Advancing with you
MS&AD
INSURANCE GROUP

Fiscal 2013 First Information Meeting

June 4, 2013

MS&AD Insurance Group Holdings, Inc.

MS&AD Insurance Group Holdings, Inc.

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MS&AD INSURANCE GROUP

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Abbreviations of company names used in this presentation.

• MS&AD Holdings	MS&AD Insurance Group Holdings, Inc.
• MS&AD	MS&AD Insurance Group
• MSIG	Mitsui Sumitomo Insurance Group Holdings, Inc.
• MSI	Mitsui Sumitomo Insurance Co., Ltd.
• Aioi	Aioi Insurance Co., Ltd.
• NDI	Nissay Dowa General Insurance Co., Ltd.
• ADI	Aioi Nissay Dowa Insurance Co., Ltd.
• Mitsui Direct General	Mitsui Direct General Insurance Co., Ltd.
• MSI Kirameki Life	Mitsui Sumitomo Kirameki Life Insurance Co., Ltd.
• Aioi Life	Aioi Life Insurance Co., Ltd.
• MSI Aioi Life	Mitsui Sumitomo Aioi Life Insurance Co., Ltd.
• MSI Primary Life	Mitsui Sumitomo Primary Life Insurance Co., Ltd.

Caution About Forward-looking Statements

This presentation contains statements about future plans, strategies, and earnings forecasts for MS&AD Insurance Group Holdings and MS&AD Group companies that constitute forward-looking statements. These statements are based on information currently available to the MS&AD Group. Investors are advised that actual results may differ substantially from those expressed or implied by forward-looking statements for various reasons. Actual performance could be adversely affected by (1) economic trends surrounding our business, (2) fierce competition in the insurance sector, (3) exchange-rate fluctuations, and (4) changes in tax and other regulatory systems.

I. Review of FY2012 Financial Results and Projected Financial Results for FY2013

Summary of FY2012 Financial Results

MS&AD INSURANCE GROUP

- Net direct premiums written and net premiums written continued to rise.
- Consolidated net income of 83.6 billion yen, recovering from last year's result affected by the flooding in Thailand.

Key financial data (MS&AD Holdings, Consolidated)

(¥bn)

	FY2011	FY2012			
			Change	Growth	Difference from Revised Forecast
Direct premiums written	2,960.0	3,050.3	90.3	3.1%	
Net premiums written	2,558.8	2,639.4	80.5	3.1%	9.4
Ordinary profit/loss	-96.2	150.3	246.5	—	102.3
Net Income	-169.4	83.6	253.0	—	71.6

* Direct premiums written and net premiums written exclude Good Result Return premiums of the "ModoRich" auto insurance product, which contains a special clause related to premium adjustment and refund at maturity; same hereafter. Net direct premiums written include deposit premiums from policyholders.

Breakdown of net premiums written

(¥bn)

	FY2011	FY2012		
			Change	Growth
Mitsui Sumitomo Insurance (Non-consolidated)	1,269.2	1,314.2	44.9	3.5%
Aioi Nissay Dowa Insurance (Non-consolidated)	1,074.6	1,103.2	28.6	2.7%
Mitsui Direct General Insurance	34.3	35.2	0.9	2.8%
Overseas subsidiaries	180.7	186.1	5.4	3.0%

* Prior to consolidation adjustments

* Figures for past years of merged companies are simple aggregates of the results for the individual companies before the mergers; same hereafter.

Breakdown of net income

(¥bn)

	FY2011	FY2012	
			Change
Mitsui Sumitomo Insurance (Non-consolidated)	-130.6	42.6	173.2
Aioi Nissay Dowa Insurance (Non-consolidated)	-43.5	18.8	62.4
Mitsui Direct General Insurance	0.3	0.3	-0.0
MSI Aoi Life	-11.3	0.4	11.8
MSI Primary Life	5.9	10.3	4.3
Overseas subsidiaries	-6.7	12.6	19.3
Other	-0.0	0.0	0.1
Consolidation adjustments, etc.	16.5	-1.7	-18.3

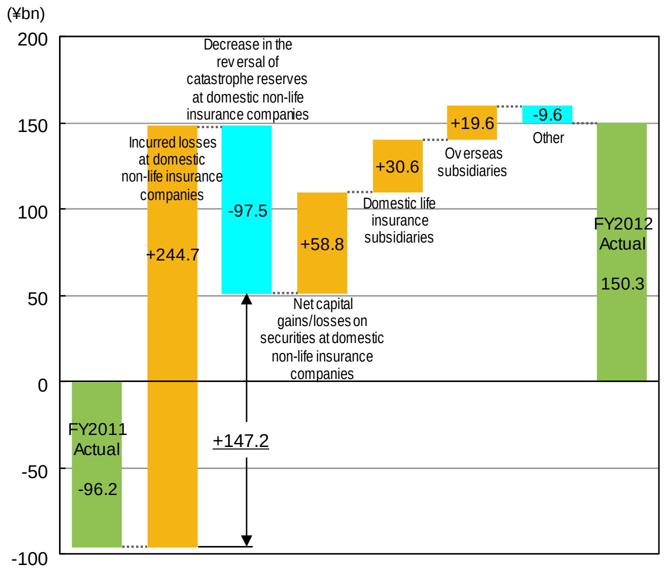
* Net income of subsidiaries is on an equity stake basis; same hereafter.

Key Points in FY2012 Financial Results

MS&AD INSURANCE GROUP

- *Ordinary profit/loss at the main domestic non-life insurance companies was boosted 147.2 billion yen, primarily with the absence of incurred losses related to the floods in Thailand, which occurred in the previous fiscal year, and the effect of the reversal of catastrophe reserves.*
- *Net capital gains/losses on securities improved 58.8 billion yen at the main domestic non-line insurance companies due to a recovery in the financial market.*
- *Ordinary profit/loss at the domestic life insurance business improved 30.6 billion yen, due primarily to reflecting strong sales at MSI Primary Life and an upturn in the financial market.*
- *Ordinary profit/loss at overseas subsidiaries improved 19.6 billion yen due mainly to the absence of the major losses incurred in the previous fiscal year.*

Factors in YoY changes in consolidated ordinary profit/loss



Breakdown of ordinary profit/loss

(¥bn)

	FY2011	FY2012	
			Change
Mitsui Sumitomo Insurance (Non-consolidated)	-130.1	65.3	195.5
Aioi Nissay Dowa Insurance (Non-consolidated)	9.2	25.8	16.6
Mitsui Direct General Insurance	0.3	0.3	0.0
MSI Aoi Life	-3.0	1.6	4.6
MSI Primary Life	13.0	38.9	25.9
Overseas subsidiaries	-0.7	18.8	19.6
Other/ Consolidation adjustments, etc.	15.0	-0.9	-15.9
MS&AD Holdings (Consolidated)	-96.2	150.3	246.5

Summary of Projected Financial Results for FY2013

MS&AD INSURANCE GROUP

- *We forecast that net premiums written will rise 5.0% year on year, to 2,770 billion yen.*
- *Consolidated net income is expected to hit a record high of 125 billion yen.*

Key financial data (MS&AD Holdings, Consolidated)

(¥bn)

	FY2012	FY2013 (Forecast)		
			Change	Growth
Net premiums written	2,639.4	2,770.0	130.5	5.0%
Ordinary profit	150.3	191.0	40.6	27.1%
Net Income	83.6	125.0	41.3	49.5%

Breakdown of net premiums written

(¥bn)

	FY2012	FY2013 (Forecast)	
			Growth
Mitsui Sumitomo Insurance (Non-consolidated)	1,314.2	1,351.0	2.8%
Aioi Nissay Dowa Insurance (Non-consolidated)	1,103.2	1,146.0	3.9%
Mitsui Direct General Insurance	35.2	36.1	2.4%
Overseas subsidiaries	186.1	234.0	25.7%

Breakdown of net income

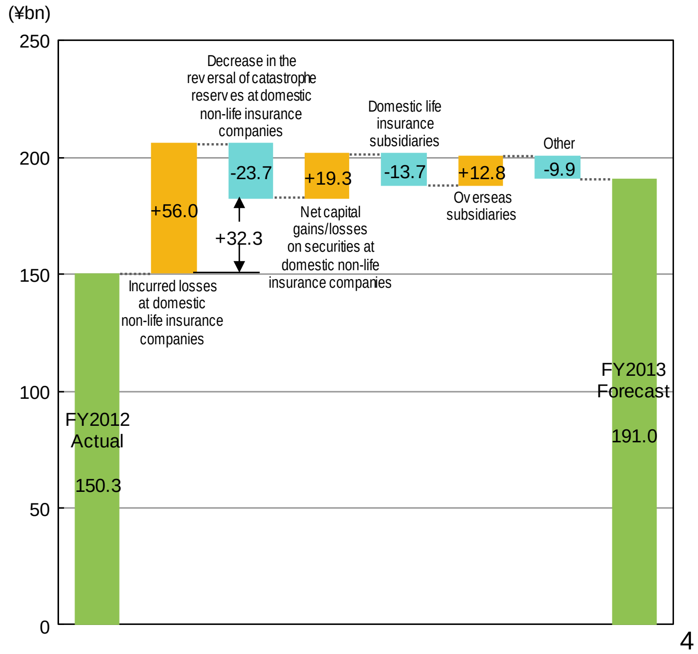
(¥bn)

	FY2012	FY2013 (Forecast)	
			Change
Mitsui Sumitomo Insurance (Non-consolidated)	42.6	75.0	32.3
Aioi Nissay Dowa Insurance (Non-consolidated)	18.8	30.0	11.1
Mitsui Direct General Insurance	0.3	0.3	-0.0
MSI Aoi Life	0.4	6.0	5.5
MSI Primary Life	10.3	11.0	0.6
Overseas subsidiaries	12.6	25.0	12.3
Other	0.0	1.1	1.0
Consolidation adjustments, etc.	-1.7	-23.4	-21.6

Key Points in Projected Financial Results for FY2013

- *We expect that consolidated ordinary profit will stand at 191.0 billion yen, up 40.6 billion yen year on year.*
- *We expect that underwriting profit/loss will move into positive territory due to an improvement in the loss ratio, primarily in auto insurance at the main domestic non-life insurance companies, and that losses on the devaluation of securities will decrease.*
- *Income at overseas subsidiaries is expected to rise in each area especially in Asia.*

Factors in changes in consolidated ordinary profit/loss



Breakdown of ordinary profit/loss

(¥bn)

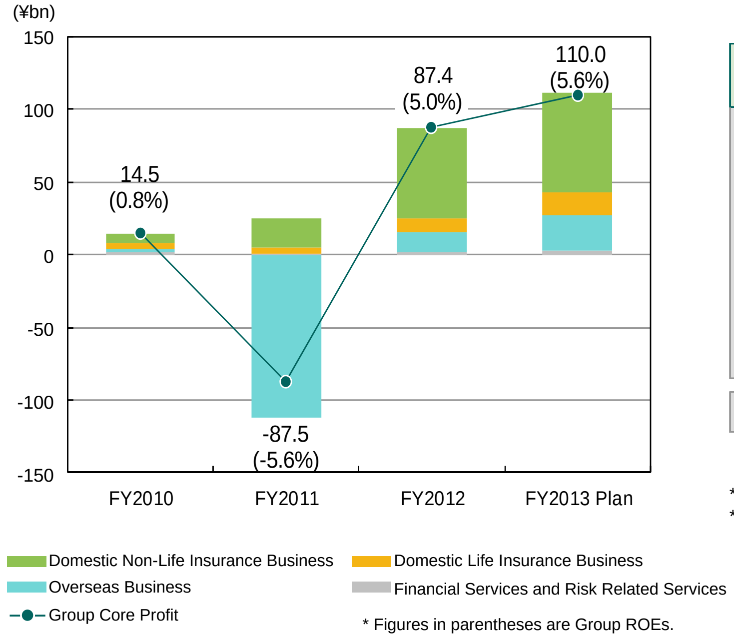
	FY2012	FY2013 (Forecast)	
			Change
Mitsui Sumitomo Insurance (Non-consolidated)	65.3	110.0	44.6
Aioi Nissay Dowa Insurance (Non-consolidated)	25.8	43.0	17.1
Mitsui Direct General Insurance	0.3	0.3	-0.0
MSI Aoi Life	1.6	9.6	8.0
MSI Primary Life	38.9	17.3	-21.6
Overseas subsidiaries	18.8	31.6	12.8
Other/ Consolidation adjustments, etc.	-0.9	-21.1	-20.2
MS&AD Holdings (Consolidated)	150.3	191.0	40.6

II. Progress of Medium-Term Management Plan, New Frontier 2013

Possibility of Achieving Medium-Term Management Targets for FY2013

- Both consolidated net premiums written and Group Core Profit are expected to reach the targets set in New Frontier 2013. (Group ROE is projected to be mid-5 % range, reflecting increasing capital.)

Group Core Profit and Group ROE



* Figures in parentheses are Group ROEs.

	FY2012		FY2013	
	Actual	Forecast	Forecast	Target*1
Group Core Profit*2	87.4	80.0	110.0	110.0
Domestic Non-Life Insurance Business	61.9	53.0	68.0	60.0
Domestic Life Insurance Business	9.8	5.0	16.0	15.0
Overseas Business	13.5	20.0	24.0	30.0
Financial Services and Risk Related Services	2.0	2.0	3.0	5.0
Group ROE*2	5.0%	5.7%	5.6%	7.0%

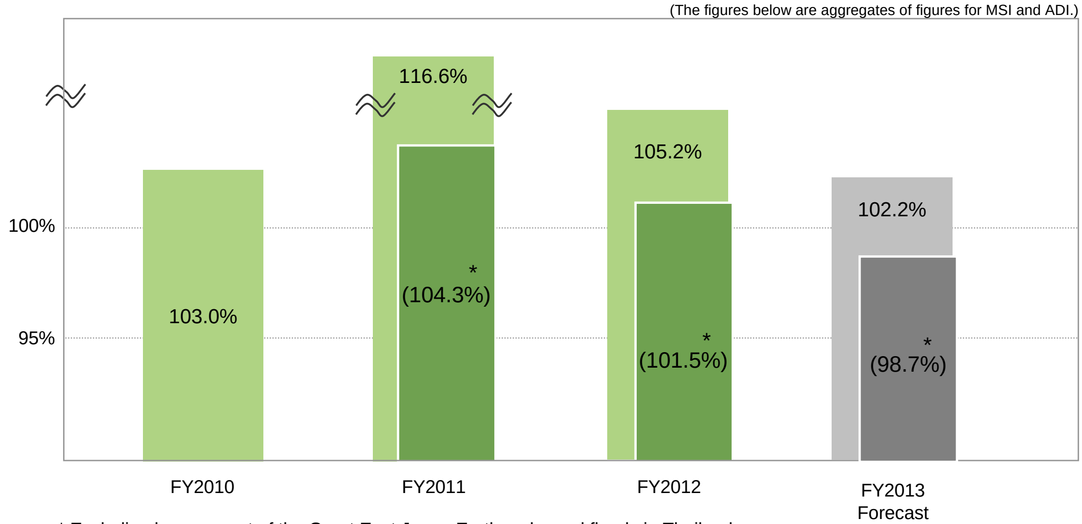
*1 Revised targets set in New Frontier 2013 announced on June 1, 2012
*2 For the definition of Group Core Profit and Group ROE, please refer to page 24 in the Appendix Data.

Improvements in Profitability in Domestic Non-Life Insurance Business: Trends in Combined Ratio

- The combined ratio improved steadily, reflecting improvements in income and expenditure and reductions in business expenses.
- Except for the effect of delays in payments associated with the flooding in Thailand, we expect that we will achieve a combined ratio of 98% range in FY2013 as planned.

Combined ratio in Domestic Non-Life Insurance Business (on a “written-to-paid” basis; across all lines)

(The figures below are aggregates of figures for MSI and ADI.)



