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INSURANCE GROUP

Strategic Capital Alliance with a Leading Life Insurance Company in India

April 16, 2012 (Monday)

MS&AD Insurance Group Holdings, Inc.

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Overview of This Capital Alliance

- ✓ Max New York Life shares acquired by Mitsui Sumitomo Insurance Co., Ltd. (26% of shares outstanding)
- ✓ Acquisition price: Approx. 27.3 billion Rupees (Approx. ¥45.0 billion)
- ✓ Officers and employees dispatched from Mitsui Sumitomo Insurance Co., Ltd. (Two of these are scheduled to become directors of Max New York Life)

Change in Shareholder Composition from this Capital Alliance (Max New York Life)

Max India	70%	Max India	70%
New York Life	26%	Mitsui Sumitomo Ins.	26%
Axis Bank	4%	Axis Bank	4%

Objectives of this Capital Alliance

- ✓ Further reinforcement of the business base in Asia (pursuit of a growth model)
- ✓ Entrance into the Indian life insurance market, which is experiencing remarkable growth
- ✓ Expansion of life insurance business in Asia

“Overview & Objectives of this Capital Alliance”

Under this alliance, Mitsui Sumitomo Insurance Co. acquires 26% of the shares of Max New York Life for approximately 27.3 billion Rupees (about ¥45.0 billion).

This acquisition will be undertaken with permission granted by the insurance regulatory authorities of India. The timing is tentatively slated for the first quarter of fiscal 2012 at the earliest.

As part of this capital alliance, Mitsui Sumitomo Insurance will dispatch two officers to act as directors of Max New York Life who will be expected to participate proactively in management.

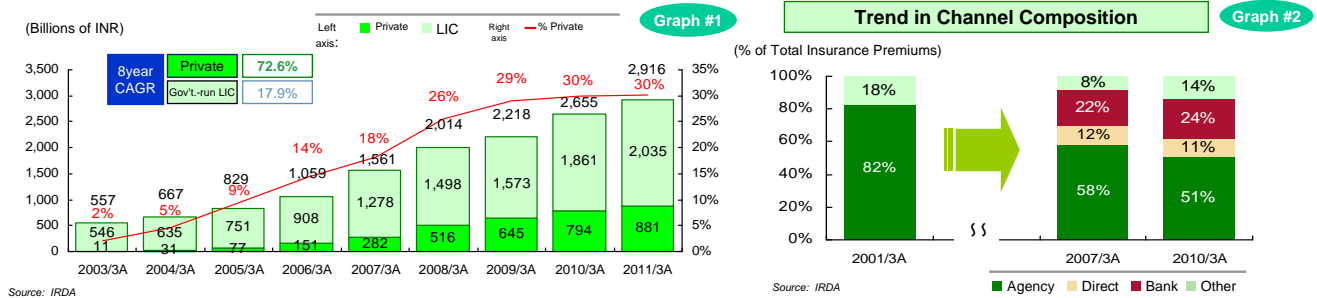
Next, the “Objectives of this Capital Alliance” are, first, to gain entrance into the Indian life insurance market which is experiencing remarkable growth consistent with the strategy of further reinforcing the business base in Asia.

In addition to aiming for an insurance income portfolio that has a good balance covering Asia, Europe and America, business investment by the MS&AD Group seeks to place particular emphasis on Asian markets which have shown remarkable growth.

As a result, while the company sits among the top ranks of foreign casualty insurers in the casualty insurance industry of Asia, thus far it has made investments into premier local life insurers in Thailand, China, Malaysia and Indonesia. It is felt that this alliance will facilitate the realization of further enhancing the company’s presence in the life insurance industry of Asia as part of the goal of expanding life insurance business in Asia.

- Premium income for private life insurers in India has grown by 72.6% over the past eight years, showing rapid growth.
- The importance of the bank channel has increased along with the agency channel as the market has expanded.

