

# Fiscal 2009 Second Information Meeting

November 30, 2009



Mitsui Sumitomo Insurance Group Holdings, Inc.

Fiscal 2009 Second Information Meeting  
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# Mitsui Sumitomo Insurance Group Holdings, Inc.

## Fiscal 2009: First-Half Results



In some tables, the following abbreviations for Group company names have been used.

- MSIG (= Mitsui Sumitomo Insurance Group Holdings, Inc.)
- MSI (= Mitsui Sumitomo Insurance Co., Ltd.)
- Mitsui Direct General (= Mitsui Direct General Insurance Co., Ltd.)
- MSI Kirameki Life (= Mitsui Sumitomo Kirameki Life Insurance Co., Ltd.)
- MSI MetLife (= Mitsui Sumitomo MetLife Insurance Co., Ltd.)

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

## MSIG (Consolidated)

### Key financial data

(¥ bn)

	First half FY08	First half FY09		
			YoY change	Growth rate
Net premiums written	759.4	<b>711.5</b>	<b>-47.8</b>	<b>-6.3%</b>
Ordinary profit/loss	-5.2	<b>82.2</b>	<b>87.5</b>	<b>—</b>
Net income	12.3	<b>56.8</b>	<b>44.4</b>	<b>358.4%</b>

\* Net premiums written are exclusive of those on Modorich funds.

### Breakdown of net premiums written

(¥ bn)

	First half FY08	First half FY09		
			YoY change	Growth rate
MSI non-consolidated	642.4	<b>608.2</b>	<b>-34.2</b>	<b>-5.3%</b>
Overseas subsidiaries	102.8	<b>87.5</b>	<b>-15.3</b>	<b>-14.9%</b>
Mitsui Direct General	14.0	<b>15.7</b>	<b>1.6</b>	<b>11.9%</b>

### Breakdown of first-half net income

(¥ bn)

	First half FY08	First half FY09	
			YoY change
MSI non-consolidated	50.8	<b>49.0</b>	<b>-1.8</b>
Overseas subsidiaries	-26.8	<b>11.3</b>	<b>38.2</b>
Mitsui Direct General	-0.4	<b>-0.4</b>	<b>0.0</b>
MSI Kirameki Life	0.0	<b>0.0</b>	<b>0.0</b>
MSI MetLife	-4.9	<b>6.4</b>	<b>11.3</b>
Other	0.3	<b>0.2</b>	<b>-0.0</b>
Consolidated adjustments, etc.	-6.5	<b>-9.8</b>	<b>-3.2</b>

\* Net income at subsidiaries is based on equity in earnings.

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#### <Net premiums written>

- ▼ Net premiums written (consolidated basis) declined 6.3% or ¥47.8 bn YoY, to ¥711.5 bn.
- ▼ Breakdown of net premiums written (consolidated)
  - Net premiums written by MSI (non-consolidated) declined ¥34.2 bn YoY to ¥608.2 bn, due chiefly to the impact of a reduction in CALI premium rates.
  - Net premiums written by overseas subsidiaries totalled ¥87.5 bn, a decline of ¥15.3 bn YoY, reflecting the appreciation of yen. The negative impact of the yen appreciation totalled ¥22.9 bn. (Estimate)
  - Mitsui Direct General enjoyed another first half of double-digit growth, posting an 11.9% rise in net premiums written to ¥15.7 bn.

#### <First-half net income>

- ▼ First-half net income rose ¥44.4 bn YoY to ¥56.8 bn.
- ▼ Breakdown of first-half net income
  - At MSI non-consolidated, ordinary profit increased by ¥35.7 bn, but first-half net income fell ¥1.8 bn YoY, to ¥49.0 bn.
  - The first-half net income at overseas subsidiaries increased ¥38.2 bn YoY, to ¥11.3 bn in total.
  - At Mitsui Direct General, the first-half net income declined ¥0.4 bn YoY.
  - MSI Kirameki Life continued to build up its standard underwriting reserve.
  - At MSI MetLife, the first-half net income increased ¥11.3 bn YoY, to ¥6.4 bn.

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## MSI (Non-Consolidated)

### Key financial data

(¥ bn)

	First half FY08	First half FY09	
			YoY change
Net premiums written	642.4	<b>608.2</b>	<b>-34.2</b>
Growth rate	-3.6%	<b>-5.3%</b>	<b>-1.7pt</b>
Net loss ratio	66.1%	<b>67.5%</b>	<b>1.4pt</b>
Net expense ratio	33.0%	<b>33.3%</b>	<b>0.3pt</b>
Combined ratio	99.1%	<b>100.8%</b>	<b>1.7pt</b>
Incurred losses	385.0	<b>354.0</b>	<b>-30.9</b>
Underwriting profit	23.4	<b>36.8</b>	<b>13.3</b>
Net investment income	14.3	<b>38.6</b>	<b>24.3</b>
Ordinary profit	35.2	<b>70.9</b>	<b>35.7</b>
Extraordinary income/loss	26.1	<b>0.9</b>	<b>-25.2</b>
Net income	50.8	<b>49.0</b>	<b>-1.8</b>
<b>(Excluding CALI)</b>			
Net premiums, growth rate	-1.7%	<b>-3.3%</b>	<b>-1.6pt</b>
Net loss ratio	62.5%	<b>62.5%</b>	<b>0.0pt</b>
Net expense ratio	34.7%	<b>34.5%</b>	<b>-0.2pt</b>
Combined ratio	97.2%	<b>97.0%</b>	<b>-0.2pt</b>

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- ▼ Net premiums written declined 5.3%.  
This was because of a steep drop in revenues in CALI operations accompanying the revision to premium rates conducted in April 2008 and the decrease in revenues in the marine line caused by the strength of the Japanese yen as well as the decrease in the distribution of goods caused by the economic downturn. (Without the CALI insurance impact, net premiums written would have declined 3.3%.)
- ▼ Net loss ratio rose 1.4 points YoY due to significant decrease in net premiums written as the denominator, despite the decrease in insurance payouts and loss adjustment expenses. (Without the CALI insurance impact, net loss ratio would have been almost unchanged from the previous year at 62.5%.)
- ▼ Net operating expense ratio rose 0.3 points YoY due partly to the decrease in net premiums written, though company expenses decreased mainly in nonpersonnel expenses.
- ▼ The combined ratio increased 1.7 points YoY to 100.8%.  
(Without the CALI insurance impact, it would have decreased 0.2 points)
- ▼ Underwriting profit totalled ¥36.8 bn, a ¥13.3 bn improvement YoY.  
Decrease in incurred losses and operating expenses made a major contribution to the improvement, which was enabled despite the decrease in premiums written and the increase in provisions for catastrophic loss reserves.
- ▼ Investment income totalled ¥38.6 bn. It increased ¥24.3 bn YoY, due partly to an improvement in losses on the devaluation of securities.  
(Please see page 6 for details.)
- ▼ As a result of the above, first-half ordinary profit rose ¥35.7 bn YoY to ¥70.9 bn.
- ▼ We booked an extraordinary income of ¥0.9 bn due to the reversal of the price fluctuation reserve. However, extraordinary income decreased ¥25.2 bn on a YoY basis, reflecting a ¥27.3 bn reversal of the price fluctuation reserve in the year-ago period.
- ▼ First-half net income totalled ¥49.0 bn, a decrease of ¥1.8 bn YoY.

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## MSI (Non-Consolidated): Premiums and Loss Ratios by Product Line

### Net premiums written

(¥ bn)

	First half FY08	First half FY09	
			Growth rate
Fire	87.3	<b>87.6</b>	<b>0.3%</b>
Marine	35.4	<b>26.6</b>	<b>-24.8%</b>
Personal accident	67.9	<b>67.4</b>	<b>-0.7%</b>
Voluntary auto	272.8	<b>266.3</b>	<b>-2.4%</b>
CALI	82.9	<b>67.4</b>	<b>-18.7%</b>
Others	95.8	<b>92.6</b>	<b>-3.4%</b>
Total	642.4	<b>608.2</b>	<b>-5.3%</b>
(Excluding CALI)	559.5	<b>540.8</b>	<b>-3.3%</b>

### Net loss ratios

	First half FY08	First half FY09	
			YoY change
Fire	41.0%	<b>39.2%</b>	<b>-1.8pt</b>
Marine	45.4%	<b>57.4%</b>	<b>12.0pt</b>
Personal accident	56.9%	<b>57.6%</b>	<b>0.7pt</b>
Voluntary auto	70.6%	<b>71.4%</b>	<b>0.8pt</b>
CALI	90.3%	<b>107.5%</b>	<b>17.2pt</b>
Others	69.6%	<b>64.1%</b>	<b>-5.5pt</b>
Total	66.1%	<b>67.5%</b>	<b>1.4pt</b>
(Excluding CALI)	62.5%	<b>62.5%</b>	<b>0.0pt</b>

### Incurred losses

(¥ bn)

	First half FY08	First half FY09	
			YoY change
Incurred losses (excluding loss adjustment expenses)	385.0	<b>354.0</b>	<b>-30.9</b>
Natural disasters	5.5	<b>3.5</b>	<b>-2.0</b>
Others	379.4	<b>350.5</b>	<b>-28.9</b>
Incurred losses for voluntary auto (excluding loss adjustment expenses)	173.0	<b>166.3</b>	<b>-6.6</b>

\* Incurred losses = Net claims paid + provision for outstanding claims including IBNR

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#### ▼ Net premiums written

- **Marine:** The net premiums written decreased 24.8% YoY with the appreciation of Japanese yen and the decrease in the distribution of goods associated with the economic downturn, etc.
- **Voluntary automobile:** Net premiums written decreased 2.4% YoY, due partly to weak sales of vehicles in Japan.
- **Others:** Net premiums written decreased 3.4% YoY with the decrease in revenues in general liability insurance and transport insurance, etc.

#### ▼ Loss ratios

- **Marine:** The loss ratio rose 12.0 points despite the decrease in insurance payouts, a result of the steep decline in premiums written.
- **Voluntary automobile:** The loss ratio increased 0.8 points YoY, reflecting a decline in premiums written despite a lower total payout.
- **Others:** The loss ratio fell 5.5 points YoY due to a decrease in payouts relating to major accidents.

#### ▼ Incurred losses

- The incurred losses decreased ¥30.9 bn YoY due to the strong yen and the decline in natural disasters as well as the significant decrease in incurred losses in general liability insurance.

<Natural disasters that occurred during first-half fiscal years>

(¥ bn)

	FY2008			FY2009		
	Net premiums	Outstanding claims	Total	Net premiums	Outstanding claims	Total
Fire	0.6	1.9	2.6	<b>1.2</b>	<b>0.9</b>	<b>2.1</b>
Marine	0.0	0.0	0.0	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>
Automobile	1.6	0.7	2.4	<b>1.0</b>	<b>0.0</b>	<b>1.0</b>
Other	0.0	0.4	0.5	<b>0.1</b>	<b>0.1</b>	<b>0.3</b>
Total	2.4	3.1	5.5	<b>2.4</b>	<b>1.1</b>	<b>3.5</b>

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## MSI (Non-Consolidated): Company Expense and Expense Ratios

### Company expenses

(¥ bn)

	First half FY08	First half FY09	
			YoY change
Underwriting company expense	104.9	<b>99.0</b>	<b>-5.9</b>
Loss adjustment expense	37.9	<b>36.1</b>	<b>-1.7</b>
Other	6.3	<b>5.5</b>	<b>-0.8</b>
<b>Total company expense</b>	<b>149.2</b>	<b>140.6</b>	<b>-8.5</b>
Personnel	77.0	<b>77.3</b>	<b>0.2</b>
Non-personnel	64.6	<b>56.5</b>	<b>-8.1</b>
Tax and contributions	7.4	<b>6.8</b>	<b>-0.6</b>

### Expense ratios

(¥ bn)

	First half FY08	First half FY09	
			YoY change
Net commission ratio	16.6%	<b>17.0%</b>	<b>0.4pt</b>
Net company expense ratio	16.3%	<b>16.3%</b>	<b>0.0pt</b>
Net expense ratio	33.0%	<b>33.3%</b>	<b>0.3pt</b>
Net expense ratio (excluding CALI)	34.7%	<b>34.5%</b>	<b>-0.2pt</b>

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- ▼ Total company expenses were ¥140.6 bn, ¥8.5 bn lower YoY.
- ▼ Personnel expenses rose ¥0.2 bn YoY due partly to rise in the costs of employee retirement benefits, despite the decrease of employee salaries.  
Nonpersonnel expenses decreased ¥8.1 bn YoY. This is because we sought to reduce operating costs by improving operating efficiency. It is also attributable to the ¥2.6 bn capitalization of part of the system development costs.
- ▼ The net expense ratio increased 0.3 points YoY to 33.3%.
  - Net commission ratio: up 0.4 point YoY to 17.0%.
  - Net company expense ratio: up 0.0 points YoY to 16.3%.
- ▼ The net expense ratio excluding CALI decreased 0.2 points YoY to 34.5%.

