

[Translation]

SUMMARY OF FINANCIAL STATEMENTS
FOR THE SIX MONTHS ENDED SEPTEMBER 30, 2013

November 19, 2013

Name of Listed Company: **MS&AD Insurance Group Holdings, Inc.**
 Stock Exchange Listing: Tokyo Stock Exchange and Nagoya Stock Exchange
 Securities Code Number: 8725
 URL: <http://www.ms-ad-hd.com>
 Representative: Toshiaki Egashira, President
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Scheduled date to file the quarterly financial report: November 22, 2013
 Scheduled date to commence dividend payments: December 10, 2013
 Explanatory material for business results: Available
 IR Conference (for institutional investors and analysts): To be held

(Note) Amounts of less than one million yen are truncated.

1. Consolidated Financial Highlights for the Six Months Ended September 30, 2013 (April 1, 2013 to September 30, 2013)

(1) Consolidated business performance (Yen in millions)

	Ordinary income		Ordinary profit/(loss)		Net income/(loss)	
Six months ended September 30, 2013	2,071,301	3.3 %	163,096	- %	109,567	- %
Six months ended September 30, 2012	2,004,553	(4.3) %	6,687	(27.3) %	(9,440)	- %

Percent figures represent changes from the corresponding period of the preceding year.

(Note) Comprehensive income/(loss) For six months ended September 30, 2013 ¥ 313,638 million - %
 For six months ended September 30, 2012 ¥ (126,707) million - %

(Yen)

	Net income/(loss) per share - Basic	Net income/(loss) per share - Diluted
Six months ended September 30, 2013	176.35	-
Six months ended September 30, 2012	(15.18)	-

(2) Consolidated financial conditions (Yen in millions)

	Total assets	Net assets	Ratio of net assets less minority interests to total assets
September 30, 2013	16,366,497	2,283,831	13.8 %
March 31, 2013	15,914,663	2,021,625	12.6 %

(Reference) Net assets less minority interests As of September 30, 2013: ¥ 2,259,517 million
 As of March 31, 2013: ¥ 1,999,579 million

2. Dividends (Yen)

	Dividends per share				
	1st quarter	2nd quarter	3rd quarter	4th quarter	Annual total
Year ended March 31, 2013	-	27.00	-	27.00	54.00
Year ending March 31, 2014	-	28.00			
Year ending March 31, 2014 (Forecast)			-	28.00	56.00

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

3. Consolidated Earnings Forecasts for the Year Ending March 31, 2014 (April 1, 2013 to March 31, 2014)

(Yen in millions)

	Ordinary profit		Net income		Net income per share (Yen)
Year ending March 31, 2014	191,000	27.1 %	125,000	49.5 %	201.41

Percent figures represent changes from the preceding year.

(Note) Revision of the latest announced earnings forecasts: None

*** Notes**

(1) Changes in significant subsidiaries during the period (changes in specified subsidiaries resulting in changes in scope of consolidation): None

(2) Changes in accounting policies and accounting estimates and restatements

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

2. Changes in accounting policies other than above: Yes

3. Changes in accounting estimates: None

4. Restatements: None

(Note) For details, please refer to "Changes in accounting policies and accounting estimates and restatements" on page 2 of the Appendix.

(3) Number of shares of issued stock (common stock)

1. Number of shares of issued stock (including treasury stock)

As of September 30, 2013: 633,291,754 shares

As of March 31, 2013: 633,291,754 shares

2. Number of shares of treasury stock

As of September 30, 2013: 13,365,449 shares

As of March 31, 2013: 11,403,482 shares

3. Average number of shares of outstanding stock

For the six months ended September 30, 2013: 621,288,196 shares

For the six months ended September 30, 2012: 621,899,692 shares

* Disclosure regarding the execution of the audit process

This report is outside the scope of the external auditor's interim audit process required by "Financial Instruments and Exchange Act" and the audit process has not been completed as of the disclosure date of this report.

* Notes to the earnings forecasts

(1) Any earnings forecasts in this report have been made based on the information available to the Company as of the disclosure date of the report and certain assumptions, and therefore do not guarantee future performance. Actual results may differ substantially from these forecasts depending on various factors. For key assumptions of the earnings forecasts and other relevant information, please refer to "(3) Explanation for future forecast information including consolidated earnings forecasts" on page 2 of the Appendix. The forecast of ordinary income is not disclosed due to difficulties in calculating reasonable forecast figures because ordinary income is highly susceptible to natural disasters and market conditions.

(2) The non-consolidated financial highlights are not disclosed due to their immateriality as investment information.

