



Mitsui Sumitomo Insurance Group

The First

**Informational
Meeting**

in Fiscal 2005

June 2, 2005

Mitsui Sumitomo Insurance Co.,Ltd.

MS Wave II: Performance Results (1)

(No.1 in Growth and Profitability Strategy)

Results for 5 performance targets

	[position target]	[FY2002]	[FY2003]	[FY2004]
(1) Growth rate of net premiums written from domestic non-life insurance	1st	3rd	1st	1st
(1) Consolidated net premiums written from overall non-life insurance underwriting	2nd	3rd	2nd	2nd
(2) Amount of life insurance in-force among subsidiaries of non-life insurers (gap behind the 2nd in bil yen)	2nd	3rd (550)	3rd (490)	3rd (100)
(3) Combined ratio	1st	2nd	2nd	2nd
(4) Rate of investment return	1st	1st	1st	1st

MS Wave II: Performance Results (2)

(management performance indicators for domestic non-life)



[:achieved, : almost achieved, × :not achieved]

<non-consolidated>	<targets>		<results>	<performance assessment> (Natural disasters included / excluded)	
Net premiums written	1,230 bil yen	→	1,219.4 bil yen	△	△
Expense ratio	33.8%	→	33.7%	○	○
Loss ratio	59.2%	→	64.5% (57.9% after natural disasters adjusted)	×	○
Combined ratio	93.0%	→	98.2% (91.6% after natural disasters adjusted)	×	○
Net interest and dividend income	47 bil yen	→	51.9 bil yen	○	○
Net income	52 bil yen	→	60.8 bil yen	○	○
<consolidated>					
Net premiums written	1,317 bil yen	→	1,312.4 bil yen	△	△
Net income	57 bil yen	→	65.7 bil yen	○	○
ROE	5.1%	→	4.6% (6.0% after natural disasters adjusted)	×	○

Note: The effects of our original automobile insurance "Modo-rich" and the effect from the abolished governmental reinsurance of CALL are neutralized.

MS Wave II: Performance Results (3)

(management performance indicators for other than domestic non-life)



[○ :achieved, × :not achieved]

<targets>

<results>

⟨ performance assessment ⟩

Life insurance

In-force amount

6,900.0 bil yen

6,854.6 bil yen

○

Pro forma profit*

2.0 bil yen

2.3 bil yen

○

Overseas

Net income

6.6 bil yen

5.1 bil yen

×

Financial services

Net income

1.0 bil yen

1.6 bil yen

○

Risk related

Net income

0.1 bil yen

-0.0 bil yen

×

*Net income before the provision of additional policy reserve for standard underwriting reserve at MS Kirameki Life Insurance

“Challenge 10” and its Long-term Vision

Maximize group core profit through expansion in 5 major businesses

< Fiscal 2003 results >

Group core profit: 64 bil yen

Group core profit

(all figures are on an after tax basis)

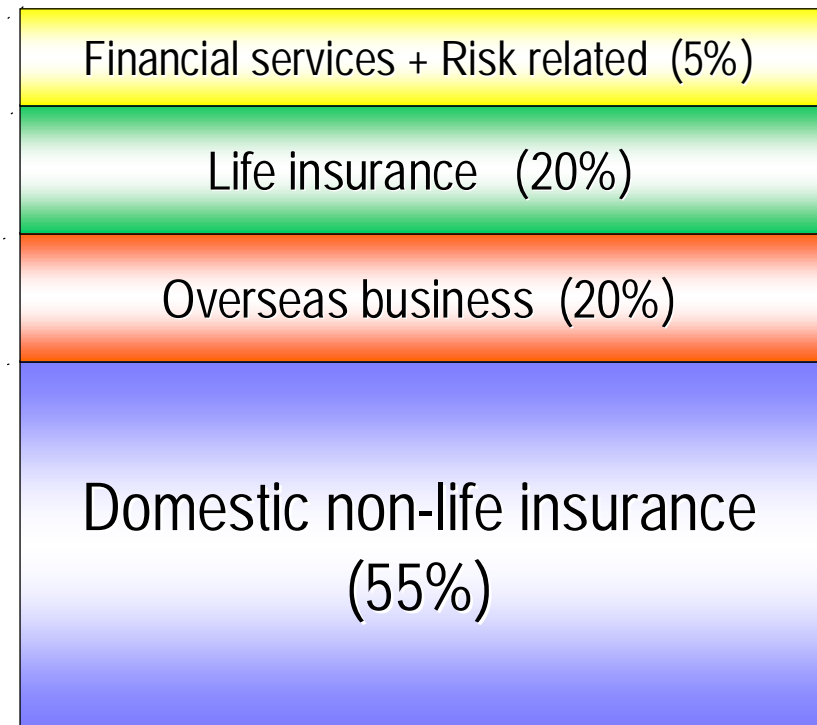
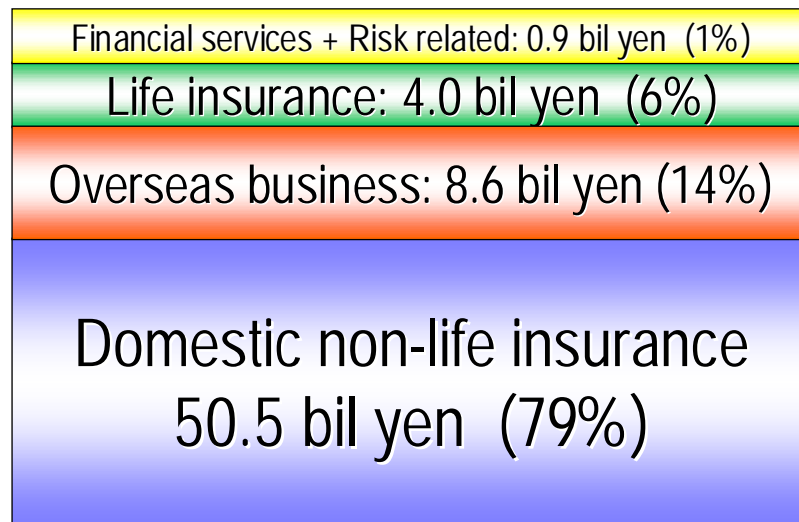
- = consolidated net income - net capital gain/ losses on stocks
- net revaluation gain/ losses on credit derivatives – other special items
- consolidated net income of life insurance subsidiaries
- + net income before the provision of additional policy reserve for standard underwriting reserve at MS Kirameki Life
- + equity in earnings of annuity insurance subsidiary under the USGAAP (+ others)

< Fiscal 2010 planned >

Group core profit: 100 to 120 bil yen

Assumption

Nikkei Average 12,500 yen
 JPY/USD forex rate 110yen/\$
 10-year JGB yield 2.30%



Challenge 10: Key Words (1)

< Seven major business strategy targets >

	[Market position target]		[Fiscal 2003 results]
1. Amount of increase in consolidated net premiums written	1st		1st
2. Non-consolidated net premiums written	2nd		3rd
3. Overseas gross premiums and net income	1st	Gross prem.	1st
		Net income	2nd
4. Net income* among non-life insurer's life insurance subsidiaries (*MS Kirameki Life + Annuity insurance subsidiary)	1st		2nd
5. Combined ratio	1st		2nd
6. Rate of investment return	1st		1st
7. Consolidated ROE	7%		5.2%

Challenge 10: Key Words (2)



3 innovations

“Marketing , claims handling service and operational innovations”

**Human resource, organizational, and personnel systems
based on Group strategies**

**Corporate quality set with CSR as a guiding principle,
focusing on
“enhancement of customer satisfaction, capital policy,
risk management and compliance, and corporate governance”**

Challenge 10 Stage I : Performance Targets (1)



Non-consolidated

Net premiums written	1,340.0 bil yen
(automobile insurance)	570.7 bil yen)
Combined ratio	91.8%
Loss ratio	61.6%
Expense ratio	30.2%
Net interest and dividend income	52.0 bil yen
Net income	68.5 bil yen

Consolidated

Net premiums written	1,484 bil yen
Group core profit	84 bil yen
Group ROE	5.6%

Note: The effect from the abolished governmental reinsurance of CALI is taken into account of the calculation, but the fund of Modo-rich insurance is not.