## MSI (Non-consolidated): Investment Performance

### Net investment income/loss

(¥ bn)

	First half FY08	First half FY09	
			YoY change
Interest and dividend received	72.9	<b>63.9</b>	<b>-9.0</b>
Transfer of investment income on deposit premiums	25.6	<b>27.7</b>	<b>2.1</b>
Net interest and dividend income	47.3	<b>36.1</b>	<b>-11.1</b>
Net gains/losses on sale of securities	10.1	<b>0.1</b>	<b>-9.9</b>
Losses on devaluation of securities	-42.4	<b>-8.0</b>	<b>34.3</b>
Net gains/losses on redemption of securities	1.1	<b>-0.5</b>	<b>-1.7</b>
Gains/losses on derivative transactions	9.7	<b>19.1</b>	<b>9.4</b>
Other	-11.5	<b>-8.2</b>	<b>3.2</b>
Net investment income	14.3	<b>38.6</b>	<b>24.3</b>

### Sources of interest and dividends received

(¥ bn)

	First half FY08	First half FY09	
			YoY change
Bonds	15.0	<b>14.7</b>	<b>-0.3</b>
Stocks	26.2	<b>16.4</b>	<b>-9.7</b>
Foreign securities	16.2	<b>16.7</b>	<b>0.5</b>
Other securities	0.2	<b>2.1</b>	<b>1.8</b>
Loans	7.6	<b>7.3</b>	<b>-0.3</b>
Real estate	3.4	<b>3.7</b>	<b>0.2</b>
Others	4.0	<b>2.7</b>	<b>-1.2</b>
Total	72.9	<b>63.9</b>	<b>-9.0</b>

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- ▼ Interest and dividend received fell ¥9.0 bn YoY due mainly to a decrease in dividends on Japanese stocks.
- ▼ Net interest and dividend income declined ¥11.1 bn YoY because of the ¥2.1 bn YoY increase in investment income on deposit premiums from policyholders, as well as the reduction in gross interest and dividend received.
- ▼ Net gains on sale of securities decreased ¥9.9 bn YoY due partly to reduction in gains on sale of Japanese stocks.
- ▼ We booked ¥8.0 bn as losses on devaluation of securities due partly to a decline in the market values of foreign bonds. This means, however, that we achieved an improvement of ¥34.3 bn from the year-ago period when the losses had expanded to ¥42.4 bn as a result of the financial crisis.

#### < Losses on devaluation of securities >

(¥ bn)

	First half FY08	First half FY09	
			YoY change
Bonds	—	<b>—</b>	<b>—</b>
Stocks	6.0	<b>2.3</b>	<b>-3.6</b>
Foreign securities	24.1	<b>5.3</b>	<b>-18.7</b>
Others	12.2	<b>0.3</b>	<b>-11.9</b>
Total	42.4	<b>8.0</b>	<b>-34.3</b>

- ▼ Net gains/losses on derivative transactions increased ¥9.4 bn YoY, to ¥19.1 bn. This is partly because the market values of credit derivatives improved ¥17.2 bn from the previous term-end.
- ▼ As a result of the above, net investment income totalled ¥38.6 bn, up ¥24.3 bn YoY.

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## MSI's Overseas Subsidiaries

### Net premiums written

(¥ bn)

	First half FY08	First half FY09		
			YoY change	Growth rate
Overseas subsidiaries total	102.8	<b>87.5</b>	<b>-15.3</b>	<b>-14.9%</b>
Asia	38.2	<b>33.4</b>	<b>-4.8</b>	<b>-12.6%</b>
Europe	36.8	<b>27.6</b>	<b>-9.1</b>	<b>-24.8%</b>
The Americas	13.0	<b>13.6</b>	<b>0.6</b>	<b>4.9%</b>
Reinsurance	14.7	<b>12.7</b>	<b>-2.0</b>	<b>-13.7%</b>

### Net income

(¥ bn)

	First half FY08	First half FY09	
			YoY change
Overseas subsidiaries total	-26.8	<b>11.3</b>	<b>38.2</b>
Asia	3.0	<b>4.8</b>	<b>1.8</b>
Europe	-34.8	<b>0.9</b>	<b>35.7</b>
The Americas	1.0	<b>1.2</b>	<b>0.1</b>
Reinsurance	3.8	<b>4.2</b>	<b>0.4</b>

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#### <Net premiums written>

- ▼ Net premiums written at our overseas subsidiaries declined ¥15.3 bn, or 14.9% YoY, to ¥87.5 bn, due to substantial impact of the strong yen that has also been experienced in the previous (full) year.
- ▼ We estimate the negative impact of the appreciation of yen as ¥22.9 bn. The growth rate was 7.4% on a local currency basis.

#### <First-half income>

- ▼ First-half net income at overseas subsidiaries improved significantly YoY, to ¥11.3 bn (an increase of ¥38.2 bn).
  - Asia: First-half net income increased ¥1.8 bn YoY, to ¥4.8 bn, due to a decrease in incurred losses and an improvement of investment income .
  - Europe: The increase resulted from the rebound following the major losses from credit insurance in the previous year.

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## Life Insurance Subsidiaries

### MSI Kirameki Life

(¥ bn)

	First half FY08	First half FY09	
			YoY change (or compared with the beginning of the year)
Amount of new policies	840.9	<b>807.2</b>	<b>-4.0%</b>
Amount of policies in force	8,889.2	<b>9,232.1</b>	(Compared with the beginning of the year) <b>2.2%</b>
Premiums	108.4	<b>108.5</b>	<b>0.1%</b>
Net income	0.0	<b>0.0</b>	<b>0.0</b>
Net income (pro forma)*	0.5	<b>1.4</b>	<b>0.8</b>

\* Net income (pro forma) before provision of standard underwriting reserve as defined in the calculation of Group Core Profit.

### MSI MetLife

(¥ bn)

	First half FY08	First half FY09	
			YoY change (or compared with the beginning of the year)
Amount of new policies	307.2	<b>240.7</b>	<b>-21.6%</b>
Amount of policies in force	2,614.2	<b>2,919.5</b>	(Compared with the beginning of the year) <b>17.8%</b>
Premiums	320.5	<b>261.8</b>	<b>-18.3%</b>
Net income (MSIG share)	-4.9	<b>6.4</b>	<b>11.3</b>
Net income (MSIG share, US-GAAP)*	0.9	<b>1.4</b>	<b>0.4</b>

\* Net income under US-GAAP as defined in the calculation of Group Core Profit.

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#### <MSI Kirameki Life>

- ▼ The amount of new policies fell 4.0% YoY, due mainly to a fall in sales from corporate insurance, despite the growth in sales of income protection insurance. (We enjoyed significant growth in the third-sector in which the amount of new policies increased 31.0% YoY.)
- ▼ Amount of policies in force increased steadily, rising 2.2% compared with the beginning of the year.
- ▼ First-half net income came in at ¥28 mn, reflecting the need to make provisions to meet the standard underwriting reserve requirement as long as net income remains below ¥100 mn. Pro-forma net income, or net income without the provisions, was up ¥0.8 bn YoY, to ¥1.4 bn.

#### <MSI MetLife>

- ▼ The amount of new policies decreased from the year-ago period with the continuous slowdown in the individual annuity insurance markets following the financial crisis. Meanwhile, the amount of policies in force rose 17.8%, due partly to an improvement in the investment environment.
- ▼ Net income was up ¥11.3 bn YoY, to ¥6.4 bn (our share), thanks to the decrease in operating expenses, in addition to the increase in investment income (gains on devaluation) attributable to the improvement in the investment environment.
- ▼ Net income under the US-GAAP as defined in the calculation of Group Core Profit rose ¥0.4 bn to ¥1.4 bn. Revenues related to insurance increased with the growth in the amount of new policies.

Mitsui Sumitomo Insurance Group Holdings, Inc.  
**Full-Year Result Forecast for FY2009**



## MSIG (Consolidated)



### Key financial data

(¥ bn)

	FY08	FY09 (Forecast)		
		YoY change	Growth rate	
Net premiums written	1,451.0	<b>1,400.0</b>	<b>-51.0</b>	<b>-3.5%</b>
Ordinary profit	-13.0	<b>51.0</b>	<b>64.0</b>	
Net income	8.1	<b>36.0</b>	<b>27.8</b>	

### Breakdown of net premiums written

(¥ bn)

	FY08	FY09 (Forecast)		
		YoY change	Growth rate	
MSI non-consolidated	1,239.3	<b>1,205.0</b>	<b>-34.4</b>	<b>-2.8%</b>
Overseas subsidiaries	181.9	<b>163.3</b>	<b>-18.7</b>	<b>-10.3%</b>
Mitsui Direct General	29.6	<b>31.7</b>	<b>2.1</b>	<b>7.1%</b>

### Breakdown of net income/loss

(¥ bn)

	FY08	FY09 (Forecast)	
		YoY change	
MSI non-consolidated	46.5	<b>27.0</b>	<b>-19.6</b>
Overseas subsidiaries	-22.9	<b>15.3</b>	<b>38.3</b>
Mitsui Direct General	-1.5	<b>-0.9</b>	<b>0.7</b>
MSI Kirameki Life	0.0	<b>0.0</b>	<b>-</b>
MSI MetLife	-4.4	<b>6.6</b>	<b>11.1</b>
Other	0.2	<b>0.4</b>	<b>0.2</b>
Consolidated adjustments, etc.	-9.6	<b>-12.5</b>	<b>-2.9</b>

\* Net income at subsidiaries; based on equity in earnings

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### ▼ Assumptions for result forecast (end of FY)

	End of FY08	Forecast
Yen/dollar exchange rate	¥98.23	¥90.00
Interest rate on 10-year JGB	1.35%	1.50%
Stock prices (NIKKEI 225)	¥8,109	¥10,000

▼ On a consolidated basis, we expect net premiums written to fall 3.5% or ¥51.0 bn YoY to ¥1,400.0 bn.

▼ We anticipate that consolidated net income will increase ¥27.8 bn YoY, to ¥36 bn.

▼ Breakdown of net premiums written (consolidated)

- We expect net premiums written at MSI non-consolidated to decline ¥34.4 bn YoY, to ¥1,205.0 bn, because of the slower economy and the impact of the CALL premium rate revision.
- We expect net premiums written at overseas subsidiaries to decline ¥18.7 bn YoY to ¥163.3 bn, due mainly to the strong yen.
- We expect net premiums written at Mitsui Direct General to rise ¥2.1 bn YoY to ¥31.7 bn.