(3) The Company prepared its interim consolidated financial statements for the six months ended September 30, 2013, as required for specified companies which operate the businesses defined in the Article 17-15 Clause 2 of the Cabinet Office Ordinance on Disclosure of Corporate Information, etc.

[Appendix]

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[Attachment]

Explanatory Material for Business Results for the Six Months Ended September 30, 2013

1. Qualitative Information on Business Results

(1) Explanation for business performance

Although there still remains an economic downside risk posed by uncertainties over the global economy, the Japanese economy showed a moderate recovery during the six months ended September 30, 2013, with an improvement in corporate earnings due in part to a correction of the yen appreciation and a rise in stock prices, and a pick up in consumer spending and capital expenditures.

In this business environment, the business performances of the Group for the six months ended September 30, 2013 were as follows.

Underwriting income was ¥1,734.8 billion (of which net premiums written were ¥1,424.9 billion), investment income was ¥331.4 billion and other ordinary income was ¥5.0 billion, resulting in total ordinary income of ¥2,071.3 billion. Ordinary expenses amounted to ¥1,908.2 billion. This breaks down into underwriting expenses of ¥1,586.4 billion (of which net claims paid were ¥821.5 billion), investment expenses of ¥47.2 billion, operating expenses and general and administrative expenses of ¥259.9 billion and other ordinary expenses of ¥14.5 billion.

As a result, the Company posted an ordinary profit of ¥163.0 billion, marking an increase of ¥156.4 billion from the same period last year when a large number of impairment losses on securities were posted. After factoring in extraordinary income and losses, income taxes and other factors, net income of ¥109.5 billion was reported with an increase of ¥119.0 billion year on year.

(2) Explanation for financial conditions

As of September 30, 2013, total assets stood at ¥16,366.4 billion with an increase of ¥451.8 billion from March 31, 2013 and net assets stood at ¥2,283.8 billion with an increase of ¥262.2 billion from March 31, 2013 mainly due to an increase in net unrealized gains on investments in securities.

(3) Explanation for future forecast information including consolidated earnings forecasts

Based on the following assumptions, the Company keeps the forecasts of ordinary profit of ¥191.0 billion and net income of ¥125.0 billion for the year ending March 31, 2014 unchanged from the forecasts announced on May 20, 2013.

- The Forecast of net premiums written is based on the Company's own estimate taking into account the trends in the consolidated business results.
- Incurred losses (which are the sum total of net claims paid and movement in outstanding claims) caused by natural disasters in Japan for the year ending March 31, 2014 are assumed to be ¥23.0 billion at Mitsui Sumitomo Insurance Co., Ltd. and ¥17.0 billion at Aioi Nissay Dowa Insurance Co., Ltd.
- Currency exchange rates and stock prices as of March 31, 2014 are assumed to be at almost the same level as September 30, 2013.

The Company's consolidated earnings forecasts have been prepared based on certain assumptions including those above mentioned but actual results may differ substantially from these forecasts depending on various factors.

2. Notes to Summary of Financial Statements

Changes in accounting policies and accounting estimates and restatements

(Changes in accounting policies)

As "Accounting Standard for Retirement Benefits" (ASBJ Statement No. 26, May 17, 2012, hereinafter referred to as the "Retirement Benefits Accounting Standard") and "Guidance on Accounting Standard for Retirement Benefits" (ASBJ Guidance No. 25, May 17, 2012, hereinafter referred to as the "Guidance on Retirement Benefits") became applicable from the start of the consolidated fiscal year commencing on or after April 1, 2013, the Company has adopted them since the current interim accounting period (subject to the provisions set forth in Clause 35 of the Retirement Benefits Accounting Standard and Clause 67 of the Guidance on Retirement Benefits) and made changes in the method of attributing expected benefit to periods from the straight-line basis to the benefit formula basis after reviewing of the calculation methods of retirement benefit obligations and service costs.

In accordance with the transitional accounting treatments set forth in Clause 37 of the Retirement Benefits Accounting Standard, the Company has made adjustments to the beginning balance of the retained earnings for the current interim accounting period by factoring in the effects arising from the changes in the calculation methods of retirement benefit obligations and service costs.

As a result, the beginning balance of the retained earnings for the current interim accounting period decreased by ¥30,261 million, and both ordinary profit and income before income taxes and minority interests for the six months ended September 30, 2013 increased by ¥155 million.