Challenge 10 Stage I : Performance Targets (2)



Overseas business	Core profit	10.0 bil yen
Life insurance	In-force amount	9,020.0 bil yen
	Core profit	12.5 bil yen
Financial services	Core profit	1.7 bil yen
Risk related business	Core profit	0.1 bil yen

Notes:

*Core profit of overseas operations: Profit from overseas departments on a non-consolidated basis plus net income of consolidated overseas subsidiaries and affiliates, plus profits of non-consolidated overseas Group companies.

*Core profit of the life insurance business: Profit before the standard policy reserve increase of MS Kirameki Life Insurance plus equity in earnings under USGAAP of Mitsui Sumitomo CitilInsurance Life Insurance.

*Core profit of the financial services business: Profit of financial service businesses on a non-consolidated basis, plus net income of consolidated subsidiaries and affiliates.

*Core profit of risk-related business: Profits of non-consolidated Group companies engaged in risk-related businesses.

Top-line Actions (1) Products (automobile)

Expand family-type MOST line-up

ワンランク上質な自動車保険

MOST モスト
ファーストクラス

“First-Class” MOST
to be launched
in Aug 2005

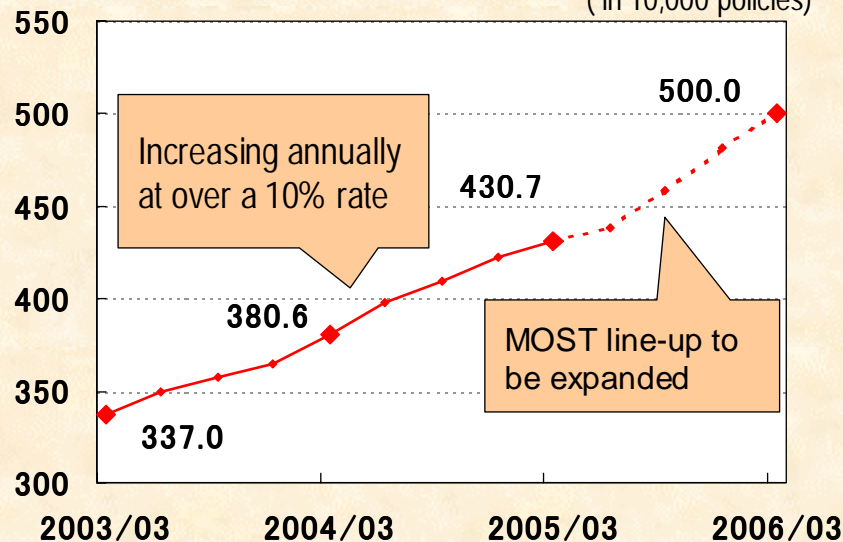


Family-type

“Light Plan”
MOST

To be launched
in Aug 2005

Number of policies of family-type MOST written
(in 10,000 policies)



Long-term products

NEW 子供宝くちろる自動車保険

Long-term
Modo-rich
launched in Apr 2005

MOST
“Long”
to be launched
this autumn

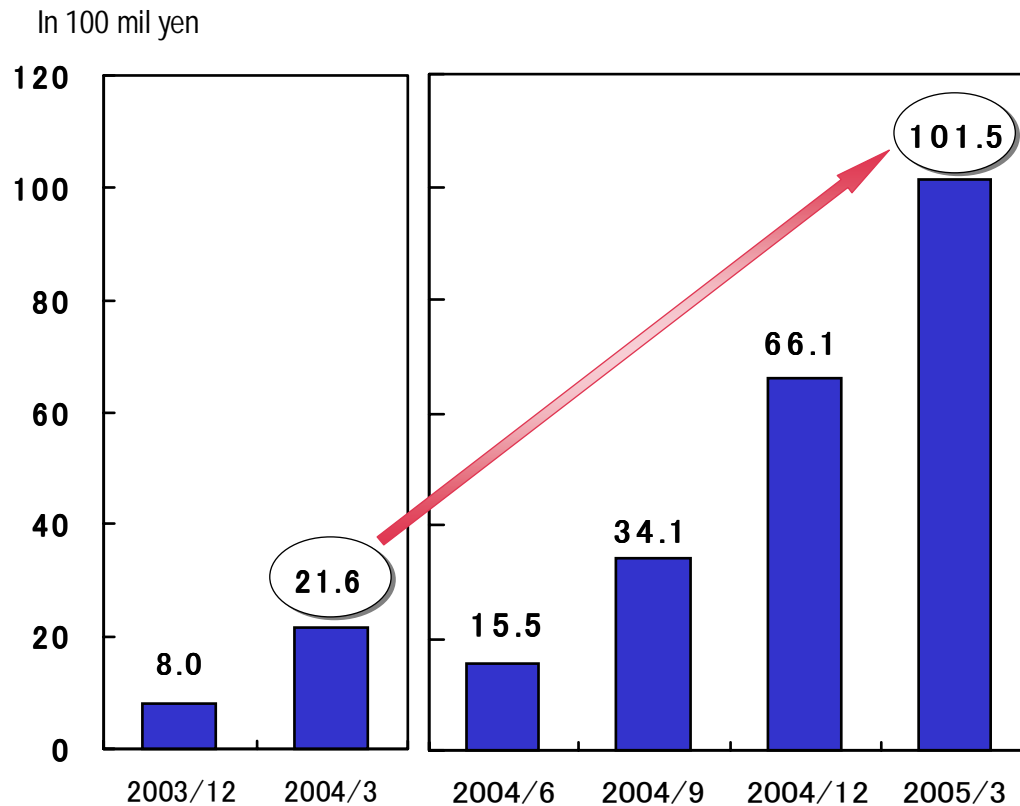
Top-line Actions (2) Products

(ViV Shushin / Home Pika-ichi)



