



Mitsui Sumitomo Insurance Group

The First

Informational Meeting

in Fiscal 2004

May 31, 2004

Mitsui Sumitomo Insurance Co.,Ltd.

Contents

MSI Group's Actions to Increase ROE

Domestic Non-life Insurance

- Increasing top-line
- Expense cut
- Loss reduction
- Portfolio investment

New Businesses

- Overseas
- Life insurance
- Financial services / Risk-related

Capital Strategy

- Capital allocation
- Dividends and share-buy-back
- Reducing equity holdings

MS Wave II for the 1st year (1)

**Indices to measure:
No.1 in Growth**

« achievements »

1.No.1 in growth rate of net premiums written from domestic non-life insurance

1.5% marked on a non-consolidated basis
⇒ **Best** among the major peers

2.No.2 in consolidated net premiums written from overall non-life insurance underwriting

1,382.5 bil yen in consolidated net premiums written (+4.8%)
No.2 position retained due to a high growth in overseas (+30.3%)

3.No.2 in the amount of life insurance in-force among subsidiaries of non-life insurers

5,780 bil yen in-force at MS Kirameki Life
Gap to the 2nd **narrowed 60 bil yen**
(from 550 bil yen at Mar., 2003 to 490 bil yen at Mar., 2004)

MS Wave II for the 1st year (2)

Indices to measure:

No.1 in Profitability

« achievements »

4. No.1 position for combined ratio

- **91.8%** marked in combined ratio
- **No.2 position** among the major peers
- Further efforts required in spite of reaching the planned ratio

5. No.1 in the rate of investment return

- **2.33%** scored in income yield
- **“V9” achieved**

MS Wave II Financial Targets for Fiscal 2004 (1)

		MS Wave II original plan		Revised targets for fiscal 2004
Non-life	Net premiums	1,230 bil yen	→	1,210 bil yen
	Expense ratio	33.8%	→	33.9%
	Loss ratio	59.2%	→	59.1%
	Combined ratio	93.0%	→	93.0%
	Net interest and dividend	47 bil yen	→	46 bil yen
	Net income	52 bil yen	→	63 bil yen
	ROE	4.7%	→	4.5%
Consolidated	Net premiums	1,317 bil yen	→	1,303 bil yen
	Net income	57 bil yen	→	68 bil yen
	ROE	5.1%	→	4.8%

(excl. *Modo-rich* and the effect of reinsurance related to compulsory automobile liability insurance)

MS Wave II Financial Targets for Fiscal 2004 (2)

To earn **10 bil yen** in segmented net income other than domestic non-life insurance

Life insurance	MS Kirameki: amount-in-force	6.9 tri yen
	Proforma net income*	3.1 bil yen
	MSI Citi Life	
	Net loss	-1.5 bil yen
Overseas	Net income	7.6 bil yen
Financial services	Net income	1.1 bil yen
Risk related	Net income	0.1 bil yen

*Net income before provision of additional policy reserves at MS Kirameki Life Insurance

Distinctive Advantages of the MSI Group

Highly potential clientele of Mitsui Sumitomo group companies

- Major Japanese manufacturers under the wings
- Huge market of 2 million group employees

Top-tier non-life insurer in wholesale market

- Business with 80% of top 10 companies in 27 key industries
- Wholesale market leader in Tokyo, Nagoya and Osaka areas with premiums increased 2.8% in fiscal 2003

Strong over-the-counter distribution channels

- Non-life insurance increased 12% in premiums, highest in the industry
- Variable annuity amounted to 430 bil yen in written policy in fiscal 2003

Life insurance alliance with Mitsui Life and Sumitomo Life

- sales force of 50,000 staff scoring around 20 bil yen in premiums

Overseas network

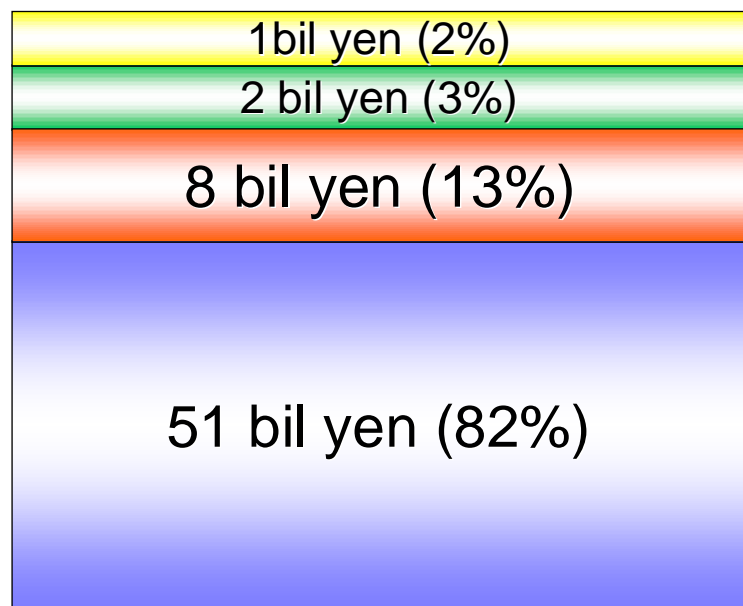
- 59 offices in 37 countries, with revenues increased 27% in fiscal 2003

Future Business Portfolio: Projection Fiscal 2010

Maximizing core profits through business expansion

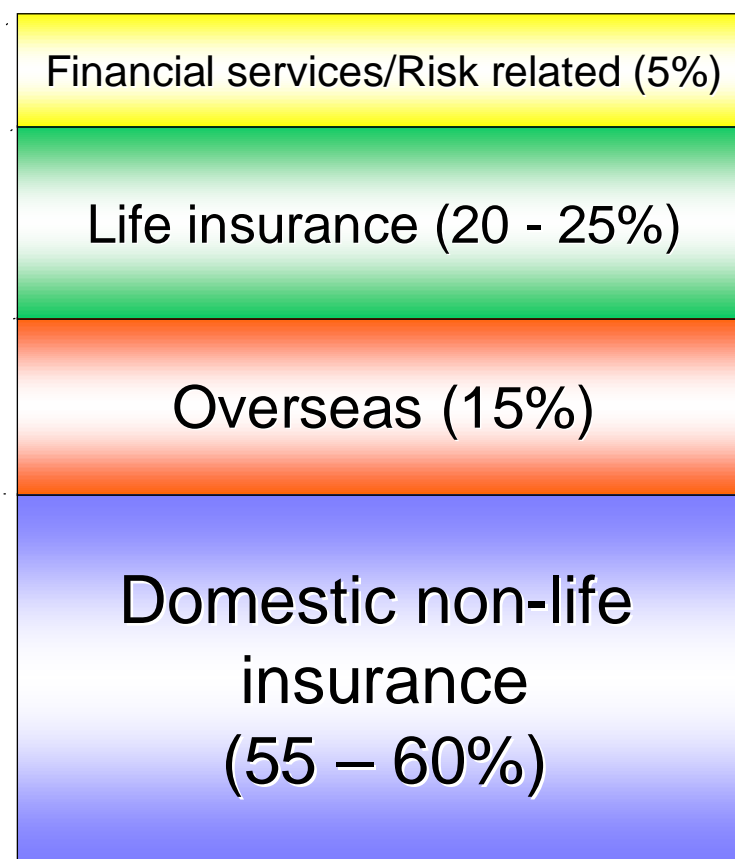
< Results: fiscal 2003 >

Adjusted net income* 62 bil yen



< Projection: fiscal 2010 >

Adjusted net income* 100 bil yen



*excluding gains of securities sold, unrealized gains of credit derivatives and extraordinary items

Domestic Non-life : Top-line Increase (1) Products

Mainstay insurance products *MVP*

Automobile insurance

The logo for MVP Automobile insurance features the word "MVP" in a large, bold, green, italicized font. To the right of "MVP" are three horizontal lines, and below it is the Japanese text "モスト" in a stylized font.

Differentiated policy steadily selling

- A net 5.7 bil yen increase in fiscal 2003, making up for 40% of drop in automobile insurance
- 6.5 million cars projected for fiscal 2004 against 5.75 million cars insured in fiscal 2003

Whole-life medical ins

The logo for VIV Whole-life medical insurance features the word "VIV" in a large, bold, black font. To the right of "VIV" is the Japanese text "終身" (lifetime) in a smaller font.

Differentiated “*third-sector*” policy

- A net 7.2 bil yen increase in fiscal 2003, equivalent to 78% of increase in personal accident insurance
- 200,000 policies projected for fiscal 2004 against 106,000 policies written in fiscal 2003

Fire insurance *Home Pikaichi*

The logo for Home Pikaichi Fire insurance features the Japanese text "ホームピカイチ" (Home Pikaichi) in a large, green, stylized font. Below it is the Japanese text "ホームライフ総合保険" (Home Life Comprehensive Insurance) in a smaller font.

Best selling fire insurance

- A net 7.6 bil yen increase in fiscal 2003, accounting for 68% of increase in fire insurance
- 48.1 bil yen projected for fiscal 2004, 7 bil yen up from fiscal 2003

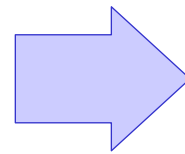
Note: The amounts stated above are that in the relevant gross premiums.

