, Ltd.</p> <p>April 1999 Representative Director, Director and Executive Vice President of Hitachi, Ltd.</p> <p>June 2002 Auditor of the Company (present post)</p> <p>June 2003 Representative Executive Officer, Executive Vice President and Director of Hitachi, Ltd.</p> <p>April 2004 Director of Hitachi, Ltd.</p> <p>June 2004 Director and Chairman, Audit Committee of Hitachi, Ltd.</p> <p>June 2005 Director and Chairman of the Board of Directors, Chairman, Audit Committee of Hitachi, Ltd.</p> <p>April 2007 Director and Chairman, Audit Committee of Hitachi, Ltd. To present</p>	0 Shares
14	Toshiaki Hasegawa (Sept. 13, 1948)	<p>April 1977 Admitted to Daiichi Tokyo Bar Association</p> <p>Jan. 1982 Partner, Ohashi, Matsueda, and Hasegawa Law Offices</p> <p>Jan. 1990 Established T. Hasegawa &amp; Co. Law Offices</p> <p>April 1994 Corporate Lawyer of the Company</p> <p>June 2005 Auditor of the Company (present post) To present</p>	0 Shares

- Note
1. There are no special interests between each candidate and the Company.
  2. Messrs. Yoshiki Yagi and Toshiaki Hasegawa are candidates for outside director. The reasons for which they were selected as candidates for outside director and were deemed to have the ability to appropriately carry out the duties of Outside Directors are set forth below, as well as the periods of service rendered to the Company.
    - (1) The Company moves to elect Mr. Yoshiki Yagi as an Outside Director because he can be expected to make use of his abundant experience as a manager, wide insights, and other skills in the management of the Company. While Mr. Yoshiki Yagi is a new candidate, he has served as an outside company auditor of the Company since June 2002 and will have completed six years of service in that position as of the end of this Annual Shareholders' Meeting.
    - (2) The Company moves to elect Mr. Toshiaki Hasegawa as an outside director because it has been deemed that he will appropriately carry out the duties of an outside director in light of his professional knowledge and experience as an attorney, despite his lack of experience in corporate management other than through election as an outside director or outside company auditor in the past. While Mr. Toshiaki Hasegawa is a new candidate, he has served as an outside company auditor of the Company since June 2005 and will have completed three years of service in that position as of the end of this Annual Shareholders' Meeting.

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3. Hitachi, Ltd., where Mr. Yoshiki Yagi serves as a director, received an order from the Fair Trade Commission in September 2006 to pay a surcharge for violation of the Antimonopoly Act in relation to bidding for tunnel ventilation construction on the Shinjuku Highway Line of the Metropolitan Expressway ordered in 2004. Further, in April 2008, Hitachi was recognized by the Fair Trade Commission as having committed violations of the Antimonopoly Act between April 1999 and July 2003 in relation to bidding for sewerage pumping equipment construction implemented by the Tokyo Metropolitan Government. Mr. Yoshiki Yagi has repeatedly expressed his opinions at meetings of the Board of Directors and the Board of Company Auditors on the importance of legal compliance. In response to the above incidents, as a member of the Audit Committee at Hitachi, he strengthened compliance auditing and oversaw the execution of measures to prevent recurrence.

Further, Hitachi Metals, Ltd., where Mr. Yoshiki Yagi serves as an outside director, received a cease-and-desist order and a surcharge payment order from the Fair Trade Commission in June 2007 for violation of the Antimonopoly Act in relation to the sale of polyethylene pipes and coupling joints for gas use. During the course of an internal investigation, violations of the Antimonopoly Act were discovered in relation to the sale of stainless steel flexible pipes and coupling joints for gas use. Accordingly, Hitachi Metals submitted a leniency petition based on the results of this investigation to the Fair Trade Commission for application of the immunity from or reduction of surcharge system, the application of which was granted in March 2008. Mr. Yoshiki Yagi has repeatedly expressed his opinions at meetings of the Board of Directors and the Board of Company Auditors on the development of internal controls. In response to the above incident, Mr. Yoshiki Yagi received a report on the internal investigation and expressed his opinions at meetings of the Board of Directors and the Board of Company Auditors about measures to prevent recurrence by strengthening the compliance system, including improving the operation of the internal control system. He then oversaw the execution of those measures.