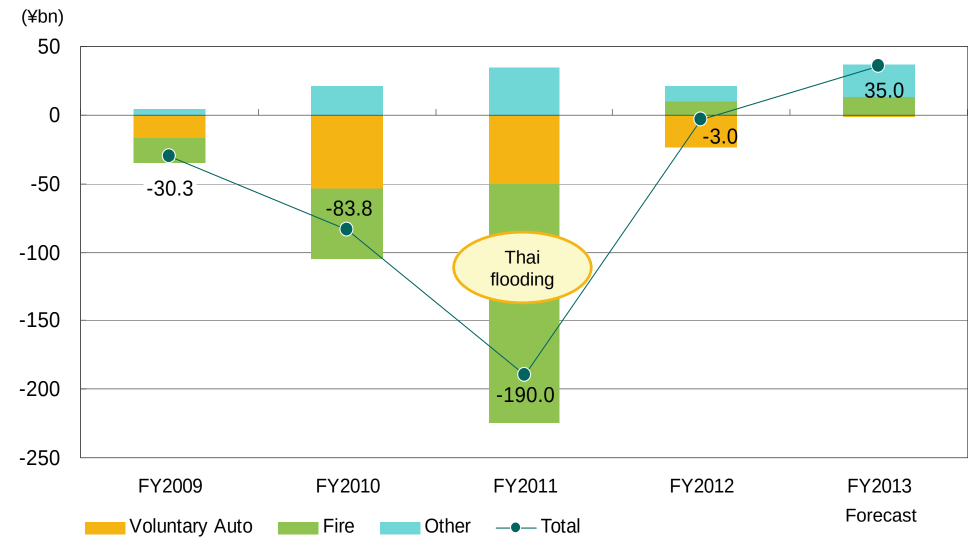
* Excluding loss amount of the Great East Japan Earthquake and floods in Thailand

Improvements in Profitability in Domestic Non-Life Insurance Business: Trends in Underwriting Profit/Loss

MS&AD INSURANCE GROUP

- *Underwriting profit/loss was in negative territory from FY2009 but improved sharply in FY2012 with an improvement in earnings in voluntary auto.*
- *In FY2013, underwriting profit/loss is expected to be around zero in voluntary auto and to come to a profit of 35.0 billion yen overall.*

Transition of underwriting profit/loss (by business line)



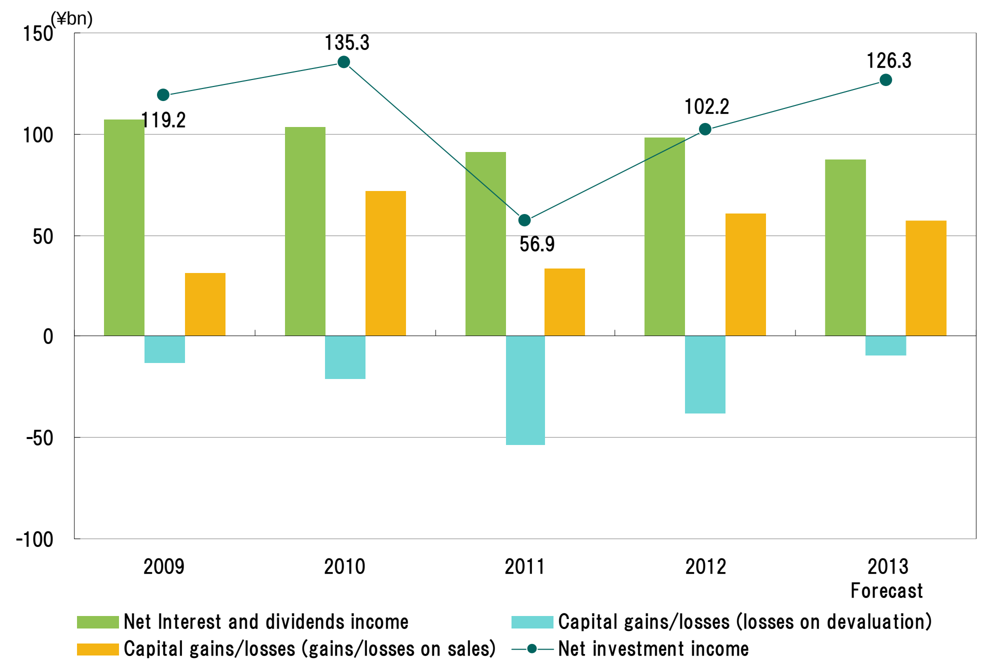
* The figures above are aggregates of figures for MSI and ADI.

Improvements in Profitability in Domestic Non-Life Insurance Business: Trends in Net Investment Income

MS&AD INSURANCE GROUP

- *Of net investment income, while net capital gains/losses have been fluctuated, net interest and dividends income has been stable at the 100billion yen range.*
- *If the current low interest rate environment remains unchanged, net interest and dividends received will be unlikely to increase from FY2013 onward. We will take steps to improve our return on risk.*

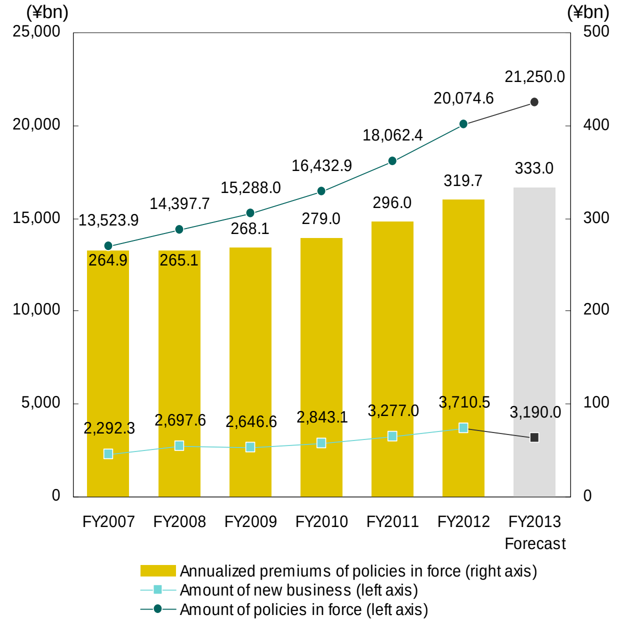
Transition of net investment income



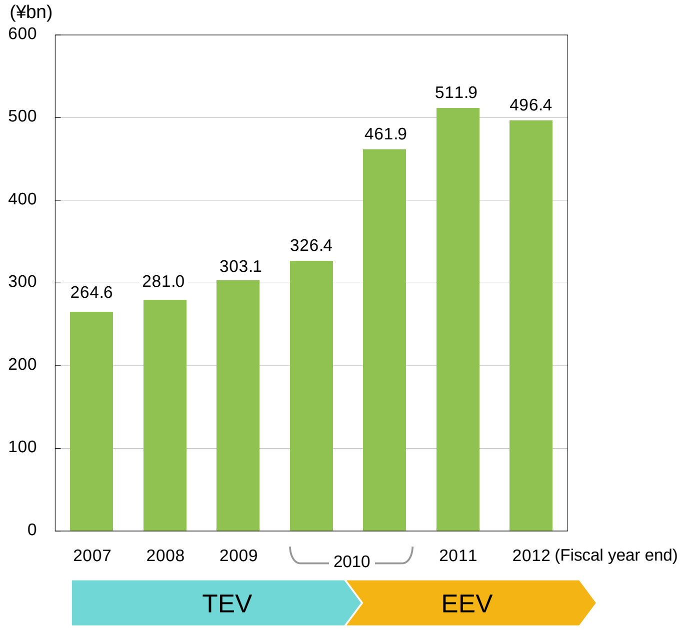
Domestic Life Insurance Business: MSI Aioi Life

- *Policies in force and annualized premiums for policies in force have increased in accordance with our plans.*
- *MSI Aioi Life will promote sales of protection-based products and initiatives in the third sector products to achieve a better-balanced portfolio.*
- *In FY2013, MSI Aioi Life expects to achieve the target annualized premiums for policies in force set in New Frontier 2013 and post net income of 6 billion yen.*

Transition of amount of policies and annualized premiums of policies in force



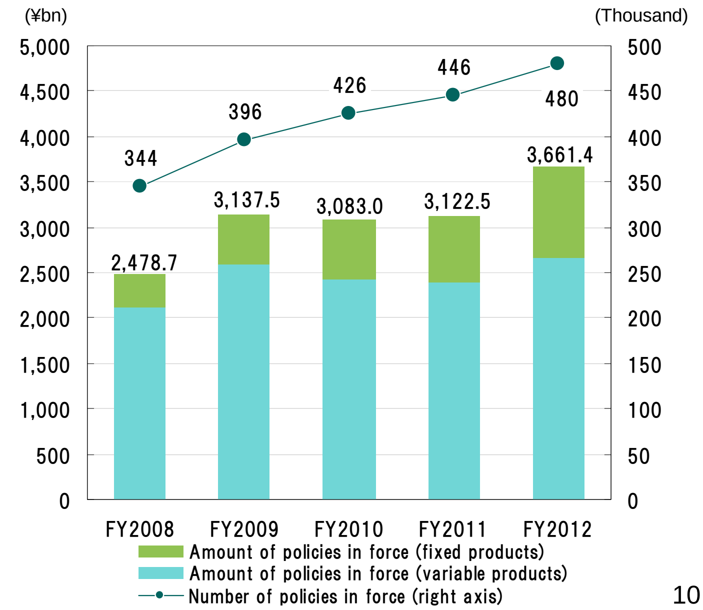
Trend in embedded value



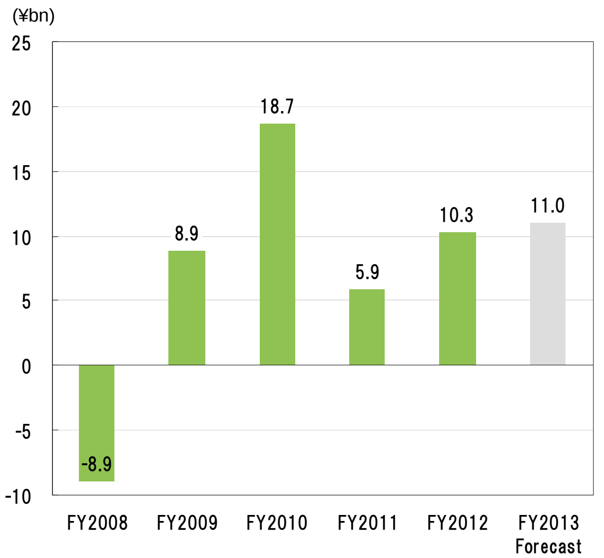
Domestic Life Insurance Business: MSI Primary Life

- *Expanded income and eliminated losses carried forward in FY2012 thanks to strong sales of foreign currency-denominated, fixed whole life insurance and the positive effect of the finance market. The amount of policies in force increased steadily.*
- *Took steps in FY2012 to mitigate minimum guarantee risk (adding ¥10 billion to the contingency reserve) and to mitigate foreign exchange risk associated with foreign currency-denominated, fixed whole life insurance (adding ¥21 billion to the price fluctuation reserve).*
- *Aims to expand earnings by providing both variable and fixed products, taking advantage of its strength in OTC sales at banks of individual annuities, while appropriately controlling market risks.*

Trend in amount of policies in force



Transition of net income

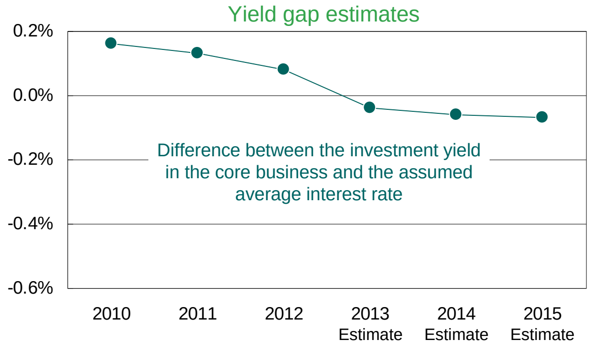


Domestic Life Insurance Business: Reaction to Changes in the Investment Environment

MS&AD INSURANCE GROUP

- *In the Domestic Life Insurance Business, we realize stable asset management through ALM, the Group's basic investment policy.*
- *If extremely low interest rates continue, investment income would be affected, but the overall impact on the Domestic Life Insurance Business will be limited.*
- *The difference between asset and liability values (surplus) will be increased, if interest rates rise.*

Impact of continued extremely low interest rates (MSI Aioi Life)



* The graph shows a simulation on the assumption that the extremely low interest rates at the end of March 2013 will continue from FY2013 and does not show projected net investment income in the Company's plan.

* The figures for up to FY2012 are results.

* MSI Primary Life's assets under management are primarily in foreign currencies, therefore continued extremely low interest rates in Japan has a minor impact.

Initiatives in asset management

- Basic policy of maintaining a portfolio consisting primarily of domestic bonds
- Considering expanding investments in securities other than government bonds, including highly rated corporate bonds
- Considering expanding investments in foreign bonds, taking foreign exchange risk into account

Initiatives in sales strategy

- Improving products' profitability following a rate revision in April 2013
- Continuing to focus on sales of protection-type and level-premium products, which are less affected by interest-rate fluctuations

Sensitivity to rising interest rates (as of March 31, 2013)

(¥bn)

Change in difference between asset and liability values (surplus) in the event of a 1% rise in yen interest rates*	+50.2

* The figure is an aggregate of figures for MSI Aioi Life and MSI Primary Life.

Overseas Business: FY2012 Results and FY2013 Forecasts

MS&AD INSURANCE GROUP

- *Net premiums written in the Overseas Business continued to rise remarkably in Asia, and are expected to increase 68.0 billion yen, to 356.0 billion yen in FY2013.*
- *Net income in FY2012 was short of the forecast, primarily due to the effects of natural disasters in North America and an increase in the provision for outstanding claims caused by the weaker yen. We expect that net income will increase 10.5 billion yen, to 24.0 billion yen in FY2013 on the assumption that the effects of natural disasters will be within the normal range.*

Net premiums written (non-life insurance)

(¥bn)

	FY2012			FY2013 Forecast	
	Forecast*1	Actual	vs. forecast		YoY Change
Overseas Business total*2	280.8	287.8	7.0	356.0	68.0
Asia	166.4	173.1	6.7	211.8	38.6
Europe	62.9	64.4	1.5	79.3	14.8
Americas	41.1	41.4	0.3	54.2	12.7
Reinsurance	14.9	15.6	0.7	17.1	1.4

Net income*3

(¥bn)

	FY2012			FY2013 Forecast	
	Forecast*1	Actual	vs. forecast		YoY Change
Overseas Business total*2, 4	20.2	13.5	-6.7	24.0	10.5
Asia	8.6	19.3	10.7	15.8	-3.4
Europe	-2.3	-3.3	-1.0	1.1	4.4
Americas	0.6	-7.7	-8.3	3.4	11.1
Reinsurance	5.1	5.0	-0.1	6.7	1.7
Asian Life Insurance Business*5	1.6	1.3	-0.1	5.2	3.8
Effect of the Thai flooding	13.4	0.8	-12.5	0.0	-0.8

* Overseas Business: Figures are aggregates of the results for overseas consolidated subsidiaries, non-life insurance companies' overseas branches and overseas non-consolidated affiliates.

*1 The FY2012 forecasts are based on results forecasts released on November 19, 2012.

*2 Figures in the "total" rows include head office adjustments etc. and are not equal to the sum of figures for each segment.

*3 Group Core Profit basis *4 The amounts in the breakdowns of figures in the Overseas Business by area do not include the effects of the flooding in Thailand.

*5 Including Takaful business

Overseas Business: Consolidation of Overseas Bases

- *The MS&AD Group has been consolidating its overseas bases since its foundation in April 2010.*
- *Following an agreement on reorganization by function that was announced in January 2013, the Group has clarified the roles of the two non-life insurance companies in the development of overseas operations. The Group will develop the best system for generating synergies and will enhance its earning power.*

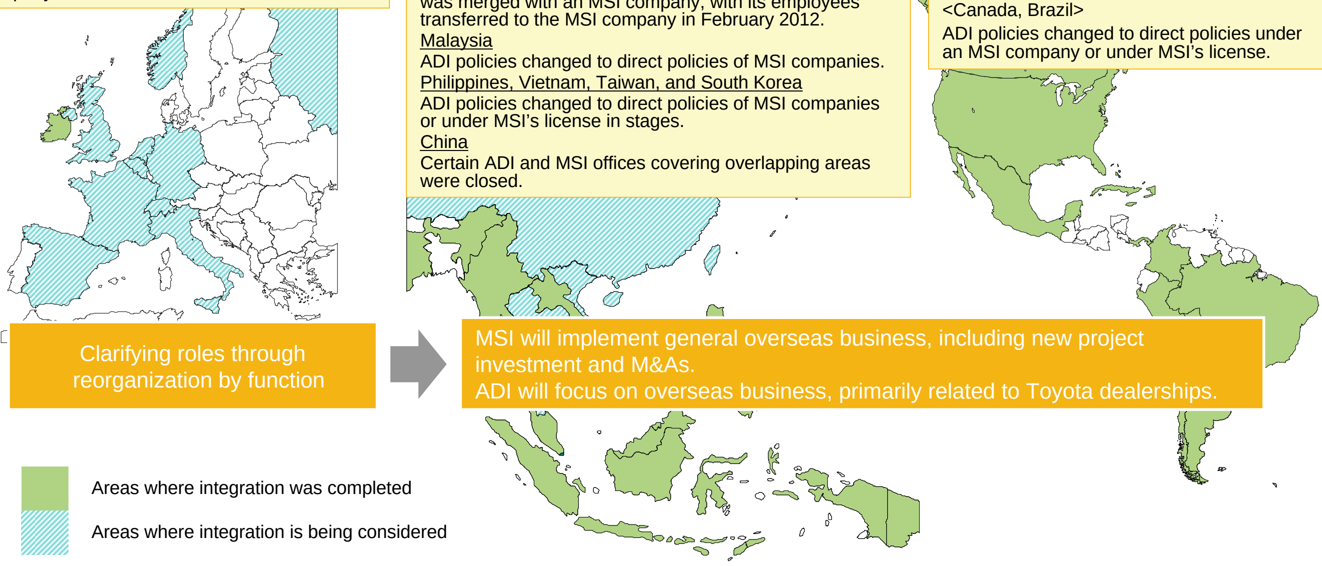
Status of consolidation of overseas bases

<Europe>
A former NDI company became a subsidiary of a former IOI company in January 2011.

<Middle East>
ADI policies changed to direct policies of an MSI company or under MSI's license.

<Asia>
Indonesia
An MSI company and an ADI company were integrated in October 2010.
Singapore
An ADI agency gave up its license for a local affiliate and was merged with an MSI company, with its employees transferred to the MSI company in February 2012.
Malaysia
ADI policies changed to direct policies of MSI companies.
Philippines, Vietnam, Taiwan, and South Korea
ADI policies changed to direct policies of MSI companies or under MSI's license in stages.
China
Certain ADI and MSI offices covering overlapping areas were closed.

<Americas>
A former IOI company and a former NDI branch were integrated in October 2010.
The integrated company above became a group company of MSI's holding company in the Americas in January 2013.
<Canada, Brazil>
ADI policies changed to direct policies under an MSI company or under MSI's license.