Domestic Non-life: Top-line Increase (2) Distribution Channels

Full-fledge distribution channel restructuring

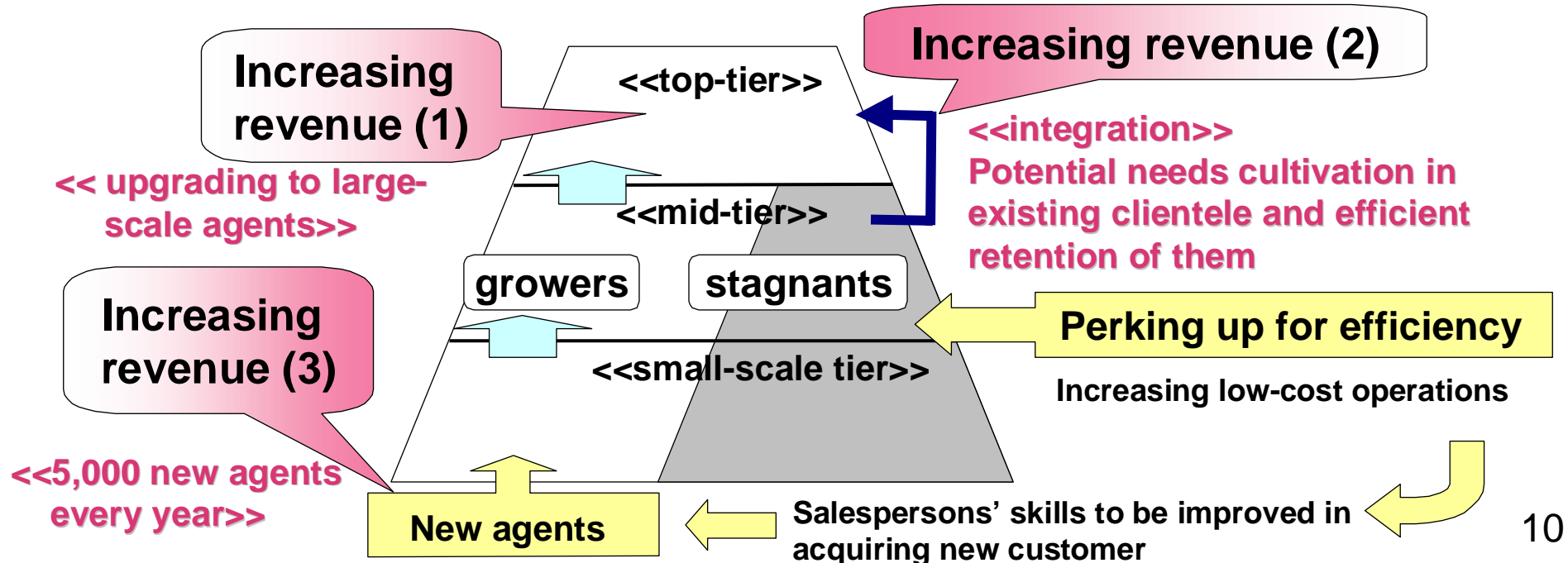
Building up a strong “50,000-agent promotion system”

- New agents to open 5,000 agents every year to increase revenues
- Integrating 15% of agents



Target as of fiscal 2007
50,000 agents
about 75% of fiscal 2003

Constructing a structure for increasing revenues and efficiency



Domestic Non-life: Top-line Increase (3) Leveraging Advantages

Push up top-line by using the group advantages

Net premiums written as top-line

Wholesale market:
“*Creative Project*” launched
(Nationwide campaign in the sub-
markets clustering major clients)

Life insurer’s channel:
reinforced by liaison staff
(Experts dispatched to major offices
of Mitsui Life for non-life promotion)

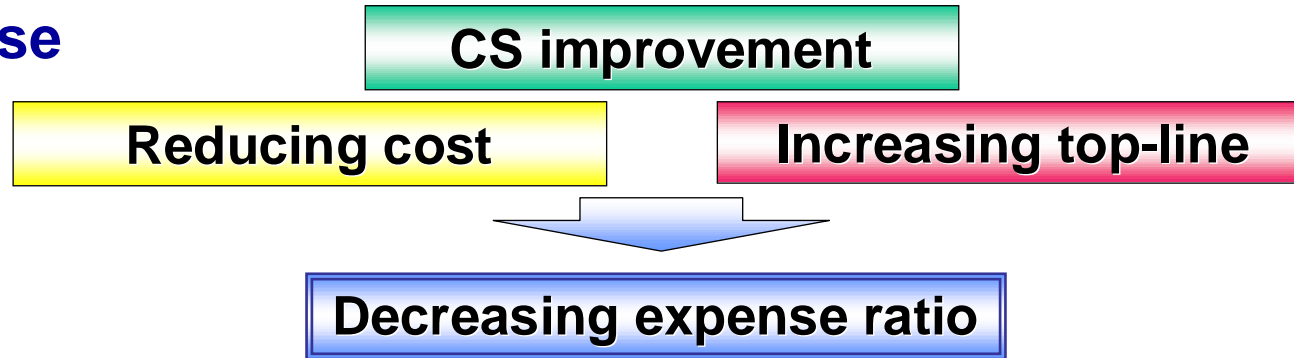
Banking sector channels:
newly set up HQ in charge
(Sales force and product line-up
dedicating the bank OTC channels)

New distribution channels:
Media Channel Dev. Dept.
(New dept. made of the upgraded call centers
targeting workplace groups and cardholders)

Domestic Non-life : Business Process Restructuring for Fiscal 2004

"Business Process Restructuring for Greater Customer Satisfaction"

◆ Purpose



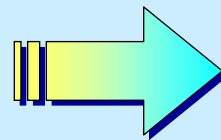
◆ Progress

	Data inputs at agent	Policy delivery	Cashless operations
Fiscal 2002	30%	Average 8 days	50%
Fiscal 2003	45%	6 days	60%
Fiscal 2004 goal	60%	5 days	80%

Development of a new business model

Mobile terminal enabling an agent facing an applicant to complete application quickly by paperless, seal-less and cashless operation

Since 2H FY2003
Introduced to pilot agent
and effects verified



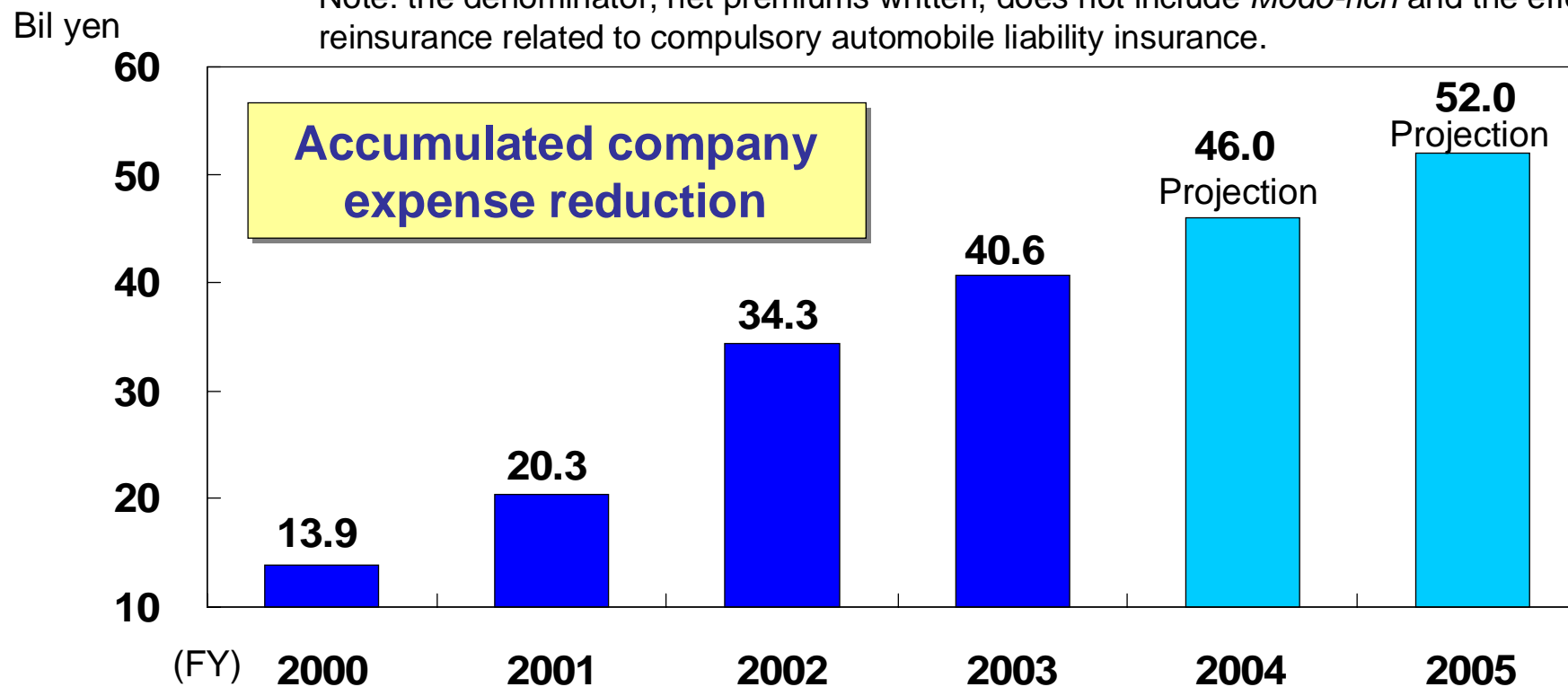
2H FY2004
Starting
full operation

Domestic Non-life : Operating Expense Cut

Ceaseless efforts resulting in improving profitability

Company expense	19.4%	18.7%	17.4%	16.8%	16.2%	15.9%
Agent Comm.	17.8%	17.7%	17.9%	17.8%	17.7%	17.5%
Expense ratio	37.3%	36.4%	35.3%	34.6%	33.9%	33.5%

