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June 6, 2005

Sompo Japan Insurance Inc.  
26-1 Nishi Shinjuku 1-Chome, Shinjuku-ku, Tokyo

## Notice Regarding the 62<sup>nd</sup> Annual General Shareholders' Meeting

Dear Shareholder:

The 62<sup>nd</sup> Annual General Shareholders' Meeting of the Company will be held as follows and your attendance is cordially requested.

**If you are unable to attend, please review the “Reference Material for the Exercise of Voting Rights” and exercise your voting rights by using one of the following methods:**

[Exercising Voting Rights via Mail]

Please mark your approval or disapproval on the enclosed voting rights exercise form, sign and send it by mail to be received by June 27, 2005.

[Exercising Voting Rights via Internet]

Please access the website for exercise of voting rights (at <http://www.it-soukai.com>) and register your approval or disapproval by June 27, 2005. For details, please refer to the “Information Regarding the Exercise of Voting Rights over the Internet” on page 63 to 64.

Sincerely yours,

Hiroshi Hirano  
President and Chief Executive Officer

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**If you are attending the meeting, please submit the enclosed voting rights exercise form to the reception desk upon arrival.**

## DETAILS OF THE MEETING

**1. Date and Time: 10:00 a.m. on June 28, 2005 (Tuesday)**

**2. Location: 26-1, Nishi Shinjuku 1-Chome, Shinjuku-ku, Tokyo  
2nd Floor Conference Room of Sompo Japan Insurance Inc.'s head office**

**3. Meeting Agenda:**

**Items to be Reported**

- 1. Presentation of the business report, balance sheet and income statement for the 62<sup>nd</sup> fiscal year (from April 1, 2004 to March 31, 2005)**
- 2. Presentation of the consolidated balance sheet and consolidated income statement and the audit reports of the consolidated financial statements by the independent auditors and the board of corporate auditors for the 62<sup>nd</sup> fiscal year (from April 1, 2004 to March 31, 2005)**

**Items to be Resolved**

**Item No. 1 Approval of the Proposed Appropriation of Retained Earnings for the 62<sup>nd</sup> Fiscal Year**

**Item No. 2 Partial Amendment to the Articles of Incorporation**

The substance of this item is as provided in the "Reference Material for the Exercise of Voting Rights" (page 48).

**Item No. 3 Election of Eleven (11) Directors**

**Item No. 4 Election of Three (3) Corporate Auditors**

**Item No. 5: Grant of Stock Options on Particularly Favorable Terms to Persons Other than Shareholders**

The substance of this item is provided in the "Reference Material for the Exercise of Voting Rights" (pages 58 through 59).

**Item No. 6: Payment of Retirement Allowances to Retiring Directors and Corporate Auditors**

END

## Attachments

### Attachment (1)

#### **Business Report for FY2004 (from April 1, 2004 to March 31, 2005)**

##### **1. Progress and Results of Operations**

During FY2004, despite the adjustments in IT-related fields, increased exports, supported by a solid global economic recovery, led to increased production and improved corporate profits in Japan and led to the increase in capital investments, putting the Japanese economy into a recovery cycle. Employment conditions also continued to improve, and consumer spending has been firm due to a halt in the decline of employee income.

There was no large expansion of the size of the non-life insurance industry market, however, business other than automobile insurance showed movement towards recovery while facing an increasingly competitive environment due to the further developments in the liberalization and deregulation of insurance sales.

Sompo Japan Insurance Inc. ("Sompo Japan" or "the Company") was established with the goal of realizing a new form of business group as a "comprehensive service group related to risk and formation of assets", and is now in its third year of business. In May 2002, a medium-term management plan was created ahead of Sompo Japan's formal inception. At the same time, a medium-term revenue objective targeted for the end of FY2005 was set. During FY2004, the Company worked to maximize shareholder value under the theme of expanding revenue flow and realizing low cost operations, towards the achievement of such medium-term revenue objectives.

In insurance sales, Sompo Japan aggressively developed its engagement towards expansion of its customer basis through, for example, a comprehensive business alliance with the The Dai-ichi Mutual Life Insurance Company with the aim to form "the most powerful and best life and non-life comprehensive insurance group," and a three-way business alliance with Credit Saison Co., Ltd. and Saison Automobile & Fire Insurance Co., Ltd. aiming to "merge cards with insurance."

On the product development side, in July 2004 Sompo Japan began retailing "Dr. Japan", a whole-life medical insurance where insurance premiums are reduced automatically by tracking the market interest rate; the first of its kind in the industry. "Dr. Japan" gained a favorable reputation and as of March 31, 2005 has sold over 160,000 units since its release.

Sompo Japan developed various types of weather derivatives products in response to the seasonal needs of customers, developed a "special provision covering expense for collection of witness information in injury accidents" for "ONE-do", a segmented-needs-type automobile insurance, and advanced enriching the contents of insurance coverage. Additionally, with the aim of further enhancing convenience for customers, the Company launched "no worry renewal support" which includes easy-to-understand maturity notification ("no worry renewal notification") and measures to prevent oversight of contract renewals.

In terms of foreign operations, Sompo Japan applied to the Chinese authority for approval of establishment of an overseas affiliated company in Dalian, China, where the Company currently conducts branch operations. The Company is making progress in the preparation of the establishment of an overseas affiliated company and opening of branch offices upon such establishment, in an attempt to further enhance our customer service structure. In addition, the Company promoted an alliance with Ping An Life Insurance Company of China, Ltd., mainly in personal accident and life insurance businesses, and also with PICC Property and Casualty Co, Ltd. for the establishment of a joint broker company. Furthermore, Sompo Japan Risk Management, Inc., one of the group companies, started providing earthquake risk management service. Through such activities, Sompo Japan has considerably strengthened and expanded its capacity to serve Japanese-affiliated firms in China.

In the area of system development, in October 2004, Sompo Japan started operating "e-JIBAI" which is a joint system for compulsory automobile liability insurance by eleven non-life insurance companies, and this contributed to further improved efficiency in administrative work at the Company's agencies. In addition, the Company made functional enhancements to "Clover Support", the key system of the claims administration division enabling it to be used for new types of fire insurance, and aimed to reduce the period until claims are paid by 30%, and the Company has made progress in preparing a system for providing customers with service which exceeds their expectations. In addition, the Company allotted laptop computers to all salespersons and created time, with the aim of achieving efficient sales activities. Sompo Japan developed more precise proposal-type sales activities and provided higher-quality non-life insurance services.

The Company recognizes that its work on compliance continues to be its major issue and efforts are being made to further enhance the effectiveness of compliance measures. During this fiscal year, Sompo Japan conducted a compliance test for all executive members and staff, and the compliance committee under the direct control of the board of directors periodically monitored the progress of the compliance promotion plan to make further headway into making compliance a firm fixture.

Regarding the group companies in the life insurance business, the group has been responding to the varying needs of the Company's customers by the simultaneous development of face-to-face sales by Sompo Japan Himawari Life Insurance Co., Ltd. through its agency network and indirect sales by Sompo Japan DIY Life Insurance Co., Ltd.. In the financial service business, Sompo Japan DC Securities Co., Ltd. introduced "DCPARK", a new record keeping system for defined-contribution pension plans, in July 2004 with the aim of providing further enhanced services and further expanding its business. In the asset management business, Sompo Japan Asset Management, in collaboration with Sompo Japan and Sompo Japan Risk Management, Inc., developed "Sompo Japan SRI Open" (nickname "Mirainochikara"), a comprehensive social responsibility investment (SRI) fund product in the form of a public offering, for the first time in the non-life insurance business, and have aimed to improve the group's profitability, and also have promoted corporate social responsibilities (CSR) activities as financial institutions. In the risk management business, Sompo Japan Risk Management, Inc. actively developed business continuation management on the assumption of earthquake risks and consulting business on issues, such as countermeasures for the Law for the Protection of Personal Information of Individuals, and considerably strengthened the group's capacity for offering risk management.

Sompo Japan has also continued to be active in activities as a "good corporate citizen." The "Open Lecture on Environment for Citizens", which started in 1993 as a forerunner of partnership projects between non-profit organizations (NPOs) and corporations, has reached its twelfth year this year. Further, the Company has issued the "CSR Communication Report 2004" and has aimed to enhance CSR-related communication with various stakeholders. Such approaches by the Company were ranked number one out of the 877 companies that were the subject of the "Survey on Company's Integrity and Transparency (Ethics and Sociality)" by IntegreX, and Sompo Japan was awarded a "special award for coexistence" from the Business Ethics Research Center, which is a prize for efforts on management ethics. Sompo Japan was highly regarded by various parties this fiscal year as well.

From the standpoint of the activation of talent, Sompo Japan has aimed to further strengthen the promotion of women's activities, which the Company traditionally has been promoting. For example, the Company prepared the "Manual on Promoting Women's Vivid Activities", which contains internal and external information and know-how related to the promotion of women's activities, and the Company also conducted company-wide training on the promotion of women's activities to raise the consciousness of the Company's employees.

From the standpoint of improvement of management quality, Sompo Japan aims to improve CS (Customer Satisfaction) and ES (Employee Satisfaction) and to create corporate value and brand power produced by positive cycles based on improved CS and ES. The Company has set up a management quality group within the Corporate Planning Department in May 2004 and has been promoting the company-wide, front-line planning participation type activity "Declaration of

Creation of Impressive Products" at various departments within the Company.

As described above, Sompo Japan has been striving to improve the profitability of the group with the aim of becoming a new business entity suitable for the next generation, based on the Company's management principles represented by "Creating Shareholder Value."

In underwriting, Sompo Japan experienced a decrease in underwriting profits due to the effects of natural disasters such as typhoons. In asset management, the Company made efforts to improve investment efficiency while the investment environment continued to remain challenging as domestic interest rates remained at low levels. As a result, Sompo Japan's performance for the fiscal year was as follows:

Ordinary income totaled ¥1,735.5 billion. On the other hand, ordinary expenses totaled ¥1 trillion 661.2 billion and ordinary profit was ¥74.2 billion. Net profit for the current period amounted to ¥56.8 billion after adjustment for extraordinary profit, extraordinary loss, corporate income tax, residence tax, and adjustments to corporate income tax and other taxes.

#### **General Underwriting Conditions:**

Regarding underwriting income, net premiums written fell 0.1% from the previous period to ¥1,351.9 billion. Regarding underwriting expenses, net claims paid rose 16.2% from the previous period to ¥813.0 billion, due to the effects of natural disasters such as typhoons. Consequently, the net loss ratio rose 8.0 points from the previous period to 64.8%. Furthermore, operating expenses and general administrative expenses related to underwriting fell 6.4% from the previous period to ¥199.5 billion as a result of streamlining and improving the efficiency of the overall management, and the net expense ratio fell 1.0 point from the previous period to 30.9%.

As a result, the balance of net premiums written after deductions for net claims paid, loss adjustment expenses, various commissions, collection expenses, and general administrative expenses related to underwriting fell 62.2% from the previous period to ¥57.8 billion. Underwriting profit after adjustments for savings-type insurance premiums written, maturity refunds, amounts transferred to reserves for outstanding claims, and the amount transferred from underwriting reserve fell 72.5% from the previous period to ¥16.4 billion.

#### **General Conditions of the Insurance Business by Type:**

##### Fire Insurance:

Sales of long-term contracts and corporate insurance products were steady. However, an increase in competition resulted in the net written premiums falling 4.5% from the previous period to ¥150.3 billion.

Natural disasters such as typhoons resulted in the net loss ratio rising 49.7 points from the previous period to 86.3%.

##### Marine Insurance:

Despite premium reduction factors including the reduction of the premium rate for war risk insurance after the calming down of the situation in Iraq and the strengthening of the yen, freight movement from import and export trade was comparatively active, resulting in net premiums written rising 1.4% from the previous period to ¥25.1 billion.

The net loss ratio fell 11.7 points from the previous period to 55.2%.

#### Personal Accident Insurance:

Steady sales of overseas travel insurance and comprehensive personal accident insurance, and others with the focus on medical insurance, resulted in net premiums written rising 5.2% from the previous period to ¥120.7 billion.

The net loss ratio fell 4.9 points from the previous period to 40.5%.

#### Automobile Insurance:

The new product "ONE-do" released in January 2004 produced steady sales and the number of contracts was 4.64 million in FY2004.

Acquisition of new contracts and development of the medium establishment market utilizing business hours created by streamlined administrative operations of "ONE-do" resulted in a greater number of insured vehicles. However, the further implementation of the good-driver discount program reduced unit insurance premiums and, as a result, net written premiums fell 0.7% from the previous period to ¥669.0 billion.

The net loss ratio rose 2.9 points from the previous period to 64.2%.

#### Compulsory Automobile Liability Insurance:

There was a slow down in the number of sales of compulsory automobile liability insurance upon automobile inspections following continued possession of automobiles and the increase in new car sales of freight cars, which were steady last fiscal year. However, a stronger agent network pushed net premiums written up 1.0% from the previous period to ¥244.1 billion.

Abolishment of governmental reinsurance and other issues affected the net loss ratio which rose 13.9 points from the previous period to 60.5%.

#### Other Insurance:

Heightened interest in products dealing with risk of individual information leakage resulted in steady sales of general liability insurance. As a result, net premiums written rose 1.4% from the previous period to ¥142.3 billion.

The net loss ratio fell 8.0 points from the previous period to 74.4%.

#### **General Conditions of Asset Management:**

Total assets at the end of the fiscal year rose ¥84.7 billion from the end of the previous period to ¥5,157.0 billion. Of this amount, invested assets such as securities and loans rose ¥122.5 billion to ¥4,765.9 billion.

Valuation differences (unrealized gains) on securities at the end of the fiscal year rose ¥103.7 billion from the end of the previous period to ¥881.9 billion, and the valuation difference on securities (as shareholders' equity) after excluding amounts equal to corporate income tax and others rose ¥66.3 billion from the end of the previous period to ¥563.6 billion.

In terms of asset management, Sompo Japan aimed to strengthen and enhance its risk management system and improved investment efficiency while paying attention to safety and liquidity.

The investment environment during the fiscal year continued to remain challenging as domestic interest rates remained at low levels. However, efforts to increase investment efficiency led to interest and dividends received rising ¥7.5 billion from the previous period to ¥82.7 billion. Investment income after adjustment of gain on sales of securities, transfer of investment income on savings-type insurance premiums written, and others fell ¥26.0 billion from the previous period to ¥80.8 billion.

Sompo Japan has entered into foreign exchange hedge transactions to provide against the risk of strengthening of the yen. However, the yen weakened this fiscal year, resulting in a loss on derivatives of ¥9.7 billion. Investment expenses after loss on revaluation of securities and loss on sales of securities fell ¥1.5 billion from the previous period to ¥20.2 billion.

