

July 28, 2010

MS&AD Insurance Group Holdings, Inc.

MS&AD Quarterly News (1st Quarter, 2010)

Here are selected topics for the fiscal 2010 first quarter (from April to June 2010) as set forth below.

1. Sales performance at MSI, Aioi and Nissay Dowa (as an arithmetic sum)

* preliminary for the quarter period from April to June 2010, with long-term medical insurance included in Personal Accident and Total accounts, respectively.

Total revenue marked growth for the third consecutive month as the automobile policies, the flagship line, enjoyed robust sales.

(amount in million yen)

Lines of insurance	Q1 (Apr to Jun 2010)	
	Premiums	Growth rate (%)
Voluntary Automobile	309,848	1.7
CALI*	69,238	3.1
Fire	93,225	-1.0
Personal Accident	48,888	4.2
Miscellaneous	88,721	-1.5
Cargo and Transit	29,560	1.5
Hull	29,560	1.5
Total	639,481	1.2

*CALI: Compulsory Automobile Liability Insurance

2. Selected News Releases (Apr – Jun 2010)

*announcement date in parenthesis

(1) Domestic non-life insurance business

“MS&AD Insurance Group” established (Apr 1)

Mitsui Sumitomo Insurance Co., Ltd (“MSI”), Aioi Insurance Company, Limited (“Aioi”), and

Nissay Dowa General Insurance Company, Limited (“Nissay Dowa”) completed the business integration by way of statutory share transfer and established the new group “MS&AD Insurance Group.” (“MS&AD”)

MSI releasing “New Long” automobile insurance (Apr 23)

MSI is going to launch “New Long,” a new long-term car insurance, whose policy inceptions will be set on or after October 1. New Long is the first long-term automobile insurance in Japan’s non-life insurance market that reviews its premium rate for the following year, dependent on whether or not an accident has been reported for a year, like conventional annual car policies. It is designed to reflect costs saved by its policyholders’ efforts to drive safely on their premium rates, thereby enabling them to enjoy discounts without reducing their maximum compensation amounts.

There are three-year policies and two-year policies. The premium rates applicable for the second and third years are about 3.5 percentage points lower than those of existing one-year policies, regardless whether or not the policyholder had an accident. (In other words, the three-year type cuts total premium payments by about two percentage points on an average by comparison to a conventional annual policy that would be rolled over for three years.)

Aioi’s accident help center opened in Yokohama (Jun 29)

Aioi Sonpo Anshin 24 Co, Ltd., which is Aioi’s wholly owned subsidiary and serves policyholders reporting accidents, opened its Yokohama Contact Center on July 1 and commenced its operation. This is the subsidiary’s third contact center, following those in Tokorozawa and Okinawa. Running ahead of the Oct-1-scheduled merger of Aioi and Nissay Dowa, the subsidiary accepts accident calls from Nissay Dowa’s policyholders, too.

(2) Overseas business

MSI invested in Chinese life insurer (April 6)

MSI participated in the equity of China’s Sinatay Life Insurance Co., Ltd. (“Sinatay”), acquiring a seven-percent stake (approximately equivalent to 2,400 million yen in April. In addition, a non-resident director will be sent to represent MSI and participate in the Sinatay management. MSI has the perspective of potential further investment, dependent on the local market development or Sinatay’s business expansion.

MSI signed capital alliance to expand non-life business and enter life market (Jun 18)

MSI signed a basic agreement on a strategic alliance involving the non-life and life

insurance operations with Hong Leong Financial Group (hereafter “HLFG”), one of the well-established local conglomerate, on June 18. Under the agreement, MSI will acquire the non-life business of Hong Leon Assurance Berhad (“HLA”), HLFG’s insurance arm, and integrate with MSIG Insurance (Malaysia) Bhd (“MSIG Malaysia”) to transform MSIG Malaysia into a non-life joint-venture, which will be held at 70 percent by MSI and 30 by HLFG. Through this transformation, MSIG Malaysia will become the second largest non-life insurer in the local market by premium earnings. In respect of life-insurance, MSI will also purchase a 30-percent stake in the HLA shares. This acquisition will bring MSIG an access to the local life market through the sixth largest premium earner’s solid business base.

(3) Life insurance business

MS Kirameki and Aioi Life merging (May 20)

MS&AD resolved to merge Mitsui Sumitomo Kirameki Life Insurance Company, Limited (“MS Kirameki”) and Aioi Life Insurance, Co., Ltd., both of which are the Group’s life insurance arms, effective October 1, 2011, subject to permission, etc. from the competent authorities. This merger is part of the early growth strategy taken in the domestic life domain, which is considered the most rapidly growing market in the five domains defined in “MS&AD New Frontier 2010,” the Group’s mid-term business plan. It aims to help the Group expand the business base and accelerate growth.

Whole-life insurance with multi-currency option for payout on sale (Jun 7)

Mitsui Sumitomo MetLife Insurance Co., Ltd. started offering “foreign-currency-denominated Fixed Whole Life Insurance” This insurance allows a policyholder to opt a currency out of USD, AUD and EUR, invests based on the opted currency at the interest rate preset for the currency on a compound basis. Minimum death benefit is guaranteed at a standard compensation level. It may be converted into yen-denominated whole-life insurance when two years or more have passed since its signing date.