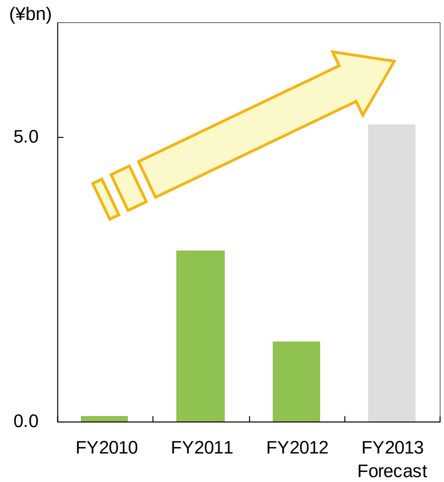
Clarifying roles through reorganization by function

MSI will implement general overseas business, including new project investment and M&As.
ADI will focus on overseas business, primarily related to Toyota dealerships.

Overseas Business: Asian Life Insurance Market

- *The scale of the businesses of six life insurance companies in Asia, our investment destinations including Takaful, has been expanding steadily each year. The Asian life insurance market is expected to expand in the medium term. The Group will seek to achieve high growth rates and profitability.*
- *Net income in the Group's life insurance business in Asia was held down in FY2012, reflecting a downturn in the market value of the assets under management of Sinarmas MSIG Life (MSI holding 50% of the stock).*
- *The Group expects to post income of 5.2 billion yen in FY2013 and is aiming to establish trend growth.*

Net income in the Asian life insurance business



* Based on Group Core Profit

Initiatives to establish trend growth (three major investment destinations)

○ Sinarmas MSIG Life (Holding: 50%)
- Enhancing risk management, using the MS&AD Group's expertise
- Upgrading the sales force of bancassurance and agent channels
- Launching new products, including level-premium and/or protection-type products, targeting an expanding middle-class clientele

○ Max Life (Holding: 26%)
- Developing corporate clientele and worksite marketing, using expertise of MS&AD Group
- Enhancing sales agent channel, using mobile IT for ever better profitability
- Strengthening collaboration with banks and corporate agents

○ Hong Leong Assurance (Holding: 30%)
- Furthering bancassurance business, using the brand strength and customer base of Hong Leong Group and the expertise of MS&AD Group
- Developing a highly profitable product mix

III. Future Development

Expected Integration Synergies and Cost Reduction

MS&AD INSURANCE GROUP

- *We have reduced company expenses approximately 40.0 billion yen and have almost achieved our target total synergies of 45.0 billion yen per year by FY2013, including other synergies.* ** Synergies and cost reductions are based on comparison with FY2008.*
- *Synergies associated with IT system integration are expected to be approximately ¥1.0 billion less than the target for FY2013 (¥12.0 billion per year), with operating expenses greater than expected after the system integration as a result of the enhancement of hardware and the strengthening of vendor support systems primarily for customer services.*
- *We are closely examining synergies for FY2015 and beyond, while planning reorganization by function.*

Expected integration synergies and cost reductions (compared with FY2008 figures)

- Cost reductions in financial accounting (company expenses at the two non-life insurers)

FY2008 (Base year)	FY2012 (Latest year)	Difference
¥561.5 billion	¥521.8 billion	-¥39.7 billion

Items not included above

Item	Effect (per year)
Sharing non-life insurers' expertise	Approx. ¥5.0 billion
Effects of the merger of life insurers (Synergies in earnings at life insurers)	Approx. ¥2.0 billion
Total	Approx. ¥7.0 billion

Total amount: Approx. ¥47.0 billion per year

Cost of new IT system development

- The cutover of a new IT system, Unity will be within FY2013 as planned.
- For a safer and more secure systems conversion, approximately ¥10 billion was added to the planned cost of Unity development (asset capitalization).

<Other related temporary costs>

- Costs of over ¥10 billion are expected to be posted in FY2013 as temporary costs associated with the conversion to Unity (other than integration costs)*

* The costs include development costs for updating data revised during the development period, training costs, and costs for business document forms which must be renewed all at once, associated with system integration.

Reorganization by Function

We will reorganize the Group by function to create a system for realizing the image of a corporate group that we are pursuing.

■ ***We will clarify the business concept for the two core non-life insurance companies and will aim to generate synergies.***

- *MSI will provide competitive products and services, taking advantage of its comprehensive strength. It will develop global insurance and financial services.*
- *ADI will strengthen its relationship with its unique partner, the Toyota Group and the Nippon Life Insurance Group, and will deliver competitive products and services. It will develop region-based business. ADI will continue to focus on the retail business through Toyota dealers overseas.*

■ ***The entire Group will seek to achieve growth and efficiency rapidly.***

■ ***The holding company will take the lead in building a strong Group governance system.***

Discussions about reorganization by function

(Details, including costs and cost reductions, will be disclosed in November, after a final reorganization plan is determined.)

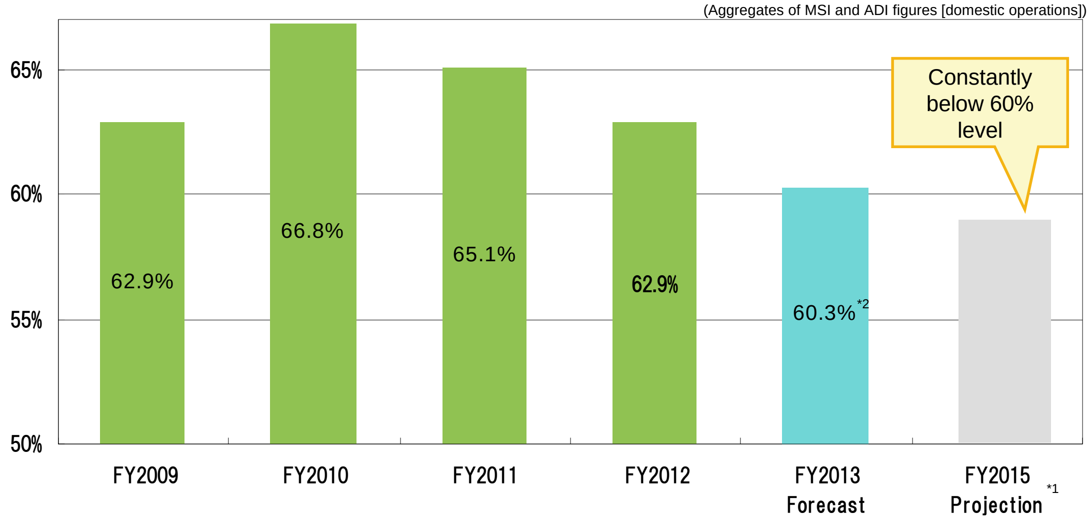
Field	Discussions on reorganization
Marine and aviation insurance	(Cargo, transportation) Only MSI will have the product supply function, and ADI will sell MSI's products through a subcontracting system. (Hull, aviation, aerospace) ADI employees will be seconded to MSI and will work together to sell MSI's products.
"Motor channels"	"Motor channels" that are primarily handled by ADI and partly handled by MSI will be transferred to ADI.
Local sales networks	In an area where only one of the two companies has a base, that company will contract and supervise agents in that area. In an area where both companies have a base, we will consolidate the bases, and the company in charge of the consolidated base will contract and supervise agents in the area, based on the scale and efficiency of operations in the area.
Third sector insurance	We will transfer long-term policies in the third sector insurance, such as medical insurance, which MSI and ADI sell to MSI Aioi Life to reduce product development and management costs.
Overseas business	The Group will integrate operations of overseas operating companies in each country to reduce management costs and improve efficiency in reinsurance operations. To improve profitability, the Group will clarify MSI and ADI's roles in the overseas business. - MSI will be responsible for comprehensive operations, including M&As. - ADI will be responsible primarily for retail business related to Toyota dealerships.
Head office functions	The holding company will have part of the head office functions of the two core non-life insurance companies and will enhance the Group governance system. (Functions to be consolidated) risk management, international business management, financial management, business auditing

Improving Profitability in Auto Insurance

- *The loss ratio nadir is behind us. Efforts to improve the loss ratio are steadily reflected in loss ratio results.*
- *However, we have yet to establish a stable revenue base. We will continue to take steps to improve the premium per vehicle and underwriting profit to achieve a loss ratio that is constantly below 60%.*

Change and projection of EI loss ratio (excluding loss adjustment expenses) in auto insurance

(Aggregates of MSI and ADI figures [domestic operations])



*1 Projection assumes the business strategy in the current medium-term management plan (the effect of consumption tax hikes taken into consideration). Targets for FY2014 onwards will be set in the next medium-term management plan.

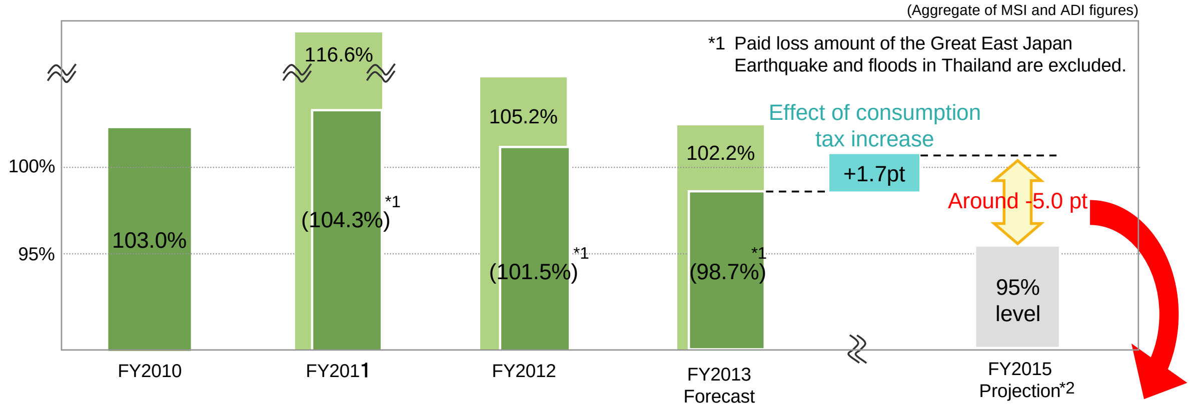
*2 A part of expenses formerly classified as "Loss Payments" become "Loss Adjustment Expenses" which will lower the EI loss ratio (excluding loss adjustment expenses) 0.3 percentage point in FY2013.

Aiming to Achieve a Combined Ratio of 95% (Domestic Non-Life)

- *We aim to achieve a combined ratio of 95% in FY2015, taking the effect of consumption tax increase into consideration.*
- *Targets for FY2014 onwards, which will reflect expected further cost savings through reorganization by function, will be determined in the next medium-term management plan.*

Combined ratio (across all lines) on a "written-to-paid" basis

(Aggregate of MSI and ADI figures)



Effects of major Group-wide initiatives

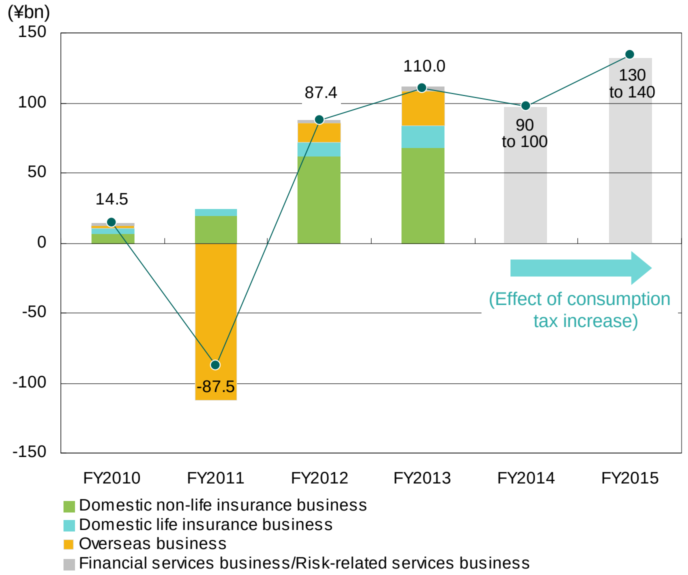
- Efforts to improve underwriting profit of auto insurance
- Expansion of the top line through the domestic growth strategy
- Efforts to improve underwriting profit of other lines
- Further effects of integration and efforts of reductions in business expenses

*2 Projection assumes the business strategy in the current medium-term management plan (the effect of consumption tax increase taken into consideration). Targets for FY2014 onwards will be set in the next medium-term management plan.

FY2015 Group Core Profit Projection

- *Group Core Profit is expected to be ¥130 billion to ¥140 billion in FY2015, reflecting the effect of consumption tax increase, etc.*
- *We will determine a Group Core Profit target, which will reflect the effect of further business expense reductions through reorganization by function, when the next medium-term management plan is developed.*

Group Core Profit projection*1



*1 Projection assumes the business strategy in the current medium-term management plan (the effect of consumption tax rate hike taken into consideration). Targets for FY2014 onwards will be set in the next medium-term management plan.

Domestic non-life insurance

Loss ratio [excluding auto insurance]

Product strategies:
- Profitable fields -> Expanding the top line
- Unprofitable fields -> Reviewing products and premium rates

Expense ratio
- Effects of the new IT system integration
- Optimizing HR assignments and reducing headcounts

Domestic life insurance

Traditional life insurance

Promotion of sales of protection-based products and initiatives in the third market

Individual annuities insurance

Providing variable and fixed products in a balanced manner for stable growth

Overseas business

Non-life insurance

Expanding earnings steadily, taking advantage of high growth in Asia

Asian life insurance

Initiatives for establishing growth trend

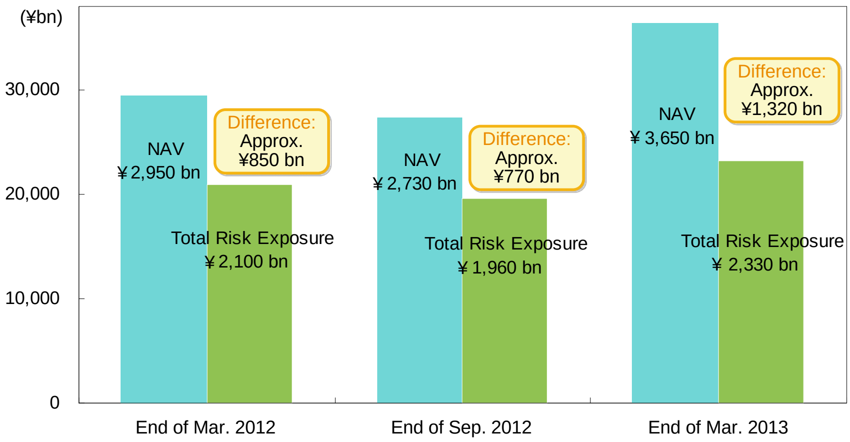
IV. Capital Management Policy

ERM (Enterprise Risk Management): NAV and total risk exposure at End of March 2013

MS&AD INSURANCE GROUP

- *The Group is enhancing risk-based management equivalent to European Solvency II and the IAIS (International Association of Insurance Supervisors) standards.*
- *Our challenge is to reduce volatility associated with strategic equity holdings.*
- *We will secure an appropriate difference between net asset value (NAV) and total risk exposure as buffers for elements of instability and uncertainty in the financial environment as well as funds for growth strategies.*

Net asset value (NAV) and total risk exposure



Sensitivity to stresses

Index	Effect on the difference
Long-term interest rate: Down 0.5%	- ¥150bn
Nikkei Stock Average: Down ¥1,000	- ¥100bn
Exchange rates (all currencies): 10% higher in yen terms	- ¥70bn

Net Asset Value (NAV): Adjustment related to deferred tax assets/liabilities, unrealized gains/losses on insurance liability, loss reserves incl. catastrophe loss reserve, net assets on the B/S, etc.

Total Risk Exposure: Insurance risk (nonlife insurance, life insurance, earthquakes in Japan, natural disasters in Japan and overseas), asset management risk, operational risk, etc. The confidence level for measuring VaR is set at 99.5% (the holding period is one year).

The following issues are factored into capital management

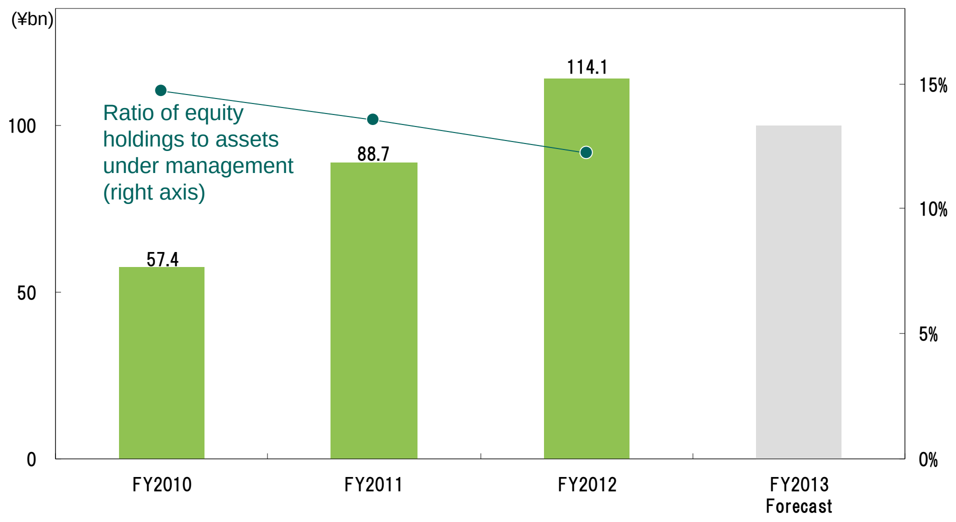
- Whether each of the components of net asset value may be counted as capital
- Rating agencies' stance toward asset/capital soundness
- Medium-term trends in Japanese and overseas solvency requirements
- Financial results forecast, progress of business plan, etc.

