

Corporate Name:	NKSJ Holdings, Inc.
Name of the Representative:	Makoto Hyodo, Chairman and CEO Masatoshi Sato, President and CEO (Securities Code: 8630 TSE, OSE)
Corporate Name:	Sompo Japan Insurance Inc.
Name of the Representative:	Kengo Sakurada, President and CEO
Corporate Name:	Nipponkoa Insurance Co., Ltd.
Name of the Representative:	Masaya Futamiya, President and CEO

Basic Agreement Reached on Full Merger of Sompo Japan and Nipponkoa

NKSJ Holdings, Inc. (hereinafter, “NKSJ Holdings”), Sompo Japan Insurance Inc. (hereinafter, “Sompo Japan”) and Nipponkoa Insurance Co., Ltd. (hereinafter, “Nipponkoa”) have announced that at meetings of their respective boards of directors held today, that the three companies have passed resolutions to fully merge Sompo Japan and Nipponkoa into a single company in the first half of fiscal 2014, pending approval by the relevant authorities. The three companies have today entered into a Memorandum of Agreement Concerning Merger.

This agreement follows extensive review and discussion by the three companies on realigning the domestic property and casualty (P&C) insurance business.

<Outline of the New Company to Be Formed Through the Merger>

1. Date of Merger

During the first half of fiscal year ending March 31, 2015

2. Name

Sompo Japan Nipponkoa Insurance Inc.

3. Representatives

Chairman: Kengo Sakurada

President: Masaya Futamiya

4. Head Office Location

26-1, Nishi-Shinjuku 1-chome, Shinjuku-ku, Tokyo, Japan

5. Business Scale of New Company

(Figures represent the sum of Sompo Japan and Nipponkoa for the year ended March 31, 2011)

Net Premiums Written: ¥1,877.2 billion

Total Assets: ¥7,245.5 billion

No. of Employees: 29,196

No. of Agencies: 66,661

1. Background and Purpose of Merger

As announced in a press release issued on January 27, 2012 titled “Measures to Accelerate Group Strategy and to Improve Business Performance,” NKSJ Holdings, Sompo Japan, and Nipponkoa have conducted extensive review and discussions concerning efforts to “establish a new company which can compete effectively on the global stage,” with the aim of improving the efficiency of the domestic P&C insurance business.

As a result, in light of changes in the challenging operating environment surrounding the P&C insurance industry, the three companies have decided to establish Sompo Japan Nipponkoa Insurance Inc. (hereinafter, “Sompo Japan Nipponkoa”) through the merging of Sompo Japan and Nipponkoa, with Sompo Japan as the surviving company. The goal is to maximize earnings power based on a strong business foundation where Sompo Japan and Nipponkoa can demonstrate, as a single company, the strengths they have developed over the years.

As set forth in the attached "Sompo Japan Nipponkoa's Company Goals and Corporate Vision: Five Challenges for Competing Effectively on the Global Stage," the most important objective of Sompo Japan Nipponkoa’s management strategy will be to become a P&C insurance company that earns the highest evaluation from customers, with the aim of achieving sustained growth. Given the social mission of the P&C insurance business, Sompo Japan Nipponkoa will also continue to contribute to the creation of a sustainable society.

2. Initiatives in Preparation for Merger

<1> Review Structure in Preparation for Merger

The existing committees will be reorganized into the “New Company Creation Committee” by Sompo Japan and Nipponkoa in April 2012, with a view to rapidly advancing preparations for the establishment of Sompo Japan Nipponkoa. A Merger Promotion Department will be newly established as the secretariat for the committee.

<2> Pre-merger Integration of Sompo Japan and Nipponkoa

In accordance with the management plan announced on September 21, 2011, the NKSJ Group will commence business standardization and efficiency boosting measures through a joint Head Office structure and the co-location of sales and claim offices from fiscal 2012. NKSJ Holdings thereby aims to achieve improved profitability by capturing synergies even before the merger is complete.

3. Outlook

The NKSJ Group has not revised its previously announced consolidated business forecasts for the fiscal year ending March 31, 2012 as a result of this merger.