▼ Breakdown of net income

- At MSI (non-consolidated), we forecast net income to decline ¥19.6 bn YoY to ¥27.0 bn.
- At overseas subsidiaries, we forecast net income will increase ¥38.3 bn YoY, to ¥15.3 bn, due mainly to the recovery at our subsidiaries in Europe.
- We expect Mitsui Direct General to cut its YoY net loss to ¥0.9 bn.
- MSI Kirameki Life will continue to build up its standard underwriting reserve.
- At MSI MetLife, we expect net income to rise ¥11.1 bn YoY, to ¥6.6 bn, with the reduction in operating expense as well as an increase in investment income in the first-half period.

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## MSI (Non-Consolidated)

### Key financial data

(¥ bn)

	FY08	FY09 (Forecast)	
			YoY change
Net premiums written	1,239.3	<b>1,205.0</b>	<b>-34.4</b>
Growth rate	-5.2%	<b>-2.8%</b>	<b>2.4pt</b>
Net loss ratio	69.5%	<b>69.8%</b>	<b>0.3pt</b>
Net expense ratio	34.0%	<b>34.6%</b>	<b>0.6pt</b>
Combined ratio	103.5%	<b>104.4%</b>	<b>0.9pt</b>
Incurred losses	754.3	<b>741.1</b>	<b>-13.2</b>
Underwriting profit	32.4	<b>6.0</b>	<b>-26.5</b>
Net investment income	-1.9	<b>38.7</b>	<b>40.7</b>
Ordinary profit	25.5	<b>37.0</b>	<b>11.5</b>
Extraordinary income/loss	23.6	<b>-1.3</b>	<b>-25.0</b>
Net income	46.5	<b>27.0</b>	<b>-19.6</b>

#### (Excluding CALI)

Net premiums, growth rate	-2.2%	<b>-1.8%</b>	<b>0.4pt</b>
Net loss ratio	65.3%	<b>64.9%</b>	<b>-0.4pt</b>
Net expense ratio	35.5%	<b>36.0%</b>	<b>0.5pt</b>
Combined ratio	100.8%	<b>100.9%</b>	<b>0.1pt</b>

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- ▼ We expect net premiums written to decline 2.8% or ¥34.4 bn YoY. Excluding CALI, we expect a 1.8% decline in net premiums written.
- ▼ We expect the net loss ratio to increase 0.3 points YoY, to 69.8%. Without the CALI insurance impact, the loss ratio would improve 0.4 points YoY, to 64.9%.
- ▼ We expect the net expense ratio to increase 0.6 points YoY to 34.6%.
- ▼ We expect the combined ratio to increase 0.9 points (0.1 points excluding CALI).
- ▼ We expect an underwriting profit of ¥6.0 bn.  
We expect ¥26.5 bn decline from the previous year, in which we had a non-recurring positive impact in relation to the change in the rate of provision for catastrophe loss reserves for automobile insurance.
- ▼ Net investment income is likely to increase ¥40.7 bn YoY, to ¥38.7 bn, due to the significant decrease in losses on the devaluation of securities from the previous year.
- ▼ We expect ordinary profit to increase ¥11.5 bn YoY to ¥37.0 bn.
- ▼ We expect the extraordinary loss to be ¥1.3 bn, a ¥25.0 bn decrease from the previous year, because we had a reversal of the price fluctuation reserve in the previous year.
- ▼ Net income for the term is expected to decrease ¥19.6 bn YoY to ¥27.0 bn.

## MSI (Non-Consolidated): Premiums and Loss Ratios by Product Line

### Net premiums written

(¥bn)

	FY08	FY09 (Forecast)	
			Growth rate
Fire	176.1	<b>176.4</b>	<b>0.1%</b>
Marine	64.1	<b>49.3</b>	<b>-23.1%</b>
Personal accident	128.9	<b>128.1</b>	<b>-0.6%</b>
Voluntary auto	541.1	<b>537.6</b>	<b>-0.7%</b>
CALI	148.2	<b>133.4</b>	<b>-10.0%</b>
Others	180.6	<b>180.1</b>	<b>-0.3%</b>
Total	1,239.3	<b>1,205.0</b>	<b>-2.8%</b>
(Excluding CALI)	1,091.1	<b>1,071.6</b>	<b>-1.8%</b>

### Net loss ratio

	FY08	FY09 (Forecast)	
			YoY change
Fire	42.6%	<b>43.0%</b>	<b>0.4pt</b>
Marine	51.5%	<b>62.3%</b>	<b>10.8pt</b>
Personal accident	60.4%	<b>62.4%</b>	<b>2.0pt</b>
Voluntary auto	73.2%	<b>73.3%</b>	<b>0.1pt</b>
CALI	99.8%	<b>109.3%</b>	<b>9.5pt</b>
Others	72.3%	<b>64.0%</b>	<b>-8.3pt</b>
Total	69.5%	<b>69.8%</b>	<b>0.3pt</b>
(Excluding CALI)	65.3%	<b>64.9%</b>	<b>-0.4pt</b>

### Incurred losses

(¥bn)

	FY08	FY09 (Forecast)	
			YoY change
Incurred losses (excluding loss adjustment expenses)	754.3	<b>741.1</b>	<b>-13.2</b>
Natural disasters	6.0	<b>13.0</b>	<b>7.0</b>
Others	748.2	<b>728.1</b>	<b>-20.2</b>
Incurred losses for voluntary auto (excluding loss adjustment expenses)	337.0	<b>333.0</b>	<b>-4.1</b>

\* Incurred losses = Net claims paid + provision for outstanding claims including IBNR

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- ▼ We anticipate that net premiums written will decrease 2.8% YoY, to ¥1,205.0 bn.
  - Marine: We expect net premiums written to fall 23.1%, due mainly to a fall in the distribution of goods caused by the economic downturn.
  - Voluntary auto: We expect net premiums written to fall 0.7% YoY, due partly to a slump in new vehicle sales.
  - CALI: The forecast reflects the impact of the revision to premium rates conducted in the previous year (the negative impact is approx. ¥15.0 bn).

- ▼ We expect the net loss ratio to decrease 0.4 points YoY, to 64.9%, excluding CALI.

- ▼ Our forecasts for the net loss ratio excluding natural disasters are as follows:

Fire:	38.0% (down 3.1 points YoY)
Marine:	62.3% (up 10.8 points YoY)
Personal accident:	62.4% (up 2.0 points YoY)
Voluntary auto:	72.8% (on par with the previous year)
CALI:	109.3% (up 9.5 points YoY)
Others:	63.6% (down 8.5 points YoY)
Total:	68.8% (down 0.2 points YoY)

- ▼ Natural disasters: ¥13.0 bn (on a reported basis)

Fire: ¥9.8 bn, Voluntary automobile: ¥2.5 bn, and Others: ¥0.7 bn

- ▼ We expect incurred losses excluding natural disasters to decrease ¥20.2 bn YoY.

## MSI (Non-Consolidated): Company Expense and Expense Ratios

### Company expenses

(¥ bn)

	FY08	FY09 (Forecast)	
			YoY change
Underwriting company expense	213.1	<b>209.9</b>	<b>-3.2</b>
Loss adjustment expense	76.1	<b>75.4</b>	<b>-0.8</b>
Other	12.8	<b>11.1</b>	<b>-1.8</b>
<b>Total company expense</b>	<b>302.1</b>	<b>296.3</b>	<b>-5.8</b>
Personnel	152.6	<b>158.0</b>	<b>5.4</b>
Non-personnel	135.2	<b>124.5</b>	<b>-10.7</b>
Tax and contributions	14.2	<b>13.8</b>	<b>-0.5</b>

### Expense ratios

(¥ bn)

	FY08	FY09 (Forecast)	
			YoY change
Net commission ratio	16.8%	<b>17.2%</b>	<b>0.4pt</b>
Net company expense ratio	17.2%	<b>17.4%</b>	<b>0.2pt</b>
<b>Net expense ratio</b>	<b>34.0%</b>	<b>34.6%</b>	<b>0.6pt</b>
Net expense ratio (excluding CALI)	35.5%	<b>36.0%</b>	<b>0.5pt</b>

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#### Our expectations:

- ▼ Total company expense: down ¥5.8 bn YoY to ¥296.3 bn with a reduction in costs, mainly nonpersonnel expenses
- ▼ Expense ratio: to increase 0.6 points YoY to 34.6%.
  - Net commission ratio: up 0.4 of a point YoY to 17.2%
  - Company expense ratio: up 0.2 points YoY to 17.4%
- ▼ Expense ratio excluding CALI: up 0.5 points YoY to 36.0%.
  - Net commission ratio: up 0.3 of a point YoY to 18.4%
  - Company expense ratio: up 0.2 points YoY to 17.6%

## MSI (Non-consolidated): Investment Performance

### Net investment income/loss

(¥ bn)

	FY08	FY09 (Forecast)	
			YoY change
Interest and dividend received	137.8	117.3	-20.5
Transfer of investment income on deposit premiums	52.8	53.4	0.6
Net interest and dividend income	85.0	63.9	-21.1
Net gains/losses on sale of securities	60.2	-1.7	-61.9
Losses on devaluation of securities	-109.5	-9.5	100.1
Net gains/losses on redemption of securities	-5.7	-2.8	2.9
Gains/losses on derivative transactions	-0.7	14.3	15.1
Other	-31.2	-25.6	5.6
Net investment income/loss	-1.9	38.7	40.7

### Sources of interest and dividends received

(¥ bn)

	FY08	FY09 (Forecast)	
			YoY change
Bonds	29.6	29.1	-0.5
Stocks	46.6	27.7	-19.0
Foreign securities	29.6	29.3	-0.3
Other securities	2.0	4.4	2.3
Loans	15.4	14.5	-0.9
Real estate	7.1	7.2	0.0
Others	7.1	5.0	-2.2
Total	137.8	117.3	-20.5

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- ▼ We expect gross interest and dividend received to decline ¥20.5 bn YoY, to ¥117.3 bn, reflecting a fall in dividend income associated with weaker corporate earnings.
- ▼ We expect net interest and dividend income to decline ¥21.1 bn YoY, to ¥63.9 bn.
- ▼ We anticipate that net losses on the sale of securities will be ¥1.7 bn, a YoY net decrease of ¥61.9 bn.
- ▼ We expect losses on devaluation of securities to improve by ¥100.1 bn YoY, to ¥9.5 bn.
- ▼ In net gains/losses on derivative transactions, we expect to book gains of ¥14.3 bn, an improvement of ¥15.1 bn from the loss of the prior term, on a rebound following credit derivative appraisal losses.
- ▼ In others, we forecast losses of ¥25.6 bn due to losses on the cancellation of investment trusts and other factors.
- ▼ As a result of the above, we expect net investment income to increase ¥40.7 bn YoY, to ¥38.7 bn.

## MSI's Overseas Subsidiaries

### Net premiums written

(¥ bn)

	FY08	FY09 (Forecast)		
		YoY change	Growth rate	
Overseas subsidiaries total	181.9	<b>163.3</b>	<b>-18.7</b>	<b>-10.3%</b>
Asia	70.7	<b>64.6</b>	<b>-6.2</b>	<b>-8.7%</b>
Europe	61.7	<b>52.2</b>	<b>-9.6</b>	<b>-15.5%</b>
The Americas	23.9	<b>24.9</b>	<b>1.0</b>	<b>4.3%</b>
Reinsurance	25.5	<b>21.6</b>	<b>-4.0</b>	<b>-15.7%</b>

### Net income

(¥ bn)

	FY08	FY09 (Forecast)	
		YoY change	
Overseas subsidiaries total	-22.9	<b>15.3</b>	<b>38.3</b>
Asia	2.9	<b>5.8</b>	<b>2.8</b>
Europe	-31.3	<b>1.4</b>	<b>32.7</b>
The Americas	1.1	<b>0.9</b>	<b>-0.3</b>
Reinsurance	4.1	<b>7.3</b>	<b>3.1</b>

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#### <Net premiums written>

- ▼ Net premiums written at the overseas subsidiaries are set to increase 6.5% on local currency bases. However, total net premiums written is likely to decrease ¥18.7 bn, or 10.3%, YoY to ¥163.3 bn, reflecting the decrease (of approx. ¥30.0 bn) linked to the strength of the Japanese yen.