ERM: Reductions in Strategic Equity Holdings

MS&AD INSURANCE GROUP

- *The Group is steadily reducing strategic equity holdings, aiming to reduce holdings of 300.0 billion yen in three years to the end of FY2013.*
- *In the next medium-term management plan, the Group will continue to reduce at the same pace of strategic equity holdings.*

Sales of strategic equity holdings: results and projection



* Aggregate of strategic equity holdings and assets under management of MSI, ADI, Mitsui Direct General, MSI Aioi Life, and MSI Primary Life (general accounts), excluding unrealized gains/losses on securities

Capital Management Policy and Shareholder Return Policy

MS&AD INSURANCE GROUP

Capital management policy

-*We return profits to shareholders based on "Group Core Profit," while creating a virtuous growth cycle through investment in businesses with substantial growth potential.*

-*We aim to improve "Group ROE" through growth in "Group Core Profit" and adroit capital management.*

Shareholder return policy

-*We will return approximately 50% of "Group Core Profit" to shareholders through dividends and share buybacks.*

<Dividends> We aim to maintain stable dividends, and steadily increase dividends by strengthening our earnings power. We plan to distribute an annual dividend per share of ¥54 for FY2012.

<Share buybacks> We will buy back shares opportunistically and continuously, taking capital position and profits into account.

Trends in total shareholder returns

(¥bn)

(Fiscal year in which Group Core Profit was posted)[*2]->		FY2004	FY2005	FY2006	FY2007	FY2008	FY2009	FY2010	FY2011	FY2012
Group Core Profit	(a)	28.6	73.9	64.9	66.0	3.1	33.8	14.5	-87.5	87.4
Total dividends (annual)	(b)	13.6	18.5	19.8	22.5	22.6	32.9	33.5	33.5	33.5 (Plan)
(b)/(a)		48%	25%	31%	34%	729%	97%	231%	—	
Share buybacks[*1]	(c)	12.0	11.5	7.0	4.0	10.0	10.0	0.0	0.0	
Total returns ((b)+(c))	(d)	25.6	30.0	26.8	26.5	32.6	42.9	33.5	33.5	
Shareholder return ratio ((d)/(a))		90%	41%	41%	40%	1,057%	127%	231%	—	

*1 Share buybacks in the following fiscal year

*2 The figures for fiscal years up to FY2007 are figures for MSI. The FY2008 figures are for MSIG. The figures for FY2009 are sums of figures for MSIG, Aioi, and NDI.

* The shareholder return ratio is calculated as follows (example based on FY2012):

$$\frac{\text{FY2012 dividends (December 2012 and June 2013)} + \text{Value of share buybacks conducted in FY2013}}{\text{FY2012 Group Core Profit}}$$

Until FY2008 the definition of Group Core Profit was slightly different from the current definition. Until FY2008, MSIG aimed to provide shareholder returns equivalent to 40% of Group Core Profit under its shareholder return policy. (The ratio has been 50% since FY2009.)

Shareholder returns in the previous fiscal year and the fiscal year under review onwards

- We will buy back ¥ 5 bn (maximum) of our shares by Sept. 20 of 2013. And we forecast an annual dividend increase of ¥2 for FY2013.
- We aims to continue to increase dividends.

Appendix Data

Medium-Term Management Targets: Group Core Profit

(¥bn)

	Stage 1		Stage 2	
	FY2010 result	FY2011 result	FY2012 result	FY2013 forecast
Net premiums written (non-life)	2,541.4	2,558.8	2,639.4	2,770.0
Annualized premiums in force (life)*1	279.0	296.0	319.7	333.0
"Group Core Profit"*2	14.5	-87.5	87.4	110.0
Domestic non-life insurance business	6.5	19.7	61.9	68.0
Domestic life insurance business	4.1	4.3	9.8	16.0
Overseas business	1.8	-112.3	13.5	24.0
Financial services business/ Risk-related services business	1.9	0.7	2.0	3.0
"Group ROE" *2	0.8%	-5.6%	5.0%	5.6%

*1 Figures are the annualized premiums in force of MSI Aioi Life (excluding group insurance); figures do not include MSI Primary Life.
*2 For the definition of "Group Core Profit" and "Group ROE", please refer to Page 24.

Definition of “Group Core Profit” and “Group ROE”

“Group Core Profit”

= **Consolidated net income**

− **Net capital gains/losses on stock portfolio (gains/losses on sales etc.)**

− **Net evaluation gains/losses on credit derivatives**

− **Other incidental factors**

+ **Equity in earnings of the non-consolidated group companies**

“Group ROE”

= **Group Core Profit**

÷ **Consolidated total net assets excluding minority interests (average of beginning and ending amounts of B/S)**

Incurred losses and EI loss ratio (MSI)

Incurred losses and EI loss ratio （Excluding loss adjustment expenses）

(¥ bn)

	FY2011					FY2012					
	Incurred Losses (a)	EI Loss Ratio	Catastrophe Impact (b)	(a)-(b)	EI Loss Ratio (Excluding catastrophe impact)	Incurred Losses (c)	EI Loss Ratio	Catastrophe Impact (d)	(c)-(d)	EI Loss Ratio (Excluding catastrophe impact)	YoY Change
Fire (Excluding residential earthquake)	348.9	208.0%	252.4	96.5	57.6%	129.4	76.1%	32.1	97.2	57.1%	-0.5pt
Marine	31.5	59.2%	2.2	29.3	54.9%	28.0	53.1%	0.0	27.9	53.0%	-1.9pt
Personal accident	72.9	53.5%	-1.3	74.2	54.5%	76.8	54.9%	-0.0	76.8	54.9%	0.4pt
Auto	369.4	65.3%	3.2	366.2	64.8%	363.8	62.4%	3.3	360.4	61.8%	-3.0pt
Other	90.9	52.6%	4.6	86.2	49.9%	99.9	56.4%	2.5	97.3	54.9%	5.0pt
Totals (A)	913.9	83.4%	261.2	652.6	59.6%	698.1	62.1%	38.2	659.8	58.7%	-0.9pt
Residential earthquake(B)	71.1		71.1	-		-		-	-		
CALI (C)	136.9		-	136.9		135.0		-	135.0		
Total (A)+(B)+(C)	1,122.0		332.4	789.5		833.1		38.2	794.8		

* On the basis of exclusion of Good Results return premiums “ModoRich” auto insurance products.
* Incurred losses = net claims paid + provision for outstanding claims.
* Total (A) excludes residential earthquake insurance and CALI
* The impact of natural catastrophes is the total of incurred losses resulting from domestic natural catastrophes occurring in Japan during the year, the Thailand floods and the Great East Japan Earthquake.

Incurred losses and EI loss ratio (ADI)

MS&AD INSURANCE GROUP

Incurred losses and EI loss ratio （Excluding loss adjustment expenses ）

(￥ bn)

	FY2011					FY2012					
	Incurred Losses (a)	EI Loss Ratio	Catastrophe Impact (b)	(a)-(b)	EI Loss Ratio (Excluding catastrophe impact)	Incurred Losses (c)	EI Loss Ratio	Catastrophe Impact (d)	(c)-(d)	EI Loss Ratio (Excluding catatrophe impact)	YoY Change
Fire (Excluding residential earthquake)	115.1	89.1%	47.2	67.8	52.5%	81.0	62.8%	12.7	68.3	52.9%	0.4pt
Marine	3.4	39.2%	-0.1	3.5	40.7%	5.2	56.7%	0.0	5.2	56.7%	16.0pt
Personal accident	33.4	48.0%	-0.1	33.5	48.2%	33.7	49.3%	0.0	33.7	49.3%	1.1pt
Auto	411.8	64.8%	2.8	408.9	64.3%	407.9	63.7%	3.5	404.4	63.1%	-1.2pt
Other	54.9	55.8%	0.4	54.5	55.3%	61.8	62.6%	0.6	61.2	61.9%	6.6pt
Total (A)	618.7	65.7%	50.2	568.5	60.4%	589.9	62.3%	16.9	572.9	60.5%	0.1pt
Residential earthquake (B)	56.6		56.6	-		-		-	-		
CALI (C)	129.0		-	129.0		127.1		-	127.1		
Total (A)+(B)+(C)	804.3		106.8	697.5		717.0		16.9	700.0		

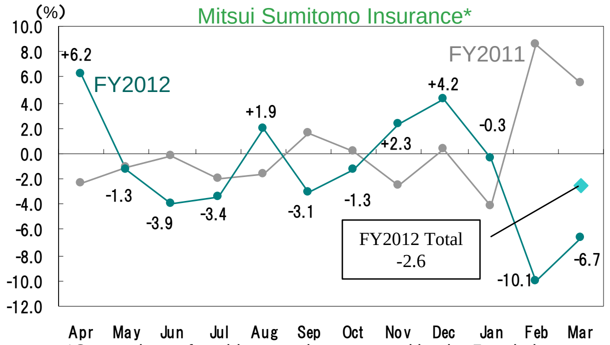
* Incurred losses = net claims paid + provision for outstanding claims
* Total (A) excludes residential earthquake insurance and CALI
* The impact of natural catastrophes is the total of incurred losses resulting from domestic natural catastrophes occurring in Japan during the year, the Thailand floods and the Great East Japan Earthquake.

Improvement in Auto Insurance Loss Ratio (FY 2012 Results)

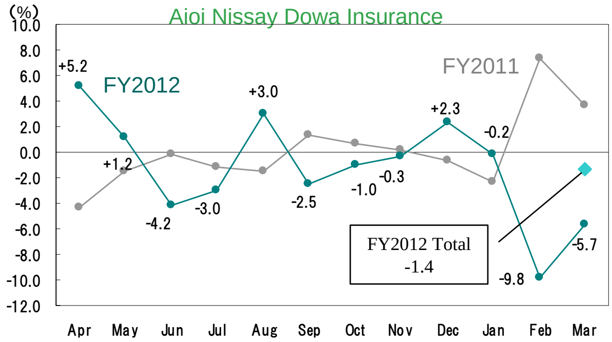
MS&AD INSURANCE GROUP

Trends in Accident Numbers (Excluding natural catastrophes, per day, YoY same-month change)

Mitsui Sumitomo Insurance*



Aioi Nissay Dowa Insurance



*Comparison of accident numbers covered by the 5 main insurance coverage types, excluding accidents covered by special clauses.

Premiums, Payouts and Earned to Incurred Loss Ratio

Mitsui Sumitomo Insurance

(Domestic, Sales Basis)	No. of Contracts	Insurance Premium Unit Price	Insurance Premiums
Factors Inc./Dec. Insurance Premiums	+0.6%	+2.7%	+3.3%
(Domestic)	Bodily injury liability	Property damage liability	Vehicle damage (Excluding Nat cats)
Change in average payout per claim	-9.0%	+2.0%	+2.6%
(Excluding loss adj. expenses)	Mar. 2011	Mar. 2012	Mar. 2013
EI Loss Ratio	66.7%	65.3%	62.4%

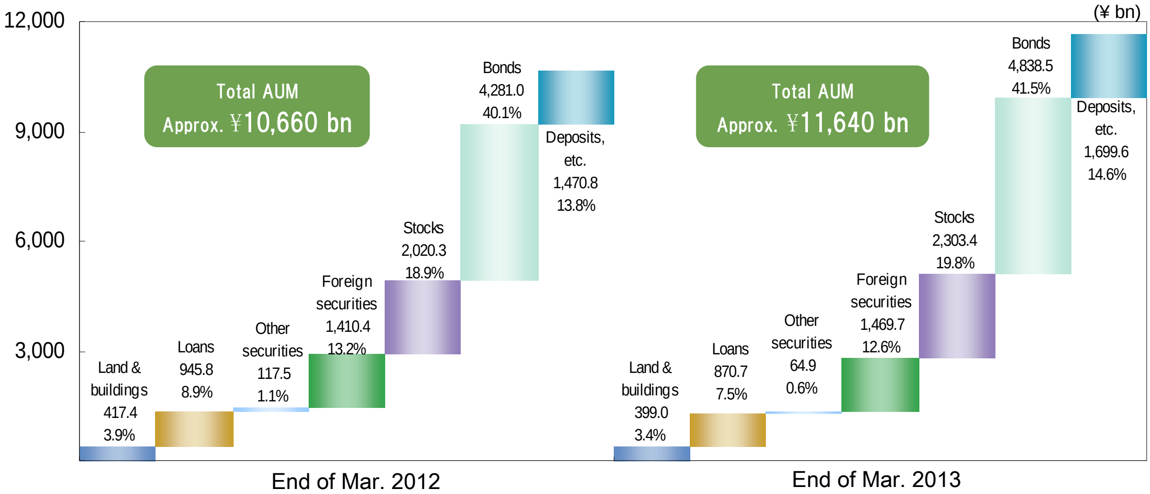
Aioi Nissay Dowa Insurance

(Domestic, Sales Basis)	No. of Contracts	Insurance Premium Unit Price	Insurance Premiums
Factors Inc./Dec. Insurance Premiums	-1.0%	+2.8%	+1.9%
＜Domestic＞	Bodily injury liability	Property damage liability	Vehicle damage (Excluding Nat cats)
Change in average payout per claim	+4.9%	+4.2%	+2.5%
＜Excluding loss adjustment expenses＞	Mar. 2011	Mar. 2012	Mar. 2013
EI Loss Ratio	67.0%	64.8%	63.7%

* All factors for increase/decrease in insurance premiums are based on sales results (Apr-Mar). %YoY
* "Changes in average payout per claim" means change in average payout per claim over one-year period ended March 31, 2013 compared with average payout per claim over one-year period ended March 31, 2012.
* The EI loss ratio excludes loss adjustment expenses. The period each year is from April through March. (Figures for Aioi Nissay Dowa Insurance prior to FY 2010 are a simple aggregate of Nissay Dowa Insurance and Aioi Nissay Dowa Insurance results).

Asset Management

Asset mix principally weighted toward interest-rate assets (AUM by asset class)*1



Total interest-rate assets*2 at the end of March, 2013
¥ 8,146 bn (69.9%)

*1 Arithmetic totals of MSI, ADI, Mitsui Direct General, MSI Aioi Life, and MSI Primary Life's (general accounts) asset holdings as itemized in their financial statements

*2 Total of deposits, bonds, loans and foreign bonds

We manage interest-rate sensitivity (as of end-March 2013)

(¥bn)

	MS&AD Group total	Total for domestic non-life insurers	Total for domestic life insurers
Change in difference between asset and liability values (surplus) in the event of a 100 bp rise in yen interest rates	+67.4	+17.2	+50.2

Exposure in euro zone (as of end-March 2013)

Exposure in financial institutions in the euro zone: Approx. ¥65.0 bn → Approx. 0.6% of AUM

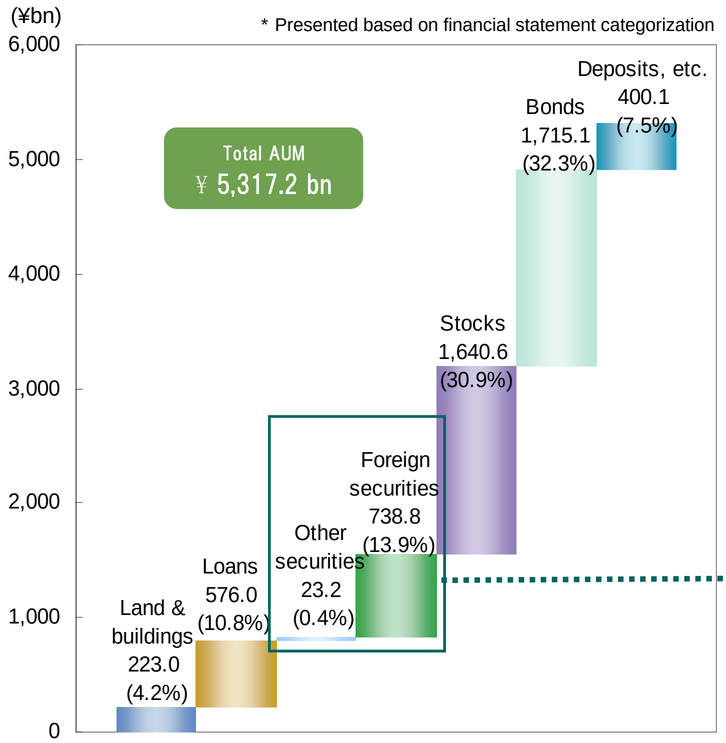
Exposure in five euro zone countries (¥ bn)

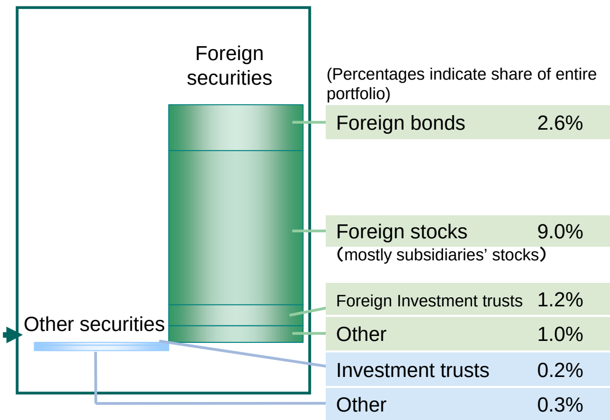
	Greece	Ireland	Italy	Portugal	Spain	Total
Exposure	0.0	0.2	19.5	0.8	15.0	35.6
(Of this, government bonds)	–	–	13.2	–	4.8	18.0

→ Approx. 0.3% of AUM

Assets Under Management (MSI)

AUM and percentage allocations by asset class (as of end-March 2013)

