
Materials for FY 2012 2Q Results Briefing Conference Call

November 19, 2012 (Mon)

MS&AD Insurance Group Holdings, Inc.

MS&AD Insurance Group Holdings, Inc.

I am Takayoshi Umemura from MS&AD Holdings.

Thank you for making time in your busy schedules to participate in our conference call today.

Today's materials include our "Quarterly Earnings Report," as well as the "Materials for FY2012 Second Quarter Results Briefing" (Conference Call), prepared in slide format. My explanation today will be based solely on the slides.

Addendum 1: Consolidated Earnings for FY 2012 2Q (1)

Direct and net premiums written increased satisfactorily due to the rate revision effects and other factors. Increased losses on devaluation of securities significantly reduced interim net income (¥ bn)

	FT2011 2nd Qtr.	FY2012 2nd Qtr.	YoY change
	Results	Results	
Direct premiums written (Excluding premiums of savings-type insurance) ^{*1}	1,410.6	1,460.5	49.9
Mitsui Sumitomo Insurance	683.3	714.8	31.5
Aioi Nissay Dowa Insurance	587.5	600.5	12.9
Net premiums written ^{*1}	1,305.2	1,340.4	35.2
Mitsui Sumitomo Insurance	643.6	667.4	23.8
Aioi Nissay Dowa Insurance	543.1	556.0	12.9
Life insurance premiums	205.5	337.8	132.3
Consolidated ordinary profit	9.2	6.6	-2.5
Mitsui Sumitomo Insurance	8.2	12.6	4.3
Aioi Nissay Dowa Insurance	18.1	-7.0	-25.1
Consolidated interim net income ^{*2}	7.1	-9.4	-16.5
Mitsui Sumitomo Insurance	5.3	10.2	4.8
Aioi Nissay Dowa Insurance	14.8	-15.7	-30.5
Mitsui Direct General Insurance	0.3	0.6	0.2
MSI Aoi Life	-2.9	0.0	2.9
MSI Primary Life	4.4	8.9	4.5
Overseas subsidiaries	7.5	10.5	2.9
Other: consolidation adjustments, etc.	-22.4	-24.0	-1.6

*1: 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.

*2: Interim net income of subsidiaries is on an equity stake basis.

Please look at Addendum 1 on the first page of the slides. I will now offer a brief overview of consolidated earnings for the second quarter of the fiscal year ending March 2013.

First are direct net premiums written, which on a consolidated basis increased by 49.9 billion yen (+3.5%) from the previous year, reflecting an increase in earnings of 31.5 billion yen (+4.6%) for Mitsui Sumitomo Insurance and 12.9 billion yen (+2.2%) for Aioi Nissay Dowa Insurance.

Net premiums on a consolidated basis also rose by 35.2 billion yen (+2.7%). Here a major factor for both of the insurers was an increase in earnings from automobile insurance and compulsory automobile liability insurance resulting from a revision in premiums. Another reason for the increased revenues for Mitsui Sumitomo Insurance was an increase in the number of contracts for its mainstay auto insurance business.

Next are life insurance premiums, which showed a significant year-on-year increase of 132.3 billion yen.

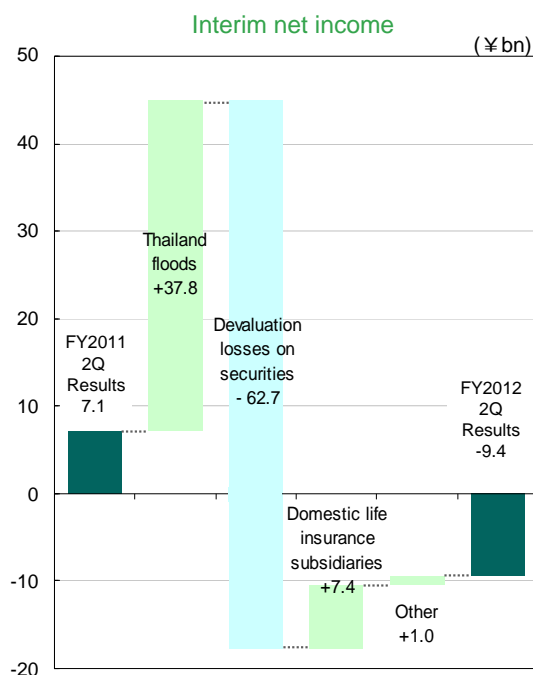
Not only did Mitsui Sumitomo Primary Life Insurance increase its revenue by 117.9 billion yen thanks to robustly performing new products, Mitsui Sumitomo Aioi Life Insurance also fared well with new term life insurance contracts, growing its earnings by 14.0 billion yen, as both of these subsidiaries continued to expand their operations.

At the same time, profits were affected by increased incurred losses for both of the lead insurers compared to the previous year due to domestic natural catastrophes. On the other hand, the reversal of the catastrophe reserve for payment of claims related to Thailand floods contributed to an increase in income, while the loss ratio in the mainstay auto insurance also showed an improving trend. As a result, the underwriting income ended up in the black for both Mitsui Sumitomo Insurance and Aioi Nissay Dowa Insurance.