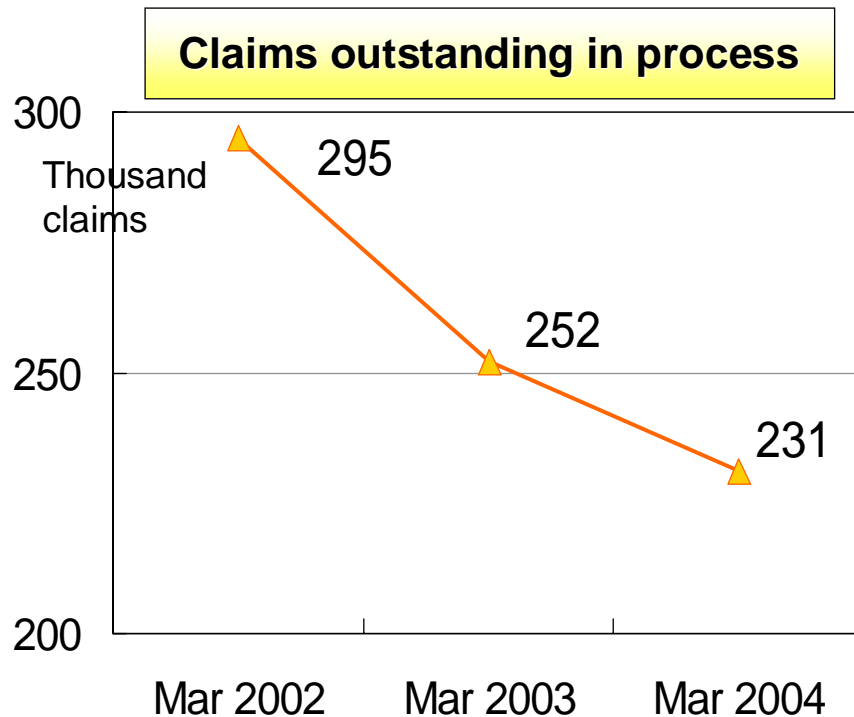
Note: the denominator, net premiums written, does not include *Modo-rich* and the effect of reinsurance related to compulsory automobile liability insurance.



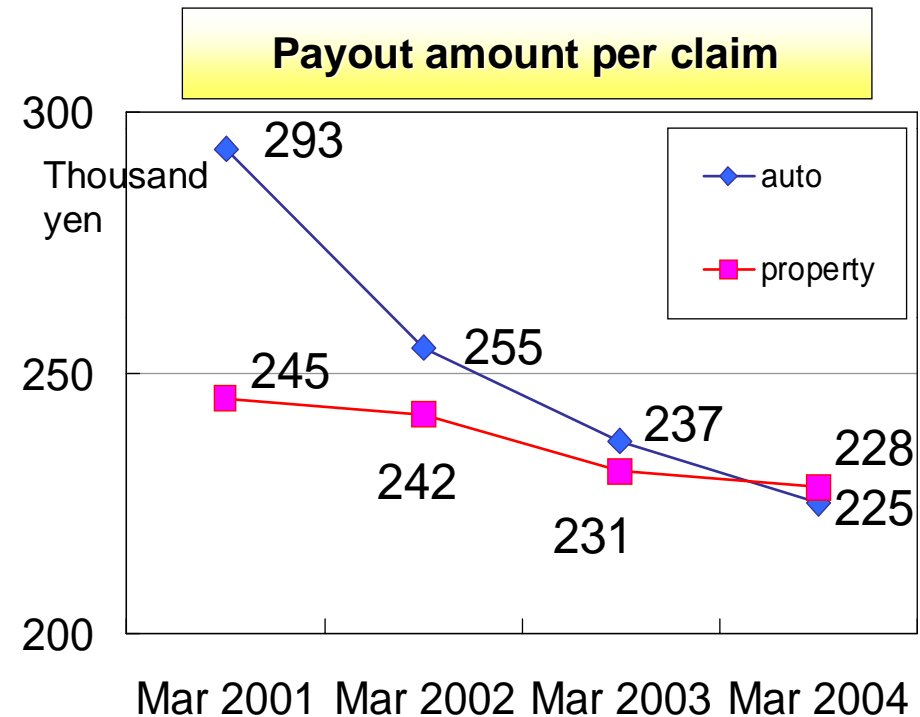
Domestic Non-life : Reduction of Car Accident Losses

◆ Automobile claims handling system **“WITH”**

Quick response to payout claims



Proper payout assessment



◆ More steps ahead, focusing on auto accident losses in fiscal 2004

- “Loss reduction meeting,” with members made of sales and claim handling staff
- Deploying many medical experts
- arming the system with an image transmission function

Domestic Non-life : Advantages and Features in Portfolio Investment (1)

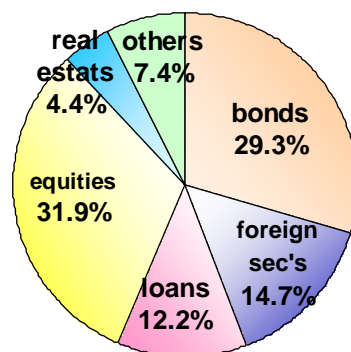
1. Income yield for fiscal 2003 - “V9” achieved -

Interests + dividends received & income yield (bil yen,%)

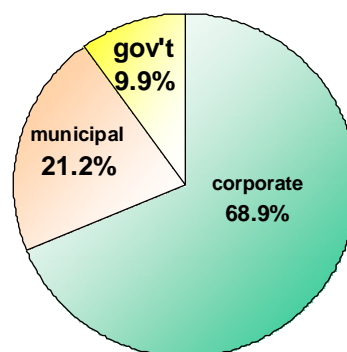
Fiscal	2002		2003	
MSI	116.8	2.37	114.3	2.33
Tokio Marine	116.2	1.78	92.1	1.78
Sompo Japan	72.3	1.90	75.1	1.96

2. Features in investment portfolio

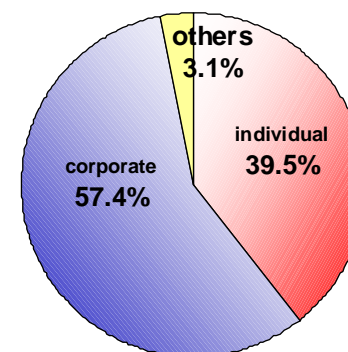
(1) Portfolio by asset



(2) Bond portfolio



(3) Loan portfolio



3. Increasing investment income

	Mar 31, 2003	Mar 31, 2004	Mar 31, 2005 proj.
(1) Individual loans	269.6 bil yen	294.1 bil yen	330.0 bil yen
(2) Alternative investmnet	46.0 bil yen	59.3 bil yen	80.0 bil yen

Balance outstanding

Domestic Non-life : Advantages and Features in Portfolio Investment (2)

4. Strict credit risk control

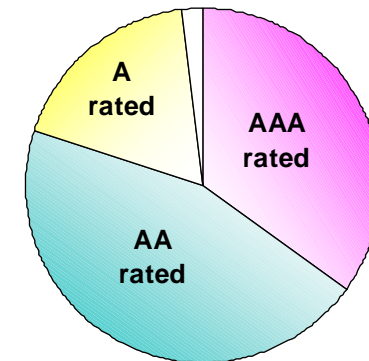
Loan portfolio: bad loans account for 3.8% as of March 2004

Bond portfolio: "A" and higher rated account for 98%

Fiscal	Bad loans (bil yen, %)			
	Mar 2003		Mar 2004	
MSI	32.1	(4.5)	28.2	(3.8)
Tokio Marine	54.6	(8.4)	25.6	(4.6)
Sompo Japan	36.9	(6.0)	22.5	(4.3)

Note: The percentage in parenthesis is bad loan ratio to total loan.

