

January 4, 2018
Sompo Holdings, Inc.

Acquisition of the surety business of Lexon Surety Group, LLC

We are pleased to report that Sompo International (Chairman and CEO: John R. Charman), a member company of the Sompo Holdings Group, has agreed to acquire the operating subsidiaries of Lexon Surety Group, LLC (CEO : David E. Campbell, "Lexon") a key player in the US surety insurance market.

1. Background of this transaction

- The acquisition of Endurance Specialty Holdings Ltd. (now Sompo International) in March last year was driven by Sompo's commitment to build a globally diversified business. Part of this ambition is to expand our overseas (re)insurance business, especially in the specialty segment, using Sompo International as the platform for growth.
- Surety business is a specialty insurance line requiring a high level of specialist underwriting knowledge. Lexon focuses on "license and permit surety", a product that aims to ensure that an enterprise active in a legally licensed field is adhering to the legal requirements of such industry, as well as "contract surety" and "subdivision surety", which are products required mostly by construction companies to engage in work for private and public contracts.
- Through this acquisition Sompo International will gain the specialist underwriting skills and broker network in this area, as well as diversify its profit and risk sources, thereby assisting the quick expansion of their presence in the US surety market, while also increasing the overseas insurance business of our Group.

2. Outline of the deal

Target	Insurance operating companies and agencies under Lexon Surety Group, LLC
Acquiring entity	Endurance U.S. Holdings Corp.
Source of funds	This acquisition is to be financed using cash on hand at Sompo International

3. Overview of Lexon Surety Group

Lexon is the second largest independent player in the in the US surety market based on direct written premiums. Its products are available in 49 US states, Washington DC, Guam and the Northern Mariana Islands and all U.S. Properties located overseas and can be accessed through our nationwide network of independent agents and brokers.

Company name	Lexon Surety Group, LLC
HQ address	12890 Lebanon Road, Mt. Juliet, TN 37122, US
Direct Premium Written in 2016	c. \$155 million (c. 17.4Bn JPY) ^{*1}
Name and title of representative	CEO, David E Campbell
Business description	Surety insurance business
Established	2001

*1: This data was converted using an FX rate of 1USD=112.05JPY

4. Process going forward

This deal is expected to close in March of 2018, subject to the usual regulatory approvals.

5. Effect of the deal on our business

This deal will have minimal influence on our 2018 March consolidated financials.