

**NON-CONSOLIDATED BALANCE SHEET** (As of March 31, 2011)

(Yen in millions)

Item	Amount	Item	Amount
(Assets)		(Liabilities)	
Current Assets	34,843	Current Liabilities	462
Cash deposits and savings	25,995	Accounts payable	235
Accounts receivable	8,032	Corporate tax accrued	8
Deposits from affiliates	601	Consumption tax, etc. accrued	25
Other	213	Deposits	11
		Accrued bonuses for employees	180
Fixed Assets	1,312,207	Other	0
Tangible fixed assets	167		
Buildings	132	Total Liabilities	462
Tools, furniture and fixtures	34		
Investments and other assets	1,312,039	(Net Assets)	
Stock of affiliates	1,312,039	Shareholders' equity	1,346,589
		Common stock	100,000
		Capital surplus	1,196,465
		Additional paid-in capital	729,255
		Other capital surplus	467,210
		Retained earnings	74,909
		Other retained earnings	74,909
		Retained earnings carried forward	74,909
		Treasury stock	-24,785
		Total Net Assets	1,346,589
Total Assets	1,347,051	Total Liabilities and Net Assets	1,347,051

**NON-CONSOLIDATED STATEMENT OF INCOME**

(From: April 1, 2010

To: March 31, 2011)

(Yen in millions)

Item	Amount	
Operating Income		
Dividends paid by affiliates	65,528	
Commissions earned from affiliates	3,615	69,143
Operating Expenses		
Sales and general administrative expenses	3,433	3,433
Operating income		65,710
Non-operating Income		
Interest earned	5	
Interest on refund	7	
Other	0	13
Non-operating Expenses	7	7
Ordinary profit		65,716
Extraordinary losses		
Expenses in connection with business integration	480	
Losses on sales of fixed assets	28	509
Current net income before taxes		65,206
Corporate, residential, and business taxes	3	3
Net income		65,202

**NON-CONSOLIDATED STATEMENT OF CHANGES IN NET ASSETS**

(From: April 1, 2010  
To: March 31, 2011)

(Yen in millions)

Item	Amount
Shareholders' Equity	
Common stock	
Balance as of March 31, 2010	100,000
Balance as of March 31, 2011	100,000
Capital surplus	
Legal capital surplus	
Balance as of March 31, 2010	179,191
Balance as of March 31, 2011	
Increase in connection with statutory share exchange	550,064
Total change this year	550,064
Balance as of March 31, 2011	729,255
Other capital surplus	
Balance as of March 31, 2010	467,210
Change this year	
Disposal of treasury stock	-0
Total change this year	-0
Balance as of March 31, 2011	467,210
Retained Earnings	
Other retained earnings	
Retained earnings carried forward	
Balance as of March 31, 2010	37,702
Change this year	
Dividends of retained earnings	-27,995
Net income for this year	65,202
Total change this year	37,207
Balance as of March 31, 2011	74,909
Treasury Stock	
Balance as of March 31, 2010	-14,687
Change this year	
Acquisition of treasury stock	-10,112
Disposal of treasury stock	14
Total change this year	-10,098
Balance as of March 31, 2011	-24,785
Total Shareholders' Equity	
Balance as of March 31, 2010	769,415
Change this year	
Increase in connection with statutory share exchange	550,064
Dividends of retained earnings	-27,995
Net income	65,202
Acquisition of treasury stock	-10,112
Disposal of treasury stock	13
Total change this year	577,173
Balance as of March 31, 2011	1,346,589

## NON-CONSOLIDATED EXPLANATORY NOTES

### (Notes on Matters Concerning Important Accounting Policies)

1. Standard and method for valuation of securities

Valuation of stock of subsidiaries and affiliates is done at the cost method on a moving average cost basis.

2. Method for depreciation of tangible fixed assets

Depreciation of tangible fixed assets is computed using the declining-balance method, except for buildings (excluding fixtures) for which the straight-line method is applied.

Major useful lives for tangible fixed assets are as follows:

Buildings	8-38 years
Furniture and fixtures	4-20 years

3. Criteria for recording of allowances

The Company provides for an estimated amount payable at the end of the business year for accrued bonuses for employees and executives.

4. Consumption tax accounting

Consumption tax is accounted for under the tax exclusive (*zei nuki*) method.

### (Change in accounting policies)

(Adoption of Accounting Standard for Business Combinations, etc.)

Effective in the fiscal year under review, the Company has adopted the Accounting Standard for Business Combinations (ASBJ Statement No. 21 of December 26, 2008), the Accounting Standard for Business Divestitures (ASBJ Statement No.7, December 26, 2008) and the Guidance on Accounting Standard for Business Combinations and Accounting Standard for Business Divestitures (ASBJ Guidance No.10, December 26, 2008).

### (Notes on Balance Sheet)

1. Accumulated depreciation of tangible fixed assets 40 million yen

2. Guarantee obligations

The Company has entered into agreements to maintain net assets with Mitsui Sumitomo MetLife Insurance Co., Ltd., an affiliate of the Company, in order to provide funds should the net assets of such company fall below a particular level, or should current assets be insufficient for the payment of loans. Mitsui Sumitomo Insurance Co., Ltd. also carries contractual obligations jointly with the Company. Their total liabilities as of March 31, 2011 stood at 3,015,418 million yen (including underwriting funds of 3,003,150 million yen), with total assets of 3,069,708 million yen.

