

MS&AD

MS&AD MS&AD Insurance Group Holdings, Inc.

Fiscal 2014 First Information Meeting

June 3, 2014

Advancing with you



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MS&AD Group Overview

Holding company

MS&AD MS&AD Insurance Group Holdings, Inc.

Domestic Non-Life

MS&AD Mitsui Sumitomo Insurance 

MS&AD Aioi Nissay Dowa Insurance 

MS&AD Mitsui Direct General Insurance 

Overseas

Overseas subsidiaries

Domestic Life

MS&AD Mitsui Sumitomo Aioi Life Insurance 

MS&AD Mitsui Sumitomo Primary Life Insurance 

Financial Services

Risk Related Services

MS&AD Insurance Group Holdings, Inc.

Abbreviations of company names used in this presentation.

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

Caution About Forward-looking Statements

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

MS&AD Insurance Group Holdings, Inc.

I. Review of FY2013 Financial Results and Projected Financial Results for FY2014



MS&AD Insurance Group Holdings, Inc.

Summary of FY2013 Financial Results

- Direct premiums written increased 6.3% year on year, to over 3 trillion yen.
- Despite the effect of heavy snowfalls, ordinary profit rose 26.6% year on year, to 190.2 billion yen, reflecting a significant increase of investment income. Net income climbed 11.8% year on year, to 93.4 billion yen, a record for the MS&AD Group.

Key financial data (MS&AD Holdings, Consolidated)

| | FY2012 | FY2013 | | |
|--------------------------|---------|---------|------------|--------|
| | | | YoY Change | Growth |
| Direct premiums written* | 2,886.4 | 3,069.3 | 182.9 | 6.3% |
| Net premiums written* | 2,639.4 | 2,809.5 | 170.1 | 6.4% |
| Life insurance premiums | 569.0 | 678.9 | 109.9 | 19.3% |
| Ordinary profit/loss | 150.3 | 190.2 | 39.9 | 26.6% |
| Net income | 83.6 | 93.4 | 9.8 | 11.8% |

* Direct premiums written and net premiums written exclude Good Result Return premiums of the "ModoRich" auto insurance product, which contains a special clause related to premium adjustment and refund at maturity; same hereafter. Net direct premiums written do not include deposit premiums from policyholders.

Breakdown of net premiums written

| | FY2012 | FY2013 | | |
|---|---------|---------|------------|--------|
| | | | YoY Change | Growth |
| Mitsui Sumitomo Insurance (Non-consolidated) | 1,314.2 | 1,384.5 | 70.2 | 5.3% |
| Aioi Nissay Dowa Insurance (Non-consolidated) | 1,103.2 | 1,144.6 | 41.3 | 3.8% |
| Mitsui Direct General | 35.2 | 35.5 | 0.2 | 0.8% |
| Overseas subsidiaries | 186.1 | 240.6 | 54.4 | 29.2% |

Breakdown of net income

| | FY2012 | FY2013 | |
|---|--------|--------|------------|
| | | | YoY Change |
| Mitsui Sumitomo Insurance (Non-consolidated) | 42.6 | 58.0 | 15.3 |
| Aioi Nissay Dowa Insurance (Non-consolidated) | 18.8 | 13.1 | -5.7 |
| Mitsui Direct General | 0.3 | 0.1 | -0.1 |
| MSI Aoi Life | 0.4 | 6.6 | 6.2 |
| MSI Primary Life | 10.3 | 17.9 | 7.5 |
| Overseas subsidiaries | 12.6 | 19.9 | 7.2 |
| Other/consolidation adjustments, etc. | -1.7 | -22.4 | -20.7 |

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

MS&AD Insurance Group Holdings, Inc.

Key Points in FY2013 Financial Results

- Except for a 67.8 billion yen effect from the heavy snowfalls in February, underwriting profit/loss in the Domestic Non-Life Insurance Business significantly improved and rose 34.7 billion yen year on year.
- Ordinary profit rose more than 10.0 billion yen year on year in the Domestic Life Insurance Business and the Overseas Business, growth fields.

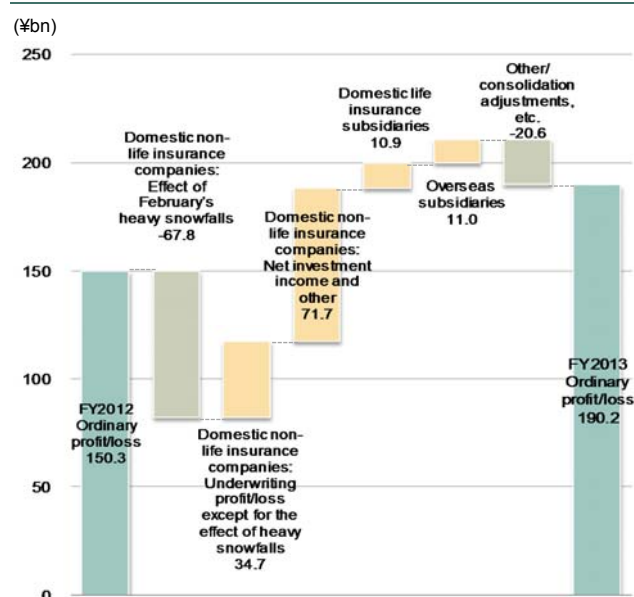
Factors in YoY changes in consolidated ordinary profit/loss

| | FY2012 (a) | FY2013 (b) | Difference (b)-(a) |
|--|---------------|---------------|-----------------------|
| Consolidated ordinary profit/loss | 150.3 | 190.2 | 39.9 |
| Domestic non-life insurance companies ^{*1} | | | |
| Effect of February's heavy snowfalls on underwriting profit/loss ^{*2} | - | -67.8 | -67.8 |
| Domestic non-life insurance companies ^{*1} | | | |
| Underwriting profit/loss (except for the effect of February's heavy snowfalls) | -3.0 | 31.7 | 34.7 |
| Domestic non-life insurance companies ^{*1} | | | |
| Net investment income and other | 94.2 | 166.0 | 71.7 |
| Domestic life insurance subsidiaries | 46.4 | 57.3 | 10.9 |
| Overseas subsidiaries | 18.8 | 29.8 | 11.0 |
| Other/consolidation adjustments, etc. | -6.2 | -26.8 | -20.6 |

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

*2 Reversals of catastrophe reserves are included.

Consolidated ordinary profit/loss



Summary of Projected Financial Results for FY2014

- Profits are expected to rise, reflecting growth strategies for Domestic Non-Life Insurance Business and the expansion of Overseas Business.
- Ordinary profit and net income are expected to be 150.0 billion yen and 100.0 billion yen, respectively.
- We forecast that overall net income for the Group will continue to rise, with a fall in the Life Insurance Business more than offset by increases in the Domestic Non-Life Insurance Business and the Overseas Business.

Key financial data (MS&AD Holdings, Consolidated)

| | FY2013 | FY2014 (Forecast) | YoY Change | Growth |
|-------------------------|---------|-------------------|------------|--------|
| Net premiums written | 2,809.5 | 2,925.0 | 115.4 | 4.1% |
| Life insurance premiums | 678.9 | 631.0 | -47.9 | -7.1% |
| Ordinary profit/loss | 190.2 | 150.0 | -40.2 | -21.2% |
| Net income | 93.4 | 100.0 | 6.5 | 7.0% |

Breakdown of net premiums written

| | FY2013 | FY2014 (Forecast) | Growth |
|---|---------|-------------------|--------|
| Mitsui Sumitomo Insurance (Non-consolidated) | 1,384.5 | 1,433.0 | 3.5% |
| Aioi Nissay Dowa Insurance (Non-consolidated) | 1,144.6 | 1,156.0 | 1.0% |
| Mitsui Direct General | 35.5 | 36.2 | 1.8% |
| Overseas subsidiaries | 240.6 | 294.0 | 22.2% |

Breakdown of net income

| | FY2013 | FY2014 (Forecast) | YoY Change |
|---|--------|-------------------|------------|
| Mitsui Sumitomo Insurance (Non-consolidated) | 58.0 | 62.0 | 3.9 |
| Aioi Nissay Dowa Insurance (Non-consolidated) | 13.1 | 34.0 | 20.8 |
| Mitsui Direct General | 0.1 | 0.1 | -0.0 |
| MSI Aoi Life | 6.6 | 1.0 | -5.6 |
| MSI Primary Life | 17.9 | 12.0 | -5.9 |
| Overseas subsidiaries | 19.9 | 24.0 | 4.0 |
| Other/consolidation adjustments, etc. | -22.4 | -33.1 | -10.7 |

* Income at subsidiaries are equity in earnings.

II. Achievements in Previous Medium-Term Management Plan, “New Frontier 2013”

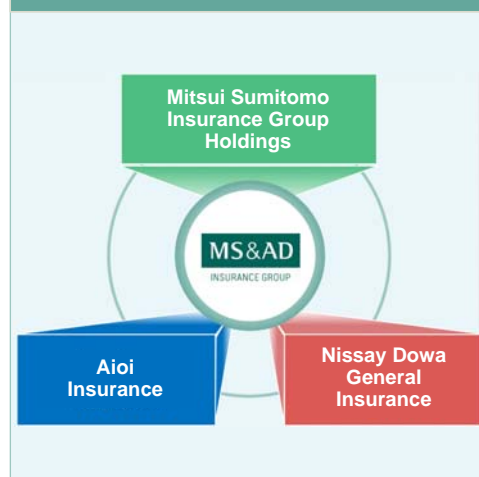


MS&AD Insurance Group Holdings, Inc.

The Group's Ambitions

- Since the business integration of the three companies in April 2010, the Group's management goal has been to become one of the world's leading insurance and financial groups.
- The Group has positioned the first four years after the business integration as a stage for developing systems and has been steadily implementing the Medium-Term Management Plan, “New Frontier 2013”.

Japan's largest non-life insurance group that emerged through the business integration (April 2010)



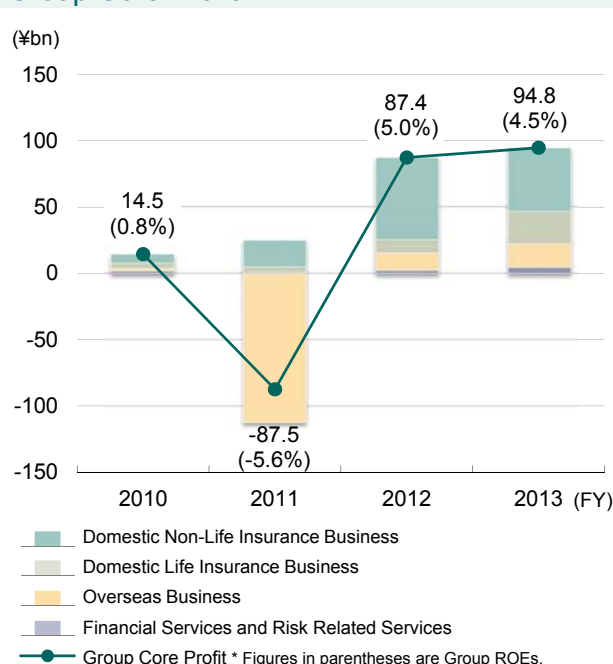
| Mission | Vision | Sustainable growth and the enhancement of the enterprise value A world-leading insurance and financial group |
|---|------------------------------|--|
| Helping achieve a vibrant society and a healthy global future | Growth potential | <ul style="list-style-type: none"> • Ranked among the world's top ten companies in terms of the premium volume of non-life insurance • Japan's best network of agencies in terms of quality and scale • The Life Insurance Business maintaining high growth, taking advantage of the best sales infrastructure of the Non-Life Insurance Business • The Overseas Business continuing to grow, taking advantage of the Group's No. 1 position and brand power in the growing ASEAN market |
| | Earnings power | <ul style="list-style-type: none"> • Keeping the combined ratio under 95% • ROE equivalent to that of the world's leading insurance companies • A diversified business portfolio which strikes a balance between earnings in the Domestic Non-Life Insurance Business, Domestic Life Insurance Business, and Overseas Business |
| | Soundness | <ul style="list-style-type: none"> • Financial soundness that meets the requirements for the AA rating |
| | Human resources capabilities | <ul style="list-style-type: none"> • A corporate culture and human resources that takes up challenges |
| | Management base | <ul style="list-style-type: none"> • An ERM-based management setup that can achieve growth, profitability, capital efficiency, and financial soundness simultaneously |

MS&AD Insurance Group Holdings, Inc.

Achievement of Numerical Management Targets

- Net premiums written and annualized premiums of policies in force at life insurance companies achieved the forecast.
- Group core profit and Group ROE fell short of the plan due to the effect of February's heavy snowfalls. Group core profit rose 8.5% year on year, to 94.8 billion yen, a record for the Group.

Group Core Profit



| | Stage 1 | | Stage 2 | | |
|--|---------------|---------------|---------------|---------------|-----------------|
| | FY2010 Actual | FY2011 Actual | FY2012 Actual | FY2013 Actual | FY2013 Forecast |
| Consolidate net premiums written | 2,541.4 | 2,558.8 | 2,639.4 | 2,809.5 | 2,800.0 |
| Annualized premiums of policies in force at life insurance companies ^{*1} | 279.0 | 296.0 | 319.7 | 335.8 | 333.0 |
| Group core profit ^{*2} | 14.5 | -87.5 | 87.4 | 94.8 | 110.0 |
| Domestic Non-Life Insurance Business | 6.5 | 19.7 | 61.9 | 47.8 | 72.0 |
| Domestic Life Insurance Business | 4.1 | 4.3 | 9.8 | 24.4 | 16.0 |
| Overseas Business | 1.8 | -112.3 | 13.5 | 18.0 | 18.0 |
| Financial Services and Risk Related Services | 1.9 | 0.7 | 2.0 | 4.4 | 4.0 |
| Group ROE ^{*2} | 0.8% | -5.6% | 5.0% | 4.5% | 5.3% |

^{*1} Figures are the annualized premiums in force of MSI Aioi Life (excluding group insurance); figures do not include MSI Primary Life.

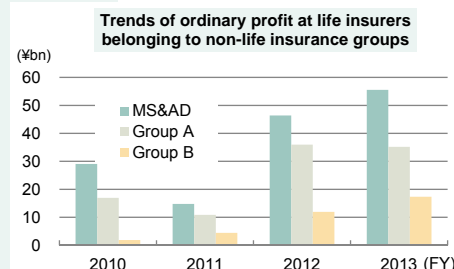
^{*2} For the definition of Group Core Profit and Group ROE, please refer to page 30 in the Appendix Data.

Achievements in Previous Mid-term Management Plan, "New Frontier 2013"

- Business integration made steady progress. The Domestic Non-Life Insurance Business rebuilt its earnings power. The Domestic Life Insurance Business was established as a stable revenue base.
- The Group laid the foundation to make a further advanced, such as expanding the Asian Life Insurance Business and consolidating systems.
- Despite the effects of the Great East Japan Earthquake, the Thai flooding, and the European financial crisis, the Group was able to secure profits steadily.

| Challenge | Initiative in New Frontier 2013 |
|---|--|
| Steady progress of business integration | <ul style="list-style-type: none"> • Merger between Aioi Insurance and Nissay Dowa General Insurance • Merger between Mitsui Sumitomo Kirameki Life and Aioi Life • IT system integration by MSI and ADI • Establishment of the No. 1 position in the ASEAN market • Launch of reorganization by function |
| Restoration of the Domestic Non-Life Insurance Business's earnings power | <p>Establishment of a base for making a profit constantly in the "mother market"</p> <p>Legend: MS&AD (light blue), Group A (light green), Group B (light orange).</p> |
| Strengthening of the risk management function following losses due to the Thai flooding | <ul style="list-style-type: none"> • Review of risk assessment • Enhancement of the in-house model • Strengthening of the integrated risk management framework |
| Investment in growth businesses | <ul style="list-style-type: none"> • Investment in the Asian Life Insurance Business • MSI Primary Life becoming a wholly-owned subsidiary |

| Effects on Next Challenge 2017 | |
|--------------------------------------|--|
| Business Integration | The costliest phase has been completed. The Group is entering a stage where it will be able to make the most of economies of scale. |
| Domestic Non-Life Insurance Business | The Group will enjoy maximum benefits from the improvement in earnings in the Domestic Non-Life Insurance Business in association with its leading market share in Japan. |
| Domestic Life Insurance Business | A great contribution to earnings of the Group |
| Overseas Business | The Overseas Business will continue to grow, taking advantage of growth in markets, especially in Asia, the world's fastest growing market . |

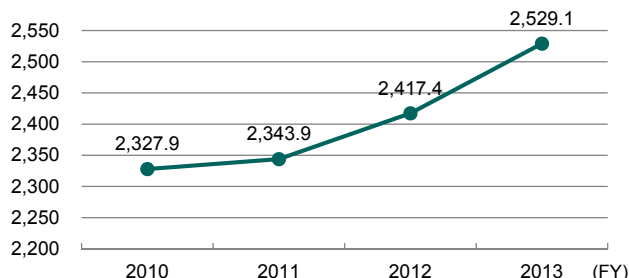


Achievements in the Domestic Non-Life Insurance Business

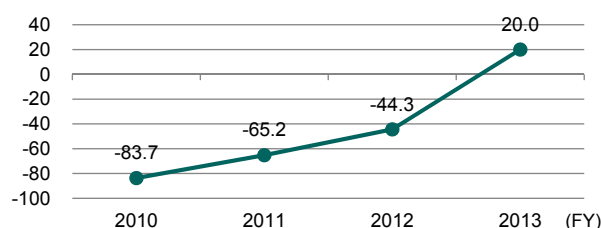
- Given progress with the business integration, growth accelerated. Efforts to improve the underwriting balance in voluntary automobile insurance, which was a challenge, got on track. Reflecting these trends, underwriting profit/loss before reversals of catastrophe reserves, except for the effect of February's heavy snowfalls and the Thai flooding (adjusted underwriting profit/loss), improved steadily.

(The figures in the graph are the simple sums of non-consolidated figures for MSI and ADI.)

Trends in net premiums written (¥bn)

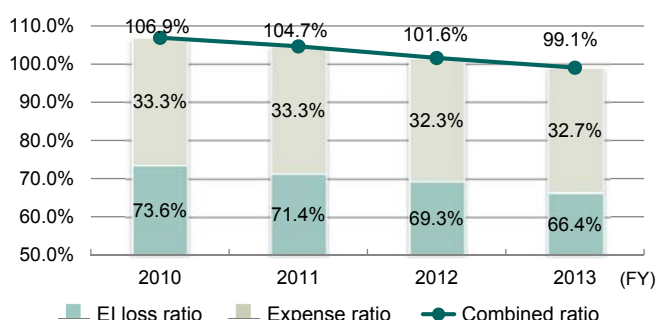


Trends in adjusted underwriting profit/loss* (¥bn)

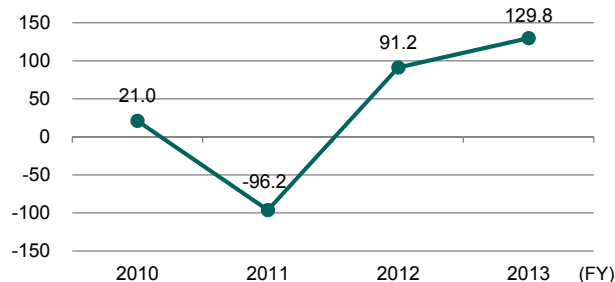


* Underwriting profit/loss + Provision for catastrophe reserves + Incurred losses due to February's heavy snowfalls + Incurred losses due to the Thai flooding

Trends in automobile earned-to-incurred combined ratio



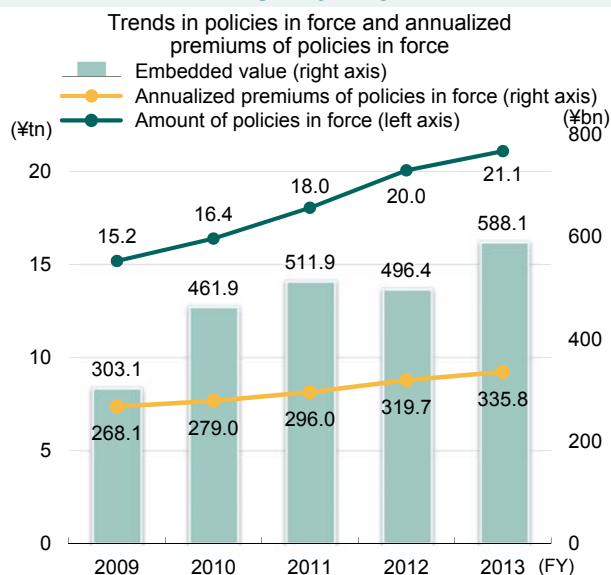
Trends in ordinary profit/loss (¥bn)



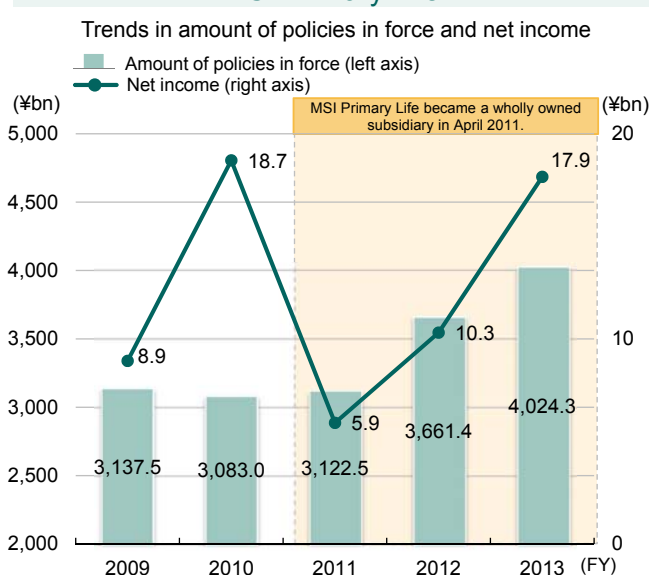
Achievements in the Domestic Life Insurance Business

- Two distinctive life insurers grew steadily and contributed considerably to the expansion of the Group's enterprise value and earnings.
 - MSI Aioi Life recorded an amount of policies in force of 21.1 trillion yen and annualized premiums of policies in force of 335.8 billion yen. Its embedded value grew to 588.1 billion yen.
 - MSI Primary Life's policies in force exceeded 4 trillion yen. The total net income for the three years since it became a wholly owned subsidiary (FY2011) was 34.2 billion yen.

MSI Aioi Life



MSI Primary Life



* The amount of policies in force and annualized premiums of policies in force are aggregates of those of individual insurance and individual annuities insurance.

* MSI Aioi Life's embedded value for FY2009 is the sum of the TEV of MSI Kirameki Life and that of Aioi Life, and that for FY2010 is an estimated total EEV for reference of the two companies. MSI Aioi Life's embedded value from FY2011 is EEV.

Achievements in the Overseas Business

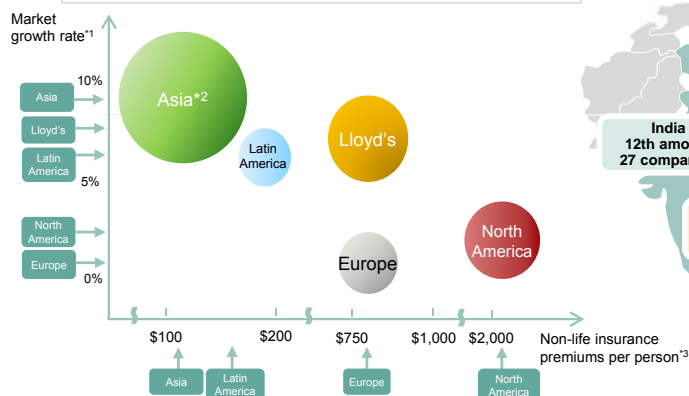
- In Asia, where high GDP growth and the expansion of premiums per person are expected, the Group has established a firm market position (has achieved the largest total non-life insurance premiums in the ASEAN region).
- The Group formed strategic capital alliances in the life insurance field and established new bases for growth in major markets, including India, Indonesia, and Malaysia.

Net premiums written and net income in the Overseas Business

FY2013 results

| | |
|----------------------|-------------------|
| Net premiums written | 369.0 billion yen |
| Net income | 18.0 billion yen |

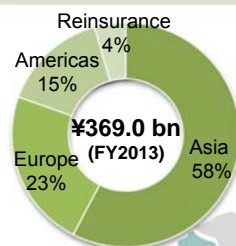
A breakdown of the Group's net premiums written by market



*1 Source: Sigma Reports 2011-2012 issued by Swiss Re

*2 Including Oceania, excluding Japan

*3 Non-life insurance premiums per person are calculated based on data in Sigma 2012 issued by Swiss Re and data in the IMF's World Economic Outlook Database.