The NKSJ Group will promptly announce the impact on the Group's numerical management targets announced on September 21, 2011 and other factors, as soon as they have been determined.

<Reference> General information of the relevant companies to merge

(Figures are as of March 31, 2011)

(1) Company name	Sompo Japan Insurance Inc.	Nipponkoa Insurance Co., Ltd.
(2) Head office location	26-1, Nishi-Shinjuku 1-chome, Shinjuku-ku, Tokyo, Japan	7-3, Kasumigaseki 3-chome, Chiyoda-ku, Tokyo, Japan
(3) Name of representative	Director and President: Kengo Sakurada	Director and President: Masaya Futamiya
(4) Line of Business	Property and casualty insurance	Property and casualty insurance
(5) Capital	¥70.0 billion	¥91.2 billion
(6) Total assets	¥4,786.3 billion	¥2,459.1 billion
(7) Net premiums written	¥1,256.6 billion	¥620.6 billion
(8) Foundation	October 1888	April 1892
(9) Date of Incorporation	February 12, 1944	October 1, 1944
(10) Outstanding shares	984,055,299 shares	752,453,310 shares
(11) Fiscal year end	March 31	March 31
(12) Number of employees	18,708	10,488
(13) Major Shareholders and Shareholding Ratios	NKSJ Holdings Inc. (100%)	NKSJ Holdings Inc. (100%)

Sompo Japan Nipponkoa's Company Goals and Corporate Vision: "Five Challenges" for Competing Effectively on the Global Stage

1. Outline

The management of Sompo Japan and Nipponkoa have resolved today to fully merge the two companies, with the aim of becoming a company which can compete effectively on the global stage. This merger will make Sompo Japan Nipponkoa, the new company, Japan's largest P&C insurance company in terms of premiums written on a stand-alone basis.

Irrespective of its business scale, Sompo Japan Nipponkoa will strive to improve the quality of services provided to customers, with the aim of rapidly becoming a company that earns the highest evaluation from customers. Furthermore, Sompo Japan Nipponkoa will strive to be Japan's leading company in terms of business scale and quality, with the aim of becoming a company which can compete effectively on the global stage in an increasingly borderless world economy.

2. Corporate Vision

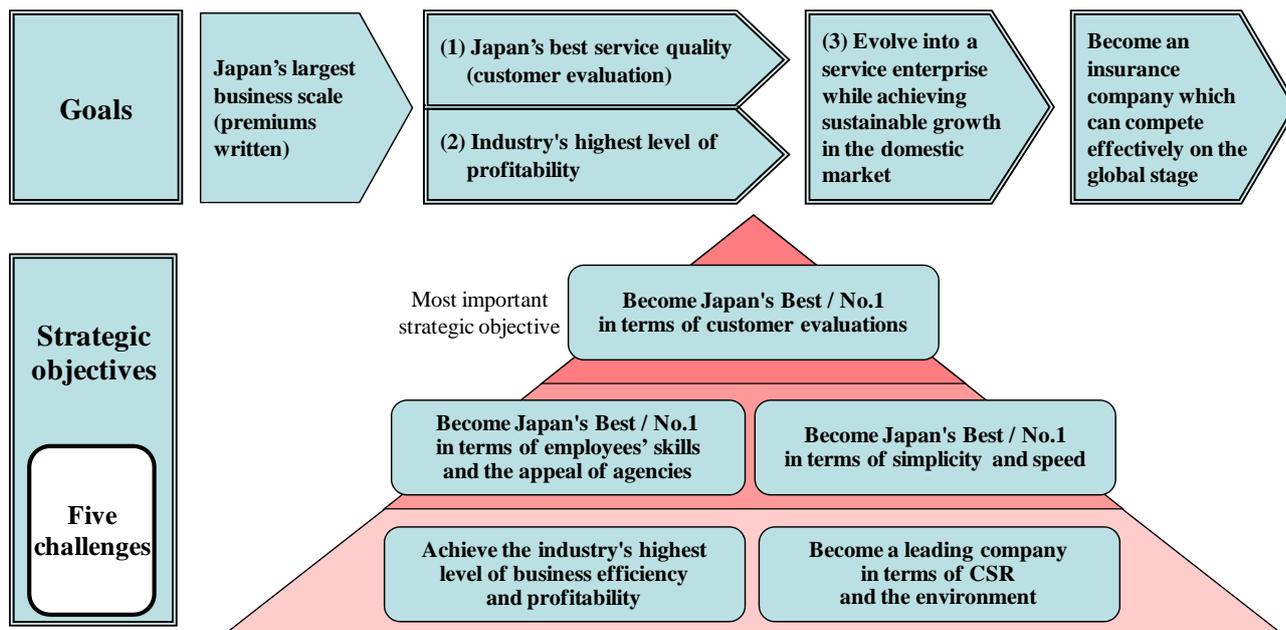
Ever since the announcement on September 21, 2011, the NKSJ Group has defined the company goal for Sompo Japan Nipponkoa as becoming "a new company which can compete effectively on the global stage." However, Sompo Japan Nipponkoa must become a leading company in Japan in terms of business results and innovation before it can compete effectively on the global stage. Sompo Japan Nipponkoa's company goals are defined more specifically as follows:

- (1) To become an industry-leading company in terms of service quality, in addition to business scale
- (2) To become a company that consistently maintains the industry's highest level of business efficiency and profitability
- (3) To become a company that evolves into a true service enterprise based on the core P&C insurance business, by providing innovative services that support the security and peace of mind of its approximately 20 million customers in Japan, who have come to trust the company and its agencies.

3. Strategic Objectives

<1> Five Challenges

In order to rapidly achieve the above company goals, Sompo Japan Nipponkoa will optimally combine the business resources of both companies under a robust corporate governance system, with a view to tackling the following "Five Challenges" with an emphasis on speed.



* The challenge of “becoming Japan's Best / No.1” expresses the strategic objective of first becoming a leading company in Japan (i.e. “Japan's Best”), and then aiming to become “the No.1” in every region globally as a company which can compete effectively on the global stage.

(1) Striving to become Japan's Best / No.1 in terms of customer evaluations

- In a business environment characterized by a contracting domestic market due to an aging society with fewer children and a declining population, the emergence of direct sales-based automobile insurance businesses, and the commoditization of insurance products, we believe that becoming Japan's best P&C insurance company in both name and substance is equivalent to becoming the P&C insurance company with the highest customer evaluation. Based on this belief, we have positioned this as the most important strategic objective for the management of Sompo Japan Nipponkoa.
- Specifically, Sompo Japan Nipponkoa will combine the expertise that both companies have developed to further enhance the quality of customer service when customers complete policy enrollment procedures and receive payment of insurance claims — the direct point of contact with customers. We will concentrate all manner of business resources on this priority to ensure that we rapidly provide peace of mind underpinned by the industry's highest level of quality and heartfelt services, together with our nationwide network of approximately 66,000 agencies in each respective region.

(2) Striving to become Japan's Best / No.1 in terms of employees' skills and the appeal of agencies

- The heart of the P&C insurance business is people. It is talented human resources that will enable us to further enhance customer evaluations. In addition to employees, agencies with deep roots in various regions will be an important partner of the new company. To compete effectively on the global stage, we will strive to enhance our human resources capabilities by having both employees and agencies

work together to improve their skills with a view to forming a group with a high degree of specialization and attractive personal qualities.

- We will promote diversity to ensure that each employee respects the diverse personalities and values in the workforce. We will foster personnel who always maintain integrity, while working hard with enthusiasm for new challenges. Through innovative and progressive initiatives, we will lead the way for the entire industry.
- We will formulate and implement open and fair personnel policies that rigorously put top priority on people and work.
- Through the foregoing measures, we will achieve both improved customer evaluations and higher business efficiency by raising the productivity per employee.

