

December 16, 2016

Name of Listed Company: MS&AD Insurance Group Holdings, Inc.
Name of Representative: Yasuyoshi Karasawa, President
(Securities Code: 8725, Tokyo Stock Exchange and Nagoya Stock Exchange)
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**Notice Regarding Determination of the Terms and Conditions of
the Issuance of Domestic Subordinated Unsecured Bonds**

MS&AD Insurance Group Holdings, Inc. (“the Company”, President: Yasuyoshi Karasawa) today determined the terms and conditions of the issuance of domestic subordinated unsecured bonds announced on November 18, 2016, and hereby notifies the outline thereof in the below.

(1) Issuer	MS&AD Insurance Group Holdings, Inc.	
(2) Name of bond	MS&AD Insurance Group Holdings, Inc. first series of domestic subordinated unsecured bonds with interest deferral option and early redemption option	MS&AD Insurance Group Holdings, Inc. second series of domestic subordinated unsecured bonds with interest deferral option and early redemption option
(3) Principal amount	¥70 billion	¥30 billion
(4) Denomination	¥100 million	
(5) Issue price	¥100 per amount of ¥100 of each bond	
(6) Redemption price	¥100 per amount of ¥100 of each bond	
(7) Maturity date	December 25, 2076 (60-year bonds) The Company may, at its discretion, redeem the bond (i) on any interest payment date on and after December 26, 2021 or (ii) upon the occurrence and continuation of a regulatory event, a tax deductibility event or a rating agency event on and after December 26, 2016, subject to a prior approval of the regulatory authority.	December 25, 2076 (60-year bonds) The Company may, at its discretion, redeem the bond (i) on any interest payment date on and after December 26, 2026 or (ii) upon the occurrence and continuation of a regulatory event, a tax deductibility event or a rating agency event on and after December 26, 2016, subject to a prior approval of the regulatory authority.

(8) Interest rate	(i) From the day immediately following December 26, 2016 until December 26, 2021 : 1.03% per annum (ii) From the day immediately following December 26, 2021 until December 26, 2026 : 6-month Japanese yen LIBOR plus 0.87% (iii) From the day immediately following December 26, 2026 : 6-month Japanese yen LIBOR plus 1.87%	(i) From the day immediately following December 26, 2016 until December 26, 2026 : 1.24% per annum (ii) From the day immediately following December 26, 2026 : 6-month Japanese yen LIBOR plus 1.92%
(9) Interest payment dates	June 26 and December 26 of each year	
(10) Subscription period	December 16, 2016	
(11) Payment date	December 26, 2016	
(12) Subordination	As to the payment of debt in the Company's liquidation proceedings, the bonds shall be subordinated to its senior indebtedness, rank substantially <i>pari passu</i> with its liquidation parity securities and preferred stock, and be senior to its common stock.	
(13) Credit rating	A+ (Japan Credit Rating Agency, Ltd.)	
(14) Use of funds	Investments in consolidated subsidiaries, funds for repayment of borrowings, and funds for repurchase of own shares	
(15) Method of offering	Public offering in Japan. The bonds will be offered mainly to institutional investors in the domestic securities market.	
(16) Joint lead underwriters	Daiwa Securities Co. Ltd., Nomura Securities Co., Ltd., SMBC Nikko Securities Inc.	
(17) Underwriters	Mizuho Securities Co., Ltd., Mitsubishi UFJ Morgan Stanley Securities Co., Ltd., Tokai Tokyo Securities Co., Ltd., SMBC Friend Securities Co., Ltd., JPMorgan Securities Japan Co., Ltd., Goldman Sachs Japan Co., Ltd., Citigroup Global Markets Japan Inc., Merrill Lynch Japan Securities Co., Ltd., Societe Generale Securities Japan Limited	
(18) Fiscal agent	Sumitomo Mitsui Banking Corporation	
(19) Securities depository	Japan Securities Depository Center, Incorporated	

This news release entitled "Notice Regarding Determination of the Terms and Conditions of the Issuance of Domestic Subordinated Unsecured Bonds" has been prepared for the sole purpose of publicly announcing the issuance of MS&AD first series of domestic subordinated unsecured bonds with interest deferral option and early redemption option and MS&AD second series of domestic subordinated unsecured bonds with interest deferral option and early redemption option, and not for the purpose of soliciting investment or engaging in any other similar activities within or outside Japan.

The above securities have not been and will not be registered under the United States Securities Act of 1933 (the "Securities Act"), and the securities may not be offered or sold in the United States absent registration or an applicable exemption from the registration under the Securities Act. There is no plan to offer or sell the securities in the United States.

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