

## **Audit Report by Accounting Auditor concerning Consolidated Financial Statements**

### **Audit Report by Independent Auditor**

May 17, 2011  
The Board of Directors  
MS&AD Insurance Group Holdings, Inc.

KPMG AZSA LLC

Kimitaka Mori (Seal)  
Designated and Engagement Partner  
Certified Public Accountant

Ikuo Hirakuri (Seal)  
Designated and Engagement Partner  
Certified Public Accountant

Yoshiki Hisano (Seal)  
Designated and Engagement Partner  
Certified Public Accountant

We, the auditors, under the provisions of Article 444, Paragraph 4, of the Companies Act, have audited of the consolidated financial statements for MS&AD Insurance Group Holdings Inc., namely, the consolidated balance sheet, consolidated statement of income, consolidated statement of changes in net assets and consolidated explanatory notes for the consolidated fiscal year from April 1, 2010 through March 31, 2011. The preparation of these consolidated financial statements is the responsibility of the Company's management. Our responsibility is to independently express an opinion on these consolidated financial statements based on our audits.

We, the auditors, have conducted the audit in accordance with auditing standards that are generally accepted in Japan. Those standards require that we plan and perform the audit to obtain reasonable assurances as to whether the consolidated financial statements are free of material misrepresentation. An audit includes, on a test basis, evidence supporting the amounts and disclosures in financial statements. An audit also includes an assessment of the accounting principles used, method of their application and significant estimates made by Management, as well as an evaluation of the overall presentation of consolidated financial statements. We believe that our audit provides a reasonable basis for our opinion.

In our opinion, the consolidated financial statements referred to above present fairly, in all material respects, the consolidated financial position and operating results of MS&AD Insurance Group Holdings and the consolidated subsidiary companies composing the group for the year ended in the consolidated financial statements, in conformity with accounting principles that are generally accepted in Japan.

There exists no interest between the Company and our firm or engagement partners that must be cited according to the regulations of the Certified Public Accountants Act.

**Audit Report by Accounting Auditor**

**Audit Report by Independent Auditor**

May 17, 2011  
The Board of Directors  
MS&AD Insurance Group Holdings, Inc.

KPMG AZSA LLC

Kimitaka Mori (Seal)  
Designated and Engagement Partner  
Certified Public Accountant

Ikuo Hirakuri (Seal)  
Designated and Engagement Partner  
Certified Public Accountant

Yoshiki Hisano (Seal)  
Designated and Engagement Partner  
Certified Public Accountant

We, the auditors, under the provisions of Article 436, Paragraph 2(1) of the Companies Act, have audited the financial statements for MS&AD Insurance Group Holdings Inc., namely the non-consolidated balance sheet, non-consolidated statement of income, non-consolidated statement of changes in net assets and non-consolidated explanatory notes, and the supplementary schedules for the third fiscal year of operations from April 1, 2010 until March 31, 2011. The preparation of these financial statements and the supplementary schedules is the responsibility of the Company's management. Our responsibility is to independently express an opinion on these financial statements based on our audit.

We, the auditors, have conducted the audit in accordance with auditing standards that are generally accepted in Japan. Those standards require that we plan and perform the audit to obtain reasonable assurances as to whether the financial reports and the attached particulars are free of material misrepresentation. An audit includes, on a test basis, evidence supporting the amounts and disclosures in financial reports and the attached particulars. An audit also includes an assessment of the accounting principles used, method of their application and significant estimates made by Management, as well as an evaluation of the overall presentation of financial statements and the supplementary schedules. We believe that our audits provide a reasonable basis for our opinion.

In our opinion, the financial statements and the supplementary schedules referred to above represent fairly, in all material respects, the financial position and operating results of Mitsui Sumitomo Insurance Group Holdings Inc. for the year ended in the financial statements and the supplementary schedules, in conformity with accounting principles that are generally accepted in Japan.

There exists no interest between the Company and the auditor or managing partners that must be cited according to the regulations of the Certified Public Accountants Act.

## **Audit Report by Board of Corporate Auditors**

### **Audit Report of Board of Corporate Auditors**

The Corporate Auditors hereby report as set out below concerning the Directors' performance of their duties during the third fiscal year beginning April 1, 2010 and ending March 31, 2011, upon deliberations based on the audit reports prepared by each of the Corporate Auditors.