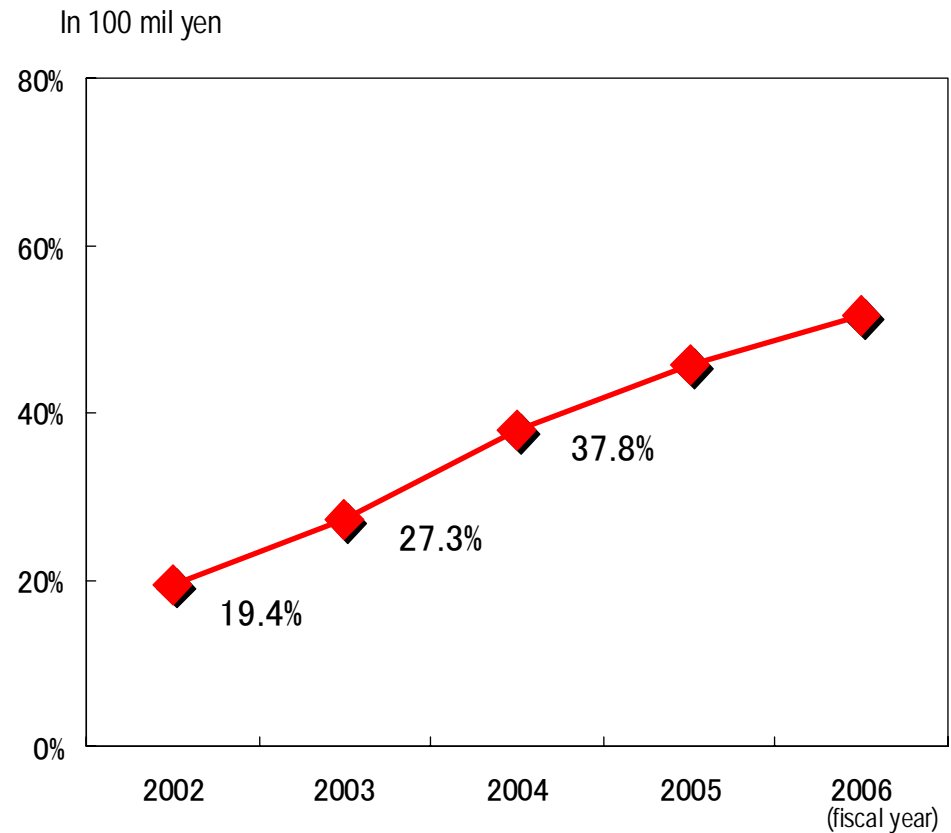
“ViV Shushin” whole-life medical

Trend of net premiums written



“Home Pika-ichi” fire insurance

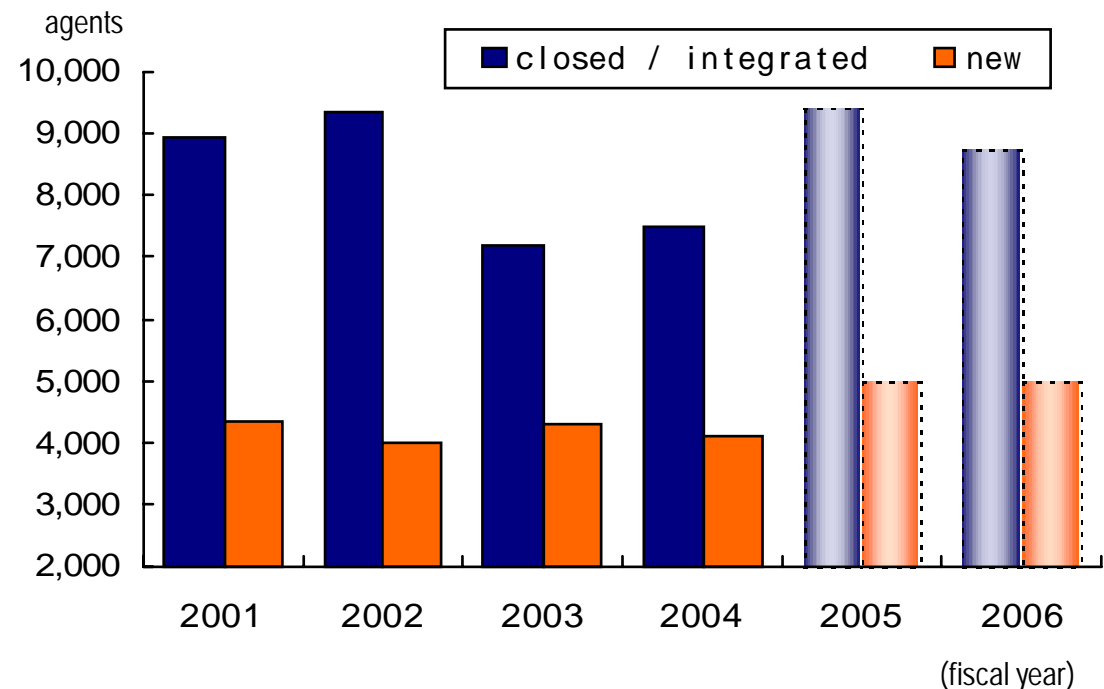
Pika-ichi’s share in domestic direct premiums of the household fire insurance line



Top-line Actions (3) Sales Force (Distribution channel restructuring)

Scrap-and-build of agents scheme

- ◆ acquire 5,000 new agents a year
- ◆ Close down and integrate 15% of the agents except for 12,000 convenience stores
- ◆ build up a powerful sales force of 50,000 agents by fiscal 2007 year-end



Increase low-cost operation network

- ◆ Increased low-cost operating offices to 97 offices across Japan
- ◆ Approximately 19,000 agents, accounting for 30% of the total, are handled as low-cost operation
 - ⇒ save agents handling costs and retain the market held in hand

Top-line Actions (4) Sales Force

(agency activities innovation)

"Mobile MS1"

Paperless

No family seal

Cashless

Electronic processing throughout from application to premium settlement

"Anshin Otodoke-bin"

Business chance making
with proposal / information letters

Post-sale follow-up
by thank-you letter, regular renewal estimate

Increase communication with customers
in quality and quantity

Agency activities innovation

More contacts of a quality with customers / Sales from counseling and proposal making / Well-cared response to customers and skills of new account cultivation

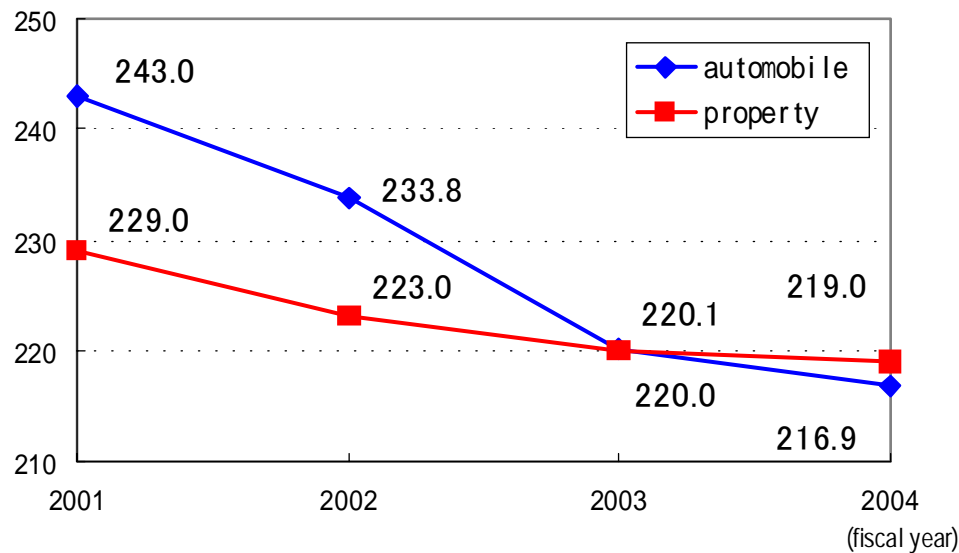
Profitability Actions (1) Loss Reduction in Auto Insurance



◆ Promote online claim handling service ⇒ Precise adjustment and prompt payment

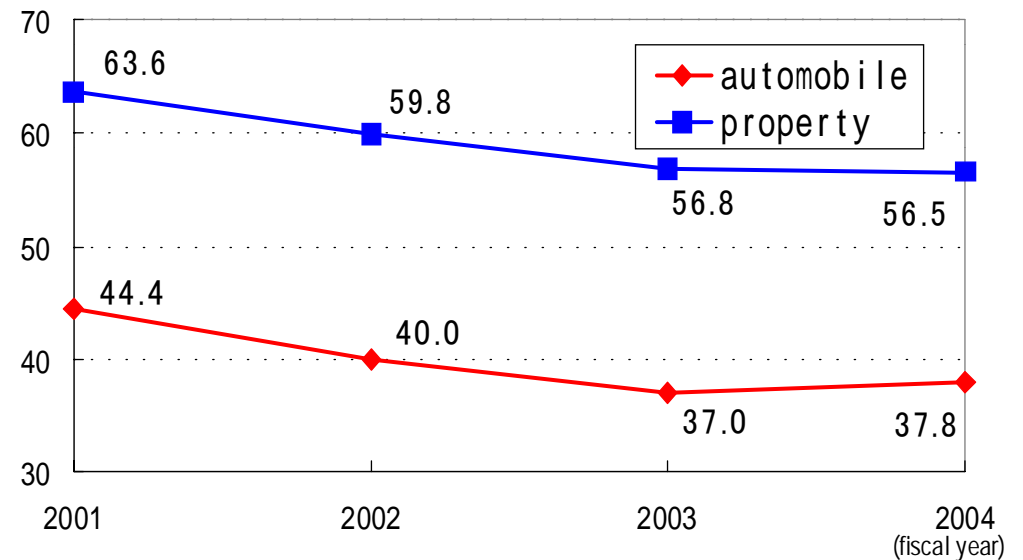
Precise adjustment

Payout amount per claim (in 1,000yen)



Prompt payment

Period from claim to payment (days)

