



Ichiro Tateyama, *President*

Business Performance

Due primarily to the effects of the worsening global financial crisis which began with the sub-prime loan problem in the United States, the worldwide economic slowdown and the large fluctuations in the stock and currency markets, the Japanese economy during the fiscal year ended March 31, 2009 saw difficult economic conditions in general, including large reductions in corporate incomes and rapid deterioration of the employment situation.

In addition to the economic slowdown and depressed consumer mindset, other factors affecting the non-life insurance industry included a decline in the number of automobiles sold due to the rapid deterioration of the economic environment and the lowering of premiums for compulsory automobile liability insurance. As a result, income from premiums written decreased.

Against this overall economic background, the year ended March 31, 2009 was the final year of the Medium-Term Management Plan which we launched in 2006. Under the slogan "Everything to restore customer confidence", we continued to strengthen our dedication to business quality improvements. We have been carrying out programs for achieving CSR management, and have also been making company-wide efforts to enhance our business performance and productivity, all with the objective of increasing the level of satisfaction among shareholders, customers and other stakeholders, and maximizing our corporate value.

Our management quality improvement efforts, in which we endeavored to make further quality improvements, include:

- Comprehensive re-evaluation of all business operations in the flow of solicitation, administration and payment processes from the perspective of the customers,
- Greater efforts to make effective use of customer feedback,
- Strengthening of the organization and staff training in the Non-Marine Claims Department,
- Improvement of claim payment services by enhancing the post-claim verification system in our claim payment operations,
- Establishment of the "Customer First! Quality Standard" as a standard for the quality of agent solicitations, and
- Enhancement of training for staff and agents aimed at promoting effective use of agent online systems.

With regards to our sales operation, in order to better position ourselves to adapt to changes in the business environment and to the conditions of growth markets, we reorganized our sales force, enhanced our sales efforts targeting small- and medium-sized businesses in the Tokyo Metropolitan Area, and took other steps to further strengthen our comprehensive strategic alliance with Nippon Life Insurance Company.

In terms of product development, we continue to focus on providing customers with the coverage they truly need and products that they can easily understand. To this end, we introduced simplified automobile insurance products and a new product called "Business PITATTO," which provides comprehensive coverage for a variety of business-related risks, including property damage, damages due to temporary business closure and general liability, under a single contract. In terms of customer services, we continue to take steps to improve the manner in which we explain our products, for example, by providing our customers who are renewing their automobile insurance contracts with information about their new insurance policies in larger, easy-to-read print and by enhancing our customer service functions for making recommendations regarding insurance coverage. In addition, we continue to expand our easy-to-understand customer service tools, including "PR Assist-kun", a visual program created to provide information on "Business PITATTO".

In the IT systems area, we continue to take steps to improve our operation processes. By further improving our agent online system functions, we have expanded the range of products for which the contracting process — from premium calculation to contracting — can be completed online. We also continue to support programs and initiatives to contribute to society and protect the environment. For example, through our management of The Phoenix Hall, we provide support for art and cultural activities. We have also implemented environmental management systems, for which we have received ISO14001. In addition, we have provided financial support to the Nissay Planting and Nurturing Forests

for Future Generations program and donations to help victims of natural disasters.

On January 23, 2009, we entered into an agreement with Aioi Insurance Company, Limited, Mitsui Sumitomo Insurance Group Holdings, Inc. and Mitsui Sumitomo Insurance Company, Limited, to commence discussions on a possible business combination and business alliance among the parties and a possible merger between us and Aioi Insurance Company, with the aim of achieving sustainable growth and enhance enterprise value by rapidly and dramatically enhancing and expanding the quality and quantity of their respective operational bases and management resources to create a globally operating and world-leading insurance and financial group.

For the fiscal year ended March 31, 2009, insurance underwriting income was ¥351.2 billion, investment income was ¥31.5 billion, and other ordinary income was ¥0.8 billion, resulting in ordinary revenue of ¥383.6 billion, down ¥24.2 billion from the previous fiscal year.