Rankings for total premiums written in ASEAN countries

No.1

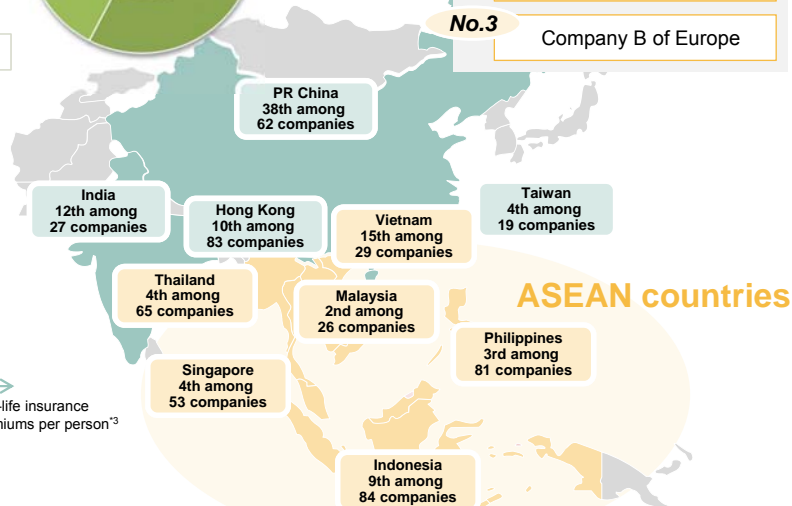
MS&AD

No.2

Company A of the United States

No.3

Company B of Europe



(Source) Created by MS&AD based on FY2012 data published by non-life insurance associations and other organizations in each country

III. New Medium-Term Management Plan, "Next Challenge 2017"

MS&AD
INSURANCE GROUP

Numerical Management Targets

- In FY2017, the final year of the medium-term management plan, the Group aims to achieve non-life insurance combined ratio of 95% or less, Group Core Profit of 160.0 billion yen, 45.0 billion yen increase in life insurance embedded value, and ROE of 7%.

Group Core Profit

(¥bn)

| | FY2013 Result | FY2014 Forecast | FY2015 Target | FY2017 Target |
|--|------------------|--------------------|------------------|------------------|
| Group Core Profit | 94.8 | 100.0 | 120.0 | 160.0 |
| Domestic Non-Life Insurance Business | 47.8 | 61.0 | 76.0 | 100.0 |
| Domestic Life Insurance Business | 24.4 | 13.0 | 13.0 | 16.0 |
| Overseas Business | 18.0 | 22.0 | 27.0 | 39.0 |
| Financial Service Business and Risk Related Service Business | 4.4 | 4.0 | 4.0 | 5.0 |

(For reference) Effect of consumption tax (after tax)*

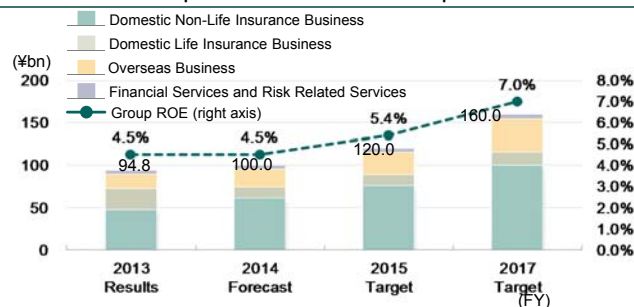
* The figures are calculated on the assumption that the consumption tax rate will be 8% from April 2014 to September 2015 and 10% from October 2015.

Financial targets

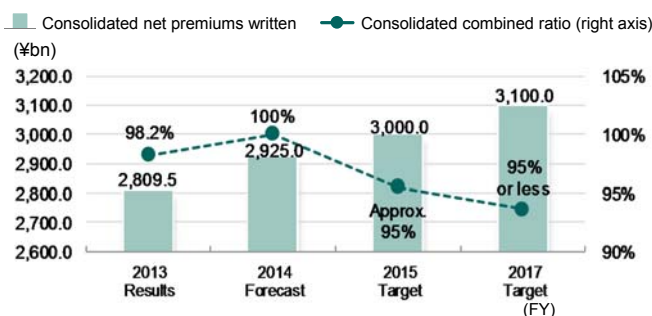
(¥bn)

| | FY2013 Result | FY2014 Forecast | FY2015 Target | FY2017 Target |
|---|------------------|--------------------|------------------|------------------|
| Consolidated net premiums written | 2,809.5 | 2,925.0 | 3,000.0 | 3,100.0 |
| Combined ratio (Domestic Non-Life Insurance Business) | 98.2% | 100% | Approx. 95% | 95% or less |
| Increase in EV of MSI Aioi Life | 91.6 | 43.0 | Above 40.0 | Above 45.0 |
| Group ROE | 4.5% | 4.5% | 5.4% | 7.0% |

Group Core Profit and Group ROE



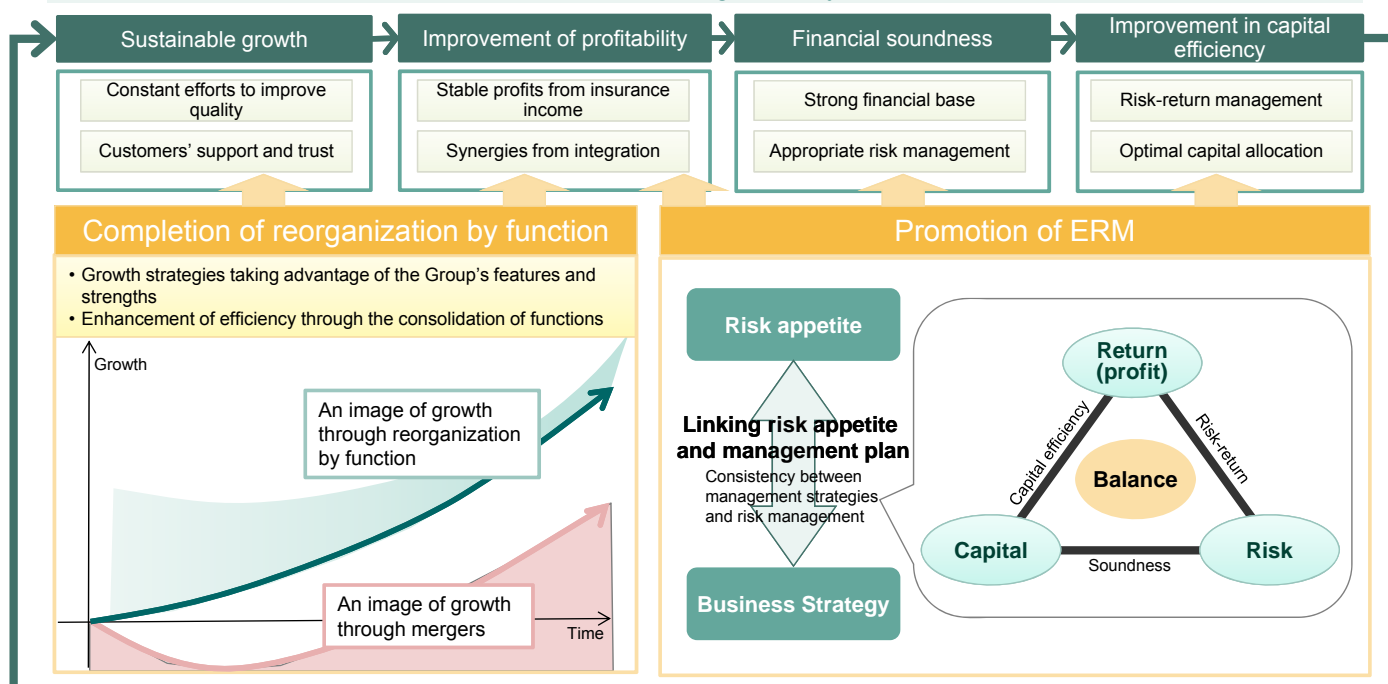
Consolidate net premiums written and non-life insurance combined ratio



Basic Strategies

- Achieving both growth and an improvement in profitability by enhancing efficiency through the consolidation of functions and growth strategies taking advantage of the Group's features and strengths in reorganization by function
- Achieving financial soundness and an improvement in capital efficiency simultaneously by promoting ERM

A sustainable growth cycle



III. New Medium-Term Management Plan, “Next Challenge 2017”

Growth Strategy Centering on Reorganization by Function

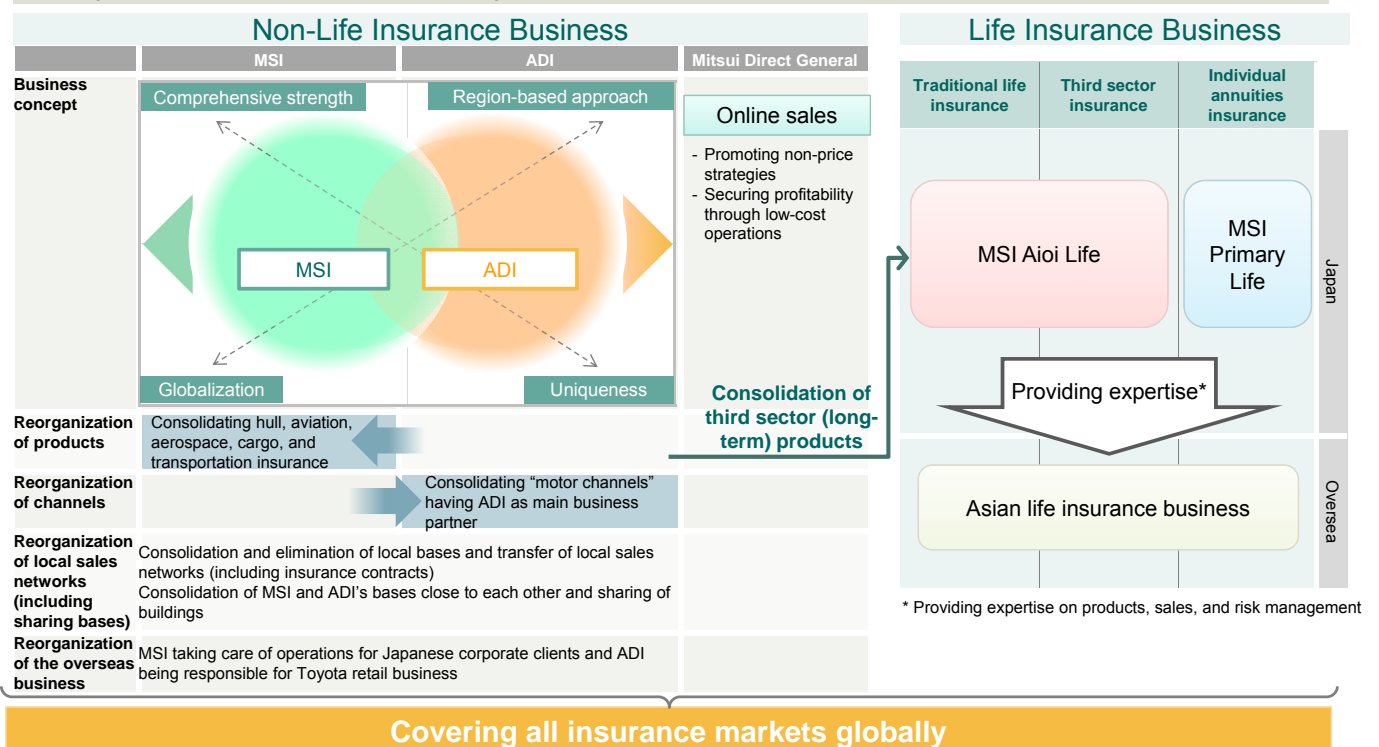


MS&AD Insurance Group Holdings, Inc.

Reorganization
by Function

The Group's Growth Strategy

- The Group will clarify the business concept of the two core non-life insurance companies and will offer options to customers to meet needs in different markets and customers' diversified needs.
- MSI Aioi Life will take care of the third sector (long-term) products. Each Group company's business concept and strengths will be clarified, and the Group's growth potential will increase.



MS&AD Insurance Group Holdings, Inc.

Domestic Non-Life Insurance Business: Growth of Earnings

- The Group will hold down temporary costs and workloads and will improve the efficiency of Group management. The Group will thus develop operations speedily.
- Each of the two core non-life insurance companies can concentrate their management resources in fields where they have strength in accordance with their own business strategies and will accelerate their growth by developing strategies for higher quality and stronger competitiveness.

Effects of reorganization by function

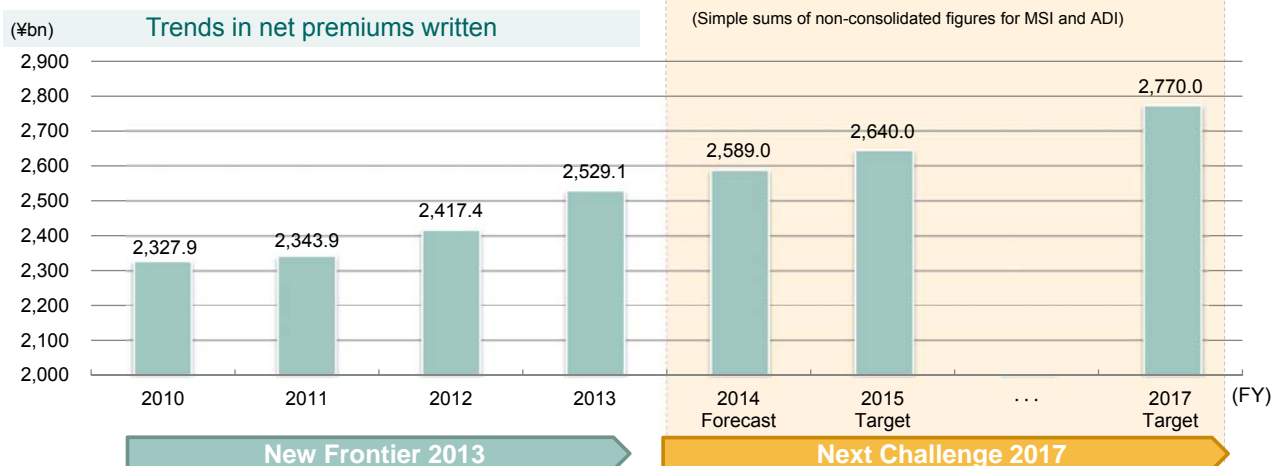
1. Synergies for increasing earnings
 - Enhancing the quality of services and sales capabilities through the reorganization of local sales networks
 - Increasing marketing capabilities by consolidating the hull, aviation, and aerospace insurance fields
 - Demonstrating a strong presence and expertise in "motor channels"
 - Generating synergies by sharing bases, expertise, and services and promoting joint operations
2. Constant growth
 - Holding down temporary costs and workloads and improving efficiency

MSI's main strategies

- Covering growth fields (growth industries and new risks resulting from changes in the industrial structures)
- Developing operations for large enterprises and small and medium enterprises (helping with globalization and overseas expansion)
- Strengthening agents' sales systems

ADI's main strategies

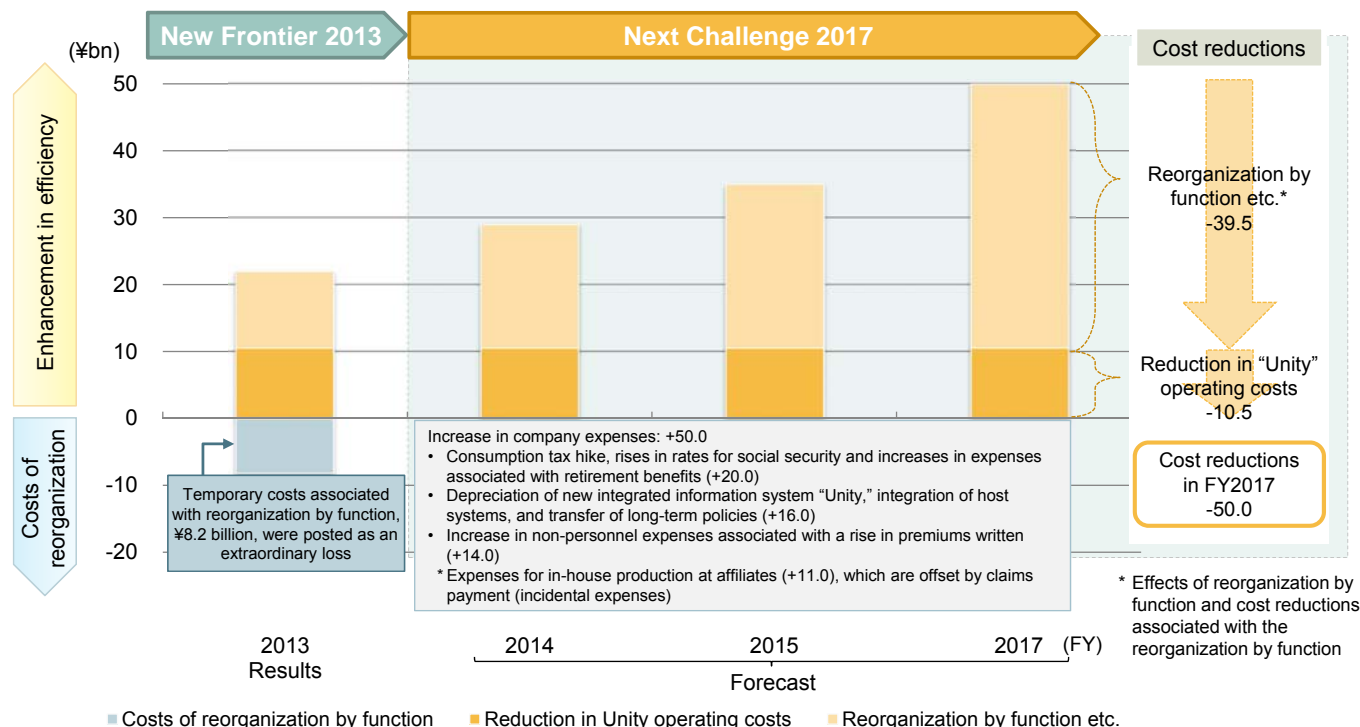
- Providing professional agents and motor agents with ADI's own expertise and initiatives
- Expanding new contracts primarily by launching special products for Toyota dealerships
- Strengthening ties with Nissay to promoting sales of non-life insurance products by Nissay staff



Domestic Non-Life Insurance Business: Enhancement in Efficiency

- A temporary cost of 8.2 billion yen for reorganization by function was posted as an extraordinary loss in FY2013.
- A 50.0 billion yen annual cost reduction (compared with FY2011) will be achieved in FY2017.

Enhancement in efficiency through reorganization by function (compared with FY2011)

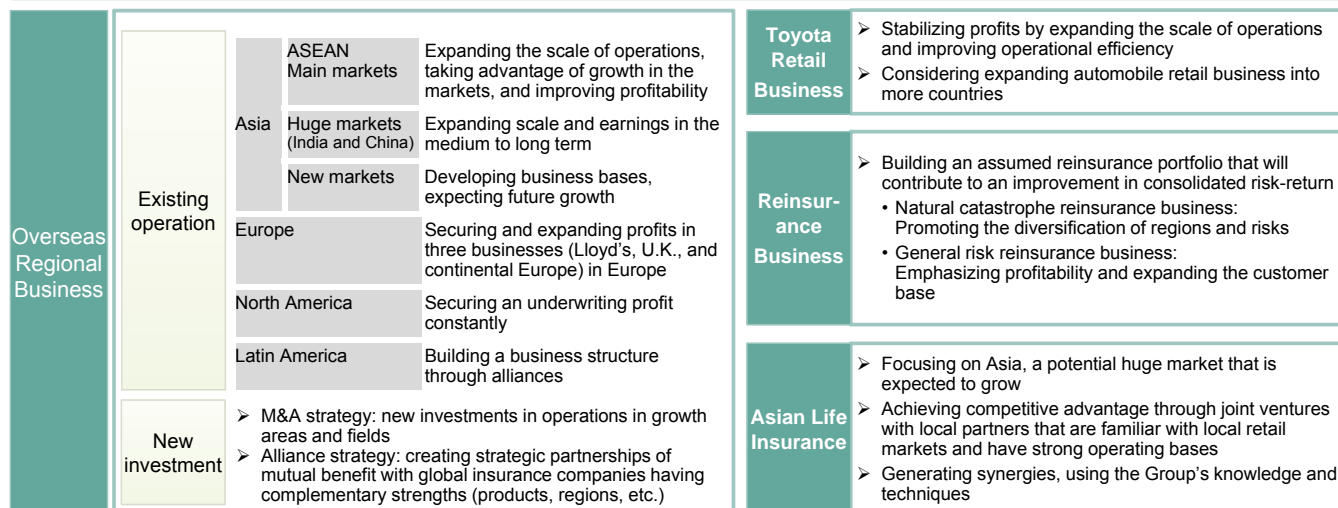


Overseas Business: Strategy

- MSI will take care of operations for Japanese corporate clients, and ADI will focus on Toyota retail business.
- The Group will aggressively develop the Overseas Business as a driving force for growth, including investment in new operations and carrying out M&A.



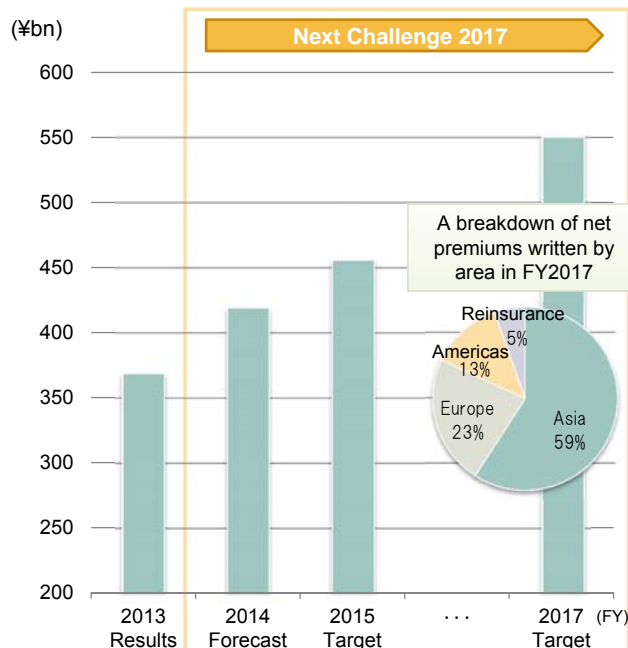
The Overseas Business's growth strategies



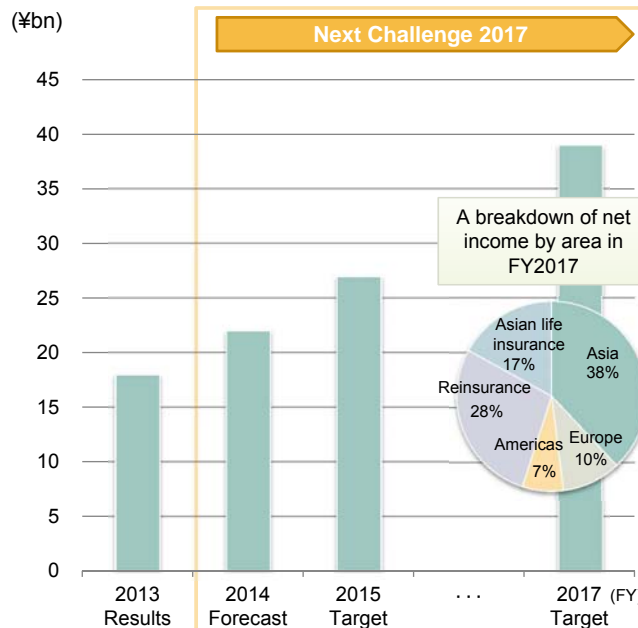
Overseas Business: Effects

- Tapping into market growth steadily and expanding net premiums written and net income steadily

Trends in net premiums written (non-life insurance)



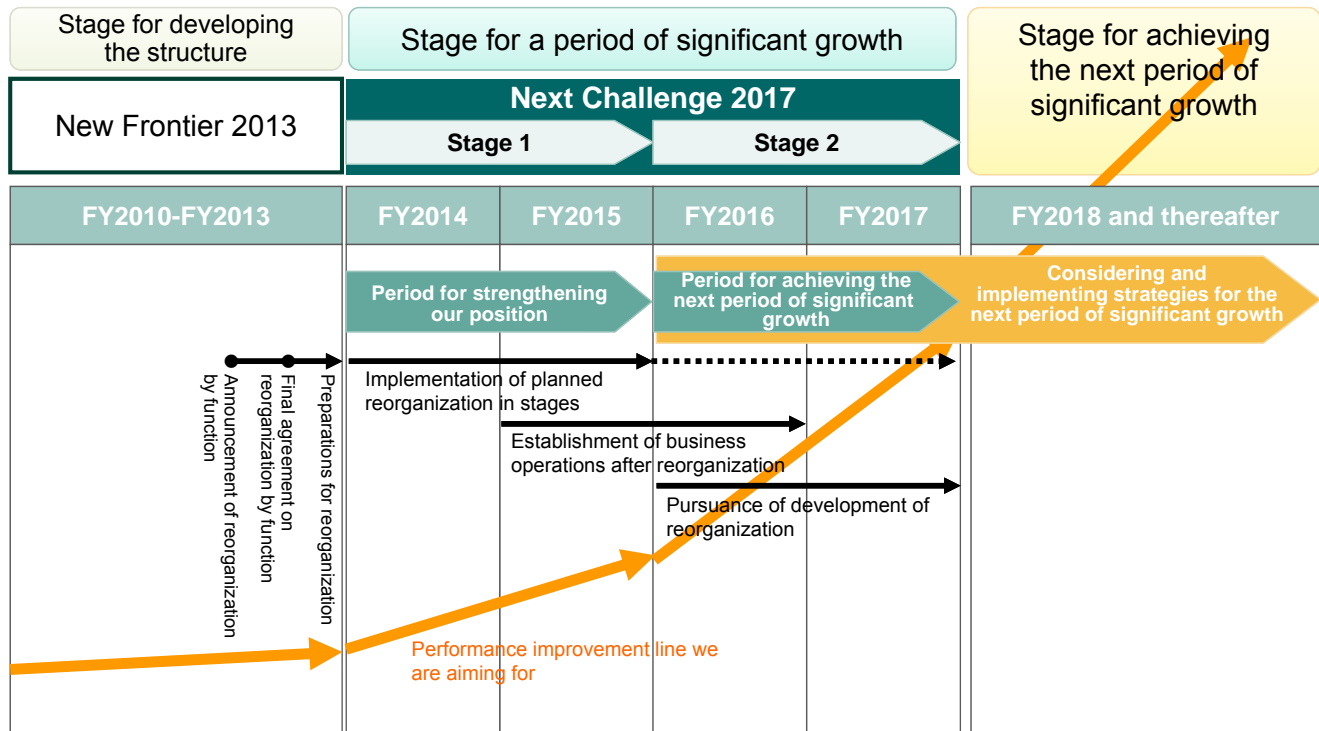
Trends in net income*1



*1 On a Group Core Profit basis

Development of Reorganization by Function

- The first two years (Stage 1) is a period for strengthening our position. The latter two years (Stage 2) is a period for achieving significant growth.
- The Group will examine the effects of the reorganization and will consider and implement strategies for the next period of significant growth, taking changes in the environment into account.