3. Consolidated Financial Statements

(1) Consolidated Balance Sheets

(Yen in millions)

Items	March 31, 2013	September 30, 2013
Assets		
Cash, deposits and savings	536,383	524,462
Call loans	99,709	64,770
Receivables under resale agreements	48,545	114,376
Receivables under securities borrowing transactions	224,025	189,378
Monetary claims bought	93,013	160,009
Money trusts	898,510	890,427
Investments in securities	11,398,945	11,905,928
Loans	867,063	834,314
Tangible fixed assets	488,069	488,132
Intangible fixed assets	177,693	185,729
Other assets	919,857	869,522
Deferred tax assets	132,741	107,844
Customers' liabilities under acceptances and guarantees	39,500	47,500
Bad debt reserve	(9,394)	(15,897)
Total assets	15,914,663	16,366,497
Liabilities		
Policy liabilities:	12,544,284	12,642,275
Outstanding claims	1,384,650	1,389,256
Underwriting reserves	11,159,633	11,253,018
Bonds issued	291,176	291,181
Other liabilities	790,243	761,019
Reserve for pension and retirement benefits	111,130	161,563
Reserve for retirement benefits for officers	1,316	1,220
Accrued bonuses for employees	20,234	16,004
Reserves under the special laws:	33,953	36,787
Reserve for price fluctuation	33,953	36,787
Deferred tax liabilities	61,197	125,115
Acceptances and guarantees	39,500	47,500
Total liabilities	13,893,038	14,082,666
Net assets		
Shareholders' equity:		
Common stock	100,000	100,000
Capital surplus	682,752	682,752
Retained earnings	353,506	418,792
Treasury stock	(24,823)	(29,857)
Total shareholders' equity	1,111,435	1,171,687
Accumulated other comprehensive income/(loss):		
Net unrealized gains/(losses) on investments in securities	891,253	1,055,103
Net deferred gains/(losses) on hedges	26,428	22,446
Foreign currency translation adjustments	(29,539)	10,279
Total accumulated other comprehensive income/(loss)	888,143	1,087,829
Minority interests	22,046	24,314
Total net assets	2,021,625	2,283,831
Total liabilities and net assets	15,914,663	16,366,497

(2) Consolidated Statements of Income and Comprehensive Income
(Consolidated Statements of Income)

(Yen in millions)

Items	Six months ended September 30, 2012	Six months ended September 30, 2013
Ordinary income:	2,004,553	2,071,301
Underwriting income:	1,895,874	1,734,811
Net premiums written	1,339,807	1,424,962
Deposit premiums from policyholders	84,371	77,593
Investment income on deposit premiums from policyholders	28,656	26,498
Life insurance premiums	337,898	182,751
Reversal of outstanding claims	58,344	19,628
Reversal of underwriting reserves	43,309	-
Investment income:	105,086	331,447
Interest and dividends income	95,839	108,776
Investment gains on money trusts	6,723	4,720
Gains on sales of securities	23,657	40,455
Gains on derivative transactions	5,321	3,733
Investment gains on separate accounts	-	197,828
Transfer of investment income on deposit premiums from policyholders	(28,656)	(26,498)
Other ordinary income	3,592	5,043
Ordinary expenses:	1,997,865	1,908,205
Underwriting expenses:	1,503,112	1,586,415
Net claims paid	873,808	821,554
Loss adjustment expenses	67,325	69,455
Commissions and collection expenses	255,957	274,063
Maturity refunds to policyholders	198,028	157,995
Life insurance claims	99,374	175,801
Provision for underwriting reserves	-	83,048
Investment expenses:	240,454	47,279
Investment losses on money trusts	3,487	36,094
Losses on sales of securities	3,163	2,062
Impairment losses on securities	124,434	3,986
Investment losses on separate accounts	93,040	-
Operating expenses and general and administrative expenses	247,761	259,922
Other ordinary expenses:	6,896	14,587
Interest expense	3,803	4,117
Deferred expenses under Article 113 of the Insurance Business Act	(358)	-
Ordinary profit/(loss)	6,687	163,096

(Yen in millions)

Items	Six months ended September 30, 2012	Six months ended September 30, 2013
Extraordinary income:	2,475	674
Gains on sales of fixed assets	753	674
Reversal of reserves under the special law:	1,722	-
Reversal of reserve for price fluctuation	1,722	-
Extraordinary losses:	3,050	5,268
Losses on sales of fixed assets	2,027	1,962
Impairment losses on fixed assets	1,023	471
Provision for reserves under the special law:	-	2,833
Provision for reserve for price fluctuation	-	2,833
Income/(loss) before income taxes and minority interests	6,112	158,501
Income taxes - current	10,014	14,110
Income taxes - deferred	4,558	33,410
Total income taxes	14,573	47,521
Income/(loss) before minority interests	(8,460)	110,980
Minority interests	980	1,412
Net income/(loss)	(9,440)	109,567

(Consolidated Statements of Comprehensive Income)

(Yen in millions)