**Bond portfolio:
domestic and foreign**
(as of March 31, 2004)



5. Portfolio benefiting from interest hike overall

positives

greater than

negative

- Increase in interest income from investment
- Decrease in fair value of liabilities for deposits by policyholders



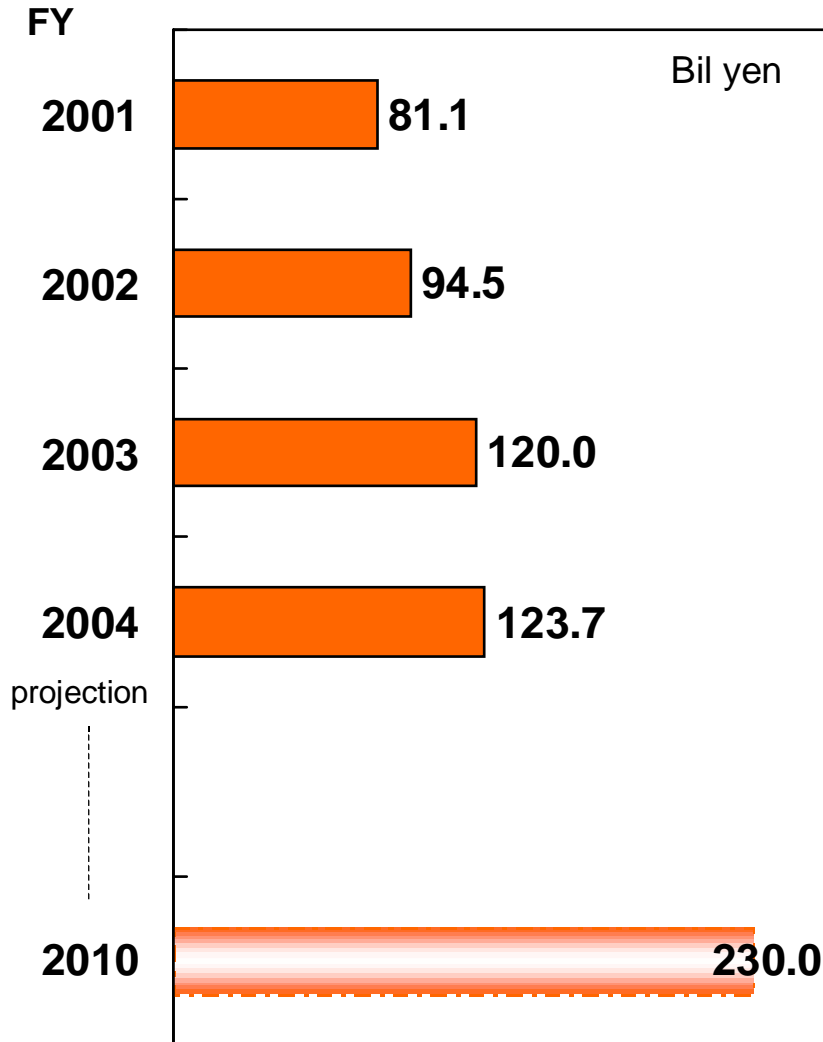
- Decline in market-value of bonds, yet to be fully redeemed on maturity

Overseas : Contributing to consolidated growth and profitability



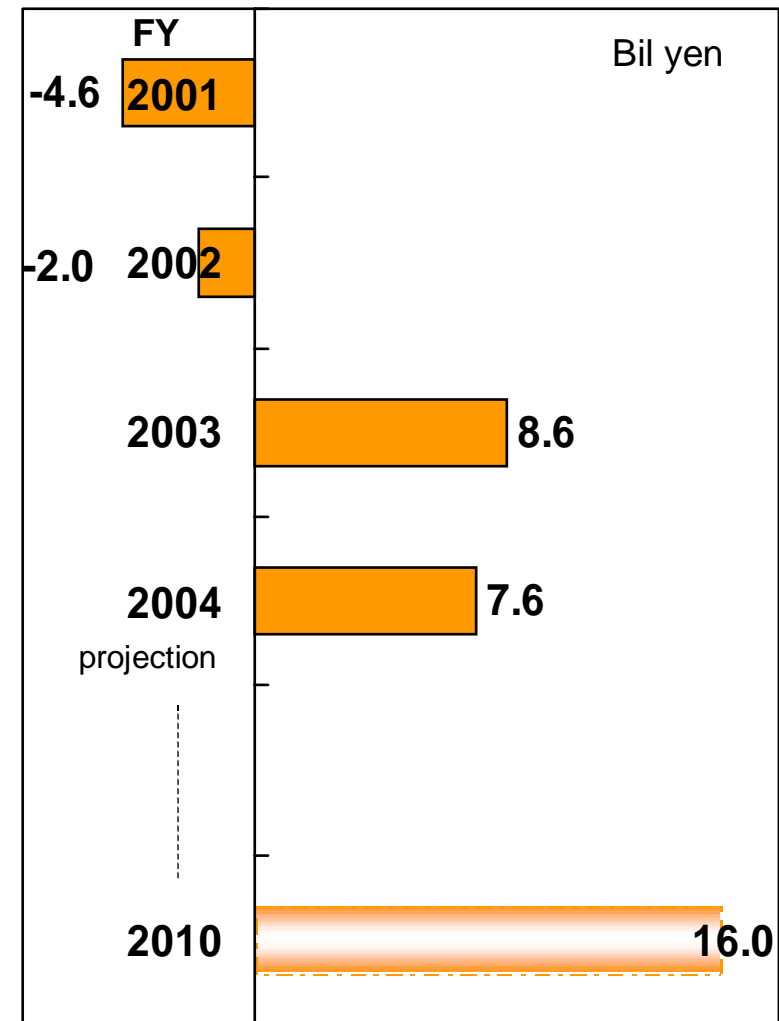
High growth rate

in net premiums written overseas



Net income

increasing in overseas business



Overseas : Focusing on Asian Markets

Investments made in fiscal 2003

Network expanded in Asian markets

- Cholamandalam-MS General Insurance, India: 1.8 bil yen, 26% stake
- Bangkok Life Assurance, Thailand: 0.7 bil yen, 4% stake
- Ayudhya Insurance, Thailand 4.5 bil yen, 24.9% stake
- Asia Insurance (Cambodia), Cambodia 0.1 bil yen, 25% stake

Investment plan

- Awaiting permission to establish a subsidiary in China
- Shanghai Branch turned into black ink in fiscal 2003, sweeping out accumulated deficit

Steady business growth

Results fiscal 2003: Net premiums 26.3 bil yen, up 10% p.a.

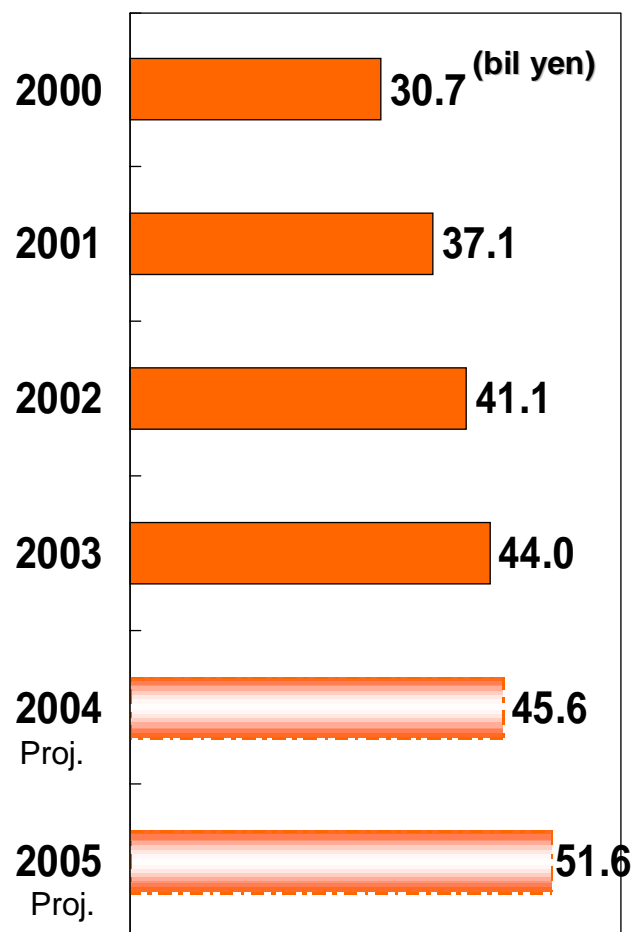
Net income 3.5 bil yen, 1.6 bil yen up

Project. fiscal 2004: Net premiums 28.3 bil yen, net income 3.3 bil yen

Overseas : Increasing Top-line in Asian Markets

High growth rate:

MSI Group's gross premiums



Car dealer network
(Thailand)

Explored dealers nationwide
through jointed sales campaign

Organizing agents
(Singapore)

“Elite Club” made of capable agents
for promotion in the local market

Bank OTC
(Thailand,
the Philippines)