III. New Medium-Term Management Plan, "Next Challenge 2017"

Promotion of ERM

- The Group will secure financial soundness and will enhance profitability and capital efficiency by improving return on risk and effectively diversifying risks in the risk portfolio.
- Starting this fiscal year, the Group is pursuing an optimum capital allocation.

Objectives of ERM and targets for FY2017

| | |
|---|---|
| Enhancing profitability and capital efficiency: | Group Core Profit: ¥160 billion Group ROE 7% |
| Securing financial soundness: | AA rating equivalent financial standing |

$$ROE = \frac{\text{Core profit}}{\text{Capital}} = \frac{\text{Core profit}}{\text{Risk}} \times \frac{\text{Risk}}{\text{Capital}}$$

Improving return on risk

- The Group will introduce ROR (return on risk) and VA (profit after reduction of capital costs) as the monitoring indicator and manage earnings including capital costs to improve return on risk.

Diversifying risks effectively in the risk portfolio

- The Group will effectively diversify risks in the risk portfolio and will pursue an optimum capital allocation, striking a balance between capital sufficiency and capital efficiency.

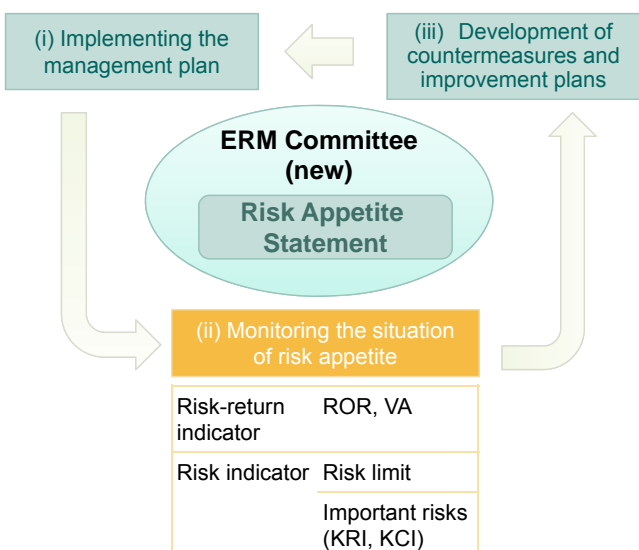
Initiatives in Stage 1

- Policies and strategies by product based on risk-based indices
- The Group's insurance risk and underwriting policies, including an reinsurance policy
- Establishment of an asset management portfolio and an examination process based on ERM
- Strategies for business investment, including M&A

Improving Return on Risk (ROR)

- The Group will link its management plan and risk appetite statement and will establish a PDCA cycle for ERM. In the PDCA cycle, an ERM Committee will monitor risk, return, and capital, and countermeasures and improvement plans will be worked out and carried out based on the results of the monitoring.

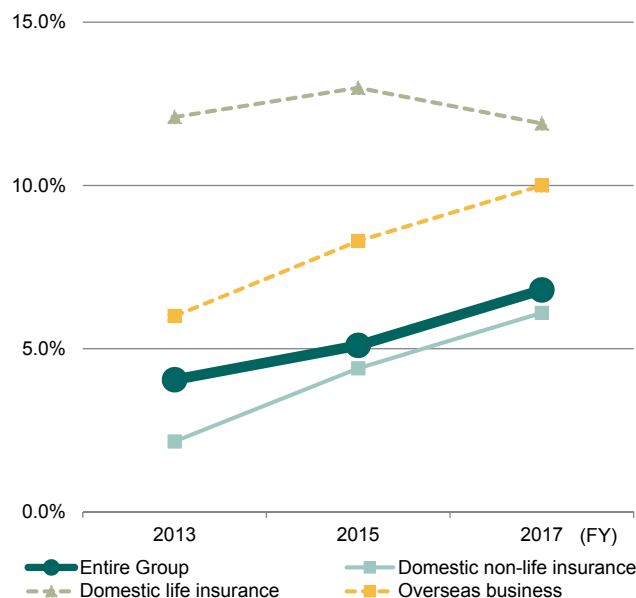
Linking the management plan to the Risk Appetite Statement in the ERM cycle



ROR = Group Core Profit / Risk Amount

VA = Group Core Profit – Relevant risk amount × Capital cost (ratio)

A trial calculation of the return on risk figures



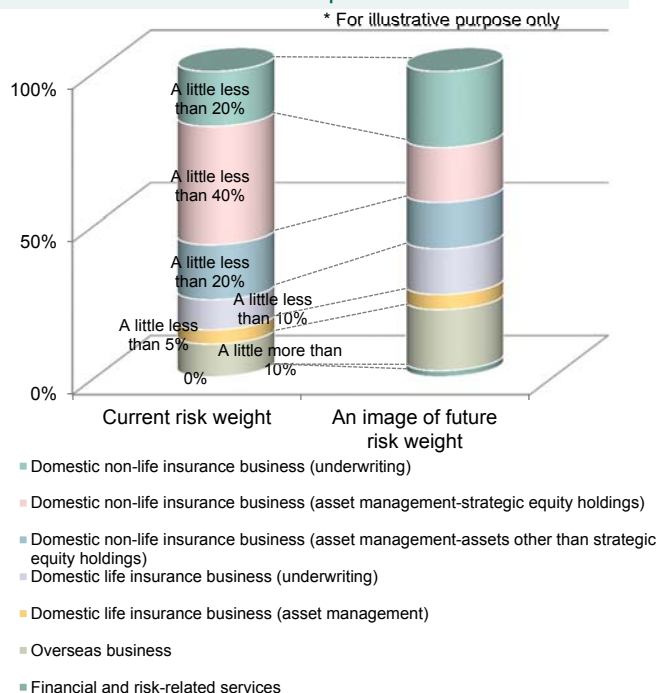
* The return for MSI Aioi Life, of domestic life insurers, is deemed to be an increase in EEV. In addition, the ROR for the entire Group is calculated based on the group core profit including that for MSI Aioi Life.

- Growth in the Domestic Life Insurance Business contributes to the diversification of the risk portfolio.
- The Group will link its Risk Appetite Statement to its management plan to build a diversified risk portfolio.

Current risk weight and the direction of risk appetite

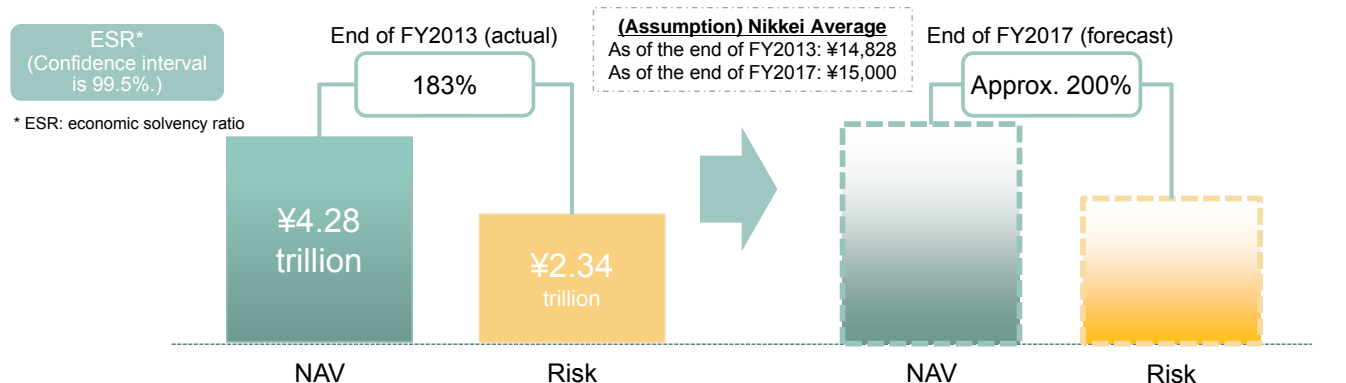
| Business domain | | | Direction of risk appetite | |
|--------------------------------------|------------------|---|----------------------------|-----------|
| | Sub-domain | | Current risk weight | Direction |
| Domestic non-life insurance business | Underwriting | | A little less than 20% | → |
| | Asset management | Strategic equity holdings | A little less than 40% | → |
| | | Assets other than strategic equity holdings | A little less than 20% | → |
| Domestic life insurance business | Underwriting | | A little less than 10% | → |
| | Asset management | | A little less than 5% | → |
| Overseas business | | | A little more than 10% | → |
| Financial and risk-related services | | | — | → |

Future risk portfolio



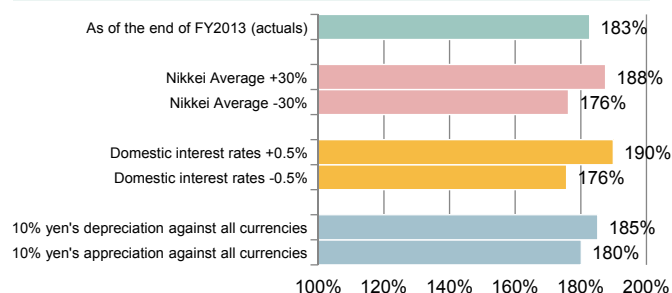
Securing Financial Soundness

- The economic solvency ratio (ESR) at the end of March 2014 was 183%.
- The Group expects to have established a financial standing that meets the requirements for the AA rating by FY2017 based on the current market environment.
- The Group will continue to pay attention to capital regulations being considered.



- Capital regulations
- European Solvency II (to be implemented from January 2016)
 - IAIS ComFrame (to be adopted in 2018)
 - Japan (the introduction of an economic value-based solvency regime is being considered)
- (Stress buffer)
- The Group's Risk Appetite Statement redefines the stress buffer as "the cost necessary for responding to stress events such as the continuous occurrence of large-scale natural disasters and the recurrence of a financial crisis and responding to the occurrence of risk events that cannot be quantified." Upon calculation based on the definition, the Group increased the stress buffer for FY2014 to ¥700 million, up from ¥500 million.

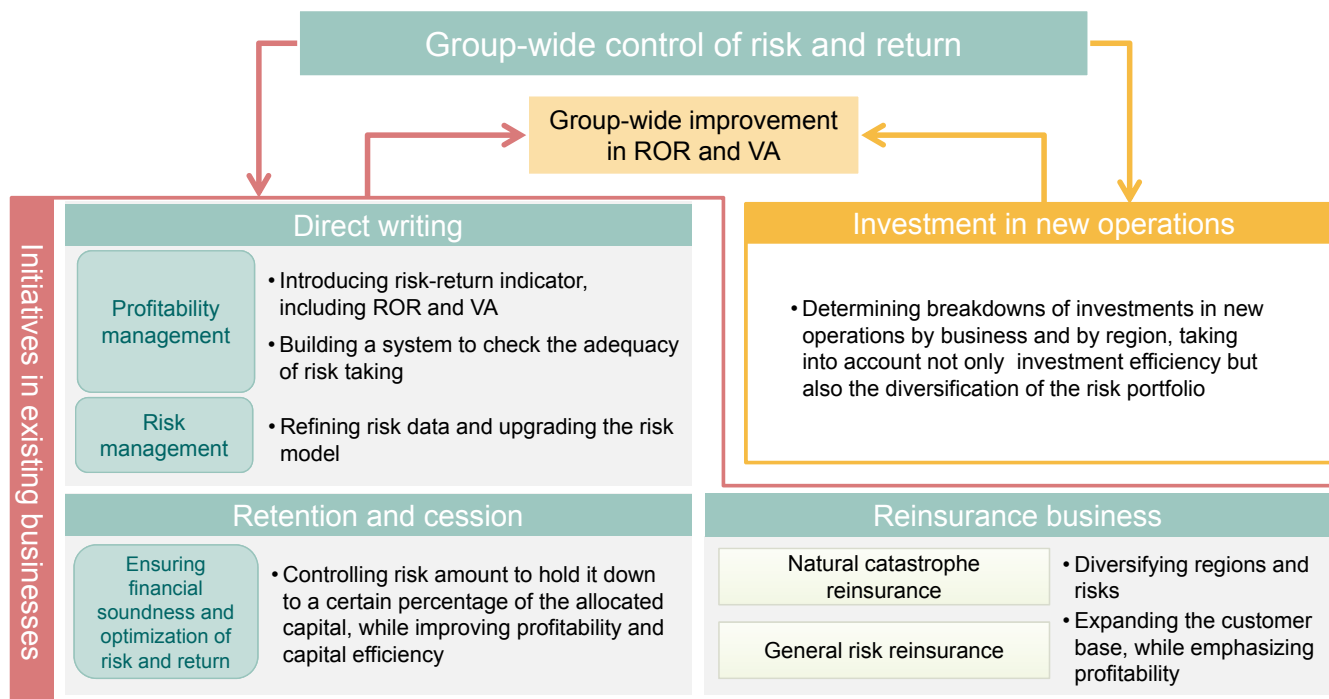
Effects on ESR of fluctuation in market prices



Non-Life Insurance Business (Domestic and Overseas): Direction of Initiatives

Promotion of ERM

- Under its Risk Appetite Statement, the Group will increase the Group-wide control of risk and return, including those in the domestic and overseas direct writing and reinsurance businesses and investments in new operations.
- For profitability control, the Group will introduce risk-return indicator to carry out appropriate underwriting and set optimum holding and reinsurance policies. The Group will improve ROR and VA based on the Group's overall financial soundness.

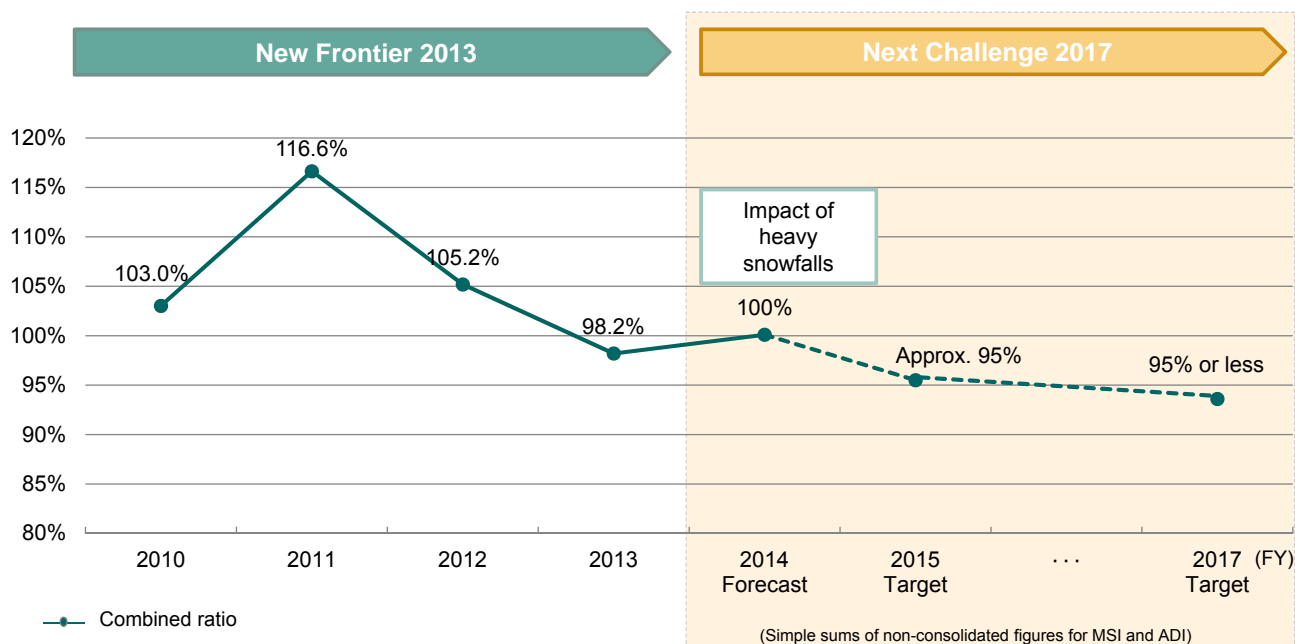


Non-Life Insurance Business: Effect on Earnings

Promotion of ERM

- Ensuring achievement of a combined ratio under 95% (for FY2017) by linking the Risk Appetite Statement and the management plan to increase the underwriting earnings more substantially.

Combined ratio in the Domestic Non-Life Insurance Business (all lines/written paid basis)



Domestic Life Insurance Business (MSI Aoi Life)

- The Group will aggressively increase underwriting in the Domestic Life Insurance Business to diversify risks of the Group.
- The Group will aim to improve return on risk through appropriate underwriting and establishment of well-balanced product portfolio.
- The Group will expand the third sector by launching products to meet the needs and will pursue growth upon reorganization by function.

Expansion of sales for the third sector

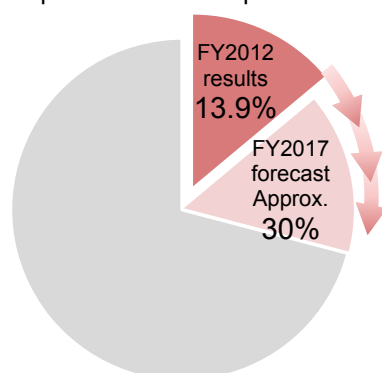
New Medical Insurance Ace

Medical insurance product reasonably offering various coverage with diversified special clauses in response to the decreased number of days in hospital

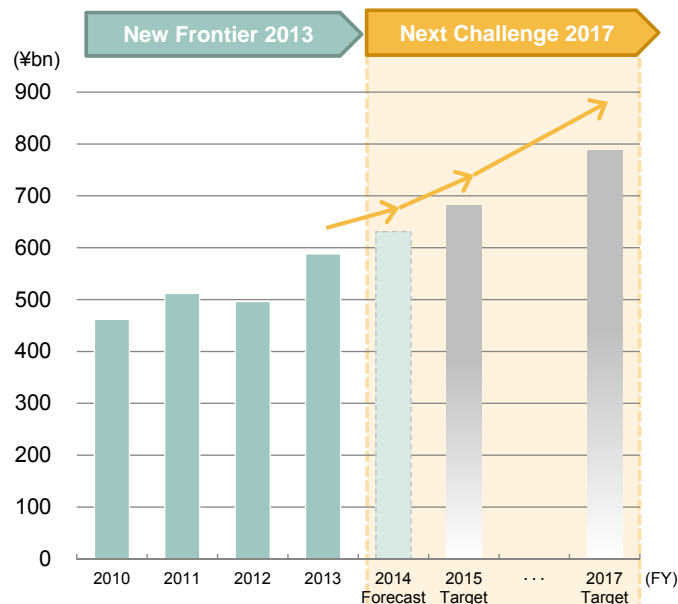
Number of applications exceeded 100,000 units in four months since the launch of the product in December 2013.

Change in product portfolio

<Ratio of the third sector in the annualized premiums of new policies>



Target increase in embedded value

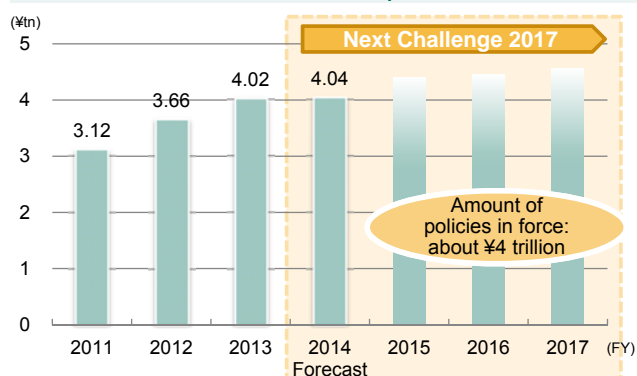


* The bar for FY2010 shows reference value obtained by trial calculation of the embedded value totaling those of Mitsui Sumitomo Kirameki Life Insurance and Aoi Life Insurance based on the EEV base

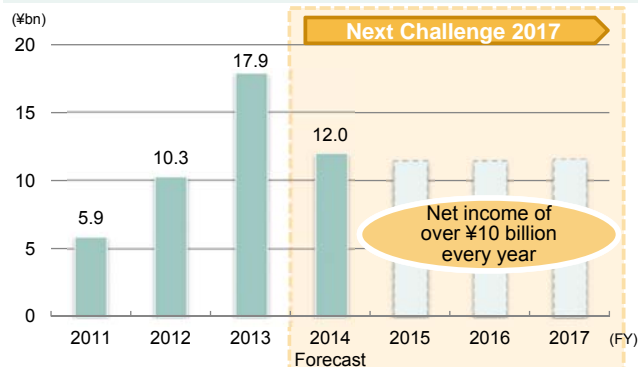
Domestic Life Insurance Business (MSI Primary Life)

- MSI Primary Life will pursue growth, taking advantage of its product development capabilities and agent support system, especially in bancassurance market, which is expected to expand.
- MSI Primary Life will upgrade its integrated risk management to achieve net income of over 10 billion yen every year and continue to expand its enterprise value.

Trends in the amount of policies in force



Forecast of net income



Selection of attractive products

Fixed whole life insurance (Shiawase Zutto)

- This product has driven strong sales performance as one of the core products since its launch in 2012.
- Attractive return caused by investments in foreign currency (U.S. dollar, Australian dollar, and Euro)
- The function to automatically secure assets in yen is well received. This function ensures investment performance by automatically switching to the whole life insurance denominated in yen when the cash surrender value reaches the target.

Variable whole life insurance (Kagayaki Tsuzuku)

- This product was launched in October 2013 as a new variable insurance (denominated in yen).
- Life insurance pursuing investment performance in response to the market to prepare against inflation as well as offering security functions to prepare against sharp declines.
- If the cash surrender value reaches the target, an automatic switch to fixed whole life insurance will be made.

Sales network & sales support system

- Nationwide sales channels
127 financial institutions (as of April 30, 2014)
- Well-established training program
 - 20,000 or more participants annually (FY2013)
 - Complete training program in line with needs of participants

Asset Management: Direction of Initiatives

Under the Medium-Term Management Plan and the Risk Appetite Statement, the Group will promote the following asset management initiatives:

- Ensuring safety, liquidity, and stable investment income through ALM
- Improving return on risk on the portfolio of assets under management through diversified investments
- Building a strong financial standing by reducing risk assets, especially strategic equity holdings

Improving profitability and capital efficiency

Improving return on risk

- Making diversified investments in consideration of safety
- Improving return on risk on the asset management portfolio

Ensuring financial soundness

Securing stable earnings



ALM

Safety

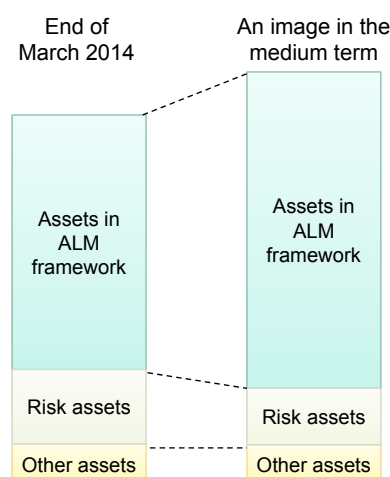
Liquidity

- Controlling liquidity, taking into consideration financial outflows associated with large natural disasters
- Securing assets in light of the characteristics of insurance liabilities (assets in an ALM framework)
- Controlling risk appropriately in the unstable financial market environment

Reducing risk assets

- Continuing to reduce strategic equity holdings

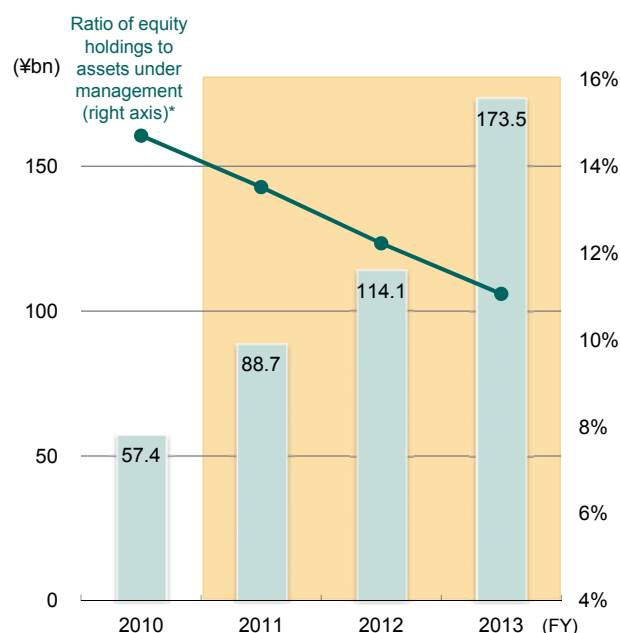
Breakdown of the Group's assets under management



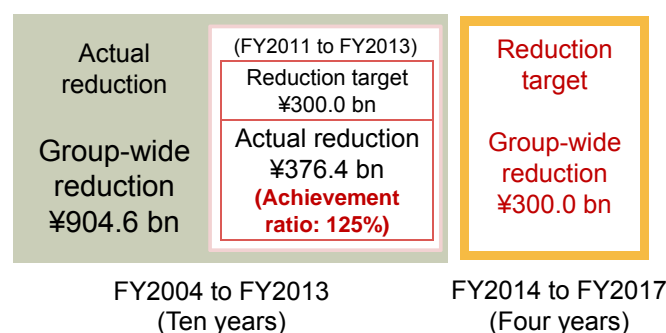
Asset Management: Reductions in Strategic Equity Holdings

- Reductions in strategic equity holdings far exceeded the target (with the Group reducing strategic equity holdings of 300.0 billion yen in three years from FY2011 to FY2013) set in "New Frontier 2013".
- The Group will continue to reduce its strategic equity holdings. The target is reducing strategic equity holdings of 300.0 billion yen in four years from FY2014.