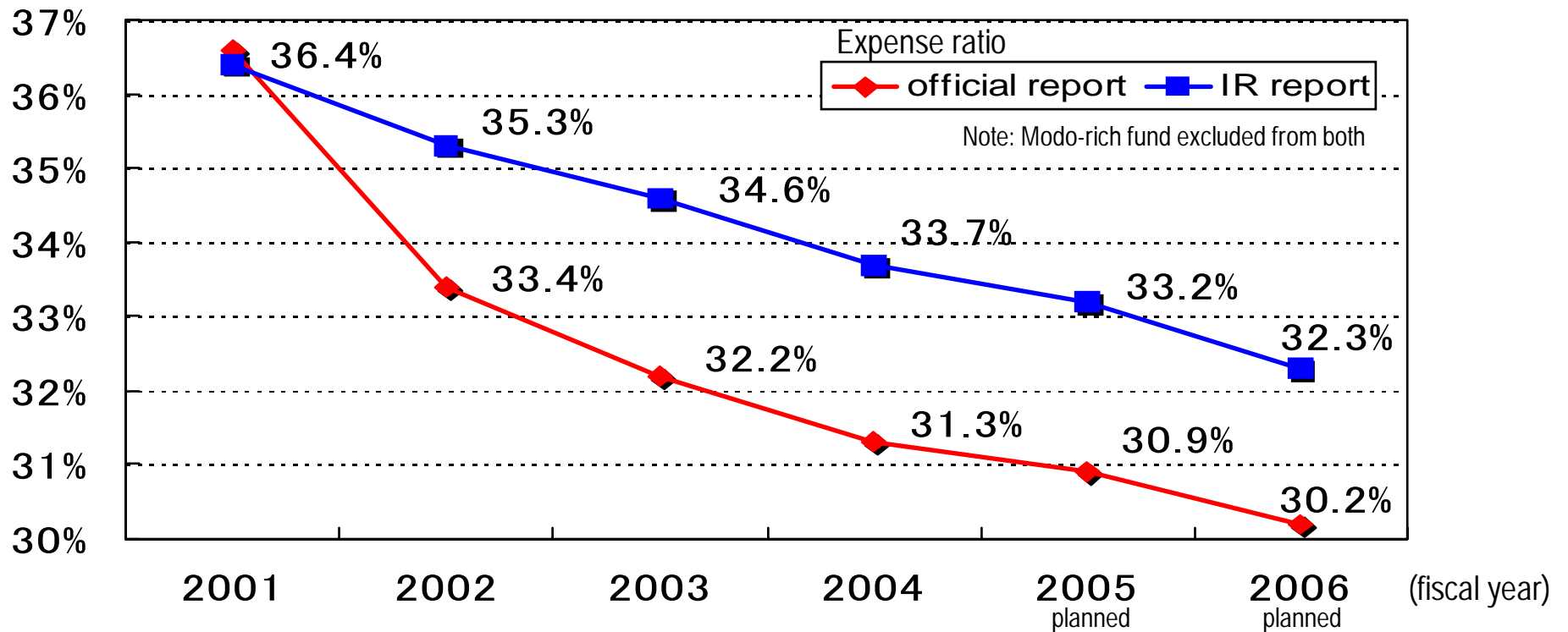


Initiatives to take for loss ratio reduction in automobile insurance during fiscal 2005

- ≫ Hold a loss reduction meeting known as "LK Conference" for underwriting enhancement at offices across Japan
- ≫ Counsel high-loss-making agents and fleet clients respectively for loss prevention
- ≫ Enhance expertise through better education and hiring more medical experts to ensure adjustment improvement

Profitability Actions (2) Expense Ratio Reduction

Profitability increased by constant cost saving achievements



Expense ratio trend (IR report)

expense ratio	36.4%	35.3%	34.6%	33.7%	33.2%	32.3%
agent comm. rate	17.7%	17.9%	17.8%	17.6%	17.4%	16.8%
u/w co. expense	18.7%	17.4%	16.8%	16.0%	15.7%	15.5%

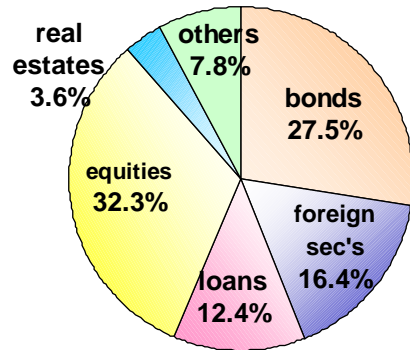
Note: Official reporting basis: The effect of the abolished governmental reinsurance of CALI is taken into account, but the Modo-rich fund is not.
 IR reporting basis: The effect of the abolished governmental reinsurance of CALI and the Modo-rich fund are not taken into account.

Asset Management Strategy

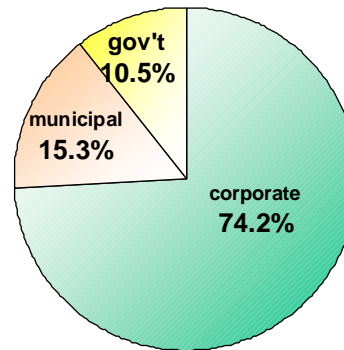


1. Portfolio characteristics

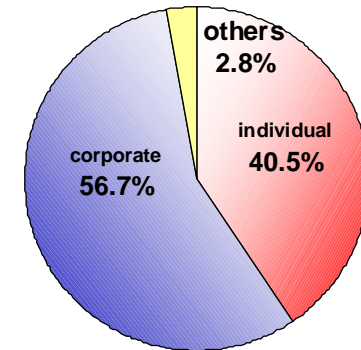
(1) Portfolio by asset



(2) Bond portfolio



(3) Loan portfolio



2. Income increasing scheme

(outstanding balance in bil yen as of)

	Mar. 31, 2004	Mar. 31, 2005	Mar. 31, 2006 plan
(1) Personal loans	294.1	327.1	360.0
(2) Alternative investments	59.3	77.8	100.0

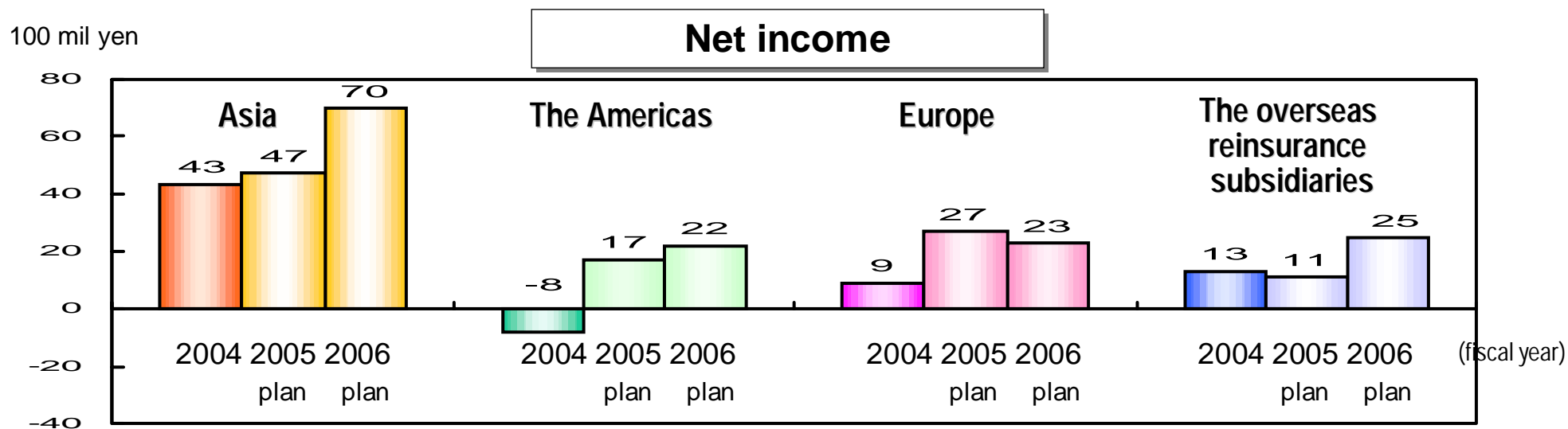
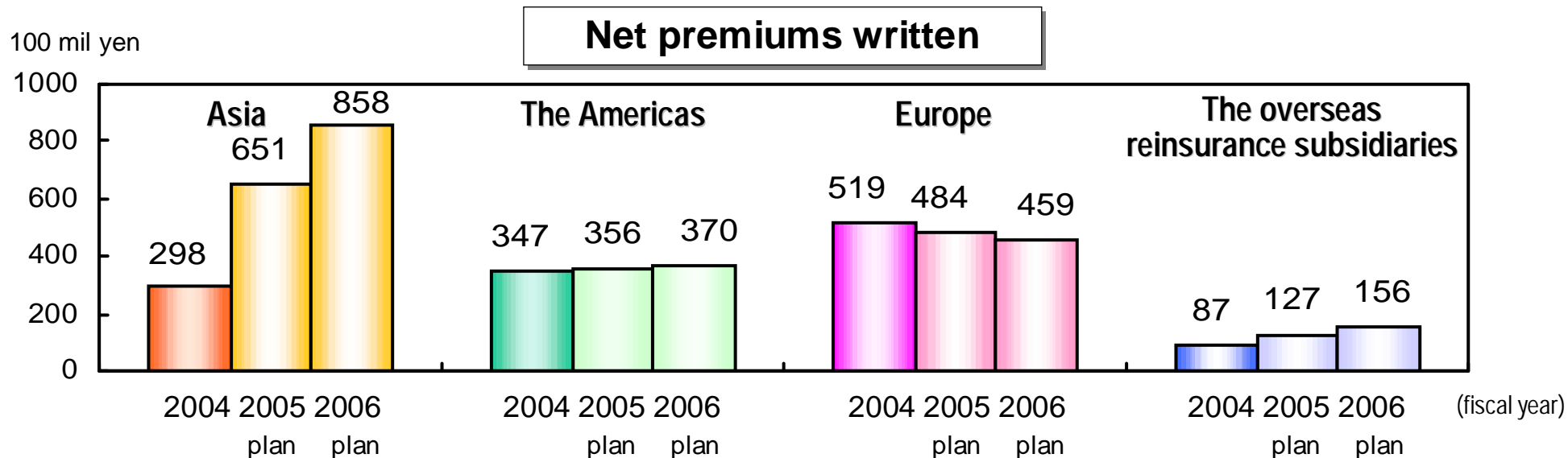
3. Rising interest rates affecting net-positively in total