#### <Net income/loss>

- ▼ Net income at the overseas subsidiaries is likely to increase ¥38.3 bn YoY, to ¥15.3 bn.  
The main reason is that the net income from Europe, which suffered major losses related to credit insurance in the previous year, is expected to increase ¥32.7 bn YoY, to ¥1.4 bn.

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## Life Insurance Subsidiaries

### MSI Kirameki Life

(¥ bn)

	FY08	FY09 (Forecast)	
			Growth rate/Change
Amount of new policies	1,653.9	<b>1,890.0</b>	<b>14.3%</b>
Amount of policies in force	9,030.8	<b>9,740.0</b>	<b>7.9%</b>
Premiums	220.1	<b>225.0</b>	<b>2.2%</b>
Net income	0.0	<b>0.0</b>	<b>—</b>
Net income (pro forma)*	2.4	<b>2.2</b>	<b>-0.2</b>

\* Net income (pro forma) before provision of standard underwriting reserve as defined in the calculation of Group Core Profit.

### MSI MetLife

(¥ bn)

	FY08	FY09 (Forecast)	
			Growth rate/Change
Amount of new policies	592.9	<b>413.7</b>	<b>-30.2%</b>
Amount of policies in force	2,478.7	<b>3,070.9</b>	<b>23.9%</b>
Premiums	619.2	<b>438.5</b>	<b>-29.2%</b>
Net income (MSIG share)	-4.4	<b>6.6</b>	<b>11.1</b>
Net income (MSIG share, US-GAAP)*	0.6	<b>2.5</b>	<b>1.9</b>

\* Net income under US-GAAP as defined in the calculation of Group Core Profit.

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#### <MSI Kirameki Life>

- ▼ We expect a 14.3% YoY increase in the amount of new policies under the new schematics for promoting life insurance. We also anticipate steady growth in the third-sector (a special category including life and non-life products such as cancer and hospitalization cover).
- ▼ We expect amount in force to increase 7.9% YoY.
- ▼ We expect premium revenues to rise 2.2% YoY.
- ▼ We expect net income to be less than ¥0.1 bn, because we will make provisions to meet standard underwriting reserve targets in units of ¥0.1 bn, provided net income does not go into the red. (The amount of the provision to underwriting reserve is forecast to be ¥3.4 bn.)
- ▼ We expect net income (pro forma) to decline ¥0.2 bn YoY, to ¥2.2 bn, reflecting an increase in costs associated with the development of the new schematics for promoting life insurance and other factors.

#### <MSI MetLife>

- ▼ We expect a significant YoY decrease in premiums due to the decrease of over-the-counter sales.
- ▼ We expect net income to increase ¥11.1 bn YoY, to ¥6.6 bn, with the decrease in operating expenses, in addition to the increase in investment income in the first-half period.
- ▼ We expect net income under US-GAAP, as defined in the calculation of Group Core Profit, to increase ¥1.9 bn YoY, to ¥2.5 bn.

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# Supplementary Information



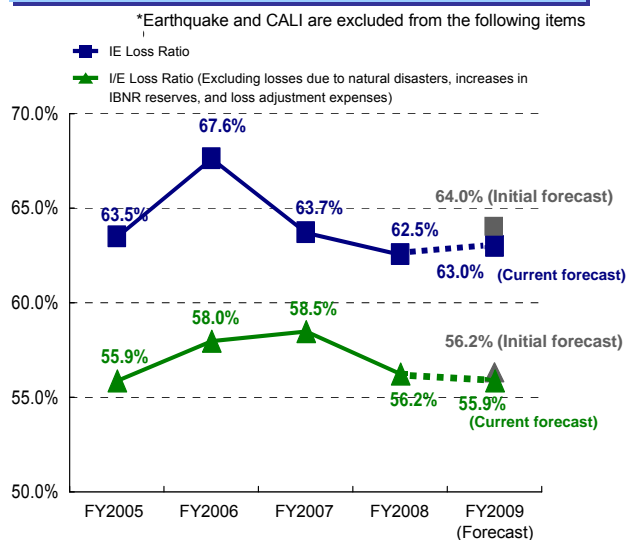
Mitsui Sumitomo Insurance Group Holdings

MSIG

## Loss and Expense Ratios

The earned-incurred loss ratio (excluding losses due to natural disasters, etc.) for FY2009 is expected to improve 0.3 points YoY, to 55.9%.

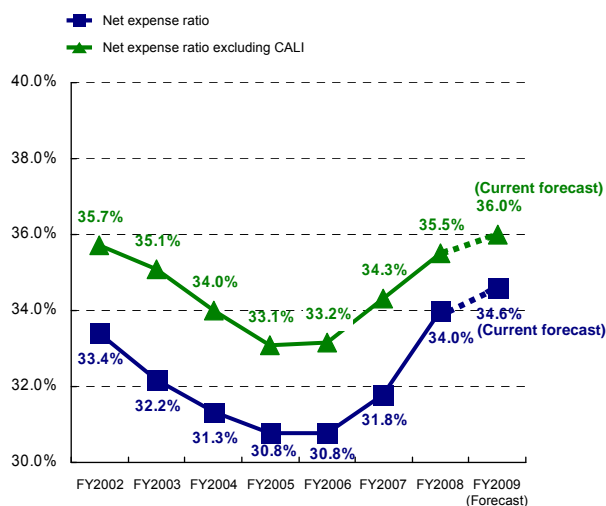
## Transition of Earned-Incurred Loss Ratio (Full year)



First half	53.1%	55.5%	58.8%	54.8%	52.5%
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(Excluding losses due to natural disasters, increases in IBNR reserves, and loss adjustment expenses)

## Transition of Net Expense Ratio (Full year)



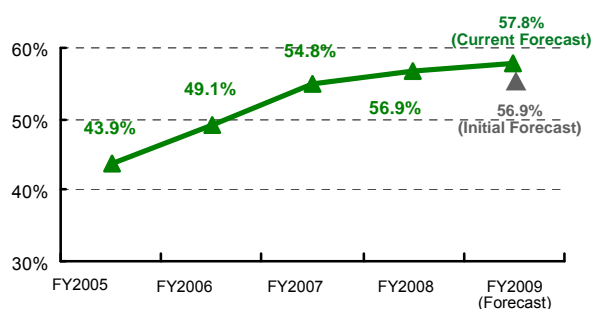
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## Details of Earned-Incurred Loss Ratio

- The earned-incurred loss ratio (here and below excluding losses due to natural disasters, increases in IBNR reserves, and loss adjustment expenses) for the first half of FY2009 improved by 2.3 points YoY, to 52.5%, reflecting lower incurred losses in others, voluntary auto, and fire.
- The full-year I/E loss ratio for FY2009 is also expected to improve 0.3 points YoY, to 55.9%, with the expected decrease in incurred losses.

## Details of Net Expense Ratio

- Net expense ratio for FY2009 is expected to increase 0.6 points, to 34.6%. The breakdown and contributing factors are as follows:
- Net commission rate: 17.2% (up 0.4 points YoY) – Expected to rise compared to the previous year given a decrease in the proportion of lines with relatively lower commission rates such as CALI and cargo.
  - Net company expense ratio: 17.4% (up 0.2 points YoY) – Likely to be higher than the previous year with a fall in net premiums written, the denominator, although underwriting company expense, the numerator, is expected to be reduced ¥3.2 bn.

Earned-Incurred Loss Ratio for Personal Accident Insurance  
(Excluding losses due to natural disasters, increases in IBNR reserves, and loss adjustment expenses)

First half	40.7%	45.7%	52.8%	55.7%	55.7%
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- The earned-incurred loss ratio for the first-half period of FY2008 was 55.7%, which was the same as the ratio for the same period in the previous year.
- The earned-incurred loss ratio for FY2009 is forecast to increase 0.9 points YoY to 57.8%. We are going to study improvement measures in terms of insurance rates based on the trend for revision of the reference rates while continuing improvement measures in terms of underwriting (improvement in profitability of policies with constantly high loss ratios, etc.) that have already been implemented.

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**Improvement in Loss Ratios in Voluntary Auto**

- The earned-incurred loss ratio (excluding losses due to natural disasters, etc.) of voluntary auto for the first half of FY2009 rose 0.4 points YoY, to 60.4%, with a decrease in premiums, which reflected a decline in the unit prices of premiums.
- The number of accidents covered and the incurred losses for the first half were also down on a year-on-year basis.
- The full-year loss ratio is likely to be 61.3%, almost unchanged from the previous year, by continuing the effects and the measures below.

**Effects of Product Revision**  
(Conducted in July 2008)

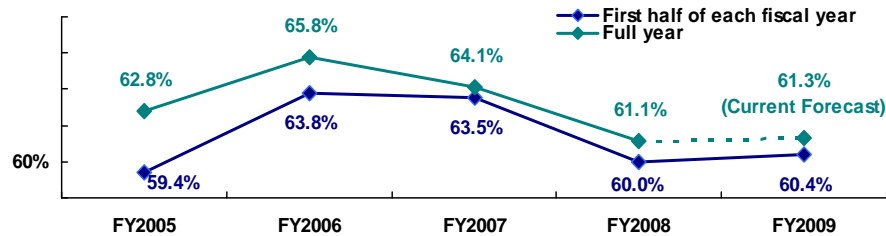
- Premium levels were raised, coverage with high loss ratios were reviewed, and discounts that negatively affected profitability were abolished.

**Appropriate Underwriting**

- Establish detailed underwriting standards reflecting the characteristics of each region and market.  
- Provide underwriting support and consultations for agents with high loss ratios

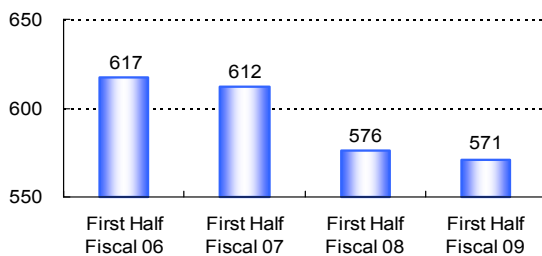
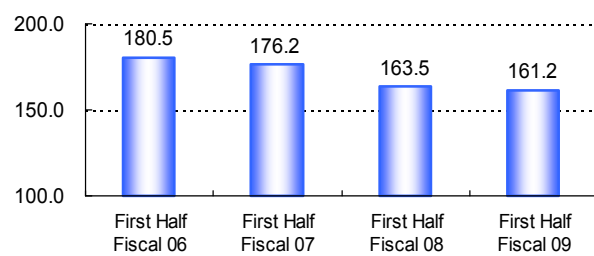
**Initiatives for Preventing Accidents**

- For fleet policyholders: initiatives for preventing accidents involving new fleet policyholders and fleet policyholders with high loss ratios  
- For individual policy holders: initiatives for raising awareness of the importance of safe driving

**Transition of Earned-Incurred Loss Ratio****(Excluding losses due to natural disasters, increases in BNR reserves, and loss adjustment expenses)**

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In the first half of FY2009, the number of accidents covered declined 0.9% YoY, while incurred losses were down 1.4% YoY.