Reduction of strategic equity holdings: results and projection



Setting a reduction target



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

Shareholder Return Policy

- We will return approximately 50% of Group Core Profit to shareholders in the medium run.
- For FY2013, we will distribute an annual dividend per share of ¥56 (up ¥2 from a year earlier), while buying back ¥10.0 bn of our own shares. For FY2014, we will increase the annual dividend per share ¥2 from a year earlier to ¥58.

Shareholder return policy

- We will **return approximately 50% of Group Core Profit to shareholders** in the medium run.
- (Dividends) The basic policy is maintaining stability. We aim to increase our earnings power and dividends in the medium run.
- (Share buybacks) We will repurchase our own shares flexibly, and as opportunities arise, with due consideration to market conditions and the state of our capital.

Plan of shareholder returns for the previous fiscal year and this fiscal year

(Dividends)

FY2013: The annual dividend, including the year-end dividend, is planned to rise ¥2 to ¥56.

FY2014: The annual dividend is planned to rise ¥2 to ¥58.

(Share buybacks)

FY2013 : We have decided to buy back ¥10.0 bn of our shares (upper limit).

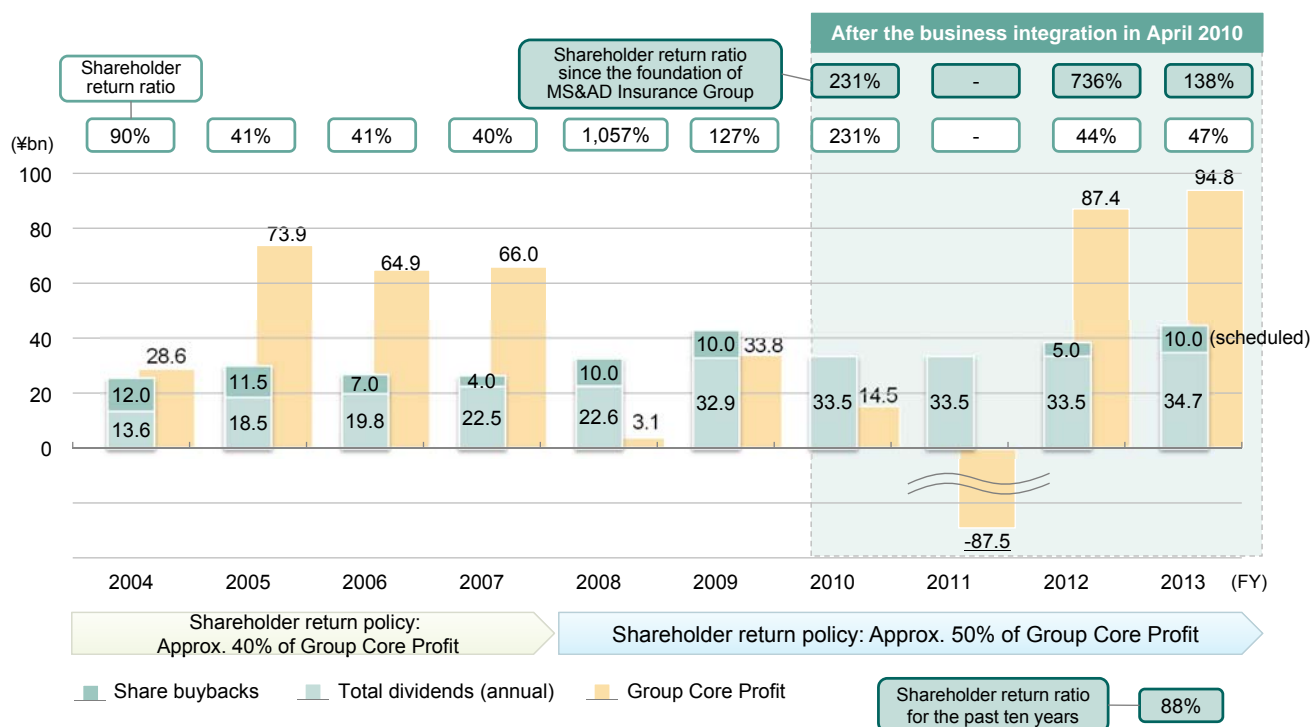
(The buy-back period: May 21, 2014 - September 19, 2014)

(FY2012: We bought back ¥5.0 bn of our shares.)

* Please refer to the Appendix Data for the method of calculating Group Core Profit and the shareholder return ratio.

Shareholder Return Policy: (For Reference) Past Shareholder Returns

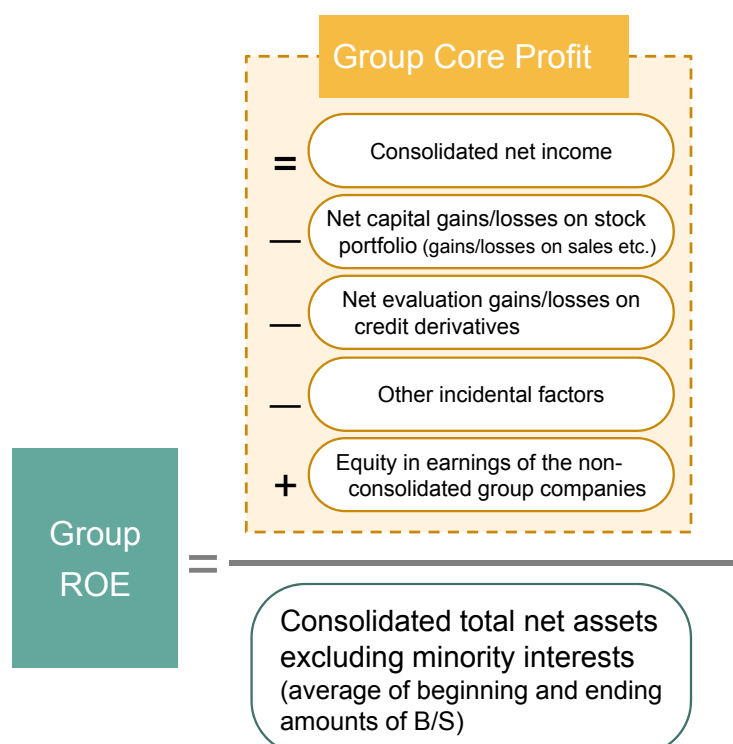
Trends in total shareholder returns (as of May 20, 2014)



* Please refer to the Appendix Data for the method of calculating Group Core Profit and the shareholder return ratio.

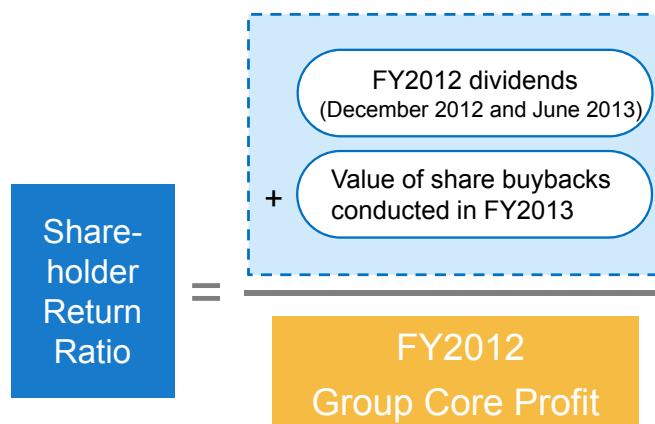
Definition of “Group Core Profit” “Group ROE” and “Shareholder Return Ratio”

“Group Core Profit” and “Group ROE”



“Shareholder Return Ratio”

<Calculation Sample>



* We will return approximately 50% of Group Core Profit to shareholders in the medium run. (Until FY2008, the ratio was approximately 40%.)

* Until FY2008, the definition of Group Core Profit was slightly different from the current definition.

Natural Catastrophes - Results for FY 2013

Impact of heavy snowfalls in Feb, natural catastrophes in Japan, and flooding in Thailand

(¥bn)

| | Net Claims Paid | | Provision for O/S* | | Incurred Losses | | Balance of O/S* as of Mar. 31, 2014 |
|--|-----------------|---------------|--------------------|-------------|-----------------|---------------|--|
| | | YoY Change | | YoY Change | | YoY Change | |
| Heavy snowfalls in Japan (Occurred in Feb., 2014) | 18.4 | 18.4 | 63.7 | 63.7 | 82.1 | 82.1 | 63.7 |
| Mitsui Sumitomo Insurance | 8.6 | 8.6 | 36.8 | 36.8 | 45.4 | 45.4 | 36.8 |
| Aioi Nissay Dowa Insurance | 9.8 | 9.8 | 26.9 | 26.9 | 36.7 | 36.7 | 26.9 |
| Nat Cat in Japan (Occurred in FY2013) | 31.9 | - 17.9 | 5.2 | 1.8 | 37.1 | - 16.0 | 5.2 |
| Mitsui Sumitomo Insurance | 18.2 | - 10.1 | 3.7 | 1.4 | 21.9 | - 8.7 | 3.7 |
| Aioi Nissay Dowa Insurance | 13.7 | - 7.7 | 1.4 | 0.4 | 15.2 | - 7.3 | 1.4 |
| Flooding in Thailand (Occurred in FY2011) | 42.7 | - 42.9 | - 67.1 | 17.6 | - 24.4 | - 25.3 | 21.5 |
| Mitsui Sumitomo Insurance | 36.6 | - 36.4 | - 56.9 | 9.6 | - 20.3 | - 26.7 | 19.0 |
| Aioi Nissay Dowa Insurance | 3.4 | - 5.3 | - 6.1 | 8.4 | - 2.6 | 3.1 | 0.9 |
| Overseas subsidiaries | 2.5 | - 1.1 | - 4.0 | - 0.5 | - 1.4 | - 1.6 | 1.4 |
| Total | 93.0 | - 42.4 | 1.8 | 83.2 | 94.8 | 40.8 | 90.5 |

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

Catastrophe Reserve & Impairment Losses on Securities - Results for FY 2013

Catastrophe reserve

(¥bn)

| | Mitsui Sumitomo Insurance | | | | Aioi Nissay Dowa Insurance | | | |
|----------------------|---------------------------|-------------|--------------|--------------------------------|----------------------------|-------------|--------------|--------------------------------|
| | Reversal | Provision | Change | Balance as of Mar. 31, 2014 | Reversal | Provision | Change | Balance as of Mar. 31, 2014 |
| Fire and allied | 29.6 | 19.1 | - 10.5 | 100.5 | 15.9 | 10.8 | - 5.0 | 104.5 |
| Marine | - | 2.5 | 2.5 | 69.3 | - | 0.5 | 0.5 | 13.8 |
| Personal accident | 7.4 | 4.5 | - 2.9 | 62.1 | - | 2.3 | 2.3 | 58.9 |
| Voluntary automobile | 18.9 | 19.4 | 0.5 | 19.4 | 20.7 | 21.2 | 0.4 | 21.2 |
| Other | 1.9 | 10.1 | 8.1 | 147.0 | 4.2 | 5.1 | 0.9 | 50.5 |
| Total | 57.9 | 55.8 | - 2.1 | 398.5 | 41.0 | 40.1 | - 0.8 | 249.1 |
| YoY Change | - 60.4 | - 44.6 | 15.7 | | - 20.8 | 2.3 | 23.2 | |

Impairment 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 | |
| Impairment losses on securities | 3.2 | 3.3 | 3.6 | 0.1 | - 3.9 |
| YoY Change | - 35.0 | - 24.9 | - 6.1 | - 0.1 | - 3.7 |

Incurred losses and EI loss ratio (MSI) - Results for FY 2013

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

(¥bn)

| | FY 2012 | | | | | FY 2013 | | | | | |
|---|--------------------------------------|---------------|-------------------------------------|---------|---|--------------------------------------|---------------|-------------------------------------|---------|---|------------|
| | 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) | 129.4 | 76.1% | 31.0 | 98.3 | 57.8% | 125.4 | 69.0% | 36.4 | 88.9 | 48.9% | -8.9pt |
| Marine | 28.0 | 53.1% | 0.0 | 27.9 | 53.0% | 35.1 | 62.9% | 0.4 | 34.7 | 62.2% | 9.2pt |
| Personal accident | 76.8 | 54.9% | -0.0 | 76.8 | 54.9% | 78.3 | 55.2% | 0.0 | 78.2 | 55.1% | 0.2pt |
| Voluntary automobile | 363.8 | 62.4% | 3.3 | 360.4 | 61.8% | 356.5 | 59.2% | 6.0 | 350.4 | 58.2% | -3.6pt |
| Other | 99.9 | 56.4% | 2.5 | 97.4 | 54.9% | 100.6 | 55.1% | 3.9 | 96.7 | 53.0% | -1.9pt |
| Total (A)* ³ | 698.1 | 62.1% | 37.0 | 661.0 | 58.8% | 696.1 | 59.8% | 46.9 | 649.1 | 55.8% | -3.0pt |
| Residential earthquake insurance (B) | — | | — | — | | — | | — | — | | |
| CALI (C) | 135.0 | | — | 135.0 | | 135.9 | | — | 135.9 | | |
| Total (A)+(B)+(C) | 833.1 | | 37.0 | 796.0 | | 832.1 | | 46.9 | 785.1 | | |

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

*2 "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.

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

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

Incurred losses and EI loss ratio (ADI) - Results for FY 2013

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

(¥bn)

| | FY 2012 | | | | | FY 2013 | | | | | |
|---|--------------------------------------|---------------|-------------------------------------|---------|---|--------------------------------------|---------------|-------------------------------------|---------|---|------------|
| | 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) | 81.0 | 62.8% | 12.5 | 68.4 | 53.0% | 100.5 | 73.9% | 39.5 | 60.9 | 44.9% | -8.1pt |
| Marine | 5.2 | 56.7% | — | 5.2 | 56.7% | 5.2 | 49.6% | — | 5.2 | 49.6% | -7.1pt |
| Personal accident | 33.7 | 49.3% | 0.0 | 33.7 | 49.3% | 33.7 | 49.6% | 0.0 | 33.7 | 49.5% | 0.2pt |
| Voluntary automobile | 407.9 | 63.7% | 3.5 | 404.4 | 63.1% | 401.6 | 61.4% | 7.7 | 393.9 | 60.2% | -2.9pt |
| Other | 61.8 | 62.6% | 0.6 | 61.2 | 61.9% | 61.4 | 61.7% | 2.0 | 59.4 | 59.7% | -2.2pt |
| Total (A)* ³ | 589.9 | 62.3% | 16.7 | 573.1 | 60.6% | 602.7 | 62.3% | 49.3 | 553.4 | 57.2% | -3.4pt |
| Residential earthquake insurance (B) | — | | — | — | | — | | — | — | | |
| CALI (C) | 127.1 | | — | 127.1 | | 126.2 | | — | 126.2 | | |
| Total (A)+(B)+(C) | 717.0 | | 16.7 | 700.2 | | 728.9 | | 49.3 | 679.6 | | |

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

*2 "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.

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

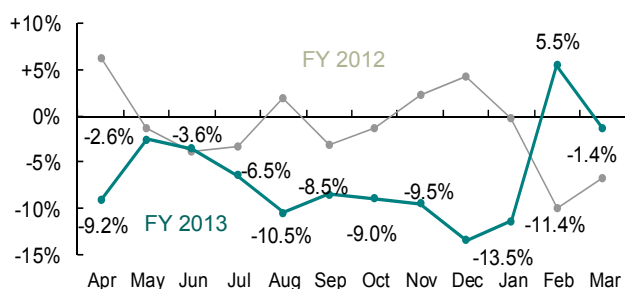
* Earned premium, the denominator of the EI loss ratio, is calculated by adjusting unearned premium and premium reserve.

Voluntary Automobile Insurance (FY2013)

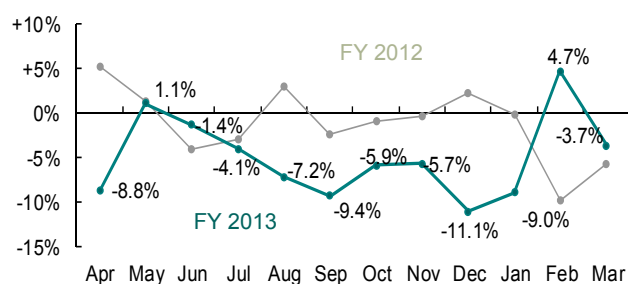
* "Natural disasters" quoted in this page does not include heavy snowfalls occurred in Feb.

Trend in the No. of accidents (per day, %YoY, excluding the number of accidents caused by natural disasters)

Mitsui Sumitomo Insurance



Aioi Nissay Dowa Insurance



Insurance Premiums, Claims and Earned to Incurred Loss Ratio

Mitsui Sumitomo Insurance

| <Domestic, Sales Basis> | No. of Contracts | Insurance Premium Unit Price | Insurance Premiums |
|--|-------------------------|------------------------------|------------------------------------|
| Factors increasing/decreasing insurance premiums | +0.5% | +2.4% | +2.9% |
| <Domestic> | Bodily injury liability | Property damage liability | Vehicle damage (Excl. natural cat) |
| Changes in average payout per claim | +16.2% | +3.4% | +9.1% |
| <Including Loss Adj. Expenses> | Mar., 2012 | Mar., 2013 | Mar., 2014 |
| El Loss Ratio | 73.0% | 69.8% | 66.5% |

Aioi Nissay Dowa Insurance

| <Domestic, Sales Basis> | No. of Contracts | Insurance Premium Unit Price | Insurance Premiums |
|--|-------------------------|------------------------------|------------------------------------|
| Factors increasing/decreasing insurance premiums | -0.8% | +2.3% | +1.5% |
| <Domestic> | Bodily injury liability | Property damage liability | Vehicle damage (Excl. natural cat) |
| Changes in average payout per claim | +9.6% | +5.2% | +10.4% |
| <Including Loss Adj. Expenses> | Mar., 2012 | Mar., 2013 | Mar., 2014 |
| El Loss Ratio | 69.9% | 68.8% | 66.3% |

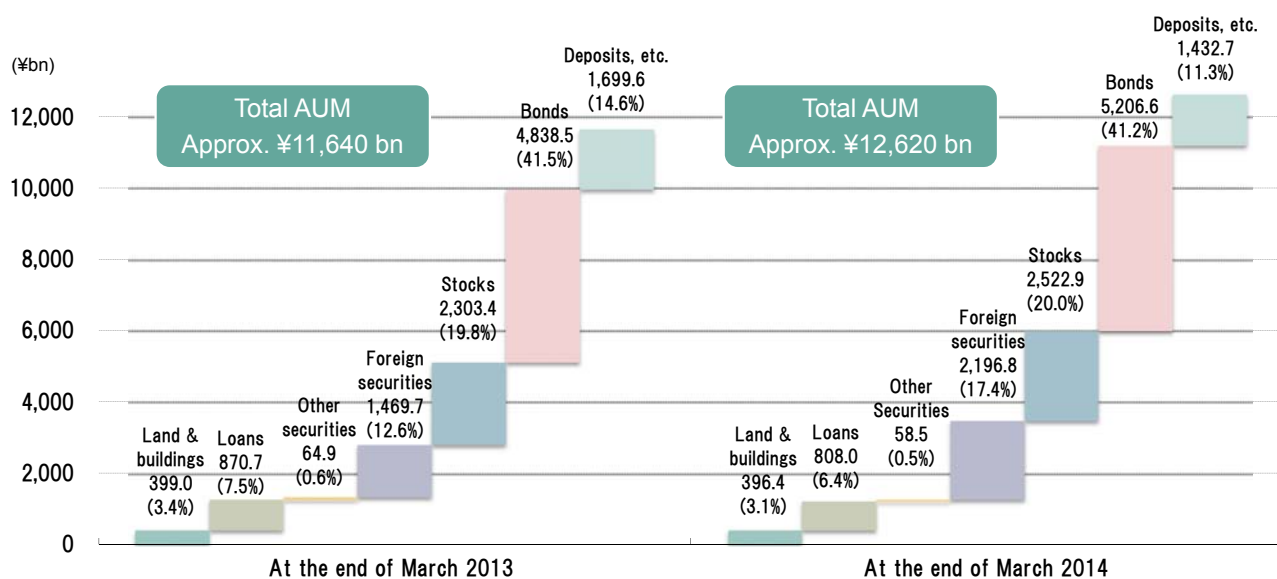
* All figures for factors of increase/decrease in insurance premiums are based on sales results (Apr. - Mar.), %YoY

* "Changes in average payout per claim" means change in average payout per claim over one-year period ended Mar. 31, 2014 compared with average payout per claim in one-year period ended March 31, 2013.

* El loss ratio shown in the above includes loss adjustment expenses. The period each year is from Apr. - Mar.

Assets Under Management (MS&AD Insurance Group)

Assets under management by asset class (MS&AD Insurance Group)*1



Interest-rate sensitivity (as of end-March 2014)

| | MS&AD Group total | Total for domestic non-life insurers | Total for domestic life insurers |
|---|-------------------|--------------------------------------|----------------------------------|
| Change in difference between asset and liability values (surplus) in the event of a 100 bp rise in yen interest rates | +53.5 | +24.2 | +29.3 |

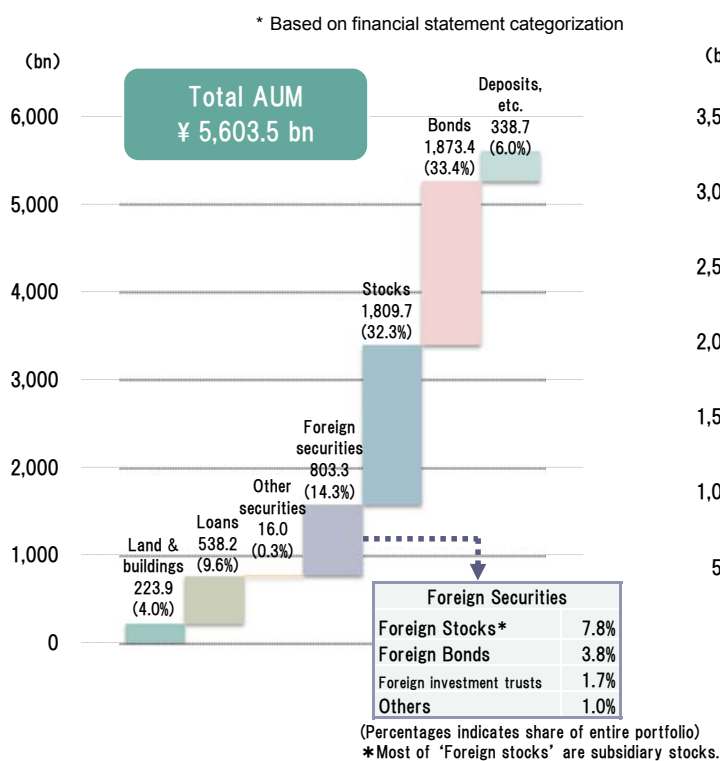
Total interest-rate assets*2 at the end of March, 2014 Approx. ¥8,920bn or approx. 70.7% of AUM

*1 Arithmetic totals of MSI, ADI, Mitsui Direct General, MSI Aioi Life, and MSI Primary Life's (general accounts) asset holdings as based on financial statement categorization.