In FY2005, if the Japanese economy is able to sustain the basic conditions for increased exports supported by a solid global economic recovery leading to increased production and improved corporate profits and leading to increase in capital investments, a continued moderate domestic economic recovery can be expected. On the other hand, there are several downside risks to the economy and there exists unstable factors such as the increase in social insurance premiums and tax payments, the movement of IT-related demand and crude oil prices, and the impact of such movements on the domestic and international economy.

Sompo Japan will continue to move towards the goals set out in the Company's new medium-term management plan introduced in FY2002, which goals are to "further improve the market's evaluation of the company by achieving high, stable ROE figures" and "further advance client and agency confidence by enhancing shareholders' equity." In order to achieve this, Sompo Japan intends to promote various measures with the following main concepts: increase premiums written, reduce business expenses, distribute managerial resources into profitable business areas, and efficient capital policies. Through these measures, Sompo Japan aims to create further shareholder value.

We ask our shareholders' continued further support and guidance.

NOTE: The following calculation formulae are used in this report (including the various charts which follow):

- (1) Premium and other amounts and the number of shares are shown as numbers rounded off to decimal place noted and the net loss ratio is rounded off to the first decimal place.
- (2) Net loss ratio = (Net claims paid + Loss adjustment expenses) ÷ Net premiums written
- (3) Net expense ratio = (Various commissions and Collection expenses + Operating expenses and general administrative expenses related to underwriting) ÷ Net premiums written

## 2. Changes in Business Results and Asset Condition

Items	FY2001	FY2002	FY2003	FY2004 (Current period)
	Millions of Yen	Millions of Yen	Millions of Yen	Millions of Yen
<b>Net Premiums Written</b>	963,614	1,264,283	1,352,877	1,351,915
(Fire Insurance)	(127,431)	(153,956)	(157,447)	(150,367)
(Marine Insurance)	(17,715)	(22,903)	(24,849)	(25,199)
(Personal Accident Insurance)	(95,067)	(112,992)	(114,802)	(120,794)
(Automobile Insurance)	(524,124)	(643,628)	(673,588)	(669,097)
(Compulsory Automobile Liability Insurance)	(89,770)	(196,707)	(241,858)	(244,156)
(Other)	(109,504)	(134,095)	(140,331)	(142,300)
<b>Interest and Dividends Received</b>	65,724	68,483	75,114	82,705
<b>Underwriting Profit</b>	3,631	39,115	59,804	16,464
<b>Ordinary Profit (or Loss)</b>	-48,109	-8,427	134,399	74,236
<b>Net Profit (or Loss) for the Current Period</b>	-43,682	-15,472	64,174	56,898
<b>Net Loss Ratio</b>	57.9%	54.4%	56.8%	64.8%
<b>Net Expense Ratio</b>	35.5%	33.5%	31.9%	30.9%
<b>Invested Assets</b>	3,579,179	4,177,253	4,643,480	4,765,982
<b>Total Assets</b>	3,881,659	4,785,864	5,072,284	5,157,080
<b>Net Profit (or Loss) per Share for the Current Period</b>	- ¥49.22	- ¥16.20	¥65.14	¥57.80

- NOTE
1. Invested assets is the sum of all deposits, call loans, repurchase agreement accounts, monetary claims purchased, money trusts, securities, loans, lands and buildings.
  2. Net profit (or loss) per share for the period is calculated using the average number of shares outstanding during the period (887 million shares in FY2001, 954 million shares in FY2002, 984 million shares in FY2003, and 984 million shares in FY2004). In addition, Sampo Japan adopted the "Accounting Standards Pertaining to Calculation of Net Profit per Share for the Period" for its calculations from FY2002.
  3. Assumed assets from mergers during FY2002 were ¥18,420 million from Dai-ichi Life Property and Casualty Insurance Co., Ltd., ¥906,284 million (including treasury stock) from Nissan Fire and Marine Insurance Company, Ltd., and ¥202,134 million from Taisei Fire and Marine Insurance Company, Ltd.

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

Category	End of Previous Period	End of Current Period	Changes during Current Period
	Number of Branches	Number of Branches	Number of Branches
Branch Offices	74	62	-12
Branch Companies	353	282	-71
Sales Offices	59	54	-5
Overseas Branch Offices	1	1	-
Offices with Overseas Representatives	40	32	-8
Total	527	431	-96
Agencies	69,068	63,385	-5,683
Overseas Agencies	9	9	-
Total	69,077	63,394	-5,683

### 4. Status of Employees, etc.

Category	End of Previous Period	End of Current Period	Changes during Current Period	As of the End of Current Period		
				Average Age	Average Years of Service	Average Monthly Salary
				Year-old	Years	Thousands of Yen
Desk Work Employees	15,529	14,705	-824	39.4	11.1	424
Sales Agents	-	-	-	-	-	-

- NOTE
1. The number of employees does not include directors who concurrently hold the position as an employee, employees on leave of absence, and temporary employees
  2. Average monthly salary is the average monthly salary as of March 2005 (including overtime pay) and does not include bonuses.
  3. The figures for average age and average years of service have been rounded off to the first decimal place.

### 5. Status of Shares of the Company (As of March 31, 2005)

Number of Authorized Shares	2,000,000 thousand shares
Number of Outstanding Shares	987,733 thousand shares
Number of Shareholders	41,690 persons

## 6. Major Shareholders (As of March 31, 2005)

Name of Shareholders	Investment in Sompo Japan		Sompo Japan 's Investment in the Major Shareholders	
	Number of Shares Held (Thousands of shares)	Percentage of Ownership (%)	Number of Shares Held (Thousands of shares)	Percentage of Ownership (%)
The Chase Manhattan Bank N.A., London	74,941	7.6	–	–
Japan Trustee Services Bank, Ltd.	48,994	5.0	–	–
Mizuho Corporate Bank, Ltd.	48,824	4.9	–	–
The Master Trust Bank of Japan, Ltd.	42,376	4.3	–	–
The Dai-Ichi Mutual Life Insurance Company	40,908	4.1	–	–
The Yasuda Mutual Life Insurance Company	24,000	2.4	–	–
State Street Bank and Trust Company 505103	21,972	2.2	–	–
Sompo Japan Employee Stock Ownership Group	20,188	2.0	–	–
JPMC USA Residents Pension Jasdec Lend 385051	12,167	1.2	–	–
FGCS NV Re Gleam Trading Retirement Plan	10,900	1.1	–	–

NOTE: Sompo Japan holds 99,360 shares (percentage of ownership is 0.7%) including 19,000 preferred stock of Mizuho Financial Group, the holding company of Mizuho Corporate Bank, Ltd. The percentage of ownership is calculated excluding preferred stock issued by Mizuho Financial Group.

## 7. Acquisition, Disposal and Holdings of Treasury Stock

The status of treasury stock acquired or disposed of during this fiscal period and the status of treasury stock held at the end of this fiscal period are as follows:

Category	Type of Stock	Number of Shares	Total Acquisition or Disposal Amount (Thousands of Yen)
Acquisition	Common Stock	411,146	424,381
Disposal	Common Stock	289,489	205,086
Held	Common Stock	3,592,881	

NOTE: No treasury stock was purchased from certain persons, purchased in accordance with the resolutions under Article 211 Section 3 Item 1 of the Commercial Code or forfeited.

## 8. Directors and Corporate Auditors (as of March 31, 2005)

<b>Position</b>	<b>Name</b>	<b>Job Description</b>
President and CEO	Hiroshi Hirano	Overall Management
Representative Director	Yukiyoshi Doi	In charge of Government Housing Loan Corporation Special Fire Insurance Department (Specified Contract), Claims Administration Department, Commercial Line Claims Department, and Property & Casualty Claims Department
Representative Director	Ryosaku Minato	In charge of 1st Kansai Regional Headquarters
Director	Shigeki Nishikawa	In charge of Corporate Planning Department, Automobile Underwriting Department, Planning & Marketing Department, and Defined Contribution and Investment Trust Business Development Department
Director	Masatoshi Sato	In charge of Corporate Communications Department, Commercial Risk Solutions Department, Corporate Business Planning Department, Healthcare and Employee Benefit Development Department, Accounting Department, and International Planning Department, and Manager, Corporate Business Planning Department
Director	Izumi Inoue	In charge of Internal Audit Department, Compliance Department, Risk Management Department, Legal Department, General Affairs Department, and Investment Administrative Department
Director	Yujiro Shimada	In charge of Personal Lines Underwriting Department, Personal Lines Planning & Development Department, Financial Institution Marketing Department, Group Organization Development Department, and Agency Administrative Support Department, and Manager, Personal Lines Planning & Development Department
Director	Hiroshi Oguchi	In charge of Secretarial Department and Human Capital Department, and Manager, and Human Capital Department
Standing Corporate Auditor (Full-time)	Masao Miyakawa	
Corporate Auditor (Full-time)	Masahito Ishigami	
Corporate Auditor (Full-time)	Tsuneo Ando	
Corporate Auditor	Yoshiki Yagi	
Corporate Auditor	Tohru Tsuji	
(Representative Director)	Bunichiro Maki	Retired on June 29, 2004
(Representative Director)	Kiyoshi Murase	Retired on July 22, 2004
(Corporate Auditor (Full-time))	Iwasaki Yoshiteru	Retired on June 29, 2004

- NOTE 1. Of the corporate auditors, Messrs. Yoshiki Yagi and Tohru Tsuji are external Corporate Auditors as prescribed in Article 18-1 of the “Law on Special Exceptions to the Commercial Code concerning Audit, etc. of Companies Limited by Shares.”
2. Director Shigeki Nishikawa was appointed Representative Director as of April 1, 2005.
3. Sampo Japan has adopted the executive officer system. As of March 31, 2005, the Company’s executive officers are as follows:  
 Further, on April 1, 2005, the following appointments were made: Senior Managing Executive Officer Shigeki Nishikawa was appointed Deputy President and Senior Managing Executive Officer, Managing Executive Officers Yukio Nakamura, Yoshio Ito, Yoichi Takamiya and Kenji Kita were each appointed Senior Managing Executive Officer, Executive Officers Hiroshi Kudo, Hiroshi Oguchi, Yutaka Sawada, Tohru Hara, Kazunori Kameyama, Takakazu Sugishita, Jun Mochizuki, and Koki Kazuma were each appointed Managing Executive Officer, Shuichi Murakami and Ryosuke Hoshino were each appointed Managing Executive Officer after being elected as Executive Officer, Toshio Asano, Toshio Matsuzaki, Torshiro Umezaki, Mitsuhiro Fukui, Hideaki Anzai, Hisashi Nakano, Masami Ishii and Eiichi Yoshimitsu were each elected as and appointed Executive Officer.  
 Also, as of March 31, 2005, Deputy President and Senior Managing Executive Officer Hiroshi Ogata and Managing Executive Officers Toshifumi Kobayashi and Masamichi Yagi retired from their Executive Officer posts.

<b>Position</b>	<b>Name</b>	<b>Job Description</b>
Deputy President and Senior Managing Executive Officer	Yukiyoshi Doi	As specified above
Deputy President and Senior Managing Executive Officer	Ryosaku Minato	As specified above
Deputy President and Senior Managing Executive Officer	Hiroshi Ogata	General Manager, Chubu Regional Headquarters
Senior Managing Executive Officer	Shigeki Nishikawa	As specified above
Senior Managing Executive Officer	Tsuneo Matsumoto	Financial Institutions Department, Financial Institutions Production & Marketing Department, 1st Production Department, and 3rd Production Department
Senior Managing Executive Officer	Ichiro Suzuki	1st Automobile Business Promotion Department, 2nd Production Department, 2nd Corporate Account Production Department, 3rd Corporate Account Production Department, and Marine Hull Department
Managing Executive Officer	Mitsuo Nishimura	General Manager, Kyushu Regional Headquarters & Minamikyushu Regional Headquarters
Managing Executive Officer	Yukio Nakamura	General Manager, Kanto Regional Headquarters
Managing Executive Officer	Yoshio Ito	General Manager, Hokuriku-Shinetsu Regional Headquarters
Managing Executive Officer	Masatoshi Sato	As specified above
Managing Executive Officer	Toshifumi Kobayashi	In charge of production and marketing

<b>Position</b>	<b>Name</b>	<b>Job Description</b>
Managing Executive Officer	Yoichi Takamiya	2nd Automobile Business Promotion Department, 4th Production Department, 1st Corporate Account Production Department, Employee Benefit Program Production Department, 1st Production & Marketing Department, 2nd Production & Marketing Department, and Medical & Welfare Market Department
Managing Executive Officer	Masamichi Yagi	General Manager, Hokkaido Regional Headquarters
Managing Executive Officer	Hideo Suzuki	General Manager, Tokyo Regional Headquarters
Managing Executive Officer	Izumi Inoue	As specified above
Managing Executive Officer	Osamu Yoneyama	General Manager, 2nd Kansai Regional Headquarters
Managing Executive Officer	Mitsuhiko Fuse	General Manager, Kanagawa-Shizuoka Regional Headquarters
Managing Executive Officer	Takaaki Komatsu	General Manager, Shikoku Regional Headquarters
Managing Executive Officer	Junichiro Okawa	General Manager, Saitama-Chiba Regional Headquarters
Managing Executive Officer	Kenji Kita	General Manager, Chugoku Regional Headquarters
Managing Executive Officer	Shoji Watanabe	General Manager, Minamitohoku Regional Headquarters & Kitatohoku Regional Headquarters
Managing Executive Officer	Keishiro Kinoshita	Asia & Australasia Department, China Administration Department
Managing Executive Officer	Ken-ichi Tomita	Manager, Risk Management Department & Investment Administrative Department
Managing Executive Officer	Yujiro Shimada	As specified above
Executive Officer	Tetsutaka Nagaoka	Branch Manager, Kitaosaka Branch
Executive Officer	Hiroshi Kudo	Manager, 1st Corporate Account Production Department of the Company
Executive Officer	Hiroshi Oguchi	As specified above
Executive Officer	Yutaka Sawada	On leave (dispatched) Representative Director, Sompo Japan Risk Management, Inc.
Executive Officer	Tohru Hara	Manager, 1st Automobile Business Promotion Department
Executive Officer	Kazunori Nakamura	On leave (dispatched) President, Sompo Japan Hot Line, Inc.
Executive Officer	Kazushige Tachibana	On leave (dispatched) Representative Director, Yasuda Enterprise Development Co., Ltd.
Executive Officer	Kazunori Kameyama	Branch Manager, Kitatokyo Branch
Executive Officer	Akira Shinozaki	Manager, Internal Audit Department
Executive Officer	Takakazu Sugishita	Branch Manager, Kumamoto Branch
Executive Officer	Toshio Mitsuuchi	Branch Manager, Okayama Branch