Trend in Premium Income for the Indian Life Insurance Industry & Trend in Channel Composition



Positioning of Max New York Life (New Policy APE Ranking)

Fiscal Year Ended March 2008	Private Share
1 ICICI Prudential	26.3%
2 Bajaj Allianz	19.9%
3 SBI Life	11.9%
4 HDFC Standard	7.9%
5 Reliance Life	6.6%
6 Birla Sunlife	6.6%
7 Max New York Life	4.6%
8 Kotak Mahindra Old Mutual	3.6%
9 Aviva	3.5%
10 Tata AIG	3.0%

Fiscal Year Ended March 2012 (11 months)	Private Share
1 ICICI Prudential	18.6%
2 HDFC Standard	13.3%
3 SBI Life	10.7%
4 Bajaj Allianz	7.9%
5 Birla Sunlife	7.8%
6 Max New York Life	7.1%
7 Reliance Life	6.8%
8 Met Life	3.7%
9 Tata AIG	3.6%
10 Canara HSBC OBC Life	3.1%

Source: Produced by our company based on individual company data

“Current Status of the Life Insurance Market in India & Positioning of Max New York Life”

“Graph 1” shows the trend in premium income for the Indian life insurance industry.

With a population of about 1.2 billion people, India is the second most populous country in the world. It continues to show remarkable economic growth with a real GDP growth rate of around 8%. The life insurance market has achieved annual average growth of 23% over the past 8 years.

The private sector, which was given permission to enter the market in 2000, has also shown increasing levels of income over the midterm. It has made its presence felt by achieving dramatic annual average growth of 73% over the past 8 years and now accounts for 30% of the premium income in the overall life insurance market.

“Graph 2” to the right shows the trend in channel composition. Here you can see how the traditional agency channel has made way for the bank channel.

The Indian life insurance market has made great strides in recent years in this manner. Premium income from life insurance accounted for 4.4% of GDP in fiscal 2010 which is roughly half of the level in Japan. Given the large number of young people in the population, we expect further expansion in the future.

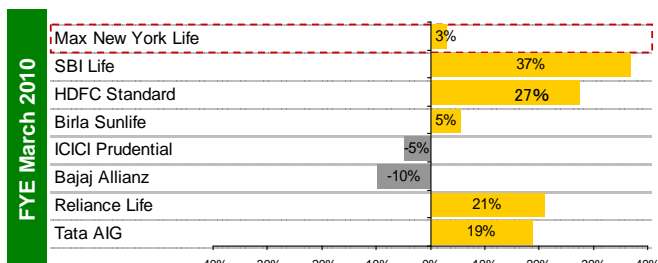
Moreover, in this environment, Max New York Life has been improving its position in the industry. As shown in “Table 1,” it now occupies the No. 6 spot among private life insurance companies in terms of adjusted premium income on a new policy basis as of the March 2012 term.

Unique Characteristics & Strengths of Max New York Life, Part 1: Growth in New Policies and Shift in Product Composition

- The majority of the major life insurers saw their top lines dip into negative territory with the change in guidelines for ULIP products in September 2010.
- Max New York Life was the most agile in the industry in shifting from ULIP products to traditional products in the face of this. → New contract APE grew by 8% in fiscal year ended March 2011 as well.

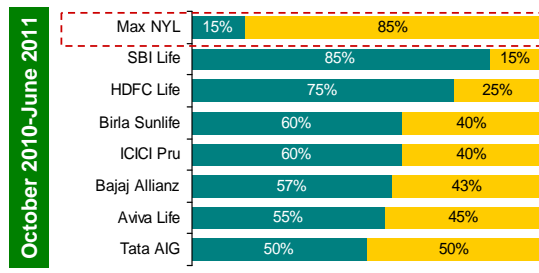
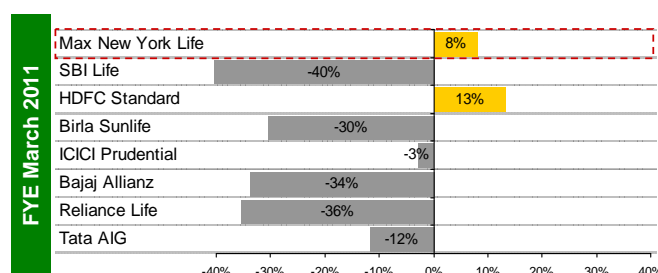
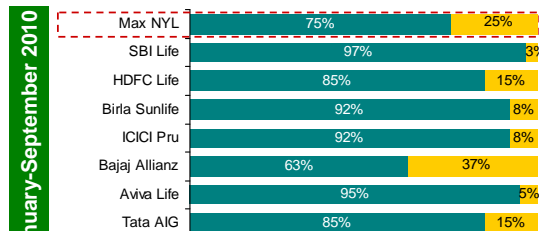
Growth Rate in New Policy APE Over the Past Two Years

