

Materials for FY2014 2Q Results Briefing - Conference Call

Nov. 19, 2014 (Wed)

MS&AD

INSURANCE GROUP

MS&AD Insurance Group Holdings, Inc.

I am Toshihiko Tanaka of MS&AD Holdings.

Thank you for taking the time to participate in our earnings conference call today.

Today, in addition to our FY2014 second quarter earnings results, we are also releasing an upward revision to our full-year consolidated earnings forecasts for FY2014, as well as announcing a repurchase of our own shares of up to 10 billion yen. Prior to commencing my presentation on earning results and forecasts today, I would like to say a few words about the view of MS&AD Holdings regarding the repurchase of our own shares.

Given that interim net income for FY2014 reached 109.6 billion yen, setting a record high for the second year in a row and exceeding levels assumed at the beginning of the year, we have revised our FY2014 full-year forecast for net income upward by 20.0 billion yen, to 120.0 billion yen. One contributing factor in this has been the results of our efforts, since the founding of the Group, to improve underwriting results in automobile insurance, which are finally paying off. We recognize this as an indication of our ability to ensure stable underwriting profit in our domestic non-life insurance business going forward.

At the same time, we believe our share price does not yet adequately reflect this recovery in earning power, and this is why, along with the release of this earnings report, we are also announcing our decision to conduct a repurchase of our own shares.

Moving on, my explanation today will follow the materials we have prepared in slide format, titled Materials for FY2014 2Q Results Briefing – Conference Call.

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Unless otherwise noted, numbers shown as 2Q figures in this document are cumulative values for the six-month period from April 1 to September 30 of each fiscal year.

Abbreviations of Company Names Used in this Presentation

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

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

Summary of FY 2014 2Q Results

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1. Consolidated Earnings for FY 2014 2Q (1) - Overview (i)

- Net premiums written rose by 4.4% due to solid performance by both domestic non-life insurance companies and overseas subsidiaries.
- Life insurance premiums rose by a substantial 171.9% due to significant sales growth at MSI Primary Life along with increased sales at MSI Aioi Life.

(¥bn)

	FY2013 2Q	FY2014 2Q		
	Results	Results	YoY Change	Growth
Direct premiums written* (excluding deposit premiums from policyholders)	1,556.1	1,614.4	58.2	3.7%
Net premiums written*	1,424.1	1,486.3	62.1	4.4%
Mitsui Sumitomo Insurance*	700.7	729.1	28.4	4.1%
Aioi Nissay Dowa Insurance	577.5	583.6	6.1	1.1%
Mitsui Direct General Insurance	17.5	17.1	- 0.3	-2.1%
Overseas subsidiaries	126.5	153.4	26.9	21.3%
Life insurance premiums	182.7	496.8	314.1	171.9%

*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.

<Reference: Gross life insurance premiums>

	FY2013 2Q	FY2014 2Q		
	Results	Results	YoY Change	Growth
MSI Aioi Life	202.4	215.3	12.8	6.4%
MSI Primary Life	316.2	498.0	181.8	57.5%

Please turn to the first page of the slides, Slide 1.

Net premiums written continued their steady increase, rising by 62.1 billion yen, or 4.4% year-on-year, due to a solid increase in premiums of domestic non-life insurance companies combined with substantial growth in premiums of overseas insurance subsidiaries. Meanwhile, life insurance premiums rose by a substantial 314.1 billion yen, in large part due to an increase in revenues at MSI Aioi Life and strong sales at MSI Primary Life.

2. Consolidated Earnings for FY 2014 2Q (1) - Overview (ii)

- While Aioi Nissay Dowa Insurance saw increased profits, primarily due to an improvement in automobile insurance incurred losses, ordinary profit declined by 5.0 billion yen to 158.0 billion yen, due to lower net investment income at Mitsui Sumitomo Insurance and a drop in profit at MSI Primary Life due to the impact of falling overseas interest rates.
- At the same time, interim net income reached 109.6 billion yen, the highest since the founding of the Group.
- Group core profit increased by 8.1 billion yen, to 108.4 billion yen.

(¥bn)

	FY2013 2Q Results	Results	FY2014 2Q	
			YoY Change	Change Ratio
Ordinary profit* ¹	163.0	158.0	- 5.0	- 3.1%
Mitsui Sumitomo Insurance	87.3	71.2	- 16.1	- 18.4%
Aioi Nissay Dowa Insurance	40.0	57.3	17.2	43.1%
Mitsui Direct General Insurance	0.7	- 0.6	- 1.4	- 188.5%
MSI Aioi Life	8.0	7.8	- 0.1	- 1.9%
MSI Primary Life	22.4	10.7	- 11.7	- 52.2%
Overseas subsidiaries	21.5	21.5	0.0	0.0%
Consolidation adjustments, etc.	- 17.1	- 9.9	7.1	-
Net income* ¹	109.5	109.6	0.1	0.1%
Mitsui Sumitomo Insurance	60.3	50.5	- 9.8	- 16.3%
Aioi Nissay Dowa Insurance	28.3	46.5	18.2	64.3%
Mitsui Direct General Insurance	0.5	- 0.5	- 1.1	- 198.2%
MSI Aioi Life	3.2	3.4	0.1	4.3%
MSI Primary Life	14.5	8.1	- 6.3	- 43.6%
Overseas subsidiaries	17.0	17.0	- 0.0	- 0.3%
Consolidation adjustments, etc.	- 14.6	- 15.5	- 0.9	-
Group Core Profit* ²	100.3	108.4	8.1	8.1%

*1 Ordinary profit and net income of subsidiaries are on equity stake basis, same hereafter. *2 For the definition of Group Core Profit, please refer to the beginning page.

Please look at Slide 2.

Consolidated ordinary profit is covered in the top section of the table.

While Aioi Nissay Dowa Insurance saw increased profits, primarily due to a decrease in automobile insurance incurred losses, Group consolidated ordinary profit declined by 5.0 billion yen year-on-year, to 158.0 billion yen. This was due primarily to lower investment profit at Mitsui Sumitomo Insurance, and an increase in the policy reserve burden at MSI Primary Life caused mainly by the impact of falling foreign currency interest rates, both of which resulted in lower profits.

At the same time, Group consolidated net income rose year-on-year to 109.6 billion yen, the highest interim figure for the Group since its founding.

Group core profit increased by 8.1 billion yen year-on-year, to 108.4 billion yen.

The breakdown includes 73.9 billion yen from the domestic non-life insurance business, 11.4 billion yen from the domestic life insurance business, 20.2 billion yen from overseas business, and 2.7 billion yen from our financial services business and risk-related services business.

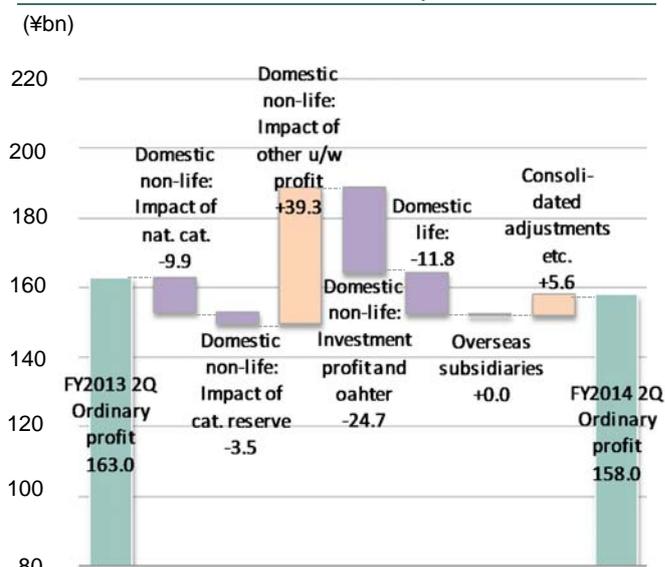
3. Consolidated Earnings for FY 2014 2Q (2) - YoY Results Comparisons

- Underwriting profit at domestic non-life insurance companies, excluding the impact of natural disaster and catastrophe reserves, boosted profit by 39.3 billion yen.
- Net investment profit and other in domestic non-life insurance companies fell by 24.7 billion yen, while the impact of natural catastrophe reduced profit by 9.9 billion yen.
- Domestic life insurance business reduced profit by 11.8 billion yen.