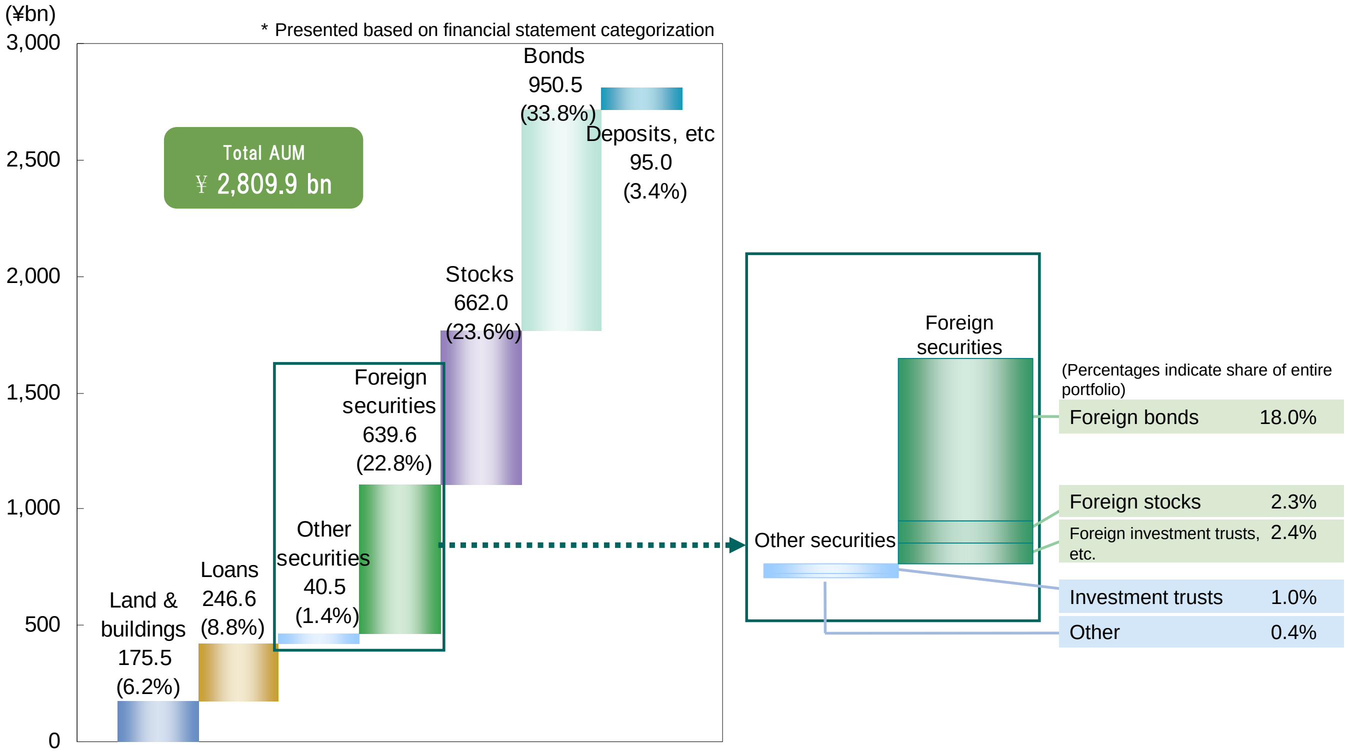




Assets Under Management (ADI)

MS&AD INSURANCE GROUP

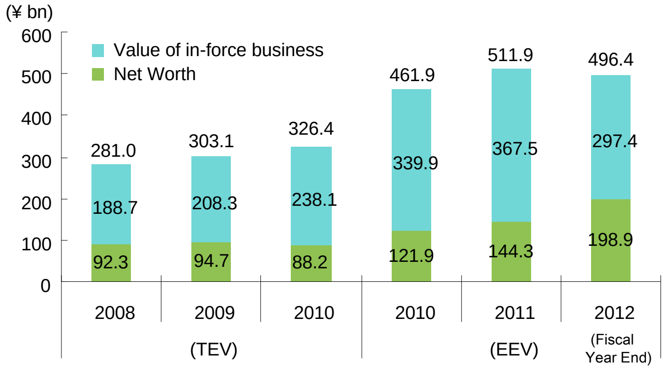
AUM and percentage allocations by asset class (as of end-March 2013)



Trends in Embedded Value (from end of FY2008 to end of FY2012)

MS&AD INSURANCE GROUP

MSI Aioi Life



Changes in FY2012

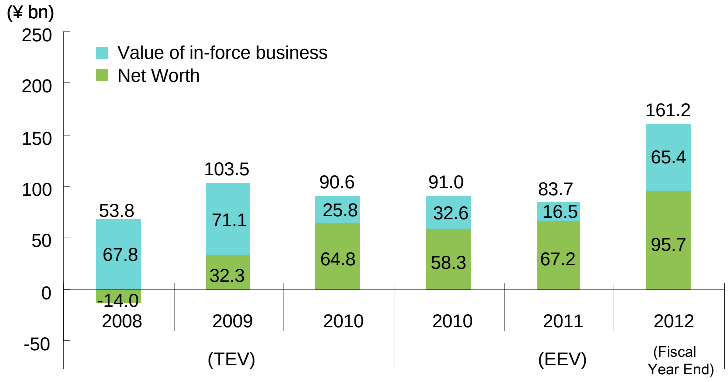
Factor	Change
Value of new business in FY2012	+8.7
Projected earnings (risk-free rate)	+8.1
Projected earnings (extra earnings)	+0.7
Difference between assumptions (non-economic) and results	+2.9
Changes in assumptions (non-economic)	+0.2
Difference between assumptions (economic) and results	-24.7
Other changes relating to business	-8.0
Other changes not relating to business	-3.6
Total	-15.4

EEV Sensitivity at End of FY2012

Assumption		Change
Risk-free rate	Up 50 bp	+30.7
Risk-free rate	Down 50 bp	-26.0
Value of shares and real estate	Down 10%	-0.1
Expense rate (maintenance cost)	Down 10%	+14.3
Termination and lapse ratio	Down 10%	+3.5
Frequency of insured events (death insurance)	Down 5%	+20.2
Frequency of insured events (annuity insurance)	Down 5%	-0.0
Implied volatility of shares and real estate	Up 25%	0.0
Implied volatility of interest rate swaptions	Up 25%	-28.3
Capital requirement changed to the legal minimum level		+8.2

* Figures prior to FY2011 is the simple sum of those for MSI Kirameki Life and Aioi Life.

MSI Primary Life



Changes in FY2012

Factor	Change
Value of new business in FY2012	+15.8
Projected earnings (risk-free rate)	+5.8
Projected earnings (extra earnings)	+10.0
Difference between assumptions (non-economic)	+0.4
Changes in assumptions (non-economic) and results	-7.7
Difference between assumptions (economic) and results	+54.5
Other changes relating to business	-
Other changes not relating to business	-1.5
Total	+77.4

EEV Sensitivity at End of FY2012

Assumption		Change
Risk-free rate	Up 50 bp	-3.4
Risk-free rate	Down 50 bp	+1.6
Value of shares and real estate	Down 10%	-14.5
Expense rate (maintenance cost)	Down 10%	+4.1
Termination and lapse ratio	Down 10%	-1.1
Frequency of insured events (death insurance)	Down 5%	+0.4
Frequency of insured events (annuity insurance)	Down 5%	+0.7
Implied volatility of shares and real estate	Up 25%	-6.8
Implied volatility of interest rate swaptions	Up 25%	-0.0
Capital requirement changed to the legal minimum level		+0.5

Overseas Business: Growth and Profitability at Major Bases in Asia

MS&AD INSURANCE GROUP

(%)

	FY2009			FY2010			FY2011			FY2012			
	Growth rate	Combined ratio	ROE	Growth rate	Combined ratio	ROE	Growth rate	Combined ratio	ROE	Growth rate	Combined ratio	ROE	Net premiums written (¥ bn)
Malaysia	3.0	79.8	25.4	24.6	85.2	19.4	27.7	87.6	21.9	3.4	86.2	21.8	28.3
Thailand	0.9	79.9	22.6	25.5	86.2	15.4	3.3	1,473.3	-3,060.8	35.6	-17.9	139.8	26.3
Taiwan	3.2	95.0	4.7	15.2	99.9	4.2	4.2	88.8	5.1	5.1	93.9	5.3	24.4
India	18.5	106.8	1.1	41.2	107.3	-8.6	36.3	105.0	6.6	34.5	106.9	15.8	21.0
China	21.9	102.7	5.6	46.5	103.6	1.6	39.7	94.1	2.1	18.2	115.2	-2.4	18.9
Singapore	11.7	82.9	13.7	13.3	78.4	15.1	11.5	88.4	12.2	2.3	88.9	18.2	17.9
Hong Kong	-0.8	83.9	13.1	8.1	90.1	12.9	14.3	91.8	15.3	6.6	107.4	-8.7	9.7
Indonesia	-4.9	85.9	14.2	14.6	64.8	22.1	17.4	72.4	26.7	-0.0	76.4	31.7	6.9
Philippines	8.6	70.5	14.8	20.9	75.3	17.7	10.8	74.4	21.9	7.3	77.8	25.0	4.9
Vietnam	-	106.8	-1.7	80.4	101.3	1.9	36.7	78.9	11.4	10.6	125.4	4.8	1.0

* Overseas Business: The figures are aggregates of the results for overseas consolidated subsidiaries, non-life insurance companies' overseas branches and overseas non-consolidated affiliates.
* Growth rates are calculated in local currencies.
* The growth rate, combined ratio, and ROE for each region are calculated using the sum of figures for the bases of MSI and overseas consolidated subsidiaries and affiliates of ADI.
* The effect of reinstatement premiums of reinsurance due to the flooding is excluded in the calculation of the growth rate and net premiums written for Thailand.

Summary of Consolidated Results (MSI)

MS&AD INSURANCE GROUP

Key financial data

(¥bn)

	FY2011	FY2012		
			Change	Growth
Net premiums written	1,428.4	1,479.9	51.4	3.6%
Ordinary profit/loss	-101.9	76.1	178.0	—
Net Income	-115.2	46.8	162.0	—

* Net premiums written exclude Good Result Return premiums of the "ModoRich" auto insurance product, which contains a special clause related to premium adjustment and refund at maturity; same hereafter

Breakdown of net premiums written

(¥bn)

	FY2011	FY2012		
			Change	Growth
Mitsui Sumitomo Insurance (Non- consolidated)	1,269.2	1,314.2	44.9	3.5%
Overseas subsidiaries	159.1	165.7	6.5	4.1%

Breakdown of net income

(¥bn)

	FY2011	FY2012	
			Change
Mitsui Sumitomo Insurance (Non-consolidated)	-130.6	42.6	173.2
Overseas subsidiaries	-5.4	12.6	18.0
Other	0.4	0.5	0.0
Consolidation adjustments	20.3	-9.0	-29.3

* Net income of subsidiaries is on an equity stake basis.

Summary of Consolidated Results (ADI)

Key financial data

(¥bn)

	FY2011	FY2012	Change	Growth
Net premiums written	1,096.3	1,124.4	28.1	2.6%
Ordinary profit/loss	6.3	25.8	19.5	—
Net Income	-47.5	18.5	66.1	—

Breakdown of net premiums written

(¥bn)

	FY2011	FY2012	Change	Growth
Aioi Nissay Dowa Insurance (Non- consolidated)	1,074.6	1,103.2	28.6	2.7%
Overseas subsidiaries	21.6	21.2	-0.4	- 2.1%

Breakdown of net income

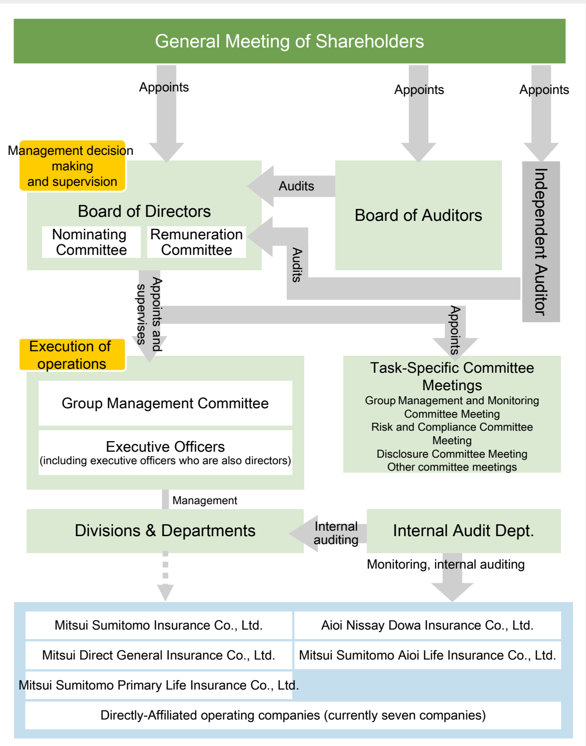
(¥bn)

	FY2011	FY2012	Change
Aioi Nissay Dowa Insurance (Non-consolidated)	-43.5	18.8	62.4
Overseas subsidiaries	-1.5	-0.2	1.3
Consolidation adjustments, etc.	-2.5	-0.0	2.4

* Figures for past years of the merged company are simple aggregate of the results for the individual companies before merger; same hereafter.
* Net income of subsidiaries is on an equity stake basis.

Corporate Governance

Corporate Governance Structure



- **Under the executive officer system, the roles of the Board of Directors, which makes management decisions and supervises, and the Executive Officers, who execute operations, are clarified.**
- **Of thirteen directors, four directors are outside directors. Of five auditors, three auditors are outside auditors.**
  →All outside directors and auditors are independent officers that meet the requirements of TSE, NSE, and OSE.
- **The term of office of the directors is one year.**
- **The outside directors are two lawyers and two corporate managers (three men and one woman). The outside auditors are one certified public accountant and two lawyers.**
  →In FY2012, fourteen Board meetings were held, and the outside directors and auditors attended more than 90% of the meetings on the average.
- **The Board of Directors has two internal committees: the Nominating Committee and the Remuneration Committee.**
  →The chairperson and a majority of the members of each of the committees are outside directors.

<reference> The number of outside directors:
at Mitsui Sumitomo Insurance Co., Ltd.: three (of eleven directors)
at Aioi Nissay Dowa Insurance., Co., Ltd.: two (of thirteen directors)

MS&AD
INSURANCE GROUP

【Reference　Materials】

MS&AD Insurance Group Holdings, Inc.

Summary of FY2012 Financial Results

•Projected Financial Results for FY2013

MS&AD Insurance Group Holdings, Inc.

Summary of FY2012 Financial Results (MS&AD Holdings (Consolidated))

MS&AD INSURANCE GROUP

Key financial data

(¥bn)

	FY2011	FY2012	Change	Growth
Net premiums written	2,558.8	2,639.4	80.5	3.1%
Ordinary profit/loss	-96.2	150.3	246.5	–
Net income	-169.4	83.6	253.0	–

* Net premiums written exclude Good Result Return premiums of the "ModoRich" auto insurance product, which contains a special clause related to premium adjustment and refund at maturity; same hereafter.

Breakdown of net premiums written

(¥bn)

	FY2011	FY2012	Change	Growth
Mitsui Sumitomo Insurance (Non-consolidated)	1,269.2	1,314.2	44.9	3.5%
Aioi Nissay Dowa Insurance (Non-consolidated)	1,074.6	1,103.2	28.6	2.7%
Mitsui Direct General Insurance	34.3	35.2	0.9	2.8%
Overseas subsidiaries	180.7	186.1	5.4	3.0%

Breakdown of net income

(¥bn)

	FY2011	FY2012	Change
Mitsui Sumitomo Insurance (Non-consolidated)	-130.6	42.6	173.2
Aioi Nissay Dowa Insurance (Non-consolidated)	-43.5	18.8	62.4
Mitsui Direct General Insurance	0.3	0.3	-0.0
MSI Aioi Life	-11.3	0.4	11.8
MSI Primary Life	5.9	10.3	4.3
Overseas subsidiaries	-6.7	12.6	19.3
Other	-0.0	0.0	0.1
Consolidation adjustments, etc.	16.5	-1.7	-18.3

* Figures for past years of the merged company are a simple aggregate of the results for the individual companies before merger; same hereafter.
* Net income of subsidiaries is on an equity stake basis.

MS&AD Insurance Group Holdings, Inc.

＜Net premiums written＞

- Group consolidated net premiums written totaled ¥2,639.4 billion, an increase of ¥80.5 billion, or 3.1% year-on-year.
- Breakdown of net premiums written
  - ・At MSI, net premiums written increased by 3.5% or ¥44.9 billion year-on-year, and at ADI, net premiums written increased by 2.7% or ¥28.6 billion. At Mitsui Direct General, they increased by 2.8% to ¥900 million.
  - ・Net premiums written by overseas subsidiaries saw an increase, mainly in Asia and Europe, of 3.0% or ¥5.4 billion year-on-year (the exchange rate effect was a negative ¥1.7 billion, but on a local currency basis, net premiums written increased by 3.9%).

＜Net income＞

- Net income totaled ¥83.6 billion, a year-on-year increase of ¥253.0 billion.
  - ・Besides the rebound effect from the absence of losses due to the floods in Thailand and the reduction in the corporate tax rate last year, gains on sale of securities improved due to higher stock prices while domestic life insurance subsidiaries and overseas insurance subsidiaries increased profit steadily. As a result, net income was ¥83.6 billion, a significant increase of ¥253.0 billion year-on-year.
- Breakdown by company
  - ・MSI recorded a year-on-year increase of ¥173.2 billion in net income to ¥42.6 billion due to gains on sale of securities in addition to the rebound effect from the absence of losses due to the floods in Thailand and the reduction in the corporate tax rate.
  - ・ADI increased net income by ¥62.4 billion to ¥18.8 billion due to the rebound effect from a decrease in corporate taxes as well as the rebound effect from the absence of losses due to the floods in Thailand and recovery of underwriting profit due to a decrease in business expenses.
  - ・MSI Aioi Life saw an increase in net income of ¥11.8 billion to ¥400 million mainly due to the rebound from the absence of merger expenses last year.
  - ・MSI Primary Life boosted net income by ¥4.3 billion to ¥10.3 billion due to an increase in gains on valuation of fixed amount products and an increase in price fluctuation reserves.
  - ・Overseas subsidiaries increased net income by ¥19.3 billion to ¥12.6 billion due to improvements of profitability in Europe and in reinsurance business.