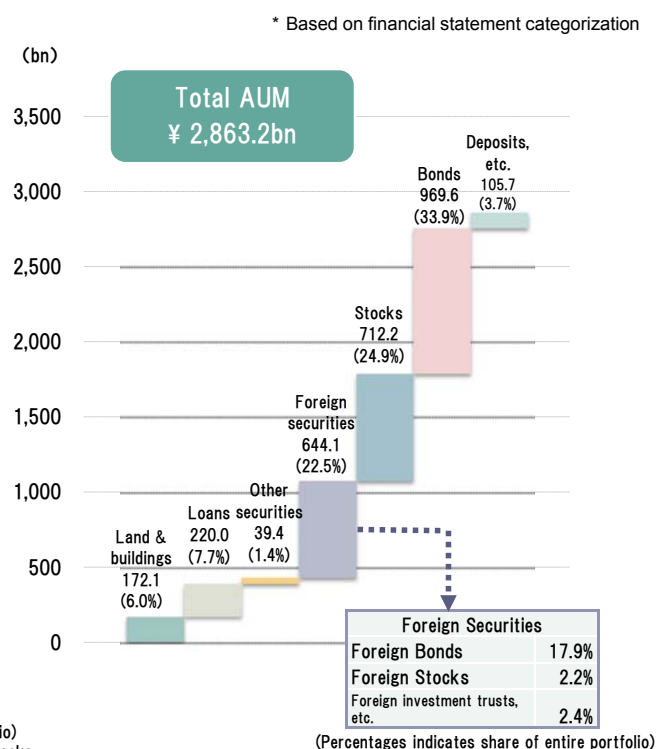
*2 Total of deposits, bonds, loans and foreign bonds

Assets Under Management (MSI/ADI)

AUM of MSI by asset class (as of end-March 2014)

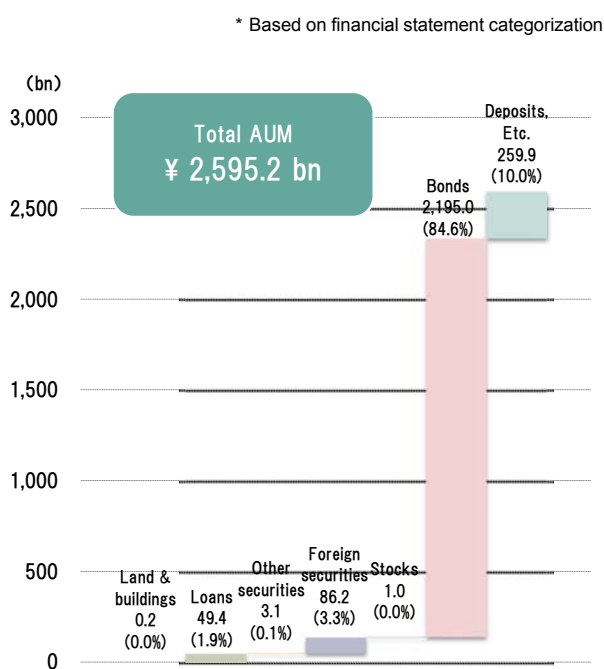


AUM of ADI by asset class (as of end-March 2014)

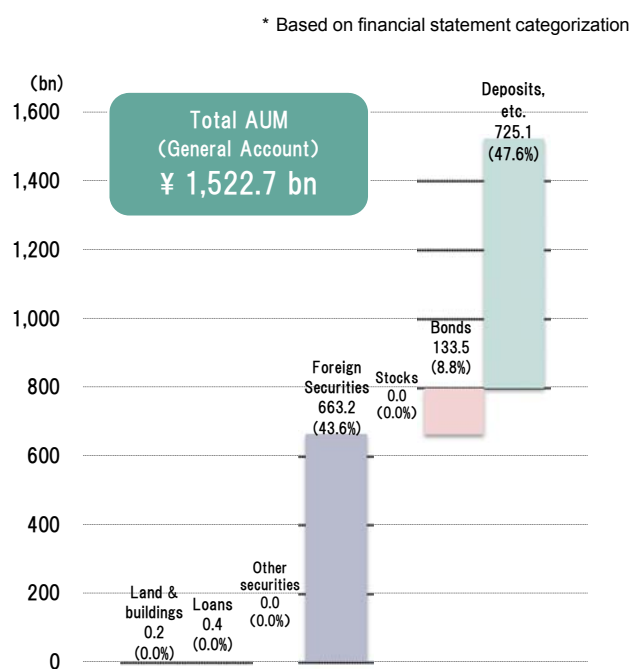


Assets Under Management (MSI Aioi Life/MSI Primary Life)

AUM of MSI Aioi Life by asset class (as of end-March 2014)



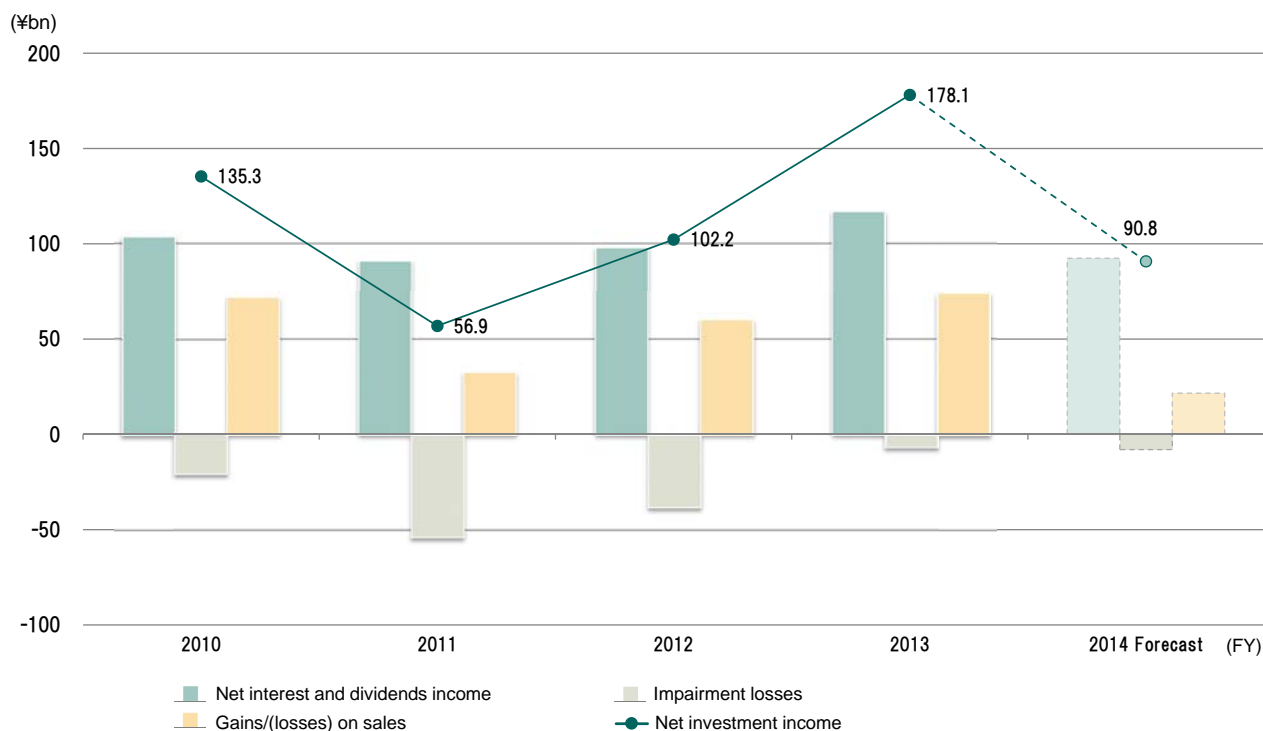
AUM of MSI Primary by asset class (as of end-March 2014)



*1 Deposits, etc. of ¥725.1 billion includes Money Trusts ¥680.8 billion.

Net Investment Income of Domestic Non-life Insurance Business

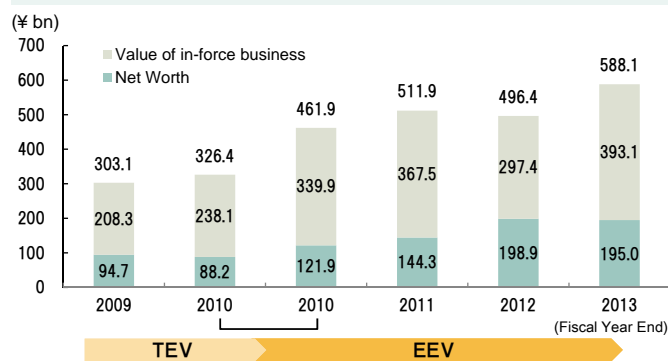
Transition of net investment income



* Simple aggregate of MSI (non-consolidated) and ADI (non-consolidated).

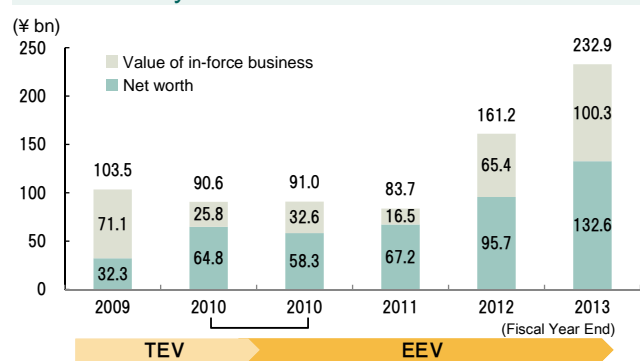
Trends in Embedded Value (from end of FY2009 to end of FY2013)

MSI Aioi Life



| Changes in FY2013 (¥ bn) | | EEV Sensitivity at End of FY2013 (¥ bn) | |
|---|--------|---|--------|
| Factor | Change | Assumption | Change |
| Value of new business in FY2013 | +39.1 | Risk-free rate Up 50 bp | +22.5 |
| Projected earnings (risk-free rate) | +9.4 | Risk-free rate Down 50 bp | -17.0 |
| Projected earnings (extra earnings) | +0.5 | Value of stocks and real estate Down 10% | -0.2 |
| Difference between assumptions (non-economic) and results | -3.4 | Expense rate (maintenance cost) Down 10% | +16.5 |
| Changes in assumptions (non-economic) | +2.0 | Termination and lapse ratio Down 10% | +8.1 |
| Difference between assumptions (economic) and results | +34.2 | Frequency of insured events (death insurance) Down 5% | +21.9 |
| Other changes relating to business | +9.7 | Frequency of insured events (annuity insurance) Down 5% | -0.0 |
| Other changes not relating to business | +0.0 | Implied volatility of stocks and real estate Up 25% | +0.0 |
| Total | +91.6 | Implied volatility of interest rate swaptions Up 25% | -22.2 |
| | | Capital requirement changed to the legal minimum level | +7.9 |

MSI Primary Life



| Changes in FY2013 (¥ bn) | | EEV Sensitivity at End of FY2013 (¥ bn) | |
|---|--------|---|--------|
| Factor | Change | Assumption | Change |
| Value of new business in FY2013 | +28.7 | Risk-free rate Up 50 bp | -2.1 |
| Projected earnings (risk-free rate) | +8.4 | Risk-free rate Down 50 bp | +3.2 |
| Projected earnings (extra earnings) | +8.2 | Value of stocks and real estate Down 10% | -7.8 |
| Difference between assumptions (non-economic) and results | +4.6 | Expense rate (maintenance cost) Down 10% | +5.0 |
| Changes in assumptions (non-economic) and results | -7.9 | Termination and lapse ratio Down 10% | +0.1 |
| Difference between assumptions (economic) and results | +29.0 | Frequency of insured events (death insurance) Down 5% | +0.6 |
| Other changes relating to business | - | Frequency of insured events (annuity insurance) Down 5% | +0.5 |
| Other changes not relating to business | +0.5 | Implied volatility of stocks and real estate Up 25% | -4.5 |
| Total | +71.7 | Implied volatility of interest rate swaptions Up 25% | -0.0 |
| | | Capital requirement changed to the legal minimum level | +3.6 |

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

Summary of Overseas Business

Net premiums written (non-life insurance) (¥bn)

| | FY2013 Results | FY2014 (Forecast) | |
|---------------------------------------|-------------------|-------------------|--------|
| | | | Change |
| Overseas Business Total ^{*1} | 369.0 | 419.5 | 50.4 |
| Asia | 215.7 | 239.5 | 23.7 |
| Europe | 85.4 | 105.9 | 20.4 |
| Americas | 56.4 | 61.8 | 5.3 |
| Reinsurance | 16.7 | 17.6 | 0.9 |

Net income/(loss)^{*2} (¥bn)

| | FY2013 Results | FY2014 (Forecast) | |
|---|-------------------|-------------------|--------|
| | | | Change |
| Overseas Business Total ^{*1} | 18.0 | 22.0 | 4.0 |
| Asia | 16.3 | 18.0 | 1.6 |
| Europe | 1.8 | -0.1 | -1.9 |
| Americas | -3.3 | 3.7 | 7.0 |
| Reinsurance | 8.5 | 5.4 | -3.1 |
| Asian Life Insurance Business ^{*3} | -1.2 | 5.1 | 6.4 |

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

^{*1} Figures in the "total" rows include head office adjustments etc. and are not equal to the sum of figures for each segment and each region.

^{*2} Group Core Profit basis ^{*3} Including Takaful business

Overseas Business: Growth and Profitability at Major Bases in Asia

| | FY2010 | | | FY2011 | | | FY2012 | | | FY2013 | | | Net premiums written (¥ bn) |
|-------------|-------------|----------------|------|-------------|----------------|----------|-------------|----------------|-------|-------------|----------------|------|-----------------------------|
| | Growth rate | Combined ratio | ROE | Growth rate | Combined ratio | ROE | Growth rate | Combined ratio | ROE | Growth rate | Combined ratio | ROE | |
| Malaysia | 24.6 | 85.2 | 19.4 | 27.7 | 87.6 | 21.9 | 3.4 | 86.2 | 21.8 | 7.9 | 82.7 | 20.4 | 36.3 |
| Thailand | 25.5 | 86.2 | 15.4 | 3.3 | 1,473.3 | -3,060.8 | 35.6 | -17.9 | 139.8 | 18.7 | 15.1 | 66.5 | 35.0 |
| Taiwan | 15.2 | 99.9 | 4.2 | 4.2 | 88.8 | 5.1 | 5.1 | 93.9 | 5.3 | 1.6 | 95.6 | 7.3 | 28.6 |
| India | 41.2 | 107.3 | -8.6 | 36.3 | 105.0 | 6.6 | 34.3 | 106.9 | 15.8 | 15.0 | 109.7 | 13.8 | 26.6 |
| China | 46.5 | 103.6 | 1.6 | 39.7 | 94.1 | 2.1 | 18.2 | 115.2 | -2.4 | 9.1 | 114.5 | -4.9 | 25.1 |
| Singapore | 13.3 | 78.4 | 15.1 | 11.5 | 88.4 | 12.2 | 2.3 | 88.9 | 18.2 | 4.9 | 85.8 | 13.4 | 22.4 |
| Hong Kong | 8.1 | 90.1 | 12.9 | 14.3 | 91.8 | 15.3 | 6.6 | 107.4 | -8.7 | 3.8 | 97.9 | 10.9 | 12.3 |
| Indonesia | 14.6 | 64.8 | 22.1 | 17.4 | 72.4 | 26.7 | -0.0 | 76.4 | 31.7 | 13.8 | 106.2 | 31.7 | 8.0 |
| Philippines | 20.9 | 75.3 | 17.7 | 10.8 | 74.4 | 21.9 | 7.3 | 77.8 | 25.0 | 9.2 | 91.1 | 26.5 | 7.1 |
| Vietnam | 80.4 | 101.3 | 1.9 | 36.7 | 78.9 | 11.4 | 10.6 | 125.4 | 4.8 | 3.5 | 383.1 | 10.8 | 1.3 |

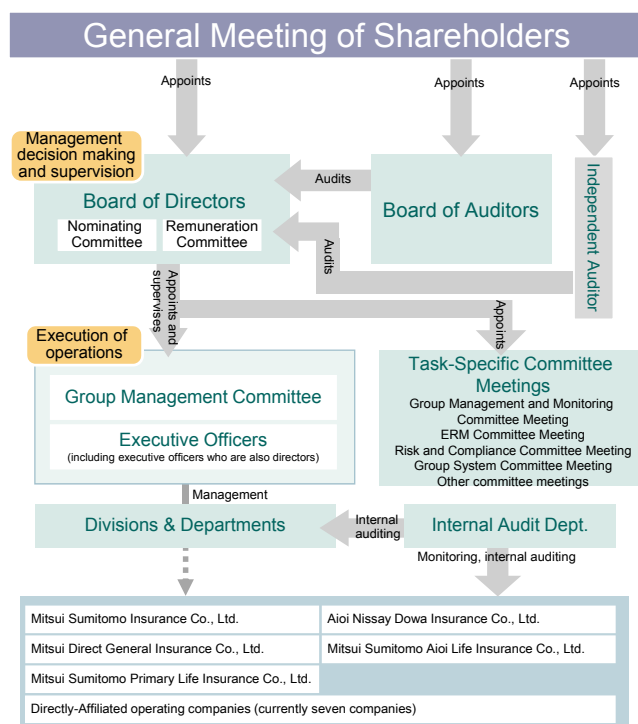
* Overseas Business: The figures are aggregates of the results for overseas consolidated subsidiaries, non-life insurance companies' overseas branches and overseas non-consolidated affiliates.

* Growth rates are calculated in local currencies.

* The growth rate, combined ratio, and ROE for each region are calculated using the sum of figures for the bases of MSI and overseas consolidated subsidiaries and affiliates of ADI.

* The effect of reinstatement premiums of reinsurance due to the flooding is excluded in the calculation of the growth rate and net premiums written for Thailand.

Corporate governance structure



Under the executive officer system, the roles of the Board of Directors, which makes management decisions and supervises, and the Executive Officers, who execute operations, are clarified.

Of thirteen directors, four directors are outside directors. Of five auditors, three auditors are outside auditors.
→ All outside directors and auditors are independent officers that meet the requirements of TSE and NSE.

The term of office of the directors is one year.

The outside directors are two lawyers and two corporate managers (three men and one woman). The outside auditors are one certified public accountant and two lawyers.
→ In FY2013, fifteen Board meetings were held, and the outside directors and auditors attended more than 90% of the meetings on the average.

The Board of Directors has two internal committees: the Nominating Committee and the Remuneration Committee.
→ The chairperson and a majority of the members of each of the committees are outside directors.

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

MS&AD

【Reference Materials】

MS&AD Insurance Group Holdings, Inc.

MS&AD
INSURANCE GROUP

Summary of FY2013 Financial Results and Projected Financial Results for FY2014



| | |
|--|------------|
| Summary of FY2013 Financial Results (MS&AD Holdings (Consolidated)) | Appendix 1 |
| Projected Financial Results for FY2014 (MS&AD Holdings (Consolidated)) | Appendix 2 |

Summary of FY2013 Financial Results (MS&AD Holdings (Consolidated))

Key financial data

(¥bn)

| | FY2012 | FY2013 | | |
|------------------------|---------|---------|------------|--------------|
| | | | YoY Change | Change Ratio |
| Net premiums written | 2,639.4 | 2,809.5 | 170.1 | 6.4% |
| Ordinary profit/(loss) | 150.3 | 190.2 | 39.9 | 26.6% |
| Net income | 83.6 | 93.4 | 9.8 | 11.8% |

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

Breakdown of net premiums written

(¥bn)

| | FY2012 | FY2013 | | |
|---|---------|---------|------------|--------|
| | | | YoY Change | Growth |
| Mitsui Sumitomo Insurance (Non-consolidated) | 1,314.2 | 1,384.5 | 70.2 | 5.3% |
| Aioi Nissay Dowa Insurance (Non-consolidated) | 1,103.2 | 1,144.6 | 41.3 | 3.8% |
| Mitsui Direct General Insurance | 35.2 | 35.5 | 0.2 | 0.8% |
| Overseas subsidiaries | 186.1 | 240.6 | 54.4 | 29.2% |

Breakdown of net income

(¥bn)

| | FY2012 | FY2013 | |
|---|--------|--------|------------|
| | | | YoY Change |
| Mitsui Sumitomo Insurance (Non-consolidated) | 42.6 | 58.0 | 15.3 |
| Aioi Nissay Dowa Insurance (Non-consolidated) | 18.8 | 13.1 | -5.7 |
| Mitsui Direct General Insurance | 0.3 | 0.1 | -0.1 |
| MSI Aioi Life | 0.4 | 6.6 | 6.2 |
| MSI Primary Life | 10.3 | 17.9 | 7.5 |
| Overseas subsidiaries | 12.6 | 19.9 | 7.2 |
| Consolidation adjustments and others | -1.7 | -22.4 | -20.7 |

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

MS&AD Insurance Group Holdings, Inc.

(Net premiums written)

- Group consolidated net premiums written totaled ¥2,809.5 billion, an increase of ¥170.1 billion, or 6.4% year-on-year.
- Breakdown of net premiums written
 - Compared to a year earlier, net premiums written increased ¥70.2 billion or 5.3% at MSI, ¥41.3 billion or 3.8% at ADI, and ¥0.2 billion or 0.8% at Mitsui Direct General.
 - Compared to a year earlier, net premiums written increased ¥54.4 billion or 29.2% at overseas subsidiaries, with net premiums written up in all regions. (+¥41.2 billion exchange rate effect. On a local currency basis the increase was +7.1%)

(Net income)

- Net income grew ¥9.8 billion year-on-year to ¥93.4 billion.
- Despite the February heavy snow disaster, this was the MS&AD Group's highest net income for a full year since its establishment in April 2010.
- A ¥27.0 billion addition to the price fluctuation reserve, ¥8.2 billion in expenses associated with the reorganization by function, and the ¥7.1 billion impact of the reversal of deferred tax assets associated with the abolition of the special reconstruction corporate tax (tax rate change) were recorded as extraordinary losses.
- Breakdown by company
 - Despite the February snow disaster, MSI reported a ¥15.3 billion year-on-year increase in net income, to ¥58.0 billion, thanks to a decrease in claims other than those related to the snow disaster and an increase in investment income (¥12.0 billion addition to price fluctuation reserve, ¥4.1 billion expense associated with reorganization by function, ¥3.9 billion impact from tax rate change).
 - ADI reported a ¥5.7 billion year-on-year decrease in net income, to ¥13.1 billion. ADI's insurance claims other than those related to snow disaster decreased and investment income increased, but it was affected by the February heavy snow disaster and higher extraordinary losses (¥4.0 billion expense associated with reorganization by function, ¥3.1 billion impact from tax rate change).
 - MSI Aioi Life reported a ¥6.2 billion year-on-year increase, to ¥6.6 billion due to factors such as higher investment income.
 - MSI Primary Life reported a ¥7.5 billion year-on-year increase, to ¥17.9 billion, thanks to factors such as higher insurance-related income in conjunction with an increase in the amount of policies in force (¥15.0 billion addition to price fluctuation reserve).
 - Overseas subsidiaries experienced steady business growth and booked a ¥7.2 billion year-on-year increase to ¥19.9 billion.

*The data in parentheses above show the main items recorded under extraordinary losses and income taxes.

Projected Financial Results for FY2014 (MS&AD Holdings (Consolidated))

Key financial data

(¥bn)

| | FY2013 | FY2014 (Forecast) | | |
|------------------------|---------|-------------------|------------|--------------|
| | | | YoY Change | Change Ratio |
| Net premiums written | 2,809.5 | 2,925.0 | 115.4 | 4.1% |
| Ordinary profit/(loss) | 190.2 | 150.0 | -40.2 | -21.2% |
| Net income | 93.4 | 100.0 | 6.5 | 7.0% |

Breakdown of net premiums written

(¥bn)

| | FY2013 | FY2014 (Forecast) | | |
|---|---------|-------------------|------------|--------|
| | | | YoY Change | Growth |
| Mitsui Sumitomo Insurance (Non-consolidated) | 1,384.5 | 1,433.0 | 48.4 | 3.5% |
| Aioi Nissay Dowa Insurance (Non-consolidated) | 1,144.6 | 1,156.0 | 11.3 | 1.0% |
| Mitsui Direct General Insurance | 35.5 | 36.2 | 0.6 | 1.8% |
| Overseas subsidiaries | 240.6 | 294.0 | 53.3 | 22.2% |

Breakdown of net income

(¥bn)

| | FY2013 | FY2014 (Forecast) | |
|---|--------|-------------------|------------|
| | | | YoY Change |
| Mitsui Sumitomo Insurance (Non-consolidated) | 58.0 | 62.0 | 3.9 |
| Aioi Nissay Dowa Insurance (Non-consolidated) | 13.1 | 34.0 | 20.8 |
| Mitsui Direct General Insurance | 0.1 | 0.1 | -0.0 |
| MSI Aioi Life | 6.6 | 1.0 | -5.6 |
| MSI Primary Life | 17.9 | 12.0 | -5.9 |
| Overseas subsidiaries | 19.9 | 24.0 | 4.0 |
| Consolidation adjustments and others | -22.4 | -33.1 | -10.7 |

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

MS&AD Insurance Group Holdings, Inc.

(Net premiums written)

- Group consolidated net premiums written are forecast to grow ¥115.4 billion, or 4.1%, year-on-year to reach ¥2,925.0 billion.
- Breakdown of net premiums written
 - MSI's net premiums written are expected to increase ¥48.4 billion year-on-year to ¥1,433.0 billion.
 - ADI's net premiums written are expected to increase ¥11.3 billion year-on-year to ¥1,156.0 billion.
 - Mitsui Direct General's net premiums written are expected to increase ¥0.6 billion year-on-year to ¥36.2 billion.
 - Net premiums written at overseas subsidiaries are expected to grow ¥53.3 billion year-on-year to ¥294.0 billion.