- (+) Increase in interest income from investment
- (+) Decrease in provision for future payment obligations

>
greater than

- (-) Increase in unrealized loss on bond portfolio, but to be fully redeemed on maturity

Overseas Business (1)



Note: Adjustments associated with the acquisition transactions are not included.

Overseas Business (2) Asian Market Strategy



= Network explosively expanded =

[after completion of acquisitions and integrations associated with Aviva, Mingtai and Ayudhya]

1. Acquired Aviva's Asian operation

- Acquisition completed at Singapore, Hong Kong, and Thailand units
- For Malaysian unit, acquisition and integration scheduled Sep. and Dec. respectively

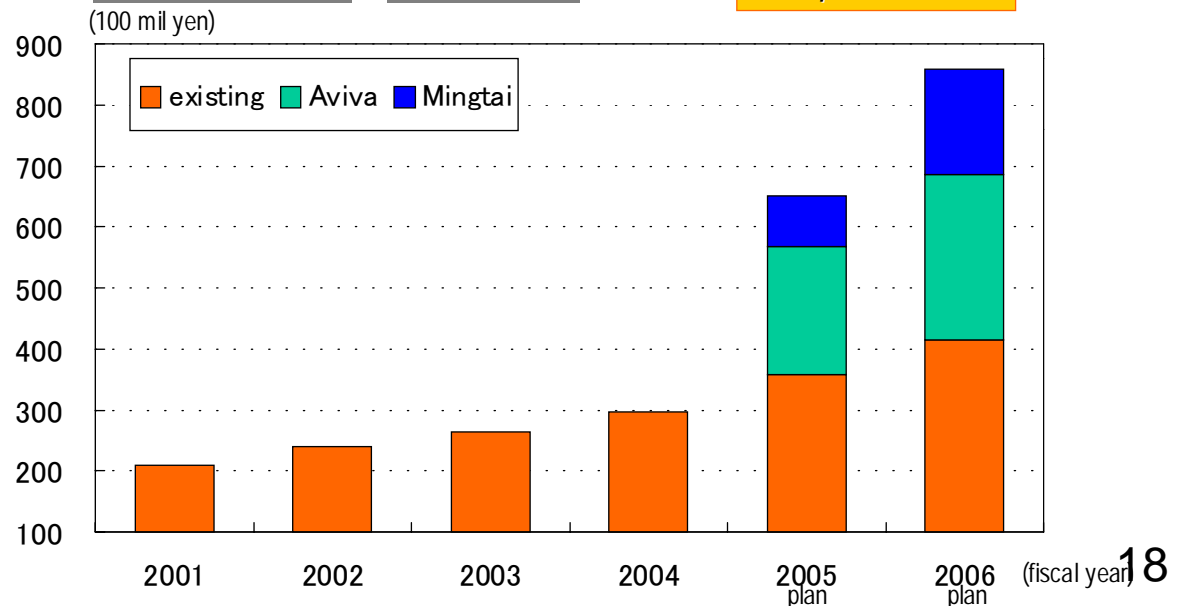
2. Acquisition of Mingtai

- Acquisition to be completed by Aug. 2005, Expected to contribute to consolidated earnings in 2nd half in fiscal 2005

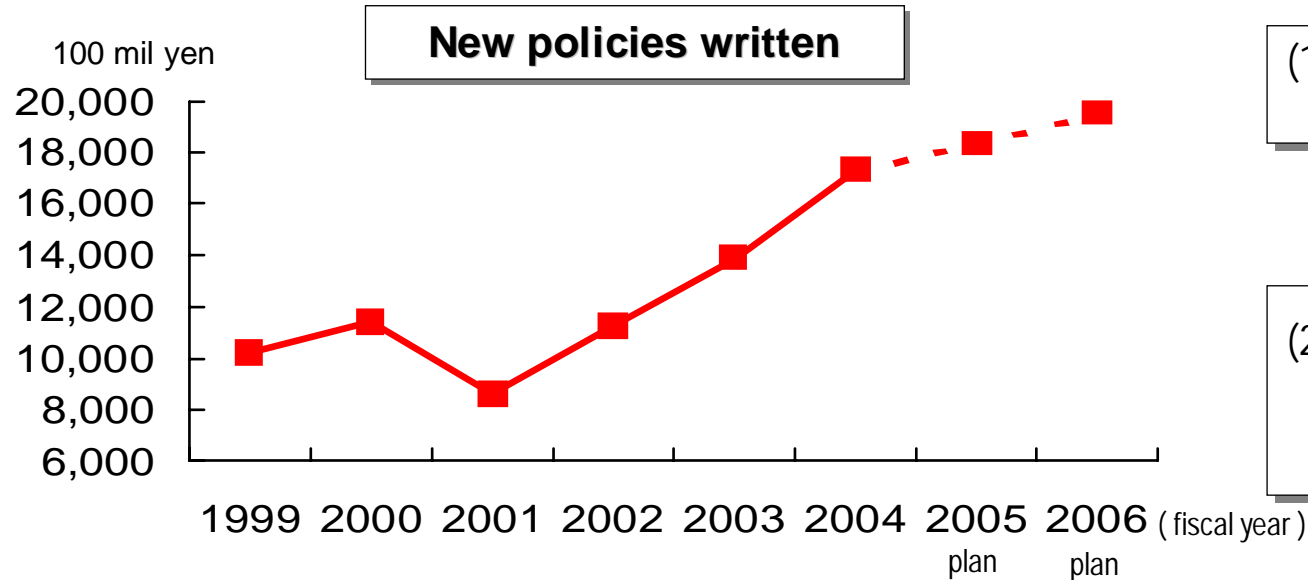
3. Top-line initiatives

- Promotion through the car dealer channels: in Thailand, Malaysia, Indonesia, the Philippines and Taiwan
- Bank OTC sale: in Thailand, Malaysia, the Philippines, Singapore and Hong Kong
- Agency network build-up: in Malaysia, Indonesia, the Philippines, and Singapore
- New Japanese corporate accounts: across the Asian network

Singapore	1 office of 150 staff	→	2 offices of 375 staff
Malaysia	7 offices of 328 staff	→	22 offices of 720 staff
Thailand	1 office of 190 staff	→	14 offices of 543 staff
Hong Kong	1 office of 85 staff	→	3 offices of 370 staff
Taiwan	3 offices of 51 staff	→	68 offices of 1,400 staff