Bridgestone Corporation, where Mr. Toshiaki Hasegawa serves as an outside company auditor, received recommendations from the Fair Trade Commission in December 2004 to prevent violations of the Antimonopoly Act in relation to bidding on tires for the Japan Defense Agency. Bridgestone complied with the recommendations in January 2005. Further, Bridgestone received a cease-and-desist order and a surcharge payment order from the Fair Trade Commission in February 2008 for violation of the Antimonopoly Act in relation to the sale of marine hose. Mr. Toshiaki Hasegawa has habitually strived to perform audits that ensure the properness of the execution of operation. Following the occurrence of the above incidents, he fulfilled his responsibilities by, for example, making suggestions from the standpoint of legal compliance.

4. If Messrs. Yoshiki Yagi and Toshiaki Hasegawa are elected as outside directors, the Company intends to enter into contracts for limitation of liability with them that limit their liability to the Minimum Liability Amount which is provided in Article 425, Paragraph 1 of the Companies Act regarding liability under Article 423, Paragraph 1 of the Companies Act, in accordance with the provisions of Article 33 of the Articles of Incorporation of the Company.

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### Proposal No. 3 Election of four (4) Company Auditors

Auditors Ichiro Suzuki, Yoshiki Yagi, Tsuji Toru, and Toshiaki Hasegawa will complete their current period of service on the Board of Company Auditors as of the end of this Annual Shareholders' Meeting. The Company will therefore move to elect four (4) auditors.

Note that the Board of Company Auditors has agreed to this Proposal.

The candidates for the position of auditor are listed below.

#### Candidates for Auditors (4 Individuals)

Candidate No.	Name (Date of Birth)	Summarized Personal History, Representation at Other Companies and Status and Position in charge at the Company	No. of Company Shares Held
1	Tohru Tsuji (February 10, 1939)	<p>April 1961 Joined Marubeni-Iida Co., Ltd. (January 1972 Changed the trade name to Marubeni Corporation)</p> <p>June 1991 Director of Marubeni Corporation</p> <p>June 1995 Executive Director of Marubeni Corporation</p> <p>June 1996 Representative Director and Executive Director of Marubeni Corporation</p> <p>June 1997 Representative Director and Senior Managing Director of Marubeni Corporation</p> <p>April 1999 President and CEO, Member of the Board of Marubeni Corporation</p> <p>April 2003 Chairman, Member of the Board of Marubeni Corporation</p> <p>June 2003 Auditor of the Company</p> <p>April 2004 Chairman, Member of the Board of the Marubeni Corporation</p> <p>April 2008 Senior Corporate Adviser, Member of the Board</p> <p>To present</p>	0
2	Kunihiro Matsuo (September 13, 1942)	<p>April 1966 Legal apprentice</p> <p>April 1968 Prosecutor, Tokyo District Public Prosecutors Office</p> <p>June 1980 First Secretary and Counselor, Embassy of Japan in Germany</p> <p>Sept. 1989 Director, Criminal Affairs Division, Criminal Affairs Bureau, Ministry of Justice</p> <p>Sept. 1992 Minister of Justice secretariat Manager of Personnel</p> <p>Jan. 1996 Chief Public Prosecutor, Matsuyama District Public Prosecutors Office</p> <p>Dec. 1996 Deputy Superintendent Prosecutor, Tokyo District Public Prosecutors Office</p> <p>April 1998 Prosecutor, Supreme Public Prosecutors Office</p> <p>June 1998 Director-General, Criminal Affairs Bureau, Ministry of Justice</p> <p>Dec. 1999 Vice Minister of Justice</p> <p>Jan. 2002 Deputy Prosecutor-General, Supreme Public Prosecutors Office</p> <p>Sept. 2003 Superintending Prosecutor, Tokyo High Public Prosecutors Office</p> <p>June 2004 Prosecutor-General</p> <p>Sept. 2006 Admitted to Daiichi Tokyo Bar Association)</p> <p>Nov. 2006 Established Matsuo Kunihiro Law Firm</p> <p>To present</p>	0
3	Yukako Uchinaga (July 5, 1946)	<p>July 1971 Joined IBM Japan, Ltd.</p> <p>Jan. 1993 Manager, APTO (Asia Pacific Technical Operations) and Asia Pacific Product Development Headquarters at IBM Japan</p> <p>April 1995 Director in charge of Asia Pacific Products at IBM Japan</p> <p>July 1995 Director and General Manager, Cross Industry, IBM AP (Asia Pacific) at IBM Japan</p> <p>July 1999 Director of IBM Japan, Vice President of Software Development Laboratory</p> <p>April 2000 Managing Director of IBM Japan, Vice President of Software Development Laboratory</p> <p>April 2003 Executive Operation Officer of IBM Japan, Vice President of Software Development Laboratory</p> <p>April 2004 Director and Corporate Senior Vice President, Head of Development and Production</p> <p>April 2008 Director and Vice Chair of Benesse Corporation Chair and CEO, Berlitz International, Inc.</p> <p>To present</p>	0