Factors in YoY Changes in Consolidated Ordinary Profit

	FY2013 2Q (a)	FY2014 2Q (b)	Differ- ence (b)-(a)
Consolidated ordinary profit	163.0	158.0	-5.0
Domestic non-life insurance companies ^{*1}			
Impact of natural catastrophe ^{*2}	-7.4	-17.3	-9.9
Impact of cat. reserve	6.7	3.2	-3.5
Impact of other underwriting profit	42.5	81.9	39.3
Investment profit and other	85.5	60.7	-24.7
Domestic life insurance companies	30.4	18.5	-11.8
Overseas subsidiaries	21.5	21.5	0
Consolidation adjustments, etc.	-16.3	-10.6	5.6

Consolidated Ordinary Profit



*1 Figures for domestic non-life insurance are the sum of figures for Mitsui Sumitomo Insurance and Aioi Nissay Dowa Insurance.

*2 "Impact of natural catastrophes" is the total of incurred losses resulting from domestic natural catastrophes occurring in Japan during the period, heavy snowfalls in Feb. 2014 in Japan and the Thailand floods in 2011.

Next, please look at Slide 3.

This page shows the primary reasons for year-on-year changes in consolidated ordinary profit.

As you can see from this graph, interim consolidated ordinary profit was boosted by a 39.3 billion yen improvement in underwriting profit at domestic non-life insurance companies, excluding the impact of natural catastrophes and catastrophe reserves.

Meanwhile, negative factors include a 24.7 billion yen drop in investment profit and other at domestic non-life insurance companies, and a drop of 9.9 billion yen due to the impact of natural catastrophes, including the 2011 floods in Thailand and heavy snowfalls in Japan in February of this year.

Ordinary profits at domestic life insurance companies also fell by 11.8 billion yen, partly in reaction to last year's strong performance.

4. Domestic Non-life Insurance Companies (1) - MSI&ADI Results for FY 2014 2Q (i)

- Automobile, CALI² and new types of insurance contributed to an increase in net premiums written of 2.7%, or 34.5 billion yen, for the simple sum of MSI and ADI.
- Underwriting profit increased by 25.9 billion yen for the simple sum of MSI and ADI, an effect of the increase in premiums and a reduction in incurred losses.

(¥bn)

	MSI (Non-consolidated)		ADI (Non-consolidated)		<Reference> Simple Sum	
		YoY Change		YoY Change		YoY Change
Net premiums written	729.1	28.4	583.6	6.1	1,312.8	34.5
Growth rate of net premiums written	4.1%	-0.9pt	1.1%	-2.8pt	2.7%	-1.8pt
Net claims paid	(-) 405.9	-2.6	342.8	5.3	748.7	2.6
<Incurred losses> (Excluding loss adjustment expenses)	(-) 389.3	-1.0	324.2	-22.6	713.5	-23.6
Commissions and collection expenses	(-) 128.0	6.6	108.3	5.1	236.3	11.8
Operating expenses and general and administrative expenses (underwriting)	(-) 101.5	4.5	95.4	3.6	196.9	8.1
Provision for ordinary underwriting reserve	(-) 36.8	11.0	6.5	1.6	43.3	12.6
Underwriting profit before catastrophe reserve	37.6	9.7	26.9	19.6	64.5	29.4
Reversal of catastrophe reserve	-9.1	-12.3	12.3	8.7	3.2	-3.5
Underwriting profit	28.5	-2.5	39.2	28.4	67.8	25.9
Ratios						
Net loss ratio ^{*1}	61.5%	-2.4pt	63.4%	0.6pt	62.3%	-1.1pt
Net expense ratio	31.5%	0.3pt	34.9%	1.1pt	33.0%	0.7pt
Combined ratio	93.0%	-2.1pt	98.3%	1.7pt	95.3%	-0.4pt
<Reference: Ratios excluding residential earthquake insurance and CALI ^{*2} >						
Net loss ratio ^{*1}	58.6%	-2.1pt	60.6%	1.3pt	59.5%	-0.6pt
Net expense ratio	33.6%	0.6pt	37.2%	1.6pt	35.2%	1.1pt
Combined ratio	92.2%	-1.5pt	97.8%	2.9pt	94.7%	0.5pt

*1 Net loss ratio is on a "written-to-paid" basis, same hereafter. *2 CALI stands for Compulsory Automobile Liability Insurance, same hereafter.

Next, I will provide an overview of the simple-sum performance of the two core domestic non-life insurance companies. Please look at Slide 4.

First, net premiums written for the two companies rose by 34.5 billion yen year-on-year, a strong 2.7% increase, mainly due to increased premiums at both companies for automobile insurance and compulsory automobile liability insurance, which were affected by premium revisions.

Next, net claims paid increased by 2.6 billion yen year-on-year, due in part to solid progress in payment of claims resulting from the heavy snowfalls in February of this year, but incurred losses for the simple sum of the two companies fell by 23.6 billion yen year-on-year, due in part to a drop in the number of accidents in automobile insurance and a reduction in losses related to natural catastrophes arising in the current fiscal year.

Total underwriting profit for the two companies increased by 25.9 billion yen year-on-year, to 67.8 billion yen.

5. Domestic Non-life Insurance Companies (1) - MSI&ADI Results for FY 2014 2Q (ii)

- Net investment profit and other ordinary profit decreased by 24.7 billion yen for the simple sum of MSI and ADI, due to reductions in gains on sales of securities, and interest and dividend income.
- Interim net income was up 8.3 billion yen, to 97.1 billion yen for the simple sum of MSI and ADI.

(¥bn)

	MSI (Non-consolidated)		ADI (Non-consolidated)		< Reference > Simple Sum	
		YoY Change		YoY Change		YoY Change
Underwriting profit	28.5	-2.5	39.2	28.4	67.8	25.9
Net interest and dividends income	36.8	-2.6	19.5	-5.3	56.3	-7.9
Gains on sales of securities	9.5	-16.7	2.0	-7.7	11.6	-24.5
Impairment losses on securities (-)	3.6	2.5	0.8	-2.2	4.5	0.3
Investment profit and other ordinary profit	42.7	-13.5	18.0	-11.1	60.7	-24.7
Ordinary profit	71.2	-16.1	57.3	17.2	128.6	1.1
Extraordinary income	-0.2	2.6	7.6	8.3	7.4	10.9
Income before income taxes	71.0	-13.4	64.9	25.5	136.0	12.1
Net income	50.5	-9.8	46.5	18.2	97.1	8.3

Next, please look at Slide 5.

Regarding investment profit, owing partly to a decrease in gains on the sale of securities compared to the previous year, when large gains were recorded, the sum of investment profit and other ordinary profit was down by 24.7 billion yen year-on-year, to 60.7 billion yen.

In addition, the two companies sold a combined 33.4 billion yen in strategic equity holdings.

As a result, ordinary profit for the two core domestic non-life insurance companies combined increase by 1.1 billion yen year-on-year, to 128.6 billion yen, and interim net income rose by 8.3 billion yen year-on-year, to 97.1 billion yen.

Furthermore, in relation to the reorganization by function of the MS&AD Group, MSI posted 1.0 billion yen in extraordinary income in compensation for the consolidation of long-term third sector policies at MSI Aioi Life, while Aioi Nissay Dowa Insurance posted a corresponding amount of 10 billion yen, but this portion was eliminated on a consolidated basis due to consolidation adjustments, because they are internal Group transactions.

6. Domestic Non-life Insurance Companies (2) - Impact of Natural Catastrophes - FY 2014 2Q

- Claims payment related to natural catastrophes increased by 37.4 billion yen year-on-year to 68.1 billion yen, as payments relating to heavy snowfall in Japan in February progressed smoothly.
- While incurred losses relating to natural catastrophes in Japan fell as there were fewer natural catastrophes this fiscal year, total incurred losses rose by 9.8 billion yen year-on-year, to 17.1 billion yen, a rebound from the negative incurred losses generated by flooding in Thailand in the previous fiscal year.