Life Insurance (1) MS Kirameki's Mid-term Plan



(1) Best growing life operation among the non-life insurers



(2) Increase in amount in force
 fiscal 2004 6.9 tri. yen
 fiscal 2010 approx. 13 tri. yen

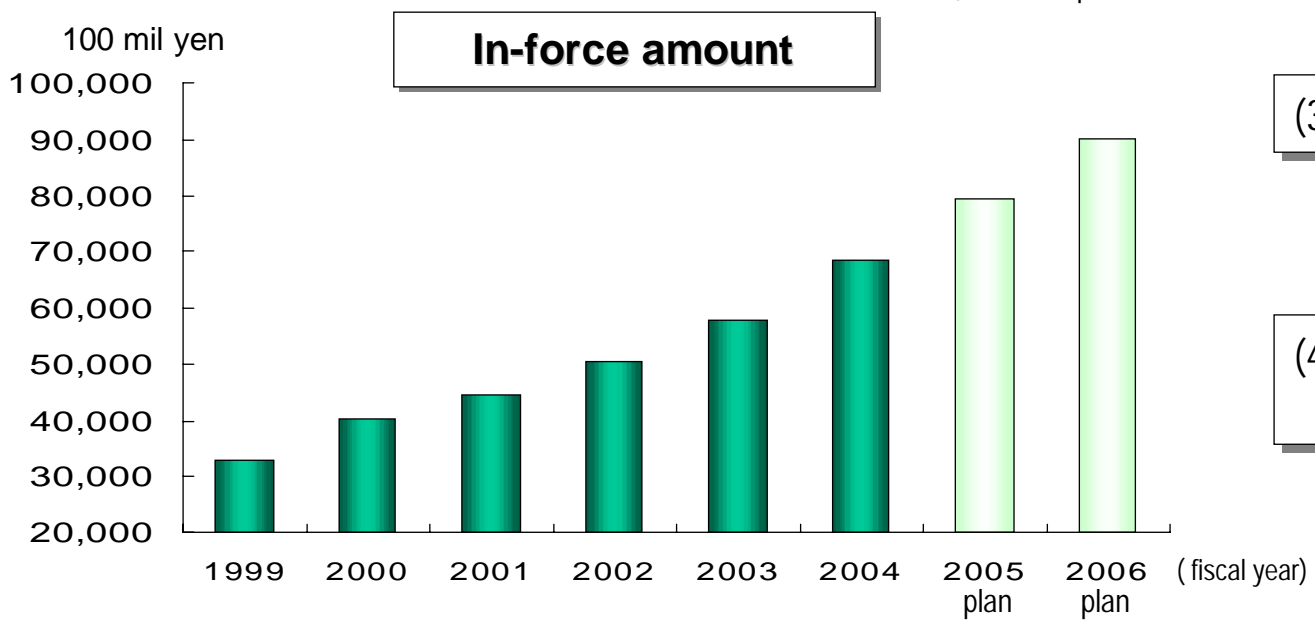


(3) Increase in pro forma profit



(4) For fiscal 2006
 Planned net income*: 8.0 bil yen

* net income before the provision of additional policy reserve for standard underwriting reserve



Life Insurance (2) MS Kirameki's Competitive Edge



Cooperative supports given across the MSI group

1. Powerful brand equity of the MSI group
2. MSI's individual clientele of 20 mil people in 15 mil household
3. Strong sales force of the MSI group: non-life insurance agents, sales staff, and life insurance experts

Distinctive advantages of MS Kirameki Life

1. Unique marketing force of its own establishing:
the Loyal Member System of agents comprised of 1,600 recognized agents as of May 31, 2005
2. High development capability: launch new products which contributes to high growth
3. Financially sound basement: high credit rate and solvency margin ratio

Life Insurance (3) MS Kirameki's Embedded Value



Embedded value (bil yen)

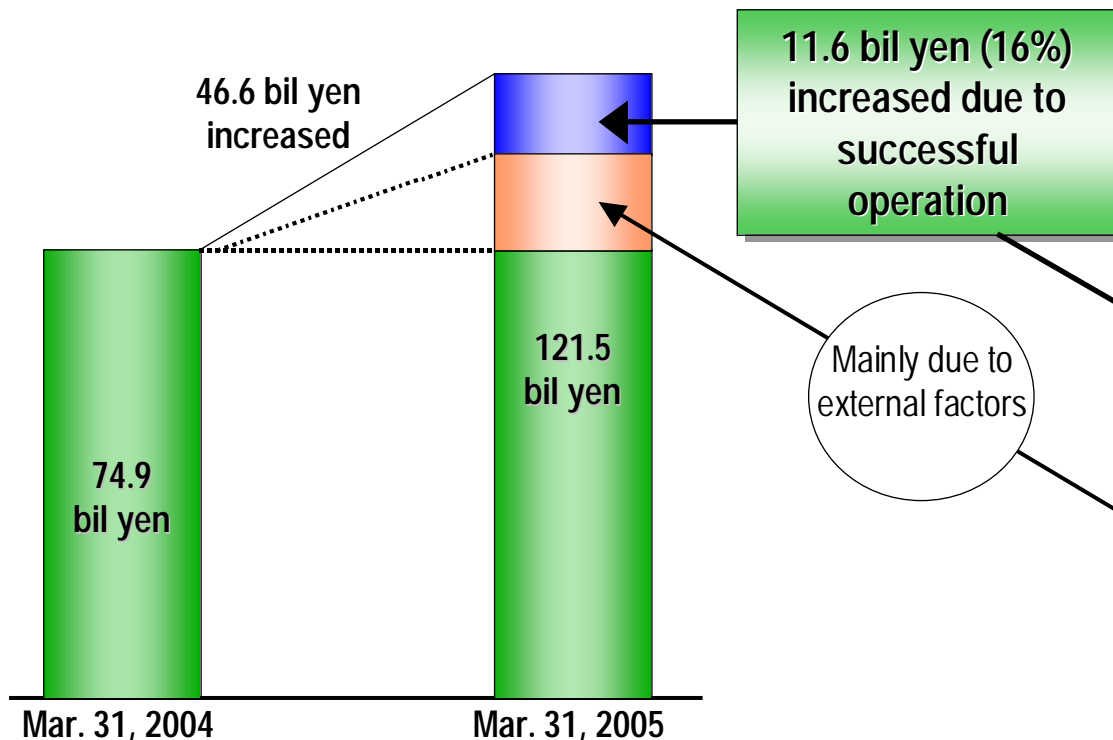
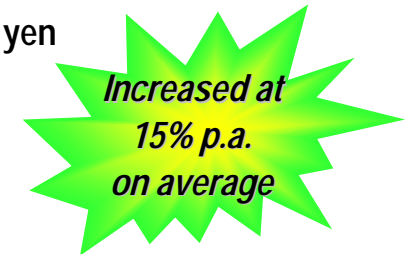
	Mar. 31, 2004	Mar. 31, 2005
Net asset value	27.6	54.1
In-force business	47.3	67.4
Total	74.9	121.5
Incremental ratio*	18%	29%

Note: excluding capital injected additionally

Oct. 1996 Initial capital: 20 bil yen
 Apr. 1998 Additional injection: 10 bil yen
 Sep. 2004 Additional injection: 25 bil yen