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Candidate No.	Name (Date of Birth)	Summarized Personal History, Representation at Other Companies and Status and Position in charge at the Company	No. of Company Shares Held
4	Jiro Handa (December 15, 1949)	<p>April 1974    Joined the Company</p> <p>April 1998    Manager, Tokyo Production Promotion Department of the Company</p> <p>March 2000    Branch Manager, Yamagata Branch of the Company</p> <p>June 2003    Temporarily transferred to Sompo Japan Insurance Services, Co., Ltd.</p> <p>Oct. 2003    Associate Director of the Company, temporarily transferred to Sompo Japan Insurance Services, Co., Ltd.</p> <p>July 2005    Associate Director, Branch Manager, Niigata Branch of the Company</p> <p>June 2004    Managing Executive Officer, General Manager, Chugoku Regional Headquarters of the Company</p> <p>April 2008    Managing Executive Officer of the Company</p> <p>To present</p>	10,000

- Note
1. There are no special interests between the candidates and the Company.
  2. Mr. Tohru Tsuji, Ms. Yukako Uchinaga, and Mr. Kunihiro Matsuo are candidates for outside company auditor. The reasons for which they were selected as candidates for outside company auditor and were deemed to have the ability to appropriately carry out the duties of outside company auditors are set forth below, as well as the periods of service rendered to the Company.
    - (1) The Company moves to elect Mr. Tohru Tsuji as an outside company auditor in order to continue reflecting his abundant experience as a manager and wide insights in the auditing of the Company. Mr. Tohru Tsuji has served as an outside company auditor of the Company since June 2003 and will have completed five years of service in that position as of the end of the current annual shareholders' meeting.
    - (2) The Company moves to elect Mr. Kunihiro Matsuo as an outside company auditor because it has been deemed that he will appropriately carry out the duties of an outside company auditor in light of his abundant experience in the legal community and wide insights, despite his lack of involvement in corporate management in the past. Mr. Kunihiro Matsuo took office as a member of Business Audit and Compliance Committee in August, 2006; he has held this position for two years as of the conclusion of this Annual Shareholders' Meeting.
    - (3) The Company moves to elect Ms. Yukako Uchinaga as an outside company auditor in order to reflect her abundant experience as a manager and extensive insight in the auditing of the Company.
  3. During Mr. Tohru Tsuji's term of service as an outside company auditor, the Company received an administrative penalty (partial business suspension order and business operations improvement order) from the Financial Services Agency (FSA) in May 25, 2006 based on the Insurance Business Law, when inappropriate business operations were recognized during an investigation relating to the failure to pay incidental insurance benefits. Mr. Tohru Tsuji was not directly involved in the events which had led to said administrative penalty, and has performed his duties from the perspective of compliance with the law. In response to the above incident, he oversaw the steady implementation of measures to prevent recurrence, including improving the operation of the internal control system.
  4. In accordance with Article 43 of the Articles of Incorporation of the Company, the Company has executed a contract for limitation of liability with Mr. Tohru Tsuji that limits his liability to the Minimum Liability Amount which is provided in Article 425, Paragraph 1 of the Companies Act regarding liability under Article 423, Paragraph 1 of the Companies Act. If Mr. Tohru Tsuji is reelected as an outside company auditor, the Company intends to sign a new contract with him with the same content. Further, if Mr. Kunihiro Matsuo and Ms. Yukako Uchinaga are elected as outside company auditors, the Company intends to enter into contracts with them with the same content as the contract executed with Mr. Tohru Tsuji.