Projected Financial Results for FY2013 (MS&AD Holdings (Consolidated))

MS&AD INSURANCE GROUP

Key financial data

(¥bn)

	FY2012	FY2013 (Forecast)		
			Change	Growth
Net premiums written	2,639.4	2,770.0	130.5	5.0%
Ordinary profit/loss	150.3	191.0	40.6	27.1%
Net income	83.6	125.0	41.3	49.5%

Breakdown of net premiums written

(¥bn)

	FY2012	FY2013 (Forecast)		
			Change	Growth
Mitsui Sumitomo Insurance (Non-consolidated)	1,314.2	1,351.0	36.8	2.8%
Aioi Nissay Dowa Insurance (Non-consolidated)	1,103.2	1,146.0	42.7	3.9%
Mitsui Direct General Insurance	35.2	36.1	0.8	2.4%
Overseas subsidiaries	186.1	234.0	47.8	25.7%

Breakdown of net income

(¥bn)

	FY2012	FY2013 (Forecast)	
			Change
Mitsui Sumitomo Insurance (Non-consolidated)	42.6	75.0	32.3
Aioi Nisssay Dowa Insurance (Non-consolidated)	18.8	30.0	11.1
Mitsui Direct General Insurance	0.3	0.3	-0.0
MSI Aioi Life	0.4	6.0	5.5
MSI Primary Life	10.3	11.0	0.6
Overseas subsidiaries	12.6	25.0	12.3
Other	0.0	1.1	1.0
Consolidated adjustments, etc.	-1.7	-23.4	-21.6

* Net income of subsidiaries is on an equity stake basis.

MS&AD Insurance Group Holdings, Inc.

＜Net premiums written＞

Group consolidated net premiums written are forecasted to reach ¥2,770.0 billion, an increase of ¥130.5 billion or 5.0% year-on-year.

- Breakdown of net premiums written
  - MSI forecasts ¥1,351.0 billion, an increase of ¥36.8 billion year-on-year, while ADI forecasts ¥1,146.0 billion, an increase of 42.7 billion.
  - Mitsui Direct General forecasts ¥36.1 billion, an increase of ¥800 million.
  - Overseas subsidiaries forecast ¥234.0 billion, an increase of ¥47.8 billion.

＜Net income＞

- The Group expects net income to increase by ¥41.3 billion year-on-year to ¥125.0 billion due to the prospects of an improvement of profitability in the domestic life insurance business and overseas business in addition to improved underwriting result and a decrease in losses on devaluation of securities at the two main domestic non-life insurance companies.
- Breakdown of net income
  - MSI expects net income to increase by ¥32.3 billion year-on-year to ¥75.0 billion due to improvements in underwriting result and net investment income.
  - ADI forecasts an increase in net income of ¥11.1 billion to ¥30.0 billion due to improvements in underwriting result and net investment income.
  - Mitsui Direct General expects to show a profit of ¥300 million, level with last year.
  - MSI Aioi Life expects net income to increase by ¥5.5 billion to ¥6.0 billion due to a rise in earnings associated with an increase in policies in force.
  - MSI Primary Life forecasts an increase in net income of ¥600 million to ¥11.0 billion.
  - Overseas subsidiaries are forecasting an increase in net income of ¥12.3 billion to ¥25.0 billion due to increased profit anticipated in various regions.
  - Consolidation adjustments, etc. are expected to decline by ¥21.6 billion to a negative ¥23.4 billion after factoring in the purchase adjustment applied to losses on devaluation of securities.

Summary of FY2012 Financial Results

MS&AD Insurance Group Holdings, Inc.

MSI (Non-consolidated)

MS&AD INSURANCE GROUP

Key financial data

(¥bn)

	FY2011	FY2012	
			Change
Net premiums written	1,269.2	1,314.2	44.9
Net premiums written, growth rate	3.1%	3.5%	0.4pt
Net loss ratio	84.8%	73.3%	-11.5pt
Net expense ratio	33.3%	32.4%	-0.9pt
Combined ratio	118.1%	105.7%	-12.4pt
Incurred losses	1,122.0	833.1	-288.9
Underwriting profit/loss	-170.0	-9.7	160.3
Net investment income	36.5	82.5	45.9
Ordinary profit/loss	-130.1	65.3	195.5
Extraordinary income/loss	-1.0	-2.3	-1.2
Interim net income	-130.6	42.6	173.2

<Excluding CALI>

	FY2011	FY2012	Change
Net premiums written, growth rate	2.5%	3.0%	0.5pt
Net loss ratio	82.7%	70.5%	-12.2pt
Net expense ratio	34.9%	34.1%	-0.8pt
Combined ratio	117.6%	104.6%	-13.0pt

* Net loss ratio is on a "written-to-paid" basis.

MS&AD Insurance Group Holdings, Inc.

- Net premiums written increased by 3.5%.
  - Net premiums increased significantly in voluntary automobile insurance and compulsory automobile liability insurance due to active marketing through a strong sales network and the effect of rate revisions.
- The net loss ratio improved by 11.5 percentage points year-on-year due to a reactionary decline in claims paid on damages from the Great East Japan Earthquake and a decrease in claims paid for the floods in Thailand.
- The net expense ratio was 32.4%, an improvement of 0.9pt year-on-year.
- The combined ratio improved by falling 12.4 percentage points year-on-year to 105.7%.
- Incurred losses fell by ¥288.9 billion year-on-year (a decrease of ¥215.8 billion year-on-year, excluding residential earthquake and compulsory automobile liability insurance).
  - The main factors behind the decrease were a reactionary decline in incurred losses from claims related to the floods in Thailand and incurred losses from claims related to the Great East Japan Earthquake.
- The underwriting loss was ¥9.7 billion
  - The underwriting loss showed a year-on-year improvement of ¥160.3 billion mainly due to an increase in net premiums written and a decrease in incurred losses.
  - The reversal of the catastrophe reserve for fire insurance was a large amount in FY2012 due to payment of claims such as those for the floods in Thailand. Therefore, from the perspective of financial health and the enhancement of collateral, ¥50 billion in additional provisions was made in addition to the regular provision amount.
- The net investment gain was ¥82.5 billion
  - This was an increase of ¥45.9 billion year-on-year, mainly due to an increase in gains on sale of securities and a decrease in losses on devaluation of securities.
- As a result of the above, ordinary profit totaled ¥65.3 billion, an increase of ¥195.5 billion year-on-year.
- The extraordinary loss was ¥2.3 billion
  - Although impairment losses decreased, the extraordinary loss expanded by ¥1.2 billion in FY2012, as there was no reversal in price fluctuation reserves due to gains on sale of securities in FY2012, whereas a reversal occurred in FY2011.
- Net income totaled ¥42.6 billion, an increase of ¥173.2 billion.

【Reference：Non-consolidated solvency margin ratio】

	End of FY2011	End of FY2012	
			Change
Non-consolidated solvency margin ratio	486.8%	581.3%	94.5pt

MSI (Non-consolidated): Premiums and Loss Ratios by Product Line

MS&AD INSURANCE GROUP

Net premiums written

(¥bn)

	FY2011	FY2012	Change
Fire	182.6	187.8	2.9%
Marine	53.0	53.7	1.3%
Personal accident	139.3	142.9	2.6%
Voluntary auto	570.9	590.5	3.4%
CALI	146.1	157.2	7.5%
Other	177.1	181.8	2.7%
Total	1,269.2	1,314.2	3.5%
Excluding CALI	1,123.1	1,157.0	3.0%

Net loss ratio

	FY2011	FY2012	Change
Fire	162.0%	107.2%	-54.8pt
Marine	65.6%	51.9%	-13.7pt
Personal accident	60.2%	59.2%	-1.0pt
Voluntary auto	73.3%	68.7%	-4.6pt
CALI	101.1%	94.4%	-6.7pt
Other	54.2%	52.7%	-1.5pt
Total	84.8%	73.3%	-11.5pt
Excluding CALI, residential earthquake	75.6%	70.5%	-5.1pt

Incurred losses

(¥bn)

	FY2011	FY2012	Change
Incurred losses (excluding loss adjustment expenses)*1	1,122.0	833.1	-288.9
Natural catastrophes *2	332.4	38.2	-294.2
Other than natural catastrophes	789.5	794.8	5.2

*1 Incurred losses = net claims paid + increase in provision for outstanding claims

*2 “Natural catastrophes” indicate domestic natural disasters occurring this fiscal year, floods in Thailand and the Great East Japan Earthquake

Natural catastrophes during FY2011 include incurred losses of ¥65.2 billion resulting from the Great East Japan Earthquake (including ¥ 71.1 billion from residential earthquake insurance) and incurred losses of 234.2 billion yen resulting from floods in Thailand.

Natural catastrophes during FY2012 include incurred losses of ¥ 1.1 billion resulting from the Great East Japan Earthquake (all the payment by residential earthquake insurance had been finished), and incurred losses of ¥6.3 billion resulting from floods in Thailand.

MS&AD Insurance Group Holdings, Inc.

＜Net premiums written ＞

- Net premiums written increased by 3.5% year-on-year in total because of an increase in revenue from all product lines due mainly to the effect of rate revisions.
  - Fire insurance net premiums written increased by 2.9% due to favorable results in the residential insurance sector and an increase in large policies in the corporate sector, while reinsurance premiums increased because of a rate hike and the purchase of reinsurance capacity.
  - Personal accident net premiums written increased by 2.6% mainly due to increased revenue from large group policies and travel insurance as well as a rate revision (in October 2010).
  - Voluntary automobile insurance net premiums written increased by 3.4% mainly due to rate revisions (in October 2010, 2011, and 2012), maintenance of a high rate of renewals, and an increase in new vehicles sold.
  - Compulsory automobile liability insurance net premiums written increase by 7.5% mainly due to a rate revision (in April 2011) and an increase in new vehicles sold.
  - “Other “ rose by 2.7%, since liability insurance net premiums written increased.

＜ Net loss ratio ＞

- While the net loss ratio for fire insurance fell 54.8 percentage points year-on-year due to a decrease in payment of claims related to the floods in Thailand and a decrease in payment of claims related to the Great East Japan Earthquake, it remained at a high level of 107.2% due to the effect of continuing payments for claims this year related to the floods in Thailand.
- The net loss ratio for marine insurance improved by 13.7 percentage points year-on-year due to a reactionary decrease in the payment of claims related to the floods in Thailand and the Great East Japan Earthquake.
- The net loss ratio for compulsory automobile liability insurance improved by 6.7 percentage points year-on-year due to the effects of an increase in revenue from insurance premiums stemming mainly from rate revisions..

＜Incurred losses ＞

- Incurred losses decreased by ¥288.9 year-on-year due to a reactionary decline in incurred losses from the Great East Japan Earthquake (down ¥64.1 billion), mainly for residential earthquake insurance claims, and a reactionary decline in incurred losses from claims related to the floods in Thailand (down ¥227.8 billion).

【Reference：Breakdown of natural catastrophes by product line】 (¥bn)

	FY2011			FY2012		
	Net Claims Paid	Outstanding Claims	Total	Net Claims Paid	Outstanding Claims	Total
Fire	212.6	110.9	323.5	99.3	-67.1	32.1
Marine	5.4	-3.2	2.2	0.0	0.0	0.0
Personal accident	0.5	-1.8	-1.3	0.0	-0.0	-0.0
Voluntary auto	5.4	-2.2	3.2	3.3	0.0	3.3
Other	5.4	-0.7	4.6	4.7	-2.1	2.5
Total	229.5	102.8	332.4	107.4	-69.2	38.2
(of which, residential earthquake)	(81.3)	(-10.1)	(71.1)	(-)	(-)	(-)

MSI (Non-consolidated): Company Expenses and Expense Ratios

MS&AD INSURANCE GROUP

Company expenses

(¥bn)

	FY2011	FY2012	
			Change
Underwriting company expenses	201.0	197.4	-3.6
Loss adjustment expenses	76.0	76.3	0.2
Others	9.4	9.1	-0.3
Total company expenses	286.6	282.9	-3.6
Personnel expenses	158.9	157.5	-1.4
Non-personnel expenses	114.0	113.0	-1.0
Taxes and contributions	13.5	12.3	-1.2

Expense Ratios

	FY2011	FY2012	
			Change
Net commission ratio	17.4%	17.4%	0.0pt
Net company expense ratio	15.8%	15.0%	-0.8pt
Net expense ratio	33.3%	32.4%	-0.9pt
Net expense ratio (excluding CALI)	34.9%	34.1%	-0.8pt

MS&AD Insurance Group Holdings, Inc.

- Total company expenses declined by ¥3.6 billion year-on-year to ¥282.9 billion.
- Personnel expenses dropped by ¥1.4 billion mainly due to a decrease in retirement benefit costs.
  Non-personnel expenses declined by ¥1.0 billion mainly due to cost reduction measures.
- Excluding CALI, the net expense ratio was 34.1%, an improvement of 0.8pt year-on-year. (A breakdown is shown below.)
  - Net commission ratio 18.9% (up 0.1pt year-on-year)
  - Net company expense ratio 15.2% (down 0.9pt year-on-year)

MSI (Non-consolidated): Investment Performance

MS&AD INSURANCE GROUP

Net investment income

(¥bn)

	FY2011	FY2012	
			Change
Interest and dividends received	102.3	101.8	-0.5
Transfer of investment income on deposit premiums	-47.4	-44.0	3.3
Net interest and dividends income	54.9	57.7	2.8
Gains/losses on sale of securities	19.3	53.1	33.8
Losses on devaluation of securities	-39.2	-28.3	10.8
Gains/losses on redemption of securities	-0.2	0.3	0.5
Gains/losses on derivative transactions	5.2	6.8	1.6
Others	-3.5	-7.2	-3.6
Net investment income	36.5	82.5	45.9

Sources of interest and dividends received

(¥bn)

	FY2011	FY2012	
			Change
Bonds	27.9	26.1	-1.7
Stocks	29.9	30.2	0.2
Foreign securities	19.4	21.9	2.4
Other securities	2.1	3.2	1.0
Loans	11.5	9.9	-1.6
Land and buildings	5.8	5.3	-0.4
Others	5.3	4.9	-0.3
Total	102.3	101.8	-0.5

MS&AD Insurance Group Holdings, Inc.

- While interest and dividends received from bonds and loans decreased because of a decrease in investment assets and lower interest rates, total interest and dividends received fell only by ¥500 million year-on-year due to increased revenue related to stock investment funds resulting from a positive turnaround in the market environment and increased dividends received from overseas subsidiaries.
  On the other hand, transfer of investment income on deposit premiums decreased by ¥3.3 billion due mainly to a decrease in savings-type insurance policies in force. Consequently, net interest and dividend income increased by ¥2.8 billion year-on-year.
- Gains on sale of securities showed an increase of ¥33.8 billion year-on-year due mainly to increased proceeds from sales of domestic stocks.
- Losses on devaluation of securities decreased by ¥10.8 billion year-on-year due to the absence of devaluation losses on overseas subsidiaries' stocks posted last year. (A breakdown is shown below.)

(¥bn)

	FY2011	FY2012	
			change
Bonds	0.8	-	-0.8
Stocks	0.4	21.2	20.7
Foreign securities	37.8	7.1	-30.7
Other securites	0.0	0.0	-0.0
Total	39.2	28.3	-10.8

- Gains on derivative transactions increased by ¥1.6 billion year-on-year.
- As a result of the above, net investment income totaled ¥82.5 billion, an increase of ¥45.9 billion year-on-year.

【Reference：Breakdown of investment assets】

(¥bn)

	FY2011	FY2012	
			Change
Cash and savings, etc.	453.8	400.1	-53.6
Securities	3,784.2	4,117.9	333.6
Bonds	1,600.2	1,715.1	114.9
Stocks	1,417.6	1,640.6	223.0
Foreign securities	729.4	738.8	9.4
Other securities	37.0	23.2	-13.7
Loans	624.3	576.0	-48.3
Land and buildings	234.0	223.0	-10.9
Total	5096.5	5,317.2	220.7

ADI (Non-consolidated)

MS&AD INSURANCE GROUP

Key financial data

(¥bn)

	FY2011	FY2012	Change
Net premiums written	1,074.6	1,103.2	28.6
Net premiums written, growth rate	-2.1%	2.7%	4.8pt
Net loss ratio	79.7%	70.4%	-9.3pt
Net expense ratio	35.1%	34.1%	-1.0pt
Combined ratio	114.8%	104.5%	-10.3pt
Incurred loss	804.3	717.0	-87.3
Underwriting profit/loss	-20.0	6.6	26.7
Net investment income	20.4	19.7	-0.6
Ordinary profit/loss	9.2	25.8	16.6
Extraordinary income/loss	5.4	-1.6	-7.1
Net income	-43.5	18.8	62.4

<Excluding CALI>

	FY2011	FY2012	Change
Net premiums written, growth rate	△3.1%	2.2%	5.3pt
Net loss ratio	77.4%	67.2%	-10.2pt
Net expense ratio	36.6%	35.7%	-0.9pt
Combined ratio	114.0%	102.9%	-11.1pt

* Net loss ratio is on a “written-to-paid” basis.

MS&AD Insurance Group Holdings, Inc.