<b>Position</b>	<b>Name</b>	<b>Job Description</b>
Executive Officer	Jun Mochizuki	Business Process Planning Department, IT Planning Department., Information Systems Department, & Manager, IT Planning Department.
Executive Officer	Ken Endo	Branch Manager, Nagano Branch
Executive Officer	Koki Kazuma	Investment Planning Department, Financial Services Department, Global Securities Investment Department, Investment Planning Department & Manager, Investment Planning Department
(Deputy President and Senior Managing Executive Officer)	Bunichiro Maki	Retired on June 29, 2004
(Deputy President and Senior Managing Executive Officer)	Kiyoshi Murase	Retired on July 22, 2004
(Executive Officer)	Tsuneo Ando	Retired on June 29, 2004

## 9. Parent Company and Subsidiaries, etc. (As of March 31, 2005)

### (1) Parent Company

Not applicable

### (2) Status of Subsidiaries, etc.

<b>Name of Company</b>	<b>Location</b>	<b>Major Lines of Business</b>	<b>Date of Establishment</b>	<b>Capital Amount</b>	<b>Percentage of Voting Rights Held by Sompo Japan</b>	<b>Other</b>
Sompo Japan Himawari Life Insurance Co., Ltd.	Shinjuku-ku, Tokyo	Life Insurance	July 7, 1981	¥7,250 million	100.0%	–
Sompo Japan Financial Guarantee Insurance Co., Ltd.	Chiyoda-ku, Tokyo	Casualty (Non-Life) Insurance	November 30, 2000	¥11,000 million	100.0%	–
Sompo Japan DC Securities Co., Ltd.	Shinjuku-ku, Tokyo	Defined Contribution Pension Plan, Mutual Fund Sales	May 10, 1999	¥8,820 million	100.0%	–
Sompo Japan DIY Life Insurance Co., Ltd.	Nakano-ku, Tokyo	Life Insurance	April 23, 1999	¥8,000 million	100.0%	–
Sompo Japan Asset Management Co., Ltd.	Chiyoda-ku, Tokyo	Investment Adviser, Securities Investment Trust Management	February 25, 1986	¥1,200 million	70.0%	–
Yasuda Enterprise Development Co., Ltd.	Shinjuku-ku, Tokyo	Investments and Management for Investment Enterprise Partnerships	December 17, 1996	¥400 million	50.0%	–

Name of Company	Location	Major Lines of Business	Date of Establishment	Capital Amount	Percentage of Voting Rights Held by Sompo Japan	Other
Hitachi Capital Insurance Corporation	Chiyoda-ku, Tokyo	Casualty (Non-Life) Insurance	June 21, 1994	¥4,600 million	35.0%	–
Saison Automobile & Fire Insurance Co., Ltd.	Toshima-ku, Tokyo	Casualty (Non-Life) Insurance	September 22, 1982	¥3,610 million	27.7%	–
Sompo Japan Insurance Company of America	NY, USA	Casualty (Non-Life) Insurance	August 9, 1962	US\$12,057 thousand (¥1,295 million)	100.0%	–
Sompo Japan Insurance Company of Europe Ltd.	London, UK	Casualty (Non-Life) Insurance	December 9, 1993	£ 128,700 thousand (¥26,006 million)	100.0%	–
Sompo Japan Insurance Company (Asia) Pte Ltd.	Singapore (Singapore)	Casualty (Non-Life) Insurance	December 14, 1989	S\$34,600 thousand (¥2,255 million)	100.0%	–
Yasuda Seguros S.A.	Sao Paulo, Brazil	Casualty (Non-Life) Insurance	September 22, 1958	Real 50,750 thousand (¥2,047 million)	99.3%	–

- NOTE
1. Only the major subsidiaries, etc. are listed in this table
  2. At the meeting of board of directors held on February 9, 2005, Sompo Japan resolved to enter a merger agreement with Sompo Japan Financial Guarantee with Sompo Japan as the surviving company in which the merger date was specified to be July 1, 2005, and entered into an agreement on the same day.
  3. Because Hitachi Capital Insurance Corporation became an important subsidiary, etc. by acquisition of shares, it appears in this table from this fiscal term.
  4. The combined ordinary income (sales in the case of companies other than insurance companies) of the eleven companies listed in this table is ¥297.9 billion. The net loss for the period is ¥1.4 billion.
  5. The exchange rate on the closing day of the fiscal year was used to calculate the yen figures indicated in parenthesis in the “Capital Amount” column and the figures in “NOTE 4” above.

#### Status of Important Business Alliances:

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

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

Pursuant to the business alliance with Credit Saison Co, Ltd. and Saison Automobile & Fire Insurance Co., Ltd., a representative agreement regarding agency 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.

## 10. Compensation and Other Consideration for their Services for Directors and Corporate Auditors

Because there are no provisions in the Articles of Incorporation as provided for in Article 266, Item 12 of the Commercial Code (including any corresponding application of this provision in Article 266, Item 18 when applied mutatis mutandis pursuant to Article 280, Item 1 of the Commercial Code or Article 21, Items 17-4 and 17-6 of the Law on Special Exceptions to the Commercial Code when applied mutatis mutandis) or Article 266, Item 19 of the Commercial Code (including any provisions in Article 21, Item 17-5 of the Law on Special Exceptions to the Commercial Code when applied mutatis mutandis), these are not listed herein.

## 11. Grant of Stock Option

### [stock options currently granted]

Matters resolved at the Annual Meeting of Shareholders held on June 27, 2002

Number of new stock options	780
Type of stock associated with the stock options	Common stock
Total number of stock associated with the stock options	780,000 shares
Exercise price of the stock options	¥ 777 per share (for stock options granted on Aug. 1, 2002) ¥ 712 per share (for stock options granted on Nov. 1, 2002) ¥ 705 per share (for stock options granted on Jan. 1, 2003) ¥ 581 per share (for stock options granted on May 1, 2003) ¥ 574 per share (for stock options granted on June 1, 2003)

Matters resolved at the Annual Meeting of Shareholders held on June 27, 2003

Number of new stock options	600
Type of stock associated with the stock options	Common stock
Total number of stock associated with the stock options	600,000 shares
Exercise price of the stock options	¥ 735 per share (for stock options granted on Aug. 1, 2003) ¥ 901 per share (for stock options granted on Feb. 2, 2004)

Matters resolved at the Annual Meeting of Shareholders held on June 29, 2004

Number of new stock options	625
Type of stock associated with the stock options	Common stock
Total number of stock associated with the stock options	625,000 shares
Exercise price of the stock options	¥ 1,167 per share (for stock options granted on Aug. 2, 2004) ¥ 1,082 per share (for stock options granted on Feb. 1, 2005)

[Stock Options Granted on Particularly Favorable Terms to Persons other than Shareholders (excluding *tokuteishiyoninto* (employees, directors and corporate auditors of the Company and subsidiaries)) during the Fiscal Year]

Names of persons that were allocated stock options during the fiscal year. The number of stock options allotted to said person is the number shown in parentheses.	Managing Director	Date of Grant of Stock Option
	Hiroshi Hirano (20)	Aug. 2, 2004
	(20)	Feb. 1, 2005
	Yukiyoshi Doi (20)	Aug. 2, 2004
	(20)	Feb. 1, 2005
	Ryosaku Minato (20)	Aug. 2, 2004
	(20)	Feb. 1, 2005
	Shigeki Nishikawa (15)	Aug. 2, 2004
	(15)	Feb. 1, 2005
	Masatoshi Sato (5)	Aug. 2, 2004
	(15)	Feb. 1, 2005
	Izumi Inoue (5)	Aug. 2, 2004
	(5)	Feb. 1, 2005
	Yujiro Shimada (5)	Aug. 2, 2004
(5)	Feb. 1, 2005	
Hiroshi Oguchi (5)	Aug. 2, 2004	
(5)	Feb. 1, 2005	
Total 200 (1,000 Shares per Stock option)		
Type of stock associated with the stock options	Common stock	
Total number of stock associated with the stock options	200,000 shares	
Exercise price of the stock options	¥ 1,167 per share (for stock options granted on Aug. 2, 2004) ¥ 1,082 per share (for stock options granted on Feb. 1, 2005)	

<p>Terms associated with the exercise of the stock options</p>	<p>&lt;1&gt; Exercise Period is from June 30, 2006 to June 29, 2014.</p> <p>&lt;2&gt; If a person who is allocated a stock option loses his or her position as both the director and the executive officer of Sompo Japan, such person shall have the right to exercise the stock option within 5 years from the date he or she loses the position (provided that the period shall not exceed the Exercise Period) in accordance with the conditions provided in the “Stock Option Allocation Contract” hereafter described in paragraph &lt;6&gt;.</p> <p>&lt;3&gt; If a person holding the stock option passes away, such person’s heir (provided that this is limited to the spouse) shall have the right to execute the stock option within 5 years from the date of death (or 5 years from the date such person loses his or her position as both the director and the executive officer of Sompo Japan, in the event such person died after losing his or her position) in accordance with the conditions provided in the “Stock Option Allocation Contract” hereafter described in paragraph &lt;6&gt;.</p> <p>&lt;4&gt; The person holding the stock option holder shall not transfer, pledge, or otherwise dispose of the stock option to any third party.</p> <p>&lt;5&gt; Persons who are allotted five stock options shall not be able to exercise their rights if the annual (from January 1 to December 31) total sum of the exercise price exceeds ¥12 million.</p> <p>&lt;6&gt; Other conditions regarding the exercise of stock options shall be stipulated in the “Stock Option Allocation Contract” that is entered into by Sompo Japan and the person holding the stock option.</p>
<p>Events and conditions for cancellation of the stock options</p>	<p>&lt;1&gt; If a merger agreement where Sompo Japan shall be the merging company is approved, or if a resolution is approved at a shareholders’ meeting for either transfer of shares or a stock swap agreement to another company which results in Sompo Japan becoming a wholly owned subsidiary, Sompo Japan may cancel the stock options without consideration.</p> <p>&lt;2&gt; If the person holding the stock option loses his or her position as both the director and executive officer of Sompo Japan before exercising his or her option rights, Sompo Japan may cancel, without consideration, such relevant stock options in accordance with the conditions provided in the “Stock Option Allocation Contract.”</p>
<p>Description of the favorable conditions of the stock options</p>	<p>Stock options are granted without consideration.</p>

[Stock Options Granted on Particularly Favorable Terms to *tokuteishiyoninto* (employees, directors and corporate auditors of the Company and subsidiaries) during the Fiscal Year]

Names of persons that were allocated stock options during the fiscal year. The number of stock options allotted to said persons is the number shown in parentheses.	Executive Officers (top 10)	Date of Grant of Stock Option
	Hiroshi Ogata (15)	Aug. 2, 2004
	(15)	Feb. 1, 2005
	Tsuneo Matsumoto (15)	Aug. 2, 2004
	(15)	Feb. 1, 2005
	Ichiro Suzuki (15)	Aug. 2, 2004
	(15)	Feb. 1, 2005
	Mitsuo Nishimura (15)	Aug. 2, 2004
	(15)	Feb. 1, 2005
	Yoshio Ito (15)	Aug. 2, 2004
	(15)	Feb. 1, 2005
	Masamichi Yagi (15)	Aug. 2, 2004
	(15)	Feb. 1, 2005
	Yukio Nakamura (5)	Aug. 2, 2004
(5)	Feb. 1, 2005	
Toshifumi Kobayashi (5)	Aug. 2, 2004	
(5)	Feb. 1, 2005	
Yoichi Takamiya (5)	Aug. 2, 2004	
(5)	Feb. 1, 2005	
Hideo Suzuki (5)	Aug. 2, 2004	
(5)	Feb. 1, 2005	
Type of stock associated with the stock options	Common stock	
Total number of stock associated with the stock options	425,000 shares	
Exercise price of the stock option	¥ 1,167 per share (for stock options granted on Aug. 2, 2004) ¥ 1,082 per share (for stock options granted on Feb. 1, 2005)	
Terms associated with the exercise of the stock options	<p>&lt;1&gt; Exercise Period is from June 30, 2006 to June 29, 2014.</p> <p>&lt;2&gt; If a person who is allocated a stock option loses his or her position as both the director and the executive officer of Sompo Japan, such person shall have the right to exercise the stock option within 5 years from the date he or she loses the position (provided that the period shall not exceed the Exercise Period) in accordance with the conditions provided in the “Stock Option Allocation Contract” hereafter described in paragraph &lt;6&gt;.</p> <p>&lt;3&gt; If a person holding the stock option passes away, such person’s heir (provided that this is limited to the spouse) shall have the right to execute the stock option within 5 years from the date of death (or 5 years from the date such person loses his or her position as both the director and the executive officer of Sompo Japan, in the event such person died after losing his or her position) in accordance with the conditions provided in the “Stock Option Allocation Contract” hereafter described in paragraph &lt;6&gt;.</p>	

	<p>&lt;4&gt; The person holding the stock option holder shall not transfer, pledge, or otherwise dispose of the stock option to any third party.</p> <p>&lt;5&gt; Persons who are allotted five stock options shall not be able to exercise their rights if the annual (from January 1 to December 31) total sum of the exercise price exceeds ¥12 million.</p> <p>&lt;6&gt; Other conditions regarding the exercise of stock options shall be stipulated in the “Stock Option Allocation Contract” that is entered into by Sompo Japan and the person holding the stock option.</p>
Events and conditions for cancellation of the stock options	<p>&lt;1&gt; If a merger agreement where Sompo Japan shall be the merging company is approved, or if a resolution is approved at a shareholders’ meeting for either transfer of shares or a stock swap agreement to another company which results in this company becoming a wholly owned subsidiary, Sompo Japan may cancel the stock options without consideration.</p> <p>&lt;2&gt; If the person holding the stock option loses his or her position as both the director and executive officer of Sompo Japan before exercising his or her option rights , Sompo Japan may cancel, without consideration, such relevant stock options in accordance with the conditions provided in the “Stock Option Allocation Contract.”</p>
Description of the favorable conditions of the stock options	Stock options are granted without consideration.

[Stock Options Granted to *tokuteishiyoninto* (employees, directors and corporate auditors of the Company and subsidiaries) during the Fiscal Year]

Category	Employees of this Company
Number of stock options granted	425 (1,000 Shares per Stock Option)
Type of stock associated with the stock options	Common stock
Total number of stock associated with the stock options	425,000 shares
Number of persons that have been granted stock options	31 persons

## 12. Material Matters regarding the Condition of the Company that Occurred After the Fiscal Year

Not applicable.

### 13. Matters Necessary for Job Performance of Board of Corporate Auditors

Since Sompo Japan has not adopted the company with “committees system”, this section does not apply.

### 14. Policies Related to the Determination of Remuneration Amounts for Directors and Executive Officers

Since Sompo Japan has not adopted the company with “committees system”, this section does not apply.

### 15. Remuneration, etc. for Independent Auditors

(Units: Millions of Yen)

(1) Total amount of remuneration, etc. for independent auditors to be paid by Sompo Japan, its subsidiaries, and its subsidiary companies and others	88
(2) Of which a total amount of remuneration, etc. to be paid as consideration for audit certificate work	79
(3) Of which the amount of remuneration, etc. for independent auditors to be paid by Sompo Japan	46

NOTE: The amount shown as the remuneration, etc. for independent auditors to be paid by Sompo Japan is the sum of remuneration, etc. for audits under the Law on Special Exceptions to the Commercial Code and the Securities and Exchange Law.

