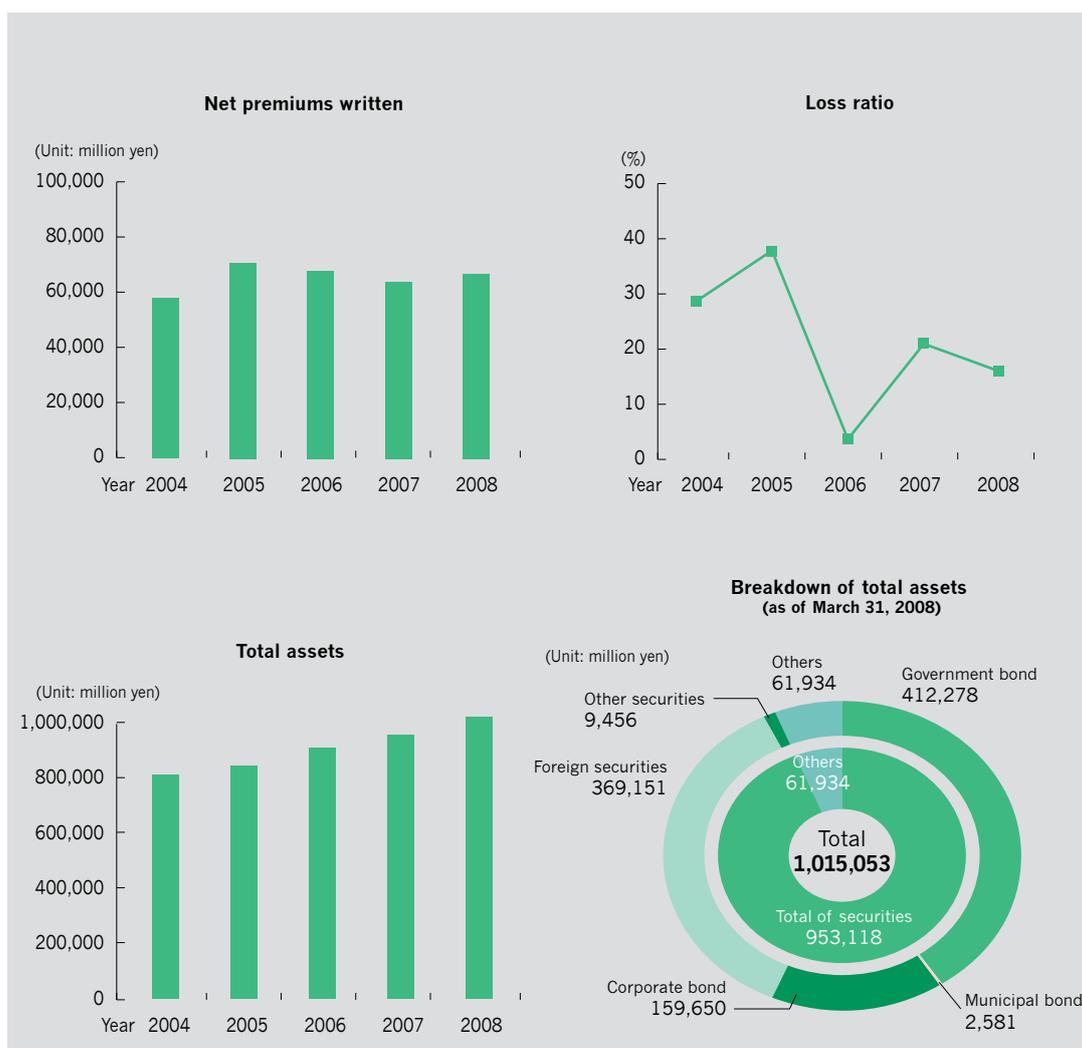
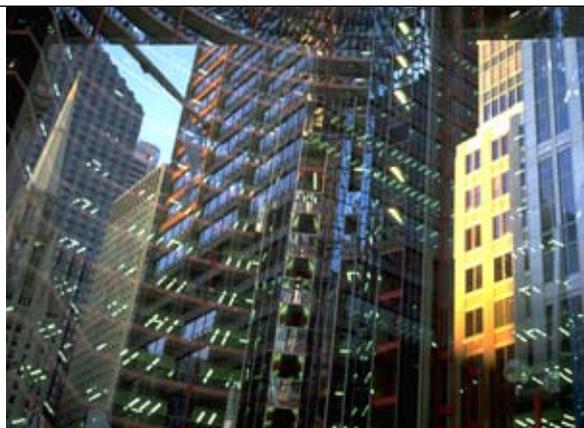


JAPAN EARTHQUAKE REINSURANCE CO., LTD.

