



SOUTHEASTERN ASSET
MANAGEMENT, INC.®

For immediate release

June 12, 2008

**(Update) Voting of Proxy for Selection of NIPPONKOA Management
— Supplementary Explanation**

Southeastern Asset Management, a large shareholder of NipponKoa since 1998, will exercise its fiduciary duties as an investment advisor by voting against Makoto Hyodo, President and CEO, at the June 26th NipponKoa annual meeting. Mr. Hyodo has lost our confidence by presiding over a period of rapid destruction of value and failing to articulate and implement plans to enhance NipponKoa's value to all stakeholders. We have great respect for and strong relationships with many NipponKoa executives, including Mr. Ken Matsuzawa, whose departure from the board is a disappointment to us. It is with great reluctance that we resort to this action.

Considering our long history of support for management and the many enquiries we have received regarding our decision, we feel compelled to share our reasons and our hopes for the future.

Reasons for voting against Mr. Hyodo

Southeastern has observed Mr. Hyodo's leadership of NipponKoa over the past year. We are disappointed with the results. While NipponKoa has all the necessary ingredients to be a world class insurance company, it has continued to lose market share and underwriting profits. More important, Mr. Hyodo has shown inadequate understanding of the importance of capital structure and investment policy. During his period in office, NipponKoa's book value has decreased from ¥766bln to ¥542bln; net premiums have fallen faster than at any of the other big four non-life insurers; and profitability has deteriorated. NipponKoa lost money in its core underwriting operations this year and reported the worst combined ratio of any large non-life insurer.

These negative results speak for themselves. However, Southeastern's long-term perspective allows us to support managers who move in the right direction even in difficult times. If Mr. Hyodo had demonstrated a commitment to transform NipponKoa into a world-class insurance company, he would have received our full support. Unfortunately, he has not.

Under Mr. Matzuzawa's leadership, NipponKoa moved in the right direction even though we at times disagreed with the pace of movement. However, under Mr. Hyodo, the pace of change has slowed as NipponKoa's financial performance has deteriorated. We shared these concerns with Mr. Hyodo. His responses have been incomplete and unacceptable.

For these reasons, we will vote against Mr. Hyodo. We hope that we are proven incorrect in our assessment by Mr. Hyodo's future actions.

Stock price

We hold management accountable for growth in value per share, not for the short-term performance of the stock price. NipponKoa remains substantially undervalued relative to our conservative appraisal of intrinsic value.

View towards other board members

We will vote in favor of all other board members this year as a show of good faith. We welcome the addition of Mr. Junicihiro Sano to the board. We fervently hope that he and other directors will once again steer NipponKoa on the path towards value creation for all stakeholders.

Future plans

We continue to believe in NipponKoa's bright future under competent leadership. NipponKoa benefits from a solid balance sheet, independence from keiretsu ties, strong relationships with regional financial institutions and emerging international and life insurance businesses. The Japanese non-life industry faces dramatic regulatory change. NipponKoa could lead the industry by becoming the first company to adopt international best practices based on Warren Buffett's Berkshire Hathaway model. These best practices result from separation of the investment process from the underwriting process. Such a change would result in lower premiums for customers, more stable capital ratios for regulators, and greater accountability at the companies in which NipponKoa invests. Successful investing by NipponKoa for its own account could form the foundation for an independent asset management business. If the rest of the non-life industry were to follow NipponKoa's lead, Japan would benefit from an improvement in returns within the non-life industry itself and within the over 8 trillion yen equity portfolio the industry manages.

The alternative to change is not acceptable because the traditional Japanese non-life industry rests on shaky foundations. Japanese non-life insurers invest in their customers in exchange for profitable underwriting business. These equity investments are made without respect to the investment merit of the customer. Over a long period of time, the Japanese non-life companies have dismal investment records. As we explained to the NipponKoa board in 2001 and again to management in 2007, this investment record matters far more than the impact of any single natural catastrophe:

In 1991, the book value of NipponKoa on a pro-forma combined basis excluding catastrophe reserves was approximately 1,300 billion yen. Premiums were approximately 600bln yen. Today, your adjusted book value is 753 billion yen

and premiums are approximately 720bln yen. There are roughly 10% fewer shares outstanding now than in 1991. On a per share basis, NipponKoa's book value has declined at a compound annual rate of approximately 3% for 16 years despite management's working very hard to grow premiums and please customers. This -3% compares to a JGB yield of 6.8% in 1991. [NB: estimated April 2008 adjusted book value=742bln: annual decline remains approximately 3%].

(O. Mason Hawkins comments to NipponKoa Board, December 3, 2001)

As a result of poor investing by and limited competition within the non-life industry, Japanese customers pay too much for insurance relative to international norms while non-life shareholders and regulators confront volatile capital bases that earn low returns over time. Non-life managers who focus on underwriting performance while ignoring investment performance live a lie that cannot persist if Japan truly wants to provide for its future. The industry must choose between investing intelligently or returning excess capital to shareholders. If it does not, Japanese citizens will continue to overpay for insurance while shareholders and taxpayers bear the risk that non-life managers continue to invest themselves into oblivion.

We realize that these changes may be difficult, but we believe that all stakeholders have an interest in NipponKoa's transformation. Great progress has been made, but much work remains.

Southeastern hopes that disclosure of our views will spark debate both within and outside of NipponKoa. We hope to learn from this debate as we consider our alternatives for the future of our NipponKoa investment. We will support any management team that will commit to a clear plan that builds value for all stakeholders.

We hope that shareholders will be presented with multiple, competing proposals by June of 2010 at the latest. Possibilities could include any of the following:

- A change in behavior by current management
- A change in management driven by reformers within NipponKoa who believe they can do a better job than existing managers
- An alternative business plan presented by a new set of directors drawn from across Japan and around the world.
- A merger or alliance with another non-life company, either Japanese or foreign
- A merger or alliance with another financial company with investment management expertise
- A separation of the company into an investment and an operating company, each with separate boards of directors who have a mandate to maximize the value of each business.

Any of the above proposals should address the following major objectives:

- The complete separation of investing and underwriting
- Establishment of clear solvency and capital guidelines related to the risks insured

- Commitment to return excess capital to shareholders via buybacks and dividends
- Establishment of a clear link between senior management compensation and growth in adjusted book value per share
- Immediate disposal of non-core assets, including the superfluous “second headquarters” under construction in Nihonbashi
- Establishment of a Committee board structure modeled on Daiwa Asset Management’s structure and including appropriately experienced external directors who meet the Japanese PFA’s guidelines for independence.

Southeastern does not pretend to have all of the answers to the difficult questions posed by NipponKoa’s changing environment. However, we are absolutely confident that a board and management team capable of and dedicated to growing book value per share will benefit everyone associated with NipponKoa. These benefits will extend to customers, employees, investors and society at large.

This press release is intended neither to solicit a proxy from any shareholder of NipponKoa, nor to provide advice in relation to the exercise of voting rights by any such shareholder of NipponKoa. Each shareholder of NipponKoa should exercise voting rights using their own judgment and should not rely on information contained in this press release.

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/>

###