### 16. Other Material Matters Pertaining to Sompo Japan

Not applicable.

**Balance Sheet for FY2004 (As of March 31, 2005)**

(Unit: Millions of Yen)

<b>Item</b>	<b>Amount</b>	<b>Item</b>	<b>Amount</b>
<b>(Assets)</b>		<b>(Liabilities)</b>	
<b>Cash and Deposits</b>	<b>174,258</b>	<b>Insurance Policy Reserve</b>	<b>3,882,474</b>
Cash	89	Outstanding Claims	586,687
Deposits	174,169	Underwriting Reserve	3,295,787
<b>Call Loans</b>	<b>4,000</b>	<b>Other Liabilities</b>	<b>205,773</b>
<b>Repurchase Agreement Account</b>	<b>4,999</b>	Co-insurance Payable	6,412
<b>Monetary Claims Purchased</b>	<b>11,957</b>	Re-insurance Payable	74,970
<b>Money Trusts</b>	<b>27,206</b>	Foreign Re-insurance Payable	17,316
<b>Securities</b>	<b>3,866,653</b>	Agency Borrowing	25
Government Bonds	491,778	Borrowings	904
Municipal Bonds	175,123	Corporate Income Tax and Other	3,572
		Taxes Payable	
Corporate Bonds	511,056	Deposits Received	5,514
Stocks	1,539,426	Advance Received	123
Foreign Securities	1,056,648	Accounts Payable	40,671
Other Securities	92,619	Temporary Receipts	50,615
<b>Loans</b>	<b>463,126</b>	Borrowed Securities	218
Insurance Policy Loans	13,019	Derivatives	5,429
General Loans	450,106	<b>Reserve for Retirement Benefits</b>	<b>84,111</b>
<b>Real Estate and Movable Assets</b>	<b>237,910</b>	<b>Reserve for Accrued Bonuses</b>	<b>11,959</b>
Land	108,019	<b>Reserve for Price Fluctuation</b>	<b>17,546</b>
Buildings	105,850	<b>Deferred Tax Liabilities</b>	<b>11,586</b>
Movable Assets	23,251	<b>Total Liabilities</b>	<b>4,213,452</b>
Construction in Progress	789	<b>(Shareholders' Equity)</b>	
<b>Other Assets</b>	<b>390,271</b>	<b>Capital</b>	<b>70,000</b>
Premiums Receivable	2,191	<b>Additional Paid-In Capital</b>	<b>24,229</b>
Agent Balances	83,822	Capital Reserves	24,229
Foreign Agent Balances	15,768	<b>Retained Earnings</b>	<b>288,462</b>
Co-Insurance Recoverable	11,888	Earned Surplus Reserve	24,600
Reinsurance Recoverable	80,921	Voluntary Reserve	196,519
Foreign Reinsurance	39,253	(Reserve for Dividend Payment to	(40,300)
Recoverable		Shareholders)	
Agency Business Receivables	0	(Reserve for Retirement Benefits)	(1,000)
Accounts Receivable	35,933	(Reserve for Losses on Overseas	(0)
		Investments, etc.)	
Uncollected Income	13,184	(Reserve for Advanced	(618)
		Depreciation)	
Deposits	17,431	(Special Reserve for Insurance	(76,500)
		Policies)	
Deposits for Earthquake	48,484	(Special Reserve)	(78,100)
Insurance			
Temporary Payments	36,437	Unappropriated Profit for Current	67,342
		Term	
Margin Account for Futures	271	(Net Profit)	(56,898)
Transactions			
Derivatives	3,667	<b>Unrealized Gains on Securities</b>	<b>563,658</b>
Other Assets	1,015	<b>Treasury Stock</b>	<b>-2,722</b>
<b>Allowance for Bad Debts</b>	<b>-23,153</b>	<b>Total Shareholders' Equity</b>	<b>943,627</b>
<b>Investment Loss Reserve</b>	<b>-149</b>		
<b>Total Assets</b>	<b>5,157,080</b>	<b>Total Liabilities and Shareholders'</b>	<b>5,157,080</b>
		<b>Equity</b>	

Notes to Balance Sheet:

1. 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 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 fiscal year by the market value method. All valuation differences are added (or subtracted) directly to capital. Moreover, 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.
2. 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.
3. Derivative transactions are valued by the market value method.
4. Depreciation of real estate and movable 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.
5. Foreign currency denominated assets and liabilities have been converted into Japanese Yen in accordance with the Accounting Standards Pertaining to Foreign Currency Denominated Transactions.
6. Allowances for bad debts are 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 or 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, 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 the amount 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.

Furthermore, 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.

7. The amount set aside for investment loss reserve is based on the expected losses at the end of the period. This is to provide for losses from possible future non-repayment, etc.

in relation to a bond issued by persons who are likely to fail, and such determination is based on the self-assessment standards as well as depreciation/reserve standards for assets.

8. The amount set aside for reserve for retirement benefits is based on the expected retirement benefit obligations at the end of the fiscal year and is applied towards the employees' retirement benefits.

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 fiscal 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.

As Sampo Japan acquired authorization dated March 30, 2005 for the dissolution of the welfare pension fund of Sampo Japan from the Minister of Ministry of Health, Labour and Welfare, all reserve for retirement benefits was transferred and ¥9,363 million was posted as extraordinary profit for this fiscal year.

Items pertaining to retirement benefits are as follows:

(1) Retirement Benefit Obligations:

Retirement Benefit Obligations	–¥ 133,945 million
<u>Retirement Benefit Trusts</u>	<u>¥ 4,803 million</u>
Unfunded Retirement Benefit Obligations	–¥ 129,141 million
Unrecognized Actuarial Variances	¥ 34,037 million
<u>Unrecognized Past Service Liabilities</u>	<u>¥ 10,992 million</u>
Reserve for Retirement Benefits	–¥ 84,111 million

(2) Basis for Calculation of Retirement Benefit Obligations, etc.

Method of Period Allocation of	
Expected Retirement Benefit Obligations	Fixed Periodic Amount Standard
Discount Rate	1.5%
Expected Rate of Return	
Pension Assets Associated with	
Welfare Pension Funds	3.0%
Retirement Benefit Trusts	0.0%
Years Processed regarding the amount of Past Service Liabilities	5 years
Years Processed regarding the Actuarial Variances	12 years

9. The amount set aside for the reserve for accrued bonuses is based on the estimated amount payable at the end of the fiscal period and is applied towards employee bonuses.
10. 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.
11. Stock swap transactions for the purpose of hedging future share price fluctuation risks of held stocks are valued using hedge market values.

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, and the appropriation method is used for foreign currency loans, future exchange contracts and currency swaps used to hedge fluctuation risks in the currency exchange market related to bonds and deposits 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.

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

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

14. (1) Of the total loan amount, uncollectible loans were ¥64 million and delinquent loans were ¥7,876 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 Corporate Income Tax Law Enforcement Ordinance (Ordinance 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 ¥3,459 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.

The sum of the uncollectible loans, delinquent loans, loans overdue for longer than three months, and restructured loans was ¥11,400 million.

15. Accumulated depreciation of real estate and movable assets was ¥228,555 million and the amount of reduced value entry of real estate and movable assets was ¥10,842 million.

16. Net assets as defined in Article 17-3, Paragraph 1, Sub-paragraph 3 of the Enforcement Regulations concerning Insurance Business Law was ¥573,760 million.

17. Total monetary claims against subsidiaries was ¥15,895 million while total monetary liabilities against subsidiaries was ¥821 million.

18. In addition to the movable assets booked under movable assets on the balance sheet, a portion of the electronic computers is used under lease contracts.

19. Investments in shares of the subsidiaries were ¥146,499 million while capital investment in the subsidiaries were ¥48 million.
20. Assets pledged as collateral consist of ¥57,193 million in securities and ¥6,684 million in deposits. These are collateral for borrowings of ¥904 million as well as for obtaining letters of credit.
21. Breakdown of reserve for outstanding claims:
- |  |   |                       |
|--|---|-----------------------|
| Reserve for outstanding claims<br>(before deducting ceded reinsurance reserve for outstanding<br>claims, excluding insurances stated in (b)) | ¥ | 597,198 million       |
| Ceded reinsurance reserve for outstanding claims relating to the above   | ¥ | <u>68,343 million</u> |
| Difference (a)   | ¥ | 528,854 million       |
| Reserve for outstanding claims involved in earthquake<br>insurance and compulsory automobile liability insurance (b)                         | ¥ | <u>57,832 million</u> |
| Total (a + b)  | ¥ | 586,687 million       |
22. Breakdown of underwriting reserves:
- |  |   |                          |
|--|---|--------------------------|
| Ordinary underwriting reserve<br>(before deducting ceded reinsurance underwriting reserve) | ¥ | 906,241 million          |
| Ceded reinsurance underwriting reserve relating to the above                               | ¥ | <u>32,473 million</u>    |
| Difference (a)   | ¥ | 873,767 million          |
| Other underwriting reserve (b)   | ¥ | <u>2,422,019 million</u> |
| Total (a + b)  | ¥ | 3,295,787 million        |
23. A total of ¥80,771 million in securities on loan pursuant to loan agreements is included under stocks and foreign securities.
24. The balance of unexecuted loans related to loan commitment agreements was ¥22,278 million.

25. Deferred tax assets were ¥307,393 million while deferred tax liabilities were ¥318,979 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	¥	171,204 million
Loss on asset valuation	¥	35,520 million
Reserve for Retirement Benefits	¥	28,751 million
Loss carried forward for tax purposes	¥	27,034 million
Reserve for outstanding claims	¥	25,003 million
Intangible fixed assets for tax purposes	¥	12,039 million
Other	¥	<u>24,207 million</u>
Subtotal for deferred tax assets	¥	323,762 million
Allowance account	-¥	<u>16,368 million</u>
Total deferred tax assets	¥	307,393 million

Deferred Tax Liabilities

Unrealized Loss on Securities	-¥	318,297 million
Other	-¥	<u>681 million</u>
Total deferred tax liabilities	-¥	<u>318,979 million</u>
Net deferred tax assets (or liabilities)	-¥	11,586 million

26. Amounts have been rounded off to the decimal place noted.

**Income Statement for FY2004 (from April 1, 2004 through March 31, 2005)**

(Units: Millions of Yen)

	<b>Item</b>	<b>Amount</b>
<b>ORDINARY PROFIT AND LOSS</b>	<b>Ordinary Income</b>	<b>1,735,517</b>
	Underwriting Income	1,636,654
	Net Premiums Written	1,351,915
	Savings-Type Insurance Premiums Written	192,801
	Investment Income on Savings-Type Insurance Premiums Written	46,294
	Reversal of Underwriting reserves	42,942
	Foreign Exchange Gain	309
	Other Underwriting Income	2,390
	Asset Investment Income	80,813
	Interest and Dividends Received	82,705
	Investment Gain on Money Trusts	1,701
	Income on Sale of Securities	41,271
	Income on Maturity of Securities	927
	Other Investment Income	502
	Transfer of Investment Income on Savings-Type Insurance Premiums Written	-46,294
	Other Ordinary Income	18,049
	<b>Ordinary Expenses</b>	<b>1,661,280</b>
	Underwriting Expenses	1,417,600
	Net Claims Paid	813,096
	Loss Adjustment Expenses	62,903
	Various Commissions and Collection Expenses	218,514
	Maturity Refunds	272,878
	Dividends to Policyholders	61
	Amounts Transferred to Reserves for Outstanding Claims	47,808
	Other Underwriting Expenses	2,336
	Asset Management Expenses	20,211
	Investment Losses on Money Trusts	258
	Management Losses on For-Sale Securities	83
	Loss on Sale of Securities	4,869
	Loss on Write-Down of Securities	1,626
	Loss on Redemption of Securities	895
	Loss on Derivatives	9,730
	Foreign Exchange Loss	1,593
Other Asset Management Expense	1,152	
Operating Expenses and General Administrative Expenses	222,711	
Other Ordinary Expenses	757	
Interest Paid	114	
Loss on Bad Debt	31	
Other Ordinary Expenses	611	
<b>Ordinary Profit</b>	<b>74,236</b>	
<b>EXTRAORDINARY PROFIT OR LOSS</b>	<b>Extraordinary Profit</b>	<b>53,541</b>
	Gain on Disposal of Real Estate and Movable Assets	37,338
	Other Extraordinary Profit	16,203
	<b>Extraordinary Loss</b>	<b>31,745</b>
	Loss on Disposal of Real Estate and Movable Assets	5,335
	Impairment Loss	15,671
	Amounts Transferred to Provision for Price Fluctuation Reserve	6,277
	Loss from Reduced Value Entry of Real Estate and other property	0
	Revaluation Loss of Real Estate	2,260
	Other Extraordinary Loss	2,201
<b>Net Profit Before Taxes for Current Term</b>	<b>96,032</b>	
<b>Corporate Income Tax and Inhabitation Tax</b>	<b>845</b>	
<b>Adjustments to Corporate Income Tax and Other Taxes</b>	<b>38,288</b>	
<b>Net Profit for the Current Term</b>	<b>56,898</b>	
<b>Unappropriated Retained Earnings Brought Forward from the Previous Fiscal</b>	<b>10,452</b>	
<b>Loss on Disposal of Treasury Stock</b>	<b>7</b>	
<b>Unappropriated Retained Profit at the End of the Current Term</b>	<b>67,342</b>	

Notes to Income Statement:

1. Total income from transactions with subsidiary companies was ¥16,701 million and total expenses from transactions with subsidiary companies were ¥39,572 million.
2. (1) Breakdown of net premiums written:
 

Premiums Written	¥ 1,658,714 million
<u>⇒ Reinsurance Premiums Paid</u>	<u>¥ 306,799 million</u>
Net Premiums Written	¥ 1,351,915 million
- (2) Breakdown of net losses paid:
 

Losses Paid	¥ 1,071,079 million
<u>⇒ Reinsurance Payments Collected</u>	<u>¥ 257,982 million</u>
Net Losses Paid	¥ 813,096 million
- (3) Breakdown of various commissions and collection expenses:
 

Various Commissions and Collection Expenses Paid	¥ 237,830 million
<u>⇒ Ceded Reinsurance Commissions Received</u>	<u>¥ 19,316 million</u>
Various Commissions and Collection Expenses	¥ 218,514 million
- (4) Breakdown of Interest and Dividends Received:
 

Interest on Deposits	¥ 234 million
Interest on Call Loans	¥ 5 million
Interest on Repurchase Agreement Accounts	¥ 4 million
Interest on Monetary Claims Purchased	¥ 133 million
Interest and Dividends on Securities	¥ 66,498 million
Interest on Loans	¥ 9,187 million
Rent on Real Estate	¥ 5,649 million
<u>Other Interest and Dividends</u>	<u>¥ 992 million</u>
Interest and Dividend Received	¥ 82,705 million
3. The investment losses on securities held for sale purposes consist of losses on sales of ¥63 million and revaluation losses of ¥20 million.
4. There is no revaluation profit or loss associated with investment gains or losses from money trusts. The revaluation loss from derivatives was ¥6,061 million being the balance of ¥2,326 million in other underwriting profit and ¥8,387 million in loss from derivatives.
5. The breakdown of other extraordinary profit is as follows: ¥9,363 million related to the liquidation of the Sompo Japan welfare pension fund and ¥6,839 million related to the settlement received from Fortress Re, a US based insurance agency, and others. The settlement was associated with losses arising from overseas reinsurance transactions.
6. The breakdown of other extraordinary loss is as follows: ¥2,189 million involved in lawsuit expenses related to foreign reinsurance transactions with Fortress Re, a US based insurance agency, and ¥11 million revaluation loss of real estate.