**Transition of the number of accidents covered****(Excluding accidents due to natural disasters)** (thousands)**Transition of Incurred Losses****(Domestic, excluding losses due to natural disasters)** (¥ bn)**Supplementary explanations about the measures above**

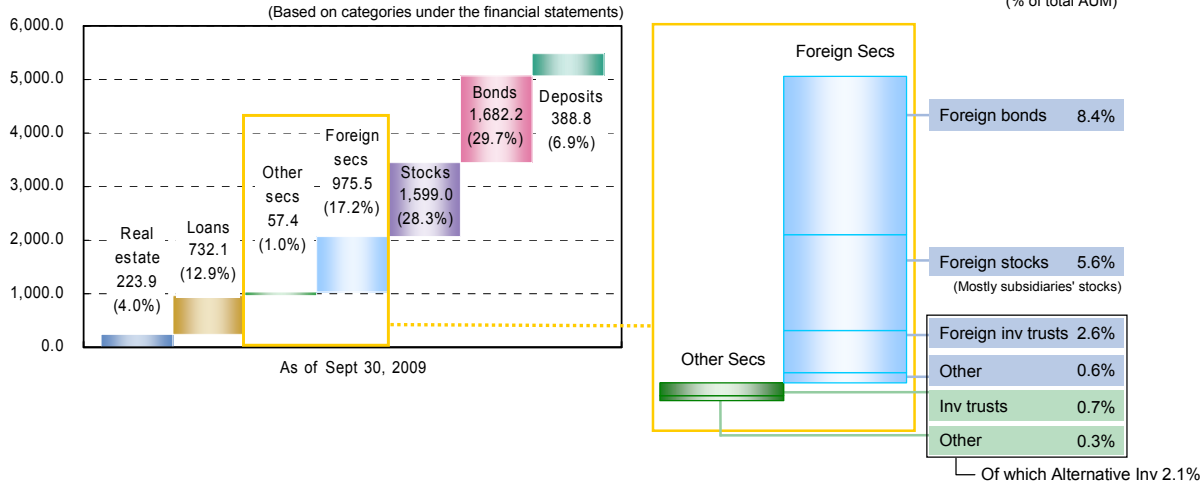
- **Meetings with agents/fleet policyholders with high loss ratios, support for activities to prevent accidents**
  - Establish plans to analyze and improve factors behind high loss ratios
  - Use educational tools related to underwriting
- **Initiatives for preventing accidents involving fleet policyholders**
  - Suggest risk management measures based on the profiles of accidents and the characteristics of each fleet policyholder (including consultations through use of drive recorders and eco-friendly safe driving)

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## Summary of AUM

## Balance of AUM by assets

¥ bn



## Unrealized losses for the midterm ended September 30, 2009

¥8.0 bn (breakdown: stocks ¥2.3 bn; foreign securities ¥5.3 bn; other securities ¥0.3 bn)

Definition of impairment recognition for marketable stocks: Generally, impairment losses will be recognized for the difference if the stocks fell 30% or more below its cost.

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## AUM by assets

¥ bn

	Mar. 31, 2008		Mar. 31, 2009 (A)		Sept. 30, 2009 (B)		(B)-(A)
	Value	%	Value	%	Value	%	
Deposits	339.3	5.1%	412.4	7.5%	388.8	6.9%	-23.6
Bonds	1,721.5	26.0%	1,618.7	29.5%	1,682.2	29.7%	63.5
Government bond	305.9	4.6%	359.3	6.5%	441.6	7.8%	82.3
Stocks	2,244.7	33.9%	1,379.6	25.1%	1,599.0	28.3%	219.4
Foreign Secs	1,213.5	18.3%	1,037.5	18.9%	975.5	17.2%	-62.0
Other Secs	95.4	1.4%	59.5	1.1%	57.4	1.0%	-2.1
Loans	777.1	11.7%	754.6	13.8%	732.1	12.9%	-22.5
Real Estate	232.4	3.5%	225.2	4.1%	223.9	4.0%	-1.3
<b>Total</b>	<b>6,624.1</b>	<b>100.0%</b>	<b>5,487.6</b>	<b>100.0%</b>	<b>5,659.2</b>	<b>100.0%</b>	<b>171.6</b>

## Corporate bonds by rating class

## Macro-economic impacts on balance sheets

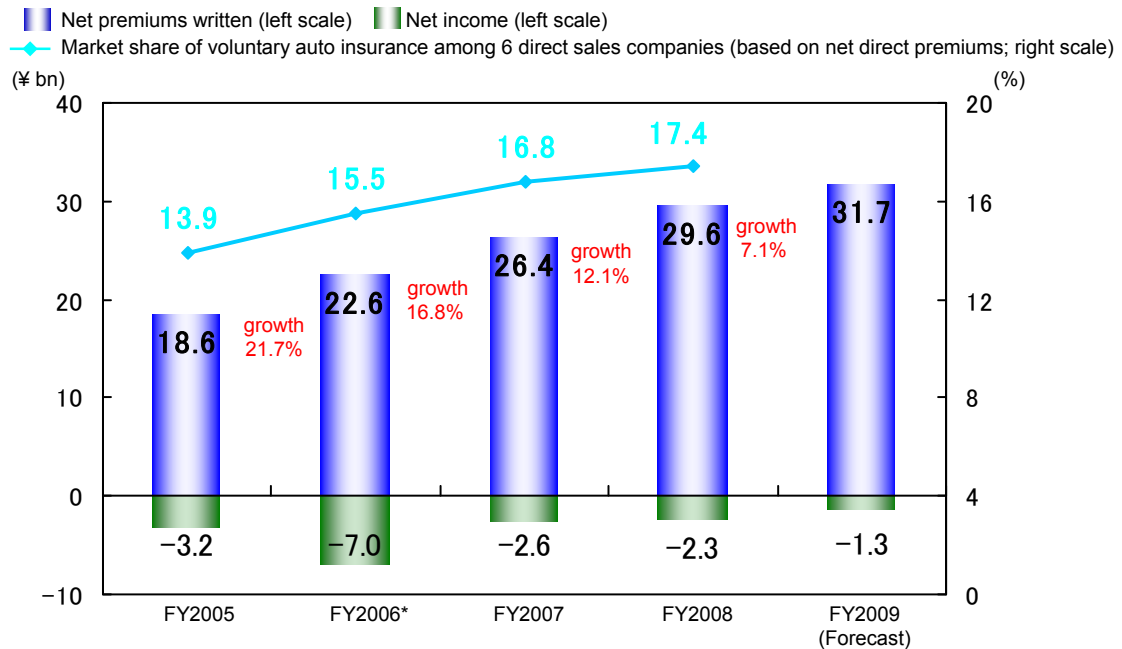
	Domestic issuers	Overseas issuers	
		Financial Institutions	Other
AAA	43.9%	27.7%	7.7%
AA	33.1%	25.7%	34.8%
A	20.9%	39.1%	57.0%
BBB	1.3%	3.8%	0.1%
BB or lower	0.8%	3.7%	0.4%
<b>Total</b>	<b>100.0%</b>	<b>100.0%</b>	<b>100.0%</b>

Change of	Estimation of impacts
Interest rate	If the yen interest rate rises by 1%: • Fluctuation in the fair value (net of assets/liabilities): -¥5.0 bn • Fluctuations in int. and dividend (net of receipts/payment): +¥0.6 bn
Forex	• ¥1 rise of JPY against USD: ¥2.3 bn decline in fair value of non-yen assets • ¥1 rise of JPY against EUR: ¥0.6 bn decline in fair value of non-yen assets • ¥1 rise of JPY against both USD and EUR, staying at the level a year: ¥0.3 bn decrease of int. and dividend received from non-yen assets
Stock price	• ¥1,000 drop of NIKKEI 225: ¥161.8 bn decline in market value of stockholdings

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# Mitsui Direct General Insurance

## Net Premiums Written, Net Income and Market Share



\*One time depreciation expense of ¥3.59 bn related to the deferred assets was recorded under the Insurance Business Law (article 113).

### Net direct premiums for voluntary auto of 6 direct sales companies (¥ bn)

	FY2005	FY2006	FY2007	FY2008
Net direct premiums	132.6	144.5	156.3	168.6
Growth rate	11.3%	8.9%	8.2%	7.8%

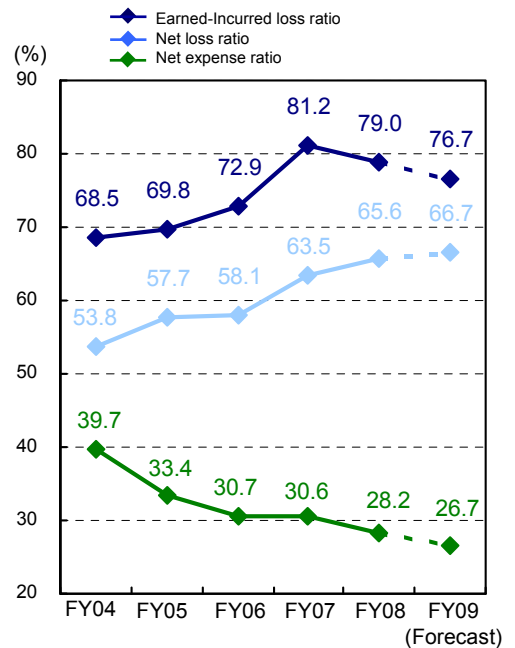
### Ranking of 6 direct sales companies

(¥ bn)

(Net direct premiums for voluntary auto in 2008)

順位	Company	Net direct premiums for voluntary auto
1	Sony	53.8
2	Mitsui Direct	29.4
3	AXA	29.3
4	Zurich	28.7
5	American Home	18.7
6	Sonpo 24	8.6

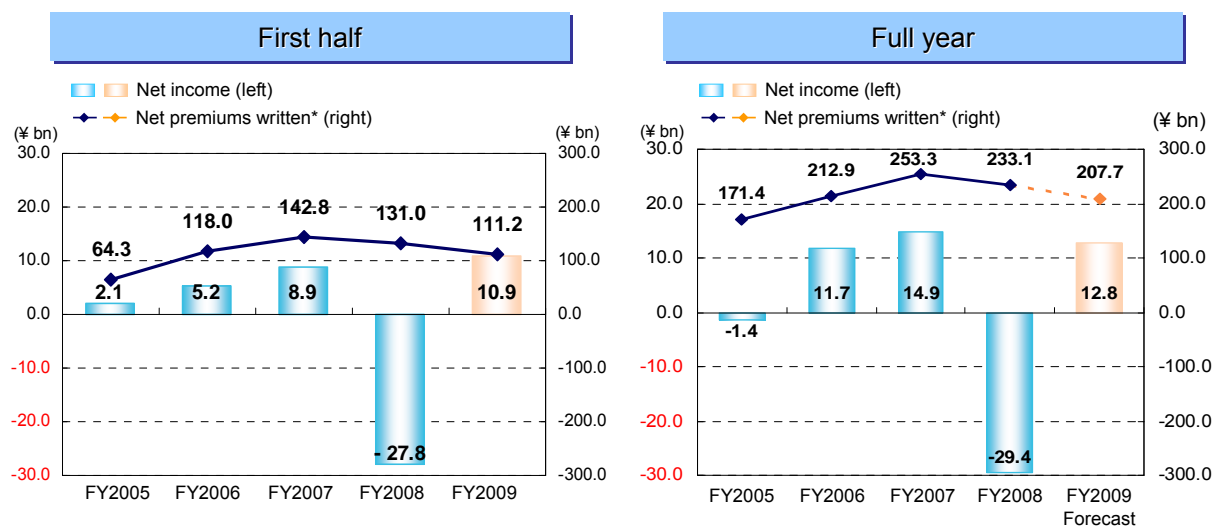
### Net Loss Ratio & Net Expense Ratio



## <Overseas Business> First-Half Overview and Full-Year Forecasts



- Net premiums written for the first-half of FY2009 were down 14.9% YoY, to ¥111.2 bn, reflecting the strength of the Japanese yen. In contrast, the figure rose 5.9% on local currency basis. We achieved a remarkable improvement in net income, which surged ¥38.7 bn YoY, to ¥10.9 bn.
- Full-year net premiums written are expected to decline 10.9% YoY, to ¥207.7 bn, but are expected to increase 4.5% on local-currency basis. Full-year net income is expected to return to FY2006/FY2007 levels, prior to the financial crisis, increasing ¥42.2 bn YoY, to ¥12.8 bn.



