

[Translation]

**SUMMARY OF FINANCIAL STATEMENTS**  
**FOR THE NINE MONTHS ENDED DECEMBER 31, 2011**

February 13, 2012

Name of Listed Company: **MS & AD Insurance Group Holdings, Inc.**  
 Securities Code No.: 8725  
 Stock Exchanges: Tokyo, Osaka, Nagoya  
 URL: http://www.ms-ad-hd.com  
 Representative: Toshiaki Egashira, President  
 Contact: Noriyuki Horie, Manager, Consolidated Accounting Section, Accounting Department  
 Telephone : (03)-6202-5273  
 Date of filing of Quarterly Financial Report: February 13, 2012  
 Date of starting payment of dividends: -

(Note) Amounts are truncated.

**1.Consolidated Business Results for the Nine Months Ended December 31, 2011 (April 1, 2011 to December 31, 2011)**

(1) Results of consolidated operations (Yen in millions)

	Ordinary income		Ordinary profit		Net income	
Nine months ended December 31, 2011	3,000,930	16.6 %	(158,220)	- %	(202,981)	- %
Nine months ended December 31, 2010	2,573,107	71.9 %	96,010	9.1 %	58,355	(5.2) %

Percent figures represent changes in comparison with the corresponding period of preceding fiscal year.

(Note) Comprehensive Income: ¥ (363,573) million for the nine months ended December 31, 2011 -%  
 ¥ (78,714) million for the nine months ended December 31, 2010 -%

(Yen)

	Net income per share	Net income per share -Diluted
Nine months ended December 31, 2011	(326.38)	-
Nine months ended December 31, 2010	93.40	-

(2) Consolidated financial conditions (Yen in millions)

	Total assets	Net assets	Net assets less minority interests to Total assets
As of December 31, 2011	13,964,589	1,236,698	8.7 %
As of March 31, 2011	11,445,003	1,633,381	14.1 %

(Reference) Net assets less minority interests: As of December 31, 2011: ¥1,217,837 million  
 As of March 31, 2011: ¥1,615,228 million

**2.Dividends**

	Dividend per share (Yen)				
	First Quarter-end	Second Quarter-end	Third Quarter-end	Year- end	Annual
Year ended March 31, 2011	-	27.00	-	27.00	54.00
Year ending March 31, 2012	-	27.00	-		
Year ending March 31, 2012 (Forecast)				27.00	54.00

(Note) Revision of the latest announced dividend per share forecast: None

**3.Forecast for the Current Period (April 1, 2011 to March 31, 2012)-Consolidated** (Yen in millions)

	Ordinary income		Ordinary profit		Net income		Net income per share(Yen)
Year ending March 31, 2012	3,850,000	13.1 %	(80,000)	- %	(145,000)	- %	(233.15)

Percent figures represent changes in comparison with the corresponding period of preceding fiscal year.

(Note) Revision of the latest announced forecast: Yes

#### 4. Other Information

(1) Significant changes in scope of consolidation during the period: Yes

Increase 1 (Mitsui Sumitomo Primary Life Insurance Company, Limited)

Decrease 1 (Aioi Life Insurance Company, Limited)

(2) Application of accounting procedure specific to the preparation of the quarterly consolidated financial statements: Yes

(3) Changes in accounting policies and accounting estimates/restatements

1. Changes in accounting policies due to revisions of accounting standards: None

2. Changes in accounting policies other than above: None

3. Changes in accounting estimates: None

4. Restatements: None

(4) The number of shares outstanding (Common stock)

1. The number of shares outstanding (including treasury stock)

As of December 31, 2011: 633,291,754 shares

As of March 31, 2011: 633,291,754 shares

2. The number of treasury stock

As of December 31, 2011: 11,385,918 shares

As of March 31, 2011: 11,379,824 shares

3. The average number of shares outstanding

For the nine months ended December 31, 2011: 621,908,620 shares

For the nine months ended December 31, 2010: 624,747,047 shares

#### \*Disclosure regarding the execution of the quarterly review process

This report is outside the scope of the external auditor's quarterly review procedure which is required by "Financial Instruments and Exchange Act". However, the quarterly review process has been completed as of the disclosure of this report.

#### \*Notification

The financial forecasts were based upon currently available information and contain many elements of uncertainty. Actual results may differ from the forecasts due to changes in the business environment.

## 1. Qualitative Information Concerning Quarterly Results

### (1) Qualitative Information Concerning Consolidated Business Results

Signs of a gradual rebound in Japan's economy during the first nine months of the current consolidated fiscal year have been seen amid the residual wake of the devastation wrought by the Great East Japan Earthquake, with the rebuilding of the supply chain and the benefits provided by various government measures; however, the economic climate from the autumn onward has become increasingly uncertain due to the stagnation of overseas economies caused by the European fiscal crisis, the extended persistence of the strong yen, the sluggish stock market, and the damage caused by the floods in Thailand, among other factors.