FINANCIAL HIGHLIGHTS

Although assumed net premiums written and net premiums written in fiscal 2008 increased from the previous year, total assets increased steadily to 1,015 billion yen at the end of March 2009. Most of the assets under management are invested in bonds with high credit ratings and liquidity to prepare for the payment of reinsurance claims.





(Unit: Million yen)

Fiscal Year	2004	2005	2006	2007	2008
Net premiums written	58,198	71,132	67,981	64,040	67,126
Loss ratio	28.7%	37.9%	3.7%	21.0%	16.0%
Underwriting income	61,995	91,001	72,451	67,320	70,546
Ordinary profit	98	23	143	16	200
Net income	10	36	△16	4	12
Solvency-margin ratio	182.2%	160.2%	175.3%	185.4%	159.1%
Total shareholders' equity	1,587	1,605	1,600	1,614	1,617
Total assets	804,333	838,555	908,963	955,968	1,015,053
Net unrealized gains on other securities	11	△5	5	15	6
Net unrealized gains on other securities of earthquake insurance	5,458	△9,054	△4,540	1,722	3,063

PROFILE

In accordance with the introduction of the Law concerning Earthquake Insurance (Law No.73, May 18, 1966) and following the launch of sales of earthquake insurance on dwelling risks to be written in conjunction with dwelling and shop-owners comprehensive insurance policies, JER was established with share capital of 1 billion yen by 20 domestic Japanese non-life insurance companies on May 30, 1966. The Company was licensed for the earthquake insurance business and started its operation on June 1, 1966.

Earthquake insurance on dwelling risks depends on this reinsurance system (which is a safety net, as it were), in which the government, non-life insurance companies and JER participate to ensure that insurance claims can be paid to policyholders without fail.

The insurance premiums paid by policyholders are separated from non-life insurance companies, and are managed and operated by the government and JER.

JER is thus at the center of a reinsurance system, and undertakes reinsurance procedures with the government and non-life insurance companies, while managing and operating the insurance premiums paid by policyholders as the sole earthquake reinsurance company in Japan.