Note that this agreement is not intended to guarantee payment of the liabilities of Mitsui Sumitomo MetLife Insurance Co., Ltd. As of March 31, 2011, net assets of Mitsui Sumitomo MetLife Insurance Co., Ltd. exceeded the specified standard, and there was no insufficiency in current assets.

3. Amounts receivable from and payable to affiliates

Short-term loans receivable	607 million yen
Short-term loans payable	45 million yen

### (Notes on Statement of Income)

Volume of transactions with affiliates	
Volume of operating transactions	
Operating income	69,143 million yen
Operating expenses	406 million yen
Volume of non-operating transactions	3 million yen

**(Notes on Statement of Changes in Net Assets)**

Class and number of treasury shares as of March 31, 2011	
Common Stock	11,379,824 shares

**(Notes on Tax Effect Accounting)**

The primary cause of deferred tax assets is the amount of losses carried forward for tax purposes. Note that because an amount equivalent to the amount of the deferred tax assets is deducted as a valuation allowance, the deferred tax assets are not included in the balance sheet.

**(Notes on Per Share Information)**

Net assets per share	2,165.24 yen
Net income per share	104.48 yen

**(Notes on Business Combination)**

(Business Combination by way of Acquisition)

**Business Integration**

The Company entered into share exchange agreements, on September 30, 2009, with Aioi Insurance Co., Ltd. ("Aioi") and Nissay Dowa General Insurance Co., Ltd. ("NDGI") pursuant to which the Company would become a wholly owning parent company, and consummated the share exchanges, on April 1, 2010, with each of Aioi and NDGI pursuant to the agreements, which had been approved at the extraordinary shareholders meeting held on December 22, 2009. Also on April 1, 2010, the Company changed its corporate name to MS&AD Insurance Group Holdings, Inc.

Further details are described under "Consolidated Explanatory Notes – Consolidated Balance Sheets – 13. – Business Integration."

**Assumption of non-life insurance operations in Malaysia**

On June 18, 2010, Mitsui Sumitomo Insurance Co., Ltd., a subsidiary of the Company, entered into a basic agreement with Hong Leong Financial Group ("Hong Leong Group"), a prominent Malaysian conglomerate, to form a strategic alliance in non-life and life insurance operations. In accordance with this basic agreement, MSIG Insurance (Malaysia) Berhad, a subsidiary of Mitsui Sumitomo Insurance Co., Ltd., assumed the non-life insurance operations of Hong Leong Assurance Berhad, a member of the Hong Leong Group on October 1, 2010.

Further details are described under "Consolidated Explanatory Notes – Consolidated Balance Sheets – 13. – Assumption of non-life insurance operations in Malaysia."

**Transaction under common control**

Merger of Aioi Insurance Co., Ltd. and Nissay Dowa General Insurance Co., Ltd.

Under a merger agreement approved by both companies' shareholders at extraordinary shareholders meetings each held on December 22, 2009, Aioi Insurance Co., Ltd. and Nissay Dowa General Insurance Co., Ltd., subsidiaries of the Company, merged on October 1, 2010, and the name of the merged company was changed to Aioi Nissay Dowa Insurance Co., Ltd.

Further details are described under “Consolidated Explanatory Notes – Consolidated Balance Sheets – 13. – Merger of Aioi Insurance Co., Ltd. and Nissay Dowa General Insurance Co., Ltd.”

**(Other)**

1. Acquisition of additional shares to convert Mitsui Sumitomo MetLife Insurance Co., Ltd. into a subsidiary

In accordance with an agreement to purchase shares from MetLife Worldwide Holdings, Inc., a subsidiary of MetLife, Inc., the Company acquired additional shares in Mitsui Sumitomo MetLife Insurance Co., Ltd. ("Mitsui Sumitomo MetLife"), a joint venture with MetLife on April 1, 2011, thus converting Mitsui Sumitomo MetLife into a wholly owned subsidiary. Also on April 1, 2011, the name of Mitsui Sumitomo MetLife was changed to Mitsui Sumitomo Primary Life Insurance Co., Ltd.

Further details are described under “Consolidated Explanatory Notes – Consolidated Balance Sheets – 15.(1) – Acquisition of additional shares to convert Mitsui Sumitomo MetLife Insurance Co., Ltd. into a subsidiary”

2. Strategic equity alliance with major life insurance company in Indonesia

Mitsui Sumitomo Insurance Co., Ltd., a subsidiary of the Company, entered into an agreement on May 2, 2011 to form a strategic equity alliance with PT Asuransi Jiwa Sinarmas (“Sinarmas Life”), which is part of the Sinar Mas Group, Indonesia's largest business conglomerate.

Further details are described under “Consolidated Explanatory Notes – Consolidated Balance Sheets – 15.(2) – Strategic equity alliance with major life insurance company in Indonesia”