Insurance underwriting expenses were ¥306.0 billion, investment expenses were ¥34.9 billion, and operating and general administrative expenses were ¥58.4 billion, resulting in ordinary expenses of ¥400.4 billion, up ¥5.0 billion from the previous fiscal year.

As a result of the above, we recorded an ordinary loss of ¥16.8 billion.

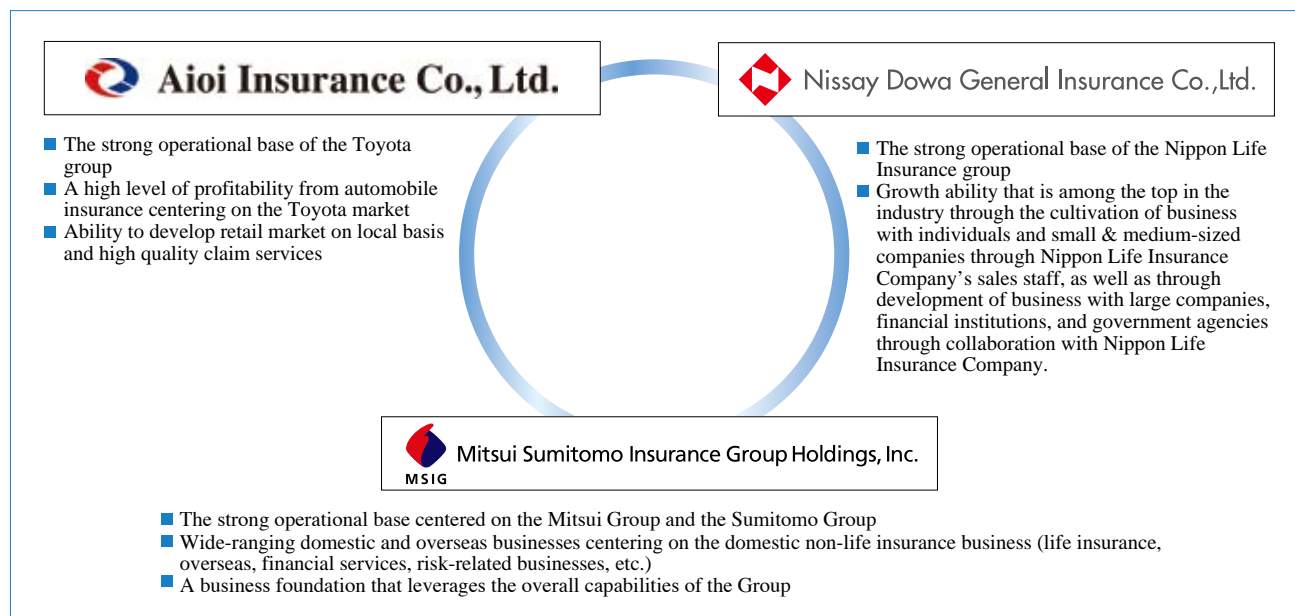
After extraordinary items and income taxes, we recorded a net loss of ¥6.738 billion.

Concerning the Planned Business Combination

We are currently in discussions with Aioi Insurance Company and the Mitsui Sumitomo Insurance Group, aiming to implement the businesses combination in April 2010. Through the business combination, we aim to leverage the respective strong operational bases of the three companies to form a world leading insurance and finance group with global operations.



From left to right:
 Tadashi Kodama (President of Aioi Insurance Co., Ltd.),
 Ichiro Tateyama (President of Nissay Dowa General Insurance Co., Ltd.),
 Toshiaki Egashira (President of Mitsui Sumitomo Insurance Group Holdings, Inc. and Mitsui Sumitomo Insurance Co., Ltd.)