In this economic environment, the results of the Group for the first nine months of the current consolidated fiscal year were as follows.

Ordinary income was ¥3,000.9 billion, due to underwriting income of ¥2,849.5 billion (including net premiums written of ¥1,920.7 billion), investment income of ¥144.2 billion, and other ordinary income of ¥7.0 billion. Ordinary expenses were ¥3,159.1 billion, as a result of underwriting expenses of ¥2,493.2 billion (including net claims paid of ¥1,458.8 billion), investment expenses of ¥281.2 billion, operating and general and administrative expenses of ¥380.1 billion, and other ordinary expenses of ¥5.0 billion.

The above factors resulted in ordinary loss of ¥158.2 billion, marking a decline of ¥254.2 billion from the same period last year, owing to incurred loss (the sum of net claims paid and provisions for outstanding claims) of ¥235.7 billion arising from the floods in Thailand and booked as underwriting expenses (contributing ¥199.0 billion in losses to the ordinary loss after accounting for the reversal of catastrophe reserve\*). This resulted in a net loss of ¥202.9 billion after adjustments to ordinary loss for extraordinary income and losses, corporate taxes, and other factors, marking a decline of ¥261.3 billion from the same period last year, due in part to the impact of the reversal of deferred tax assets accompanying the change in the corporate tax rate from next period onward (a negative impact of ¥55.5 billion on net loss), and an increase of ¥31.1 billion in valuation allowance for deferred tax assets relating to losses on devaluation of securities, etc.

\* Catastrophe reserve is released based on net claims paid by domestic non-life insurance companies, which will give rise to an increase in the reversal of reserves in the future as progress is made on processing payments for insurance claims.

### (2) Qualitative Information Concerning Consolidated Financial Status

Total assets as of December 31, 2011 increased by ¥2,519.5 billion over the end of the previous consolidated fiscal year to ¥13,964.5 billion, due to the elevation during the first quarter of Mitsui Sumitomo Primary Life Insurance Co., Ltd. to a newly consolidated subsidiary from an affiliated company accounted for under the equity method. Net assets declined by ¥396.6 billion from the end of the previous consolidated fiscal year to ¥1,236.6 billion, due to a decrease in retained earnings.

### (3) Qualitative Information Concerning the Consolidated Earnings Forecasts

We have revised the consolidated earnings forecasts for the full year announced on November 18, 2011, based on the consolidated operating results for the first nine months of the consolidated fiscal period and in light of future projections, to ¥3,850.0 billion in ordinary income, ¥80.0 billion

in ordinary loss, and ¥145.0 billion in net loss. Please see the “Notice Regarding Revision of Consolidated Earnings Forecasts for FY2011 (Fiscal Year Ending March 31, 2012)”, announced today (February 13, 2012) for the details concerning the revised forecasts.

The main revisions to the underlying assumptions for the earnings forecasts are as follows. Please note that the consolidated earnings forecasts are produced based on certain assumptions, including those noted below. However, a variety of factors can cause actual results to differ substantially from these forecasts.

- Incurred loss arising from the floods in Thailand have exceeded the level of previously forecast due to progress with onsite surveys of damage by a contingency task force, and we have incorporated approximately ¥236.0 billion (a negative impact on net income of approximately ¥80.0 billion after accounting for the reversal of catastrophe reserve.).
- A negative impact on net income of approximately ¥56.0 billion has been incorporated to account for the reversal of deferred tax assets in conjunction with the change in corporate tax rates from next period onward.
- A negative impact of ¥26.0 billion on net income has been incorporated due to an increase in valuation allowance for deferred tax assets related to losses on devaluation of securities, etc.
- We are assuming no significant fluctuation in exchange rates and stock market prices at the end of the period, compared to January 31, 2012.

## Consolidated Balance Sheets

(Yen in millions)