- Net premiums written increased by ¥28.6 billion, or 2.7% year-on-year, due mainly to an increase in voluntary automobile insurance.
- The net loss ratio improved by 9.3 percentage points year-on-year due mainly to decreases such as the absence of the payment of ¥64.6 billion in claims from residential earthquake insurance related to the Great East Japan Earthquake posted last year.
- The net expense ratio, despite an increase in commissions and collection fees that accompanied the increased revenue from insurance premiums, improved by 1.0pt year-on-year due to a decrease in selling and general administrative expenses related to underwriting.
- The combined ratio was 104.5%, an improvement of 10.3 percentage points year-on-year.
- Underwriting profit was ¥6.6 billion, and rose by ¥26.7 billion due mainly to an increase in reversal of the catastrophe reserve and a decrease in business expenses.
- Investment income was ¥19.7 billion, a decline of ¥600 million.
- As a result of the above, ordinary profit was ¥25.8 billion, an increase of ¥16.6 billion year-on-year.
- Extraordinary income was a negative ¥1.6 billion mainly due to a decrease in gains related to the price fluctuation reserve, representing a decrease of ¥7.1 billion year-on-year.
- Net income was ¥18.8 billion, an increase of ¥62.4 billion year-on-year.

【Reference：Non-consolidated solvency margin ratio】

	End of FY2011	End of FY2012	Change
Non-consolidated solvency margin ratio	442.6%	649.1%	206.5pt

ADI (Non-consolidated): Premiums and Loss Ratios by Product Line

Net premiums written

(¥bn)

	FY2011	FY2012	
			Growth
Fire	119.7	126.3	5.5%
Marine	8.6	9.5	10.2%
Personal accident	72.6	71.9	-0.9%
Voluntary auto	631.5	644.8	2.1%
CALI	145.0	152.8	5.4%
Other	96.9	97.5	0.6%
Total	1,074.6	1,103.2	2.7%
Excluding CALI	929.6	950.3	2.2%

Net loss ratios

	FY2011	FY2012	
			Change
Fire	140.0%	81.1%	-58.9pt
Marine	54.7%	50.5%	-4.2pt
Personal accident	52.5%	51.8%	-0.7pt
Voluntary auto	69.7%	67.1%	-2.6pt
CALI	95.0%	90.4%	-4.6pt
Other	70.4%	63.2%	-7.2pt
Total	79.7%	70.4%	-9.3pt
Excluding CALI and residential earthquake	70.5%	67.3%	-3.2pt

Incurred losses

(¥bn)

	FY2011	FY2012	
			Change
Incurred losses (excluding loss adjustment expenses)*1	804.3	717.0	-87.3
Natural catastrophes*2	106.8	16.9	-89.9
Other than natural catastrophes	697.5	700.0	2.5

*1 Incurred losses = net claims paid + increase in provision for outstanding claims
*2"Natural catastrophes" include domestic natural disasters occurring in the fiscal year, floods in Thailand, and the Great East Japan Earthquake.
Natural catastrophes during FY2011 include incurred losses of ¥54.7 billion resulting from the Great East Japan Earthquake (including ¥56.6 billion from residential earthquake insurance) and incurred losses of ¥30.0 billion from the floods in Thailand.
Natural catastrophes during FY2012 include incurred losses of ¥ - 5.7 billion resulting from the floods in Thailand.

＜Net premiums written ＞

- Fire insurance net premiums written increased by 5.5% year-on-year due to an increase in renewals of large policies in the corporate sector.
- Voluntary automobile insurance net premiums written increased by 2.1% year-on-year as a result of rate revisions implemented in the latter half of last year and due to favorable overseas business.
- Compulsory automobile liability insurance net premiums written increased by 5.4% year-on-year due to the effects of rate revisions (in April 2011) and other factors.

＜Net loss ratio＞

- The net loss ratio improved by 9.3 percentage points year-on-year, mainly due to decreases such as the absence of ¥64.6 billion in claims paid in relation to the Great East Japan Earthquake posted last year.
- The net loss ratio excluding CALI and residential earthquake insurance was 67.3%, an improvement of 3.2 percentage points year-on-year.

＜ Incurred losses ＞

- The incurred loss decreased by ¥87.3 billion year-on-year due to the absence of the ¥56.6 billion in incurred losses from residential earthquake insurance claims arising from the Great East Japan Earthquake and ¥30.0 billion in incurred losses from the floods in Thailand in the previous fiscal year.

【Reference： Breakdown of natural catastrophes by product line 】

(¥bn)

	Net Claims Paid	Outstanding Claims	Total	Net Claims Paid	Outstanding Claims	Total
Fire	104.2	-0.3	103.8	27.4	-14.7	12.7
Marine	0.2	-0.3	-0.1	0.0	-0.0	0.0
Personal accident	0.2	-0.4	-0.1	0.0	-0.0	0.0
Voluntary automobile	2.7	0.0	2.8	3.5	-0.0	3.5
Other	1.5	-1.1	0.4	0.8	-0.1	0.6
Total	109.1	-2.2	106.8	31.9	-14.9	16.9
(of which, residential earthquake)	(64.6)	(-8.0)	(56.6)	(－)	(－)	(－)

ADI (Non-consolidated): Company Expenses and Expense Ratios

MS&AD INSURANCE GROUP

Company Expenses

(¥bn)

	FY2011	FY2012	Change
Underwriting company expenses	188.6	180.2	-8.4
Loss adjustment expense	51.8	51.0	-0.8
Others	8.3	7.6	-0.6
Total company expenses	248.7	238.8	-9.8
Personnel expenses	127.8	123.0	-4.8
Non-personnel expenses	109.4	104.8	-4.5
Taxes and contributions	11.5	10.9	-0.5

Expense ratios

	FY2011	FY2012	Change
Net commission ratio	17.6%	17.7%	0.1pt
Net company expense ratio	17.6%	16.3%	-1.3pt
Net expense ratio	35.1%	34.1%	-1.0pt
Net expense ratio (excluding CALI)	36.6%	35.7%	-0.9pt

MS&AD Insurance Group Holdings, Inc.

- Total expenses were ¥238.8 billion, a decline of ¥9.8 billion year-on-year, due to various efforts to improve operational efficiency.
- Net company expense ratio was 34.1%, an improvement of 1.0pt year-on-year.
- Excluding CALI, the net expense ratio was 35.7%, an improvement of 0.9pt year-on-year.
  (A breakdown is given below.)
  - Net commission ratio 19.4% (up 0.3pt year-on-year)
  - Net company expense ratio 16.3% (down 1.2 pts year-on-year)

ADI (Non-consolidated): Investment Performance

MS&AD INSURANCE GROUP

Net investment income

(¥bn)

	FY2011	FY2012	
			Change
Interest and dividends received	58.4	60.6	2.1
Transfer of investment income on deposit premiums	-22.2	-20.3	1.8
Net interest and dividends income	36.2	40.2	4.0
Gains on sale of securities	13.8	7.2	-6.5
Losses on devaluation of securities	-14.5	-9.7	4.8
Gains/losses on redemption of securities	-1.6	-7.7	-6.0
Gains/losses on derivative transactions	-2.8	-2.9	-0.0
Others	-10.4	-7.3	3.1
Net investment income	20.4	19.7	-0.6

Sources of interest and dividends received

(¥bn)

	FY2011	FY2012	
			Change
Bonds	9.7	9.4	-0.3
Stocks	13.7	14.3	0.5
Foreign securities	20.9	21.7	0.7
Other securities	2.4	5.2	2.8
Loans	5.3	4.3	-0.9
Land and buildings	5.2	4.8	-0.4
Others	0.8	0.5	-0.2
Total	58.4	60.6	2.1

MS&AD Insurance Group Holdings, Inc.

- Gross interest and dividends received increased by ¥2.1 billion year-on-year due to increased dividends from other securities.
- Net interest and dividends received increased by ¥4.0 billion to ¥40.2 billion since, in addition to the ¥2.1 billion increase in gross interest and dividends received, the transfer of investment income on deposit premiums reduced by ¥1.8 billion year-on-year.
- Gains on sale of securities decreased by ¥6.5 billion year-on-year.
- Losses on devaluation of securities decreased by ¥4.8 billion year-on-year. (A breakdown is shown below.)

(¥bn)

	FY2011	FY2012	
			Change
Bonds	—	—	—
Stocks	13.0	9.7	-3.3
Foreign securities	1.2	0.0	-1.2
Other securities	0.2	—	-0.2
Total	14.5	9.7	-4.8

- As a result of the above, net investment income totaled ¥19.7 billion, a decrease of ¥600 million year-on-year.

【Reference：Breakdown of investment assets】

(¥bn)

	End of FY2011	End of FY2012	
			Change
Cash and deposits, etc.	147.9	95.0	-52.8
Secruties	2,066.6	2,292.7	226.0
Bonds	746.8	950.5	203.6
Stocks	602.2	662.0	59.7
Foreign securities	637.9	639.6	1.7
Other securities	79.5	40.5	-39.0
Loans	274.5	246.6	-27.8
Land and buildings	182.8	175.5	-7.3
Total	2,672.0	2,809.9	137.9

Mitsui Direct General

MS&AD INSURANCE GROUP

Key financial data

(¥bn)

	FY2011	FY2012	Change
Net premiums written	34.3	35.2	0.9
Net premiums written, growth rate	3.7%	2.8%	-0.9pt
Net loss ratio	77.4%	78.6%	1.2pt
Net expense ratio	21.4%	20.7%	-0.7pt
Combined ratio	98.8%	99.3%	0.5pt
Incurred losses	24.1	25.0	0.8
Underwriting profit/loss	0.2	0.3	0.0
Net Investment income	0.2	0.1	-0.0
Ordinary profit/loss	0.4	0.5	0.0
Extraordinary profit/loss	-0.0	-0.0	-0.0
Net income (our share)	0.3	0.3	-0.0

* Net loss ratio is on a "written-to-paid" basis

Incurred losses

(¥bn)

	FY2011	FY2012	Change
Incurred losses (excluding loss adjustment expenses)	24.1	25.0	0.8
Natural catastrophes	0.2	0.2	0.0
Other than natural catastrophes	23.9	24.8	0.8

* Incurred loss = Net claims paid + increase in provision for outstanding claims

MS&AD Insurance Group Holdings, Inc.

- Net premiums written increased by 2.8% year-on-year to ¥35.2 billion.
- Net loss ratio was 78.6%, an increase of 1.2 percentage points year-on-year.
- The net expense ratio improved by 0.7pt year-on-year, to 20.7%.
- The combined ratio was 99.3%, an increase of 0.5 pt year-on-year.
- Underwriting profit rose to ¥0.3 billion from the previous fiscal year of ¥0.2 billion.
- Net income (equity share) was ¥0.3 billion, about the same level as the previous fiscal year.

【Reference：Non-consolidated solvency margin ratio】

	End of FY2011	End of FY2012	Change
Non-consolidated solvency margin ratio	424.4%	429.4%	5.0pt

MSI Aioi Life

MS&AD INSURANCE GROUP

Key financial data

(¥bn)

	FY2011 *1	FY2012	
			Change
Amount of new policies*2	3,277.0	3,710.5	13.2%
Amount of policies in force*2	18,062.4	20,074.6	11.1%
Change since start of fiscal year	9.9%	11.1%	1.2pt
Annualized premiums of new policies*2	44.6	50.2	12.4%
Annualized premiums of policies in force*2	296.0	319.7	8.0%
Change since start of fiscal year	6.1%	8.0%	1.9pt
Net income	-11.3	0.4	11.8

*1 For FY2011, a simple aggregate of first half results for MSI Kirameki Life + first half results for Aioi Life + second half results for Mitsui Sumitomo Aioi Life.
*2 Total sum of personal insurance and personal annuity insurance.

- Amount of new policies increased 13.2% year-on-year. Amount of policies in force also rose by 11.1% year-on-year to reach ¥20 trillion.
- Annualized new policy premiums increased 12.4% year-on-year, and annualized premiums on policies in force showed a steady growth rate of 8.0%.
- Net income was ¥0.4 billion, an improvement of ¥11.8 billion year-on-year due to the absence of ¥10.1 billion in integration expenses in the previous fiscal year.

【Reference：Non-consolidated solvency margin ratio】

	End of FY2011	End of FY2012	
			Change
Non-consolidated solvency margin ratio	1,212.8%	1,309.8%	97.0pt

MSI Primary Life

Key financial data

(¥bn)

	FY2011	FY2012	Change
Amount of new policies	237.4	432.2	82.0%
Amount of policies in force	3,122.5	3,661.4	17.3%
Change since start of period	1.3%	17.3%	16.0pt

	FY2011	FY2012	Change
Premiums	234.7	449.3	91.4%
Ordinary profit	13.0	38.9	25.9
Net income	5.9	10.3	4.3

MS&AD Insurance Group Holdings, Inc.

- The amount of new policies significantly grew by 82.0% year-on-year due to favorable sales of the new foreign denominated fixed whole life insurance products issued in February 2012.
- The amount of policies in force increased by 17.3% due to favorable sales of new products, the effects of yen depreciation and a recovery in stock prices.
- Premiums significantly increased by 91.4% year-on-year due to the impact of sales of the new foreign denominated fixed whole life insurance products.
- Ordinary profit increased by ¥25.9 billion, to ¥38.9 billion, due to an increase in gains on valuation of fixed whole life insurance (¥20.1 billion) resulting from lower interest rates and the weaker yen.
- Net profit was ¥10.3 billion, an increase of ¥4.3 billion year-on-year due to the additional provision of ¥21.0 billion to price fluctuation reserves posted for an extraordinary loss, in case of appreciation of the yen in the future.

【Reference：Non-consolidated solvency margin ratio】

	End of FY2011	End of FY2012	Change
Non-consolidated solvency margin ratio	775.5%	884.0%	108.5pt

Overseas Subsidiaries

MS&AD INSURANCE GROUP

Net premiums written

(¥bn)

	FY2011	FY2012		
			Change	Growth
Overseas subsidiaries total	180.7	186.1	5.4	3.0%
Asia	86.4	91.9	5.5	6.4%
Europe	47.9	50.8	2.8	5.9%
Americas	29.4	27.8	-1.6	-5.6%
Reinsurance	16.8	15.6	-1.2	-7.5%

Net income

(¥bn)

	FY2011	FY2012	
			Change
Overseas subsidiaries total	-6.7	12.6	19.3
Asia	10.8	9.0	-1.7
Europe	-12.8	-1.6	11.1
Americas	1.5	0.1	-1.4
Reinsurance	-6.3	5.1	11.4

MS&AD Insurance Group Holdings, Inc.

- Net premiums written by overseas subsidiaries increased in Asia and Europe, for an overall increase of ¥5.4 billion year-on-year, even though there was a foreign exchange loss of ¥1.7 billion.
  - By region, in the Americas, net income declined by ¥1.6 billion due to the effects of foreign exchange but Asia and Europe performed favorably, showing increases of ¥5.5 billion and ¥2.8 billion, respectively .
  - In reinsurance, net premiums written declined by ¥1.2 billion year-on-year as a result of underwriting risks more prudently and the impact of foreign exchange.
- Net income of overseas subsidiaries was ¥12.6 billion, increased by ¥19.3 billion year on year.
  - In Asia, net income of ¥9.0 billion was secured despite a decrease of ¥1.7 billion due to deterioration in the loss ratio of some local subsidiaries.
  - In Europe, net income of 11.1 billion was recorded due to the absence of the many large losses of last year.
  - In reinsurance, net income increased by ¥11.4 billion due to the absence of the previous year's incurred losses from the earthquake in New Zealand and floods in Thailand.

Projected Financial Results for FY2013

MS&AD Insurance Group Holdings, Inc.

MS&AD INSURANCE GROUP

MSI (Non-consolidated)

Key financial data

(¥bn)

	FY2012	FY2013 (Forecast)	
			Change
Net premiums written	1,314.2	1,351.0	36.8
Net premiums written, growth rate	3.5%	2.8%	-0.7pt
Net loss ratio	73.3%	70.0%	-3.3pt
Net expense ratio	32.4%	32.6%	0.2pt
Combined ratio	105.7%	102.6%	-3.1pt
Incurred losses	833.1	779.5	-53.6
Underwriting profit/loss	-9.7	28.0	37.7
Net investment income	82.5	90.3	7.8
Ordinary profit/loss	65.3	110.0	44.6
Extraordinary income/loss	-2.3	-0.5	1.8
Net income	42.6	75.0	32.3
<Excluding CALI>			
Net premiums written, growth rate	3.0%	1.9%	-1.1pt
Net loss ratio	70.5%	67.9%	-2.6pt
Net expense ratio	34.1%	34.7%	0.6pt
Combined ratio	104.6%	102.6%	-2.0pt

* Net loss ratio is on a “written-to-paid” basis

MS&AD Insurance Group Holdings, Inc.

- Net premiums written are forecast to increase by ¥36.8 billion, or 2.8% year-on-year, to ¥1,351.0 billion.
- The net loss ratio is forecast to improve by 3.3 percentage points year-on-year, to 70.0%, or 67.9% excluding CALI.
- The net expense ratio is expected to rise by 0.2 pt year-on-year, to 32.6%, or 34.7% excluding CALI.
- The combined ratio is forecast to improve by 3.1 percentage points year-on-year, to 102.6%, or by 2.0 percentage points to 102.6% excluding CALI.
- Underwriting profit is expected to increase by ¥37.7 billion year-on-year to ¥28.0 billion, due to increased net premiums written and lower incurred losses.
- Net investment income is expected to increase by ¥7.8 billion year-on-year, to ¥90.3 billion due mainly to a decline in losses on devaluation of securities, despite a projected decrease in interest and dividend income.
- As a result of the above, ordinary profit is forecast to increase by ¥44.6 billion year-on-year, to ¥110.0 billion due to improved underwriting profits and net investment income.
- Extraordinary losses are expected to improve by ¥1.8 billion year-on-year to ¥0.5 billion.
- Net income is forecast to increase by ¥32.3 billion year-on-year, to ¥75.0 billion.