7. The total retirement benefit expenses booked as loss adjustment expenses and operational expenses and general administrative expenses were ¥23,564 million and the breakdown is as follows:

Working Expenses	¥	12,339 million
Interest Expenses	¥	7,370 million
Expected Investment Income	-¥	4,879 million
Expenses Disposition Associated with the Actuarial Variations	¥	7,854 million
Expenses Disposition Associated with <u>Past Service Liabilities</u>	¥	879 million
Retirement Benefits Expenses	¥	23,564 million
Extraordinary Profit Related to Liquidation of <u>Welfare Pension Fund</u>	-¥	9,363 million
Total	¥	14,200 million

8. 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 40.75%. The breakdown of main items in the differences between the two rates are as follows:

Statutory Effective Tax Rate		36.09%
(Adjustments)		
Increase of Allowance Account		5.85%
Dividends Received from Gross Revenues		-3.11%
Entertainment Expenses Not Qualified as Tax Deductible Expense		1.06%
Other		0.87%
Burden Ratio for Corporate and Other Taxes After the Application of Deferred Tax Accounting		40.75%

9. Net profit per share for the fiscal year was ¥57.80. The items forming the calculation basis for the above number are as follows: Net income was ¥56,898 million. There were no shares not vested to common shareholders. Net profit related to common stock was ¥56,898 million. The average number of outstanding common stock during the fiscal year was 984 million.

10. Sompo Japan posted impairment loss for this period on the asset groups described below:

(1) Method used to group assets

All real estate provided for use by the insurance business, etc. is grouped into one asset group within the entire insurance business, etc. Rental real estate and idle real estate which is not provided for use by the insurance business, etc. is grouped into different separate groups by asset.

(2) Reasons for the recognition of impairment losses

Upon continued review of the organization and personnel and consolidation of stores from the previous period, of the real estate provided for used by the insurance business, etc., assets of which main status of use is for rental have been re-designated as rental real estates. New idle properties of which future use is not determined have been re-designated as idle real estate. Of these, the book value of the asset groups for which the recoverable value is below the book value was reduced to the recoverable value and such amounts of reduction was accounted for as an extraordinary loss.

- (3) Asset groups on which impairment loss was recognized and the breakdown of the fixed assets associated with the impairment loss by type:

Use	Asset group	Impairment Loss (Millions of Yen)		
		Land	Buildings	Total
Rental Real Estate	10 properties including Moriguchi Building	11,348	4,322	15,671

(NOTE) As a variety of asset groups generated impairment losses, the asset groups are collectively listed by use for clarity purposes. The figure under Land includes ¥144 million related to an impairment loss of the lease right.

- (4) Calculation of the recoverable value

The recoverable value for rental real estates is calculated by applying the utility value or net sales value according to the property and the recoverable value for idle real estates is calculated by applying the net sales value.

The utility value is calculated by discounting future cash flow by 5.7% to 9.5%. The net sales value is based on the appraisal value calculated by applying the real estate appraisal standards or the inheritance tax value calculated by applying the road rating.

11. For this period, the calculation of the reserve for outstanding claims related to non-reported damages which became eligible for estimation based on longer-term performance was calculated on that basis. Consequently, amounts transferred to reserve for outstanding claims for this period increased by ¥21,180 million.
12. Amounts have been rounded off to the decimal place noted.

**PROPOSED APPROPRIATION OF RETAINED EARNINGS**

<b>Unappropriated Retained Profits at the End of the Current Period</b>	<b>67,342,862,763</b> yen
<b>Transfer from Voluntary Reserve</b>	<b>35,403,178</b>
Reserve for Losses on Overseas Investments, etc.	804,193
Reserve for Reduced Value Entry	34,598,985
<b>Total</b>	<b>67,378,265,941</b>
The above shall be appropriated as follows:	
<b>Amount of Appropriated Profits</b>	<b>56,657,264,887</b>
Earned Surplus Reserve	1,800,000,000
Shareholder Dividends (JPY9.00 per share)	8,857,264,887
Voluntary Reserve	46,000,000,000
(Reserve for Dividend Payment to Shareholders)	(1,000,000,000)
(Special Reserve)	(45,000,000,000)
<b>Unappropriated Retained Earnings Carried Forward to the Next Period</b>	<b>10,721,001,054</b>

## AUDIT REPORT

The board of corporate auditors has reviewed the reports from each auditor describing his or her methods and results pertaining to the duties as performed by the directors of the Company during the 62nd fiscal period between April 1, 2004 and March 31, 2005. The following are the results of the audit:

### 1. Summary of Auditing Methods Utilized by Auditors

Each auditor, in accordance with the standards set forth by the board of corporate auditors and his or her assigned tasks, has attended meetings of the board of directors and other pertinent meetings, received information from directors and the internal audit division on the performance of their duties, gained access to approval and other important documents, from time to time visited the head office, branch stores and branch offices to investigate the status of operations and assets, and requested operating reports from subsidiary companies, if and when needed. In addition, the board has monitored the independence of the accounting auditor, has received reports and explanations regarding the audit performed by the accounting auditor, and has reviewed the financial statements and supplementary schedules.

In addition to the above methods, the board of corporate auditors has, as necessary, requested reports from directors and examined in detail the conditions regarding the following areas: Competing business transactions conducted by directors, transactions between the directors and the Company adverse to the Company, , profit sharing conducted by the Company for no consideration, transactions with subsidiary companies and/or shareholders that are out of the ordinary, and acquisitions and/or disposal of treasury stock.

### 2. Audit Results

- (1) The audit methods used and the results obtained by Ernst & Young Shinnihon, the accounting auditor, are fair and suitable.
- (2) The business report confirm to all related laws and regulations and to the Company's Articles of Incorporation, and fairly represent conditions at the Company.
- (3) In view of the company's financial situation and other relevant conditions, the resolutions relating to the retained earnings appropriation statement are suitable and there are no matters to be pointed out.
- (4) The supplementary schedules contain all necessary items and there are no matters to be pointed out.
- (5) No unfair acts or major violations of any relevant laws and regulations or the Company's Articles of Incorporation have been carried out by the Directors during the performance of their duties including their duties with regards to any subsidiaries of the Company.

In addition, no directors have breached their duties regarding competing business transactions by directors, transactions with the Company adverse to the Company, profit sharing conducted with no consideration, transactions with subsidiary companies and/or shareholders that are out of the ordinary, and acquisitions and/or disposal of treasury stock.

May 20, 2005

Board of Corporate Auditors, Sampo Japan Insurance, Inc.

Masao Miyakawa, Standing Corporate Auditor

Masahito Ishigami, Corporate Auditor

Tsuneo Ando, Corporate Auditor

Yoshiki Yagi, Auditor

Tohru Tsuji, Auditor

(NOTE) Messrs. Yagi and Tsuji are external Corporate Auditors as required under Article 18-1 of the "Law for Special Exceptions to the Commercial Code Concerning Audits, etc. for Corporations (Kabushiki Kaisha)."

Attachment (7)

**Consolidated Balance Sheet for FY2004 (As of March 31, 2005)**

(Units: Million Yen)

<b>Item</b>	<b>Amount</b>	<b>Item</b>	<b>Amount</b>
<b>(Assets)</b>		<b>(Liabilities)</b>	
<b>Cash and Deposits</b>	<b>221,284</b>	<b>Insurance Policy Reserves</b>	<b>4,620,254</b>
<b>Call Loans</b>	<b>4,000</b>	Reserve for Outstanding Losses and Claims	644,501
<b>Repurchase Agreement Accounts</b>	<b>4,999</b>	Underwriting Reserve	3,975,753
<b>Monetary Claims Purchased</b>	<b>11,957</b>	<b>Other Liabilities</b>	<b>224,971</b>
<b>Money Trusts</b>	<b>27,237</b>	<b>Reserve for Retirement Benefits</b>	<b>84,931</b>
<b>Securities</b>	<b>4,464,644</b>	<b>Reserve for Accrued Bonuses</b>	<b>12,557</b>
<b>Loans</b>	<b>471,245</b>	<b>Provision for Price Fluctuation Preserve</b>	<b>17,582</b>
<b>Real Estate and Movable Assets</b>	<b>239,695</b>	<b>Deferred Tax Liabilities</b>	<b>11,870</b>
<b>Other Assets</b>	<b>422,228</b>	<b>Total Liabilities</b>	<b>4,972,168</b>
<b>Deferred Tax Assets</b>	<b>1,313</b>	<b>(Minority Equity)</b>	
<b>Consolidated Adjustment Accounts</b>	<b>30,585</b>	<b>Minority Equity</b>	<b>396</b>
<b>Allowance for Bad Debts</b>	<b>-24,183</b>	<b>(Capital)</b>	
<b>Investment Loss Reserve</b>	<b>-149</b>	<b>Capital</b>	<b>70,000</b>
		<b>Additional Paid-In Capital</b>	<b>24,229</b>
		<b>Retained Earnings</b>	<b>254,744</b>
		<b>Unrealized Gains on Securities</b>	<b>563,708</b>
		<b>Foreign Currency Conversion Adjustments Account</b>	<b>-7,666</b>
		<b>Treasury Stock</b>	<b>-2,722</b>
		<b>Total Capital</b>	<b>902,294</b>
<b>Total Assets</b>	<b>5,874,858</b>	<b>Total Liabilities, Minority Equity, and Capital</b>	<b>5,874,858</b>

## Attachment (8)

## Consolidated Income Statement for FY2004 (April 1, 2004 ~ March 31, 2005)

(Units: Million Yen)

	Item	Amount
<b>ORDINARY PROFIT AND LOSS</b>	<b>Ordinary Income</b>	<b>1,899,801</b>
	Underwriting Income	1,792,712
	Net Premiums Written	1,376,232
	Savings-Type Insurance Premiums Written	192,801
	Investment Income on Savings-Type Insurance Premiums Written	46,294
	Life Insurance Premiums	174,625
	Other Underwriting Income	2,757
	Asset Investment Income	93,837
	Interest and Dividend Income	94,511
	Investment Gain on Money Trusts	1,701
	Income on Sale of Securities	42,046
	Income on Maturity of Securities	994
	Extraordinary Account Asset Investment Income	334
	Other Investment Income	543
	Transfer of Investment Income on Savings-Type Insurance Premiums Written	-46,294
	Other Ordinary Income	13,251
	<b>Ordinary Expenses</b>	<b>1,830,556</b>
	Underwriting Expenses	1,553,618
	Net Claims Paid	828,493
	Loss Adjustment Expenses	63,770
	Various Commissions and Collection Expenses	245,444
	Maturity Refunds	272,878
	Dividends to Policyholders	61
	Life Insurance Premiums	33,427
	Amounts Transferred to Reserves for Outstanding Claims	50,183
	Provision of Underwriting Reserves	57,017
	Other Underwriting Expenses	2,341
	Asset Management Expenses	20,552
	Investment Losses on Money Trusts	258
	Management Losses on For-Sale Securities	83
	Loss on Sale of Securities	4,896
	Loss on Write-Down of Securities	1,608
Loss on Redemption of Securities	1,123	
Loss on Derivatives	9,759	
Other Asset Management Expense	2,822	
Operating and General Administrative Expenses	254,975	
Other Ordinary Expenses	1,410	
Interest Paid	206	
Loss on Bad Debt	141	
Investment Loss using Equity Method	422	
Other Ordinary Expenses	639	
<b>Ordinary Income or Loss</b>	<b>69,244</b>	
<b>EXTRAORDINARY PROFIT AND LOSS</b>	<b>Extraordinary Income</b>	<b>53,547</b>
	Gain on Disposal of Real Estate and Movable Assets	37,344
	Other Extraordinary Income	16,203
	<b>Extraordinary Loss</b>	<b>31,830</b>
	Loss on Disposal of Real Estate and Movable Assets	5,407
	Impairment Loss	15,671
	Amounts Transferred to Reserves for Price Fluctuations	6,289
	Loss from Reduced Value Entry of Real Estate and Other Property	0
	Revaluation Loss of Real Estate	2,260
	Other Extraordinary Loss	2,201
<b>Pretax Current Income</b>	<b>90,961</b>	
<b>Corporate Income Tax and Inhabitant Tax</b>	<b>3,389</b>	
<b>Adjustments to Corporate Income Tax and Other Taxes</b>	<b>35,768</b>	
<b>Minority Stockholder Income</b>	<b>38</b>	
<b>Net Income or Loss for the Period</b>	<b>51,765</b>	

(Important Items for Preparation of Consolidated Balance Sheet)

1. The consolidated balance sheet of the Company was prepared in accordance with The Enforcement Regulations of the Commercial Code (Ministry of Justice Ordinance No. 22 of 2002), The Enforcement Regulations Concerning The Rules for Terms, Form, and Preparation Method of Consolidated Financial Statements (Ministry of Finance Ordinance No. 28 of 1976) and The Enforcement Regulations of the Insurance Business Law (Ministry of Finance Ordinance No. 5 of 1996) promulgated under the provisions of Articles 46 and 68 of the Enforcement Regulations Concerning The Rules for Terms, Form, and Preparation Method of Consolidated Financial Statements.
2. Issues Pertaining to the Scope of Consolidation
  - (1) Consolidated subsidiaries-9 Companies
    - Sompo Japan Himawari Life Insurance Co., Ltd.
    - Sompo Japan Financial Guarantee Insurance Co., Ltd.
    - Sompo Japan DC Securities Co., Ltd.
    - 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 Company (Asia) Pte Ltd
    - Yasuda Seguros S.A.

At the meeting of the board of directors held on February 9, 2005, the Company resolved to enter a merger agreement with Sompo Japan Financial Guarantee Insurance Co., Ltd. in which the Company would survive and the merger deadline was set for July 1, 2005, and the Company entered into the agreement the same day.
  - (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 profit for current term (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.
3. Issues Pertaining to Application of Equity Method
  - (1) Related Companies Applying the Equity-method-3 companies
    - Yasuda Enterprise Investment Co., Ltd.
    - Hitachi Capital Insurance Corporation
    - Saison Automobile & Fire Insurance Co., Ltd.