#### **1. Method and Content of Audit conducted by Corporate Auditors and Board of Corporate Auditors**

The Board of Corporate Auditors formulated audit policies, audit plans and other relevant matters regarding audit, received reports from each of the Corporate Auditors regarding the progress and the results of their audit, received reports from the Representative Directors and the Accounting Auditor regarding the performance of their respective duties, and requested further explanation as necessary.

In conformity with standards of audit by Corporate Auditors adopted by the Board of Corporate Auditors, and in accordance with the audit policies and audit plans, each of the Corporate Auditors communicated with Directors, Executive Officers, internal audit division, and other employees and thus collected information and maintained the audit environment. We attended Board of Directors meetings and other important meetings, received reports from Directors, Executive Officers and other employees concerning performance of their duties, obtained explanation as necessary, examined important documents and inspected the operations and financial affairs of the company. Also, as concerns the resolutions of the Board of Directors to establish such systems that ensure directors and employees carry out their duties in accordance with law and the Company's Articles of Incorporation and other systems to ensure appropriateness of the Company's operations as provided by Article 100, Sections 1 and 3 of the Ordinance for Enforcement of Companies Act (internal control systems) and the systems established under such resolutions, Corporate Auditors each periodically received reports from Directors, Executive officers and employees, obtained explanation as necessary and expressed opinions concerning the status of the systems. We received reports from Directors and the Accounting Auditor, KPMG AZSA LLC, regarding assessment and audit of the internal control over financial reporting, and obtained explanation as necessary. With respect to subsidiaries, we communicated and exchanged information with directors and corporate auditors of subsidiaries, and obtained reports regarding their operations as necessary. Through the foregoing methods, we reviewed the Business Reports and the supplementary schedules thereto for the fiscal year under review.

We further monitored and examined as to whether the Accounting Auditor maintain their independence and conduct audit in an appropriate manner, as well as received reports concerning the performance of their duties and obtained explanation as necessary from the Accounting Auditor. We also received notice from the Accounting Auditor that they have in place "a system to ensure performance of duties in an appropriate manner" (matters provided for by each item of Article 131 of the Corporate Accounting Regulations) in accordance with the "Quality Control Standards for Audits" (Business Accounting Council, October 28, 2005) and other applicable standards, and obtained explanation as necessary. On the basis of the foregoing methods, we have reviewed the consolidated financial statements and financial statements and the supplementary schedules thereto for the fiscal year under review.

#### **2. Audit Results**

##### **(1) Results of Audit of Business Reports**

i. We conclude that business reports and the supplementary schedules thereto fairly represent the status of the Company in accordance with applicable laws and regulations and the Articles of Incorporation of the Company.

ii. We find no misconduct or material fact constituting a violation of any laws or regulations or the Articles of Incorporation of the Company in connection with the Directors' performance of their duties.

iii. We conclude that the resolutions adopted by the Board of Directors concerning the internal control systems (including internal control over financial reporting) are appropriate with respect to the internal controls system. We find nothing to be mentioned with respect to the description on the Business Reports and the Directors' performance of their duties concerning the internal control systems.

(2) Results of Audit of Consolidated Financial Statements

We conclude that the methods of audit used and the results of audit reached by the Accounting Auditor, KPMG AZSA LLC are appropriate.

(3) Results of Audit of Financial Statements and Supplementary Schedules thereto

We conclude that the methods of audit used and the results of audit reached by the Accounting Auditor, KPMG AZSA LLC are appropriate.

May 18, 2011

Board of Corporate Auditors, MS&AD Insurance Group Holdings, Inc.

Takashi Yamashita, Full-time Corporate Auditor	_____	Seal
Masahiko Oji, Full-time Corporate Auditor	_____	Seal
Sosuke Yasuda, Corporate Auditor	_____	Seal
Kuniaki Nomura, Corporate Auditor	_____	Seal
Hiroyuki Tezuka, Corporate Auditor	_____	Seal

Note: Corporate Auditors Sosuke Yasuda, Kuniaki Nomura and Hiroyuki Tezuka are each an outside corporate auditor as provided for by Article 2, Item 16 and Article 335, Paragraph 3 of the Companies Act.

- End -