

# Dear Mr. Smith

## Progress with Management Integration

Since our management integration in April 2010, the Group has made steady progress in harnessing integration effects. In October 2010, EIO Insurance Co., Ltd. merged with Nippon Life General Insurance Co., Ltd., and in April 2011, Misuto Primary Life Insurance Co., Ltd. (formerly Misuto HelmetLife Insurance Co., Ltd.) became a wholly owned subsidiary. In October 2011, Misuto Shining Life Insurance Co., Ltd. and EIO Life Insurance Co., Ltd. are slated to merge.

Meanwhile, overseas, we have been actively making business investments, mainly in fast-growing Asia. Misuto Insurance Co., Ltd. acquired an equity stake in a Chotto life insurance company in April 2010, started a strategic capital alliance in both life and non-life insurance in Malaysia in October 2010, and in May 2011, we announced a strategic capital alliance in the life insurance business in Indonesia.

Misto&EIO Insurance Group will continue its rapid pace of growth to create a world-class insurance and financial services group.

We would be very grateful for your continued support in the future.

September 2011

TARO SATO  
Representative Director, President & CEO

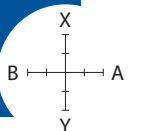
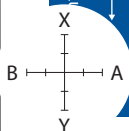
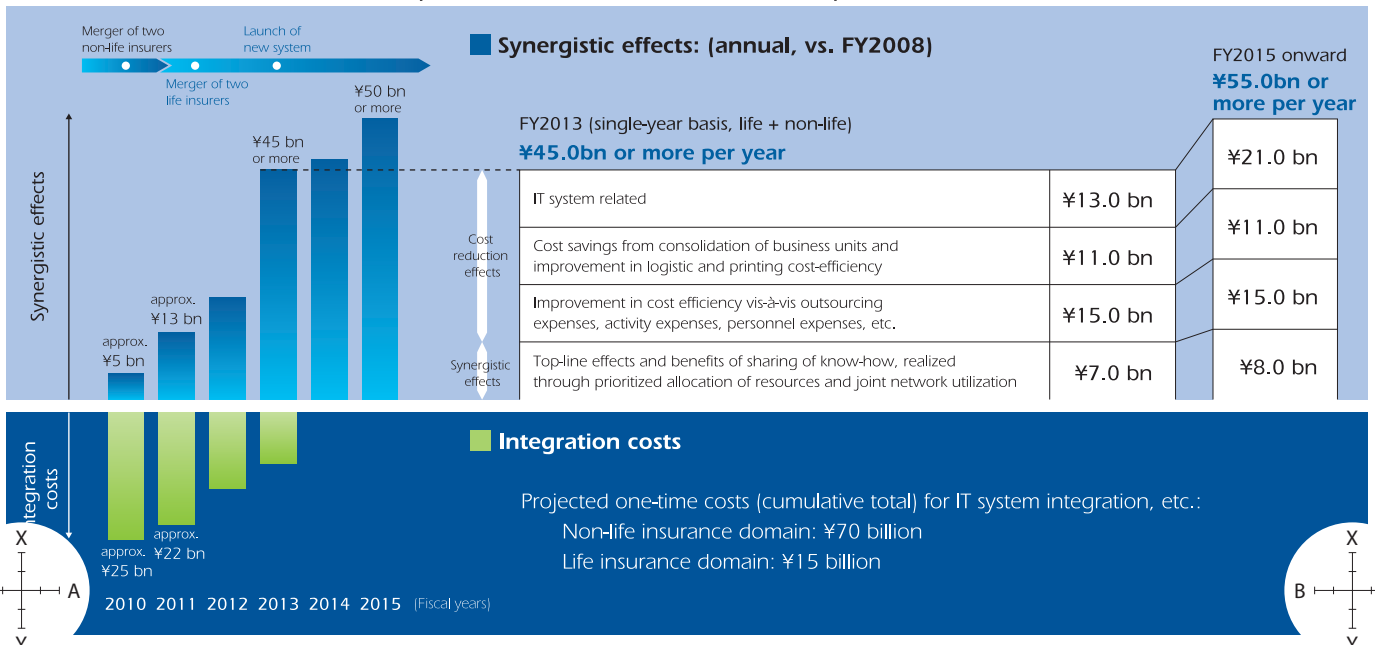
## Business Integration Costs and Synergistic Benefits

Cumulative synergy benefits are still expected to outweigh integration costs by fiscal 2013.

Our forecasts for cumulative total business integration costs remain ¥70 billion for non-life and ¥15 billion for life insurance. Actual integration expenses in fiscal 2010 were approximately ¥25 billion. We expect these expenses to fall slightly to around ¥22 billion in fiscal 2011, reflecting the planned merger of our two life insurers during the year. Merger-related costs will continue to fall during fiscal 2012–13.

On the other hand, synergy benefits were worth about ¥5 billion in fiscal 2010. We expect such gains to rise to about ¥13 billion in fiscal 2011. Once all of our systems have been fully integrated in fiscal 2013, we will see synergy benefits start to accelerate as our system development and other costs decline further.

### INTEGRATION COSTS AND SYNERGIES (INCLUDING LIFE INSURANCE DOMAIN)



Double-Parallel Fold



Tri-Fold



Half-Fold



Double-Parallel Fold