Impact of natural catastrophes in Japan, heavy snowfalls in Feb and floods in Thailand (¥bn)

	Net Claims Paid		Provision for O/S*		Incurred Losses		Balance of O/S* as of Sep. 30, 2014
		YoY Change		YoY Change		YoY Change	
Nat Cat in Japan (Occurred in FY2014)	5.9	0.7	9.2	-8.7	15.1	-7.9	9.2
Mitsui Sumitomo Insurance	3.6	0.8	6.0	-5.0	9.6	-4.2	6.0
Aioi Nissay Dowa Insurance	2.2	-0.0	3.2	-3.6	5.4	-3.6	3.2
Heavy snowfalls in Japan (Occurred in Feb. 2014)	58.8	58.8	-56.5	-56.5	2.2	2.2	7.1
Mitsui Sumitomo Insurance	34.9	34.9	-33.5	-33.5	1.3	1.3	3.2
Aioi Nissay Dowa Insurance	23.8	23.8	-23.0	-23.0	0.8	0.8	3.9
Floods in Thailand (Occurred in FY2011)	3.3	-22.1	-3.6	37.7	-0.2	15.5	17.8
Mitsui Sumitomo Insurance	2.8	-18.7	-2.8	32.7	0.0	13.9	16.2
Aioi Nissay Dowa Insurance	0.0	-2.4	-0.1	4.1	-0.0	1.6	0.7
Overseas subsidiaries	0.4	-0.9	-0.5	0.8	-0.1	-0.0	0.9
Total	68.1	37.4	-50.9	-27.5	17.1	9.8	34.3

* "O/S" stands for outstanding claims, same hereafter.

Next, please look at Slide 6.

As shown on the bottom line, total net claims paid due to the impact of natural catastrophes that occurred in Japan in the current fiscal year, as well as the heavy snowfalls that occurred in February 2014 and the floods in Thailand that occurred in FY2011, increased by 37.4 billion yen year-on-year, to 68.1 billion yen.

This is primarily due to solid progress in payment of claims for damage related to the heavy snowfalls in February, with payment of more than 90% of incurred losses completed as of the end of September.

Moreover, while the total of incurred losses increased by 9.8 billion yen, to 17.1 billion yen, this was largely because the negative incurred losses arising as a result of progress in loss adjustments and the exchange rate impact related to losses from the floods in Thailand in the previous fiscal year were eliminated for the most part.

7. Domestic Non-life Insurance Companies (3) - Catastrophe Reserve - FY 2014 2Q

- At Mitsui Sumitomo Insurance, the reversal of the catastrophe reserve fell by 11.2 billion yen due to an improvement in the loss ratio for automobile insurance.
- At Aioi Nissay Dowa Insurance, the reversal of the catastrophe reserve increased by 8.7 billion yen due to steady progress in the payment of claims relating to heavy snowfall in February.
- The net change for the two companies combined was an excess reversal of 3.2 billion yen, with net reversals decreasing by 3.5 billion yen year-on-year overall.

Catastrophe reserve

(¥bn)

	Mitui Sumitomo Insurance				Aioi Nissay Dowa Insurance			
	Reversal	Provision	Change	Balance as of Sep. 30, 2014	Reversal	Provision	Change	Balance as of Sep. 30, 2014
Fire and allied	17.6	9.6	- 8.0	92.4	17.9	5.3	- 12.6	91.9
Marine	-	1.4	1.4	70.8	-	0.2	0.2	14.0
Personal accident	0.3	2.4	2.1	64.2	-	1.1	1.1	60.1
Voluntary automobile	2.2	10.0	7.8	27.3	14.2	10.7	- 3.4	17.7
Other	0.3	6.0	5.7	152.7	0.5	2.9	2.3	52.9
Total	20.5	29.6	9.1	407.6	32.7	20.3	- 12.3	236.8
YoY Change	- 11.2	1.0	12.3		8.7	-0.0	- 8.7	

Please look at Slide 7.

This page shows the reversals and provisions for catastrophe reserves for the two core non-life insurance companies.

At Mitsui Sumitomo Insurance, the amount of reversals across all lines of business fell by 11.2 billion yen year-on-year, due to improvement in the loss ratio for automobile insurance and other factors.

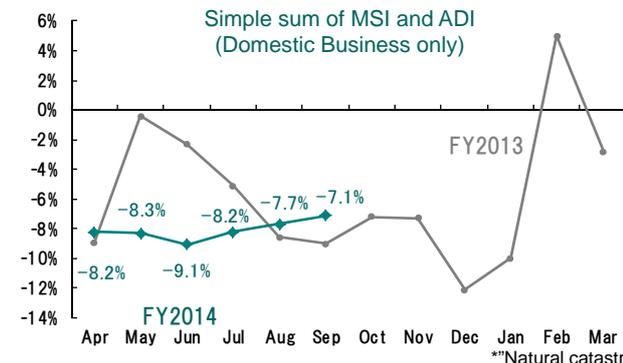
Meanwhile, at Aioi Nissay Dowa Insurance, the amount of reversals across all lines of business increased by 8.7 billion yen, primarily due to the steady progress made in payment of claims related to the heavy snowfall in February.

In terms of the net change across all lines of business, reserves at Mitsui Sumitomo Insurance increased by 12.3 billion yen, while Aioi Nissay Dowa Insurance showed a negative 8.7 billion yen, resulting in a net reduction in income of 3.5 billion yen for the simple sum of the two companies.

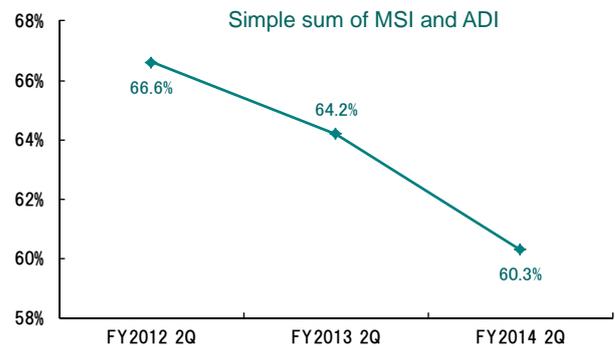
8. Domestic Non-life Insurance Companies (4) - Voluntary Auto Insurance - FY2014 2Q

- The Earned to Incurred loss ratio continued to improve as the number of accidents remained at a low level and insurance premium revenue grew.
- Average payout per claim continued to rise with the impact of the increase in the consumption tax rate.

Trend in the Number of Accidents (Per day, %YOY, excluding the number of accidents caused by natural catastrophes)



EI Loss Ratio (Including loss adjustment expenses)



**"Natural catastrophes" quoted in this page does not include heavy snowfalls occurred in Feb. 2014.

Insurance Premiums and Claims Payment

Mitsui Sumitomo Insurance

<Domestic, sales basis>	No. of contracts	Insurance premium unit price	Insurance premiums
Factors in increase/decrease of insurance premiums	+0.4%	+3.1%	+3.5%
<Domestic>	Property damage liability	Vehicle damage (Excl. natural cat.)	
Changes in average payout per claim	+1.6%	+4.7%	

Aioi Nissay Dowa Insurance

<Domestic, sales basis>	No. of contracts	Insurance premium unit price	Insurance premiums
Factors in increase/decrease of insurance premiums	-0.9%	+2.2%	+1.3%
<Domestic>	Property damage liability	Vehicle damage (Excl. natural cat.)	
Changes in average payout per claim	+3.2%	+4.0%	

* Figures for "Factors of increase/decrease in insurance premiums" are the % YoY change, based on sales results from Apr. to Sep.

* "Change in average payout per claim" means the change in average payout per claim over the one-year period ended Sep. 30, 2014 compared with the average pay out per claim in the one-year period ended Mar. 31, 2014.

* EI loss ratio is 6 months results from Apr. to Sept. of each year.

Next, please look at Slide 8.

The line graph at the upper left shows the change in the number of accidents.

The range has gradually shrunk for the growth rate of the number of accidents, which through the end of September were trending at a level about 7% lower than last year. We believe this can be attributed to the results of measures to date to improve underwriting profit, as well as the impact of revisions to the non-fleet grade system enacted in October 2012, and a decrease in traffic volume due to rising gasoline prices.

Next, please take a look at the factors increasing/decreasing insurance premiums in the lower table. Insurance premium unit prices rose 3.1% at MSI and 2.2% at ADI, indicating the continued effect of product revisions, including rate revisions previously implemented.

Under these circumstances, the earned-incurred loss ratio, shown by the graph on the upper right, has continued to steadily improve.

At the same time, as is shown on the line at the very bottom of this slide, average payout per claim continues to trend upward with the ongoing rise in repair costs and the additional impact of the hike in the consumption tax rate, and this is something we will continue to keep an eye on.

9. Domestic Life Insurance Companies - MSI Aioi Life - Results for FY 2014 2Q

- The amount of new policies decreased by 7.7%, due to a drop in income security insurance and other factors.
- Annualized premiums of new policies increased by 15.6% due to strong third-sector product sales.
- Interim net income was level year-on-year at 3.4 billion yen.