Graph #3



Shift in Product Composition (New Policies)

Graph #4



Source: IRDA, Data from Max India investment presentation (August 2011).
http://www.maxindia.com/investor_relations/financial_results/Investor_Presentation_Q1FY12.pdf

“Unique Characteristics & Strengths of Max New York Life, Part 1”

Traditionally, variable insurance has accounted for comparatively high proportion of sales of products by private insurers in India.

For example, in the year ended March 2010, variable insurance by private insurers accounted for 86% of total premium income.

On the other hand, for Max New York Life, variable insurance, which accounted for 70% of total premium income in the year ended March 2010, was relatively low while the percentage for traditional products such as whole life insurance was comparatively high. The figure of 75% that appears in the upper part of Graph 4 is for new policies in the period from January through September 2010.

Regulations regarding the sales commissions for variable insurance were enacted in September 2010, followed by a slowdown in results for a majority of the private insurance companies. This can be seen in the upper part of “Graph 3.”

Within this context, as shown in the lower part of “Graph 4,” Max New York Life dynamically carried out a shift from variable insurance toward incorporating more traditional products into its portfolio. As shown in the lower part of “Graph 3,” adjusted premium income for new policies in the March 2011 term grew relative to the previous year.

Unique Characteristics & Strengths of Max New York Life, Part 2: Highly Productive Agencies & Stronger Bank Teller Sales

- Max New York Life has built an agency channel with the highest productivity in the industry.
- It strengthened its bank channel through an alliance with Axis Bank.

Agency Channels with High Productivity

Table #2

	# of Agencies		Agency Productivity*1		No. of New Policies Acquired*2	
	#	Rs '000s	Rank	#	Rank	
Max New York	40,520	13,616	1	0.53	1	
SBI Life	79,628	10,600	2	0.29	3	
ING Vysya Life	34,957	5,307	3	0.33	2	
Aviva	23,219	5,052	4	0.15	8	
Tata AIG	87,223	4,382	5	0.15	8	
Met Life	28,840	4,208	6	0.23	5	
Birla Sunlife	144,573	3,993	7	0.25	4	
Kotak Mahindra Old Mutual	38,269	3,019	8	0.11	9	
ICICI Prudential	170,000	2,953	9	0.22	6	
Bajaj Allianz	189,667	2,911	10	0.15	8	
Reliance Life	189,433	2,814	11	0.19	7	
HDFC Life	136,009	2,530	12	0.10	10	

*1 Agency productivity = Average annual premium income per agency

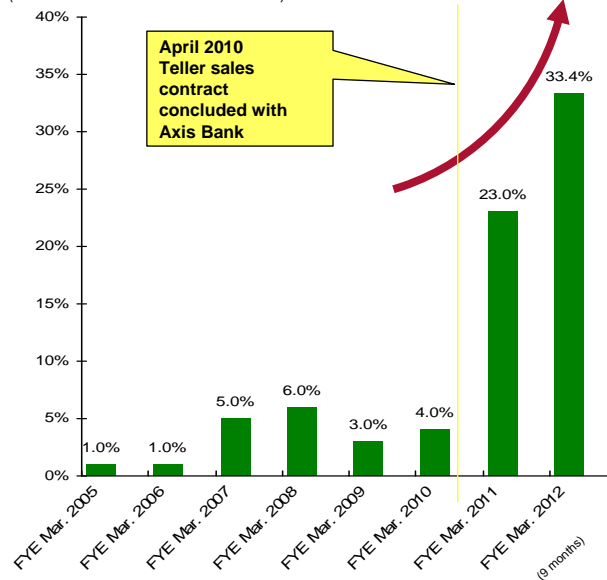
*2 No. of new policies acquired = Average monthly new policies acquired per solicitor

Source: Data from Max India investor presentation (August 2011)
(1) Period Q1FY12

Bank Teller Sales as a Percentage of MNYL

Graph #5

(Based on Insurance Premium Income)



“Unique Characteristics & Strengths of Max New York Life, Part 2”

Now an explanation regarding Max New York Life’s channels.