Nevertheless, as announced on November 2, the Group as a whole sustained substantial losses of 124.4 billion yen on devaluation of securities, resulting in 6.6 billion yen in consolidated ordinary income, down by 2.5 billion yen from the same period the previous year, while consolidated interim net income was down 16.5 billion from the same period the year before, ending up 9.4 billion yen in the red.

(¥ bn)

	FY2011 2nd Qtr. (a)	FY2012 2nd Qtr. (b)	Difference (b)-(a)
Consolidated Ordinary Profit	9.2	6.6	-2.5
Of that, Thailand floods ^{*1}	0.0	55.1	55.1
Of that, devaluation losses on securities	-53.9	-124.4	-70.4
Of that, domestic life insurance subsidiaries	9.3	17.5	8.2
Other	53.8	58.4	4.6
Consolidated Interim Net Income	7.1	-9.4	-16.5
Of that, Thailand floods ^{*1}	0.0	37.8	37.8
Of that, devaluation losses on securities ^{*2}	-34.5	-97.2	-62.7
Of that, domestic life insurance subsidiaries	1.5	8.9	7.4
Other	40.1	41.1	1.0



*1 Thailand floods: Amounts after reversal of the catastrophe reserve for the payment of claims. (Including corresponding exchange losses.)

*2 Devaluation losses on securities: Amounts include valuation reserves for deferred tax assets.

Next, please look at Addendum 2. Here we show year-on-year comparisons between the interim results and those for the same period a year before.

The tables on the left for “Consolidated Ordinary Profit” and “Consolidated Interim Net Income” show changes from the year before, noting the impact of major factors. Also, “Consolidated Interim Net Income” on the right illustrates changes from the first half of the previous fiscal year through the first half of this fiscal year in graph form.

This fiscal year, in addition to the impact of the reversal of the catastrophe reserve for payment of claims related to the Thailand floods, increased earnings from the domestic life insurance subsidiaries contributed to Group earnings. However, the end result was still a significant drop in earnings on a year-on-year interim basis because of the posting of large losses on devaluation of securities.

Natural catastrophes

(¥bn)

	Claim payments		Increase in provision for		Incurred losses		Outstanding Claims
		YoY Change	O/S	YoY Change		YoY Change	
Natural catastrophes in Japan occurring during FY2012	31.8	25.6	17.2	-15.9	49.1	9.7	17.2
Thailand floods	49.8	49.8	-67.6	-67.6	-17.7	-17.7	105.8
Great East Japan E/Q excluding residential earthquake insurance	2.9	-17.2	-2.6	24.5	0.2	7.2	8.5
Subtotal	84.5	58.1	-53.0	-58.9	31.5	-0.7	131.7
Great East Japan E/Q, residential earthquake insurance	0.0	-144.7	0.0	16.9	0.0	-127.7	0.0
Total	84.5	-86.7	-53.0	-42.0	31.5	-128.5	131.7

Natural catastrophes in Japan occurring during FY2012

(¥bn)

	Claim payments		Increase in provision for O/S		Incurred losses		Outstanding Claims
		YoY Change		YoY Change		YoY Change	
Mitsui Sumitomo Insurance	17.4	13.3	10.5	-8.9	28.0	4.4	10.5
Aioi Nissay Dowa Insurance	14.4	12.2	6.7	-6.9	21.1	5.2	6.7
Total	31.8	25.6	17.2	-15.9	49.1	9.7	17.2

Let's move on to Addendum 3 and Addendum 4, which together illustrate the impact of large-scale natural disasters referred to as natural catastrophes.

I would now like to explain the impact that such "nat cats" have had on earnings.

The table at the top of Addendum 3 summarizes the impact of domestic "nat cats" that occurred during the current fiscal year as well as the Great East Japan Earthquake and the Thailand floods that occurred prior to the previous fiscal year.

The impact on the current interim results is shown in "Impact of Natural Catastrophes."

Since the beginning of the current fiscal year, natural catastrophes in Japan have occurred earlier than during typical years. However, an offsetting factor has been the reduction in incurred losses tied to the Thailand floods. As a result, during this interim period incurred losses on natural catastrophes, excluding earthquake home insurance, decreased by 700 million yen compared to the same period the previous year.

The table in the lower section shows figures for claim payments and incurred losses for the two main Group insurance companies in relation to "Nat cat in Japan during the Current Fiscal Year."

In addition to the so-called "bomb cyclones" and other natural catastrophes which occurred during the first quarter of this fiscal year, the second quarter saw sizable damage resulting from typhoons, torrential rains, etc. Consequently, incurred losses for natural catastrophes which occurred during this fiscal year reached 49.1 billion yen for the two companies, an increase of 9.7 billion yen compared to the same period of the previous year.