MSI Aioi Life

(¥bn)

	FY 2013 2Q		FY 2014 2Q	
	Results	Results	Change	Change Ratio
Amount of new policies ^{*1}	1,373.8	1,267.5	- 106.3	-7.7%
Amount of policies in force ^{*1}	(At the beginning of the FY) 21,105.0	21,534.1	(Change from the beginning of the FY) 429.0	2.0%
Annualized premiums of new policies ^{*1}	20.4	23.5	3.1	15.6%
of which, third sector insurance	3.8	7.2	3.3	87.2%
Annualized premiums of policies in force ^{*1}	(At the beginning of the FY) 335.8	346.0	(Change from the beginning of the FY) 10.1	3.0%
of which, third sector insurance	(At the beginning of the FY) 61.1	65.8	(Change from the beginning of the FY) 4.6	7.7%
Gross premium income	202.4	215.3	12.8	6.4%
Ordinary profit	8.0	7.8	- 0.1	-1.9%
Net Income	3.2	3.4	0.1	4.3%
Core profit	6.4	8.4	2.0	31.0%
EEV (Provisional) ^{*2}	(At the beginning of the FY) 588.1	626.8	(Change from the beginning of the FY) 38.6	

*1 Figures are the sum of personal insurance and personal annuity insurance.

*2 2Q EEV is a pro forma figure based in part on a simple calculation. The figures have not been verified by an independent third party.

Next, let's take a look at MSI Aioi Life. Please turn to Slide 9.

The amount of new policies decreased 7.7% year-on-year due to a drop in income guarantee insurance and other factors, but the annualized premiums of new policies increased by 15.6% year-on-year due to strong sales of the third sector product "New Medical Insurance A (Ace)." The amount of policies in force increased by 2.0% year-on-year, while annualized premiums of policies in force also rose by 3.0%, showing steady growth.

Interim net income was level year-on-year at 3.4 billion yen.

Embedded value as of the end of September showed steady expansion, increasing by 38.6 billion yen from the end of the previous fiscal year to 626.8 billion yen, partly on growth in new policies for third-sector products.

10. Domestic Life Insurance Companies - MSI Primary Life - Results for FY 2014 2Q

- Gross premium income increased by 57.5% to 498.0 billion yen, due to steady growth in sales of fixed and variable whole life insurance.
- Interim net income decreased by 6.3 billion yen to 8.1 billion yen due to an increase in the burden of policy reserves for foreign-denominated insurance products, reflecting a drop in Australian dollar interest rates.

MSI Primary Life

(¥bn)

	FY 2013 2Q		FY 2014 2Q		
	Results	Results	Change	Change Ratio	
Amount of new policies*	302.2	484.6	182.3	60.3%	
Amount of policies in force*	(At the beginning of the FY) 4,024.3	4,366.0	(Change from the beginning of the FY) 341.6	8.5%	
Gross premium income	316.2	498.0	181.8	57.5%	
Ordinary profit	22.4	10.7	- 11.7	- 52.2%	
Net Income	14.5	8.1	- 6.3	- 43.6%	
Core profit	30.1	7.4	- 22.7	- 75.4%	

* Figures are the sum of personal insurance and personal annuity insurance.

Continuing on, we'll go over the results for MSI Primary Life. Please look at Slide 10.

Boosted by continued strong sales of foreign currency-denominated fixed whole life insurance, and favorable sales of the variable whole life insurance launched last year, gross premiums income at MSI Primary Life rose by 57.5% to 498.0 billion yen, reaching a record high for the interim period.

The amount of policies in force rose by 8.5% from the beginning of the fiscal year to 4,366.0 billion yen, reflecting strong sales and a generally favorable market environment.

Interim net income declined by 6.3 billion yen, to 8.1 billion yen, owing to an increase in the provision for the policy reserve, reflecting a drop in Australian dollar interest rates.

11. Overseas Subsidiaries - Results for FY 2014 2Q

- Net premiums written increased in all regions and reinsurance business on a local currency basis. Owing partly to the impact of exchange rates (+9.4 billion yen) and new consolidations, (+6.6 billion yen) net premiums written increased by 21.3%.
- Interim net income was level year-on-year at 17.0 billion yen.

Overseas Subsidiaries

(¥bn)

	FY2013 2Q Results	Results	FY2014 2Q	
			YoY Change	Change ratio
Net premiums written	126.5	153.4	26.9	21.3%
Asia *	60.4	74.0	13.6	22.5%
Europe	35.3	44.7	9.3	26.5%
Americas	18.3	21.0	2.6	14.3%
Reinsurance	12.3	13.7	1.3	11.1%
Net income	17.0	17.0	-0.0	-0.3%
Asia *	7.2	9.6	2.4	33.7%
Europe	3.4	2.5	-0.8	-24.7%
Americas	0.9	0.5	-0.4	-40.9%
Reinsurance	5.4	4.1	-1.2	-22.6%

*ADI's Australian subsidiary has been included as a consolidated subsidiary under "Asia" since FY2014.

Next I'd like to discuss our overseas subsidiaries. Please turn to Slide 11.

Net premiums written increased by 21.3% overall, to 153.4 billion yen.

While this includes a 7.5% exchange rate impact, net premiums income increased across all regions even on a local currency basis.

Interim net income was level year-on-year at 17.0 billion yen.

FY 2014 2Q Results Data

Mitsui Sumitomo Insurance (Non-consolidated)	Page 12-14
Aioi Nissay Dowa Insurance (Non-consolidated)	Page 15-17

In the following pages from Slide 12 to 17, you will find non-consolidated results for both Mitsui Sumitomo Insurance and Aioi Nissay Dowa Insurance for the six-month period from April 1 to September 30 of fiscal year 2014. Please take a look at these later.

12. Results for FY 2014 2Q - Mitsui Sumitomo Insurance (Non-consolidated) (i)

(¥bn)

	FY2013 2Q Results	FY2014 2Q	
		Results	YoY Change
Net premiums written	700.7	729.1	28.4
Growth rate of net premiums written	5.0%	4.1%	-0.9 pt
Net loss ratio	63.9%	61.5%	-2.4 pt
Net expense ratio	31.2%	31.5%	0.3 pt
Combined ratio	95.1%	93.0%	-2.1 pt
Incurred losses (Excl. loss adjustment expenses)	390.3	389.3	-1.0
Underwriting profit	31.0	28.5	-2.5
Net interest and dividends income	39.4	36.8	-2.6
Gains on sales of securities	26.3	9.5	-16.7
Impairment losses on securities	-1.0	-3.6	-2.5
Investment profit	66.4	44.3	-22.1
Ordinary profit	87.3	71.2	-16.1
Extraordinary income	-2.8	-0.2	2.6
Net income	60.3	50.5	-9.8
<Rate and ratios, excluding residential earthquake insurance and CALI>			
Growth rate of net premiums written	4.8%	3.6%	-1.2 pt
Net loss ratio	60.7%	58.6%	-2.1 pt
Net expense ratio	33.0%	33.6%	0.6 pt
Combined ratio	93.7%	92.2%	-1.5 pt

13. Results for FY 2014 2Q - Mitsui Sumitomo Insurance (Non-consolidated) (ii)

Net premiums written

(¥bn)

	FY2013 2Q Results	FY2014 2Q	
		Results	Growth
Fire and allied	105.3	106.9	1.5%
Marine	28.9	31.9	10.2%
Personal accident	75.9	78.3	3.2%
Voluntary automobile	304.7	313.9	3.0%
CALI	84.5	90.6	7.3%
Other	101.1	107.2	6.0%
Total	700.7	729.1	4.1%
Total excl. residential EQ insurance and CALI	615.7	638.1	3.6%

Net loss ratio

	FY2013 2Q Results	FY2014 2Q	
		Results	Change
Fire and allied	70.5%	79.2%	8.7pt
Marine	63.0%	49.4%	-13.6pt
Personal accident	58.5%	55.9%	-2.6pt
Voluntary automobile	62.9%	59.2%	-3.7pt
CALI	87.4%	81.6%	-5.8pt
Other	44.8%	41.0%	-3.8pt
Total	63.9%	61.5%	-2.4pt
Total excl. residential EQ insurance and CALI	60.7%	58.6%	-2.1pt

14. Results for FY 2014 2Q - Mitsui Sumitomo Insurance (Non-consolidated) (iii)

Incurred losses*1 and EI loss ratio (including loss adjustment expenses)

(¥bn)