FY2009 Business Plan

Basic Policy

- We aim to construct a system for the planned business combination, and aim to achieve growth and quality improvements

Business Combination and Merger

- System creation to maximize synergy through
 - Intensive discussions at special committees in each business area
 - Business model construction which utilizes the sales power and customer base of the “Nissay channels” that are Nissay Dowa’s strengths
 - Redevelopment of products, operations, and systems to give top priority to improve customer satisfaction

Business Combination and Merger

- Aim to maintain the No. 1 growth in the industry
 - Deploy resources toward growth areas (Nissay market and wholesale market)
 - Enhance sales promotion and development functions for each agent channel
- Implementation of quality improvements
 - Sales: Complete quality improvement program for agents
 - Operations: Complete operational quality improvement program and enhance claim payment system

Improved profitability

We intend to complete preparations in order to achieve maximum synergy from the planned business combination and merger in April 2010. In addition, we are aiming to achieve the following two goals. First, we aim to maintain the No. 1 growth in the industry. Second, we aim to complete our operational quality improvement program. By achieving these two goals, we intend to recover our profitability.

As part of our growth strategy, we plan to further increase our efforts at developing our two primary specialized business channels — Nippon life sales staff and professional agents — that are one of our defining characteristics and strengths.

We intend to enhance our efforts to expanding the Nissay markets, which have been the driving force behind our performance in the past. We also plan to promote cross-selling in close cooperation with Nippon Life in the

retail market and the small, medium and large corporate markets.

As for professional agents, we intend to focus both on expanding our agent network and on strengthening and improving the quality of our existing agent network.

As part of our operational quality improvement program, we have implemented a variety of measures based on our re-evaluation of the processes for solicitation, underwriting and payment operations from the perspectives of our customers. We are reviewing the effectiveness of these measures on a PDCA cycle and will implement necessary improvements. In addition, we aim to provide high-quality services to our customers by improving the operational quality of our agents with a focus on increasing their knowledge level and improving their business efficiency.

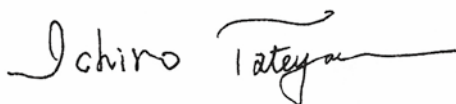
Summary of Key Financial Projections

Summary of Key Financial Projections (FY 2009)								
			Fiscal Mar. '08		Fiscal Mar. '09		Fiscal Mar. '10 (est.)	
				change		change		change
Sales	Direct premiums written	Billions of yen, %	340.1	(2.0)	346.3	1.8	352.5	1.8
	Net premiums written	Billions of yen, %	318.2	(2.5)	310.9	(2.3)	312.5	0.5
Business Efficiency	Loss ratio	%, p	66.4	4.4	67.4	1.0	65.8	(1.6)
	Voluntary Automobile	%, p	74.9	5.7	73.2	(1.7)	70.1	(3.1)
	Expense ratio	%, p	33.5	1.2	34.6	1.1	34.2	(0.4)
	Combined ratio	%, p	100.0	5.7	102.0	2.0	100.0	(2.0)
Earnings and Capital	Underwriting profit	Billions of yen	(13.1)	(3.7)	(8.7)	4.4	0.0	8.7
	Net investment income	Billions of yen	30.1	7.3	(3.4)	(33.5)	15.2	18.6
	Ordinary profit	Billions of yen	12.4	2.8	(16.8)	(29.3)	11.0	27.8
	Net income	Billions of yen	6.4	0.1	(6.7)	(13.1)	4.5	11.2
	ROE (adjusted)	%, p	3.9	0.0	(4.2)	(8.1)	2.9	7.1
	Dividend ratio	%	47.1	—	—	—	67.5	—

Our current financial targets for the fiscal year ending March 31, 2010, include ¥312.5 billion of net premiums written, ¥11.0 billion of ordinary profit and ¥4.5 billion yen of net income.

We ask for continued and further support, as well as guidance, from our shareholders and other stakeholders.

August 22, 2009



Ichiro Tateyama, President