■ Thailand floods

(¥bn)

	Claim payments		Increase in provision for O/S		Incurred losses		Outstanding Claim
		YoY change		YoY change		YoY change	
Mitsui Sumitomo Insurance	41.7	41.7	-58.9	-58.9	-17.2	-17.2	83.8
Aioi Nissay Dowa Insurance	4.8	4.8	-6.0	-6.0	-1.1	-1.1	15.6
Overseas insurance subsidiaries	3.2	3.2	-2.6	-2.6	0.6	0.6	6.3
Total	49.8	49.8	-67.6	-67.6	-17.7	-17.7	105.8

■ Great East Japan Earthquake (excluding residential earthquake insurance)

(¥bn)

	Claim payments		Increase in provision for O/S		Incurred Losses		Outstanding Claim
		YoY change		YoY change		YoY change	
Mitsui Sumitomo Insurance	1.9	-9.3	-1.7	16.2	0.2	6.8	7.7
Aioi Nissay Dowa Insurance	1.0	-7.9	-0.9	8.2	0.0	0.3	0.7
Total	2.9	-17.2	-2.6	24.5	0.2	7.2	8.5

If you turn to Addendum 4 on the next page, you will find figures for insurance claims and incurred losses for the two Group insurance companies in question related to the Thailand floods and the Great East Japan Earthquake (excluding residential earthquake insurance).

Please take a look at the table at the top. During the first six months, the Group paid out a total of 49.8 billion yen for claims stemming from the Thailand floods.

In addition, although the total incurred losses for the Group decreased by 17.7 billion yen, this included a roughly 6.5 billion yen decrease in reserve for claims on a yen-denominated basis due to the ongoing appreciation in the value of the yen against the Thai baht. On the other hand, note that this point is not shown here, the high yen resulted in exchange rate losses on baht-denominated deposits held in reserve for payment of outstanding insurance claims, more or less offsetting the decrease in incurred losses mentioned earlier.

Addendum 5: Catastrophe Reserves/ Devaluation Losses on Securities (FY 2012 2Q Results)

Catastrophe Reserves

(¥ bn)

	Mitsui Sumitomo Insurance				Aioi Nissay Dowa Insurance			
	Reversal	Provisions	Net Change	Outstanding	Reversal	Provisions	Net change	Outstanding
Fire	45.7	8.2	-37.5	96.8	23.7	3.6	-20.1	114.8
Marine	0.0	1.0	1.0	65.7	0.1	0.1	0.0	12.9
Personal Accident	1.0	2.3	1.3	67.8	0.0	1.1	1.1	55.5
Automobile	18.2	9.4	-8.8	9.4	20.3	10.4	-9.9	10.4
Others	1.5	4.6	3.1	137.7	1.7	2.3	0.5	52.0
Total	66.6	25.8	-40.8	377.7	46.0	17.7	-28.2	245.8
(YoY Change)	45.6	0.3	-45.2		9.8	0.2	-9.6	

Devaluation Losses on Securities

(¥ bn)

	MS&AD Holdings (Consolidated)	Mitsui Sumitomo Insurance (Non-consolidated)	Aioi Nissay Dowa Insurance (Non-consolidated)	Other Subsidiaries (Non-consolidated)	Consolidation Adjustments (Incl. Adj. for Purchase Method)
Devaluation Losses on securities	124.4	62.7	38.6	1.4	21.6
Of this, stocks	120.6	61.9	38.2	0.0	20.4

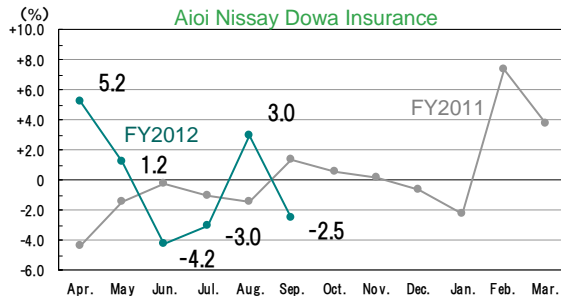
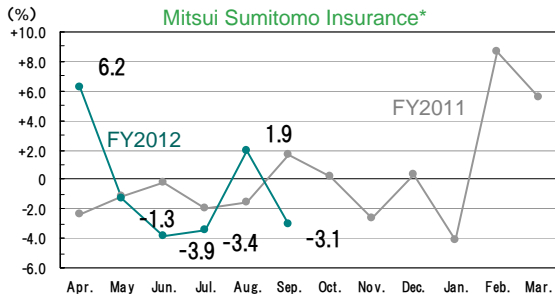
Please take a look now at Addendum 5. I will now discuss the situation concerning the catastrophe reserve and losses on devaluation of securities held.

First, the table at the top gives an overview of reversals and provisions to the catastrophe reserves for both Mitsui Sumitomo Insurance and Aioi Nissay Dowa Insurance. There were expanded reversals of the catastrophe reserves for both companies due largely to growing claims stemming from the natural catastrophes shown in Addendum 3, resulting in net decreases of 40.8 billion yen and 28.2 billion yen for Mitsui Sumitomo Insurance and Aioi Nissay Dowa Insurance respectively.

Next, please look at the bottom table. It provides an overview of the breakdown of the losses on devaluation of securities of the respective Group companies and their consolidation adjustments, which were recently announced.