	FY 2013 2Q					FY 2014 2Q					
	Incurred Losses*1 (a)	EI Loss Ratio	Nat Cat Impact*2 (b)	(a)-(b)	EI Loss Ratio (Excluding Nat Cat Impact)	Incurred Losses*1 (c)	EI Loss Ratio	Nat Cat Impact*2 (d)	(c)-(d)	EI Loss Ratio (Excluding Nat Cat Impact)	YoY Change
Fire and allied (Excluding residential earthquake insurance)	47.5	49.5%	-2.6	50.1	52.2%	59.4	60.1%	9.1	50.3	50.8%	-1.4pt
Marine	18.6	64.9%	0.0	18.6	64.7%	12.2	40.8%	0.0	12.2	40.7%	-24.0pt
Personal accident	45.0	65.1%	-0.0	45.0	65.1%	42.6	59.5%	0.1	42.5	59.3%	-5.8pt
Voluntary automobile	192.6	64.1%	1.5	191.0	63.6%	188.4	60.6%	0.6	187.8	60.4%	-3.2pt
Other	51.0	57.3%	1.0	50.0	56.2%	54.9	58.5%	1.1	53.8	57.3%	1.1pt
Total*3 (A)	354.8	60.8%	-0.0	354.9	60.8%	357.8	59.1%	11.0	346.7	57.2%	-3.6pt
Residential earthquake insurance (B)	—	—	—	—	—	—	—	—	—	—	—
CALI (C)	74.6	—	—	74.6	—	73.5	—	—	73.5	—	—
Total (A)+(B)+(C)	429.5	—	-0.0	429.5	—	431.4	—	11.0	420.3	—	—

*1 Incurred losses = net claims paid + loss adjustment expenses + provision for outstanding claims

*2 "Nat Cat (Natural Catastrophe) Impact" is the total of incurred losses resulting from domestic natural catastrophes occurring in Japan during the period, heavy snowfalls in Feb. 2014 in Japan and the Thailand floods in 2011.

*3 Total (A) excludes residential earthquake insurance and CALI.

* Earned premium, which is the denominator of the EI loss ratio, is calculated by adjusting unearned premium (excluding natural catastrophe reserves) and premium reserve.

15. Results for FY 2014 2Q - Aioi Nissay Dowa Insurance (Non-consolidated) (i)

(¥bn)

	FY2013 2Q	FY2014 2Q	
	Results	Results	YoY Change
Net premiums written	577.5	583.6	6.1
Growth rate of net premiums written	3.9%	1.1%	-2.8 pt
Net loss ratio	62.8%	63.4%	0.6 pt
Net expense ratio	33.8%	34.9%	1.1 pt
Combined ratio	96.6%	98.3%	1.7 pt
Incurred losses (Excl. loss adjustment expenses)	346.9	324.2	-22.6
Underwriting profit	10.8	39.2	28.4
Net interest and dividends income	24.9	19.5	-5.3
Gains on sales of securities	9.8	2.0	-7.7
Impairment losses on securities	-3.1	-0.8	2.2
Investment profit	27.6	16.9	-10.6
Ordinary profit	40.0	57.3	17.2
Extraordinary income	-0.6	7.6	8.3
Net income	28.3	46.5	18.2
<Rate and ratios, excluding residential earthquake insurance and CALI>			
Growth rate of net premiums written	3.9%	0.4%	-3.5 pt
Net loss ratio	59.3%	60.6%	1.3 pt
Net expense ratio	35.6%	37.2%	1.6 pt
Combined ratio	94.9%	97.8%	2.9 pt

16. Results for FY 2014 2Q - Aioi Nissay Dowa Insurance (Non-consolidated) (ii)

Net premiums written

	FY2013 2Q Results	FY2014 2Q	
		Results	Growth
Fire and allied	67.2	66.1	-1.6%
Marine	5.6	5.1	-9.0%
Personal accident	38.1	36.8	-3.5%
Voluntary automobile	331.8	333.7	0.6%
CALI	80.4	84.7	5.3%
Other	54.1	56.9	5.2%
Total	577.5	583.6	1.1%
Total excl. residential EQ insurance and CALI	496.7	498.6	0.4%

Net loss ratio

	FY2013 2Q Results	FY2014 2Q	
		Results	Change
Fire and allied	58.6%	83.3%	24.7pt
Marine	61.0%	51.0%	-10.0pt
Personal accident	47.6%	48.0%	0.4pt
Voluntary automobile	62.0%	59.3%	-2.7pt
CALI	84.7%	79.6%	-5.1pt
Other	51.5%	51.0%	-0.5pt
Total	62.8%	63.4%	0.6pt
Total excl. residential EQ insurance and CALI	59.3%	60.6%	1.3pt

17. Results for FY 2014 2Q - Aioi Nissay Dowa Insurance (Non-consolidated) (iii)

Incurred losses*¹ and EI loss ratio (including loss adjustment expenses)

	FY 2013 2Q					FY 2014 2Q					
	Incurred Losses* ¹ (a)	EI Loss Ratio	Nat Cat Impact* ² (b)	(a)-(b)	EI Loss Ratio (Excluding Nat Cat Impact)	Incurred Losses* ¹ (c)	EI Loss Ratio	Nat Cat Impact* ² (d)	(c)-(d)	EI Loss Ratio (Excluding Nat Cat Impact)	YoY Change
Fire and allied (Excluding residential earthquake insurance)	40.7	57.0%	5.7	34.9	48.9%	36.8	49.9%	4.8	32.0	43.4%	-5.5pt
Marine	2.9	58.6%	—	2.9	58.6%	2.6	49.6%	—	2.6	49.6%	-9.0pt
Personal accident	18.4	54.6%	0.0	18.4	54.6%	16.5	49.5%	0.0	16.5	49.4%	-5.2pt
Voluntary automobile	209.2	64.3%	1.4	207.8	63.9%	197.5	60.0%	1.0	196.5	59.6%	-4.3pt
Other	32.4	64.5%	0.2	32.2	64.0%	30.8	58.2%	0.3	30.4	57.5%	-6.5pt
Total* ³ (A)	303.8	62.5%	7.4	296.3	61.0%	284.5	57.4%	6.2	278.2	56.2%	-4.8pt
Residential earthquake insurance (B)	—	/	—	—	/	—	/	—	—	/	/
CALI (C)	68.5	/	—	68.5	/	66.7	/	—	66.7	/	/
Total (A)+(B)+(C)	372.3	/	7.4	364.9	/	351.2	/	6.2	344.9	/	/

*1 Incurred losses = net claims paid + loss adjustment expenses + provision for outstanding claims

*2 "Nat Cat (Natural Catastrophe) Impact" is the total of incurred losses resulting from domestic natural catastrophes occurring in Japan during the period, heavy snowfalls in Feb. 2014 in Japan and the Thailand floods in 2011.

*3 Total (A) excludes residential earthquake insurance and CALI.

* Earned premium, the denominator of the EI loss ratio, is calculated by adjusting unearned premium and premium reserve.

Projected Financial Results for FY2014 (Revised)

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Mitui Sumitomo Insurance (MSI) (Non-consolidated)	Page 23-24
Aioi Nissay Dowa Insurance (ADI) (Non-consolidated)	Page 25-26
Simple Sum of MSI and ADI (Non-consolidated)	Page 27-28

Next, I'd like to discuss our fiscal 2014 consolidated earnings forecast.

18. Consolidated Earnings Forecasts for FY 2014 (1)

- Net premiums written are expected to rise by 125.4 billion yen year-on-year, a growth rate of 4.5%, to 2,935.0 billion yen. This represents an upward revision of 10.0 billion yen over the fiscal year initial forecast.
- In domestic non-life insurance, net premiums written will rise as growth strategies are achieved. The Group expects to continue expanding its business volume overseas.

(¥bn)

	FY2013 Results	FY2014 Forecasts (Previous)	FY2014 Forecasts			
			(Revised)	YoY Change	Change Ratio	Change from the previous
Net premiums written*	2,809.5	2,925.0	2,935.0	125.4	4.5%	10.0
Mitsui Sumitomo Insurance	1,384.5	1,433.0	1,442.0	57.4	4.2%	9.0
Aioi Nissay Dowa Insurance	1,144.6	1,156.0	1,156.0	11.3	1.0%	-
Mitsui Direct General Insurance	35.5	36.2	35.6	0.0	0.0%	- 0.6
Overseas subsidiaries	240.6	294.0	294.0	53.3	22.2%	-
Life insurance premiums	678.9	631.0	906.0	227.0	33.4%	275.0

*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.