(Net income)

- The group expects net income to increase ¥6.5 billion year-on-year to ¥100.0 billion. At the two core domestic non-life insurance companies, investment income is expected to decline year-on-year but underwriting profit is expected to grow year-on-year. The domestic life insurance subsidiaries are expected to experience a year-on-year decline in net income, but the overseas subsidiaries are expected to post solid growth in each region.
- Breakdown of net income
 - MSI expects net income to increase ¥3.9 billion year-on-year to ¥62.0 billion.
 - ADI expects net income to increase ¥20.8 billion year-on-year to ¥34.0 billion. The company is expected to post, as extraordinary income, ¥24.8 billion in transfer consideration in conjunction with the transfer of policies under the reorganization by function.
 - Mitsui Direct General is expected to remain at the previous year's level, ¥0.1 billion in the black.
 - MSI Aioi Life is expected to show a ¥5.6 billion year-on-year decrease to ¥1.0 billion, largely due to an increase in costs in conjunction with the reorganization by function.
 - MSI Primary Life is expected to experience a ¥5.9 billion year-on-year decrease to ¥12.0 billion.
 - Net income from overseas subsidiaries is expected to increase ¥4.0 billion year-on-year to ¥24.0 billion, with each region expecting gains.
 - The negative amount recorded as consolidation adjustments and others is expected to decline ¥10.7 billion year-on-year to a negative ¥33.1 billion, due to the inter-company elimination of transfer consideration associated with the reorganization by function.

Summary of FY2013 Financial Results

MS&AD

INSURANCE GROUP

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| MSI (Non-consolidated): Company Expenses and Expense Ratios | Appendix 5 |
| MSI (Non-consolidated): Investment Performance | Appendix 6 |
| ADI (Non-consolidated) | Appendix 7 |
| ADI (Non-consolidated): Premiums and Loss Ratios by Product Line | Appendix 8 |
| ADI (Non-consolidated): Company Expenses and Expense Ratios | Appendix 9 |
| ADI (Non-consolidated): Investment Performance | Appendix 10 |
| Mitsui Direct General | Appendix 11 |
| MSI Aioi Life | Appendix 12 |
| MSI Primary Life | Appendix 13 |
| Overseas Subsidiaries | Appendix 14 |
| MSI (Consolidated) | Appendix 15 |
| ADI (Consolidated) | Appendix 16 |

MSI (Non-consolidated)

Key financial data

(¥bn)

| | FY2012 | FY2013 | |
|---|---------|---------|------------|
| | | | YoY Change |
| Net premiums written | 1,314.2 | 1,384.5 | 70.2 |
| Growth rate of net premiums written | 3.5% | 5.3% | 1.8pt |
| Net loss ratio | 73.3% | 65.1% | -8.2pt |
| Net expense ratio | 32.4% | 32.0% | -0.4pt |
| Combined ratio | 105.7% | 97.1% | -8.6pt |
| Incurred losses | 833.1 | 832.1 | -1.0 |
| Underwriting profit/(loss) | -9.7 | -7.3 | 2.3 |
| Net investment income/(loss) | 82.5 | 125.1 | 42.6 |
| Ordinary profit/(loss) | 65.3 | 101.9 | 36.6 |
| Extraordinary income/(loss) | -2.3 | -17.4 | -15.1 |
| Net income/(loss) | 42.6 | 58.0 | 15.3 |
| (Excluding residential earthquake insurance and CALI) | | | |
| Growth rate of net premiums written | 3.1% | 4.7% | 1.6pt |
| Net loss ratio | 70.5% | 62.2% | -8.3pt |
| Net expense ratio | 34.1% | 34.1% | 0.0pt |
| Combined ratio | 104.6% | 96.3% | -8.3pt |

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

MS&AD Insurance Group Holdings, Inc.

■ Net premiums written increased 5.3% year-on-year.

- In addition to higher net premiums written for fire insurance—mainly residential—net premiums written increased for the various product lines, such as voluntary automobile insurance and compulsory automobile liability insurance (CALI), those show the effect of revisions in premium rate.

■ The net loss ratio improved 8.2 percentage points year-on-year due to a decrease in claims payments associated with the floods in Thailand and natural disasters that occurred in Japan during the fiscal year.

■ The net expense ratio improved 0.4 percentage point year-on-year due to growth in premiums.

■ The combined ratio improved 8.6 percentage points year-on-year to 97.1%.

■ Despite the effects of the heavy snow that hits Japan in February 2014, incurred losses decreased ¥1.0 billion year-on-year thanks to a decrease in incurred losses from the floods in Thailand, natural disasters that occurred in Japan during the fiscal year, and in other incurred losses on automobile insurance and fire insurance.

■ The underwriting loss narrowed by ¥2.3 billion year-on-year to ¥7.3 billion.

- While net premiums written increased and incurred losses decreased, the reversal of the catastrophe reserves was smaller in conjunction with the decrease in insurance claims payments associated with the floods in Thailand and natural disasters that occurred in Japan during the fiscal year.

■ Net investment income grew ¥42.6 billion year-on-year to ¥125.1 billion.

- This substantial improvement is mainly attributable to a decrease in impairment losses on securities due to a much-improved market environment and an increase in dividends from overseas subsidiaries and domestic stockholdings.

■ As a result of the foregoing, ordinary profit increased ¥36.6 billion year-on-year to ¥101.9 billion.

■ The extraordinary income decreased ¥15.1 billion year-on-year due to factors such as the addition of ¥12.0 billion to the price fluctuation reserve as part of the company's effort to strengthen its financial position.

■ Net income increased ¥15.3 billion year-on-year to ¥58.0 billion.

【Reference: Non-consolidated solvency margin ratio】

| | End of FY2012 | End of FY 2013 | |
|--|---------------|----------------|--------|
| | | | Change |
| Non-consolidated solvency margin ratio | 581.3% | 600.3% | 19.0pt |

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

| Net premiums written (¥bn) | | | | Net loss ratio | | | |
|---|---------|---------|--------|---|--------|--------|------------|
| | FY2012 | FY2013 | | | FY2012 | FY2013 | |
| | | | Growth | | | | YoY Change |
| Fire and allied | 187.8 | 212.2 | 13.0% | Fire and allied | 107.2% | 70.9% | -36.3pt |
| Marine | 53.7 | 56.7 | 5.6% | Marine | 51.9% | 59.6% | 7.7pt |
| Personal accident | 142.9 | 144.6 | 1.2% | Personal accident | 59.2% | 60.4% | 1.2pt |
| Voluntary automobile | 590.5 | 608.3 | 3.0% | Voluntary automobile | 68.7% | 63.5% | -5.2pt |
| CALI | 157.2 | 173.4 | 10.3% | CALI | 94.4% | 85.4% | -9.0pt |
| Other | 181.8 | 188.9 | 3.9% | Other | 52.7% | 50.2% | -2.5pt |
| Total | 1,314.2 | 1,384.5 | 5.3% | Total | 73.3% | 65.1% | -8.2pt |
| Excluding residential earthquake insurance and CALI | 1,155.9 | 1,210.3 | 4.7% | Excluding residential earthquake insurance and CALI | 70.5% | 62.2% | -8.3pt |

| Incurred losses (¥bn) | | | |
|--|--------|--------|------------|
| | FY2012 | FY2013 | |
| | | | YoY Change |
| Incurred losses (excluding loss adjustment expenses) ^{*1} | 833.1 | 832.1 | -1.0 |
| Natural catastrophes ^{*2} | 37.0 | 46.9 | 9.9 |
| Other than natural catastrophes | 796.0 | 785.1 | -10.9 |

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

*2: "Natural catastrophes" include domestic natural disasters occurring in the fiscal year and heavy snowfalls occurred in Feb. 2014 in Japan, and floods in Thailand occurred in 2011. Natural catastrophes include incurred losses resulting from floods in Thailand (6.3 billion yen for FY2012, negative 20.3 billion yen for FY2013) and incurred losses resulting from heavy snowfalls in Feb (45.4 billion yen for FY2013).

MS&AD Insurance Group Holdings, Inc.

(Net premiums written)

- Net premiums written increased 5.3% year-on-year across all product lines thanks to a significant increase in fire insurance as well as the effects of revised premium rates for voluntary automobile insurance and CALI.
- Net premiums written for fire insurance increased 13.0% thanks to an increase in premiums within Japan—mainly in the residential segment—but also due to the increase in yen-converted premiums from overseas operations, due to the weaker yen.
- Voluntary automobile insurance net premiums written increased 3.0%. This was mainly due to premium rate revisions (in October 2012 and October 2013) and a high rate of renewals.
- CALI net premiums written increased 10.3% due to a premium rate revision (in April 2013).
- Net premiums written in "Other" rose 3.9%, helped by an increase in liability insurance.

(Net loss ratio)

- Despite the payment of claims for the heavy snow in Japan in February 2014, the net loss ratio improved 36.3 percentage points year-on-year due to a decrease in claims payments associated with the floods in Thailand and natural disasters occurring in Japan in the year.
- The net loss ratio for marine insurance increased 7.7 percentage points year-on-year due to the impact of large losses that occurred during the year.
- The net loss ratio for voluntary automobile insurance improved 5.2 percentage points year-on-year, mainly due to higher premiums thanks to the effects of revised premium rates and initiatives to improve earnings.
- The net loss ratio for compulsory automobile liability insurance improved 9.0 percentage points year-on-year, mainly due to higher premiums thanks to the effects of revised premium rates.

(Incurred losses)

- Despite the effects of the heavy snow that hits Japan in February 2014, incurred losses decreased ¥1.0 billion year-on-year thanks to a decrease in incurred losses from the floods in Thailand, natural disasters that occurred in Japan during the fiscal year, and in other incurred losses on automobile insurance and fire insurance.

【Reference: Breakdown of impact of natural catastrophes by product line】

(¥bn)

| | FY2012 | | | FY2013 | | |
|----------------------|-----------------|--------------------|-------|-----------------|--------------------|-------|
| | Net Claims Paid | Provisions for O/S | Total | Net Claims Paid | Provisions for O/S | Total |
| Fire and allied | 95.1 | -64.1 | 31.0 | 55.6 | -19.1 | 36.4 |
| Marine | 0.0 | 0.0 | 0.0 | 0.1 | 0.2 | 0.4 |
| Personal accident | 0.0 | -0.0 | -0.0 | 0.0 | 0.0 | 0.0 |
| Voluntary automobile | 3.3 | 0.0 | 3.3 | 4.0 | 2.0 | 6.0 |
| Other | 2.8 | -0.3 | 2.5 | 3.6 | 0.3 | 3.9 |
| Total | 101.4 | -64.4 | 37.0 | 63.4 | -16.4 | 46.9 |

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

Company expenses

(¥bn)

| | FY2012 | FY2013 | |
|------------------------------------|--------|--------|------------|
| | | | YoY Change |
| Underwriting company expenses | 197.4 | 204.5 | 7.1 |
| Loss adjustment expenses | 76.3 | 77.4 | 1.0 |
| Other | 9.1 | 9.9 | 0.8 |
| Total company expenses | 282.9 | 291.9 | 9.0 |
| Personnel expenses | 157.5 | 156.9 | -0.6 |
| Non-personnel expenses | 113.0 | 122.4 | 9.4 |
| Taxes and contributions | 12.3 | 12.5 | 0.2 |
| Commission and collection expenses | 228.6 | 239.0 | 10.3 |

Expense ratios

| | FY2012 | FY2013 | |
|---|--------|--------|------------|
| | | | YoY Change |
| Net commission ratio | 17.4% | 17.3% | -0.1 pt |
| Net company expense ratio | 15.0% | 14.8% | -0.2 pt |
| Net expense ratio | 32.4% | 32.0% | -0.4 pt |
| Net expense ratio (excluding residential earthquake insurance and CALI) | 34.1% | 34.1% | 0.0 pt |

MS&AD Insurance Group Holdings, Inc.

- Total company expenses increased ¥9.0 billion year-on-year to ¥291.9 billion.
- Personnel expenses decreased ¥0.6 billion year-on-year.
- Non-personnel expenses increased ¥9.4 billion year-on-year, mainly due to increased system costs associated with the operation of an integrated new system.
- Excluding residential earthquake insurance and CALI, the net expense ratio was 34.1%, no change year-on-year (breakdown shown below).
- Net commission ratio 19.2% (no change year-on-year)
- Net company expense ratio 14.9% (no change year-on-year)

MSI (Non-consolidated): Investment Performance

Net investment income/(loss)

(¥bn)

| | FY2012 | FY2013 | |
|---|--------|--------|------------|
| | | | YoY Change |
| Interest and dividends income | 101.8 | 112.2 | 10.4 |
| Transfer of investment income on deposit premiums | -44.0 | -41.3 | 2.7 |
| Net interest and dividends income | 57.7 | 70.9 | 13.1 |
| Gains/(losses) on sales of securities | 53.1 | 54.8 | 1.6 |
| Impairment losses on securities | -28.3 | -3.3 | 24.9 |
| Gains/(losses) on redemption of securities | 0.3 | 1.0 | 0.7 |
| Gains/(losses) on derivative transactions | 6.8 | 9.8 | 2.9 |
| Other | -7.2 | -8.0 | -0.8 |
| Net investment income/(loss) | 82.5 | 125.1 | 42.6 |

Sources of interest and dividends received

(¥bn)

| | FY2012 | FY2013 | |
|--------------------|--------|--------|------------|
| | | | YoY Change |
| Bonds | 26.1 | 24.3 | -1.8 |
| Stock | 30.2 | 34.9 | 4.7 |
| Foreign securities | 21.9 | 30.4 | 8.5 |
| Other securities | 3.2 | 4.9 | 1.7 |
| Loans | 9.9 | 8.5 | -1.4 |
| Land and buildings | 5.3 | 6.1 | 0.7 |
| Other | 4.9 | 2.8 | -2.1 |
| Total | 101.8 | 112.2 | 10.4 |

MS&AD Insurance Group Holdings, Inc.

- Interest and dividends income grew ¥10.4 billion year-on-year, mainly due to increased dividends from overseas subsidiaries and domestic stockholdings and increased income from foreign bond and equity funds thanks to the much improved market environment (i.e. weaker yen and stronger stock prices).
- Net interest and dividends income increased ¥13.1 billion year-on-year.
- Gains on sales of securities rose ¥1.6 billion year-on-year to ¥54.8 billion as we continued sell domestic stocks.
- Impairment losses on securities decreased ¥24.9 billion from the previous year, in which substantial impairment losses were posted due to the stock market slump (breakdown shown below).

| | FY2012 | FY2013 | |
|--------------------|--------|--------|------------|
| | | | YoY Change |
| Bonds | - | - | - |
| Stock | 21.2 | 0.2 | -20.9 |
| Foreign securities | 7.1 | 3.0 | -4.0 |
| Other securities | 0.0 | - | -0.0 |
| Total | 28.3 | 3.3 | -24.9 |

- Gains/losses on derivative transactions increased ¥2.9 billion year-on-year.
- As a result of the foregoing, net investment income increased ¥42.6 billion year-on-year to ¥125.1 billion.

【Reference: Breakdown of investment assets】

(¥bn)

| | End of FY2012 | End of FY2013 | |
|----------------------------|---------------|---------------|------------|
| | | | YoY Change |
| Deposits and savings, etc. | 400.1 | 338.7 | -61.4 |
| Securities | 4,117.9 | 4,502.6 | 384.7 |
| Bonds | 1,715.1 | 1,873.4 | 158.3 |
| Stock | 1,640.6 | 1,809.7 | 169.0 |
| Foreign securities | 738.8 | 803.3 | 64.5 |
| Other securities | 23.2 | 16.0 | -7.2 |
| Loans | 576.0 | 538.2 | -37.8 |
| Land and buildings | 223.0 | 223.9 | 0.8 |
| Total | 5,317.2 | 5,603.5 | 286.2 |

ADI (Non-consolidated)

Key financial data

(¥bn)

| | FY2012 | FY2013 | |
|---|---------|---------|------------|
| | | | YoY Change |
| Net premiums written | 1,103.2 | 1,144.6 | 41.3 |
| Growth rate of net premiums written | 2.7% | 3.8% | 1.1 pt |
| Net loss ratio | 70.4% | 65.0% | -5.4 pt |
| Net expense ratio | 34.1% | 34.5% | 0.4 pt |
| Combined ratio | 104.5% | 99.5% | -5.0 pt |
| Incurred losses | 717.0 | 728.9 | 11.9 |
| Underwriting profit/(loss) | 6.6 | -28.8 | -35.5 |
| Net investment income/(loss) | 19.7 | 53.0 | 33.2 |
| Ordinary profit/(loss) | 25.8 | 27.8 | 2.0 |
| Extraordinary income/(loss) | -1.6 | -5.6 | -4.0 |
| Net income/(loss) | 18.8 | 13.1 | -5.7 |
| (Excluding residential earthquake insurance and CALI) | | | |
| Growth rate of net premiums written | 2.4% | 3.2% | 0.8 pt |
| Net loss ratio | 67.3% | 62.0% | -5.3 pt |
| Net expense ratio | 35.7% | 36.5% | 0.8 pt |
| Combined ratio | 103.0% | 98.5% | -4.5 pt |

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

MS&AD Insurance Group Holdings, Inc.

- Net premiums written across all product lines grew 3.8% year-on-year to ¥41.3 billion, mainly due to the increase in voluntary automobile insurance and CALI arising from the effects of revised premium rates.
- The net loss ratio improved 5.4 percentage points thanks mainly to a decrease in claims paid for the floods in Thailand and efforts to improve automobile insurance losses.
- The net expense ratio increased 0.4 percentage points year-on-year, mainly due to increased system costs associated with the operation of an integrated new system.
- The combined ratio improved, decreasing 5.0 percentage points year-on-year to 99.5%.
- There was an underwriting loss of ¥28.8 billion. This represents a ¥35.5 billion downturn, which is attributable to the heavy snow in February.
- Net investment income grew ¥33.2 billion year-on-year to ¥53.0 billion.
- As a result of the foregoing, ordinary profit totaled ¥27.8 billion, a year-on-year increase of ¥2.0 billion.
- The extraordinary income decreased ¥4.0 billion after the subsidiary posted expenses associated with reorganization by function.
- Net income totaled ¥13.1 billion. This represents a ¥5.7 billion year-on-year downturn due to the effects of the abolition of the special reconstruction corporate tax.

【Reference: Non-consolidated solvency margin ratio】

| | End of FY2012 | End of FY 2013 | |
|--|---------------|----------------|---------|
| | | | Change |
| Non-consolidated solvency margin ratio | 649.1% | 754.0% | 104.9pt |

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

| Net premiums written (¥bn) | | | | Net loss ratio | | | |
|---|---------|---------|--------|---|--------|--------|------------|
| | FY2012 | FY2013 | | | FY2012 | FY2013 | |
| | | | Growth | | | | YoY Change |
| Fire and allied | 126.3 | 135.7 | 7.4% | Fire and allied | 81.1% | 64.8% | -16.3 pt |
| Marine | 9.5 | 11.2 | 17.2% | Marine | 50.5% | 52.4% | 1.9 pt |
| Personal accident | 71.9 | 72.6 | 1.0% | Personal accident | 51.8% | 50.3% | -1.5 pt |
| Voluntary automobile | 644.8 | 658.9 | 2.2% | Voluntary automobile | 67.1% | 63.2% | -3.9 pt |
| CALI | 152.8 | 164.2 | 7.5% | CALI | 90.4% | 83.0% | -7.4 pt |
| Other | 97.5 | 101.7 | 4.3% | Other | 63.2% | 59.3% | -3.9 pt |
| Total | 1,103.2 | 1,144.6 | 3.8% | Total | 70.4% | 65.0% | -5.4 pt |
| Excluding residential earthquake insurance and CALI | 949.6 | 979.8 | 3.2% | Excluding residential earthquake insurance and CALI | 67.3% | 62.0% | -5.3 pt |

| Incurred losses (¥bn) | | | |
|--|--------|--------|------------|
| | FY2012 | FY2013 | |
| | | | YoY Change |
| Incurred losses (excluding loss adjustment expenses) ^{*1} | 717.0 | 728.9 | 11.9 |
| Natural catastrophes ^{*2} | 16.7 | 49.3 | 32.5 |
| Other than natural catastrophes | 700.2 | 679.6 | -20.6 |

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

*2: "Natural catastrophes" include domestic natural disasters occurring in the fiscal year and heavy snowfalls occurred in Feb. 2014 in Japan, and floods in Thailand occurred in 2011. Natural catastrophes include incurred losses resulting from floods in Thailand (negative 5.7 billion yen for FY2012, negative 2.6 billion yen for FY2013) and incurred losses resulting from heavy snowfalls in Feb (36.7 billion yen for FY2013).

MS&AD Insurance Group Holdings, Inc.

(Net premiums written)

- Fire insurance net premiums written increased 7.4% year-on-year, with both the residential and corporate segments performing well.
- Voluntary automobile insurance net premiums written increased 2.2% year-on-year, mainly due to revised premium rates and the effects of the weaker yen on overseas operations.
- CALI net premiums written grew 7.5% year-on-year mainly due to the impact of revised premium rates (in April 2013).

(Net loss ratio)

- In fire insurance, the net loss ratio improved 5.4 percentage points year-on-year, mainly due to a decrease in claims paid for the floods in Thailand and an improvement in automobile insurance losses.
- Excluding residential earthquake insurance and CALI, the net loss ratio was 62.0%, an improvement of 5.3 percentage points year-on-year.

(Incurred losses)

- Incurred losses outside of natural disasters decreased ¥20.6 billion year-on-year thanks to factors such as an improvement in automobile insurance losses. However, incurred losses grew ¥11.9 billion year-on-year due to the increase in incurred losses from natural disasters because of the heavy snow that hits Japan in February 2014.

【Reference: Breakdown of impact of natural catastrophes by product line】

(¥bn)

| | FY2012 | | | FY2013 | | |
|----------------------|-----------------|--------------------|-------|-----------------|--------------------|-------|
| | Net Claims Paid | Provisions for O/S | Total | Net Claims Paid | Provisions for O/S | Total |
| Fire and allied | 26.0 | -13.5 | 12.5 | 20.6 | 18.9 | 39.5 |
| Marine | — | — | — | — | — | — |
| Personal accident | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 |
| Voluntary automobile | 3.5 | -0.0 | 3.5 | 5.5 | 2.1 | 7.7 |
| Other | 0.7 | -0.0 | 0.6 | 0.9 | 1.1 | 2.0 |
| Total | 30.3 | -13.5 | 16.7 | 27.0 | 22.3 | 49.3 |

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

Company expenses (¥bn)

| | FY2012 | FY2013 | |
|------------------------------------|--------|--------|------------|
| | | | YoY Change |
| Underwriting company expenses | 180.2 | 190.4 | 10.2 |
| Loss adjustment expenses | 51.0 | 52.0 | 1.0 |
| Other | 7.6 | 7.4 | -0.2 |
| Total company expenses | 238.8 | 249.8 | 10.9 |
| Personnel expenses | 123.0 | 122.3 | -0.6 |
| Non-personnel expenses | 104.8 | 116.4 | 11.5 |
| Taxes and contributions | 10.9 | 11.0 | 0.0 |
| Commission and collection expenses | 195.7 | 204.7 | 8.9 |

Expense ratios

| | FY2012 | FY2013 | |
|---|--------|--------|------------|
| | | | YoY Change |
| Net commission ratio | 17.7% | 17.9% | 0.2 pt |
| Net company expense ratio | 16.3% | 16.6% | 0.3 pt |
| Net expense ratio | 34.1% | 34.5% | 0.4 pt |
| Net expense ratio (excluding residential earthquake insurance and CALI) | 35.7% | 36.5% | 0.8 pt |

MS&AD Insurance Group Holdings, Inc.

- Total company expenses increased ¥10.9 billion year-on-year, mainly due to increased system costs associated with the operation of an integrated new system.
- The net expense ratio rose +0.4 percentage points to 34.5%.
- Excluding residential earthquake insurance and CALI, the net expense ratio was 36.5%, an increase of 0.8 percentage point year-on-year (breakdown shown below).
- Net commission ratio 20.1% (up 0.4 pt year-on-year)
- Net company expense ratio 16.4% (up 0.4 pt year-on-year)

ADI (Non-consolidated): Investment Performance

Net investment income/(loss)

(¥bn)

| | FY2012 | FY2013 | |
|---|--------|--------|------------|
| | | | YoY Change |
| Interest and dividends income | 60.6 | 65.4 | 4.8 |
| Transfer of investment income on deposit premiums | -20.3 | -19.5 | 0.8 |
| Net interest and dividends income | 40.2 | 45.9 | 5.6 |
| Gains/(losses) on sales of securities | 7.2 | 19.5 | 12.3 |
| Impairment losses on securities | -9.7 | -3.6 | 6.1 |
| Gains/(losses) on redemption of securities | -7.7 | 0.0 | 7.8 |
| Gains/(losses) on derivative transactions | -2.9 | -1.5 | 1.4 |
| Other | -7.3 | -7.3 | - 0.0 |
| Net investment income/(loss) | 19.7 | 53.0 | 33.2 |

Sources of interest and dividends received

(¥bn)

| | FY2012 | FY2013 | |
|--------------------|--------|--------|------------|
| | | | YoY Change |
| Bonds | 9.4 | 10.4 | 1.0 |
| Stock | 14.3 | 16.5 | 2.1 |
| Foreign securities | 21.7 | 25.6 | 3.9 |
| Other securities | 5.2 | 3.9 | -1.3 |
| Loans | 4.3 | 3.6 | -0.7 |
| Land and buildings | 4.8 | 4.6 | -0.2 |
| Other | 0.5 | 0.6 | 0.0 |
| Total | 60.6 | 65.4 | 4.8 |

MS&AD Insurance Group Holdings, Inc.

- Interest and dividends income grew ¥4.8 billion year-on-year, mainly due to increased interest and dividends from foreign securities.
- Net interest and dividends received increased ¥5.6 billion year-on-year to ¥45.9 billion. In addition to an increase of ¥4.8 billion in gross interest and dividends income, the transfer of investment income on deposit premiums decreased ¥0.8 billion.
- Gains on sales of securities rose ¥12.3 billion year-on-year.
- Impairment losses on securities decreased ¥6.1 billion year-on-year (breakdown shown below).