Hitachi Capital Insurance Corporation is listed in the equity-method companies from the current consolidated accounting year as it recently become a related company due to the acquisition of shares.
  - (2) Non-consolidated subsidiaries and affiliates not using the equity method
    - Major company names
      - Sompo Japan Reinsurance Company Limited
      - Ark Re Limited
      - Sompo Japan Insurance (Thailand) Co., Ltd.

The equity method was not applied to the non-consolidated subsidiaries and affiliates not using the equity method since they had minor impact on the consolidated net profits and losses and retained earnings.

4. **Issues Pertaining to Accounting Years of Consolidated Subsidiaries**  
 The fiscal year end of all foreign consolidated subsidiaries is December 31. However, as the fiscal year ends were not greater than three (3) months from any other fiscal year end, fiscal year end financial statements as of the same date were used during preparation of the consolidated financial statements.  
 Adjustments required for consolidated accounting were made for important transactions which occurred during the variation period of the consolidated fiscal year end.
5. **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. For-sale securities are stated at market prices. Cost of sales is calculated using the moving-average method.
  - ii. Securities that will be held until maturity are stated at amortized cost, with cost being calculated using the moving-average method.
  - iii. Shares in non-consolidated subsidiaries and other related companies not using the equity method are valued at cost using the moving-average method.
  - iv. All other securities that have a market value are stated at their market values on the final day of the fiscal year.  
 All valuation differences are added (or subtracted) directly to capital. Moreover, the cost of sales is calculated using the moving-average method.
  - v. Other securities that do not have market values are stated at cost, using the moving-average method, or at amortized cost.
  - vi. Securities invested as trust assets for solely managed money trusts to be held as securities and which are not to be held for investment or to maturity are stated using the same methods specified above for other securities.
- Securities held by foreign consolidated subsidiaries are generally stated at market prices.
- (2) **Valuation standards and methods for derivative transactions**  
 Derivative transactions of the Company and domestic consolidated subsidiaries are stated at market value.
- (3) **Depreciation method of important depreciable assets**
- i. **Real Estate and Movable Assets**  
 Real estate and movable 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.  
 Real estate and movable assets held by foreign consolidated subsidiaries are all depreciated using the straight-line method.
  - ii. **Software**  
 Software used in house by and held by the domestic consolidated subsidiaries posted as other 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 loans and record it as follows using self-assessment standards, as well as depreciation/allowance standards, for assets:  
 In the case of debtors who have entered into legal and formal bankruptcy procedures, such as bankruptcy or special liquidation, or through an order to suspend trading at a clearinghouse, or where debtors are effectively bankrupt, the Company makes allowances outstanding claims on such debtors minus the amounts that are likely to be recovered from the sale of collateral or from guarantees.  
 For debtors that are very likely to become bankrupt, the Company makes allowances in the amount of the outstanding claims on such debtors minus the

amounts that are likely to be recovered from the sale of collateral or from guarantees, and further reduces it by the amount the debtor can likely pay based on the overall ability of the debtor to pay its debts.

The Company makes allowances for debtors other than those listed above for the expected loss amount by calculating the amount of expected losses during a specified period of time in the future. This is done by computing actual bad debt ratios based on bad debt history over a specified period of time in the past and by multiplying these ratios by the actual amount of outstanding loans.

Furthermore, all claims are assessed by the local departments and branches responsible for the loans according to the Company's self-assessment criteria for assets. The results from these assessments are audited by an independent board of corporate auditors and these results determine the amount of allowance the Company provides for the above scenarios.

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

ii. Investment Loss Reserve

For bonds issued by companies which, based on self-assessment standards as well as depreciation/reserve standards for assets, are highly likely to enter into bankruptcy in the future, the Company calculates the expected loss amount to prepare for possible losses from non-repayable debts.

iii. Reserve for Retirement Benefits

The Company and its domestic consolidated subsidiaries appropriate for accrued retirement benefits for the employees' retirement benefits based on the projected retirement benefit liabilities and pension assets at the end of the fiscal 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.

Statistical variances are treated as expenses incurred 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 service at the time when the variance occurs.

Since the Company acquired permission from the Minister of Health, Labor and Welfare on March 30, 2005, to discontinue the employees' welfare pension fund, the Company withdrew all retirement benefits reserves and posted a ¥9,363 million extraordinary profit for current consolidated accounting year.

iv. Reserve for Accrued Bonuses

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

v. Price fluctuation reserve

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 converting 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 converted into Japanese Yen based on the spot exchange rate of the consolidated accounting date. All conversion differences have been stated as losses.

Assets and liabilities and profits and expenses of the foreign consolidated subsidiaries have been converted into Japanese Yen based on the spot exchange rate of the consolidated accounting dates of the foreign consolidated subsidiaries.

The conversion difference has been included in the foreign currency conversion adjustments account as part of the minority interests and assets portion.

(6) Important lease transaction processing method

The Company and consolidated subsidiaries have accounted for finance lease transactions which are not recognized as leases that transfer ownership to the lessee according to the method used for ordinary lease transactions.

(7) 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 and domestic non-life insurance consolidated subsidiaries 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.

(8) Important hedge accounting method

The Company applies market value hedging on stock swap transactions performed for the purpose of hedging future share price fluctuation risks of its stocks.

In addition, the Company applies the exceptional disposition of interest rate swaps to those interest rate transactions performed for the purpose of hedging future interest rate fluctuation risks of its bonds which satisfy the requirements for exceptional disposition. The appropriation method is used for those future exchange contracts and currency swap transactions used to hedge fluctuation risks in the currency exchange market related to foreign currency loans, bonds and deposits which satisfy the requirements for the appropriation method.

Please note that the effectiveness of hedges are determined by periodically analyzing the fluctuation amounts between market fluctuations of hedged items and market fluctuations of hedging instruments between the start of the hedging and a pre-determined effective point. However, the analysis of hedge effectiveness is abbreviated for those transactions which clearly have a strong correlation between the hedged items and hedging instruments, and for those interest rate transactions that meet the requirements of the special exception method and the appropriation method.

(9) Accounting standards applied to the foreign consolidated subsidiaries

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

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

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

7. Issues Pertaining to Depreciation of Consolidation Adjustment Accounts

The depreciation of the consolidated adjustment accounts for the consolidated subsidiaries amortizes in equal installments over five years after the time when the accounts were incurred, and the depreciation for domestic life insurance consolidated subsidiaries amortizes in equal installments for 20 years after the time when the accounts were incurred. Domestic securities consolidated subsidiaries fully depreciated at one time in the year when the accounts were incurred. A small amount of adjustments account have been depreciated at one time.

8. Additional information

The Company is using estimates of its calculations of claims related to the unreported losses based on longer-term performance now available for its calculations for this consolidated accounting year. Reserve for outstanding losses and claims related to not-reported damage was calculated based on longer-term performance in the current consolidated accounting year, where applicable. Consequently, the amounts transferred to reserves for outstanding claims for the current consolidated accounting year increased by ¥21,180 million.

(Notes on the Consolidated Balance Sheet)

1. Total depreciation of all real estate and moving assets amounts to ¥229,885 million and the amount of reduced value entry of all real estate and moving assets total ¥10,842 million.  
The amount of reduced value entry deducted from the acquisition value in the current consolidated accounting year was ¥0 million as the moving assets were acquired through government subsidiaries.
2. Shares of non-consolidated subsidiaries and affiliates are as follows:

Securities (stock)	¥ 14,545 million
Securities (investments)	¥ 197 million
3. (1) Of the total loan amount, ¥64 million is in uncollectible loans and ¥7,941 million is in delinquent loans.  
Uncollectable 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 Corporate Income Tax Law Enforcement Ordinance (Ordinance No. 97 of 1965) apply.  
Delinquent loans fall under the Loans with Unreported Interest Receivable, and are those loans which are not uncollectable loans or loans which interest payments are deferred in order to assist the debtor or help the debtor restructure its business.  
(2) Of the overall loan amount, ¥0 million is attributed to loans overdue longer than three months.  
Loans overdue longer than three months are those loans other than uncollectable 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, ¥3,459 million is allocated to restructured loans (loans with alleviated loan terms).  
Restructured loans are those loans, other than uncollectable 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 uncollectable loans, delinquent loans, loans overdue longer than three months, and restructured loans is ¥11,465 million.
4. Assets pledged as collateral consist of securities worth ¥69,293 million and deposits worth ¥6,684 million. These assets are used as collateral for borrowings of ¥904 million included in other liabilities and as a deposit to obtain a letter of credit.
5. Securities lent on the basis of consumption loan agreements total ¥80,771 million and are included in Securities.
6. The balance on unexecuted loans related to loan commitment agreements amounts to ¥19,278 million.
7. The number of issued and outstanding shares of the Company is 987,733,424 common stocks.
8. The number of treasury stock held by the consolidated companies the non-consolidated subsidiaries and affiliates to which the equity method is applied totals 3,592,881 common stocks.

9. Amounts have been rounded down to the nearest whole unit.

(Notes on the Consolidated Income Statement)

1. Breakdown of main business costs:  
Agency commission ¥ 249,251 million  
Salary ¥ 117,404 million  
The business costs are a sum of the loss adjustment expenses, various commissions and collection expenses stated in the consolidated income statement plus operational and general administrative expenses of the Company.

2. Items associated with impairment losses of fixed assets in the current consolidated accounting year are as follows:

- (1) Method used to group assets  
Real estate available for use by the insurance division are grouped into one insurance division asset group. Rental properties and idle real estate not available for use by the insurance division are each grouped into individual, separate asset groups.

Real estate available for use in the business of the consolidated subsidiaries is grouped into one asset group for each company.

- (2) Reasons for the generation of impairment losses  
Of the real estate available for use by the insurance division, real estate which, after continued review of the organization and personnel from the prior consolidated accounting year and consolidation of outlets, is used mainly for rental is now designated as rental properties. New idle real estate for which future use is not determined are now designated as idle real estate. For the asset groups whose amounts recoverable is below its book value, the book value was reduced in value to the amounts recoverable and the associated reduction was accounted for as an impairment loss under extraordinary losses.

Impairment losses are not stated for the consolidated subsidiaries.

- (3) Asset groups that saw an impairment loss and those fixed assets associated with the impairment loss

Use	Asset Group	Impairment Loss (Million Yen)		
		Land	Buildings	Total
Rental Properties	10 properties including Moriguchi Building	11,348	4,322	15,671

(NOTE) As a variety of asset groups generated impairment losses, the asset groups are grouped by use and displayed on the table above for clarity purposes. The Land value includes ¥144 million related to an impairment loss on the lease right.

- (4) Calculation of the amounts recoverable  
The amounts recoverable for rental properties is calculated using the use value or net sales value, and the amounts recoverable for idle real estate is calculated using the net sales value.

The use value is calculated by discounting future cash flow by 5.7%~9.5%. The net sales value is based on the appraisal value from the standards of real estate appraisal or the inheritance tax value calculated under the road rating.

3. The extraordinary profit breakdown is: ¥9,363 million related to the discontinuation of the Sompo Japan employees' welfare pension fund and ¥6,839 million related to the settlement received from Fortress Re, a US based insurance company, associated with losses attributed to foreign reinsurance transactions.
4. The extraordinary losses breakdown is: ¥2,189 million in lawsuit related expenses from the Company's lawsuit with Fortress Re, a US based insurance company, relating to foreign reinsurance transactions, and a ¥11 million movable asset valuation loss.

5. Net income per share for the fiscal year is ¥52.59.  
The net profit for this term which forms the basis of the above number is ¥51,765 million, not applicable for what is not vested to common shareholders, the net profit from this term related to common stock is ¥51,765 million, and the average number of outstanding common stock during the fiscal year is 984 million shares.
6. Amounts have been rounded down to the nearest whole unit.

(Notes on Retirement Benefits)

1. Summary of Adopted Retirement Benefits Plan

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

In addition, the company abolished the welfare pension fund plan in March 2005 and shifted to the defined contribution pension fund plan.

The domestic consolidated subsidiaries have adopted defined-benefit type pension fund plans. Three have established a lump sum retirement benefit system, one has adopted a qualified retirement pension fund plan, and another one has adopted a defined contribution pension fund plan. A number 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 Benefits Obligations

Retirement Benefits Obligations	–¥	136,807 million
<u>Pension Assets</u>	¥	<u>6,969 million</u>
Unfunded Retirement Benefits Obligations	–¥	129,838 million
Unrecognized Statistical Variances	¥	33,979 million
<u>Unrecognized Past Service Liabilities</u>	¥	<u>10,927 million</u>
Net Amount on Consolidated Balance Sheet	–¥	84,931 million
<u>Prepaid Pension Expenses</u>		<u>–</u>
Reserve for Retirement Benefits	–¥	84,931 million

3. Issues Pertaining to Retirement Benefits Expenses

Working Expenses	¥	12,605 million
Interest Expenses	¥	7,416 million
Anticipated Investment Income	–¥	4,899 million
Disposal of Expenses Associated with Statistical Expenses	¥	7,870 million
<u>Disposal of Expenses Associated with Past Service Liabilities</u>	¥	<u>859 million</u>
Total Employee Retirement Benefits Expenses	¥	23,851 million
Extraordinary Profit Related to Discontinuation of Welfare Pension Fund	–¥	<u>9,363 million</u>
Total	¥	14,487 million

4. Issues Pertaining to Basis of Calculation of Retirement Benefits Obligations

Method of Periodically Allocating

Projected Retirement Benefits Periodically Fixed Amount Standard

Discount Rate 1.5% ~ 2.0%

Expected Investment Return Rate 1.0% ~ 3.0%

(However, the expected investment return rate from the retirement benefit trust is assumed to be 0.0%.)

Disposal Term of Past Service Liabilities Amounts 5 years

Disposal Term of Statistical Variances 9 ~ 12 years

(Tax Effect Accounting)

1. Deferred tax assets total ¥316,764 million, while deferred tax liabilities total ¥327,321 million.

A breakdown of the main factors that generate deferred tax assets and deferred tax liabilities are given below:

Deferred Tax Assets

Underwriting reserves	¥	172,774 million
Loss carried forward for tax purposes	¥	37,359 million
Asset valuation	¥	35,523 million

Reserve for Retirement Benefits	¥	29,036 million
Outstanding claims	¥	27,068 million
Other	¥	43,752 million
<hr/>		
Subtotal for deferred tax assets	¥	345,515 million
Allowance account	-¥	28,750 million
<hr/>		
Total deferred tax assets	¥	316,764 million
Deferred Tax Liabilities		
Difference in valuation of shares, etc.	-¥	318,810 million
Other	-¥	8,511 million
<hr/>		
Total deferred tax liabilities	-¥	327,321 million
<hr/>		
Net deferred tax assets (or liabilities)	-¥	10,556 million

(NOTE) The net amount of deferred tax liabilities is split and included in the consolidated balance sheet as deferred tax assets totaling ¥1,313 million and as deferred tax liabilities totaling ¥11,870 million.