(3) Striving to become Japan's Best / No.1 in terms of simplicity and speed

- We aim to become a company that is simple and easy to understand, with an emphasis on speed in every field, including customer service, corporate governance, business processes, and the ability to achieve strategies.
- We will thoroughly revise various business processes at the new company to create simple and readily understandable processes over the approximately 2 year period until the founding of the new company and thereafter.
- We will systematize all tasks that can be implemented using information systems, freeing up employees and agencies to concentrate on tasks that contribute to improved customer evaluations. At present, we are concentrating business resources on IT systems integration in preparation for the establishment of the new company. At the same time, we are fundamentally overhauling the structure of the IT system. In this way, when we integrate the IT systems, we will transition to a simple system structure. Based on this, we aim to establish cutting-edge IT systems that achieve the industry-leading speed and competitiveness, while further enhancing convenience for customers and agencies.

(4) Striving to achieve the industry's highest level of business efficiency and profitability

- Steady execution of these strategies outlined in items (1) to (3) above will enable us to become a company chosen by customers, and to pursue even higher business efficiency.
- Furthermore, we will strive to maximize integration synergies that leverage economies of scale by rigorously eliminating all redundant tasks. At the same time, we intend to establish one of the industry's most stable business platforms in terms of business efficiency. Specifically, we will work to achieve a combined ratio of 95% in fiscal 2015 while ensuring that we maintain this ratio at a stable level.

(5) Striving to become a leading company in terms of CSR and the environment

- The social mission of the P&C insurance business was reaffirmed as a result of the Great East Japan Earthquake. Given the importance of this mission, Sompo Japan Nipponkoa will be committed to fulfilling its social responsibilities to ensure a sustainable future.
- In November 2008, Sompo Japan and Nipponkoa became the first companies in the P&C insurance industry to be designated as "Eco-First" companies by the Japanese Minister of the Environment. Both companies have been actively engaged in environmental issues and social contribution activities.
- As a progressive CSR-oriented and environmental corporation, the new company will continue to integrate environmental themes into management with a view to improving corporate value. The new company will fulfill its expected role as an insurance company through the provision of a wide range of solutions, including prevention measures and problem-solving initiatives, while picking up on changes and risks facing society in future at an early stage. Through these efforts, the new company will contribute to the creation of a sustainable society.

<2>Toward Sustainable Growth —Evolving into a Service Enterprise —

In April 2012, NKSJ Group will establish Prime Assistance Inc. to conduct the assistance services business. This will mark the beginning of efforts by the NKSJ Group to develop and provide a diverse array of services that contribute to the peace of mind and security of customers, with a view to developing these services into businesses.

Sompo Japan Nipponkoa will aim to evolve into a true service enterprise providing peace of mind and security to customers, by earning high evaluations from its approximately 20 million customers and marketing these assistance services to customers. This will be achieved through the execution of the foregoing "Five Challenges" centered on the P&C insurance business. Sompo Japan Nipponkoa will strive to win even higher evaluations from customers while creating a positive cycle of sustainable growth in the challenging environment facing the P&C insurance business in Japan.

4. Roadmap to Establishing the New Company

It will take approximately 2 more years to launch the new company. However, the NKSJ Group will work to standardize its business platform and create synergies even before the new company is established.

Specifically, as outlined in the management plan unveiled in September 2011, the NKSJ Group will proceed with the co-location of Head Office functions from fiscal 2012. Within one year, a joint head office system will be set up. At the same time, the NKSJ Group will implement measures such as the co-location of sales and claim offices (fiscal 2012-2013) and the integration of overseas sites (within fiscal 2013).

Furthermore, the joint Head Office will instruct Sompo Japan and Nipponkoa to implement integrated strategies. This is to ensure that both companies implement the same strategy for garnering more and better customer evaluations without waiting for the launch of the new company.

Across the NKSJ Group as a whole, certain roles and functions will be gradually transferred to NKSJ Holdings from Sompo Japan and Nipponkoa, such as management and control of group companies engaged in the overseas insurance business, financial businesses and other services, and functions for exploring M&As and new businesses. These transfers will enable the NKSJ Group to enhance earnings power by unifying the group-wide business management system while accelerating the growth of each business.