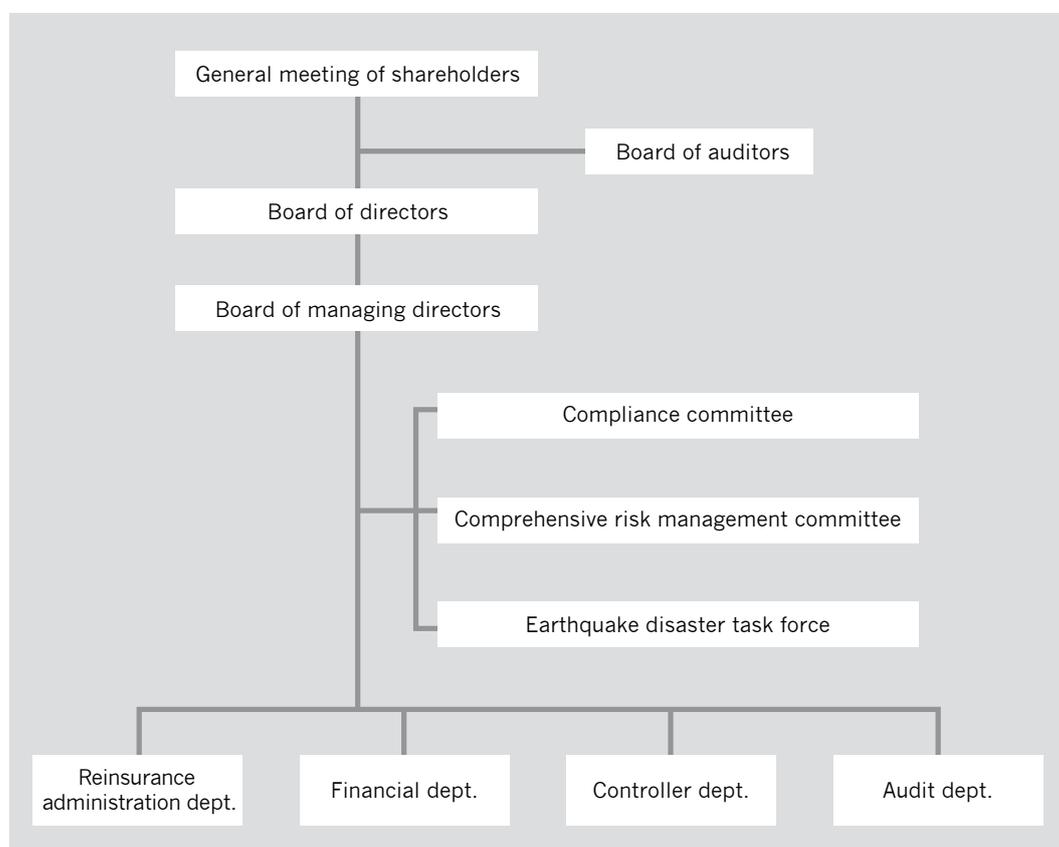
TOP 10 SHAREHOLDERS

(As of March 31, 2009)

Shareholder	No. of shares owned (1,000 shares)	Percentage of shares owned (%)
Tokio Marine & Nichido Fire Insurance Co., Ltd.	537	26.9
Mitsui Sumitomo Insurance Co., Ltd.	338	16.9
Sompo Japan Insurance Inc.	321	16.1
Nippon Koa Insurance Co., Ltd.	208	10.4
Aioi Insurance Co., Ltd.	153	7.7
Fuji Fire and Marine Insurance Co., Ltd.	123	6.2
Nissay Dowa General Insurance Co., Ltd.	102	5.1
The Toa Reinsurance Co., Ltd.	93	4.7
Nisshin Fire & Marine Insurance Co., Ltd.	61	3.1
The Kyoei Fire & Marine Insurance Co., Ltd.	34	1.7

ORGANIZATION

(As of April 1, 2009)





DIRECTORS (FULL-TIME)

(As of June 30, 2009)

Post	Name
Chairman (representative director)	Shozo Wakabayashi
President (representative director)	Hideo Suzuki
Managing director (representative director)	Masayuki Hashimoto
Managing director (representative director)	Hiroaki Shiraki
Corporate auditor	Terumasa Hasegawa

RESPONDING TO MAJOR EARTHQUAKES

Our most important role is to pay reinsurance claims promptly and properly in the event of a major earthquake. We are provided therefore with a standing task force against earthquake disasters, consisting of full-time directors and managerial staff, and conduct annual drills to bolster our system for major earthquakes. We also carefully manage and operate our assets, with a focus on liquidity and safety in mind. See below for details.

TASK FORCE AGAINST EARTHQUAKE DISASTERS AND ITS ACTIVITIES

The committee is a standing in-house organization drawn from across JER. It prepares an annual plan, according to which it is the first responder, and implements training such as reinsurance claim payment drills, along with the inspection and maintenance of an emergency manual for use in the event of an assumed major earthquake.

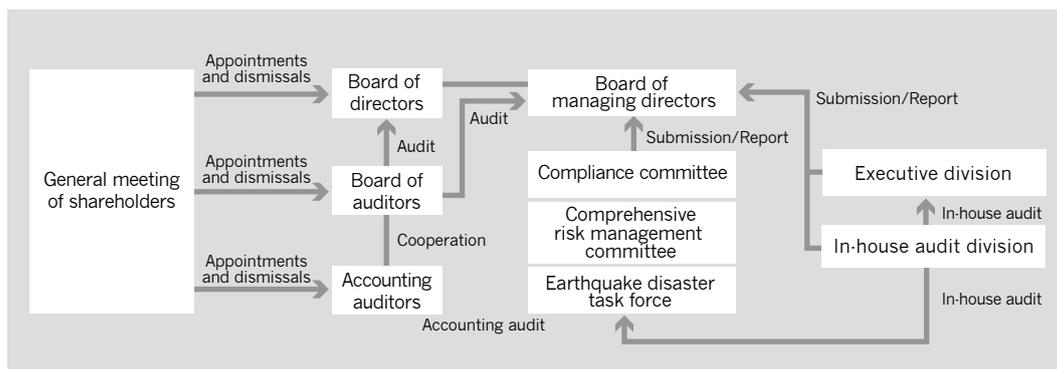
In fiscal 2008, to improve the level of response by officers and employees in emergencies, we practiced an operation drill involving newly introduced safety confirmation and information transmission systems, training in initial actions in the event of being caught out of doors, and training in coming to the office and returning home on foot.

