Q&A Session at First Information Meeting for Fiscal 2011 (Summary)

Q1: (Overseas Investment and Synergies)

- In your presentation on Asian operations, you emphasized synergies. What types of synergies have you realized from your acquisitions of Asian insurers to date?
- In your newly announced strategic capital alliance with Sinarmas Life, you paid a hefty ¥67.2 billion for a 50% equity stake. I understand that you expect to realize substantial synergies out of this alliance. Otherwise such valuation would not be justifiable. With the Sinar Mas Group retaining management control, how will you realize synergies? Also, what is the background of the personnel that will be seconded to Sinarmas Life?

A1: (Examples of Synergies Realized from Previous Overseas Investments)

To answer your first question, I will use MSI's 2004 acquisition of Aviva's Asian non-life insurance business as an example.

Immediately after the acquisition in 2004, MSI had two sets of local subsidiaries in ASEAN countries, its own subsidiaries and those acquired from Aviva. In countries in which these subsidiaries were merged relatively early, including Malaysia, Indonesia, and the Philippines, MSI gained market dominance by enhancing its presence. In addition, it realized greater-than-anticipated synergies by improving efficiency through such means as consolidating back-office operations.

In terms of numbers, net premiums written based on the former Aviva subsidiary grew from some ¥26.1 billion in fiscal 2005 to about ¥34 billion in fiscal 2007 while their net income doubled from around ¥1.7 billion to ¥3.4 billion over the same timeframe, that is, in two years. Growth in both net premiums written and profits outperformed our initial projections. We believe that the investment in Aviva's non-life insurance operations paid off well.

(Synergies Expected from the Sinarmas Life Investment)

MSI will not only acquire a 50% equity stake in Sinarmas Life, it will also be able to appoint up to half of Sinarmas Life's Board of Directors, making it an equal partner in Sinarmas Life's management. Indonesian companies have committees subordinate to their boards of directors. MSI plans to second personnel to serve on these committees also. We accordingly believe that we can play an effective role in Sinarmas Life's management both financially and organizationally.

Additionally, Sinarmas Life aims to strengthen sales of indemnity-type products through the bank channel. In doing so, it will be able to capitalize on the insurance product and channel strategy know-how that have been cultivated to date. In this sense, we believe that we can jointly manage Sinarmas Life together with the Sinar Mas Group on a mutually beneficial basis.

The personnel that we plan to second to Sinarmas Life are executives with a wealth of management experience in the non-life insurance business overseas.

Q2: (Projected Improvement of Voluntary Auto Insurance Loss Ratios)

- In your fiscal 2011 earnings forecast, you are projecting improvement in voluntary auto insurance loss ratios. Do you see scope for further improvement in fiscal 2012?

A2:

We believe loss ratios can be improved further in fiscal 2012 also. We will strengthen loss prevention (accident prevention) initiatives to reduce insurance claims, the ratio's numerator. Meanwhile, we plan to adjust premium rates consecutively in fiscal 2011 to bolster insurance premiums, the ratio's denominator. By continuing such initiatives and premium rate adjustments, we believe that we can further improve loss ratios.
Q3: (Capital Policy)

- On page 19 of the information packet, fiscal 2008 and 2009 shareholder returns substantially exceeded your target shareholder returns ratio of “approximately 50%” of Group Core Profits. In relation to your shareholder return policy of maintaining stable dividends, will you be changing your policy?
- Second, you repurchased ¥10 billion of your own shares in fiscal 2010. Can you comment now on your share buyback plans for fiscal 2011?

A3: (Shareholder Return Ratio and Dividends)

As you said, our shareholder return ratios based on fiscal 2008 and 2009 Group Core Profits were respectively 1,057% and 127%, far above our target of “approximately 50%”. First, in terms of dividends, please understand that these ratios reflect the fact that we fulfilled our commitment to “maintain stable dividends, aiming for steadily increasing dividends”.

(Share Buybacks)

Regarding share buybacks, we have previously stated that we will repurchase shares opportunistically. As a result of acting in accordance with this policy, our shareholder return ratio inclusive of dividends substantially exceeded 50% in past two years. In fiscal 2010, dividends alone amounted to 231% of Group core profit, as noted in your information packet. In the fiscal 2010 column, the space for share buybacks is blank, meaning “yet to be determined.” In accordance with our policy, we intend to opportunistically buy back shares in response to market conditions, as permitted by our capital position and market conditions. We consequently have to keep you in suspense as to how this blank will ultimately be filled in.

Q4: (Projected Improvement in Aioi Nissay Dowa Insurance’s Incurred Losses)

- In fiscal 2010, Aioi Nissay Dowa Insurance's incurred losses unrelated to natural disasters increased ¥17.1 billion from fiscal 2009. In your fiscal 2011 forecast, you are projecting a ¥28.7 billion improvement from fiscal 2010. What factors are you expecting to contribute to this improvement?

A4:

Of this ¥28.7 billion projected improvement in Aioi Nissay Dowa Insurance's incurred losses in fiscal 2011, approximately ¥24 billion is attributable to voluntary auto insurance. One main factor behind this projected improvement is nonrecurrence of a roughly ¥7 billion provision to fully fund post-merger outstanding claims reserves in conjunction with the fiscal 2010 merger between the former Aioi Insurance and Nissay Dowa General Insurance. Another factor is nonrecurrence of an approximately ¥5 billion provision to statistical IBNR reserves booked in fiscal 2010. A third major factor is a ¥7 billion reduction in incurred losses that we expect to realize through measures to improve underwriting results, including loss prevention initiatives and tightening of underwriting standards. By virtue of these three factors and various other initiatives, Aioi Nissay Dowa Insurance projects a roughly ¥24 billion reduction in total incurred losses in the voluntary auto insurance business.