Addendum 6: Improvement in Revenues and Expenditures for Auto Insurance (FY 2012 2Q Results)

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



*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	+1.3%	+3.6%	+4.9%
(Domestic)	Bodily injury liability	Property damage liability	Vehicle damage (Excluding nat cats)
Change in average payout per claim	-2.6%	+0.3%	+0.0%
(Excluding loss adj. expenses)	Sept. 2010	Sept. 2011	Sept. 2012
EI Loss Ratio	66.7%	63.7%	59.9%

Aioi Nissay Dowa Insurance

(Domestic, Sales Basis)	No. of Contracts	Insurance Premium Unit Price	Insurance Premiums
Factors Inc./Dec. Insurance Premiums	-0.4%	+3.1%	+2.7%
<Domestic>	Bodily injury liability	Property damage liability	Vehicle damage (Excluding nat cats)
Change in average payout per claim	+2.4%	+1.9%	+0.8%
<Excluding loss adjustment expenses>	Sept. 2010	Sept. 2011	Sept. 2012
EI Loss Ratio	65.8%	61.1%	60.9%

* All factors for increase/decrease in insurance premiums are based on sales results (Apr-Sep). %YoY

** "Changes in average payout per claim" means change in average payout per claim over one-year period ended September 30, 2012 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 September. (Figures for Aioi Nissay Dowa Insurance prior to FY 2010 are a simple aggregate of Aioi Insurance and Nissay Dowa Insurance results).

Next, I would like to talk about the improvement in automobile-related revenues and expenditures. Please turn to Addendum 6.

The upper table contains a line graph showing changes in the number of accidents compared to the same months in the preceding year.

As you can see, during FY2012 the Great East Japan Earthquake of the previous year had a reverse impact on the volume of traffic from April to May as initially predicted, so that overall accidents number fell a bit during the first half of the term as compared to the same period the year before. Preliminary results for October indicate that it is now trending roughly at the same level as the previous year. Even though we cannot declare with certainty that the overall number of accidents is trending down, we believe that the trend remains subdued.

Next, please take a look at the change in the average payout per claim shown in the middle of the lower section of the slide. There was a continuing rise in payout per claim for property damage liability and vehicle damage, especially reflecting increased repair costs, with Aioi Nissay Dowa Insurance seeing growth in payouts for bodily injury liability per claim due to an increased incidence of major accidents.

At the same time, as shown in the section just above that, continuing the trend from the First Quarter, for both companies there was an increase in insurance premiums as a result of premium revisions implemented in FY2010 and FY2011, resulting in a rising trend for insurance premium unit prices topping the 3% level year-on-year.

As a result of these conditions, collectively the two companies saw a loss ratio of 60.4% on an earned incurred basis, a 2 point improvement over the same period the previous year. (Note: As of end of September 2011 this ratio stood at 62.3%.)

Addendum 7: Non-consolidated Earnings for FY 2012 2Q Mitsui Sumitomo Insurance (1)

(¥ bn)

	FY2011 2nd Qtr.	FY2012 2nd Qtr.	
			YoY Change
Net premiums written	643.6	667.4	23.8
Net premiums written, growth rate	3.2%	3.7%	0.5pt
Net loss ratio	78.6%	72.4%	- 6.2pt
Net expense ratio	32.6%	31.8%	- 0.8pt
Combined ratio	111.2%	104.2%	- 7.0pt
Incurred losses	474.9	397.0	-77.8
Underwriting income	-20.2	46.3	66.5
Net interest and dividend income	29.9	28.9	-0.9
Gains/losses on sales of securities	17.9	14.4	-3.4
Losses on devaluation of securities	-8.1	-62.7	-54.6
Net investment income	30.2	-29.1	-59.3
Ordinary profit	8.2	12.6	4.3
Extraordinary income (losses)	-3.9	0.7	4.6
Interim net income	5.3	10.2	4.8
Excluding compulsory automobile liability insurance			
Net premiums written, growth rate	3.4%	2.6%	- 0.8pt
Net loss ratio	75.5%	69.5%	- 6.0pt
Net expense ratio	33.9%	33.4%	- 0.5pt
Combined ratio	109.4%	102.9%	- 6.5pt

* On the basis of exclusion of Good Result return premiums "ModoRich" auto insurance products

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

MS&AD Insurance Group Holdings, Inc.

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On the following pages, addendums 7 through 12 contain non-consolidated interim results for Mitsui Sumitomo Insurance and Aioi Nissay Dowa Insurance results.

Kindly consult them for details.

Net premiums written

(¥ bn)

	FY2011 2nd Qtr.	FY2012 2nd Qtr.	
			Change
Fire	94.6	91.9	-2.9%
Marine	27.9	27.0	-2.9%
Personal accident	72.5	75.1	3.6%
Auto	283.9	296.0	4.2%
CALI	70.5	79.4	12.6%
Others	93.9	97.7	4.1%
Total	643.6	667.4	3.7%
Excluding CALI	573.0	588.0	2.6%

Net loss ratio

	FY2011 2nd Qtr.	FY2012 2nd Qtr.	
			Change
Fire	132.7%	113.9%	-18.8pt
Marine	54.8%	51.7%	-3.1pt
Personal accident	57.5%	56.2%	-1.3pt
Auto	72.0%	67.7%	-4.3pt
CALI	103.2%	94.1%	-9.1pt
Other	48.6%	48.2%	-0.4pt
Total	78.6%	72.4%	-6.2pt
Excluding CALI, residential earthquake	61.7%	69.5%	7.8pt

*On the basis of exclusion of Good Result return premiums "ModoRich" auto insurance products.