OTC sale of personal line products at
the partner banks of the joint ventures

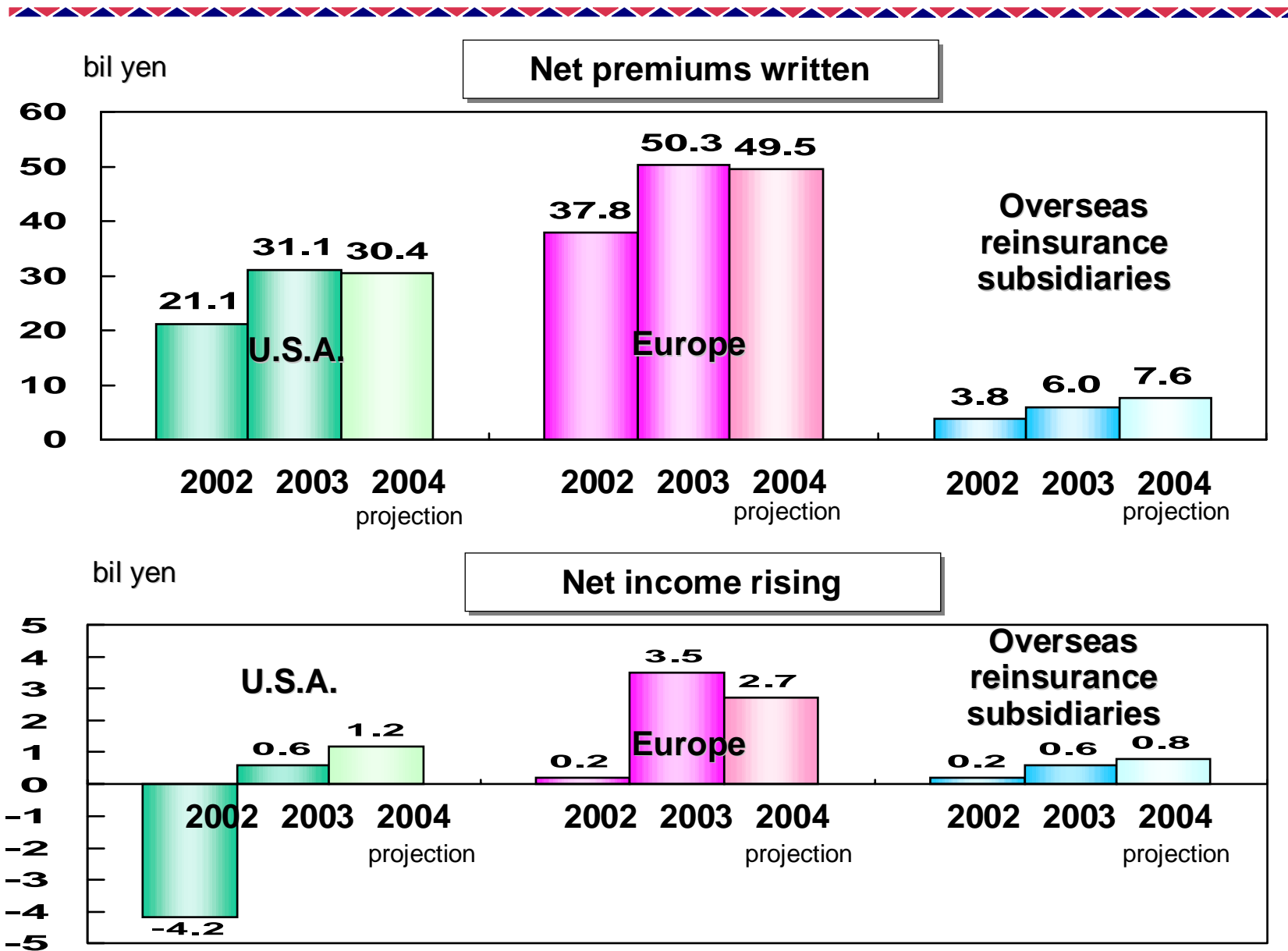
Direct marketing
(Malaysia)

DM campaign of insurance targeting
400,000 *JUSCO* card holders

Original products
(China)

Offering original semi-registered group
accident insurance to Japanese
companies for workers' compensation

Overseas : Operations in the US and Europe, and Reinsurance



Life Insurance : Fostering to a Core Business of the Group



**Mitsui Sumitomo
Kirameki
Life Insurance**
(Compensation-oriented)

Original
product

Promotion
channel
reinforcement

Profitability
enhancement

- “*MS Shushin*,” whole life insurance with market-sensitive interest rate
- Income protection insurance with no-cash surrender value
- 83 life insurance experts to be deployed in the Greater Tokyo and Osaka areas
- Results for fiscal 2003
 Proforma net income: 3.6 bil yen
- Projection net income for fiscal 2010: 10 bil yen

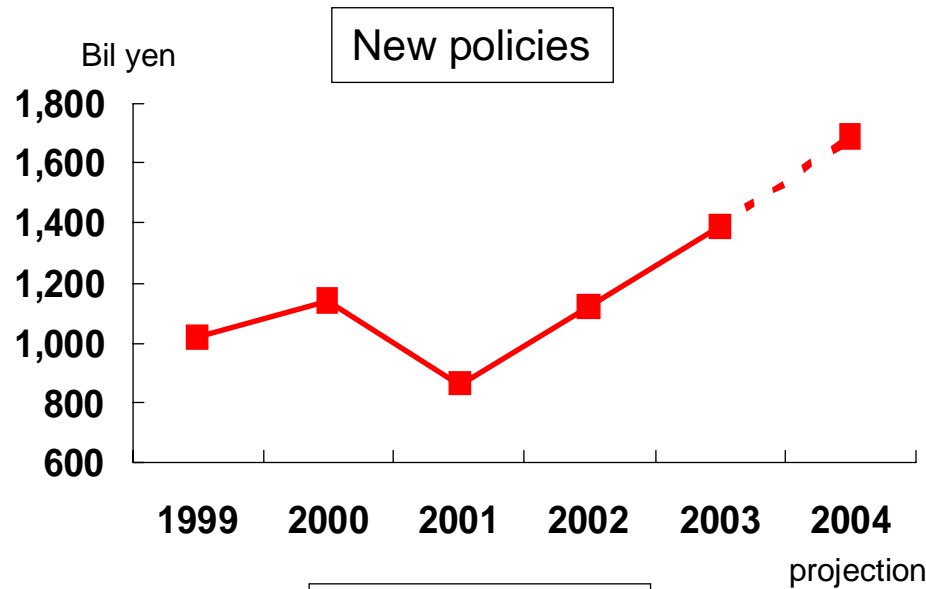
**Mitsui Sumitomo
CitilInsurance
Life Insurance**
**(Asset management
-oriented)**

Rapidly
growing
market

Variable
annuity
insurance

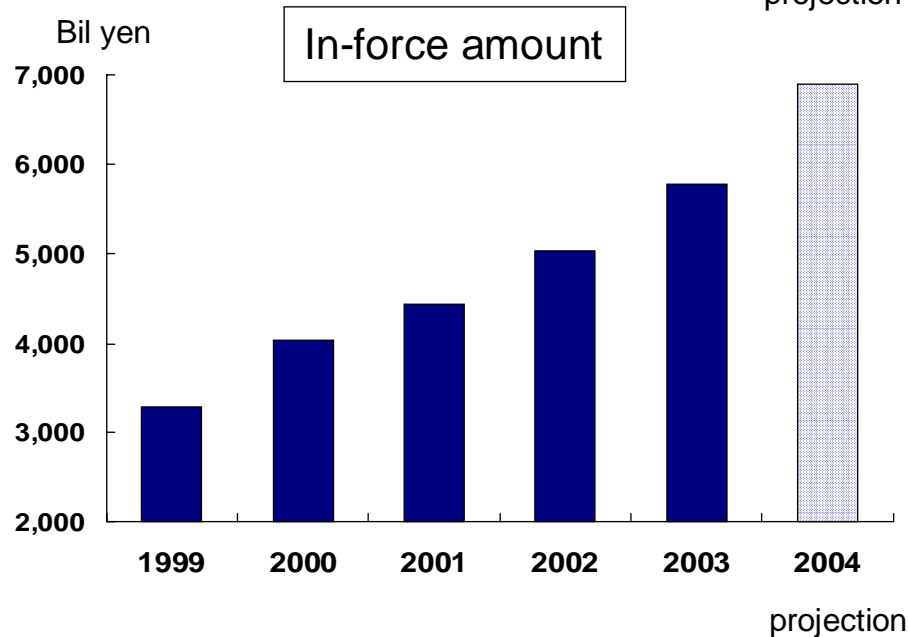
- 25 banks and securities houses as sales channel
- Results for fiscal 2003: sales 426.5 bil yen
- Under US GAAP
 Turned into black ink in fiscal 2003
 Expected to sweep out accumulated deficits in fiscal 2004
- Target net income for fiscal 2010: around 10 bil yen

Life Insurance : MS Kirameki Life's Results



Both scale of business and profitability steadily expanding
 <Results fiscal 2003>