\* Figures for the overseas business include those for overseas subsidiaries (both consolidated and non-consolidated), operations of MSI for reinsurance ceded from its overseas subsidiaries, and operations of the overseas branches of MSI and depreciation of goodwill related to M&As.

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## Transition of Results of Each Regional Business and Reinsurance Business

Net income for FY2009 is expected to return to FY2006/FY2007 levels, prior to the financial crisis, for each regional business and reinsurance business.

(¥ bn)

Region	Net Income							
	FY2006	FY2007	FY2008	FY2009	Fiscal 2009 Current Forecast			
	Results	Results	Results	1st Half Results	YoY Change	Change compared to the initial forecast		
Asia	8.1	11.4	1.9	6.7	8.8	6.9	-0.1	
Americas	-1.8	1.2	1.7	2.8	2.4	0.7	0.6	
Europe	2.4	-2.4	-33.6	-0.6	-0.8	32.8	-2.0	
Reinsurance	5.0	6.7	4.2	4.3	7.3	3.1	1.6	
Overseas Total	11.7	14.9	-29.4	10.9	12.8	42.2	0.5	

(¥ bn)

Region	Net Premiums Written							
	FY2006	FY2007	FY2008	FY2009	Fiscal 2009 Current Forecast			
	Results	Results	Results	1st Half Results	YoY Change	Change compared to the initial forecast		
Asia	90.9	105.5	106.3	49.9	95.2	-11.1	-7.4	
Americas	35.2	33.4	32.2	18.0	33.2	1.0	0.7	
Europe	67.1	88.6	68.7	30.6	57.7	-11.0	5.8	
Reinsurance	19.6	26.1	25.6	12.7	21.6	-4.0	-1.6	
Overseas Total	212.9	253.3	233.1	111.2	207.7	-25.4	-2.3	

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<Life Insurance Business> **Transition of Amount of Policies**

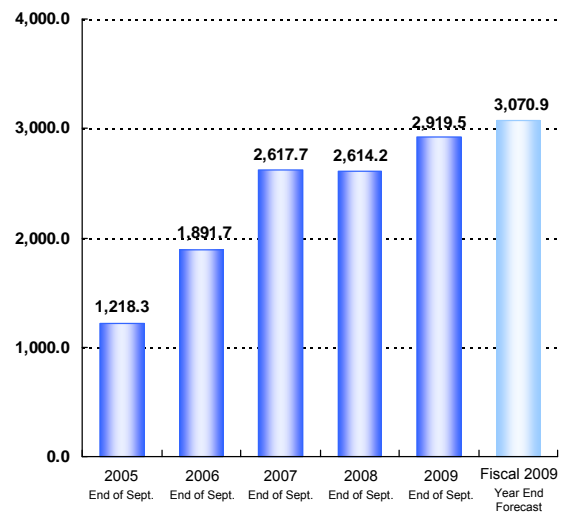
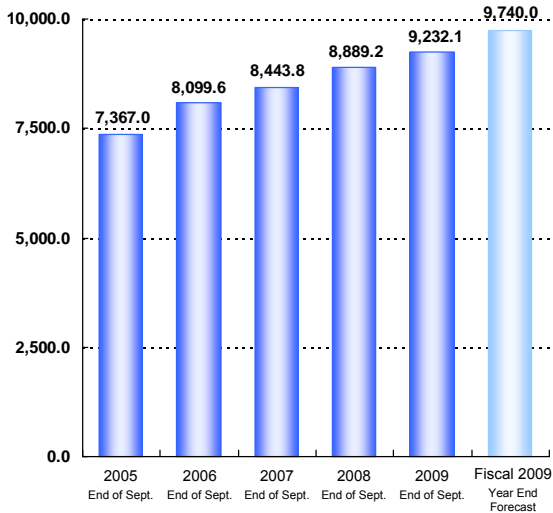


**Mitsui Sumitomo Kirameki Life Insurance Co., Ltd.**

**Mitsui Sumitomo MetLife Insurance Co., Ltd.**

**Transition of Amount of Policies In Force**  
(Individual Policies and Individual Annuities) (¥ bn)

**Transition of Amount of Policies In Force** (¥ bn)

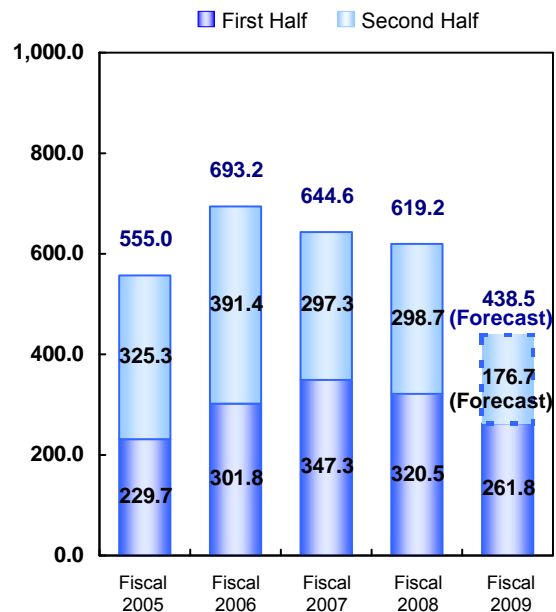
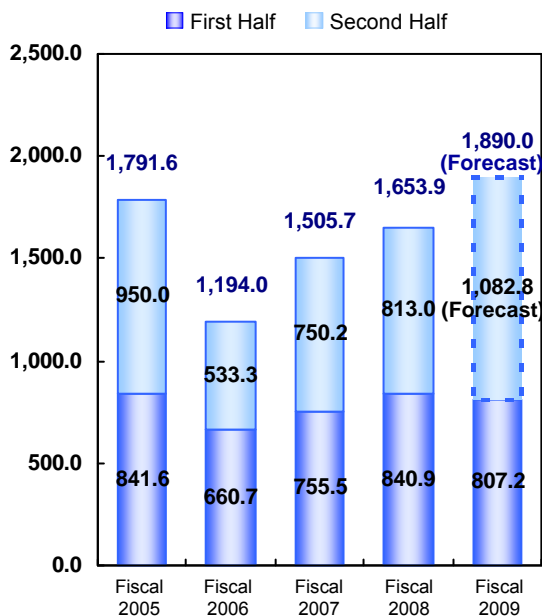


**Mitsui Sumitomo Kirameki Life Insurance Co., Ltd.**

**Mitsui Sumitomo MetLife Insurance Co., Ltd.**

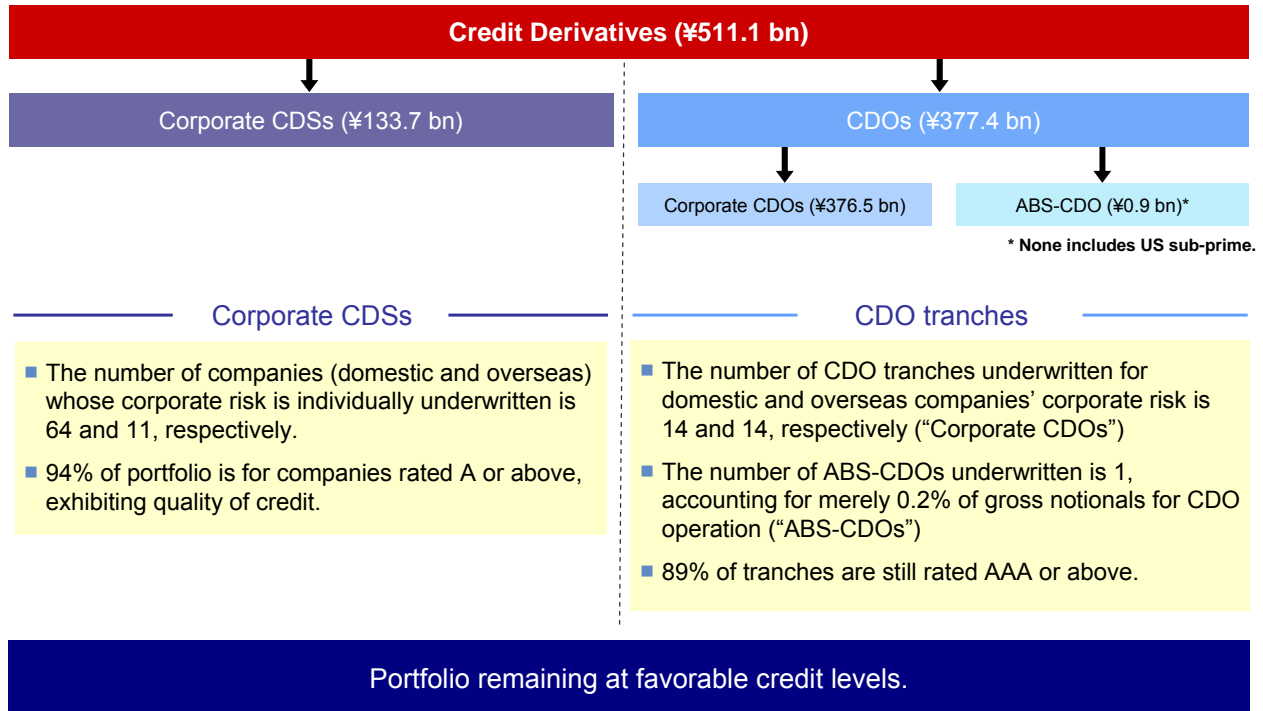
**Transition of Amount of New Policies**  
(individual insurance/individual annuities) (¥ bn)

**Transition of Premiums** (¥ bn)



# Credit Derivatives

<Breakdown of Gross Notionals as of September 30, 2009>



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## CDSs

### Outstanding Balance by Rating

(¥ bn)

Rating	Notional amount (% of total)						
			Domestic companies		Overseas companies		Financial institutions
AAA	2.7	(2.0%)	2.7	(2.3%)	-	(-)	-
AA	72.0	(53.9%)	67.1	(58.2%)	4.9	(26.9%)	-
A	51.5	(38.6%)	43.6	(37.8%)	7.9	(43.5%)	-
BBB	3.8	(2.8%)	2.0	(1.7%)	1.8	(9.9%)	-
BB or lower	3.6	(2.7%)	-	(-)	3.6	(19.7%)	3.6
Total	133.7	(100%)	115.4	(100%)	18.3	(100%)	3.6

## CDOs

### Outstanding Balance by Rating

(¥ bn)

Rating	Notional amount (% of total)	
AAA	337.0	(89.3%)
AA	26.7	(7.1%)
A	4.5	(1.2%)
BBB	-	(-)
BB or lower	9.0	(2.4%)
Total	377.4	(100%)

Average subordination ratio is 17%

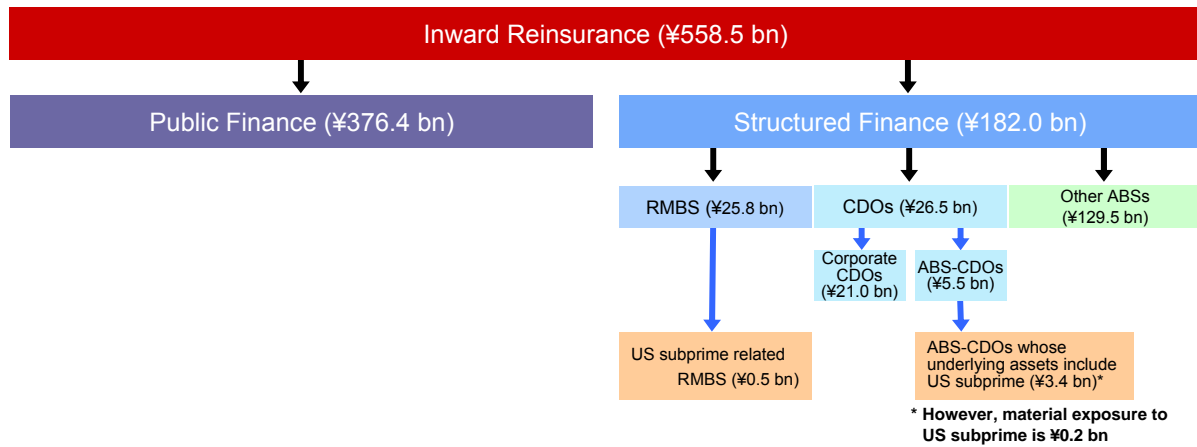
### Unrealized gains/losses of credit derivatives for the midterm ended September 30, 2009

In FY2009, MSI booked a gain on appraisal of credit derivatives of ¥17.2 bn (¥4.3 bn for corporate CDSs and ¥12.8 bn for corporate CDOs).

