



SOUTHEASTERN ASSET
MANAGEMENT, INC.®

For immediate release

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Management Changes at NIPPONKOA

Southeastern Asset Management welcomes the appointment of Junichiro Sano to the Board of NIPPONKOA. Southeastern believes that all stakeholders in NIPPONKOA will benefit from improved management of NIPPONKOA's capital. Sano-san has a demonstrated record of improving capital allocation after joining corporate boards.

Southeastern generally does not comment on investment holdings. However, recent unsourced statements about Southeastern's intentions with regard to NIPPONKOA have appeared in Japanese media reports. A brief history of our relationship with NIPPONKOA may assist all interested observers in understanding the nature of our investment.

Southeastern invested in NIPPONKOA in 1998 with the encouragement of NIPPONKOA's senior management. Over the past decade, Southeastern has worked with management and the Board to improve capital allocation and operations. Southeastern has deep relationships within the global property and casualty insurance sector, an area in which Southeastern has invested for most of its thirty-four year history. Southeastern has arranged meetings between NIPPONKOA executives and well-respected senior insurance executives from around the world. Southeastern supported Nippon Fire's merger with Koa. Southeastern addressed the full NIPPONKOA board regarding the importance of investment management and appropriate compensation. Southeastern devoted substantial time and energy to participation in an informal investment advisory committee established at the request of NIPPONKOA senior management. Over the years, Southeastern has not always agreed with the speed or scope of management reform. Nevertheless, we developed strong personal relationships with and respect for many NIPPONKOA managers, including former CEO Ken Matsuzawa. Our support for Matsuzawa-san and our belief that NIPPONKOA was headed in the right direction led to a steady accumulation of shares in NIPPONKOA and to our refusal to sell to several interested parties over the past ten years at prices far above our cost. NIPPONKOA now represents the largest single investment by Southeastern in Japan, totaling over \$1.4bln out of a total of \$4.7bln invested by Southeastern in Japan.

We do not intend to sell our shares below our assessment of fair value. NIPPONKOA continues to trade well below book value calculated on international accounting standards, despite its strong capital base, deep relationships with regional banks, and substantial underwriting share in a market that is profitable for most other industry participants. Consequently, fair value exceeds book value and substantially exceeds today's share price.

We hope that the changes to the Board will help new management improve its capital allocation skills. If NIPPONKOA's management team disappoints us, we will examine other strategic alternatives in line with our fiduciary obligations to our own shareholders. We hope that the Board will seriously consider all alternatives in a timely manner and compare these with plans for organic growth in an increasingly competitive non-life industry.

Southeastern recently launched a Japanese website to commemorate its tenth year of investing in Japan. Details on Southeastern's history and approach can be found on the site in Japanese and English at: <http://www.southeastern.jp/>

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