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

(¥ bn)

	FY2011 2nd Qtr.					FY2012 2nd Qtr.					
	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)	61.0	68.9%	15.3	45.7	51.6%	57.8	62.5%	5.9	51.9	56.0%	4.4pt
Marine	14.3	51.3%	0.1	14.2	50.7%	12.2	45.3%	0.0	12.2	45.1%	-5.6pt
Personal accident	36.4	55.2%	-0.5	36.9	56.0%	38.0	55.4%	-0.0	38.0	55.4%	-0.6pt
Auto	179.6	63.7%	2.8	176.7	62.6%	173.9	59.9%	3.1	170.7	58.8%	-3.8pt
Other	46.6	55.0%	-0.9	47.5	56.2%	47.9	53.5%	1.8	46.1	51.4%	-4.8pt
Totals (A)	338.2	61.5%	16.8	321.3	58.5%	330.1	58.1%	10.9	319.1	56.1%	-2.4pt
Residential earthquake(B)	71.1		71.1	0.0		0.0		0.0	0.0		
CALI (C)	65.5		0.0	65.5		66.9		0.0	66.9		
Total (A)+(B)+(C)	474.9		88.0	386.8		397.0		10.9	386.0		

* 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 during the year, the Thailand floods and the Great East Japan Earthquake.

Addendum 10: Non-consolidated Earnings for FY 2012 2Q
Aioi Nissay Dowa Insurance (1)

(¥ bn)

	FY2011, 2nd Qtr.	FY2012, 2nd Qtr.	
			YoY change
Net premiums written	543.1	556.0	12.9
Net premiums written, growth rate	- 2.7%	2.4%	5.1pt
Net loss ratio	81.4%	70.3%	- 11.1pt
Net expense ratio	35.1%	33.6%	- 1.5pt
Combined ratio	116.5%	103.9%	- 12.6pt
Incurred loss	399.1	358.2	-40.8
Underwriting income	19.9	17.3	-2.6
Net interest and dividend income	18.6	18.4	-0.2
Gains/losses on sales of securities	2.8	4.5	1.6
Losses on devaluation of securities	-14.1	-38.6	-24.4
Net investment income	-0.5	-23.5	-22.9
Ordinary profit	18.1	-7.0	-25.1
Extraordinary income (gains/losses)	3.4	-0.6	-4.0
Interim net income	14.8	-15.7	-30.5
(Excluding compulsory automobile liability insurance)			
Net premiums written, growth rate	- 2.9%	1.3%	4.2pt
Net loss ratio	79.2%	67.1%	- 12.1pt
Net expense ratio	36.1%	35.2%	- 0.9pt
Combined ratio	115.3%	102.3%	- 13.0pt

Net premiums written

(¥ bn)

	FY2011 2nd Qtr.	FY2012 2nd Qtr.	
			Change
Fire	61.6	60.4	-1.9%
Marine	4.4	4.7	6.3%
Personal accident	37.3	37.8	1.3%
Auto	316.6	323.6	2.2%
CALI	70.6	77.4	9.6%
Other	52.3	51.8	-0.9%
Total	543.1	556.0	2.4%
Excluding CALI	472.4	478.6	1.3%

Net loss ratio

	FY2011 2nd Qtr.	FY2012 2nd Qtr.	
			Change
Fire	169.8%	90.9%	-78.9pt
Marine	60.4%	52.2%	-8.2pt
Personal accident	51.5%	50.2%	-1.3pt
Auto	67.2%	65.8%	-1.4pt
CALI	96.2%	90.0%	-6.2pt
Other	66.1%	61.7%	-4.4pt
Total	81.4%	70.3%	-11.1pt
Excluding CALI, residential earthquake	65.8%	67.2%	1.4pt

Addendum 12: Non-consolidated Earnings for FY 2012 Q2 Aioi Nissay Dowa Insurance (3)

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

(¥ bn)

	FY2011 2nd Qtr.					FY2012 2nd Qtr.					
	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)	43.1	62.5%	13.0	30.1	43.7%	51.4	74.9%	16.4	35.0	51.0%	7.3pt
Marine	1.8	42.0%	-0.1	2.0	44.7%	2.5	55.2%	0.0	2.5	55.2%	10.5pt
Personal accident	17.0	49.2%	0.0	17.0	49.2%	17.2	50.5%	0.0	17.2	50.4%	1.2pt
Auto	194.7	61.1%	2.1	192.6	60.4%	193.9	60.9%	2.9	190.9	60.0%	-0.4pt
Other	23.9	48.5%	0.4	23.4	47.5%	29.8	59.8%	0.5	29.2	58.6%	11.1pt
Total (A)	280.8	58.9%	15.5	265.3	55.7%	295.1	62.0%	19.9	275.1	57.8%	2.1pt
Residential earthquake (B)	56.6		56.6	0.0		0.0		0.0	0.0		
CALI (C)	61.6		0.0	61.6		63.1		0.0	63.1		
Total (A)+(B)+(C)	399.1		72.1	327.0		358.2		19.9	338.2		

* 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 during the year, the Thailand floods and the Great East Japan Earthquake.