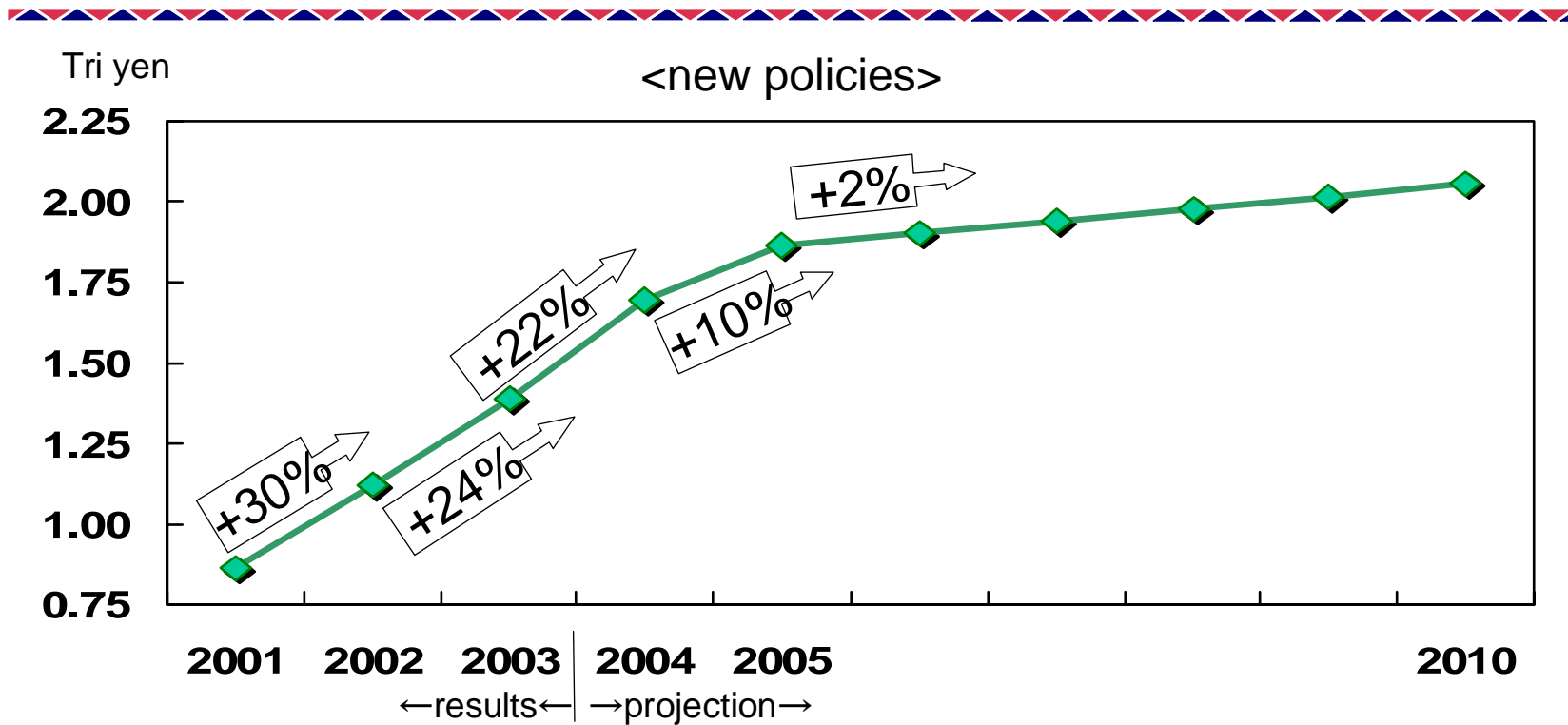
Record-high new policies
 23.6% up against fiscal 2002



Double-digit increase in in-force amount
 14.7% up against fiscal 2002

2.1-bil-yen increase in proforma net income
 From 1.5 bil yen for FY02 to 3.6 bil yen for FY03

Life Insurance : 10-bil-yen Target Net Income at Kirameki in FY2010 (1)



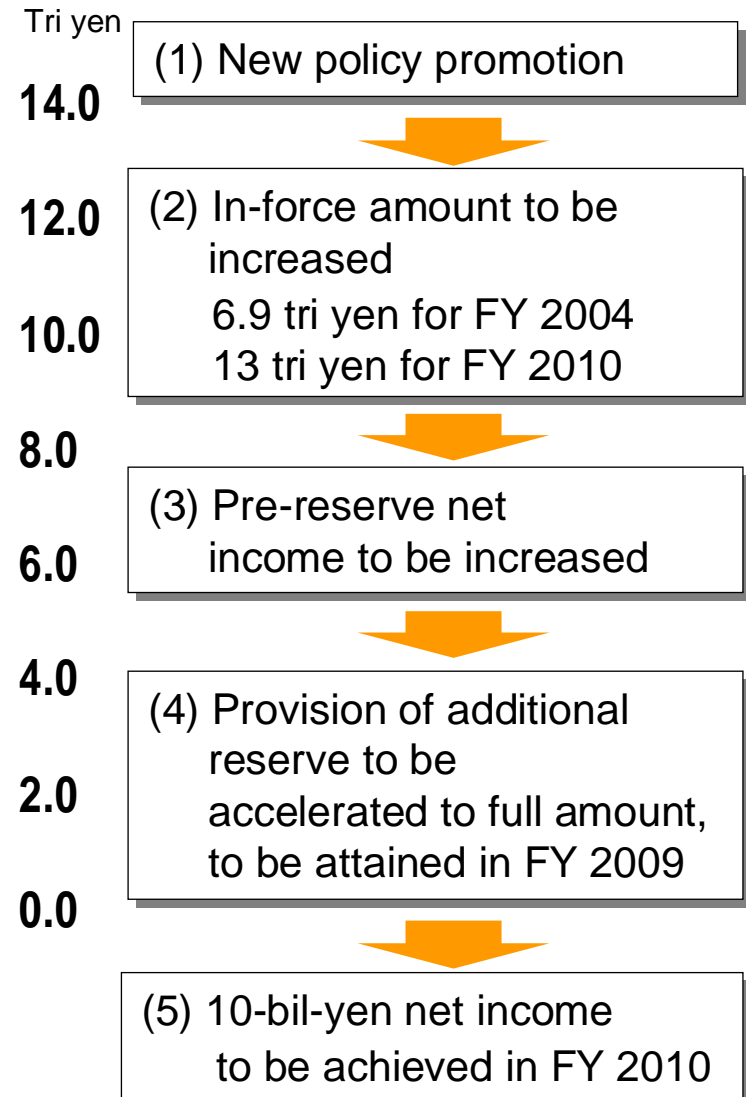
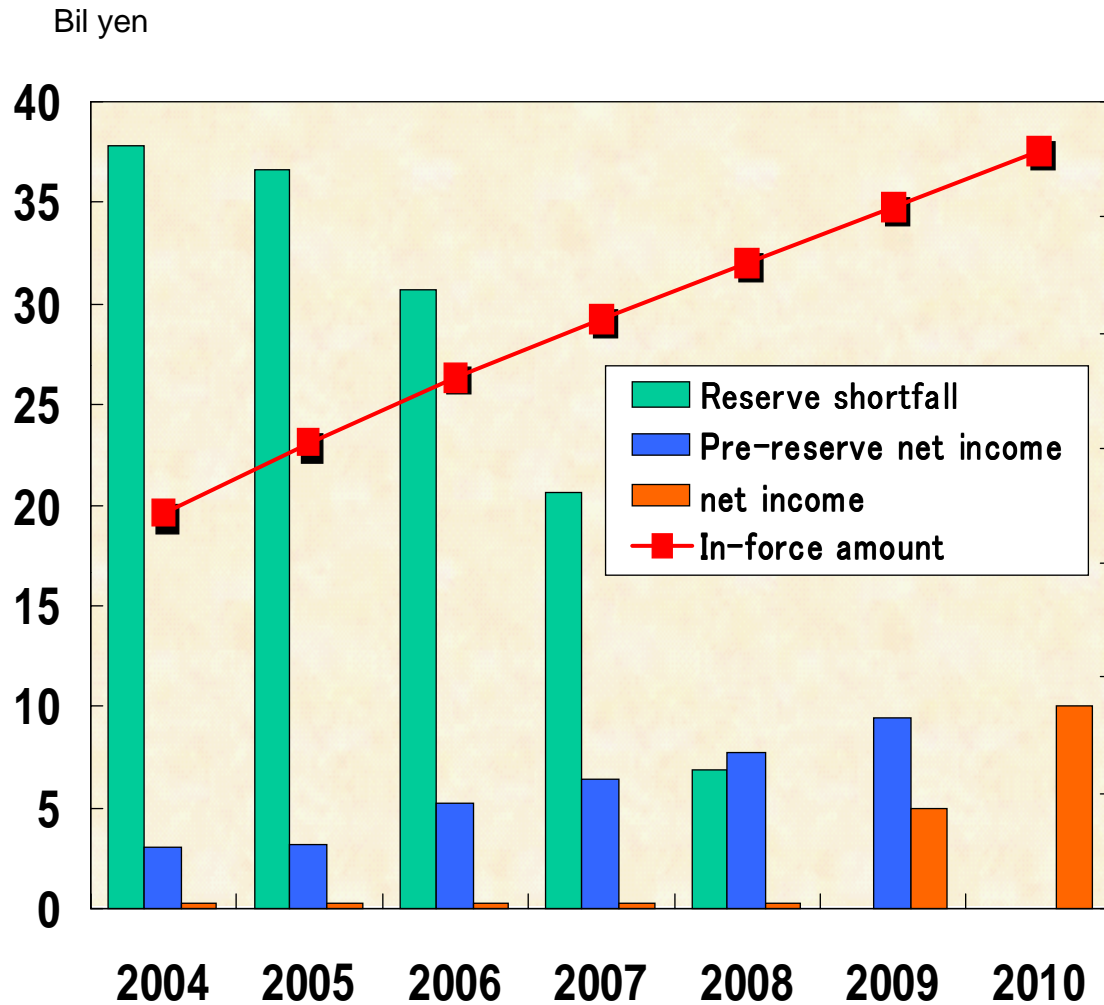
Channel strategy

	Apr 2002	Apr 2003	Oct 2003	May 2004	Projection fiscal 2004
"Loyal Member" agents	550	731	867	984	2,000 agents
Life insurance experts	—	—	63	83	100

Strategic products

Promotion focused on income protection type products

Life Insurance : 10-bil-yen Target Net Income at Kirameki in FY2010 (2)



Life Insurance : Embedded Value of MS Kirameki Life

Embedded value

	Bil yen	
	Mar 2003	Mar 2004
Net asset value	27.2	27.6
In-force business	36.1*	47.3
Total	63.2*	74.9
Incremental ratio	n.m.	18%

*Latest available historical accident ratio is applied for better valuation. The pre-revision In-force business and total values are 22.1 bil yen and 49.3 bil yen, respectively.