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#### **Proposal No. 4 Change in the Share Options (stock options) granted to directors as remuneration to Stock Compensation type Stock Options**

Approval was obtained at the 63rd Annual Shareholders' Meeting, convened on June 28, 2006, to issue Share Options with a maximum annual value of 400,000,000 yen as remuneration for directors of the company, separate from their monthly remuneration. Approval was obtained at the 64th Annual Shareholders' Meeting, convened on June 27, 2007, to issue Share Options under the same conditions from that year forward.

The Company reexamined the remuneration plan for officers at the Board of Directors meeting held on May 21, 2008 and decided to abolish the retirement allowance plan for the officers, effective as of the end of this Annual Shareholders' Meeting.

Accordingly, approval is being sought to make change in the aforementioned Share Options to Stock Compensation type Stock Options with 1 yen as the Amount to Be Paid In for each Share Option and to keep them issued from the current business year forward, as well as to issue the applicable Share Options for directors of the Company as set forth below for the purposes of heightening directors' morale for growing stock prices and improving business performance and to further promote management which places importance on shareholder value and corporate value.

The total amount of stock option-based remuneration is the same as usual—i.e. a maximum annual value of 400,000,000 yen, of which 30,000,000 yen is the maximum value for outside directors.

This remuneration value includes the executive officer salary portion for a director who concurrently acts as an executive officer.

There will be 14 directors (two of whom will be outside directors) if Proposal No. 2 is passed.

Below are the details of the Share Options to be issued to directors of the company as Stock Compensation type Stock Options.

1. Total number of Share Options

The total number of Share Options to be allotted during the one-year from the day of the annual shareholders' meeting for each business year shall be limited to that number having a maximum cash value of 400,000,000 yen, as obtained by multiplying the fair value of a single Share Options calculated based on the binomial model on the day of allotment of the Share Options by the number of allotted Share Options.

2. Class and number of shares underlying Share Options

The number of shares that are the object of each share option shall be 100 shares of the Company. If adjustments to the number of underlying shares are appropriate due to implementation by the Company of share splits or consolidation of shares of common shares of the Company (including allotment of issues without contribution of common shares of the Company), the Company shall implement the adjustments as the Company deems necessary.

3. The value of the property contributed when Share Options are exercised

The value of the property contributed when each share option is exercised shall be the amount of money obtained by multiplying the number of shares that can be received by exercising the Share Options by 1 yen, which is the Amount to Be Paid In for each share.

4. Period during which share options can be exercised

The period shall be up to a maximum of 25 years from the day following the day of allotment of each share option.

5. Restrictions on the acquisition of Share Options by assignment

The acquisition of Share Options by assignment shall require approval of the Board of Directors of the

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Company.

6. Conditions on the exercise of Share Options

Conditions on the exercise of share options, such as limiting the right to exercise Share Options to a period of 10 days from the day following the day on which an individual with share options forfeits his/her position as either a director or executive officer of the Company, shall be decided by the Board of Directors of the Company, which will determine the subscription requirements of Share Options, etc.

Note The Company plans to issue Share Options as Stock Compensation type Stock Options similarly to executive officers of the Company who do not concurrently acts as directors, by a resolution of the Board of Directors.

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**Proposal No. 5 Payment of the retirement allowances for retiring directors and retiring company auditors and payment of the accrued allowances associated with the abolition of the retirement allowance plan for the officers**

The Company moves to present retirement allowances within the applicable amounts set in accordance with the standards prescribed by the Company as reward for service during tenure in office to: Mr. Izumi Inoue, who retired from the director through resignation effective September 30, 2005; Mr. Hiroshi Oguchi, who retired from the director through resignation effective March 31, 2006; Messrs. Hiroshi Hirano, Yukiyoishi Doi, Ryosaku Minato, and Shigeki Nishikawa, who retired from the director through resignation effective June 2, 2006; Mr. Yujiro Shimada, who retired from the director through completion of his period of service effective June 28, 2006; Mr. Osamu Yoneyama, who retired from the director through resignation effective March 31, 2007; Mr. Takaaki Komatsu, who retired from the director through completion of his period of service effective June 27, 2007; Mr. Toshio Matsuzaki, who retired from the director through resignation effective March 31, 2008; Messrs. Yoshio Ito and Hideo Suzuki, who will retire from the director through completion of their current periods of service as of the end of this Annual Shareholders' Meeting; and Messrs. Ichiro Suzuki, Yoshiki Yagi, and Toshiaki Hasegawa, who will retire from the company auditor through completion of their current periods of service as of the end of this Annual Shareholders' Meeting.