Q5: (Medium-Term Management Plan)

- Another insurance group announced at a recent IR briefing that it will revise its business plan in the first half of fiscal 2011 in light of major post-merger changes in its business environment and benefits of cooperation between its two non-life insurance subsidiaries that it became aware of in the aftermath of the Great East Japan Earthquake. Do you also plan to revise your business plan?
A5: Fiscal 2011 is the second year of our four-year management plan named MS&AD New Frontier 2013. In this plan, we have designated fiscal 2010–11 as Stage 1 and fiscal 2012–13 as Stage 2. We plan to conduct an interim review in fiscal 2011.

If we were to revise our current management plan, we would decide whether Stage 2 needs to be revised based on how things are progressing toward the end of Stage 1. We accordingly have no plans to revise our fiscal 2013 targets at present.

Q6: (Risk Management)
• I have a question about risk management on page 18. As management, how are you monitoring the Group's total risk exposure? Also, how do the Group's individual operating companies monitor risk exposure?

A6: NAV and total risk exposure are calculated periodically and reported to our Management Committee and Board of Directors. Since the earthquake, our management team has been receiving weekly updates on NAV and total risk exposure. We regard the point at which the buffer between NAV and total risk exposure declines to around ¥500 billion as an "alarm point." We have not reached that point yet, but we will implement additional measures if we do.

Our group's operating companies (three domestic non-life insurers and three domestic life insurers) also individually measure and monitor their own NAV and risk exposure in the same manner.

Q7: (Overseas Businesses' Prospective Profitability)
• What is your outlook for your overseas operations' combined ratio? Specifically, I would like to know the combined ratio by region or business, such as Asia, which is your growth market, and your overseas reinsurance business, which accounts for 10% of earnings.

A7: Our Asian non-life insurance operations' combined ratio has been tracking in the vicinity of 90% as you can see in the presentation materials. In fiscal 2010, it rose to 97.0% as a result of Australian flooding and the earthquake in New Zealand. Our Asian operations' combined ratio is broken down by major countries in Appendix 4–(2) of your information packet. We will answer your question about the combined ratio for overseas businesses in aggregate, including other regions, later.

[Supplementary Explanation]
Overseas operations' combined ratios by region/business are as follows.

<table>
<thead>
<tr>
<th>Region/Business</th>
<th>Fiscal 2010 (Actual)</th>
<th>Fiscal 2011 (Forecast)</th>
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<tbody>
<tr>
<td>Asia</td>
<td>97.0%</td>
<td>89.5%</td>
</tr>
<tr>
<td>Europe</td>
<td>130.6%</td>
<td>102.7%</td>
</tr>
<tr>
<td>Americas</td>
<td>100.7%</td>
<td>97.0%</td>
</tr>
<tr>
<td>Reinsurance subsidiaries</td>
<td>81.4%</td>
<td>82.9%</td>
</tr>
<tr>
<td>Overseas operations in total</td>
<td>104.3%</td>
<td>95.2%</td>
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</tbody>
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We aim to increase profits and achieve growth in each region/business through strategies tailored to each region/business's distinctive attributes.
Q8: (Mitsui Sumitomo Primary Life Insurance's Future Product Strategy, etc.)

- I have three questions about Mitsui Sumitomo Primary Life Insurance, which became a wholly owned subsidiary in April 2011. First, how will the business strategy pursue with regard to product? Second, should we continue to expect ¥300 billion in new business written? Third, what are its risk control policies, including reinsurance?

A8: (Business Strategy of Product)

This April, Mitsui Sumitomo Primary Life Insurance launched risk-control type annuities through the financial institution channel. Sales are off to a good start. Mitsui Sumitomo Primary Life Insurance will continue to proactively develop new products.

(New Business Forecast)

Mitsui Sumitomo Primary Life Insurance is planning to exceed ¥300 billion in new business written. I would consider ¥300 billion as an achievable level.

(Minimum Guarantee Risk Hedging Policy)

In terms of variable-annuity minimum guarantee risk, Mitsui Sumitomo Primary Life Insurance's basic policy is to hedge risks through reinsurance. It is currently looking into various risk-hedging strategies, including diversifying its sources of reinsurance.

Q9: (Underwriting Policy for Extended Earthquake Coverage for Commercial Risks)

- The Nikkei Shimbun newspaper reported today (June 3) that a major non-life insurer has ceased to underwrite extended earthquake coverage for commercial entities. What is your policy regarding such coverage?

A9:

We have always been cautious about underwriting extended earthquake coverage for commercial entities. We make underwriting decisions after analyzing risk factors thoroughly on a case-by-case basis for both new business and policy renewals. We will maintain the same approach going forward. I expect that we will have to raise premium rates for extended earthquake coverage if we write.

Q10: (Status of Transactions with TEPCO etc.)

- If you can disclose the amounts of your TEPCO stock and bond holdings and loans to TEPCO and the information regarding insurance policies for individual TEPCO employees, please do so.

A10:

I will refrain from disclosing how much credit we have extended to individual customers, but our Group holds a total of approximately ¥250 billion in bonds issued by the 10 domestic electric power companies. Additionally, I believe that there are some TEPCO employees as our policyholders but I would like to withhold information.