Embedded value as of Mar. 31, 2005: 121.5 bil yen



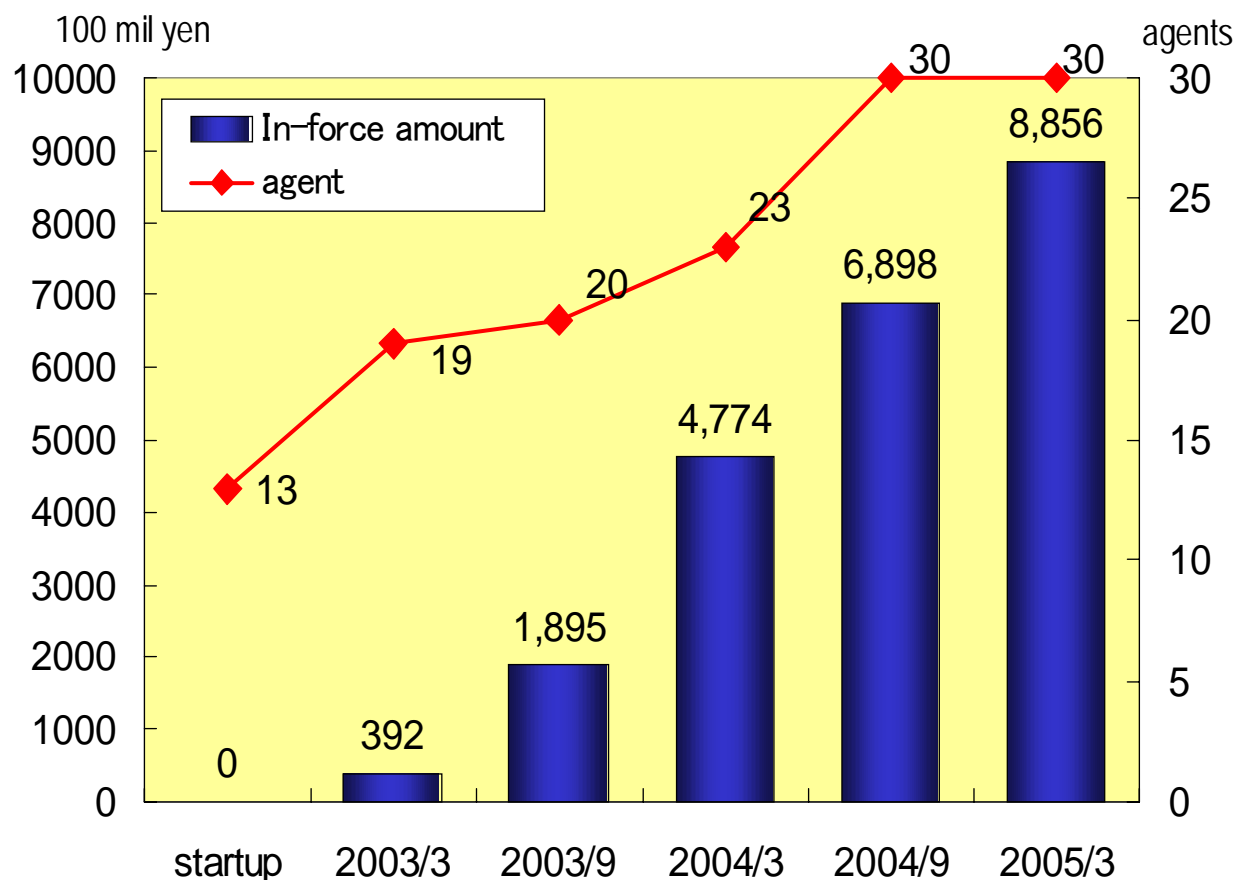
< Breakdown of change for fiscal 2004 > (bil yen)

Factor	change
New policies	+8.8
Expected return on Mar-04 EV	+4.4
Result-assumption variance	-1.6
Interest rate fluctuation, etc.	+14.6
Change of discount rate	-4.6
Capital injection	+25.0
Total	+46.6

Life Insurance (4) MSI CitilInsurance

2nd largest in the variable annuity insurance category
only 2 years after its establishment

Additional capital injected in line with the expansion,
 looking forward to a 10 bil yen level net income in the long term perspective



Both yen and foreign currency
 denominated fixed annuity
 insurance also launched in
 response to market needs

Met Life as the joint-venture
 partner

Use reinsurance to control and
 optimize risk on retention

Life Insurance (5) MSICiti's Embedded Value



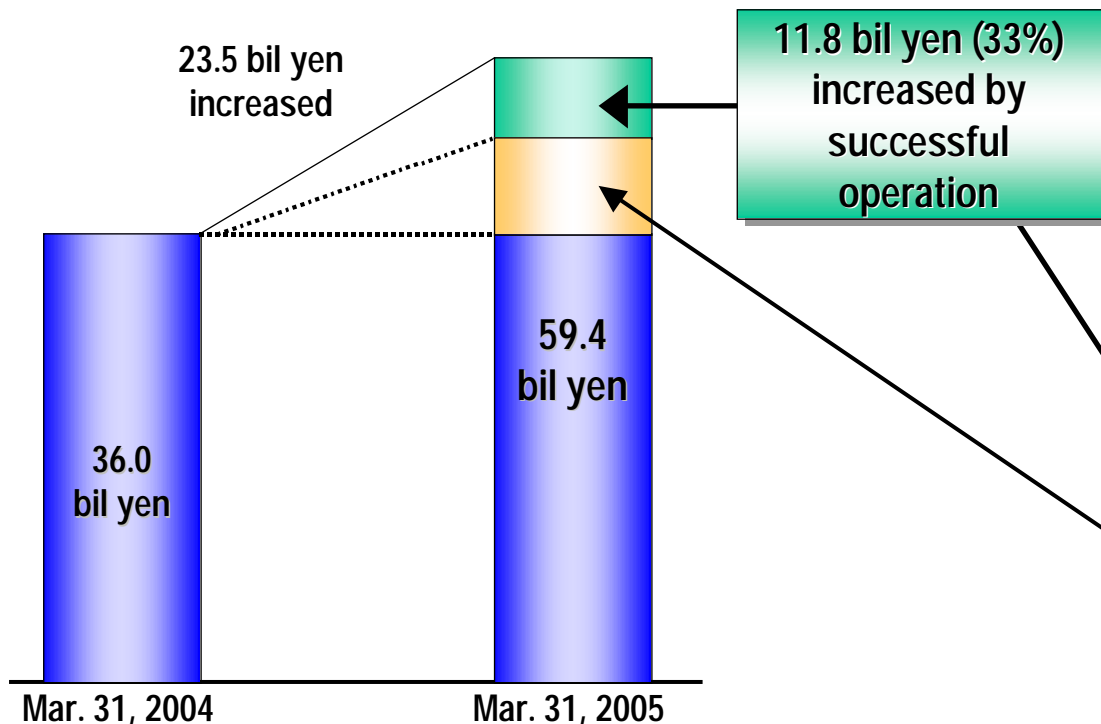
Embedded value

	Mar. 31, 2004	Mar. 31, 2005
Net asset value	5.6	6.2
In-force business	30.3	53.3
Total	36.0	59.4
Incremental ratio	-	33%

Note: excluding capital injected additionally

Jul 2002	Initial capital:	3.0 bil yen
Fiscal 2002	Additional injection:	3.1 bil yen
Fiscal 2003	Additional injection:	22.4 bil yen
Fiscal 2004	Additional injection:	11.7 bil yen
Total		40.2 bil yen

Embedded value 59.4 bil yen



< Breakdown of change for fiscal 2004 > (bil yen)

factor	change
New policies	+9.8
Expected return on Mar-04 EV	+2.2
Result-assumption variance	-0.2
Capital injections	+11.7
Total	+23.5

Capitalization (1) Basic Policy and Shareholders' Return



**< Boost group core profit to increase consolidated ROE >
⇒ Maximizing corporate value**

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

Make efforts to return at least 40% of group core profit to shareholders

- **Cash dividends:** Proactive towards continuously **increasing dividends**
- **Share buyback:** (1) **Buy back 10%** of shares outstanding as of the merger
in Oct 2001** by Mar 2011
⇒ planning to buy back 100 mil shares to go
(2) Move flexibly dependent on the share price