The Company further moves to entrust the deliberation of the amounts, period and means of presentation, and other particulars for each individual to the Board of Directors in the case of directors and to the Board of Company Auditors in the case of company auditors.

Following are the summarized personal histories of the retired/retiring directors and company auditors.

Name	Summarized Personal History
Izumi Inoue	June 2001 Executive Officer of the Company June 2002 Director, Executive Officer of the Company April 2003 Director, Managing Executive Officer of the Company Sept. 2005 Retired as Director, Managing Executive Officer of the Company
Hiroshi Oguchi	April 2003 Executive Officer of the Company June 2003 Director, Executive Officer of the Company April 2005 Director, Managing Executive Officer of the Company March 2006 Retired as Director, Managing Executive Officer of the Company April 2006 Managing Executive Officer of the Company (On leave) March 2007 Retired as Managing Executive Officer of the Company (On leave)
Hiroshi Hirano	June 1994 Director of the Company June 1997 Executive Director of the Company April 1999 President and Chief Executive Officer of the Company June 2005 President and Chief Executive Officer, President and Senior Managing Executive Officer of the Company June 2006 Retired as President and Chief Executive Officer, President and Senior Managing Executive Officer of the Company
Yukiyoishi Doi	June 1993 Director, Nissan Fire & Marine Insurance Co., Ltd. June 1996 Executive Director of the same June 1999 Executive Managing Director of the same June 2001 Director, Deputy President of the same Jan. 2002 President and Chief Executive Officer of the same July 2002 Director, Deputy President and Senior Managing Executive Officer of the Company June 2006 Retired as Director, Deputy President and Senior Managing Executive Officer of the Company
Ryosaku Minato	June 1999 Director of the Company April 2000 Executive Director of the Company June 2001 Director, Managing Executive Officer of the Company Jan. 2002 Director, Senior Managing Executive Officer of the Company April 2004 Director, Deputy President and Senior Managing Executive Officer of the Company June 2006 Retired as Director, Deputy President and Senior Managing Executive Officer of the Company

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Name	Summarized Personal History
Shigeki Nishikawa	June 2000 Director of the Company Nov. 2000 Executive Director of the Company June 2001 Director, Managing Executive Officer of the Company April 2004 Director, Senior Managing Executive Officer of the Company April 2005 Director, Deputy President and Senior Managing Executive Officer of the Company June 2006 Retired as Director, Deputy President and Senior Managing Executive Officer of the Company
Yujiro Shimada	April 2004 Managing Executive Officer of the Company June 2004 Director, Managing Executive Officer of the Company June 2006 Retired as Director, Managing Executive Officer of the Company
Osamu Yoneyama	April 2003 Managing Executive Officer of the Company June 2006 Director, Managing Executive Officer of the Company March 2007 Retired as Director, Managing Executive Officer of the Company
Takaaki Komatsu	June 2003 Managing Executive Officer of the Company June 2005 Director, Managing Executive Officer of the Company June 2007 Retired as Director, Managing Executive Officer of the Company
Toshio Matsuzaki	April 2005 Executive Officer April 2007 Managing Executive Officer of the Company June 2007 Director, Managing Executive Officer of the Company March 2008 Retired as Director, Managing Executive Officer of the Company
Yoshio Ito	April 2002 Managing Executive Officer of the Company April 2005 Senior Managing Executive Officer of the Company June 2006 Director, Senior Managing Executive Officer of the Company April 2008 Director, Senior Managing Executive Officer of the Company To present
Hideo Suzuki	Oct. 2002 Managing Executive Officer of the Company June 2006 Director, Senior Managing Executive Officer of the Company April 2007 Director, Senior Managing Executive Officer of the Company April 2008 Director, Senior Managing Executive Officer of the Company To present
Ichiro Suzuki	June 2003 Managing Executive Officer of the Company June 2004 Senior Managing Executive Officer of the Company June 2005 Standing Corporate Auditor of the Company To present
Yoshiki Yagi	June 2002 Company Auditor of the Company To present
Toshiaki Hasegawa	June 2005 Company Auditor of the Company To present

Note At the Board of Directors meeting held on June 27, 2007, the Company decided to stop making retirement allowance provisions for outside company auditors. Accordingly, the Company moves to present retirement allowances to the outside company auditors Messrs. Yoshiki Yagi and Toshiaki Hasegawa for the periods from the time each assumed their offices until June 27, 2007.