<Reference: Gross life insurance premiums>

	FY2013 Results	FY2014 Forecasts (Previous)	FY2014 Forecasts			
			(Revised)	YoY Change	Change Ratio	Change from the previous
MSI Aioi Life	416.7	445.3	439.6	22.8	5.5%	- 5.7
MSI Primary Life	826.4	500.0	850.0	23.5	2.9%	350.0

Please look at Slide 18.

Group consolidated net premiums written are expected to reach 2,935.0 billion yen, an upward revision of 10.0 billion yen over the initial fiscal year forecast.

This represents a rise of 125.4 billion yen, a growth rate of 4.5%.

At both Mitsui Sumitomo Insurance and Aioi Nissay Dowa Insurance, we expect to see further steady execution of reorganization by function as well as the incorporation of growth strategies, while the effects of the weaker yen will be seen in the overseas subsidiaries and operations are expected to grow, primarily in Asia.

Life insurance premiums are forecast to reach 906.0 billion yen, a year-on-year increase of 227.0 billion yen, and an upward revision of 275.0 billion yen over the initial forecast for the fiscal year.

The forecast for MSI Primary Life reflects strong sales of fixed whole life insurance.

19. Consolidated Earnings Forecasts for FY 2014 (2)

- The fiscal year initial forecast for ordinary profit is being revised upward by 80.0 billion yen, to 230.0 billion yen.
- The fiscal year initial forecast for net income is being revised upward by 20.0 billion yen, to 120.0 billion yen.
- MSI and ADI will work to strengthen their financial positions by achieving unrealized gains on equities and adding to provisions for price fluctuation reserves.

(¥bn)

	FY2013 Results	FY2014 Forecasts (Previous)	FY2014 Forecasts		
			(Revised)	YoY Change	Change from the previous
Ordinary profit	190.2	150.0	230.0	39.7	80.0
Mitsui Sumitomo Insurance	101.9	79.0	130.0	28.0	51.0
Aioi Nissay Dowa Insurance	27.8	27.0	53.0	25.1	26.0
Net income*	93.4	100.0	120.0	26.5	20.0
Mitsui Sumitomo Insurance	58.0	62.0	78.0	19.9	16.0
Aioi Nissay Dowa Insurance	13.1	34.0	39.0	25.8	5.0
Mitsui Direct General Insurance	0.1	0.1	- 1.2	- 1.3	- 1.3
MSI Aioi Life	6.6	1.0	2.0	- 4.6	1.0
MSI Primary Life	17.9	12.0	12.0	- 5.9	-
Overseas subsidiaries	19.9	24.0	28.0	8.0	4.0
Consolidation adjustments, etc.	- 22.4	- 33.1	- 37.8	- 15.4	- 4.7

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

Next, I'd like to go over ordinary profit and net income for FY2014.
Please look at Slide 19.

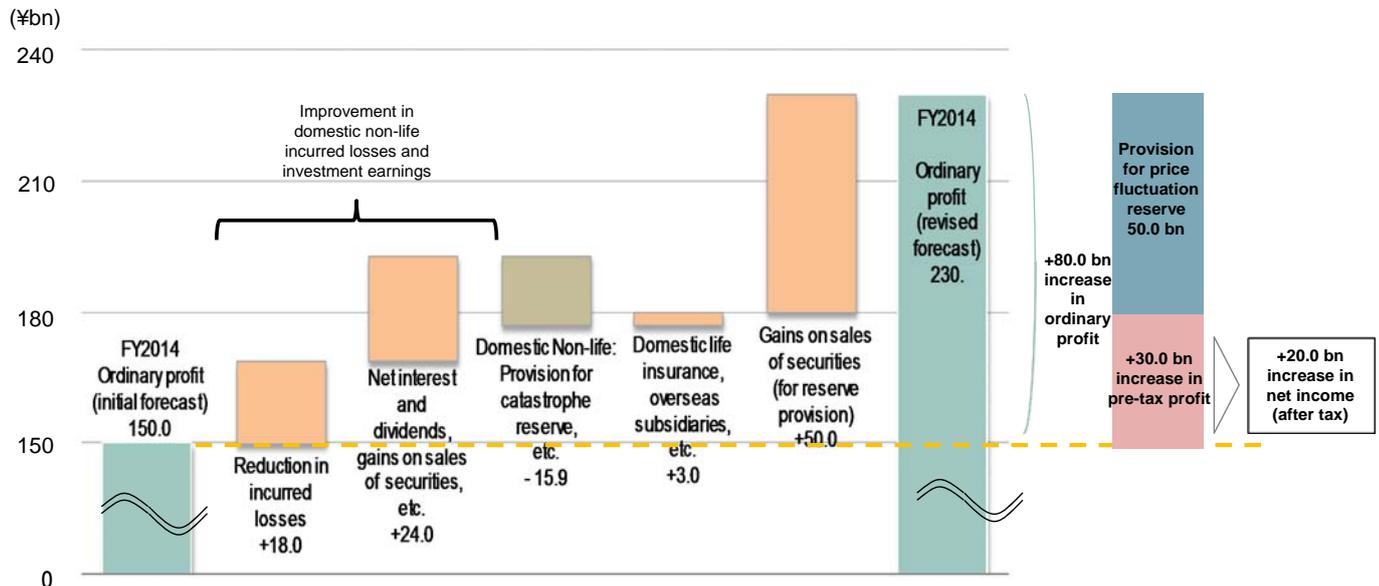
At 230.0 billion yen, Group consolidated ordinary profit reflects an upward revision of 80.0 billion yen over the initial forecast for the fiscal year.

Group consolidated net income is expected to reach 120.0 billion yen, an upward revision of 20.0 billion yen over the initial forecast.

20. Consolidated Earnings Forecasts for FY 2014 (3) – Revised Forecasts

- MSI and ADI will see increased profits through a drop in incurred losses and strong investment earnings.
- A gain of 50.0 billion yen from sales of securities, separate from the plan for sales of strategic equity holdings, is secured to include additional provision of 50.0 billion yen for price fluctuation reserves.

Factors behind change in initial forecast for consolidated ordinary profit



* Figures for domestic non-life insurance are the simple sum of figures for Mitsui Sumitomo Insurance and Aioi Nissay Dowa Insurance.

For a breakdown of the factors behind the change in the initial forecast for group consolidated ordinary profit, please turn to Slide 20.

This graph explains the difference between the initial fiscal year forecast and the current revision.

First, for Mitsui Sumitomo Insurance and Aioi Nissay Dowa Insurance, the continued trend toward improvement in losses, primarily in automobile insurance, and a drop in incurred loss given the small number of major losses in the first half of the fiscal year, are expected to have a positive impact of 18.9 billion yen.

In investment profit, we have incorporated a positive impact of 24.0 billion yen versus the initial fiscal year forecast, based on an increase in dividends income from domestic equities given the strong market environment, and increased gains from the sale of strategic equity holdings.

Next, for the Group's two domestic non-life insurance companies, we have incorporated a negative impact of 15.9 billion yen against underwriting profit, due to a reduction in reversal of catastrophe reserves associated with a drop in claims paid.

In addition, a positive impact of 3.0 billion yen from the initial forecast is also anticipated for domestic life insurance companies and overseas insurance subsidiaries.

Further, to prepare for future changes in the investment environment, the Group's two domestic non-life insurance companies plan to make an additional provision of 50.0 billion yen in total to their price fluctuation reserves at the end of the fiscal year.

This is expected to help stabilize accounting profits even in the event of a substantial devaluation loss in future.

To accommodate this additional 50.0 billion yen provision for price fluctuation reserves, we expect to secure a gain of 50.0 billion yen from the sale of securities, separate from our plan for sale of strategic equity holdings.

As a result, total Group ordinary profit for FY2014 is being revised upward in the initial forecast by a significant 80.0 billion yen, to 230.0 billion yen.

Of that 80.0 billion yen upward revision in the initial forecast for ordinary profit, the 50.0 billion yen going to the additional provision for price fluctuation reserves will be recorded as an extraordinary profit (loss), while the remaining 30.0 billion yen, equivalent to 20.0 billion yen after taxes, represents the amount of the upward revision to net income.

21. Consolidated Earnings Forecasts for FY 2014 (4)

- Based on the current forecast, Group core profit for FY2014 is expected to increase by 20.0 billion yen over the initial forecast, to 120.0 billion yen, while Group ROE is forecast to reach 5.2%.
- The increase in EV for MSI Aioi Life is expected to rise by 22.0 billion yen over the initial forecast, to 65.0 billion yen.