2. For the current consolidated accounting year, the domestic statutory effective tax rate was 36.09% and the effective corporate tax rate upon the application of deferred tax accounting was 43.05%. The main differences between the two rates are broken down below:

Domestic statutory effective tax rate	36.09%
(Adjustments)	
Increase in Allowance Account	7.18%
Dividends Received from Gross Revenues	-3.31%
Entertainment Expenses Not Qualifying for as Tax Deductible Expenses	1.32%
Per Head Resident Tax	0.57%
Investment Loss under the Equity Method	0.17%
Other	1.04%
<hr/>	
Effective Corporate Tax Rate upon Application of Deferred Tax Accounting	43.05%

## **Audit Report Pertaining to Consolidated Statutory Reports**

The board of corporate auditors has reviewed the reports from each auditor describing his or her methods and results pertaining to the Consolidated Financial Statements (consolidated balance sheet and consolidated income statement) of the 62nd fiscal period between April 1, 2004 and March 31, 2005 to prepare this report. The following are the results of the audit:

1. **Summary of Auditing Methods Utilized by Auditors**

Each auditor, in accordance with the standards set forth by the board of corporate auditors and his or her assigned tasks, has received reports and explanations on the consolidated financial statements from the directors and accounting auditors of the Company and audited them.

2. **Audit Results**

The audit methods used and the results obtained by Ernst & Young Shinnihon, the accounting auditor, are fair and suitable.

May 20, 2005

Board of Corporate Auditors, Sampo Japan Insurance, Inc.  
Masao Miyakawa, Standing Corporate Auditor  
Masahito Ishigami, Corporate Auditor  
Tsuneo Ando, Corporate Auditor  
Yoshiki Yagi, Auditor  
Tohru Tsuji, Auditor

(NOTE) Messrs. Yoshiki Yagi and Tohru Tsuji are external Corporate Auditors as required under Article 18-1 of the "Law for Special Exceptions to the Commercial Code Concerning Audits, etc. for Corporations (Kabushiki Kaisha)."

## Reference Materials Regarding the Exercise of Voting Rights

1. **Total Number of Voting Rights: 977,019**

2. **Items and Related Reference Materials**

**Item No. 1 Approval of the Proposed Earnings Appropriation Statement for the 62nd fiscal year**

Details regarding the motion are in Attachment (4), "Proposed Appropriation of Retained Earnings" found on Page 32.

Regarding the appropriation of retained earnings, taking the business performance of this period and future business environment into account, the Company will make efforts to provide stable dividend distributions while improving earning retention in order to further solidify the business structure.

In regards to shareholder dividends for this period, the Company has decided to pay a dividend of ¥9 per share, an increase of ¥0.50 per share from the previous period.

**Item No. 2 Partial Amendment to the Articles of Incorporation**

1. **Reason for Amendment**

At the extraordinary general shareholder's meeting held on March 28, 2002, the Articles of Incorporation were amended to set the maximum number of directors at 20. The Company, however, has since progressed consolidation of its management structure and the executive officer system adopted by the Company becoming firmly established, thus requiring a smaller number of directors. As a result, the gap between the number of actual directors and the maximum number of 20 directors set in the Articles of Incorporation has become too great. Therefore, it is hereby proposed to reduce the maximum number of directors from 20 to 15.

2. **Details of the Proposed Amendments**

The proposed amendments to the Articles of Incorporation are provided in the chart below:

### Comparison of Current and Amended Articles of Incorporation

(Amendments are underlined)

<b>Current</b>	<b>Amended</b>
Chapter 4 Directors and Board of Directors (Number of Directors) Article 17 The number of Directors of the Company shall be <u>twenty (20)</u> or less.	Chapter 4 Directors and Board of Directors (Number of Directors) Article 17 The number of Directors of the Company shall be <u>fifteen (15)</u> or less.

**Item No. 3 Election of Eleven (11) Directors**

Eight directors will complete their current term of service on the board of directors as of the conclusion of this General Shareholders' Meeting. Accordingly, the Company moves to elect eleven (11) directors.

The candidates for the position of director are listed below:

Candidates for Directors (11 Individuals)

<b>Candidate No.</b>	<b>Name (Date of Birth)</b>	<b>Summarized Personal History and Representation at Other Companies</b>	<b>No. of Company Shares Held</b>
1	Hiroshi Hirano (June 25, 1942)	<p>April 1965, Joined the Company</p> <p>April 1987, Office Manager, Secretary Office of the Company</p> <p>April 1988, Manager, Investment Planning Department of the Company</p> <p>April 1991, Manager, Human Capital Department of the Company</p> <p>July 1993, Associate Director, Manager, Human Capital Department of the Company</p> <p>June 1994, Director, Manager, Human Capital Department of the Company</p> <p>April 1995, Director, General Manager, Kanagawa Regional Headquarters and Manager, Kanagawa Production Promotion Department of the Company</p> <p>April 1997, Director, General Manager, Shutoken Regional Headquarters of the Company</p> <p>June 1997, Executive Director, General Manager, Shutoken Regional Headquarters of the Company</p> <p>April 1998, Executive Director of the Company</p> <p>July 1998, Executive Director, Office Manager, Automobile Planning &amp; Development Department of the Company</p> <p>April 1999, President and Chief Executive Officer of the Company to present</p> <p>&lt;Representation at Other Companies&gt; President and CEO of Sampo Japan Research Institute Inc.</p>	113,193 shares

<b>Candidate No.</b>	<b>Name (Date of Birth)</b>	<b>Summarized Personal History and Representation at Other Companies</b>	<b>No. of Company Shares Held</b>
2	Yukiyoshi Doi (Oct. 6, 1942)	<p>April 1965,      Joined Nissan Fire &amp; Marine Insurance Co., Ltd.</p> <p>June 1990,      Manager, Human Capital Department of the said company</p> <p>June 1993,      Director, Manager, Human Capital Department of the said company</p> <p>June 1996,      Executive Director, Office Manager, General Planning Office of the said company</p> <p>June 1999,      Senior Director, Office Manager, General Planning Office of the said company</p> <p>April 2000,      Senior Director, the said company</p> <p>June 2001,      Vice President and Chief Executive Officer of the said company</p> <p>Jan. 2002,      President and Chief Executive Officer of the said company</p> <p>July 2002,      Director, Deputy President and Senior Managing Executive Officer of the Company</p> <p style="text-align: center;">to present</p>	24,522 shares

Candidate No.	Name (Date of Birth)	Summarized Personal History and Representation at Other Companies	No. of Company Shares Held
3	Ryosaku Minato (Sep. 23, 1947)	<p>April 1970, Joined the Company</p> <p>April 1994, Branch Manager, Aomori Branch of the Company</p> <p>April 1997, Office Manager, Regional Headquarters Office of the Company</p> <p>June 1999, Director, Office Manager, Personal Lines Planning &amp; Development Department of the Company</p> <p>Jan. 2000, Director, Office Manager, Personal Lines Planning &amp; Development Department, and Manager, Commercial Lines Planning &amp; Development Department of the Company</p> <p>April 2000, Executive Director, Tokyo Regional Headquarters and Office Manager, Tokyo Production Promotion Department, and Manager, Business Development Office of the Company and Manager, 2nd Metropolitan Automobile Business Production Department</p> <p>June 2000, Executive Director, General Manager, Tokyo Regional Headquarters &amp; Office Manager, Business Development Office of the Company</p> <p>June 2001, Director, Managing Executive Officer of the Company</p> <p>Jan. 2002, Director, Senior Managing Executive Officer of the Company</p> <p>April 2002, Director, Senior Managing Executive Officer &amp; Manager, 1st Corporate Account Production Department of the Company</p> <p>June 2002, Director, Senior Managing Executive Officer of the Company</p> <p>April 2004, Director, Deputy President and Senior Managing Executive Officer, and General Manager, 1st Kansai Regional Headquarters, and Office Manager, Osaka Business Development Office</p> <p>April 2005, Director, Deputy President and Senior Managing Executive Officer, and General Manager, 1st Kansai Regional Headquarters, and Manager, 1st Kansai Production Promotion Department</p> <p>June 2005, Director, Deputy President and Senior Managing Executive Officer, General Manager, 1st Kansai Regional Headquarters</p> <p style="text-align: center;">to present</p>	34,000 shares

<b>Candidate No.</b>	<b>Name (Date of Birth)</b>	<b>Summarized Personal History and Representation at Other Companies</b>		<b>No. of Company Shares Held</b>
4	Shigeki Nishikawa (Nov. 1, 1947)	April 1970,	Joined the Company	32,000
		April 1992,	Branch Manager, Tokushima Branch of the Company	shares
		April 1994,	Special Appointment Manager, Special Assistant, Presidential Staff Office of the Company	
		April 1995,	Office Manager, Presidential Staff Office of the Company	
		April 1996,	Manager, Accounting Department of the Company	
		April 1997,	Manager, Automobile Underwriting Department of the Company	
		July 1999,	Associate Director, Manager, Automobile Underwriting Department of the Company	
		June 2000,	Director, Manager of Automobile Underwriting Department of the Company	
		Nov. 2000,	Executive Director, Manager, Automobile Underwriting Department of the Company	
		April 2001,	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, to present	

<b>Candidate No.</b>	<b>Name (Date of Birth)</b>	<b>Summarized Personal History and Representation at Other Companies</b>		<b>No. of Company Shares Held</b>
5	Masatoshi Sato (March 2, 1949)	April 1972, April 1994, April 1996, April 1997, April 1999, July 1999, June 2000, June 2001, April 2002, July 2004, Dec. 2004, Jan. 2005, April 2005,	Joined the Company Branch Manager, Yamanashi Branch of the Company Manager, System Planning Department of the Company Manager, Information System Department of the Company Office Manager, Presidential Staff Office & Manager, New Business Development Office of the Company Office Manager, Presidential Staff Office of the Company Director, Office Manager, Presidential Staff Office of the Company Director, Executive Officer, Manager, Information System Department of the Company Director, Managing Executive Officer of the Company Director, Managing Executive Officer, Manager, Corporate Business Planning Department of the Company Director, Managing Executive Officer, Manager, Corporate Risk Management Department, and Manager, Corporate Business Planning Department of the Company Director, Managing Executive Officer, Manager, Corporate Business Planning Department of the Company Director, Managing Executive Officer of the Company to present	33,693 shares
6	Izumi Inoue (July 17, 1948)	April 1972, April 1994, April 1996, July 1999, June 2001, March 2002, June 2002, April 2003,	Joined the Company Manager, Saitama Claims Department of the Company Branch Manager, Kanazawa Branch of the Company Manager, Business Operations Policy & Planning Department of the Company Executive officer, Manager, International Operations Department of the Company Executive officer, Manager, Compliance Department of the Company Executive officer, Manager, Compliance Department of the Company Director, Managing Executive Officer of the Company to present	18,000 shares

<b>Candidate No.</b>	<b>Name (Date of Birth)</b>	<b>Summarized Personal History and Representation at Other Companies</b>		<b>No. of Company Shares Held</b>
7	Takaaki Komatsu (Aug. 15, 1950)	April 1974, April 1997,  July 1999,  June 2001, June 2003,  Oct. 2004,  April 2005,	Joined the Company Branch Manager, Kochi Branch of the Company Office Manager, Office of Presidential Staff Group Strategy Development of the Company Manager, Claims Administration Department of the Company Managing Executive Officer, General Manager, Shikoku Regional Headquarters, and Manager, Shikoku Production Promotion Department of the Company Managing Executive Officer, General Manager, Shikoku Regional Headquarters of the Company Managing Executive Officer of the Company to present	17,000 shares
8	Yujiro Shimada (Dec. 27, 1952)	April 1975, April 1998,  Dec. 2000,  April 2004,  June 2004,  April 2005,	Joined the Company Branch Manager, Higashishizuoka Branch of the Company Branch Manager, Ehime Branch of the Company Managing Executive Officer, Manager, Personal Lines Planning & Development Department of the Company Director, Managing Executive Officer, Manager, Personal Lines Planning & Development Department of the Company Director, Managing Executive Officer of the Company to present	3,000 shares
9	Hiroshi Oguchi (July 24, 1949)	April 1973, April 1996,  March 1998,  Oct. 1998,  June 2000,  April 2003, June 2003,  April 2005,	Joined the Company Branch Manager, Yamanashi Branch of the Company Special Appointment Manager, New Business Development Office of the Company Assigned to INA Himawari Life Insurance Co., Ltd. (currently Sampo Japan Himawari Life Insurance Co., Ltd) Manager, Human Capital Department of the Company Executive Officer, Manager, Human Capital Department of the Company Director, Executive Officer, Manager, Human Capital Department of the Company Director, Managing Executive Officer of the Company to present	11,000 shares

<b>Candidate No.</b>	<b>Name (Date of Birth)</b>	<b>Summarized Personal History and Representation at Other Companies</b>	<b>No. of Company Shares Held</b>
10	Jun Mochizuki (Jan. 5, 1952)	<p>Oct. 1974,      Joined the Company</p> <p>April 1997,    Manager, Accounting Department of the Company</p> <p>April 1999,    Manager, Accounting Department, Chief Actuary of the Company</p> <p>April 2002,    Manager, Accounting Department, and Accounting Processing Department, Chief Actuary of the Company</p> <p>June 2002,    Manager, Accounting Department, and Accounting Processing Department, and Information System Department, Chief Actuary of the Company</p> <p>July 2002,     Manager, Information System Department, Chief Actuary of the Company</p> <p>April 2003,    Manager, BP &amp; IT Planning Department, Chief Actuary of the Company</p> <p>April 2004,    Executive officer, Manager, BP &amp; IT Planning Department, Chief Actuary of the Company</p> <p>April 2005,    Managing Executive Officer, Chief Actuary of the Company to present</p>	11,000 shares

<b>Candidate No.</b>	<b>Name (Date of Birth)</b>	<b>Summarized Personal History and Representation at Other Companies</b>	<b>No. of Company Shares Held</b>
11	Koki Kazuma (Feb. 25, 1952)	<p>April 1975, Joined the Company</p> <p>April 1998, Manager, Investment Planning Department of the Company</p> <p>Jan. 1999, Office Manager, Investment Planning Department, and Manager, Equities Investment &amp; Research Office of the Company</p> <p>July 1999, Manager, Investment Planning Department of the Company</p> <p>July 2000, Manager, Investment Planning Department, and Global Securities Investment Department of the Company</p> <p>April 2001, Manager, Investment Planning Department of the Company</p> <p>July 2002, Manager, Investment Planning Department, and Equities Investment &amp; Research Department of the Company</p> <p>Jan. 2003, Manager, Investment Planning Department of the Company</p> <p>April 2003, Manager, Investment Planning Department, and Global Securities Investment Department of the Company</p> <p>July 2003, Manager, Investment Planning Department of the Company</p> <p>April 2004, Associate Director, Manager, Investment Planning Department of the Company</p> <p>July 2004, Executive Officer, Manager, Investment Planning Department of the Company</p> <p>April 2005, Managing Executive Officer, Manager, Investment Planning Department of the Company</p> <p style="text-align: center;">to present</p>	9,000 shares

NOTE: There are no special interests between the candidates and the Company.