(¥bn)

| | FY2012 | FY2013 | |
|--------------------|--------|--------|------------|
| | | | YoY Change |
| Bonds | — | — | — |
| Stock | 9.7 | 3.4 | -6.3 |
| Foreign securities | 0.0 | 0.1 | 0.1 |
| Other securities | — | — | — |
| Total | 9.7 | 3.6 | -6.1 |

- As a result of the foregoing, net investment income increased ¥33.2 billion year-on-year to ¥53.0 billion.

【Reference: Breakdown of investment assets】

(¥bn)

| | End of FY2012 | End of FY2013 | |
|----------------------------|---------------|---------------|------------|
| | | | YoY Change |
| Deposits and savings, etc. | 95.0 | 105.7 | 10.6 |
| Securities | 2,292.7 | 2,365.4 | 72.7 |
| Bonds | 950.5 | 969.6 | 19.1 |
| Stock | 662.0 | 712.2 | 50.1 |
| Foreign securities | 639.6 | 644.1 | 4.5 |
| Other securities | 40.5 | 39.4 | -1.0 |
| Loans | 246.6 | 220.0 | -26.6 |
| Land and buildings | 175.5 | 172.1 | -3.3 |
| Total | 2,809.9 | 2,863.2 | 53.3 |

Mitsui Direct General

Key financial data

(¥bn)

| | FY2012 | FY2013 | |
|-------------------------------------|--------|--------|------------|
| | | | YoY Change |
| Net premiums written | 35.2 | 35.5 | 0.2 |
| Growth rate of net premiums written | 2.8% | 0.8% | -2.0pt |
| Net loss ratio | 78.6% | 76.3% | -2.3pt |
| Net expense ratio | 20.7% | 20.7% | - |
| Combined ratio | 99.3% | 97.0% | -2.3pt |
| Incurred losses | 25.0 | 25.6 | 0.5 |
| Underwriting profit/(loss) | 0.3 | 0.1 | -0.1 |
| Net investment income/(loss) | 0.1 | 0.1 | -0.0 |
| Ordinary profit/(loss) | 0.5 | 0.2 | -0.2 |
| Extraordinary income/(loss) | -0.0 | -0.0 | 0.0 |
| Net income/(loss) per our share | 0.3 | 0.1 | -1.0 |

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

Incurred losses

(¥bn)

| | FY2012 | FY2013 | |
|--|--------|--------|------------|
| | | | YoY Change |
| Incurred losses (excluding loss adjustment expenses) | 25.0 | 25.6 | 0.5 |
| Natural catastrophes | 0.2 | 0.6 | 0.3 |
| Other than natural catastrophes | 24.8 | 25.0 | 0.2 |

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

MS&AD Insurance Group Holdings, Inc.

- Net premiums written increased 0.8% year-on-year to ¥35.5 billion.
- The net loss ratio improved to 76.3%, with a decrease of 2.3 percentage points year-on-year.
- The net expense ratio was unchanged from the previous year at 20.7%.
- The combined ratio improved, decreasing 2.3 percentage points year-on-year to 97.0%.
- Underwriting profit decreased ¥0.1 billion year-on-year to ¥0.1 billion.
- Net income per our share decreased ¥0.1 billion year-on-year to ¥0.1 billion.

【Reference: Non-consolidated solvency margin ratio】

| | End of FY2012 | End of FY2013 | |
|--|---------------|---------------|--------|
| | | | Change |
| Non-consolidated solvency margin ratio | 429.4% | 420.8% | -8.6pt |

Key financial data

(¥bn)

| | FY2012 | FY2013 | | |
|---|----------|----------|------------|--------------|
| | | | YoY Change | Change Ratio |
| Amount of policies in force* | 20,074.6 | 21,105.0 | 1,030.4 | 5.1% |
| Amount of new policies* | 3,710.5 | 2,672.2 | -1,038.3 | -28.0% |
| Annualized premiums of policies in force* | 319.7 | 335.8 | 16.1 | 5.1% |
| of which, third sector insurance | 55.1 | 61.1 | 5.9 | 10.8% |
| Annualized premiums of new policies* | 50.2 | 42.3 | -7.8 | -15.6% |
| of which, third sector insurance | 6.9 | 10.9 | 3.9 | 55.9% |
| Gross premiums income | 421.3 | 416.7 | -4.6 | -1.1% |
| Ordinary profit | 7.4 | 17.4 | 10.0 | 134.1% |
| Net Income | 0.4 | 6.6 | 6.2 | 1,356.4% |

* Total sum of personal insurance and personal annuity insurance.

MS&AD Insurance Group Holdings, Inc.

- Due to factors such as the impact of the rate revision in April, the amount of new policies decreased 28.0% year-on-year and the annualized premiums of new policies decreased 15.6% year-on-year.
- Annualized premiums of new policies in the third sector insurance grew 55.9% year-on-year to ¥10.9 billion thanks to strong sales of a new product New Medical Coverage A (Ace) that was launched in December 2013.
- The amount of policies in force was up 5.1% compared to the previous year-end and annualized premiums of policies in force were also up 5.1% compared to the previous year-end.
- Annualized premiums of policies in force for third sector insurance grew 10.8% compared to the previous year-end to reach ¥61.1 billion.
- Net income increased ¥6.2 billion year-on-year to ¥6.6 billion thanks to a lower provision for policy reserves and higher investment income.

【Reference:Non-consolidated solvency margin ratio】

| | End of FY2012 | End of FY2013 | |
|--|---------------|---------------|---------|
| | | | Change |
| Non-consolidated solvency margin ratio | 1,309.8% | 1,264.9% | -44.9pt |

MSI Primary Life

Key financial data

(¥bn)

| | FY2012 | FY2013 | | |
|-----------------------------|---------|---------|------------|--------------|
| | | | YoY Change | Change Ratio |
| Amount of policies in force | 3,661.4 | 4,024.3 | 362.9 | 9.9% |
| Amount of new policies | 432.2 | 800.5 | 368.3 | 85.2% |
| Gross premiums income | 449.3 | 826.4 | 377.1 | 83.9% |
| Ordinary profit/(loss) | 38.9 | 39.8 | 0.9 | 2.4% |
| Net income/(loss) | 10.3 | 17.9 | 7.5 | 73.2% |

MS&AD Insurance Group Holdings, Inc.

- The amount of new policies reached ¥800.5 billion (up ¥368.3 billion year-on-year) thanks to strong sales of foreign currency denominated fixed whole life insurance and other products.
- Thanks to brisk sales and an improved investment environment, the amount of policies in force exceeded ¥4 trillion to reach ¥4,024.3 billion (up ¥362.9 billion from the previous year-end).
- Premiums income reached ¥826.4 billion (up ¥377.1 billion year-on-year).
- Ordinary profit increased ¥0.9 billion year-on-year to ¥39.8 billion. The main factors behind the higher profit were an increase in insurance-related revenues for variable products as a result of the recovery in stock prices and higher investment income thanks to the increase in the amount of policies in force for fixed products. In connection with the minimum guaranteed risk associated with variable products, ¥5.0 billion was added to the contingency reserve, while ¥10.0 billion was added in FY2012.
- Net income rose ¥7.5 billion year-on-year to ¥17.9 billion. A ¥15.0 billion addition to the price fluctuation reserve was booked as an extraordinary loss, while a ¥21.0 billion addition was booked in FY2012.

【Reference: Non-consolidated solvency margin ratio】

| | End of FY2012 | End of FY2013 | |
|--|---------------|---------------|---------|
| | | | Change |
| Non-consolidated solvency margin ratio | 884.0% | 1,004.6% | 120.6pt |

Overseas Subsidiaries

Net premiums written

(¥bn)

| | FY2012 | FY2013 | |
|-----------------------------|--------|------------|------------|
| | | YoY Change | Growth |
| Overseas subsidiaries total | 186.1 | 240.6 | 54.4 29.2% |
| Asia | 91.9 | 118.6 | 26.6 29.0% |
| Europe | 50.8 | 68.9 | 18.1 35.7% |
| Americas | 27.8 | 36.3 | 8.5 30.8% |
| Reinsurance | 15.6 | 16.7 | 1.0 6.9% |

Net income/(loss)

(¥bn)

| | FY2012 | FY2013 | |
|-----------------------------|--------|------------|------|
| | | YoY Change | |
| Overseas subsidiaries total | 12.6 | 19.9 | 7.2 |
| Asia | 9.0 | 11.5 | 2.4 |
| Europe | -1.6 | -0.2 | 1.4 |
| Americas | 0.1 | 0.0 | -0.0 |
| Reinsurance | 5.1 | 8.5 | 3.4 |

MS&AD Insurance Group Holdings, Inc.

- Net premiums written by overseas subsidiaries grew in all regions, especially in Asia, resulting in a ¥54.4 billion year-on-year increase, which includes a foreign exchange effect of ¥41.2 billion (on a local currency basis, net premiums written were up 7.1%).
- By region, all subsidiaries in Asia continued to perform well and net premiums written surged ¥26.6 billion year-on-year. Europe and the Americas also enjoyed steady growth and posted increases of ¥18.1 billion and ¥8.5 billion year-on-year, respectively.
- In reinsurance, net premiums written increased ¥1.0 billion year-on-year, after foreign exchange effects, despite a decrease caused by the strict underwriting for non-cat business.
- Net income at the overseas subsidiaries rose ¥7.2 billion year-on-year to ¥19.9 billion.
- In Asia, net income increased ¥2.4 billion year-on-year due to higher underwriting income.
- In reinsurance, net income increased ¥3.4 billion year-on-year due to there being few new loss occurrences from natural disasters.

MSI (Consolidated)

Key financial data

(¥bn)

| | FY2012 | FY2013 | | |
|------------------------|---------|---------|------------|--------|
| | | | YoY Change | Growth |
| Net premiums written | 1,479.9 | 1,602.3 | 122.3 | 8.3% |
| Ordinary profit/(loss) | 76.1 | 112.9 | 36.8 | 48.3% |
| Net income/(loss) | 46.8 | 58.4 | 11.6 | 24.8% |

Breakdown of net premiums written

(¥bn)

| | FY2012 | FY2013 | | |
|------------------------|---------|---------|------------|--------|
| | | | YoY Change | Growth |
| MSI (Non-consolidated) | 1,314.2 | 1,384.5 | 70.2 | 5.3% |
| Overseas subsidiaries | 165.7 | 217.8 | 52.0 | 31.4% |

Breakdown of net income

(¥bn)

| | FY2012 | FY2013 | |
|--------------------------------------|--------|--------|------------|
| | | | YoY Change |
| MSI (Non-consolidated) | 42.6 | 58.0 | 15.3 |
| Overseas subsidiaries | 12.6 | 20.6 | 8.0 |
| Consolidation adjustments and Others | -8.5 | -20.2 | 11.7 |

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

MS&AD Insurance Group Holdings, Inc.

ADI (Consolidated)

Key financial data

(¥bn)

| | FY2012 | FY2013 | | |
|------------------------|---------|---------|------------|---------|
| | | | YoY Change | Growth |
| Net premiums written | 1,124.4 | 1,171.9 | 47.4 | 4.2% |
| Ordinary profit/(loss) | 25.8 | 26.8 | 1.0 | 4.2% |
| Net income/(loss) | 18.5 | 11.9 | -6.6 | - 35.7% |

Breakdown of net premiums written

(¥bn)

| | FY2012 | FY2013 | | |
|------------------------|---------|---------|------------|--------|
| | | | YoY Change | Growth |
| ADI (Non-consolidated) | 1,103.2 | 1,144.6 | 41.3 | 3.8% |
| Overseas subsidiaries | 20.4 | 22.8 | 2.3 | 11.5% |

Breakdown of net income

(¥bn)

| | FY2012 | FY2013 | |
|--------------------------------------|--------|--------|------------|
| | | | YoY Change |
| ADI (Non-consolidated) | 18.8 | 13.1 | -5.7 |
| Overseas subsidiaries | -0.0 | -0.9 | -0.9 |
| Consolidation adjustments and Others | -0.2 | -0.2 | 0.0 |

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

MS&AD Insurance Group Holdings, Inc.

Projected Financial Results for FY2014



| | |
|--|----------------|
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MSI (Non-consolidated)

Key financial data

(¥bn)

| | FY2013 | FY2014 (Forecast) | |
|---|---------|-------------------|------------|
| | | | YoY Change |
| Net premiums written | 1,384.5 | 1,433.0 | 48.4 |
| Growth rate of net premiums written | 5.3% | 3.5% | -1.8 pt |
| Net loss ratio | 65.1% | 65.7% | 0.6 pt |
| Net expense ratio | 32.0% | 32.2% | 0.2 pt |
| Combined ratio | 97.1% | 97.9% | 0.8 pt |
| Incurred losses | 832.1 | 813.8 | -18.2 |
| Underwriting profit/(loss) | -7.3 | 11.0 | 18.3 |
| Net investment income/(loss) | 125.1 | 73.8 | -51.3 |
| Ordinary profit/(loss) | 101.9 | 79.0 | -22.9 |
| Extraordinary income/(loss) | -17.4 | 1.7 | 19.1 |
| Net income/(loss) | 58.0 | 62.0 | 3.9 |
| (Excluding residential earthquake insurance and CALI) | | | |
| Growth rate of net premiums written | 4.7% | 3.4% | -1.3 pt |
| Net loss ratio | 62.2% | 63.3% | 1.1 pt |
| Net expense ratio | 34.1% | 34.4% | 0.3 pt |
| Combined ratio | 96.3% | 97.7% | 1.4 pt |

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

MS&AD Insurance Group Holdings, Inc.

- Net premiums written are forecast to increase ¥48.4 billion, or 3.5% year-on-year, to ¥1,433.0 billion.
- The net loss ratio is forecast to increase 0.6 percentage point year-on-year to 65.7%, or 63.3% if residential earthquake insurance and CALI are excluded.
- The net expense ratio is expected to rise 0.2 percentage point year-on-year to 32.2%, or 34.4% if residential earthquake insurance and CALI are excluded.
- The combined ratio is expected to increase 0.8 percentage points year-on-year to 97.9%, or 97.7% if residential earthquake insurance and CALI are excluded.
- Underwriting profit is expected to increase ¥18.3 billion year-on-year to ¥11.0 billion due to an increase in net premiums written and lower incurred losses.
- Net investment income is expected to decrease ¥51.3 billion year-on-year, to ¥73.8 billion due to lower interest and dividends income and gains on sales of securities.
- As a result of the foregoing, ordinary profit is forecast to decrease ¥22.9 billion year-on-year to ¥79.0 billion.
- Extraordinary income is expected to increase ¥19.1 billion year-on-year to ¥1.7 billion.
- Net income is forecast to increase ¥3.9 billion year-on-year to ¥62.0 billion.

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

Net premiums written

(¥bn)

| | FY2013 | FY2014 (Forecast) | |
|---|---------|-------------------|--------|
| | | | Growth |
| Fire and allied | 212.2 | 222.9 | 5.0% |
| Marine | 56.7 | 61.2 | 7.9% |
| Personal accident | 144.6 | 147.1 | 1.7% |
| Voluntary automobile | 608.3 | 626.0 | 2.9% |
| CALI | 173.4 | 180.6 | 4.1% |
| Other | 188.9 | 195.2 | 3.3% |
| Total | 1,384.5 | 1,433.0 | 3.5% |
| Excluding residential earthquake insurance and CALI | 1,210.3 | 1,251.6 | 3.4% |

Net loss ratio

| | FY2013 | FY2014 (Forecast) | |
|---|--------|-------------------|------------|
| | | | YoY Change |
| Fire and allied | 70.9% | 74.9% | 4.0pt |
| Marine | 59.6% | 54.0% | -5.6pt |
| Personal accident | 60.4% | 58.5% | -1.9pt |
| Voluntary automobile | 63.5% | 64.6% | 1.1pt |
| CALI | 85.4% | 82.9% | -2.5pt |
| Other | 50.2% | 52.2% | 2.0pt |
| Total | 65.1% | 65.7% | 0.6pt |
| Excluding residential earthquake insurance and CALI | 62.2% | 63.3% | 1.1pt |

Incurred losses

(¥bn)

| | FY2013 | FY2014 (Forecast) | |
|--|--------|-------------------|------------|
| | | | YoY Change |
| Incurred losses (excluding loss adjustment expenses) ^{*1} | 832.1 | 813.8 | -18.2 |
| Natural catastrophes ^{*2} | 46.9 | 23.0 | -23.9 |
| Other than natural catastrophes | 785.1 | 790.8 | 5.7 |

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

*2: "Natural catastrophes" include domestic natural disasters occurring in the fiscal year and heavy snowfalls occurred in Feb. 2014 in Japan, and floods in Thailand occurred in 2011. Natural catastrophes include incurred losses resulting from floods in Thailand (negative 20.3 billion yen for FY2013) and incurred losses resulting from heavy snowfalls in Feb (45.4 billion yen for FY2013).

MS&AD Insurance Group Holdings, Inc.

- Net premiums written are expected to increase across all product lines thanks to the effects of the reorganization by function and revised premium rates, in addition to higher revenue attributable to various initiatives.
- The net loss ratio is projected to rise 0.6 percentage point year-on-year to 65.7% due to factors such as the claims paid on the February 2014 snow disaster.
- The net loss ratios of FY2013 and these forecast for FY2014, excluding natural disasters, are shown below.

| | FY2013 | FY2014 (Forecast) | |
|----------------------|--------|-------------------|--------|
| | | | Change |
| Fire and allied | 44.7% | 45.8% | 1.1pt |
| Marine | 59.3% | 54.0% | -5.3pt |
| Personal accident | 60.4% | 58.5% | -1.9pt |
| Voluntary automobile | 62.8% | 63.9% | 1.1pt |
| CALI | 85.4% | 82.9% | -2.5pt |
| Other | 48.3% | 50.8% | 2.5pt |
| Total | 60.5% | 60.7% | 0.2pt |

- ¥23.0 billion has been factored in for occurrences of natural disasters in Japan during the current fiscal year with breakdown by line below.
Fire: ¥19.0 billion, Voluntary auto: ¥2.5 billion, Other: ¥1.5 billion
- Incurred losses other than natural disasters are expected to increase ¥5.7 billion year-on-year, to ¥790.8 billion.

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

Company expenses

(¥bn)

| | FY2013 | FY2014 (Forecast) | |
|------------------------------------|--------|-------------------|------------|
| | | | YoY Change |
| Underwriting company expenses | 204.5 | 211.2 | 6.6 |
| Loss adjustment expenses | 77.4 | 87.3 | 9.8 |
| Other | 9.9 | 10.3 | 0.3 |
| Total company expenses | 291.9 | 308.8 | 16.8 |
| Personnel expenses | 156.9 | 166.3 | 9.4 |
| Non-personnel expenses | 122.4 | 129.7 | 7.1 |
| Taxes and contributions | 12.5 | 12.8 | 0.2 |
| Commission and collection expenses | 239.0 | 250.8 | 11.7 |

Expense ratios

| | FY2013 | FY2014 (Forecast) | |
|---|--------|-------------------|------------|
| | | | YoY Change |
| Net commission ratio | 17.3% | 17.5% | 0.2 pt |
| Net company expense ratio | 14.8% | 14.7% | -0.1 pt |
| Net expense ratio | 32.0% | 32.2% | 0.2 pt |
| Net expense ratio (excluding residential earthquake insurance and CALI) | 34.1% | 34.4% | 0.3 pt |

MS&AD Insurance Group Holdings, Inc.

- Underwriting company expenses are projected to increase ¥6.6 billion year-on-year to ¥211.2 billion due to factors such as the consumption tax rate hike and higher software depreciation charges.
- Loss adjustment expenses are projected to increase ¥9.8 billion to ¥87.3 billion due to the effects of bringing the work of a loss adjustment subsidiary in-house.
- The net expense ratio is projected to increase 0.2 percentage point year-on-year to 32.2%.
- Excluding residential earthquake insurance and CALI, the net expense ratio is projected to increase 0.3 percentage point year-on-year, to 34.4% (breakdown shown below).
- Net commission ratio 19.5% (up 0.3 pt year-on-year)
- Net company expense ratio 14.9% (0.0 pt change year-on-year)

MSI (Non-consolidated): Investment Performance

Net investment income/(loss)

(¥bn)

| | FY2013 | FY2014 (Forecast) | |
|---|--------|-------------------|------------|
| | | | YoY Change |
| Interest and dividends income | 112.2 | 99.7 | -12.6 |
| Transfer of investment income on deposit premiums | -41.3 | -38.5 | 2.7 |
| Net interest and dividends income | 70.9 | 61.1 | -9.8 |
| Gains/(losses) on sales of securities | 54.8 | 18.7 | -36.1 |
| Impairment losses on securities | -3.3 | -3.0 | 0.3 |
| Gains/(losses) on redemption of securities | 1.0 | 0.4 | -0.6 |
| Gains/(losses) on derivative transactions | 9.8 | 5.9 | -3.9 |
| Other | -8.0 | -9.3 | -1.2 |
| Net investment income/(loss) | 125.1 | 73.8 | -51.3 |

Sources of interest and dividends received

(¥bn)

| | FY2013 | FY2014 (Forecast) | |
|--------------------|--------|-------------------|------------|
| | | | YoY Change |
| Bonds | 24.3 | 22.2 | -2.1 |
| Stock | 34.9 | 38.8 | 3.7 |
| Foreign securities | 30.4 | 22.1 | -8.2 |
| Other securities | 4.9 | 1.0 | -3.9 |
| Loans | 8.5 | 7.9 | -0.6 |
| Land and buildings | 6.1 | 5.3 | -0.8 |
| Other | 2.8 | 2.3 | -0.5 |
| Total | 112.2 | 99.7 | -12.6 |

MS&AD Insurance Group Holdings, Inc.

- Interest and dividends income is expected to decrease ¥12.6 billion year-on-year to ¥99.7 billion, mainly due to reduced bond interest and fund dividends.
- Net interest and dividends income is projected to decrease ¥9.8 billion year-on-year to ¥61.1 billion.
- Gains on sales of securities are projected to decrease ¥36.1 billion year-on-year to ¥18.7 billion.
- Impairment losses on securities are projected at ¥3.0 billion, ¥0.3 billion lower than the previous year.
- Gains on derivative transactions are expected to decrease ¥3.9 billion year-on-year to ¥5.9 billion.

ADI (Non-consolidated)

Key financial data

(¥bn)

| | FY2013 | FY2014 (Forecast) | |
|---|---------|-------------------|------------|
| | | | YoY Change |
| Net premiums written | 1,144.6 | 1,156.0 | 11.3 |
| Growth rate of net premiums written | 3.8% | 1.0% | -2.8 pt |
| Net loss ratio | 65.0% | 66.7% | 1.7 pt |
| Net expense ratio | 34.5% | 35.8% | 1.3 pt |
| Combined ratio | 99.5% | 102.5% | 3.0 pt |
| Incurred losses | 728.9 | 698.8 | -30.1 |
| Underwriting profit/(loss) | -28.8 | 10.0 | 38.8 |
| Net investment income/(loss) | 53.0 | 17.0 | -36.0 |
| Ordinary profit/(loss) | 27.8 | 27.0 | -0.8 |
| Extraordinary income/(loss) | -5.6 | 21.0 | 26.6 |
| Net income/(loss) | 13.1 | 34.0 | 20.8 |
| (Excluding residential earthquake insurance and CALI) | | | |
| Growth rate of net premiums written | 3.2% | 0.8% | -2.4 pt |
| Net loss ratio | 62.0% | 64.4% | 2.4 pt |
| Net expense ratio | 36.5% | 38.1% | 1.6 pt |
| Combined ratio | 98.5% | 102.5% | 4.0 pt |

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

MS&AD Insurance Group Holdings, Inc.

- Net premiums written are forecast to increase ¥11.3 billion, or 1.0%, year-on-year to ¥1,156.0 billion.
- The net loss ratio is forecast to increase 1.7 percentage points year-on-year to 66.7%, or 64.4% if residential earthquake insurance and CALI are excluded.
- The net expense ratio is expected to rise 1.3 percentage points year-on-year to 35.8%, or 38.1% if residential earthquake insurance and CALI are excluded.
- The combined ratio is expected to rise 3.0 percentage points year-on-year to 102.5%. The combined ratio excluding residential earthquake insurance and CALI is expected to rise 4.0 percentage points year-on-year to 102.5%.
- Underwriting profit is expected to increase ¥38.8 billion year-on-year to ¥10.0 billion, due to an increase in net premiums written and lower incurred losses.
- Net investment income is expected to decrease ¥36.0 billion year-on-year, to ¥17.0 billion due to lower interest and dividends income and a decrease in gains on sales of securities.
- As a result of the foregoing, ordinary profit is forecast to decrease ¥0.8 billion year-on-year to ¥27.0 billion.
- Extraordinary income is expected to total ¥21.0 billion, up ¥26.6 billion year-on-year, after transfer consideration of income of ¥24.8 billion in conjunction with the transfer of policies under the reorganization by function is posted.
- Net income is expected to grow ¥20.8 billion year-on-year to ¥34.0 billion.