MSI (Non-consolidated): Premiums and Loss Ratios by Product Line

MS&AD INSURANCE GROUP

Net premiums written

(¥bn)

	FY2012	FY2013 (Forecast)	
			Growth
Fire	187.8	193.8	3.2%
Marine	53.7	55.5	3.3%
Personal accident	142.9	144.7	1.2%
Voluntary auto	590.5	601.1	1.8%
CALI	157.2	172.0	9.4%
Other	181.8	183.9	1.1%
Total	1,314.2	1,351.0	2.8%
Excluding CALI	1,157.0	1,179.0	1.9%

Net loss ratio

	FY2012	FY2013 (Forecast)	
			Change
Fire	107.2%	92.8%	-14.4pt
Marine	51.9%	50.0%	-1.9pt
Personal accident	59.2%	59.6%	0.4pt
Voluntary auto	68.7%	67.7%	-1.0pt
CALI	94.4%	84.5%	-9.9pt
Other	52.7%	54.2%	1.5pt
Total	73.3%	70.0%	-3.3pt
Excluding CALI	70.5%	67.9%	-2.6pt

Incurred losses

(¥bn)

	FY2012	FY2013 (Forecast)	
			Change
Incurred losses (excluding loss adjustment expenses) *1	833.1	779.5	-53.6
Natural catastrophes *2	38.2	20.0	-18.2
Other than natural catastrophes	794.8	759.5	-35.4

*1 Incurred losses = net claims paid + increase in provision for outstanding claims
*2 "Natural catastrophes" indicate domestic natural disasters occurring in this fiscal year, floods in Thailand, and the Great East Japan Earthquake. Natural catastrophes during FY2012 include incurred losses of ¥1.1 billion resulting from the Great East Japan Earthquake (all the payment by residential earthquake insurance had been finished), and an incurred loss of ¥6.3 billion resulting from floods in Thailand.

- Net premiums written are expected to increase in all lines, especially voluntary and compulsory automobile insurance, where rate revisions were implemented.
- The net loss ratio is anticipated to improve by 3.3 percentage points to 70.0%.
- Net loss ratio excluding natural catastrophes is forecast to be as follows:

	FY2012	FY2013 (Forecast)	
			Change
Fire	54.4%	44.1%	-10.3pt
Marine	51.8%	49.8%	-2.0pt
Personal accident	59.2%	59.6%	0.4pt
Voluntary automobile	68.1%	67.3%	-0.8pt
CALI	94.4%	84.5%	-9.9pt
Other	50.1%	52.3%	2.2pt
Total	65.2%	62.6%	-2.6pt

- Incurred losses from domestic natural catastrophes occurring in FY2012 are forecasted to be ¥20.0 billion, with the breakdown by line shown below:
  Fire: ¥16.0 billion, Voluntary auto: ¥2.5 billion, Others: ¥1.5 billion
- Incurred losses other than natural catastrophes are expected to decline by ¥35.4 billion year-on-year, to ¥759.5 billion.

MSI (Non-consolidated): Company Expenses and Expense Ratios

MS&AD INSURANCE GROUP

Company expenses

(¥bn)

	FY2012	FY2013 (Forecast)	Change
Underwriting company expenses	197.4	209.3	11.9
Loss adjustment expenses	76.3	81.9	5.5
Others	9.1	10.3	1.2
Total company expenses	282.9	301.5	18.6

Personnel expenses	157.5	158.8	1.2
Non-personnel expenses	113.0	129.8	16.7
Taxes and contributions	12.3	12.9	0.6

Expense ratios

	FY2012	FY2013 (Forecast)	Change
Net commission ratio	17.4%	17.1%	-0.3pt
Net company expense ratio	15.0%	15.5%	0.5pt
Net expense ratio	32.4%	32.6%	0.2pt
Net expense ratio (excluding CALI)	34.1%	34.7%	0.6pt

MS&AD Insurance Group Holdings, Inc.

- Underwriting company expenses are forecast to increase by ¥11.9 billion year-on-year, to ¥209.3 billion, with the main factors being increases in IT system expenses and software depreciation expenses.
- Loss adjustment expenses are projected to increase by ¥5.5 billion to ¥81.9 billion due mainly to the effects of accepting employees from a loss adjustment subsidiary.
- Net expense ratio is projected to increase by 0.2 pt year-on-year, to 32.6%.
- Net expense ratio excluding CALI is projected to increase by 0.6 pt year-on-year, to 34.7%. (A breakdown is shown below.)
  - Net commission ratio 18.8% (up 0.1pt year-on-year)
  - Net company expense ratio 15.9% (up 0.7pt year-on-year)

MSI (Non-consolidated): Investment Performance

MS&AD INSURANCE GROUP

Net investment income

(¥bn)

	FY2012	FY2013 (Forecast)	
			Change
Interest and dividends received	101.8	92.6	-9.2
Transfer of investment income on deposit premiums	-44.0	-40.6	3.5
Net interest and dividends income	57.7	52.0	-5.7
Gains/losses on sale of securities	53.1	41.1	-12.1
Losses on devaluation of securities	-28.3	-3.0	25.4
Gains/losses on redemption of securities	0.3	1.4	1.1
Gains/losses on derivative transactions	6.8	7.4	0.5
Others	-7.2	-8.6	-1.3
Net investment income	82.5	90.3	7.8

Sources of interest and dividends received

(¥bn)

	FY2012	FY2013 (Forecast)	
			Change
Bonds	26.1	25.5	-0.7
Stocks	30.2	29.0	-1.2
Foreign securities	21.9	19.2	-2.7
Other securities	3.2	1.9	-1.3
Loans	9.9	8.6	-1.4
Land and buildings	5.3	5.5	0.1
Others	4.9	3.0	-2.0
Total	101.8	92.6	-9.2

MS&AD Insurance Group Holdings, Inc.

- Interest and dividends received are expected to fall by ¥9.2 billion year-on-year, to ¥92.6 billion, due to a drop in investment balances and lower yields.
- Net interest and dividend income is forecast to be ¥52.0 billion, down ¥5.7 billion year-on-year.
- Gains on sale of securities are forecast to decrease by ¥12.1 billion year-on-year, to ¥41.1 billion, by selling shares held.
- Losses on devaluation of securities are expected to decrease by ¥25.4 billion year-on-year to ¥3.0 billion.
- Gains on derivative transactions are expected to increase by ¥0.5 billion year-on-year to ¥7.4 billion.

ADI (Non-consolidated)

MS&AD INSURANCE GROUP

Key financial data

(¥bn)

	FY2012	FY2013 (Forecast)	
			Change
Net premiums written	1,103.2	1,146.0	42.7
Net premiums written, growth rate	2.7%	3.9%	1.2pt
Net loss ratio	70.4%	67.1%	-3.3pt
Net expense ratio	34.1%	34.5%	0.4pt
Combined ratio	104.5%	101.6%	-2.9pt
Incurred losses	717.0	709.2	-7.8
Underwriting profit/loss	6.6	7.0	0.3
Net investment income	19.7	36.0	16.2
Ordinary profit/loss	25.8	43.0	17.1
Extraordinary income/loss	-1.6	-2.3	-0.6
Net income	18.8	30.0	11.1

<Excluding CALI>

Net premiums written, growth rate	2.2%	3.5%	1.3pt
Net loss ratio	67.2%	64.2%	-3.0pt
Net expense ratio	35.7%	36.4%	0.7pt
Combined ratio	102.9%	100.6%	-2.3pt

* Net loss ratio is on a “written-to-paid” basis.

MS&AD Insurance Group Holdings, Inc.

- Net premiums written are forecast to increase by ¥42.7 billion, or 3.9% year-on-year, to ¥1,146.0 billion.
- The net loss ratio is expected to improve by 3.3 percentage points year-on-year, to 67.1%, or 64.2% excluding CALI.
- The net expense ratio is expected to rise by 0.4 pt year-on-year, to 34.5%, or 36.4% excluding CALI.
- The combined ratio is expected to fall by 2.9 percentage points year-on-year, to 101.6%, or by 2.3 percentage points to 100.6% excluding CALI.
- Underwriting profit is expected to increase by ¥0.3 billion to ¥7.0 billion.
- Net investment income is expected to increase by ¥16.2 billion year-on-year to ¥36.0 billion.
- As a result of the above, ordinary profit is expected to be ¥43.0 billion, an increase of ¥17.1 billion year-on-year.
- Extraordinary income is anticipated to be a negative ¥2.3 billion, a decrease of ¥0.6 billion year-on-year.
- Net income is expected to increase by ¥11.1 billion year-on-year to ¥30.0 billion.

ADI (Non-consolidated) : Premiums and Loss Ratios by Product Line

MS&AD INSURANCE GROUP

Net premiums written

(¥bn)

	FY2012	FY2013 (Forecast)	
			Growth
Fire	126.3	132.5	4.8%
Marine	9.5	11.0	14.7%
Personal accident	71.9	73.9	2.7%
Voluntary auto	644.8	662.6	2.7%
CALI	152.8	162.0	6.0%
Other	97.5	104.0	6.6%
Total	1,103.2	1,146.0	3.9%
Excluding CALI	950.3	984.0	3.5%

Net loss ratio

	FY2012	FY2013 (Forecast)	
			Change
Fire	81.1%	67.0%	-14.1pt
Marine	50.5%	50.0%	-0.5pt
Personal accident	51.8%	51.2%	-0.6pt
Voluntary auto	67.1%	65.8%	-1.3pt
CALI	90.4%	85.1%	-5.3pt
Other	63.2%	61.2%	-2.0pt
Total	70.4%	67.1%	-3.3pt
Excluding CALI	67.2%	64.2%	-3.0pt

Incurred losses

(¥bn)

	FY2012	FY2013 (Forecast)	
			Change
Incurred losses (excluding loss adjustment expenses)*1	717.0	709.2	-7.8
Natural catastrophes*2	16.9	15.0	-1.9
Other than natural catastrophes	700.0	694.2	-5.8

*1 Incurred losses = net claims paid + increase in provision for outstanding claims

*2 "Natural catastrophes" include domestic natural disasters occurring in this fiscal year, floods in Thailand, and the Great East Japan Earthquake. Natural catastrophes during FY2012 include incurred losses ¥5.7 billion resulting from floods in Thailand.

MS&AD Insurance Group Holdings, Inc.

- Net premiums written are forecast to increase by 3.9%, mainly due to an increase in domestic direct premiums written for voluntary auto insurance.
- The net loss ratio is expected to drop by 3.3 percentage points year-on-year, to 67.1%.
- Excluding natural catastrophes, net loss ratios are forecast as follows:

	FY2012	FY2013 (Forecast)	
			Change
Fire	59.4%	54.3%	-5.1pt
Marine	50.4%	50.0%	-0.4pt
Personal accident	51.8%	51.2%	-0.6pt
Volunary automobile	66.6%	65.2%	-1.4pt
CALI	90.4%	85.1%	-5.3pt
Other	62.3%	60.1%	-2.2pt
Total	67.6%	65.2%	-2.4pt

- Incurred losses from domestic natural catastrophes occurring in FY2012 are forecasted to be for ¥15.0 billion, with the breakdown by lines shown below:

  Fire: ¥10.0 billion, Voluntary auto: ¥4.0 billion, Others: ¥1.0 billion
- Incurred losses other than natural catastrophes are expected to decline by ¥5.8 billion year-on-year.

ADI (Non-consolidated) : Company Expenses and Expense Ratios

MS&AD INSURANCE GROUP

Company expenses

(¥bn)

	FY2012	FY2013 (Forecast)	
			Change
Underwriting company expenses	180.2	192.7	12.4
Loss adjustment expense	51.0	51.0	-0.0
Others	7.6	7.7	0.0
Total company expenses	238.8	251.4	12.5

Personnel expenses	123.0	124.3	1.2
Non-personnel expenses	104.8	116.1	11.2
Taxes and contributions	10.9	11.0	0.0

Expense ratios

	FY2012	FY2013 (Forecast)	
			Change
Net commission ratio	17.7%	17.7%	-
Net company expense ratio	16.3%	16.8%	0.5pt
Net expense ratio	34.1%	34.5%	0.4pt
Net expense ratio (excluding CALI)	35.7%	36.4%	0.7pt

MS&AD Insurance Group Holdings, Inc.

- Total company expenses are forecast to increase by ¥12.5 billion year-on-year, to ¥251.4 billion.
  - Non-personnel expenses are projected to increase by ¥11.2 billion mainly due to an increase in new system development related expenses.
- Net expense ratio is projected to be 34.5%, an increase of 0.4pt year-on-year.
- Net expense ratio excluding CALI is forecast to be 36.4%, an increase of 0.7 pt year-on-year.

  (A breakdown is shown below.)
  - Net commission ratio 19.5% (up 0.1pt year-on-year)
  - Net company expense ratio 17.0% (up 0.7pt year-on-year)

ADI (Non-consolidated) : Investment Performance

MS&AD INSURANCE GROUP

Net investment income

(¥bn)

	FY2012	FY2013 (Forecast)	
			Change
Interest and dividends received	60.6	54.7	-5.9
Transfer of investment income on deposit premiums	-20.3	-19.4	0.9
Net interest and dividends income	40.2	35.3	-4.9
Gains/losses on sale of securities	7.2	15.8	8.5
Losses on devaluation of securities	-9.7	-6.6	3.1
Gains/losses on redemption of securities	-7.7	0.0	7.7
Gains/losses on derivative transactions	-2.9	-1.3	1.6
Others	-7.3	-7.2	0.1
Net investment income	19.7	36.0	16.2

Sources of interest and dividends received

(¥bn)

	FY2012	FY2013 (Forecast)	
			Change
Bonds	9.4	10.2	0.7
Stocks	14.3	14.2	-0.1
Foreign securities	21.7	21.4	-0.3
Other securities	5.2	0.3	-4.9
Loans	4.3	3.9	-0.4
Land and buildings	4.8	4.5	-0.3
Others	0.5	0.2	-0.3
Total	60.6	54.7	-5.9

MS&AD Insurance Group Holdings, Inc.

- Interest and dividends received are forecast to decrease by ¥5.9 billion year-on-year, to ¥54.7 billion.
- Net interest and dividend income is forecast to decrease by ¥4.9 billion year-on-year, to ¥35.3 billion.
- Gains on sale of securities are forecast to rise by ¥8.5 billion year-on-year, to ¥15.8 billion.
- Losses on devaluation of securities are forecast to decrease by ¥3.1 billion to a loss of ¥6.6 billion.

Mitsui Direct General

MS&AD INSURANCE GROUP

Key financial data

(¥bn)

	FY2012	FY2013 (Forecast)	
			Change
Net premiums written	35.2	36.1	0.8
Net premiums written, growth rate	2.8%	2.4%	-0.4pt
Ordinary profit	0.5	0.4	-0.0
Net income（our share）	0.3	0.3	-0.0

- Net premiums written are forecast to increase by ¥0.8 billion, or 2.4% year-on-year, to ¥36.1 billion.
- Ordinary profit is expected to remain about level with last year at ¥0.4 billion.
- Net income (equity share) is forecast to be ¥0.3 billion.

MSI Aioi Life

MS&AD INSURANCE GROUP

Key financial data

(¥bn)

	FY2012	FY2013 (Forecast)	
			Change
Amount of new policies*	3,710.5	3,190.0	-14.1%
Amount of policies in force*	20,074.6	21,250.0	5.9%
Annualized premiums of new policies*	50.2	40.5	-19.3%
Annualized premiums of policies in force*	319.7	333.0	4.2%
Net income	0.4	6.0	5.5

*The amount of new policies, amount of policies in force, annualized premiums of new policies and annualized premiums of policies in force are the total sum of personal insurance and personal annuity insurance.

- The amount of new policies is anticipated to decrease by 14.1% year-on-year to 3,190.0 billion, due to the effects of an increase in insurance premiums in response to standard rate revisions, and annualized premiums of new policies are expected to decline by 19.3% to ¥40.5 billion.
- The amount of policies in force is forecast to increase by 5.9% year-on-year, and annualized premiums of policies in force are anticipated to increase by 4.2% year-on-year.
- Net income is expected to be ¥6.0 billion, an increase of ¥5.5 billion year-on-year, due to an increase in revenue from additional policies in force.

MSI Primary Life

Key financial data

(¥bn)

	FY2012	FY2013(Forecast)	
			Change
Amount of new policies	432.2	374.3	-13.4%
Amount of policies in force	3,661.4	3,718.8	1.6%
Premiums	449.3	400.0	-11.0%
Net income	10.3	11.0	0.6

- Amount of new policies is forecast to decrease by 13.4% year-on-year, to ¥374.3 billion.
- Amount of policies in force is expected to increase by 1.6% year-on-year, to ¥3,718.8 billion.
- Premiums are forecast to decrease by 11.0% year-on-year, to ¥400.0 billion.
- Net income is expected to increase by ¥0.6 billion to ¥11.0 billion.

Overseas Subsidiaries

MS&AD INSURANCE GROUP

Net premiums written

(¥bn)

	FY2012	FY2013 (Forecast)	Change	Growth
Overseas subsidiaries total	186.1	234.0	47.8	25.7%
Asia	91.9	117.2	25.3	27.5%
Europe	50.8	63.7	12.8	25.3%
Americas	27.8	36.0	8.2	29.5%
Reinsurance	15.6	17.1	1.5	9.5%

Net income

(¥bn)

	FY2012	FY2013 (Forecast)	Change
Overseas subsidiaries total	12.6	25.0	12.3
Asia	9.0	16.4	7.3
Europe	-1.6	0.4	2.0
Americas	0.1	1.5	1.4
Reinsurance	5.1	6.7	1.6

MS&AD Insurance Group Holdings, Inc.

- Net premiums written at overseas subsidiaries are forecast to rise ¥47.8 billion year-on-year, to ¥234.0 billion, primarily due to the effects of the depreciation of the yen in addition to continued business growth, mainly in Asia.
- Net income at overseas subsidiaries is forecast to increase by ¥12. 3 billion to ¥25.0 billion due to an anticipated improvement in the income of each region caused by fewer large losses and the effects of the lower value of the yen.

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