Items	As of March 31, 2011	As of December 31, 2011
	Amount	Amount
(Assets)		
Cash, deposits and savings	623,606	640,011
Call loans	52,554	48,089
Receivables under resale agreements	23,094	34,035
Receivables under security borrowing transactions	26,535	110,171
Monetary claims bought	117,169	105,323
Money trusts	11,580	608,713
Investments in securities	7,818,573	9,737,604
Loans	1,056,523	967,975
Tangible fixed assets	498,926	501,405
Intangible fixed assets	124,553	133,024
Other assets	804,828	731,059
Deferred tax assets	294,397	353,903
Customers' liabilities for acceptances and guarantees	2,500	2,500
Bad debts reserve	(9,839)	(9,228)
<b>Total assets</b>	<b>11,445,003</b>	<b>13,964,589</b>
(Liabilities)		
Underwriting funds:	9,114,317	11,812,153
Outstanding claims	1,287,132	1,422,675
Underwriting reserves	7,827,184	10,389,478
Debentures	164,963	164,972
Other liabilities	386,298	624,447
Reserve for pension and retirement benefits	103,817	108,740
Reserve for pension and retirement benefits for officers and operating officers	1,801	1,562
Accrued bonuses for employees	20,075	1,674
Reserve under the special law:	13,952	8,111
Reserve for price fluctuation	13,952	8,111
Deferred tax liabilities	3,896	3,728
Acceptances and guarantees	2,500	2,500
<b>Total liabilities</b>	<b>9,811,622</b>	<b>12,727,890</b>
(Net assets)		
Shareholders' equity:		
Common stock	100,000	100,000
Capital surplus	682,754	682,753
Retained earnings	506,696	269,949
Treasury stock	(24,785)	(24,796)
Total shareholders' equity	1,264,664	1,027,907
Accumulated other comprehensive income:		
Unrealized gains on investments, net of tax	409,337	262,061
Deferred hedge gains (losses), net of tax	6,234	18,405
Foreign currency translation adjustments	(65,007)	(90,536)
Total accumulated other comprehensive income	350,564	189,930
Minority interests	18,152	18,860
<b>Total net assets</b>	<b>1,633,381</b>	<b>1,236,698</b>
<b>Total liabilities and net assets</b>	<b>11,445,003</b>	<b>13,964,589</b>

## Consolidated Statements of Income

(Yen in millions)

Items	Nine months ended December 31, 2010	Nine months ended December 31, 2011
	Amount	Amount
<b>Ordinary income and expenses:</b>		
<b>Ordinary income:</b>	<b>2,573,107</b>	<b>3,000,930</b>
<b>Underwriting income:</b>	<b>2,396,163</b>	<b>2,849,578</b>
Net premiums written	1,918,658	1,920,775
Deposit premiums from policyholders	161,652	138,800
Investment income on deposit premiums from policyholders	49,814	46,193
Life insurance premiums	174,549	312,845
Reversal of underwriting reserves	83,912	424,448
<b>Investment income:</b>	<b>162,271</b>	<b>144,275</b>
Interest and dividends received	160,713	152,388
Investment gains on money trusts	7	184
Gains on sale of securities	38,853	34,314
Gains on derivative transactions	8,697	1,917
Transfer of investment income on deposit premiums from policyholders	(49,814)	(46,193)
<b>Other ordinary income</b>	<b>14,672</b>	<b>7,075</b>
<b>Ordinary expenses:</b>	<b>2,477,097</b>	<b>3,159,150</b>
<b>Underwriting expenses:</b>	<b>2,051,722</b>	<b>2,493,276</b>
Net claims paid	1,191,361	1,458,810
Loss adjustment expenses	101,739	100,228
Commission and collection expenses	350,301	361,588
Maturity refunds to policyholders	351,261	292,954
Life insurance claims	44,052	133,571
Provision for outstanding claims	1,710	137,362
<b>Investment expenses:</b>	<b>45,004</b>	<b>281,244</b>
Investment losses on money trusts	107	2,856
Losses on trading securities	4	-
Losses on sale of securities	18,523	16,011
Losses on devaluation of securities	14,712	75,082
Losses on investment in separate accounts	-	169,242
<b>Operating expenses and general and   administrative expenses</b>	<b>376,191</b>	<b>380,144</b>
<b>Other ordinary expenses:</b>	<b>4,178</b>	<b>5,054</b>
Interest paid	1,304	1,680
<b>Deferred expenses under Article 113 of the Insurance   Business Act</b>	<b>-</b>	<b>(569)</b>
<b>Ordinary profit (loss)</b>	<b>96,010</b>	<b>(158,220)</b>
<b>Extraordinary income and losses:</b>		
<b>Extraordinary income:</b>	<b>25,242</b>	<b>11,356</b>
Gains on sale of fixed assets	10,059	943
Gain on negative goodwill	13,543	3,311
Reversal of reserve under the special law:	-	7,101
Reversal of reserve for price fluctuation	-	7,101
Other extraordinary income	1,639	-
<b>Extraordinary losses:</b>	<b>48,893</b>	<b>16,004</b>
Losses on sale of fixed assets	2,088	1,625
Impairment losses on fixed assets	4,728	2,820
Provision for reserve under the special law:	4,012	-
Provision for reserve for price fluctuation	4,012	-
Losses on reduction of real estate	44	-
Other extraordinary losses	38,019	11,558
<b>Income (loss) before income taxes</b>	<b>72,359</b>	<b>(162,868)</b>
<b>Income taxes</b>	<b>13,635</b>	<b>38,911</b>
<b>Income (loss) before minority interests</b>	<b>58,723</b>	<b>(201,780)</b>
<b>Minority interests</b>	<b>368</b>	<b>1,201</b>
<b>Net income (loss)</b>	<b>58,355</b>	<b>(202,981)</b>