#### **Item No. 4 Election of Three (3) Auditors**

Mr. Tsuneo Ando will complete his term of service at the conclusion of this General Shareholders' Meeting. In addition, Mr. Masao Miyakawa and Mr. Masahito Ishigami will retire as of the conclusion of this General Shareholders' Meeting. Accordingly, the Company requests the election of one (1) replacement auditor and two (2) reserve auditors.

The candidates for the position of auditor are listed below.

In addition, the Company has already obtained the Board of Corporate Auditors' consent to this motion.

Candidates for Auditor (3 individuals)

<b>Candidate No.</b>	<b>Name (Date of Birth)</b>	<b>Summarized Personal History and Representation at Other Companies</b>		<b>No. of Company Shares Held</b>
1	Tsuneo Ando (Aug. 10, 1948)	Oct. 1973, Dec. 2000, June 2001, July 2002, April 2004, June 2004,	Joined Nissan Fire & Marine Insurance Co., Ltd. Office Manager, Integration Preparation Office of the said company Office Manager, Integration Preparation Office, and General Planning Office of the said company Associate Director of the Company Assigned to Sompo Japan CIGNA Securities Co., Ltd. (current Sompo Japan DC Securities Co., Ltd.) Executive Officer (on leave) Assigned to Sompo Japan DC Securities Co., Ltd. Auditor of the Company to present	4,000 shares
2	Ichiro Suzuki (July 27, 1948)	April 1971, April 1998, July 2000, April 2002, June. 2003, July 2003, June 2004, April 2005,	Joined the Company Manager, China Administration Department of the Company Manager, 1st Corporate Account Production Department of the Company Manager, 3rd Corporate Account Production Department of the Company Managing Executive Officer, Manager, 3rd Corporate Account Production Department of the Company Managing Executive Officer of the Company Senior Managing Executive Officer Senior Managing Executive Officer, Senior Deputy General Manager, Internal Audit Department of the Company to present	16,609 shares
3	Toshiaki Hasegawa (Sep. 13, 1948)	April 1977, Jan. 1982, Jan. 1990, April 1994,	Registered as an attorney-at-law (Daiichi Tokyo Bar Association) Business partner with Ohashi, Matsueda, Hasegawa Law Firm Toshiaki Hasegawa Law Firm inaugurated Legal Adviser of the Company	0 shares

- NOTE
1. There are no special interests between the candidates and the Company.
  2. Mr. Toshiaki Hasegawa is a candidate as an outside auditor as stipulated in Article 18, Paragraph 1 “The Law for Special Exceptions to the Commercial Code Concerning Audits, etc. of Corporations (Kabushiki-Kaisha)”.
  3. Messrs. Ichiro Suzuki and Toshiaki Hasegawa are candidates for the positions of reserve auditors.

**ItemNo. 5 Granting of Stock Options with Especially Advantageous Terms to Individuals other than Shareholders**

The Company requests approval to grant stock options with especially advantageous terms to individuals other than shareholders, based upon the provisions of Article 280-20 and 280-21 of the Commercial Code. The conditions are as follows:

**1. Reasons for granting stock options with especially advantageous terms:**

In order to add further incentive and increase the desire to improve the Company's financial performance and subsequently increase shareholder returns, the Company intends to grant stock options with no issue price to directors and executive officers.

**2. Conditions pertaining to the issuance of stock options**

- (1) Type and total number of shares to be issued pursuant to the stock options

The total number of shares issued shall be no greater than 800,000 shares of the Company's common stock.

In the event of a stock split or reverse stock split, the following formula shall be used to adjust the total number of common stock issued pursuant to the above-mentioned stock options. However, this adjustment shall only apply to those stock options that have not been exercised at the time of the stock split or reverse stock split. Moreover, if a fraction of a stock is generated as a result of the adjustment, the adjusted number shall be rounded down to the nearest whole share.

Adjusted number of shares = Pre-adjustment number of shares x Split (or Reverse Split) ratio

- (2) The total number of stock options to be issued

A maximum of 800 stock options shall be issued (1000 shares per stock option. However, in the event of an adjustment as specified in Section (1) above, the number shall be adjusted accordingly.)

- (3) Issue price of stock options

Stock options shall be issued free of charge.

- (4) Exercise price

The exercise price shall be the amount (rounded up to the nearest yen) calculated by multiplying 1.05 to the mean closing price of the Company's common stock traded on the Tokyo Stock Exchange for the month preceding the month that the stock options are issued (the calculation of the mean closing price shall not include the days when trading is closed for the Company's common stock). However, if this price is less than the closing price of the Company's common stock on the issuance date of the stock options (or the day that the Company's common stock were most recently traded), the closing price on the issuance date shall be adopted as the exercise price.

In the event of a stock split or reverse stock split after the issuance of the stock options, the following formula shall be used to adjust the exercise price. Any amount less than ¥1 that is generated shall be rounded up to nearest yen.

$$\text{Adjusted Exercise Price} = \frac{\text{Pre-adjustment Exercise Price}}{\text{Stock Split or Reverse Split Ratio}} \times \frac{1}{\text{Stock Split or Reverse Split Ratio}}$$

Moreover, in the event that the Company issues new shares (excluding the issuance of new shares through the exercising of stock options) at a price that is below the current market price of the Company's common stock, the Company shall use the following formula to adjust the exercise price and round up any fractional amount resulting from the adjustment to the nearest yen.

$$\text{Adjusted Exercise Price} = \text{Pre-adjustment Exercise Price} \times \frac{\text{Existing Number of Shares Outstanding} + \frac{\text{Number of new shares issued} \times \text{Payment Amount per share}}{\text{Market value before share issuance}}}{\text{Existing Number of Shares Outstanding} + \text{Number of New Shares Issued}}$$

In the above formula, “Existing Number of Shares Outstanding” shall mean the number of shares that are issued by the Company after subtracting the number of treasury stocks retained by the Company. In the event that the Company disposes of treasury stock, the adjustment formula shall be modified so that “number of new shares issued” is replaced with “number of shares of treasury stock to be disposed” and the “market value before share issuance” is replaced with “market value before disposal of treasury stocks.”

- (5) Exercise period for stock options  
From June 29, 2007 to June 28, 2015
- (6) Conditions Associated with the Exercise of Stock options
  - i. If the stock option holder loses or vacates his or her position as a director or executive officer of the Company, the person shall retain the right to execute the stock option in accordance with any and all stipulations contained within the “Stock Option Allocation Agreement” referred to in paragraph iv. below.
  - ii. If the stock option holder dies, the person’s heir (limited to his or her spouse) shall retain the right to execute the stock option in accordance with any and all stipulations contained within the “Stock Option Allocation Agreement” referred to in paragraph iv. below.
  - iii. The stock option holder shall not transfer, pledge, or otherwise dispose of a stock option to any third party(s).
  - iv. All other conditions associated with the exercise of stock options shall be stipulated in the “Stock Option Allocation Agreement” that is to be entered into by the Company and the stock option-holder, and that is based on resolutions passed at this General Shareholders’ Meeting and on Board of Directors’ resolutions authorizing the issuance of stock options.
- (7) Reasons and conditions to cancel stock options
  - i. The stock options can be cancelled with no consideration if a merger agreement in which the Company is acquired is approved or if a resolution that either results in the company becoming a full subsidiary of another firm through a stock swap agreement or results in the transfer of shares to another firm is approved at a shareholders’ meeting.
  - ii. The stock options can be cancelled with no consideration in accordance with the conditions specified in paragraph 6, subparagraph i above, if a stock option holder loses or vacates his or her position as a director or executive officer before exercising any of his or her stock options
- (8) Restrictions on the transfer of stock options  
Any transfer of stock options requires approval of the board of directors.
- (9) Individuals to be offered stock options  
Directors who are elected at this General Shareholders’ Meeting and executive officers who are appointed at any Board of Directors’ meetings held during the period between the conclusion of this General Shareholders’ Meeting and the conclusion of the next regular General Shareholders’ Meeting may be offered stock options. However, the assumption of their duties by such directors and executive officers shall be a condition for being granted stock options.

**Item No. 6 Payment of Retirement Benefits to Resigning Director and Auditors**

In recognition of their meritorious service during their terms of office, the Company is requesting approval to present special service resignation bonuses, in amounts that are within the appropriate range of bonuses as prescribed in the Company's standards, to Auditors Mr. Masao Miyakawa and Mr. Masahito Ishigami, who will resign at the conclusion of this General Shareholders' Meeting, and Director Mr. Kiyoshi Murase, who resigned on July 22, 2004. The Company is also requesting approval to leave the specific details concerning the amounts, time and method of presentation of the resignation bonus for the Director to the Board of Directors and for the Auditors to the Company's auditors to discuss.

A brief personal history of the retiring directors and auditors is provided below:

<b>Name</b>	<b>Summarized Personal History</b>	
Kiyoshi Murase	June 2003,	Director, Senior Managing Executive Officer of the Company
	June 2004,	Director, Deputy President and Senior Managing Executive Officer of the Company
	July 2004,	Retired from the post of Director, Deputy President and Senior Managing Executive Officer of the Company
Masao Miyakawa	June 2003,	Standing Corporate Auditor of the Company to present
Masahito Ishigami	June 2002,	Standing Corporate Auditor of the Company
	June 2003,	Auditor of the Company to present

(Reference Material)

### Solvency Margin Ratio

(Units: Million Yen)

Item	by term	61 <sup>st</sup> Term (As of March 31, 2004)	62 <sup>nd</sup> Term (As of March 31, 2005)
(A) Total Solvency Margin		1,630,598	1,719,838
	Total Capital (Excluding projected amount of distribution, deferred assets and unrealized gains on other securities)	323,290	371,112
	Price Fluctuation Reserve	11,269	17,546
	Contingency reserve (including earthquake insurance reserve)	479,946	426,560
	General allowance for bad debts	7,533	2,993
	90% of unrealized gains on other securities (before subtracting tax effect)	700,388	793,760
	85% of unrealized gains on real estate	52,463	26,935
	Mechanism etc. of procurement of liability capital	—	—
	Excluded items	61,171	62,056
	Others	116,877	142,984
(B) Total Risk	$\sqrt{R_1^2 + (R_2 + R_3)^2 + R_4 + R_5}$	314,691	321,186
	General insurance risk (R <sub>1</sub> )	77,541	72,933
	Expected interest rate risk (R <sub>2</sub> )	3,685	3,637
	Asset management risk (R <sub>3</sub> )	206,880	213,731
	Business administration risk (R <sub>4</sub> )	7,419	7,494
	Catastrophic risk (R <sub>5</sub> )	82,881	84,413
(C) Solvency Margin Ratio	$[(A) / \{(B) \times 1/2\}] \times 100$	1,036.3%	1,070.9%

NOTE: The above monetary amounts and figures are calculated in accordance with Article 86 and 87 of the Insurance Business Law Enforcement Regulations as well as the 50th Notification of the Ministry of Finance for 1996.

#### <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).
  - ii. Risk of expected interest rates (Expected Interest Rate Risk): The risk of actual investment interest rates falling below interest rates forecasted interest rates at the time of calculating premiums for savings-type insurance policies.

- 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 (1)-(3) and (5).
  - 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).
- 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 capital, various reserves (i.e. price fluctuation reserves, catastrophe reserves, etc.), and a portion of unrealized profits from securities and 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.”

## Information Regarding Executing Voting Rights over the Internet

### 1. The Company has adopted a system whereby shareholders can execute their voting rights over the Internet. Instructions are provided below.

[If you are able to attend the annual shareholders' meeting]

Please bring your voting rights execution form to the meeting and drop it off at the reception desk upon arrival.

[If you are unable to attend]

Please execute your voting rights using one of the following methods:

1) Via Mail

Please mark your votes on the enclosed form, sign it, and mail it so that it arrives by June 27, 2005.

2) Via Internet

After reviewing the following notes, please access the voting website and input your votes by June 27, 2005.

### 2. Notes regarding executing your votes over the Internet.

Please take note of the following items when executing your votes over the Internet

- 1) Exercising voting rights over the Internet can only be done by accessing the voting execution website (see below URL) specified by the Company. Please note that the website cannot be accessed using a cellular telephone.

In order to execute your voting rights over the Internet, the voting execution code and password noted on the enclosed voting execution form is required.

- 2) The voting execution code and password is only valid for the current annual general shareholders' meeting. For subsequent meetings, new codes and passwords will be issued.

- 3) If a shareholder executes his or her voting rights via mail and the Internet, only the vote submitted over the Internet will be regarded as valid.

- 4) If multiple votes are submitted over the Internet, only the most recently submitted vote will be regarded as valid.

- 5) Any fees associated with accessing the Internet (e.g. ISP connection fees, telephone charges, etc.) are the responsibility of the shareholder.

### 3. Detailed Instructions for Executing Voting Rights over the Internet

- 1) Please use a computer to access either <http://www.it-soukai.com> or <https://daiko.mizuho-tb.co.jp>.

Please note that you will not be able to access the site between 3am and 5am during the execution period.

- 2) Input your voting execution code and password, and then click on the "login" button.

The voting execution code and password can be found in the top right corner of the enclosed voting execution form.

- 3) Follow the instructions on the screen to execute your voting right.

### 4. Operating Environment

- ⊙ Computer: Windows or Macintosh (the website cannot be accessed via cellular telephone, PDA, or video game device)

- ⊙ Browser: Internet Explorer 5.5. or later / Netscape Communicator 4.7 or later

- ⊙ Internet Environment: Contract with an Internet service provider or other means to access the Internet

- ⊙ Screen Resolution: 1024 × 768 or greater is recommended

Windows and Internet Explorer are trademarks of Microsoft Corporation.

Macintosh is a trademark of Apple Computer, Inc.

Netscape Communicator is a trademark of Netscape Communications Corp.

**5. Security**

The information submitted is in a secure environment using encryption technology (SSL128bit) to prevent data tampering or eavesdropping.

The voting execution code and password is an important piece of information that identifies the shareholder. Please ensure that the information is not given to any other person except for the intended user. The Company will not contact the shareholders regarding any password information.

(Where to call)

Mizuho Trust & Banking Co., Ltd.

Securities Agency Division

TEL: +81-3-5213-5213

(Hours: 9:00 ~ 17:00 Closed on Saturday, Sunday and Public Holidays)