Capital at opening 20 bil yen Oct 1996

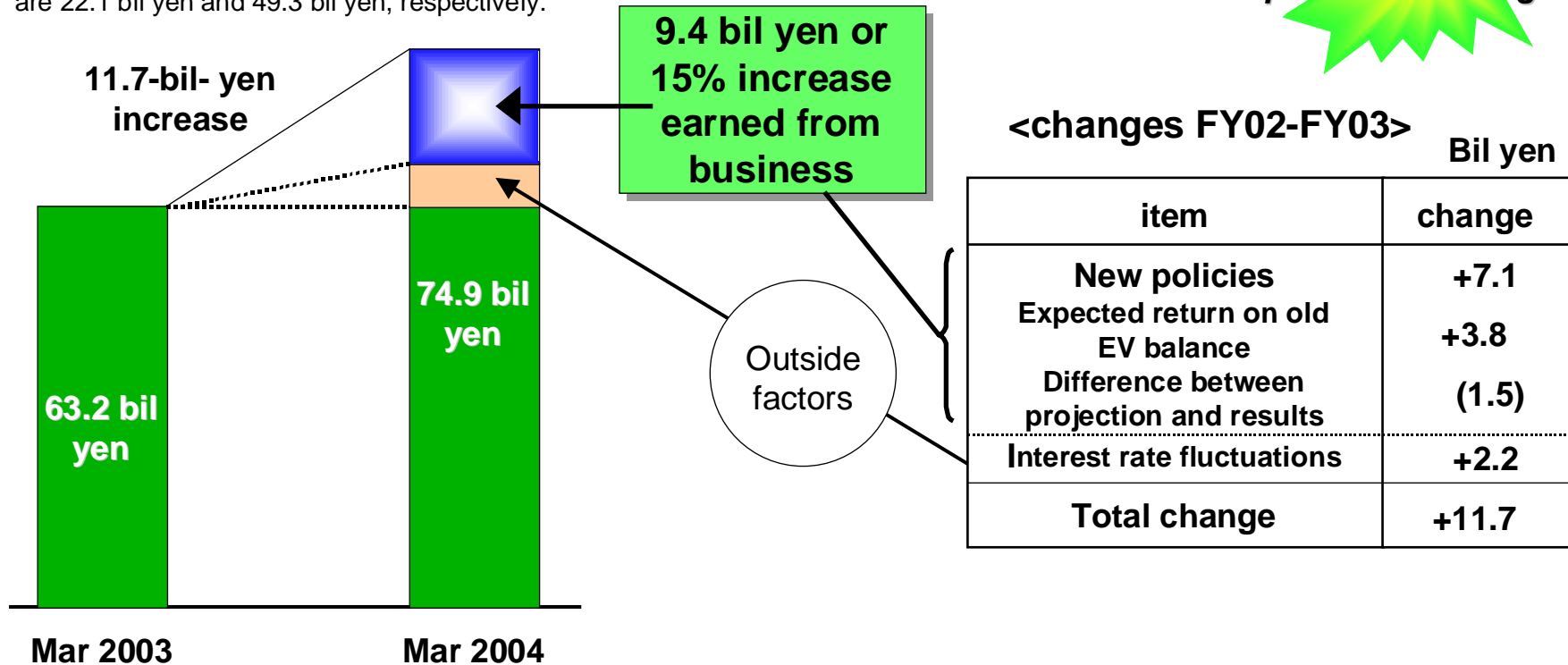
Additional capital injection



10 bil yen Apr 1998

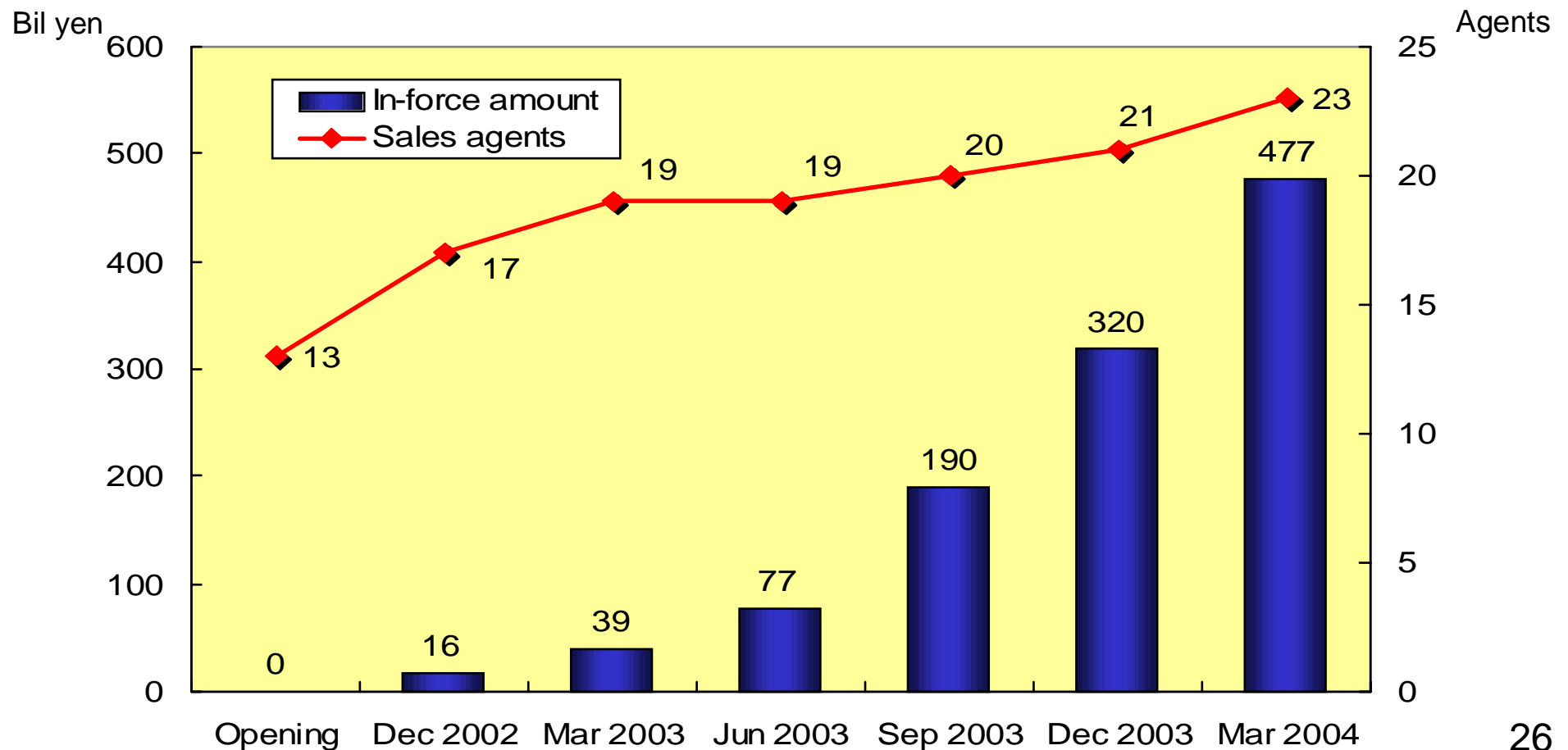
Embedded value: 74.9 bil yen Mar 2004

**Increased at 14%
p.a. on an average**



Life Insurance : Mitsui Sumitomo CitInsurance

Best working collaboration model between Japan and US financial groups
Emerged as No.2 leader in the variable annuity market



Financial Services and Risk-related Business

Providing total risk solution service to customers

Financial Services

Financial guarantee

<outstanding balance: from 1,081.5 bil yen to 995.1 bil yen>

Weather derivatives

<U/W balance: from 165 mil yen to 773 mil yen>

Defined contribution pension plan

<MSI's products adopted by 9 companies to 307 companies>

Venture Capital

<investment balance at investment association:
from 5.1 bil yen to 6.5 bil yen>

Asset Management

<assets under management including investment trusts:
11.8 tri yen>

Investment trusts sold

<client assets: from 36.8 bil yen to 256.7 bil yen>

Risk-related business

Risk consulting

<revenues from third parties:
from 49.7 mil yen to 48.3 mil yen>

Appraisal

<revenue: 70 mil yen>

Overseas assistance

<revenue: from 1.4 bil yen to 2.3 bil yen>

Health care services

<revenue: from 1.2 bil yen to 1.3 bil yen>

Note: The numbers in the parenthesis are those relevant for fiscal 2001 and 2003, respectively, except asset management and appraisal because they are newer businesses.