(4) Risk-related business

MS&AD core members tied up in weather derivatives (May 7)

Based on the business alliance MSI, Aioi and Nissay Dowa formed in the weather derivatives operations, Aioi and Nissay Dowa also joined hands with MSI’s US subsidiary of weather derivatives effective April 2010. Sharing expertise in the weather derivatives among its core members by way of this business integration, MS&AD Insurance Group will generate synergy in the financial services business, which is included in the five business domains the Group focuses on.

IRR developed assessment tool of biodiversity potential (May 28)

Inter-Risk Research Institute & Consulting Inc. (“IRR”) of MS&AD Insurance Group, Regional Environmental Planning Inc. and Sumitomo Forestry Landscaping Co., Ltd. jointly developed Japan’s first “assessment tool of biodiversity potential for corporate use.” This tool helps a company having several bases identify one to which the first priority must be given in the biodiversity approach.

IRR offers comprehensive lifeline checkup and BCP consultation (June 14)

In cooperation with NTT Facilities, Inc., IRR of MS&AD Insurance Group commenced “BCP Comprehensive Consulting Service” on June 15, which assists corporate clients in working up a business continuity plan (“BCP”) in preparation for a large-scale disaster. This time, possible impacts a disruption of lifeline would give to the company is included in the scope of check-up in addition to seismic adequacy verification of buildings and facilities that NTT Facilities had originally offered. And then, BCP development is also supported based on quantitative analysis and evaluation of all these results.

(5) Environmental and social contribution activities

Aioi sponsored lecture series at School of Commerce of Waseda University (Apr 8)

Aioi and MS&AD Research Institute Co., Ltd. sponsored a series of 15 lectures on the theme of “Insurance Business in the New Era – in the midst of global economic standardization and aging society,” and opened the program with the first lecture on April 9. This is the fourth year’s series since the sponsorship was initiated in 2007.

MS&AD and its employees made Chilean relief donation to quake victims (Apr 14)

MS&AD called for voluntary donations to its group people in order to give assistance to the victims and their communities in Chile for recovery from the earthquake disaster which had attacked the country in February, and gathered 2.8 million yen. In addition to it, MS&AD also donated funds of an amount equal to it from the account of its matching gift program for disasters. The total of 5.6 million yen was sent via the charity entity channeling to the country.

Nissay Dowa granted scholarship for IUHW students (Jun 15)

Nissay Dowa held a ceremony to grant the 14th Nissay Dowa General Insurance Scholarship to Internal University of Health and Welfare (“IUHW”) Students on May 26. This scholarship program had originally been established by the then Dowa Fire and Marine

Insurance Co., Ltd., which would later be one of the core entities in forming the current Nissay Dowa, as part of its centennial anniversary commemorations in 1997. The scholarship is granted to selected students of IUHW, which specializes in medical welfare education, particularly in the fields of elderly care and rehabilitation. 20 million yen was donated as scholarship for fiscal 2010.

MSI awarded for afforestation in contest of corporate environmental activities (July 23)

MSI won the Award Panel's Special Prize in the First Contest of Corporate *Ikimono Nigiwai* Activities held by Keidanren Committee on Nature Conservation and three other bodies. This prize was in recognition of MSI's tropical forest restoration project which it has undertaken on the Java Island in Indonesia since 2005. The contest aims to award excellent corporate activities which are practically helpful for biodiversity and conservation. Among 154 participants, 12 won the awards, including the agricultural minister's prize.

(6) Others

MS&AD aired TVCM "Triple Power for Happiness to the World" (Apr 1)

MS&AD aired the TVCM upon its inauguration. In this corporate advertisement, MS&AD proclaimed that the new group was formed by MSI, Aioi and Nissay Dowa to be Japan's largest non-life group and expressed its initial aspiration that it would deliver happiness to the world.

MS&AD sponsored the movie "Karigurashi no Arrietty" by Studio Ghibli, Inc. (Apr 19)

In celebration of the business integration of MSI, Aioi and Nissay Dowa, MS&AD sponsors "*Karigurashi no Arrietty* (Arrietty borrows everything for her daily life)." This is the most recent work by Studio Ghibli, Inc. and has been on the road show in Japan since July 17. By sponsoring a work by Ghibli, which is an animation movie production company highly acknowledged in the world, MS&AD is promoting its brand as Japan's top non-life group, delivering a message that it will serve customers to protect their lives as well as challenge in the markets across the world.

3. Amateur Sports

Women's judo

All-Japan Women's Weight Class Championship 2010 (Apr 3-4)

The MSI club sent 7 judo wrestlers to the All-Japan Women's Weight Class Championship 2010 held at the Fukuoka International Center. Ms Yoshie Ueno (63 kg class) and Ms Misato Nakamura (52 kg class) won the gold medals.

2010 IJF Grand Slam Rio de Janeiro (May 22-23)

The MSI club sent three women as Japanese delegates to the 2010 IJF Grand Slam Rio de Janeiro in Brazil. Ms Yoshie Ueno (63 kg class) and Ms Misato Nakamura (52 kg class) won the gold medals while Ms Tomoe Ueno (70 kg class) finished fifth.