Addendum 13: FY 2012 (Full Year) Consolidated Earnings Forecasts (1)

Net premiums written is projected to grow for the Group.

Net income forecast is going to plunge to 12.0 billion yen, primarily because of posting of devaluation losses on securities.

Year-end dividends are forecasted to be left unchanged to maintain stable dividends.

(¥ bn)

	FY2011	FY2012	FY2012	YoY Results Comparisons ③-①	Comparisons with Initial Forecasts ③-②
	Results ①	Initial Forecasts ^{*3} ②	Current Forecasts ③		
Net premiums written ^{*1}	2,558.8	2,630.0	2,630.0	71.1	0.0
Life insurance premiums	425.6	510.0	625.0	199.3	115.0
Consolidated ordinary profit	-96.2	125.0	48.0	144.2	-77.0
Mitsui Sumitomo Insurance	-130.1	70.0	38.0	168.1	-32.0
Aioi Nissay Dowa Insurance	9.2	36.0	11.0	1.7	-25.0
Consolidated net income ^{*2}	-169.4	80.0	12.0	181.4	-68.0
Mitsui Sumitomo Insurance	-130.6	47.0	26.0	156.6	-21.0
Aioi Nissay Dowa Insurance	-43.5	29.0	8.0	51.5	-21.0
Mitsui Direct General Insurance	0.3	0.3	0.3	0.0	0.0
MSI Aioi Life	-11.3	1.0	0.2	11.5	-0.8
MSI Primary Life	5.9	5.9	6.0	0.0	0.1
Overseas insurance subsidiaries	-6.7	20.4	13.7	20.4	-6.7
Others, consolidation adjustments, etc.	16.5	-23.6	-42.2	-58.7	-18.6

*1 On the basis of exclusion of Good Results return premiums "ModoRich" auto insurance products.

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

*3 The "FY2012 initial forecasts" are based on the results forecasts announced on May 18, 2012, hereafter the same.

Continuing on, I would next like to explain our consolidated results forecasts for the full FY2012 business year. Please look at Addendum 13.

Our forecast for net premiums written remains the same as at the beginning of the year, at 2.63 trillion yen, which represents a 2.8% or 71.1 billion yen increase over the previous year's results. In addition to steady growth for key domestic insurance segments resulting from the effects of premium revisions and other factors, we also are looking for increased overseas revenues, especially from Asia. We project ordinary profit to reach 48.0 billion yen, and net income to hit 12.0 billion. The slides on the pages that follow illustrate the factors we expect to have a positive or negative effect on earnings growth.

Addendum 14: FY 2012 (Full Year) Consolidated Earnings Forecasts (2) Major Assumptions

(¥ bn)

	Mitsui Sumitomo Insurance	Aioi Nissay Dowa Insurance
Incurring losses related to domestic natural catastrophes occurring in FY2012	32.0 (Change* +7.0)	23.0 (Change* + 3.0)
Net claims paid related to the Thailand floods	86.7 (Change* -31.6)	12.4 (Change* - 9.3)
Incurring losses related to the Thailand floods	Group Total -17.7 (Change* -17.7)	
Catastrophe reserves Fire insurance provision rate	Maintained at 9%	Maintained at 6%
	Depending on the conditions surrounding reversals, assumes there may be special provisions aside from the provisions shown above.	
Assumptions concerning the asset management environment	Assumes that there will be no major change in the level from end of September 2012 (Note) As of the end of September 2012 Nikkei average: 8,870 yen; US\$: 77.60 yen; Euro: 100.24 yen	
Net interest and dividends income	49.4 (Change* + 1.7)	32.5 (Change* + 1.9)
Corporate tax rate	33.2%	

* Change from assumptions of the initial forecasts.

I will next discuss our major assumptions for these forecasts. Please look at Addendum 14.