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**Reinsurance Ceded from US Monolines**

&lt;Breakdown of Outstanding Guaranteed Balance as of September 30, 2009&gt;



- Mainly under the treaties (proportional reinsurance treaties) entered into with US monolines (primary insurers), a part of credit risks (municipals and ABSs, etc.) underwritten by primary insurers have been ceded to MSI.
- 74% of the portfolio underwritten is rated “A” or above, and 96% is rated “BBB” or above, maintaining a strong credit position.

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**Outstanding Balance by Rating (¥ bn)**

Rating	Balance underwritten (¥ bn)	(% of total)
AAA	50.0	(9.0%)
AA	149.1	(26.7%)
A	211.5	(37.9%)
BBB	123.7	(22.2%)
BB or lower	23.9	(4.3%)
Total	558.5	(100%)

\* Represents the rating class for the underlying credit irrespective of guarantee by monolines

**[Rating of Monolines and Quality of Ceded Portfolio]**

- It is not the credit risk of monolines that we have underwritten through inward reinsurance but credit risk of municipal bonds, ABSs and the like which the monolines have underwritten.
- Therefore, downgrade of rating class for primary insurers will not bring any negative impact to the profile or quality of risks underwritten by MSI.

**Losses incurred during the six-month period ending Sep.30, 2009**

- Total incurred losses\* related to the “Reinsurance ceded from US Monolines” was ¥1.3 bn.

\* Sum of claims paid and outstanding claims.

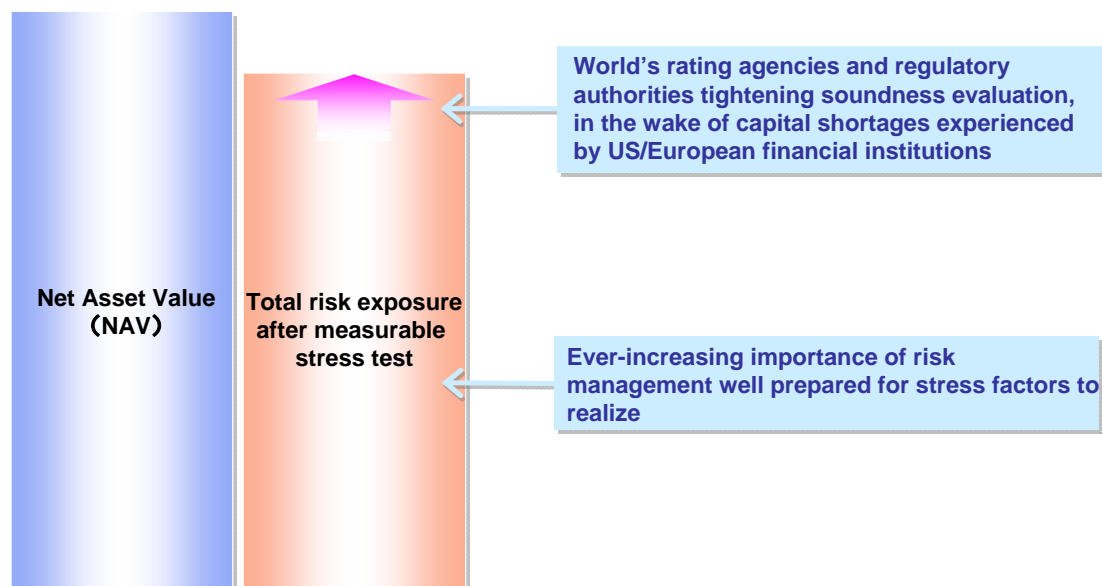
**(Reference) Credit Exposure to Monolines**

- Gross notionals for credit derivatives where a monoline is referred as single reference entity is ¥2.7 bn.
- Total amounts of guarantees/underwriting and investments for monoline-guaranteed notes are ¥9.5 bn and ¥1.0 bn, respectively.
- For above guarantees/underwriting (¥9.5 bn) and investments (¥1.0 bn), MSI shall become legally liable for payment obligation in case of default of both the underlying notes and the monoline that has guaranteed those notes.

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## Capital Position / Return Policy and Track Record

The capital position of the Group is strong enough to carry out sound operation for ongoing businesses. Still, the company will accelerate its efforts for risk management, paying attention to the regulatory climate where stricter capital management is being required.



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### Group Core Profit and return

(¥ bn)

(representing the fiscal year in which each GCP was recorded→)	FY2004	FY2005	FY2006	FY2007	FY2008
Group Core Profit (GCP)	28.6	73.9	64.9	66.0	3.1
Dividends paid	13.6	18.5	19.8	22.5	22.6
dividends per share (yearly)	9.5 yen	13 yen	14 yen	16 yen	54.0 yen *
Share buybacks (conducted in the following FY)	12.0	11.5	7.0	4.0	up to 10.0 (planned)
Dividends + Share buyback (=Payout)	25.6	30.0	26.8	26.5	32.6 (planned)
Payout / GCP	90%	41%	41%	40%	1,057%(planned)

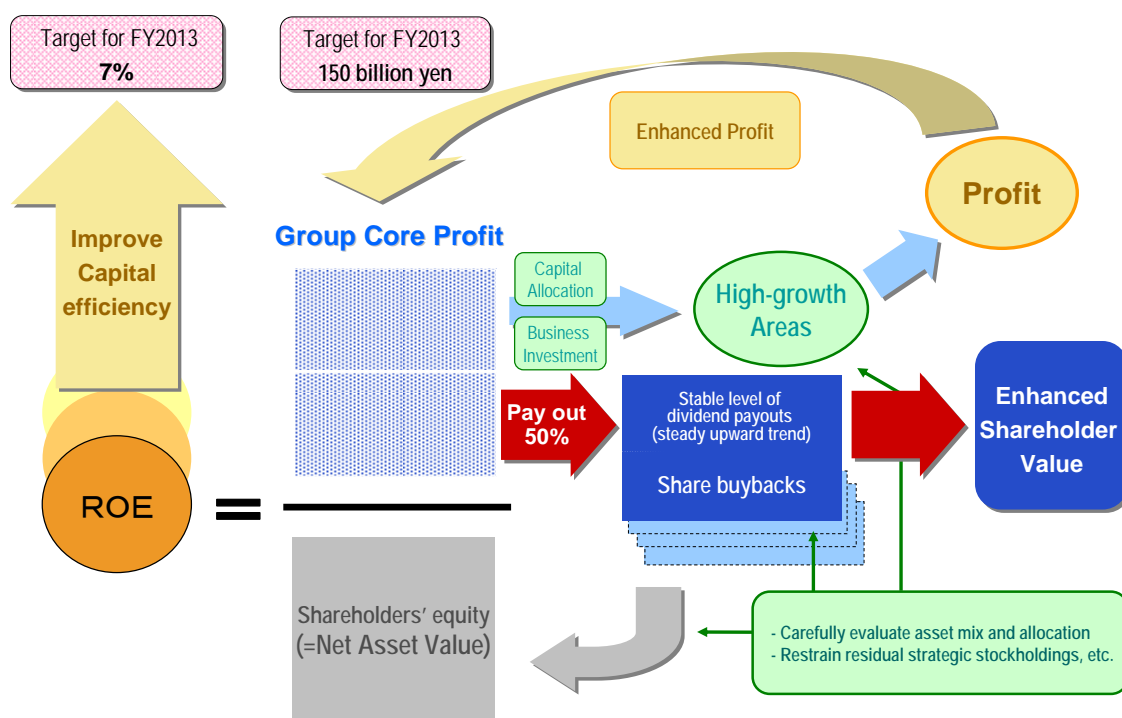
\*The FY2008 dividends per share of ¥54.0 is equivalent to ¥16.2 on an MSI basis (prior to the establishment of MSIG) .

### Track record of share buyback

Period of time	Shares bought back (thousand shares)	Repurchase cost (million yen)
<b>MSI</b>		
March - December 2002	25,895	14,570
October - December 2003	29,381	25,999
August - October 2004	23,073	21,485
September 2005	10,000	11,992
February - March 2007	7,846	11,499
February - March 2008	6,402	6,998
<b>Total</b>	<b>102,597</b>	<b>92,543</b>
<b>MSIG</b>		
February - March 2009	1,851	3,999
February - March 2010 (planned)	up to 5,000	up to 10,000

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## Capital Management: Post-Integration Principles



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### Capital management

- ▼ To deliver returns tied to Group Core Profit, while reinvesting profit in high-growth areas to achieve continued growth.
- ▼ Mitsui Sumitomo Insurance Group Holdings, Inc. has maintained stable dividend payments on a steady upward trend, while in parallel implementing continual share-buybacks. This fiscal year, we have announced a share-buyback of up to 5 million shares at a cost of up to 10 billion yen.
- ▼ The Master Integration Plan sets a 7% ROE target for FY2013, which will complement improved capital efficiency.
- ▼ Increasing profit and managing capital properly are our highest priorities.
- ▼ Profit increase: Target Group Core Profit of 150 billion yen in FY2013 through integration synergies and growth strategies.
- ▼ Capital management: Promote through returns to shareholders and allocating capital to high-growth areas. Restraining residual strategic stockholdings to improve capital efficiency.
- ▼ Share-buybacks will continue, so that the total payout ratio together with dividends will be approximately 50%. Share-buybacks to be executed flexibly and continuously, in view of capital / profit status.

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## Supplementary Information

Mitsui Sumitomo Insurance (Non-consolidated)

### 1-① Details of Underwriting Reserves

(Unit: 100 million yen)

		As of September 30, 2009				
		Total underwriting reserve	Regular reserve	Reserve for maturity refunds and dividends to policyholders	Catastrophe loss reserve	Reserve II, IV
Fire	Balance	10,613	5,584	2,938	2,087	3
	(Change)	(3)	(△0)	(△74)	(78)	(0)
Marine	Balance	844	231	-	612	-
	(Change)	(△25)	(△35)	(-)	(10)	(-)
Personal Accident	Balance	18,191	1,014	16,357	809	10
	(Change)	(△168)	(47)	(△215)	(△1)	(1)
Voluntary Automobile	Balance	1,796	1,625	85	85	0
	(Change)	(△130)	(△31)	(△10)	(△88)	(0)
Compulsory Automobile Liability Insurance	Balance	3,201	3,201	-	-	-
	(Change)	(△157)	(△157)	(-)	(-)	(-)
Others	Balance	4,343	2,279	824	1,238	1
	(Change)	(△25)	(△10)	(△31)	(16)	(0)
Total	Balance	38,991	13,936	20,205	4,833	15
	(Change)	(△503)	(△188)	(△332)	(15)	(2)
	Long term assets		-	20,098	-	-

- Note 1. Reserves for earthquake insurance and Compulsory Automobile Liability Insurance are included in regular reserve column.  
 2. Long-term assets is the reserve for maturity refunds and dividends to policyholders for savings-type insurance.

