

MS&AD Quarterly News (3rd Quarter, 2010)

Selected topics for the fiscal 2010 third quarter (from October to December, 2010) are set forth below.

1. Summary of Financial Statements for the Six Months Ended September 30, 2010

On November 19, MS&AD issued its financial statements for the six months ended September 30, 2010. The recovery in sales of voluntary automobile insurance and CALI spurred growth in revenues from net premiums written. This was largely attributable to an increase in the number of new cars sold under the government's "Eco Car" subsidy program. Costs incurred due to the business integration drove down interim net income.

(Billions of yen)

	* Aggregate results for MSIG, Aioi and NDI September, 2009 Interim	September, 2010 Interim	Change	Growth (%)
Net premiums written	1275.1	1,300.5	25.4	2.0
Ordinary profit	116.3	70.5	-45.7	-39.4
Interim net income	77.5	40.0	-37.4	-48.3

2. Summary of sales (simple aggregate) for MSI and Aioi Nissay Dowa Insurance for the fiscal 2010 third quarter (October 1 to December 31, 2010)

* Long term medical insurance sales are included in Personal Accident and Total accounts, respectively (preliminary results basis)

Declining numbers of new cars sold impacted total sales, driving down revenues by 0.8%.

(Millions of yen)

Lines of insurance	Q3 (Oct to Dec 2010)		Fiscal year to date (Apr to Dec, 2010)	
	Premiums	Growth rate (%)	Premiums	Premiums
Voluntary Automobile	297,095	0.6%	887,193	1.8%
CALI	63,750	-6.1%	203,199	-0.7%
Fire	99,239	-8.1%	284,351	-4.7%
Personal Accident	48,355	3.1%	151,702	3.8%
Miscellaneous	70,065	5.7%	228,083	0.7%
Cargo and Transit	22,176	5.5%	75,750	3.1%
Total	600,680	-0.8%	1,830,278	0.6%

*CALI: Compulsory Automobile Liability Insurance

3. Selected Press Releases (Oct - Dec 2010) *announcement dates are shown in parentheses

(1) MS&AD Holdings

Launch of Aioi Nissay Dowa Insurance Company, Limited (October 1)

On October 1, Aioi Insurance and Nissay Dowa General Insurance (NDI), two MS&AD Group companies, merged to form a new company, making a fresh start as "Aioi Nissay Dowa Insurance Company." As one of its core non-life insurers, Aioi Nissay Dowa Insurance Company will strive to enhance the corporate value of MS&AD Insurance Group going forward.

Basic information on the merger of MSI Kirameki Life and Aioi Life (November 19)

On October 1, 2011, MSI Kirameki Life and Aioi Life merged to form a new company. The following items pertaining to the new company have been decided.

Commercial name: Mitsui Sumitomo Aioi Life Insurance Company, Limited.

Surviving company: Mitsui Sumitomo Kirameki Life Insurance Co., Ltd.

Headquarters: Nihonbashi, Chuo-ku, Tokyo

Conversion of MSI MetLife into a wholly-owned subsidiary (October 29) and the change in the commercial name (December 27)

The Company executed a share purchase agreement with MetLife Worldwide, a subsidiary of MetLife, to convert MSI MetLife, a joint venture company of MetLife and MSI, into a wholly owned subsidiary subject to approvals from applicable governmental authorities. The corporate name (commercial name) will be changed to "Mitsui Sumitomo Primary Life Insurance Company, Limited" in April, 2011.

Integration and restructuring of affiliates (October 1)

Part of integrating and restructuring affiliates under the Group umbrella involved integrating five Group general affairs and real estate companies which were controlled by MSI, Aioi and NDI. With the launch of Aioi Nissay Dowa Insurance, two claims handling companies and two directly controlled agencies (subsidiaries of the merged entities) also merged. The integration and restructuring of affiliates accelerated the sharing of back office services with common functions, which was aimed at enhancing Group revenue through cost-cutting.

(2) Group companies

1) Products and services

"GK Automobile Insurance" obtains Eco Mark certification (December 24)

On December 24, MSI obtained Eco Mark certification for GK Automobile Insurance (household and general use). The Eco Mark program targets products and services that contribute to environmental conservation by leaving few ecological footprints. It is the first time this program has certified insurance products and financial instruments. As automobile insurance is widespread throughout society, we anticipate that by obtaining Eco Mark certification, it will help to reduce the ecological footprint of society as a whole.

Advent of "New Contract Administrative Process Reform" (December 28)

In November, as an initiative for enhancing its customer service, MSI Kirameki Life began full-scale "new contract administrative process reform" based on "Kirameki Navi Online" (a sales support system equipped with functions for preparing application forms and rechecking details after application procedures have been completed) and "Image Workflow" (a system that facilitates the processing of application forms at headquarters before they arrive, as sales handling facilities enter the application forms and attached materials by scanner and then send the data to headquarters).

2) Risk-related businesses

Advent of BCP consulting that uses Cloud computing (October 14)

The InterRisk Research Institute & Consulting and Internet Initiative (IJ) have started offering

"business continuity consulting services" that use Cloud computing so that business data and systems can be recovered in the event of a major disaster etc. The merging of the InterRisk Research Institute's business continuity plan (BCP) consulting services with IJ's Cloud technology has enabled more effective BCP formulation and the reduction of system costs (such as backup server costs) at the time of a company's BCP formulation.

3) Miscellaneous

Aioi Nissay Dowa Insurance awarded the main prize in the JMA HRD Excellence

Award hosted by the Japan Management Association (December 7)

Aioi Nissay Dowa Insurance has become the first insurer to be awarded the main prize in the JMA HRD Excellence Award, 2010. Aimed at promoting initiatives for developing human resources in the business world, this award is conferred on companies which have improved and strengthened their corporate culture through human resource development initiatives. The Company was recognized for staff training initiatives aimed at achieving "an insurer that is always there for its customers." One such initiative is its "master program" for all employees, which aims to broadly train staff on the basic knowledge needed by insurance sector employees.

Mitsui Sumitomo Insurance Welfare Foundation determines research grants

and The Mitsui Sumitomo Insurance Welfare Foundation Awards (November 16)

Having decided to award 32 research grants in fiscal 2010, the Mitsui Sumitomo Insurance Welfare Foundation held a research grant award ceremony on November 17. On the same day, two theses were recognized with Mitsui Sumitomo Insurance Welfare Foundation Awards, which are conferred for outstanding written works and theses. The research grants amounted to a combined sum of 31.7 million yen and were awarded in two areas: "Traffic Safety" and "Senior Citizen Welfare." Eight research grants were also awarded overseas (Singapore, Thailand). Including the two Mitsui Sumitomo Insurance Welfare Foundation Awards, a total of 42 awards were conferred in fiscal 2010 with a combined value of 36.5 million yen in grants. As a result, the foundation has conferred a grand total of 1,685 grants with a combined value of 2 billion 54.69 million yen.