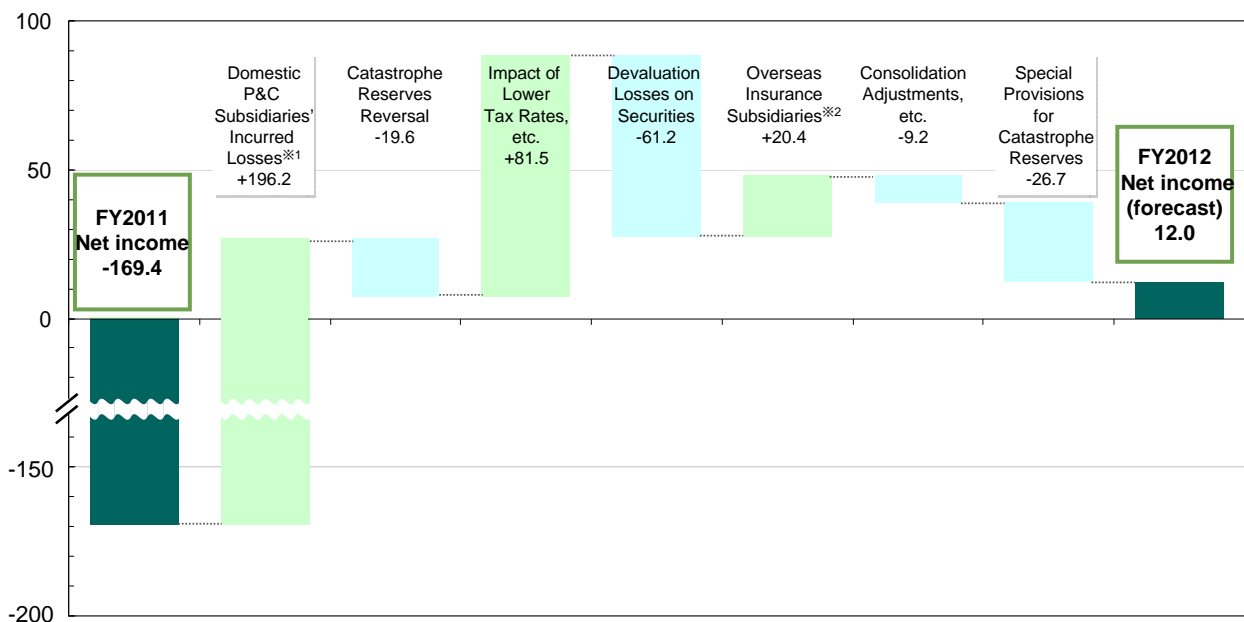
First, I would note that with domestic natural catastrophes occurring this fiscal year, the results through the second quarter will impact the full year as well. From assumptions of the initial forecasts, we project increases of 7.0 billion yen and 3.0 billion yen for Mitsui Sumitomo Insurance and Aioi Nissay Dowa Insurance respectively, for combined full year estimated incurred losses of 55.0 billion yen.

Net claims paid related to the Thailand floods are expected to total 99.1 billion yen for the two companies combined. For the two, there is a decrease of 40.9 billion yen compared to the initial forecasts. This was already explained in Addendums 3 and 4, but this reflects the decrease in incurred losses and deferred of payments for some claims.

Addendum 15: FY 2012 (Full Year) Consolidated Earnings Forecasts (3) YoY change

Major increase/decrease factors for consolidated net income (forecast) based on previous fiscal year results

(¥ bn)



*1 Domestic P&C subsidiaries' incurred losses: Sum of MSI and ADI excluding residential earthquake insurance and CALI.

*2 Overseas insurance subsidiaries: Including overseas life insurance subsidiaries.

Next, I would like to explain the major variance factors affecting the actual results for last fiscal year and the forecasts for this fiscal year.

Please look at Addendum 15.

The results for FY2011 as displayed on the left side of the graph show that while the decline in incurred losses related to the Thailand floods, etc. and the elimination of the impact of the drop in corporate tax rates contributed to the plus side on earnings, the increase in devaluation losses for securities and the “special provisions” to catastrophe reserves of an estimated 40.0 billion yen before tax have a negative impact to the profit. We are therefore projecting 12.0 billion yen in net income for the full year in FY2012.

Addendum 16: FY 2012 (Full Year) Non-consolidated Earnings Forecasts Mitsui Sumitomo Insurance (1)

(¥ bn)

	FY2011	FY2012 (forecast)	
			YoY change
Net premiums written	1,269.2	1,302.2	32.7
Net premiums written, growth rate	3.1%	2.6%	- 0.5pt
Net loss ratio	84.8%	75.3%	- 9.5pt
Net expense ratio	33.3%	32.9%	- 0.4pt
Combined ratio	118.1%	108.2%	- 9.9pt
Incurred loss	1,122.0	795.8	-326.2
Underwriting income	-170.0	28.5	198.5
Net interest and dividend income	54.9	49.3	-5.6
Gains/losses on sale of securities	19.3	32.1	12.8
Losses on devaluation of securities	-39.2	-49.0	-9.8
Net investment income	36.5	17.7	-18.9
Ordinary profit	-130.1	38.0	168.1
Extraordinary income (losses)	-1.0	-0.1	1.0
Net income	-130.6	26.0	156.6
(Excluding compulsory automobile liability insurance)			
Net premiums written, growth rate	2.5%	2.1%	- 0.5pt
Net loss ratio	82.7%	72.5%	- 10.2pt
Net expense ratio	34.9%	34.7%	- 0.2pt
Combined ratio	117.6%	107.2%	- 10.4pt

*On the basis of exclusion of Good Results return premiums "ModoRich" auto insurance products.

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

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Starting with Addendum 16 on the next page through Addendum 19, we present details of our non-consolidated current term results forecasts for Mitsui Sumitomo Insurance and Aioi Nissay Dowa Insurance. Please take a look at them.

This concludes my presentation.