Items	Six months ended September 30, 2012	Six months ended September 30, 2013
Income/(loss) before minority interests	(8,460)	110,980
Other comprehensive income/(loss):		
Net unrealized gains/(losses) on investments in securities	(131,492)	163,814
Net deferred gains/(losses) on hedges	8,102	(3,982)
Foreign currency translation adjustments	5,501	38,923
Share of other comprehensive income/(loss) of equity method investments	(357)	3,902
Total other comprehensive income/(loss)	(118,246)	202,658
Total comprehensive income/(loss)	(126,707)	313,638
Allocation:		
Comprehensive income/(loss) attributable to shareholders of the parent	(128,050)	310,267
Comprehensive income/(loss) attributable to minority interests	1,343	3,370

(3) Consolidated Statements of Changes in Net Assets

(Yen in millions)

Items	Six months ended September 30, 2012	Six months ended September 30, 2013
Shareholders' equity:		
Common stock:		
Beginning balance	100,000	100,000
Ending balance	100,000	100,000
Capital surplus:		
Beginning balance	682,753	682,752
Changes for the six months:		
Disposal of treasury stock	(0)	0
Total changes for the six months	(0)	0
Ending balance	682,752	682,752
Retained earnings:		
Beginning balance	303,464	353,506
Adjustments due to changes in accounting policies	—	(30,261)
Adjusted beginning balance	303,464	323,245
Changes for the six months:		
Dividends paid	(16,791)	(16,790)
Net income/(loss)	(9,440)	109,567
Changes in scope of consolidation	—	1,907
Changes in scope of application of equity method	—	862
Total changes for the six months	(26,232)	95,547
Ending balance	277,232	418,792
Treasury stock:		
Beginning balance	(24,801)	(24,823)
Changes for the six months:		
Repurchase of treasury stock	(8)	(5,035)
Disposal of treasury stock	1	0
Total changes for the six months	(6)	(5,034)
Ending balance	(24,807)	(29,857)
Total shareholders' equity:		
Beginning balance	1,061,416	1,111,435
Adjustments due to changes in accounting policies	—	(30,261)
Adjusted beginning balance	1,061,416	1,081,174
Changes for the six months:		
Dividends paid	(16,791)	(16,790)
Net income/(loss)	(9,440)	109,567
Repurchase of treasury stock	(8)	(5,035)
Disposal of treasury stock	1	1
Changes in scope of consolidation	—	1,907
Changes in scope of application of equity method	—	862
Total changes for the six months	(26,239)	90,513
Ending balance	1,035,176	1,171,687

(Yen in millions)

Items	Six months ended September 30, 2012	Six months ended September 30, 2013
Accumulated other comprehensive income/(loss):		
Net unrealized gains/(losses) on investments in securities:		
Beginning balance	495,851	891,253
Changes for the six months:		
Net changes of items other than shareholders' equity	(131,314)	163,850
Total changes for the six months	(131,314)	163,850
Ending balance	364,536	1,055,103
Net deferred gains/(losses) on hedges:		
Beginning balance	16,384	26,428
Changes for the six months:		
Net changes of items other than shareholders' equity	8,102	(3,982)
Total changes for the six months	8,102	(3,982)
Ending balance	24,487	22,446
Foreign currency translation adjustments:		
Beginning balance	(80,786)	(29,539)
Changes for the six months:		
Net changes of items other than shareholders' equity	4,602	39,818
Total changes for the six months	4,602	39,818
Ending balance	(76,183)	10,279
Total accumulated other comprehensive income/(loss):		
Beginning balance	431,450	888,143
Changes for the six months:		
Net changes of items other than shareholders' equity	(118,610)	199,686
Total changes for the six months	(118,610)	199,686
Ending balance	312,840	1,087,829
Minority interests:		
Beginning balance	19,268	22,046
Changes for the six months:		
Net changes of items other than shareholders' equity	503	2,267
Total changes for the six months	503	2,267
Ending balance	19,771	24,314
Total net assets:		
Beginning balance	1,512,134	2,021,625
Adjustments due to changes in accounting policies	—	(30,261)
Adjusted beginning balance	1,512,134	1,991,364
Changes for the six months:		
Dividends paid	(16,791)	(16,790)
Net income/(loss)	(9,440)	109,567
Repurchase of treasury stock	(8)	(5,035)
Disposal of treasury stock	1	1
Changes in scope of consolidation	—	1,907
Changes in scope of application of equity method	—	862
Net changes of items other than shareholders' equity	(118,106)	201,954
Total changes for the six months	(144,346)	292,467
Ending balance	1,367,788	2,283,831

(4) Notes to Consolidated Financial Statements

(Notes to Going Concern Assumptions)

Not applicable.