(¥bn)

	FY2013 Results	FY2014 Forecasts (Previous)	(Revised)	FY2014 Forecasts	
				YoY Change	Change from the previous
Group Core Profit*	94.8	100.0	120.0	25.1	20.0
Domestic non-life insurance	47.8	61.0	76.0	28.1	15.0
Domestic life insurance	24.4	13.0	14.0	-10.4	1.0
Overseas	18.0	22.0	25.0	6.9	3.0
Financial services/ Risk-related services	4.4	4.0	5.0	0.5	1.0
Financial targets					
Combined ratio (Domestic non-life insurance)	98.2%	100.0%	98.1%	- 0.1pt	Δ 1.9pt
Increase in EV of MSI Aioi Life	91.6	43.0	65.0	-26.7	22.0
Group ROE*	4.5%	4.5%	5.2%	0.7pt	0.7pt

* For the definition of Group Core Profit and Group ROE, please refer to the beginning page.

Next, I'd like to explain Group Core Profit. Please see Slide 21.

The factors behind our upward revision of net income I explained earlier, including a reduction in incurred loss and an increase in dividends income, also apply to our calculation of Group Core Profit, which we have revised upward by 20.0 billion yen from the initial fiscal year forecast, to 120.0 billion yen.

The combined ratio, the additional embedded value at MSA Life, and Group ROE figures are as noted.

EV for MSA Life is expected to increase by 22.0 billion yen compared to the initial forecast, to 65.0 billion yen. This is primarily due to strong sales of third-sector products, which contribute significantly to EV.

22. Earnings Forecasts for FY 2014 - Major Assumptions

- Based on the interim results for FY2014, the Group will work to ensure its financial soundness, while maintaining growth and improving profitability.
- MSI and ADI plan to add 50.0 billion yen to their provision for price fluctuation reserves.

Major assumptions about consolidated earnings forecasts

(¥bn)

	Mitsui Sumitomo Insurance	Aioi Nissay Dowa Insurance
Assumptions concerning the asset management environment	Assumes the level at the end of Sep. 2014 (Note) As of the end of Sep. 2014 Nikkei stock average: ¥16,173.52 US\$: ¥109.45 Euro: ¥138.87	
Incurring losses related to domestic natural catastrophes occurring in FY 2014 ^{*1}	23.0	15.0
Heavy snowfalls occurred in Feb. 2014 Net claims paid	37.9	25.7
Floods in Thailand occurred in Nov. 2011 Net claims paid	11.5	0.6
Catastrophe reserve (For fire insurance)	Provision rate	9.0%
	Additional provision	10.0
Price fluctuation reserve	Additional provision	30.0
	Expected balance as of Mar. 31, 2015	53.5
Extraordinary income (Transfer consideration relating to reorganization by function) ^{*2}	1.8	24.8
Corporate tax rate (Effective tax rate) ^{*3}	30.7%	

*1 Figures incorporate 18 (Phanfone) and 19 (Vongfong).

*2 Extra ordinary income caused by transfer consideration related to reorganization by function is group's internal transaction, and will not affect on group's earnings.

*3 Corporate tax rate does not incorporate the reduction in the corporate tax.

* Other than listed above, we are projecting an additional provision of ¥6 billion for the price fluctuation reserve at MSI Primary Life.

On the following slide, we explain the primary assumptions behind these forecast performance numbers. Please see Slide 22.

Assumptions about the market environment are based on levels as of the end of September 2014. With regards to domestic natural catastrophes occurring in the fiscal year, we assumed an amount of 38.0 billion yen for both companies, the same as the initial forecast for the year, after incorporating losses from typhoons 18 (Phanfone) and 19 (Vongfong) which struck in October.

Claims paid by each company for heavy snowfalls in February 2014 and the flooding in Thailand in 2011 are noted separately on the table.

Regarding catastrophe reserve, provision rates for fire insurance and the amount of additional provisions for each company are as shown on the table. Note that the assumption of an additional provision for fire insurance equivalent to 30.0 billion yen combined for both companies remains unchanged from the initial fiscal year forecast.

Regarding additional provisions for price fluctuation reserves, plans call for an additional 30.0 billion yen at Mitsui Sumitomo Insurance and 20.0 billion yen at Aioi Nissay Dowa Insurance. This is expected to ensure that the fiscal year-end price fluctuation reserve balances for the Group's two domestic non-life insurance companies are in excess of their balances prior to the global recession triggered by the collapse of Lehman Brothers.

Next, I'll review the transfer consideration related to the reorganization by function.

While the consideration does have an impact on each company's profit and loss, because they are internal Group transactions and will therefore be eliminated from consolidated accounts, they will have no impact on Group consolidated earnings.

The amounts are the same as in the initial forecast, and assume that the reorganization by function will be smoothly implemented as planned.

The effective corporate tax rate is estimated at 30.7%.

Note that this forecast does not incorporate the reversal impact on deferred tax assets associated with the lowering of the corporate tax rate, currently under consideration.

23. Earnings Forecasts for FY 2014 - Mitsui Sumitomo Insurance (Non-consolidated) (1)

(¥bn)

	FY2013 Results	FY2014 Forecasts (Previous)	FY2014 Forecasts (Revised)	FY2014	
				YoY Change	Change from the previous
Net premiums written	1,384.5	1,433.0	1,442.0	57.4	9.0
Growth rate of net premiums written	5.3%	3.5%	4.2%	-1.2 pt	0.7 pt
Net loss ratio	65.1%	65.7%	63.8%	-1.3 pt	-1.9 pt
Net expense ratio	32.0%	32.2%	32.1%	0.1 pt	-0.1 pt
Combined ratio	97.1%	97.9%	95.9%	-1.2 pt	-2.0 pt
Incurred losses (Excl. loss adjustment expenses)	832.1	813.8	808.8	-23.2	-5.0
Underwriting profit	-7.3	11.0	6.0	13.3	-5.0
Net interest and dividends income	70.9	61.1	67.0	-3.9	5.9
Gains on sales of securities	54.8	18.7	69.1	14.2	50.4
Impairment losses on securities	-3.3	-3.0	-6.1	-2.7	-3.1
Investment profit	125.1	73.8	129.2	4.0	55.4
Ordinary profit	101.9	79.0	130.0	28.0	51.0
Extraordinary income	-17.4	1.7	-28.8	-11.3	-30.4
Net income	58.0	62.0	78.0	19.9	16.0
<Rate and ratios, excluding residential earthquake insurance and CALI>					
Growth rate of net premiums written	4.7%	3.4%	4.3%	-0.4 pt	0.9 pt
Net loss ratio	62.2%	63.3%	61.1%	-1.1 pt	-2.2 pt
Net expense ratio	34.1%	34.4%	34.2%	0.1 pt	-0.2 pt
Combined ratio	96.3%	97.7%	95.3%	-1.0 pt	-2.4 pt

For details concerning the non-consolidated earnings forecasts for Mitsui Sumitomo Insurance and Aioi Nissay Dowa Insurance, and for the simple-sum figures for the two companies on a non-consolidated basis, please refer later to the information beginning on Slide 23.

This concludes my presentation.
Thank you.

24. Earnings Forecasts for FY 2014 - Mitsui Sumitomo Insurance (Non-consolidated) (2)

Net premiums written

(¥bn)

	FY2013	FY2014	
	Results	Forecasts	Growth
Fire and allied	212.2	221.7	4.4%
Marine	56.7	63.3	11.6%
Personal accident	144.6	148.6	2.7%
Voluntary automobile	608.3	626.6	3.0%
CALI	173.4	179.1	3.2%
Other	188.9	202.7	7.2%
Total	1,384.5	1,442.0	4.2%
Total excl. residential EQ insurance and CALI	1,210.3	1,262.1	4.3%

Net loss ratio

	FY2013	FY2014	
	Results	Forecasts	YoY Change
Fire and allied	70.9%	72.3%	1.4pt
Marine	59.6%	50.4%	-9.2pt
Personal accident	60.4%	59.1%	-1.3pt
Voluntary automobile	63.5%	62.2%	-1.3pt
CALI	85.4%	83.2%	-2.2pt
Other	50.2%	49.6%	-0.6pt
Total	65.1%	63.8%	-1.3pt
Total excl. residential EQ insurance and CALI	62.2%	61.1%	-1.1pt

Incurred losses*1

(¥bn)

	FY2013	FY2014	
	Results	Forecasts	YoY Change
Incurred losses (Excluding loss adjustment expenses)*1	832.1	808.8	-23.2
Natural catastrophes*2	46.9	24.6	-22.3
Other than natural catastrophes	785.1	784.2	-0.9

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

*2 "Natural catastrophes" means domestic natural catastrophes occurring in Japan during the period, heavy snowfalls in Feb. 2014 in Japan, and the floods in Thailand in 2011.