Further, as indicated in Proposal No. 4, the Company re-examined the system of remuneration for officers at the Board of Directors meeting held on May 21, 2008 and decided to abolish the retirement allowance plan for officers, effective as of the end of this Annual Shareholders' Meeting and also decided to make change in the Share Options (stock options) that had thus far been granted as remuneration to directors to Stock Compensation type Stock Options and to grant such Share Options on condition that Proposal No. 4 is passed.

Accordingly, the Company also moves to pay the accrued allowances associated with the abolition of the retirement allowance within the applicable amounts set in accordance with the standards prescribed by the Company as reward for service during tenure in office up until the end of this Annual Shareholders' Meeting to the twelve (12) directors who will be reappointed if Proposal No. 2 is passed, to the one (1) company auditor who will be reappointed if Proposal No. 3 is passed, and to the one (1) company auditor who is currently in tenure in office.

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The Company further moves to set the time of payment as the time of retirement of each individual and to entrust the deliberation of the specific amounts, means of payment, and other particulars to the Board of Directors in the case of directors and to the Board of Company Auditors in the case of company auditors.

Following are the summarized personal histories of the directors and company auditors subject to payment of the accrued allowances associated with abolition of the retirement allowance plan for the officers.

Name	Summarized Personal History
Masatoshi Sato	June 2000 Director of the Company June 2001 Director, Executive Officer of the Company April 2002 Director, Managing Executive Officer of the Company June 2006 President and Chief Executive Officer, President and Senior Managing Executive Officer of the Company To present
Yukio Nakamura	July 2002 Director, Managing Executive Officer of the Company June 2003 Managing Executive Officer of the Company April 2005 Senior Managing Executive Officer of the Company June 2006 Director, Senior Managing Executive Officer of the Company April 2007 Director, Senior Managing Executive Officer of the Company To present
Keishiro Kinoshita	April 2003 Executive Officer of the Company April 2004 Managing Executive Officer of the Company April 2007 Senior Managing Executive Officer of the Company June 2007 Director, Senior Managing Executive Officer of the Company To present
Jun Mochizuki	April 2004 Executive Officer, Chief Actuary of the Company of the Company April 2005 Managing Executive Officer, Chief Actuary of the Company of the Company June 2005 Director, Managing Executive Officer, Chief Actuary of the Company of the Company April 2006 Director, Managing Executive Officer of the Company April 2007 Director, Senior Managing Executive Officer of the Company To present
Junichiro Okawa	June 2003 Managing Executive Officer of the Company June 2006 Director, Managing Executive Officer of the Company April 2008 Director, Senior Managing Executive Officer of the Company To present
Kenichi Tomita	April 2003 Executive Officer of the Company April 2004 Managing Executive Officer of the Company June 2007 Director, Managing Executive Officer of the Company April 2008 Director, Senior Managing Executive Officer of the Company To present
Koki Kazuma	July 2004 Executive Officer of the Company April 2005 Managing Executive Officer of the Company June 2005 Director, Managing Executive Officer of the Company April 2008 Director, Senior Managing Executive Officer of the Company To present
Hisashi Nakano	April 2005 Executive Officer of the Company June 2006 Managing Executive Officer of the Company June 2006 Director, Managing Executive Officer of the Company April 2008 Representative Director, Managing Executive Officer of the Company To present
Eiichi Yoshimitsu	April 2005 Executive Officer of the Company June 2006 Managing Executive Officer of the Company June 2007 Director, Managing Executive Officer of the Company To present

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Name	Summarized Personal History
Masami Ishii	April 2005 Executive Officer of the Company April 2007 Managing Executive Officer of the Company June 2007 Director, Managing Executive Officer of the Company To present
Takeshi Oiwa	July 2005 Executive Officer of the Company April 2007 Managing Executive Officer of the Company June 2007 Director, Managing Executive Officer of the Company To present
Kengo Sakurada	July 2005 Executive Officer of the Company April 2007 Managing Executive Officer of the Company June 2007 Director, Managing Executive Officer of the Company To present
Tsuneo Ando	April 2004 Executive Officer of the Company June 2004 Standing Company Auditor of the Company To present
Tohru Tsuji	June 2003 Company Auditor of the Company To present

Note: At the Board of Directors meeting held on June 27, 2007, the Company decided to stop making retirement allowance provisions for outside auditors. Accordingly, the Company moves to pay the accrued allowances associated with the abolition of retirement allowance to outside auditor Mr. Tohru Tsuji for the period from the time he assumed his office until June 27, 2007.