Capital Strategy : Principles

1. **Increase *core* profits to push up consolidated ROE**

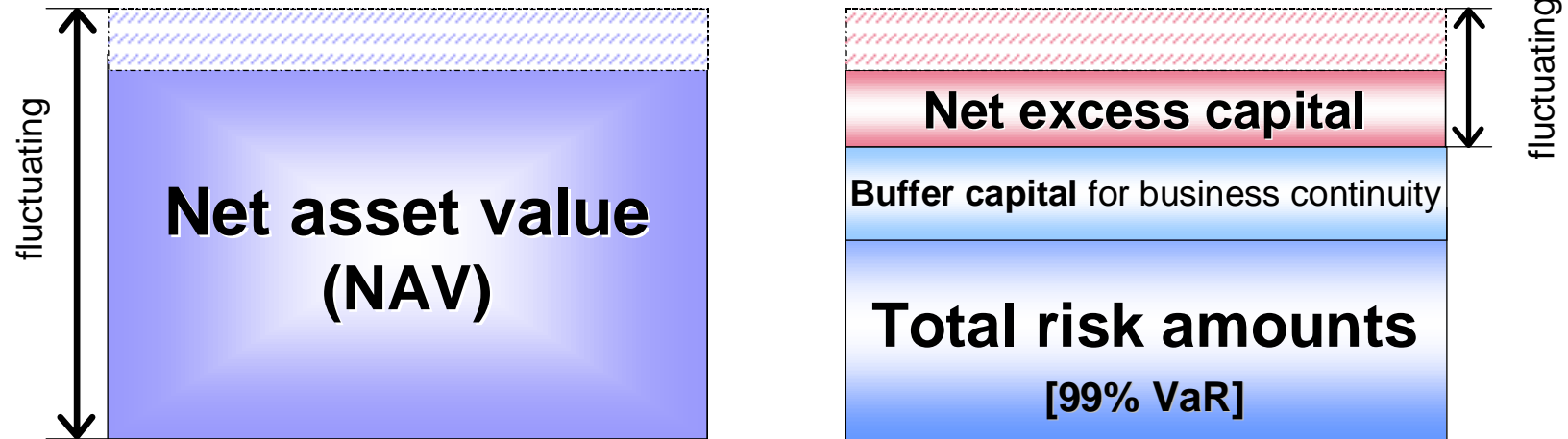
- Domestic :
 - (1) Increase top-line non-life insurance
 - (2) Improve combined ratio
 - (3) Constantly increase net interest and dividend income
- Overseas, life insurance, etc.:
 - Proactively invest in promising business, including via M&A

2. **Distribute *core* profits to shareholders by cash dividends and share-buy-back**

- Cash dividends: increase dividends reflecting *core* profits trend
- Share-buy-back:
 - (1)agilently move dependent on the share price
 - (2) continuously repurchase to 10% of the issued shares in total

Capital strategy : Effective Use of Excess Capital

1. Current position



Buffer capital: Minimum capital to be reserved for business continuity even after an event of incurring a damage equivalent to total risk amounts

2. Actions

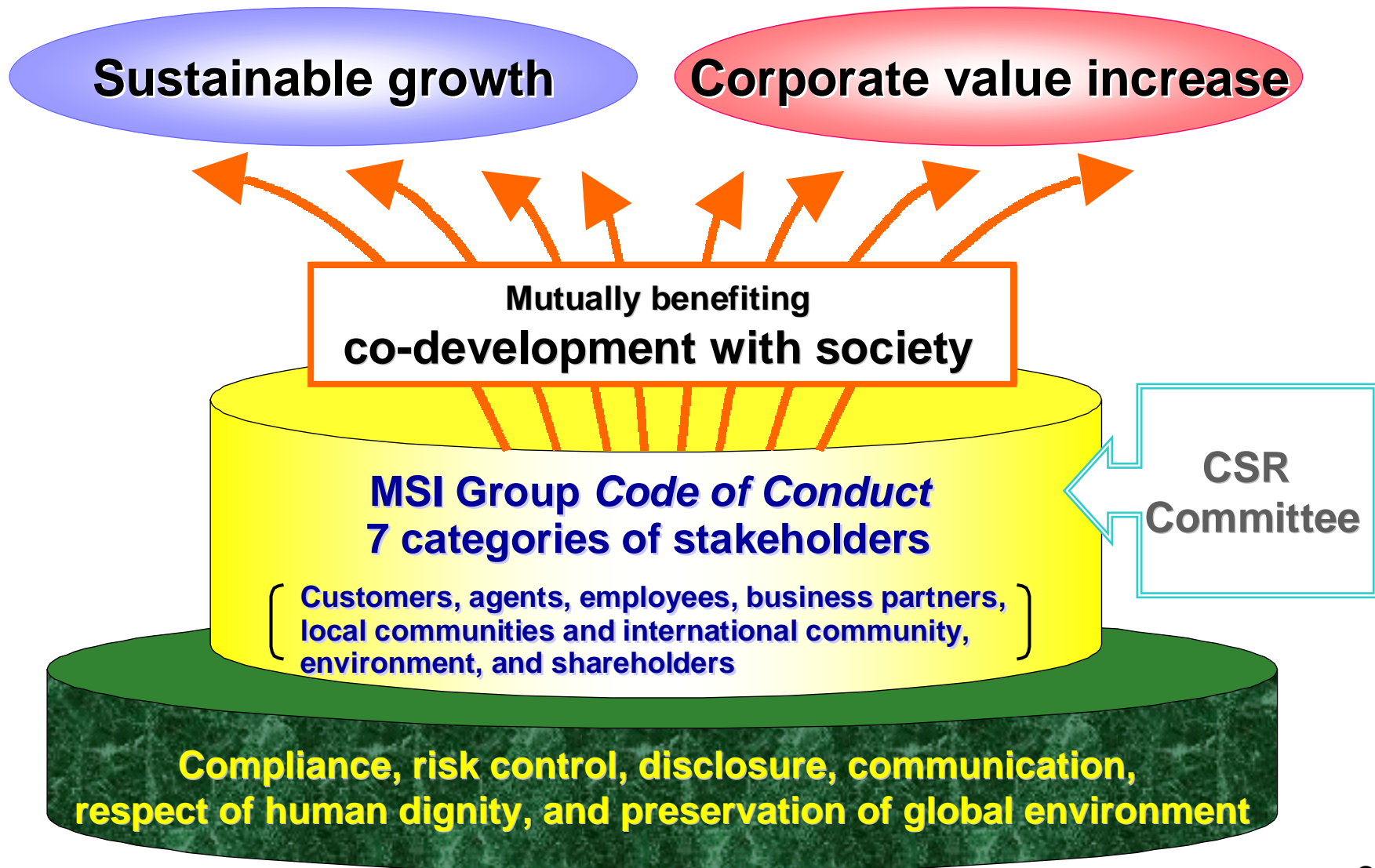
Continuously decrease equity portfolio



Secure sufficient net excess capital → Effective use

- (1) New business investments
- (2) Optimizing asset portfolio
- (3) Share-buy-backs

Actions of Corporate Social Responsibility to Fulfill Mission Statement



Medium-Term Outlook of Business

appendix

Mitsui Sumitomo Insurance Co., Ltd.

(Non-consolidated results / targets)

	FY2000	FY2001	FY2002	FY2003	FY2004 (projection)	MS WAVE II Original target
Net premiums written [bil yen]	1,161.7	1,175.7	1,184.5	1,202.6	1,210.0	1,230.0
Net loss ratio	58.4%	57.8%	57.2%	57.2%	59.1%	59.2%
Net expense ratio	37.3%	36.4%	35.3%	34.6%	33.9%	33.8%
Combined ratio	95.7%	94.2%	92.5%	91.8%	93.0%	93.0%
Net interest and dividend income [bil yen]	54.3	58.0	51.4	54.5	46.0	47.0
Net income [bil yen]	27.1	23.6	32.4	73.0	63.0	52.0
R O E	1.7%	1.7%	2.8%	6.0%	4.5%	4.7%

(Consolidated results / targets)

Consolidated net premiums written [bil yen]	1,185.7	1,223.3	1,253.2	1,292.1	1,303.0	1,317.0
Consolidated net income [bil yen]	29.9	19.0	32.8	77.5	68.0	57.0
Consolidated R O E	1.9%	1.4%	2.8%	6.3%	4.8%	5.1%

(Net income from business other than domestic non-life insurance)

Life insurance business (Proforma net income) [bil yen]	0.3	0.5	1.1	1.9	1.5	2.0
Overseas business [bil yen]	-0.9	-4.8	-0.7	8.6	7.6	6.6
Financial services business [bil yen]	0.5	-0.9	-4.3	0.9	1.1	1.0
Risk-related business [bil yen]	0.1	0.1	0.1	0.0	0.1	0.1
Total [bil yen]	-0.0	-5.1	-3.9	11.4	10.3	9.7

* Amounts are shown after excluding refundable premium of our original automobile insurance "Modo-rich" and the effect of abolition of reinsurance to government related to CALI. (CALI = Compulsory Automobile Liability Insurance)

* Part of "Net income from business other than domestic non-life insurance" is included in the non-consolidated "Net income".

* Proforma net income of life insurance is hypothetical net income before extra reserve for Net level premium method of valuation provided.



Mitsui Sumitomo Insurance

Cautionary Statements

Any statements about Mitsui Sumitomo Insurance Co., Ltd.'s future plans, strategies, and performance contained in this brochure that are not historical facts are meant as, or should be considered as, forward-looking statements. These forward-looking statements are based on the Company's assumptions and opinions in the light of the information currently available to it. The Company wishes to caution readers that a numbers of uncertain factors could cause actual results to differ materially from those discussed in the forward-looking statements. Such factors include, but not limited to, (1) general economic conditions in the Company's markets, (2) competitive conditions in the insurance business, (3) fluctuations of foreign currency exchange rates, and (4) government regulations, including changes in the tax rates.