Addendum 17: FY 2012 (Full Year) Non-consolidated Earnings Forecasts Mitsui Sumitomo Insurance (2)

Net premiums written

(¥ bn)

	FY2011	FY2012 (forecast)	
			Change
Fire	182.6	185.6	1.6%
Marine	53.0	51.7	- 2.5%
Personal accident	139.3	142.9	2.5%
Auto	570.9	587.8	3.0%
CALI	146.1	155.5	6.4%
Other	177.1	178.5	0.8%
Total	1269.2	1302.0	2.6%
Excluding CALI	1123.1	1146.5	2.1%

Net loss ratio

	FY2011	FY2012 (forecast)	
			YoY change
Fire	162.0%	111.1%	- 50.9pt
Marine	65.6%	53.9%	- 11.7pt
Personal accident	60.2%	59.9%	- 0.3pt
Auto	73.3%	70.0%	- 3.3pt
CALI	101.1%	96.3%	- 4.8pt
Other	54.2%	55.9%	1.7pt
Total	84.8%	75.3%	- 9.5pt
Excluding CALI, residential earthquake	75.6%	72.5%	- 3.1pt

*On the basis of exclusion of Good Results return premiums "ModoRich" auto insurance products.

Incurred losses

(¥ bn)

	FY2011	FY2012 (forecast)	
			YoY change
Incurred losses (excluding loss adjustment expenses)	1,122.0	795.8	-326.2
Natural catastrophes	332.4	15.2	-317.3
Other than natural catastrophes	789.5	780.6	-8.9

* Incurred losses = net claims + provisions for outstanding claims

* FY2011 "Natural catastrophes" include ¥n65.2 billion in incurred losses related to the Great East Japan Earthquake (including ¥n71.1 billion for residential earthquake insurance) and ¥n234.2 billion related to the Thailand floods.

* FY 2012 "Natural catastrophes" include ¥n0.4 billion in incurred losses related to the Great East Japan Earthquake and -¥n17.2 billion related to the Thailand floods.

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Addendum 18: FY 2012 (Full Year) Non-consolidated Forecasts Aioi Nissay Dowa Insurance (1)

(¥ bn)

	FY2011	FY2012 (forecast)	
			YoY change
Net premiums written	1,074.6	1,107.0	32.3
Net premiums written, growth rate	- 2.1%	3.0%	5.1pt
Net loss ratio	79.7%	71.8%	- 7.9pt
Net expense ratio	35.1%	33.9%	- 1.2pt
Combined ratio	114.8%	105.7%	- 9.1pt
Incurred loss	804.3	712.9	-91.4
Underwriting income	-20.0	22.6	42.6
Net interest and dividend income	36.2	32.5	-3.7
Gains/losses on sale of securities	13.8	6.0	-7.8
Losses on devaluation of securities	-14.5	-30.7	-16.1
Net investment income	20.4	-11.8	-32.2
Ordinary profit	9.2	11.0	1.7
Extraordinary income	5.4	5.9	0.4
Net income	-43.5	8.0	51.5
(Excluding compulsory automobile liability insurance)			
Net premiums written, growth rate	- 3.1%	2.6%	5.7pt
Net loss ratio	77.4%	68.7%	- 8.7pt
Net expense ratio	36.6%	35.3%	- 1.3pt
Combined ratio	114.0%	104.0%	- 10.0pt

Addendum 19: FY 2012 (Full Year) Non-consolidated Forecasts Aioi Nissay Dowa Insurance (2)

Net premiums written

(¥ bn)

	FY2011	FY2012 (forecast)	
			Change
Fire	119.7	120.7	0.8%
Marine	8.6	10.0	14.9%
Personal accident	72.6	74.1	2.0%
Auto	631.5	649.0	2.8%
CALI	145.0	153.3	5.7%
Other	96.9	99.9	3.0%
Total	1,074.6	1,107.0	3.0%
Excluding CALI	929.6	953.7	2.6%

Net loss ratio

	FY2011	FY2012 (forecast)	
			YoY change
Fire	140.0%	86.2%	- 53.8pt
Marine	54.7%	48.0%	- 6.7pt
Personal accident	52.5%	53.0%	0.5pt
Auto	69.7%	67.8%	- 1.9pt
CALI	95.0%	91.2%	- 3.8pt
Other	70.4%	67.3%	- 3.1pt
Total	79.7%	71.8%	- 7.9pt
Excluding CALI, residential earthquake	70.5%	68.7%	- 1.8pt

Incurred losses

(¥ bn)

	FY2011	FY2012 (forecast)	
			YoY change
Incurred losses (including loss adjustment expenses)	804.3	712.9	-91.4
Natural catastrophes	106.8	21.6	-85.1
Other than natural catastrophes	697.5	691.2	-6.3

* Incurred losses = net claims paid + provision for outstanding claims

* FY2011 "Natural catastrophes" include incurred losses of ¥n54.7 billion related to the Great East Japan Earthquake (including ¥n56.6 billion for residential earthquake insurance) and ¥n30.0 billion related to the Thailand floods.

* FY2012 "Natural catastrophes" include incurred losses of -¥n1.3 billion related to the Thailand floods.

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