** 1,480 mil shares outstanding as of the merger on Oct 1, 2001 → 1,332 mil shares after the buyback plan implemented

Capitalization (2) Downsizing of Equities in Portfolio



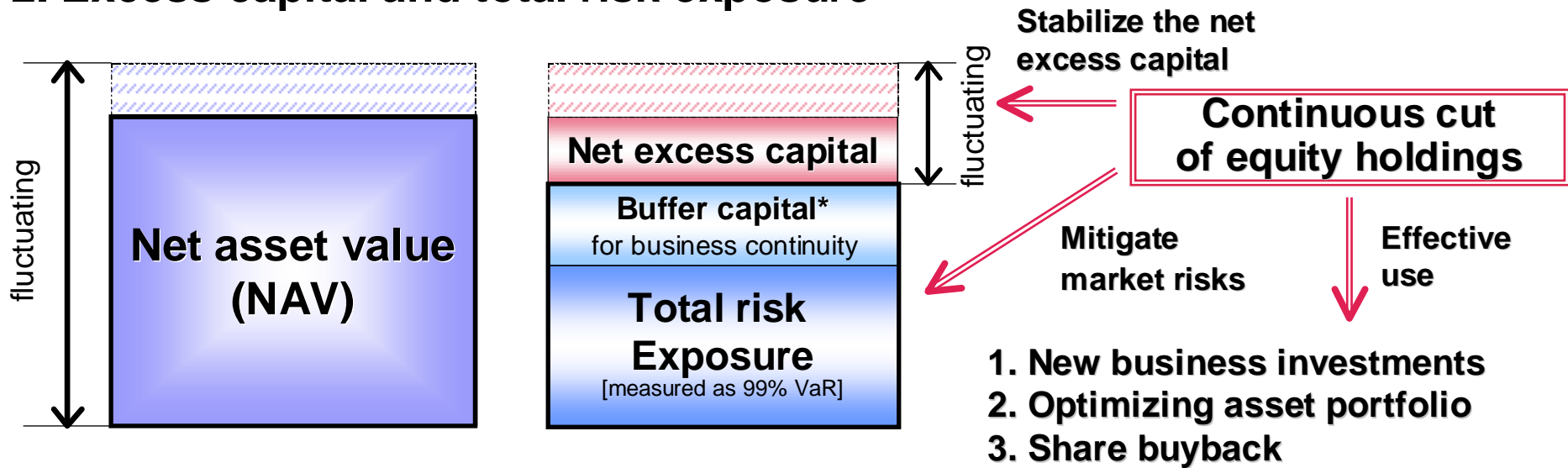
1. Stabilize capital and shift funds from equity portfolio to promising new businesses

<goal for the period from Apr. 2004 to Mar. 2011>



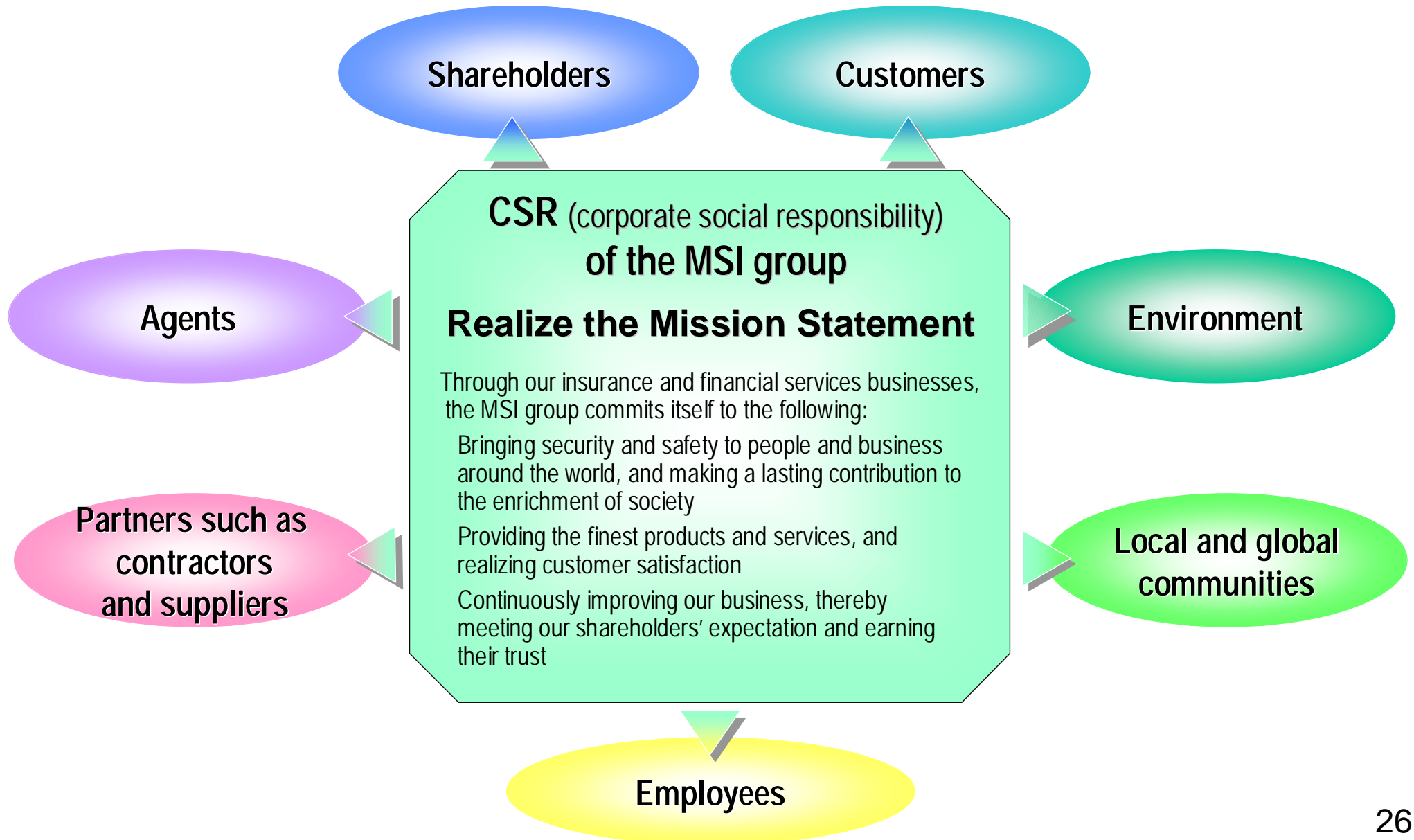
*Market valuation of the listed shares held as of Mar 31, 2005: 1,850 bil yen

2. Excess capital and total risk exposure



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

Towards Fulfilling the Management Mission: CSR Practices



The MSI group: Financial Summary

Appendix

(Non-consolidation)

	Fiscal 2004 results (*1)
Net premiums written	1,219.4 bil yen
Net loss ratio	64.5%
Net expense ratio	33.7%
Combined ratio	98.2%
Net Interest and dividend income	51.9 bil yen
Net income	60.8 bil yen
ROE	4.3%

Fiscal 2004 results (*2)	Fiscal 2005 forecast	Fiscal 2006 plan
1,310.2 bil yen	1,323.0 bil yen	1,340.0 bil yen
64.0%	61.9%	61.6%
31.3%	30.9%	30.2%
95.3%	92.8%	91.8%
51.9 bil yen	48.9 bil yen	52.0 bil yen
60.8 bil yen	64.0 bil yen	68.5 bil yen
4.3%	4.3%	4.6%

(Consolidated financial targets)

Net premiums written	1,312.4 bil yen
Net income	65.7 bil yen
ROE	4.6%

1,403.2 bil yen	1,449.0 bil yen	1,484.0 bil yen
65.7 bil yen	70.0 bil yen	76.0 bil yen
4.6%	4.7%	5.0%

(Net income in businesses other than domestic non-life operation)

Overseas business	5.1 bil yen
Life insurance (*3)	5.7 bil yen
Financial services	1.6 bil yen
Risk related business	-0.0 bil yen
Total	12.4 bil yen

5.1 bil yen	8.1 bil yen	10.0 bil yen
5.7 bil yen	9.4 bil yen	12.5 bil yen
1.6 bil yen	1.0 bil yen	1.7 bil yen
-0.0 bil yen	-0.1 bil yen	0.1 bil yen
12.4 bil yen	18.4 bil yen	24.3 bil yen

*1. The Modorich fund and the effect of the abolished governmental reinsurance of CALI are not taken into account of calculating "net premiums written" for the fiscal year.

*2. The effect of the abolished governmental reinsurance of CALI are taken into account of calculating "net premiums written," but the Modorich fund is not for the fiscal year.

*3. Net income of the "life insurance" segment is a sum of that before the provision of additional policy reserve for standard underwriting reserve at MS Kirameki Life and equity in earnings under US GAAP, of MSICiii.



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 the 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.