"Natural Catastrophes" include incurred losses from flooding in Thailand (FY2013 -20.3 billion yen; FY2014 0.0 billion yen) and incurred losses stemming from heavy snowfalls in Japan in February 2014 (FY2013 45.4 billion yen; FY2014 1.6 billion yen)

25. Earnings Forecasts for FY 2014 - Aioi Nissay Dowa Insurance (Non-consolidated) (1)

(¥bn)

	FY2013 Results	FY2014 Forecasts (Previous)	FY2014 Forecasts		
			(Revised)	YoY Change	Change from the previous
Net premiums written	1,144.6	1,156.0	1,156.0	11.3	-
Growth rate of net premiums written	3.8%	1.0%	1.0%	-2.8 pt	-
Net loss ratio	65.0%	66.7%	65.4%	0.4 pt	-1.3 pt
Net expense ratio	34.5%	35.8%	35.4%	0.9 pt	-0.4 pt
Combined ratio	99.5%	102.5%	100.8%	1.3 pt	-1.7 pt
Incurred losses (Excl. loss adjustment expenses)	728.9	698.8	684.9	-44.0	-13.9
Underwriting profit	-28.8	10.0	18.0	46.8	8.0
Net interest and dividends income	45.9	31.3	34.5	-11.4	3.2
Gains on sales of securities	19.5	2.9	13.3	-6.2	10.4
Impairment losses on securities	-3.6	-5.0	-5.0	-1.3	-
Investment profit	53.0	17.0	34.6	-18.4	17.6
Ordinary profit	27.8	27.0	53.0	25.1	26.0
Extraordinary income	-5.6	21.0	0.8	6.4	-20.2
Net income	13.1	34.0	39.0	25.8	5.0
<Rate and ratios, excluding residential earthquake insurance and CALI>					
Growth rate of net premiums written	3.2%	0.8%	0.9%	-2.3 pt	0.1 pt
Net loss ratio	62.0%	64.4%	62.8%	0.8 pt	-1.6 pt
Net expense ratio	36.5%	38.1%	37.6%	1.1 pt	-0.5 pt
Combined ratio	98.5%	102.5%	100.4%	1.9 pt	-2.1 pt

26. Earnings Forecasts for FY 2014 - Aoi Nissay Dowa Insurance (Non-consolidated) (2)

Net premiums written

	FY2014		
	FY2013 Results	Forecasts	Growth
Fire and allied	135.7	136.1	0.3%
Marine	11.2	7.4	-34.1%
Personal accident	72.6	71.1	-2.1%
Voluntary automobile	658.9	670.2	1.7%
CALI	164.2	166.6	1.4%
Other	101.7	104.6	2.8%
Total	1,144.6	1,156.0	1.0%
Total excl. residential EQ insurance and CALI	979.8	988.9	0.9%

Net loss ratio

	FY2014		
	FY2013 Results	Forecasts	YoY Change
Fire and allied	64.8%	74.4%	9.6pt
Marine	52.4%	58.1%	5.7pt
Personal accident	50.3%	48.9%	-1.4pt
Voluntary automobile	63.2%	62.2%	-1.0pt
CALI	83.0%	81.6%	-1.4pt
Other	59.3%	60.6%	1.3pt
Total	65.0%	65.4%	0.4pt
Total excl. residential EQ insurance and CALI	62.0%	62.8%	0.8pt

Incurred losses*1

	FY2014		
	FY2013 Results	Forecasts	YoY Change
Incurred losses (Excluding loss adjustment expenses)*1	728.9	684.9	-44.0
Natural catastrophes*2	49.3	15.6	-33.6
Other than natural catastrophes	679.6	669.2	-10.4

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

*2 "Natural catastrophes" mean domestic natural catastrophes occurring in Japan during the period, heavy snowfalls in Feb. 2014 in Japan, and the floods in Thailand in 2011.

"Natural Catastrophes" include incurred losses from flooding in Thailand (FY2013 -2.6 billion yen; FY2014 -100 million yen) and incurred losses stemming from heavy snowfalls in Japan in February 2014 (FY2013 36.7 billion yen; FY2014 800 million yen)

27. Earnings Forecasts for FY 2014 - Simple Sum of MSI & ADI (Non-consolidated) (1)

	FY2013		FY2014	
	Results	YoY Change	Forecasts	YoY Change
Net premiums written	2,417.4	111.6	2,598.0	68.8
Growth rate of net premiums written	3.1%	1.5pt	2.7%	-1.9pt
Net loss ratio	72.0%	-7.0pt	64.5%	-0.5pt
Net expense ratio	33.2%	0.0pt	33.6%	0.4pt
Combined ratio	105.2%	-7.0pt	98.1%	-0.1pt
Incurred losses (Excl. loss adjustment expenses)	1,550.1	10.9	1,493.7	-67.3
Underwriting profit	-3.0	-33.1	24.0	60.1
Net interest and dividends income	98.0	18.8	101.5	-15.3
Gains on sales of securities	60.4	13.9	82.4	8.0
Impairment losses on securities	-38.1	31.1	-11.1	-4.1
Investment profit	102.2	75.9	163.8	-14.3
Ordinary profit	91.2	38.6	183.0	53.1
Extraordinary income	-3.9	-19.1	-28.0	-4.8
Net income	61.5	9.6	117.0	45.8
<Rate and ratios, excluding residential earthquake insurance and CALI>				
Growth rate of net premiums written	2.8%	1.2pt	2.8%	-1.2pt
Net loss ratio	69.1%	-7.0pt	61.8%	-0.3pt
Net expense ratio	34.8%	0.4pt	35.7%	0.5pt
Combined ratio	103.9%	-6.6pt	97.5%	0.2pt

28. Earnings Forecasts for FY 2014 - Simple Sum of MSI & ADI (Non-consolidated) (2)

Net premiums written

	FY2014				
	FY2012		FY2013		FY2014
	Results	Results	Growth	Forecasts	Growth
Fire and allied	314.2	348.0	10.7%	357.8	2.8%
Marine	63.3	67.9	7.3%	70.7	4.1%
Personal accident	214.9	217.3	1.1%	219.7	1.1%
Voluntary automobile	1,235.4	1,267.2	2.6%	1,296.8	2.3%
CALI	310.0	337.7	8.9%	345.7	2.4%
Other	279.4	290.7	4.1%	307.3	5.7%
Total	2,417.4	2,529.1	4.6%	2,598.0	2.7%
Total excl. residential EQ insurance and CALI	2,105.6	2,190.1	4.0%	2,251.0	2.8%

Net loss ratio

	FY2014				
	FY2012		FY2013		FY2014
	Results	Results	YoY change	Forecasts	YoY change
Fire and allied	96.7%	68.5%	-28.2pt	73.1%	4.6pt
Marine	51.7%	58.4%	6.7pt	51.2%	-7.2pt
Personal accident	56.8%	57.0%	0.2pt	55.8%	-1.2pt
Voluntary automobile	67.9%	63.4%	-4.5pt	62.2%	-1.2pt
CALI	92.4%	84.2%	-8.2pt	82.4%	-1.8pt
Other	56.3%	53.4%	-2.9pt	53.4%	0.0pt
Total	72.0%	65.0%	-7.0pt	64.5%	-0.5pt
Total excl. residential EQ insurance and CALI	69.1%	62.1%	-7.0pt	61.8%	-0.3pt

Incurred losses*1

	FY2014				
	FY2012		FY2013		FY2014
	Results	Results	YoY Change	Forecasts	YoY Change
Incurred losses (Excl. loss adjustment expenses)*1	1,550.1	1,561.1	10.9	1,493.7	-67.3
Natural catastrophes*2	53.8	96.3	42.5	40.2	-56.0
Other than natural catastrophes	1,496.2	1,464.7	-31.5	1,453.4	-11.3

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

*2 "Natural catastrophes" mean domestic natural catastrophes occurring in Japan during the period, heavy snowfalls in Feb. 2014 in Japan, and the floods in Thailand in 2011.

"Natural Catastrophes" include incurred losses from flooding in Thailand (FY2012 600 million yen; FY2013 -23.0 billion yen; FY2014 -100 million yen) and incurred losses stemming from heavy snowfalls in Japan in February 2014 (FY2013 82.1 billion yen; FY2014 2.4 billion yen)

Caution About Forward-looking Statements

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