### 1-② Catastrophe loss reserve

(Unit: 100 million yen)

	As of September 30, 2008				As of September 30, 2009			
	Reversal	Provision	Balance	Reserve Ratio	Reversal	Provision	Balance	Reserve Ratio
				%				%
Fire	-	78	1,930	112.6	-	78	2,087	121.5
Marine	-	13	591	83.3	-	10	612	114.9
Personal Accident	12	20	853	62.8	22	20	809	60.0
Voluntary Automobile	366	87	191	3.5	173	85	85	1.6
Other	10	48	1,216	63.4	30	46	1,238	66.8
Total	389	249	4,782	42.9	226	241	4,833	44.8

Note: "Reserve ratio" shows a ratio of balance to twice of net premiums written (excluding earthquake insurance, Compulsory Automobile Liability Insurance, Modorich funds).

## 2-① Status of Outstanding Claims

(Unit: 100 million yen)

	As of September 30, 2008			As of September 30, 2009		
	Balance	Change	IBNR	Balance	Change	IBNR
Fire	516	33	8	459	△ 8	2
Marine	295	2	6	277	△ 11	9
Personal Accident	486	16	9	532	15	11
Voluntary Automobile	2,764	19	56	2,557	△ 31	24
Compulsory Automobile Liability Insurance	484	△ 13	-	481	△ 10	-
Others	1,336	△ 76	14	1,084	△ 155	△ 33
Total	5,883	△ 18	95	5,391	△ 203	14

## 2-② Incurred Loss and Earned-Incurred Loss Ratio

(Unit: 100 million yen)

	Six months ended September 30, 2008		Six months ended September 30, 2009			
	Incurred Loss	Earned-Incurred Loss Ratio*	Incurred Loss	Change	Earned-Incurred Loss Ratio*	Change
		%			%	%
Fire	391	47.4	334	△ 56	38.0	△ 9.4
Marine	163	45.1	141	△ 22	51.4	6.3
Personal Accident	402	64.9	404	1	64.4	△ 0.5
Voluntary Automobile	1,944	70.8	1,868	△ 75	69.3	△ 1.5
Others	591	62.5	438	△ 152	48.0	△ 14.5
Total	3,493	63.5	3,187	△ 305	59.1	△ 4.4

Note: Earned and incurred loss ratio is determined as follows:

Excludes earthquake insurance, Compulsory Automobile Liability Insurance, and Modorich funds.

Incurred loss = net paid loss + loss adjustment expense + change in outstanding claims

Earned (elapsed) premiums is adjusted for prepaid premiums, reserves for insurance due.

Earned-Incurred Loss Ratio = Incurred Loss/ Earned premium

## 3-① Interest and dividend income and yield

(Unit: 100 million yen)

Type of asset	Six months ended September 30, 2008	FY2008 (ended March 31, 2009)		Six months ended September 30, 2009
	Interest and dividend income	Interest and dividend income	Income yield (%)	Interest and dividend income
Short-term assets	35	65	2.30	23
Money trusts	5	7	2.19	1
Securities	577	1,080	2.82	500
Bonds	150	296	1.78	147
Stocks	262	466	5.28	164
Foreign securities	162	296	2.49	167
Other securities	2	20	2.23	21
Loans	76	154	1.96	73
Land and Buildings	34	71	3.09	37
Total Investment Assets	730	1,379	2.67	636

\* "Interest and dividend income" includes part of gain/loss on money trust that corresponds to interest/dividend income.

## 3-② Gain/Loss on sale of securities

Six months ended September 30, 2009

(Unit: 100 million yen)

	Gain	Loss	Total
Bonds	6	10	△ 4
Stocks	39	27	11
Foreign securities	8	14	△ 5
Other securities	-	-	-
Total	54	52	1

Gain/loss on Money trusts

(Unit: 100 million yen)

	Gain	Loss	Total
Money trusts	4	0	4

## 4-① Devaluation of securities

As of September 30, 2009

(Unit: 100 million yen)

	Total	Securities that have fair value (When fair value is below book value)	Securities that have no fair value
Bonds	—	—	—
Stocks	23	17	6
Foreign securities	53	53	—
Other securities	3	—	3
Total	80	70	10

\* Accounting policy for devaluation of stocks with fair value is to devalue stocks whose fair value is more than 30% below book value.

## 4-② Self Assessment of Assets

As of September 30, 2009

(Unit: 100 million yen)

	Non-categorized (Normal)	Categorized asset				Total
		Category II (Close watch)	Category III (High risk)	Category IV (Bankrupt)	Categorized asset total	
Loans	7,058	232	29	1	263	7,321
Securities	42,180	962	-	80	1,043	43,223
Other assets	9,758	42	7	30	80	9,838
Total <sup>*1</sup>	58,997	1,237	36	112	1,386	60,384

Note 1. "Total" shows the balance before direct depreciation based on self-assessment (including devaluation of securities and fixed assets losses).

2. The amount of direct depreciation based on self-assessment is 8.2 billion yen.

Mitsui Sumitomo Insurance (Non-consolidated)

5-① Investment Assets

(Unit: 100 million yen)

	As of March 31, 2009		As of September 30, 2009	
	Balance	Percentage	Balance	Percentage
Deposits, others	4,124	7.5%	3,888	6.9%
Securities	40,953	74.6%	43,143	76.2%
Bonds	16,186	29.5%	16,822	29.7%
Stocks	13,796	25.1%	15,990	28.3%
Foreign securities	10,374	18.9%	9,755	17.2%
Other securities	595	1.1%	574	1.0%
Loans	7,546	13.8%	7,321	12.9%
Land and Buildings	2,252	4.1%	2,239	4.0%
Total Investment assets	54,876	100.0%	56,592	100.0%

5-② Domestic bonds by type

(Unit: 100 million yen)

	As of March 31, 2009		As of September 30, 2009	
	Balance	Percentage	Balance	Percentage
Government bonds	3,593	22.2%	4,416	26.3%
Municipal bonds	1,274	7.9%	1,226	7.3%
Corporate bonds	11,318	69.9%	11,180	66.4%
Public sector	3,470	21.4%	3,418	20.3%
Financial Institutions	5	0.0%	5	0.0%
Corporations	7,843	48.5%	7,756	46.1%
Total	16,186	100.0%	16,822	100.0%

5-③ Stock holdings by industry

(Unit: 100 million yen)

Industry	As of March 31, 2009		As of September 30, 2009	
	Balance	Percentage	Balance	Percentage
Transportation Equipments	3,671	26.6%	4,398	27.5%
Financial Business and Insurance	1,681	12.2%	1,728	10.8%
Trade	1,426	10.3%	1,651	10.3%
Electric Appliances	1,195	8.7%	1,570	9.8%
Chemicals	1,258	9.1%	1,533	9.6%
Land Freight	797	5.8%	783	4.9%
Machinery	411	3.0%	536	3.4%
Other Manufacturing	525	3.8%	532	3.3%
Food	301	2.2%	366	2.3%
Real Estate	252	1.8%	348	2.2%
Other	2,274	16.5%	2,540	15.9%
Total	13,796	100.0%	15,990	100.0%

Note: 1. Industry types correspond to types on the stock exchange.

2. "Chemicals" includes pharmaceuticals. "Land Freight" includes air freight.

"Trade" includes wholesale and retail trade. "Financial Business" includes banking, insurance, and other financial institutions.

Mitsui Sumitomo Insurance (Non-consolidated)

6-① Result Forecast for Fiscal Year 2009

(Unit: 100 million yen)

	FY 2008 Results	FY 2009 Forecast
Direct premiums written (excluding deposit premiums from policyholders)	12,950	12,720
Growth rate	△ 3.9%	△ 1.8%
Net premiums written	12,393	12,050
Growth rate	△ 5.2%	△ 2.8%
Loss ratio	69.5%	69.8%
Expense ratio	34.0%	34.6%
Combined ratio	103.5%	104.4%
Underwriting profit	324	60
Net interest and dividend income	850	639
Ordinary profit	255	370
Net income	465	270

\* All amounts and rates are shown by the base of excluding Good Result Return premiums of the Company's unique Automobile Insurance product "Modo-rich".

(FYI: Excluding Compulsory Automotive Liability Insurance)

	FY 2008 Results	FY 2009 Forecast
Growth rate of net premiums written	△ 2.2%	△ 1.8%
Loss ratio	65.3%	64.9%
Expense ratio	35.5%	36.0%
Combined ratio	100.8%	100.9%

6-② Forecast for Fiscal Year 2009 by line

(Unit: 100 million yen)

	Net premiums written		Loss ratio	
		Growth rate		Difference
Fire	1,764	0.1%	43.0%	0.4%
Marine	493	△ 23.1%	62.3%	10.8%
Personal Accident	1,281	△ 0.6%	62.4%	2.0%
Voluntary Automobile	5,376	△ 0.7%	73.3%	0.1%
Compulsory Automobile Liability	1,334	△ 10.0%	109.3%	9.5%
Other	1,801	△ 0.3%	64.0%	△ 8.3%
Total	12,050	△ 2.8%	69.8%	0.3%

## MSIG (Consolidated) Major Financial Indicators



		FY2008	FY2009 First half	FY2009 Forecast
<b>▼ Fundamentals</b>				
Net premiums written (*1)	(¥ bn)	1,451.0	711.5	1,400.0
Net income	(¥ bn)	8.1	56.8	36.0
Group Core Profit (*2)	(¥ bn)	3.1	43.3	24.1
ROE based on Group Core Profit (*3)		0.2%	—	2.2%

### ▼ Core Profit by business segment (Breakdown of Group Core Profit)

Domestic non-life insurance	(¥ bn)	32.8	30.2	10.8
Overseas	(¥ bn)	-29.4	11.0	12.8
Life insurance (*4)	(¥ bn)	3.1	2.9	4.7
Financial services	(¥ bn)	-1.5	0.1	-3.0
Risk related	(¥ bn)	-1.8	-0.9	1.2

### ▼【Ref】MSI (Non-consolidated)

Net premiums written (*1)	(¥ bn)	1,239.3	608.2	1,205.0
Net loss ratio		69.5%	67.5%	69.8%
Net expense ratio		34.0%	33.3%	34.6%
Combined ratio		103.5%	100.8%	104.4%
Net income	(¥ bn)	46.5	49.0	27.0

\*1 "Net premiums written" represents amounts excluding "Modo-rich funds".

\*2 Definition of "Group Core Profit" is as follows;

<Group Core Profit> = <Consolidated net income> – <Net capital gain on stock portfolio>  
 – <Net appraisal gain on credit derivatives>  
 – <Other incidental factors> – <Consolidated Net income attributable to life insurance subsidiaries>  
 + <MSI Kirameki Life's net income before provision of standard underwriting reserves>  
 + <MSI MetLife's equity in earnings under US GAAP> (All on an after-tax basis)

\*3 Definition of "ROE based on Group Core Profit" is as follows;

< ROE based on Group Core Profit >  
 = < Group Core Profit >/<Consolidated Shareholders' Equity (average of starting and ending amounts)>

\*4 Core Profit of "Life insurance business" represents combined amounts of "MSI Kirameki Life's net income before provision of standard underwriting reserves" and "MSI MetLife's equity in earnings under US GAAP".

### Inquiries

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