Here in “Table 2” we can see that the captive agency channel where the sales force is concentrated can boast of having top class productivity in the private insurance sector.

Also, as shown in Graph 5, the teller channel has also stepped up significantly since the alliance with Axis Bank in April 2010.

Unique Characteristics & Strengths of Max New York Life, Part 3: Positioning of Axis Bank as the Partner Bank

- Axis Bank ranks ninth in India in terms of total deposit balance, and is a major bank ranking third among private banks.
- The deposit balance per branch is higher than for other major banks.

Positioning of Axis Bank in the Indian Banking Industry (as of March 31, 2011) Graph #6



Source: Reserve Bank of India

“Unique Characteristics & Strengths of Max New York Life, Part 3”

Now an explanation regarding the positioning of Axis Bank which holds a 4% stake.

Looking at the upper part of “Graph 6,” Axis Bank ranks ninth in India in terms of total deposit balance, and ranks third among private banks. Government-run banks are shown in dark blue and private banks are shown in light blue.

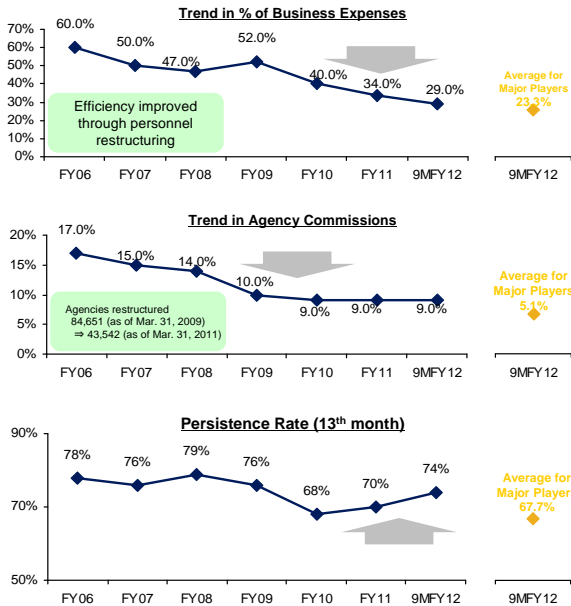
The lower part of the graph shows the deposit balance per branch. We can see that the level for Axis Bank is higher than for other large banks and that its branch effectiveness is favorable.

Unique Characteristics & Strengths of Max New York Life, Part 4: Efficiency, Profitability, and Capital Base

- Successfully made it into the black for fiscal year ended March 2011 due to ongoing improvements in efficiency
- The solvency margin far surpasses the average for the major players, and the company possesses a rock solid capital base.

Indicators of Efficiency: Ongoing Improvements in Efficiency

Graph #7

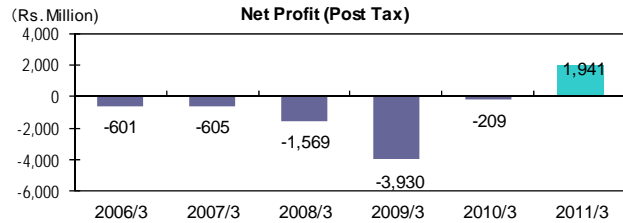


Source: Produced by the company based on data from each company.

(1) Average for the major players: Average for ICICI Pru, SBI, HDFC Standard, Bajaj Allianz, Reliance, Birla Sunlife, and Tata AIG.

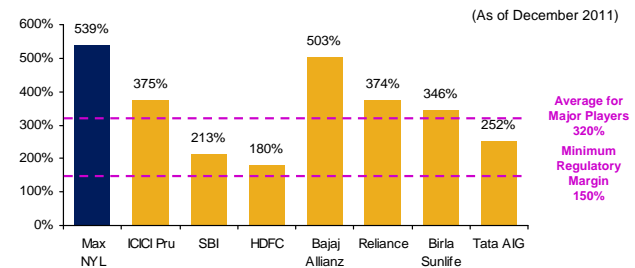
Profit After Tax: Successful Move into the Black

Graph #8



Solvency Margin: Rock Solid Capital Base

Graph #9



“Unique Characteristics & Strengths of Max New York Life, Part 4”

This section looks at the business of Max New York Life from the standpoint of “efficiency,” “profitability” and “capital base.”