OPERATION BASED ON HIGHLY LIQUID ASSETS

Should a destructive inland earthquake strike Tokyo, we would have to pay a tremendous amount of reinsurance claims in a short period of time. For this reason, we always hold mainly highly liquid and high-rating securities. To reduce cost-related risks at the time of realization, we hold mainly medium-term securities.

CORPORATE GOVERNANCE

IN-HOUSE GOVERNANCE SYSTEM



COMMITTEE-BASED OPERATION

We have established a Compliance Committee and a Comprehensive Risk Management Committee and positioned them under the direct control of the Board of Managing Directors. Our aim is to ensure sound and transparent business operations by strengthening the supervisory function with the construction of compliance and risk management systems. Preparing for a natural calamity, the Company is provided with a task force against natural disasters to facilitate the payment of insurance claims and maintain the funding plan for payment, enabling it to take prompt action in response to large-scale earthquake disasters.

The annual operation policy and operating conditions of each committee is periodically reported to the Board of Managing Directors and Board of Directors.

AUDIT AND INSPECTION SYSTEMS

OUTSIDE AUDITING AND INSPECTION

The Financial Services Agency examines our management and general business operation in accordance with Articles 129 and 313, Insurance Business Law. The Ministry of Finance conducts the same examination under Article 9, Law concerning Earthquake Insurance.

We also receive an accounting audit by an auditing corporation in accordance with the Commercial Code.

IN-HOUSE AUDITING

Apart from the audit conducted by corporate auditors under the Companies Act, the Audit Department conducts in-house audits.

The purpose of an in-house audit is to develop and establish an internal control system. This is done by conducting an audit to examine and evaluate the execution of plans and activities in the Company fairly and objectively, and from the standpoint of lawfulness and rationality. It also requires providing the necessary advice and recommendations based on the evaluation, contributing to the sound development of the company and building credibility in the community.

In fiscal 2009, we decided based on the "In-House Audit Policy And Plan" adopted by



resolution of the Board of Directors to focus on the audits of new businesses, accounting system developments, and responses to the insurance inspection manual, and to conduct regular audits of the internal control conditions of all divisions.

Audit results including recommendations of corrections and improvements are reported to the Board of Managing Directors and the Board of Directors and communicated to audited divisions.

RISK MANAGEMENT SYSTEM

The construction of an appropriate risk management system is an important issue to ensure the safety and soundness of management, as surrounding risks are becoming increasingly complicated and diversified.

We have been endeavoring to accurately understand and appropriately manage risks by establishing a comprehensive risk control committee to supervise risk management. We have also consolidated the risk management system to reinforce the risk control function.

DEALING WITH ASSETS MANAGEMENT RISKS

The investment assets have amounted to approximately 1 trillion yen. Because it is primarily necessary to pay reinsurance money promptly and properly in the event of a major earthquake disaster, the assets are generally being operated using mainly public bonds. The management of risks involved in the management of assets is carried out according to the annual control policy. See below for detail.

Market risks

We measure the responsiveness to interest rates and currency exchanges and value at risk (VaR), and calculate the amount of loss due to a heavy change in interest or exchange rate to limit the volume of risks.

Credit risks

When purchasing securities, we limit the issuers to those with high credibility with reference to the credit rating made by rating agencies. We always check securities held to determine credibility, and conduct individual controls to avoid a concentration on a specific group of companies or type of business.

Liquidity risks

We check individual securities in advance for cashing, and to the assets for cashing.

DEALING WITH PAPERWORK ISSUES

We constantly examine the rules and regulations of authority and paperwork procedures and manuals for exact and perfect paperwork. We also regularly check the rules and regulations through in-house auditing for conformity with related laws and regulations.

DEALING WITH SYSTEM RISKS

We constantly review the risk control plan with an emphasis on system security in the event of a calamity. This will improve the control system.