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## Solvency Margin Ratio

(Units: Millions of Yen, %)

Item	By term	64th Term (As of March 31, 2007)	65th Term (As of March 31, 2008)
(A) Total Solvency Margin		2,475,904	1,946,854
Capital and funds, etc.		459,020	484,241
Price Fluctuation Reserve		30,598	36,971
Contingency reserve		—	611
Catastrophe reserve		446,002	452,843
General allowance for bad debts		783	812
Valuation difference on other securities (before subtracting tax effect)		1,395,192	795,584
Unrealized gains or losses on real estate		27,260	38,209
Refund reserve surplus		—	—
Mechanism, etc., of procurement of liability capital		—	—
Excluded items		72,218	70,976
Others		189,264	208,556
(B) Total Risk			
$\sqrt{(R_1+R_2)^2+(R_3+R_4)^2+R_5+R_6}$		490,115	438,486
General insurance risk (R <sub>1</sub> )		79,590	79,653
Insurance risk of third-sector insurance (R <sub>2</sub> )		—	—
Expected yield risk (R <sub>3</sub> )		3,500	5,759
Asset management risk (R <sub>4</sub> )		281,256	222,162
Business administration risk (R <sub>5</sub> )		10,956	9,894
Catastrophic risk (R <sub>6</sub> )		183,487	187,153
(C) Solvency Margin Ratio [(A)/{(B)x1/2}]x100		1,010.3%	887.9%

Note 1. The above-mentioned monetary amounts and figures are calculated in accordance with Articles 86 and 87 of the Ordinance for Enforcement of the Insurance Business Law, and the provisions of Notification 50 of the Ministry of Finance for 1996.

Note that “Capital and funds, etc.” is the amount of total net assets minus the projected amount of outflow, deferred assets, and valuation/translation differences. In the previous period this was listed as “Total Net Assets (Excluding projected amount of outflow, deferred assets and valuation/translation differences).”

2. The method of calculating solvency margin ratios has changed from the current period due to revision in the Ordinance for Enforcement of the Insurance Business Law. Consequently, values for the previous period and for this period have been calculated based on different standards.

### < Solvency Margin Ratio >

- In addition to having reserves to cover accident claims payments and payments for maturity refunds of savings-type insurance policies, non-life insurance companies must maintain a sufficient level of solvency in order to provide for risks that may exceed their usual estimates, such as in the event of catastrophic disasters or a significant fall in the value of their assets.
- The Solvency Margin Ratio (section (C) of the above table) was developed under the Insurance Business Law and expresses the ratio of “risks that exceed usual estimates” (the risks specified in Section (B) Total Risk of the above table) to the “solvency margin of capital, reserves, etc. of the non-life insurance company” (section (A) Total Solvency Margin of the above table).
- “Risks that exceed usual estimates” is the sum of the following categories of risk:
  - i. Risk of underwriting (General insurance risk): The risk of incurring accident claims payments which exceed the usual estimates (excluding any claims related to catastrophic risks).

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- ii. Risk of expected yield (Expected yield risk): The risk of actual investment interest rates falling below interest rates forecasted interest rates at the time of calculating premiums.
  - iii. Risk of asset management (Asset management risk): The risk of asset prices for items such as securities, etc. fluctuating more than forecasted levels.
  - iv. Risk of business administration (Business administration risk): The risks during operations which exceed forecasted levels and do not fall within categories i.-iii. and v.
  - v. Risk associated with catastrophic events (catastrophic risk): The risk of incurring losses caused by catastrophic events that exceed forecasted levels (such as the Great Kanto Earthquake or the Ise Bay Typhoon).
- The “solvency margin of capital, reserves, etc. of the non-life insurance company” (“Total Solvency Margin”) is the total of the non-life insurance company’s net assets (excluding projected amount of outflow), various reserves (i.e. price fluctuation reserves, catastrophe reserves, etc.), and a portion of unrealized profits from property.
  - The “Solvency Margin Ratio” is one of the indices which regulators use in order to evaluate the financial soundness of insurance carriers. Carriers with ratios above 200% are considered to have “adequate claim-paying ability on their insurance policies.”