First, “efficiency” is shown in “Graph 7” which shows that there is presently some underperformance in terms of “Business Expenses” and “Agency Commissions” relative to the average of large life insurers.

One of the factors responsible for this is that the captive agency channel, which engages in consulting service, is the principle avenue for sales. However, as shown toward the end of the line in the graph, business expenses and agency commissions showed improvement in response to revisions of staffing and agencies implemented from 2009.

In the graph at the bottom, we can see that the policy persistency rate for the major insurers has been increasing. The improvement occurring in recent years is reflected in the portfolio composition which is composed primarily of better quality policies.

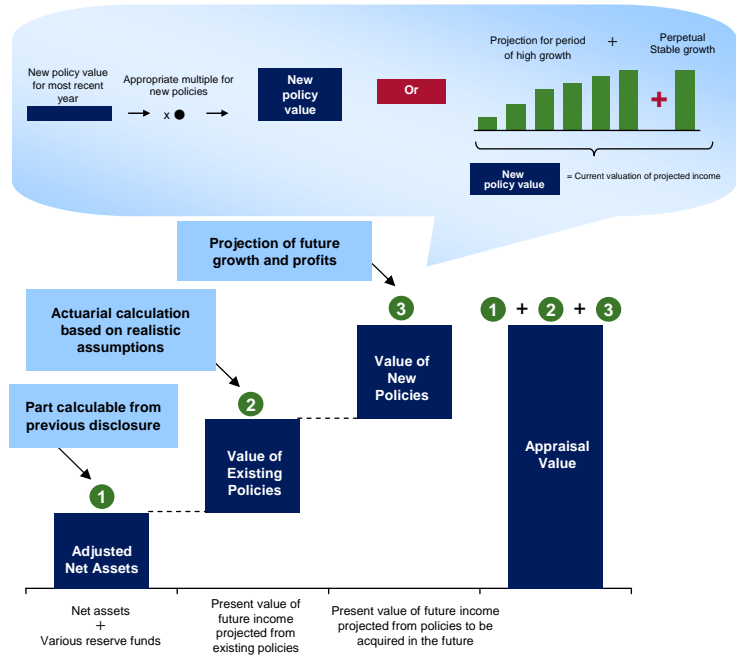
In conjunction with the above measures, Max New York Life’s after-tax profit hit the black in fiscal 2011 as shown in “Graph 8” in the upper right part of the slide.

“Graph 9” in the lower-right part of the slide shows the solvency margin for the major private life insurance companies. As of the end of December 2011, Max New York Life’s solvency margin was 539% which is above the average for the major players. From this, we can see that the company has an extremely solid financial base.

(For Reference) Valuation

View of the Appraisal Value Based on an Insurance Actuarial Approach (Overview)

We have based our overall judgment on the valuation for this mainly on the appraisal approach generally used for M&A of life insurance companies in emerging markets in Asia, while also taking comparable company analysis and comparable transaction analysis into consideration.



EV of Max New York Life

Table #3

(March 31, 2011)

	Rs billion	¥ billion
Value of existing policies	20.8	32.6
Adjusted net assets	11.4	18.0
Total EV	32.2	50.6

* The value of existing policies and adjusted net assets as of December 2011 were used for the actual valuation.

Source: Produced by our company from data from Max India investment presentation (August 2011).

“(For Reference) Valuation”

This section deals with the approach toward valuation done as part of the review of this transaction.

In addition to the analysis of the asset composition and business content of Max New York Life done as part of the review of this transaction, a determination for evaluation purposes was made regarding the acquisition price of the investment holdings based on an appraisal value conducted by an insurance actuarial approach.

In particular, consideration was given to present circumstances that are characterized by growth as explained earlier. This involved including both the value of future new business and a specific figure for shareholder value in the calculation of “embedded value” as of the end of December 2011.

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