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

Net premiums written (¥bn)

| | FY2013 | FY2014 (Forecast) | |
|---|---------|-------------------|--------|
| | | | Growth |
| Fire and allied | 135.7 | 136.0 | 0.2% |
| Marine | 11.2 | 8.1 | -27.9% |
| Personal accident | 72.6 | 72.5 | -0.2% |
| Voluntary automobile | 658.9 | 670.1 | 1.7% |
| CALI | 164.2 | 167.4 | 1.9% |
| Other | 101.7 | 101.9 | 0.1% |
| Total | 1,144.6 | 1,156.0 | 1.0% |
| Excluding residential earthquake insurance and CALI | 979.8 | 988.1 | 0.8% |

Net loss ratio

| | FY2013 | FY2014 (Forecast) | |
|---|--------|-------------------|------------|
| | | | YoY Change |
| Fire and allied | 64.8% | 72.9% | 8.1 pt |
| Marine | 52.4% | 58.0% | 5.6 pt |
| Personal accident | 50.3% | 48.6% | -1.7 pt |
| Voluntary automobile | 63.2% | 64.1% | 0.9 pt |
| CALI | 83.0% | 80.8% | -2.2 pt |
| Other | 59.3% | 66.2% | 6.9 pt |
| Total | 65.0% | 66.7% | 1.7 pt |
| Excluding residential earthquake insurance and CALI | 62.0% | 64.4% | 2.4 pt |

Incurred losses (¥bn)

| | FY2013 | FY2014 (Forecast) | |
|--|--------|-------------------|------------|
| | | | YoY Change |
| Incurred losses (excluding loss adjustment expenses) ^{*1} | 728.9 | 698.8 | -30.1 |
| Natural catastrophes ^{*2} | 49.3 | 15.0 | -34.3 |
| Other than natural catastrophes | 679.6 | 683.8 | 4.1 |

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

*2: "Natural catastrophes" include domestic natural disasters occurring in the fiscal year and heavy snowfalls occurred in Feb. 2014 in Japan, and floods in Thailand occurred in 2011. Natural catastrophes include incurred losses resulting from floods in Thailand (negative 2.6 billion yen for FY2013) and incurred losses resulting from heavy snowfalls in Feb (36.7 billion yen for FY2013).

MS&AD Insurance Group Holdings, Inc.

- Although there is expected to be a decline in marine insurance, etc., due to the reorganization by function, net premiums written across all product lines are projected to rise 1.0%, mainly due to the increase in voluntary automobile insurance and CALI arising from revised premium rates.
- The net loss ratio is projected to rise 1.7 percentage points to 66.7% due to factors such as the claims paid caused by heavy snowfalls in Feb. 2014.
- The forecast net loss ratios, excluding natural disasters, are shown below.

| | FY2013 | FY2014 (Forecast) | |
|----------------------|--------|-------------------|--------|
| | | | Change |
| Fire and allied | 49.6% | 49.1% | -0.5pt |
| Marine | 52.4% | 58.0% | 5.6pt |
| Personal accident | 50.3% | 48.5% | -1.8pt |
| Voluntary automobile | 62.4% | 63.2% | 0.8pt |
| CALI | 83.0% | 80.8% | -2.2pt |
| Other | 58.4% | 64.7% | 6.3pt |
| Total | 62.6% | 63.3% | 0.7pt |

- ¥15.0 billion has been factored in for occurrences of natural disasters in Japan during the current fiscal year with breakdown by line below.
Fire: ¥10.0 billion, Voluntary auto: ¥4.0 billion, Other: ¥1.0 billion
- Incurred losses other than natural disasters are expected to increase ¥4.1 billion year-on-year.

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

Company expenses

(¥bn)

| | FY2013 | FY2014 (Forecast) | |
|------------------------------------|--------|-------------------|------------|
| | | | YoY Change |
| Underwriting company expenses | 190.4 | 199.4 | 8.9 |
| Loss adjustment expenses | 52.0 | 52.0 | -0.0 |
| Other | 7.4 | 7.9 | 0.4 |
| Total company expenses | 249.8 | 259.3 | 9.4 |
| Personnel expenses | 122.3 | 122.2 | -0.1 |
| Non-personnel expenses | 116.4 | 126.5 | 10.0 |
| Taxes and contributions | 11.0 | 10.6 | -0.4 |
| Commission and collection expenses | 204.7 | 215.0 | 10.2 |

Expense ratios

| | FY2013 | FY2014 (Forecast) | |
|---|--------|-------------------|------------|
| | | | YoY Change |
| Net commission ratio | 17.9% | 18.6% | 0.7 pt |
| Net company expense ratio | 16.6% | 17.2% | 0.6 pt |
| Net expense ratio | 34.5% | 35.8% | 1.3 pt |
| Net expense ratio (excluding residential earthquake insurance and CALI) | 36.5% | 38.1% | 1.6 pt |

MS&AD Insurance Group Holdings, Inc.

- Total company expenses are projected to increase ¥9.4 billion year-on-year to ¥259.3 billion.
- Non-personnel expenses are projected to rise ¥10.0 billion year-on-year, mainly due to the increased system costs associated with the operation of an integrated new system and the effects of the consumption tax hike.
- The net expense ratio is expected to rise 1.3 percentage points year-on-year to 35.8%.
- Excluding residential earthquake insurance and CALI, the net expense ratio is projected to rise 1.6 percentage points year-on-year, to 38.1% (breakdown shown below).
- Net commission ratio 20.9% (up 0.8 pt year-on-year)
- Net company expense ratio 17.2% (up 0.8 pt year-on-year)

ADI (Non-consolidated) : Investment Performance

Net investment income/(loss)

(¥bn)

| | FY2013 | FY2014 (Forecast) | |
|---|--------|-------------------|------------|
| | | | YpY Change |
| Interest and dividends income | 65.4 | 49.8 | -15.6 |
| Transfer of investment income on deposit premiums | -19.5 | -18.5 | 1.0 |
| Net interest and dividends income | 45.9 | 31.3 | -14.6 |
| Gains/(losses) on sales of securities | 19.5 | 2.9 | -16.6 |
| Impairment losses on securities | -3.6 | -5.0 | -1.3 |
| Gains/(losses) on redemption of securities | 0.0 | -4.3 | -4.3 |
| Gains/(losses) on derivative transactions | -1.5 | -1.5 | 0.0 |
| Other | -7.3 | -6.4 | 0.9 |
| Net investment income/(loss) | 53.0 | 17.0 | -36.0 |

Sources of interest and dividends received

(¥bn)

| | FY2013 | FY2014 (Forecast) | |
|--------------------|--------|-------------------|------------|
| | | | YoY Change |
| Bonds | 10.4 | 10.3 | -0.0 |
| Stock | 16.5 | 13.2 | -3.3 |
| Foreign securities | 25.6 | 18.3 | -7.4 |
| Other securities | 3.9 | 0.4 | -3.5 |
| Loans | 3.6 | 3.2 | -0.3 |
| Land and buildings | 4.6 | 4.2 | -0.4 |
| Other | 0.6 | 0.2 | -0.4 |
| Total | 65.4 | 49.8 | -15.6 |

MS&AD Insurance Group Holdings, Inc.

- Interest and dividends income is expected to decrease ¥15.6 billion year-on-year to ¥49.8 billion, mainly due to reduced dividends from foreign securities funds.
- Net interest and dividends income is projected to decrease ¥14.6 billion year-on-year to ¥31.3 billion.
- Gains on sales of securities are projected to decrease ¥16.6 billion year-on-year to ¥2.9 billion.
- Impairment losses on securities are projected at ¥5.0 billion, ¥1.3 billion higher than the previous year.

Mitsui Direct General

Key financial data

(¥bn)

| | FY2013 | FY2014 (Forecast) | |
|-------------------------------------|--------|-------------------|------------|
| | | | YoY Change |
| Net premiums written | 35.5 | 36.2 | 0.6 |
| Growth rate of net premiums written | 0.8% | 1.8% | 1.0 pt |
| Ordinary profit/(loss) | 0.2 | 0.2 | -0.1 |
| Net income/(loss) per our share | 0.1 | 0.1 | -0.0 |

MS&AD Insurance Group Holdings, Inc.

- Net premiums written are expected to grow ¥0.6 billion, or 1.8%, year-on-year to ¥36.2 billion.
- Ordinary profit is expected to remain roughly unchanged from the previous year at ¥0.2 billion.
- Net income per our share is projected at ¥0.1 billion.

Key financial data

(¥bn)

| | FY2013 | FY2014 (Forecast) | |
|---|----------|-------------------|------------|
| | | | YoY Change |
| Amount of policies in force* | 21,105.0 | 22,210.0 | 5.2% |
| Amount of new policies* | 2,672.2 | 3,030.0 | 13.5% |
| Annualized premiums of policies in force* | 335.8 | 356.3 | 6.1% |
| Annualized premiums of new policies* | 42.3 | 49.0 | 15.5% |
| Gross premiums income | 416.7 | 445.3 | 28.5 |
| Ordinary profit/(loss) | 17.4 | 8.7 | -8.7 |
| Net income/(loss) | 6.6 | 1.0 | -5.6 |

* Total sum of personal insurance and personal annuity insurance.

MS&AD Insurance Group Holdings, Inc.

- The amount of new policies is expected to grow 13.5% year-on-year to ¥3,030.0 billion, while the amount of policies in force is seen increasing 5.2% from the previous year-end to ¥22,210.0 billion.
- Thanks to the increase in third sector long-term policies arising from the reorganization by function, annualized premiums of new policies are expected to grow 15.5% year-on-year to ¥49.0 billion, while annualized premiums of policies in force are expected to rise 6.1% from the previous year-end to ¥356.3 billion.
- Gross premiums income are expected to increase ¥28.5 billion, or 6.8%, year-on-year to ¥445.3 billion.
- Due to increased costs, such as the consumption tax hike, the relocation of corporate headquarters, upgrades to system infrastructure, and the reorganization by function, ordinary profit is expected to decline ¥8.7 billion year-on-year to ¥8.7 billion and net income is expected to decline ¥5.6 billion to ¥1.0 billion.

MSI Primary Life

Key financial data

(¥bn)

| | FY2013 | FY2014 (Forecast) | |
|-----------------------------|---------|-------------------|------------|
| | | | YoY Change |
| Amount of policies in force | 4,024.3 | 4,045.1 | 20.7 |
| Amount of new policies | 800.5 | 479.2 | -321.3 |
| Gross premiums income | 826.4 | 500.0 | -326.4 |
| Ordinary profit/(loss) | 39.8 | 23.1 | -16.8 |
| Net income/(loss) | 17.9 | 12.0 | -5.9 |

MS&AD Insurance Group Holdings, Inc.

- Although sales of variable products and fixed products will be promoted, the amount of new policies is expected to decrease ¥321.3 billion from the previous year's strong showing to ¥479.2 billion.
- The amount of policies in force is expected to grow ¥20.7 billion from the previous year-end to ¥4,045.1 billion.
- Gross premiums income are projected to decrease ¥326.4 billion year-on-year to ¥500.0 billion.
- Ordinary profit is expected to decrease ¥16.8 billion year-on-year to ¥23.1 billion.
- After a ¥5.0 billion addition to the price fluctuation reserve is booked as an extraordinary loss, net income is expected to decrease ¥5.9 billion year-on-year to ¥12.0 billion.

Overseas Subsidiaries

Net premiums written

(¥bn)

| | FY2013 | FY2014 (Forecast) | | |
|-----------------------------|--------|-------------------|------------|--------|
| | | | YoY Change | Growth |
| Overseas subsidiaries total | 240.6 | 294.0 | 53.3 | 22.2% |
| Asia* | 118.6 | 148.5 | 29.8 | 25.2% |
| Europe | 68.9 | 85.0 | 16.0 | 23.2% |
| Americas | 36.3 | 42.9 | 6.5 | 17.9% |
| Reinsurance | 16.7 | 17.6 | 0.9 | 5.6% |

Net income

(¥bn)

| | FY2013 | FY2014 (Forecast) | |
|-----------------------------|--------|-------------------|------------|
| | | | YoY Change |
| Overseas subsidiaries total | 19.9 | 24.0 | 4.0 |
| Asia* | 11.5 | 15.9 | 4.3 |
| Europe | -0.2 | 0.8 | 1.0 |
| Americas | 0.0 | 1.9 | 1.8 |
| Reinsurance | 8.5 | 5.4 | -3.1 |

* Asia includes Australia.

MS&AD Insurance Group Holdings, Inc.

- Net premiums written at overseas subsidiaries are projected to increase ¥53.3 billion year-on-year to ¥294.0 billion thanks to business expansion in all the regions, led by Asia, as well as the effects of the weaker yen.
- Net income at overseas subsidiaries is expected to grow ¥4.0 billion year-on-year to ¥24.0 billion. Although profits at the reinsurance subsidiaries are expected to fall back after the favorable results in natural disaster losses in the previous year, we nevertheless expect to see solid growth in all regions.

MSI and ADI (Simple sum of Non-consolidated)

Key financial data

(¥bn)

| | FY2012 | FY2013 | | FY2014 (Forecast) | |
|-------------------------------------|---------|---------|------------|-------------------|------------|
| | | | YoY Change | | YoY Change |
| Net premiums written | 2,417.4 | 2,529.1 | 111.6 | 2,589.0 | 59.8 |
| Growth rate of net premiums written | 3.1% | 4.6% | 1.5 pt | 2.4% | -2.2pt |
| Net loss ratio | 72.0% | 65.0% | -7.0 pt | 66.2% | 1.2pt |
| Net expense ratio | 33.2% | 33.2% | 0.0 pt | 33.9% | 0.7pt |
| Combined ratio | 105.2% | 98.2% | -7.0 pt | 100.1% | 1.9pt |
| Incurred losses | 1,550.1 | 1,561.1 | 10.9 | 1,512.6 | -48.4 |
| Underwriting profit/(loss) | -3.0 | -36.1 | -33.1 | 21.0 | 57.1 |
| Net investment income/(loss) | 102.2 | 178.1 | 75.9 | 90.8 | -87.4 |
| Ordinary profit/(loss) | 91.2 | 129.8 | 38.6 | 106.0 | -23.8 |
| Extraordinary income/(loss) | -3.9 | -23.1 | -19.1 | 227.0 | 45.8 |
| Net income/(loss) | 61.5 | 71.1 | 9.6 | 96.0 | 24.8 |

(Excluding residential earthquake insurance and CALI)

| | | | | | |
|-------------------------------------|--------|-------|---------|-------|--------|
| Growth rate of net premiums written | 2.8% | 4.0% | 1.2 pt | 2.3% | -1.7pt |
| Net loss ratio | 69.1% | 62.1% | -7.0 pt | 63.8% | 1.7pt |
| Net expense ratio | 34.8% | 35.2% | 0.4 pt | 36.0% | 0.8pt |
| Combined ratio | 103.9% | 97.3% | -6.6 pt | 99.8% | 2.5pt |

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

MS&AD Insurance Group Holdings, Inc.

MSI and ADI (Simple sum of Non-consolidated)

Net premiums written

(¥bn)

| | FY2012 | FY2013 | | FY2014 (Forecast) | |
|---|---------|---------|--------|-------------------|--------|
| | | | Growth | | Growth |
| Fire and allied | 314.2 | 348.0 | 10.7% | 358.9 | 3.1% |
| Marine | 63.3 | 67.9 | 7.3% | 69.3 | 2.0% |
| Personal accident | 214.9 | 217.3 | 1.1% | 219.6 | 1.0% |
| Voluntary automobile | 1,235.4 | 1,267.2 | 2.6% | 1,296.1 | 2.3% |
| CALI | 310.0 | 337.7 | 8.9% | 348.0 | 3.0% |
| Other | 279.4 | 290.7 | 4.1% | 297.1 | 2.2% |
| Total | 2,417.4 | 2,529.1 | 4.6% | 2,589.0 | 2.4% |
| Excluding residential earthquake insurance and CALI | 2,105.6 | 2,090.1 | 4.0% | 2,239.7 | 2.3% |

Net loss ratio

| | FY2012 | FY2013 | | FY2014 (Forecast) | |
|---|--------|--------|------------|-------------------|------------|
| | | | YoY Change | | YoY Change |
| Fire and allied | 96.7% | 68.5% | -28.2 pt | 74.2% | 5.7 pt |
| Marine | 51.7% | 58.4% | 6.7 pt | 54.5% | -3.9 pt |
| Personal accident | 56.8% | 57.0% | 0.2 pt | 55.2% | -1.8 pt |
| Voluntary automobile | 67.9% | 63.4% | -4.5 pt | 64.3% | 0.9 pt |
| CALI | 92.4% | 84.2% | -8.2 pt | 81.9% | -2.3 pt |
| Other | 56.3% | 53.4% | -2.9 pt | 57.0% | 3.6 pt |
| Total | 72.0% | 65.0% | -7.0 pt | 66.2% | 1.2 pt |
| Excluding residential earthquake insurance and CALI | 69.1% | 62.1% | -7.0 pt | 63.8% | 1.7 pt |

Incurred losses

(¥bn)

| | FY2012 | FY2013 | | FY2014 (Forecast) | |
|--|---------|---------|------------|-------------------|------------|
| | | | YoY Change | | YoY Change |
| Incurred losses (excluding loss adjustment expenses) ^{*1} | 1,550.1 | 1,561.1 | 10.9 | 1,512.6 | -48.4 |
| Natural catastrophes ^{*2} | 53.8 | 96.3 | 42.5 | 38.0 | -58.3 |
| Other than natural catastrophes | 1,496.2 | 1,464.7 | -31.5 | 1,474.6 | 9.8 |

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

*2: "Natural catastrophes" include domestic natural disasters occurring in the fiscal year and heavy snowfalls occurred in Feb. 2014 in Japan, and floods in Thailand occurred in 2011. Natural catastrophes include incurred losses resulting from floods in Thailand (0.6 billion yen for FY2012, negative 23.0 billion yen for FY2013) and incurred losses resulting from heavy snowfalls in Feb (82.1 billion yen for FY2013).

MS&AD Insurance Group Holdings, Inc.

MSI and ADI (Simple sum of Non-consolidated)

Company expenses

(¥bn)

| | FY2012 | FY2013 | | FY2014 (Forecast) | |
|------------------------------------|--------|--------|------------|-------------------|------------|
| | | | YoY Change | | YoY Change |
| Underwriting company expenses | 377.6 | 395.0 | 17.3 | 410.6 | 15.6 |
| Loss adjustment expenses | 127.3 | 129.4 | 2.0 | 139.3 | 9.7 |
| Other | 16.8 | 17.3 | 0.5 | 18.2 | 0.8 |
| Total company expenses | 521.8 | 541.8 | 20.0 | 568.1 | 26.2 |
| Personnel expenses | 280.5 | 279.3 | -1.2 | 288.5 | 9.2 |
| Non-personnel expenses | 217.9 | 238.9 | 20.9 | 256.2 | 17.2 |
| Taxes and contributions | 23.3 | 23.5 | 0.2 | 23.4 | -0.1 |
| Commission and collection expenses | 424.4 | 443.7 | 19.3 | 465.8 | 22.0 |

Expense ratios

| | FY2012 | FY2013 | | FY2014 (Forecast) | |
|---|--------|--------|------------|-------------------|------------|
| | | | YoY Change | | YoY Change |
| Net commission ratio | 17.6% | 17.5% | -0.1 pt | 18.0% | 0.5 pt |
| Net company expense ratio | 15.6% | 15.6% | 0.0 pt | 15.9% | 0.3 pt |
| Net expense ratio | 33.2% | 33.2% | 0.0 pt | 33.9% | 0.7 pt |
| Net expense ratio (excluding residential earthquake insurance and CALI) | 34.8% | 35.2% | 0.4 pt | 36.0% | 0.8 pt |

MS&AD Insurance Group Holdings, Inc.

MSI and ADI (Simple sum of Non-consolidated)

Net investment income/(loss)

(¥bn)

| | FY2012 | FY2013 | | FY2014 (Forecast) | |
|---|--------|--------|------------|-------------------|------------|
| | | | YoY Change | | YoY Change |
| Interest and dividends income | 162.4 | 177.7 | 15.2 | 149.5 | -28.2 |
| Transfer of investment income on deposit premiums | -64.4 | -60.8 | 3.5 | -57.0 | 3.8 |
| Net interest and dividends income | 98.0 | 116.8 | 18.8 | 92.4 | -24.4 |
| Gains/(losses) on sales of securities | 60.4 | 74.3 | 13.9 | 21.6 | -52.7 |
| Impairment losses on securities | -38.1 | -7.0 | 31.1 | -8.0 | -0.9 |
| Gains/(losses) on redemption of securities | -7.3 | 1.1 | 8.5 | -3.9 | -5.0 |
| Gains/(losses) on derivative transactions | 3.9 | 8.3 | 4.3 | 4.4 | -3.8 |
| Other | -14.5 | -15.4 | -0.8 | -15.7 | -0.2 |
| Net investment income/(loss) | 102.2 | 178.1 | 75.9 | 90.8 | -87.4 |

Sources of interest and dividends received

(¥bn)

| | FY2012 | FY2013 | | FY2014 (Forecast) | |
|--------------------|--------|--------|------------|-------------------|------------|
| | | | YoY Change | | YoY Change |
| Bonds | 35.6 | 34.7 | -0.8 | 32.5 | -2.2 |
| Stock | 44.5 | 51.5 | 6.9 | 52.0 | 0.4 |
| Foreign securities | 43.6 | 56.1 | 12.4 | 40.4 | -15.6 |
| Other securities | 8.4 | 8.9 | 0.4 | 1.4 | -7.4 |
| Loans | 14.3 | 12.1 | -2.1 | 11.1 | -1.0 |
| Land and buildings | 10.2 | 10.7 | 0.5 | 9.5 | -1.2 |
| Other | 5.5 | 3.4 | -2.0 | 2.5 | -0.9 |
| Total | 162.4 | 177.7 | 15.2 | 149.5 | -28.2 |

MS&AD Insurance Group Holdings, Inc.

MS&AD

【Reference】 Medium-Term Management Plan “Next Challenge 2017”

MS&AD Insurance Group Holdings, Inc.



MS&AD Insurance Group Medium-Term Management Plan Next Challenge 2017

— To create a world-leading insurance and financial group —

June 3, 2014

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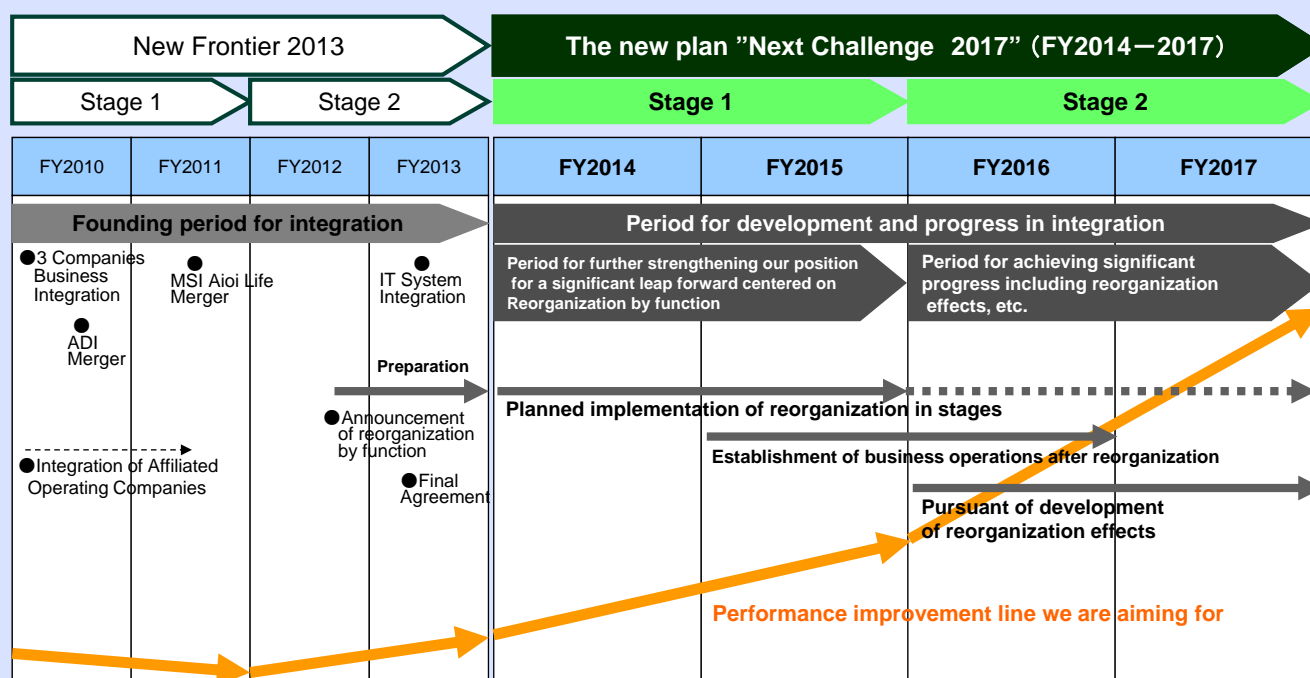
The Plan Period

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1

- ◆ The previous medium-term management plan was positioned as the “founding period for MS&AD integration”. The new medium term management plan is positioned as the “period of development and progress in integration”.
- ◆ The plan period is for the four years from 2014 to 2017, with Stage 1 (1st two years) the period for further strengthening our position for a significant leap forward centered on reorganization by function and Stage 2 (latter two years) the period for achieving significant progress including reorganization effects, etc.



Aspirations for MS&AD Insurance Group

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2

◆ We will continue our commitment to the mission, vision and values established at the time of the Group's founding and we will continue our unwavering efforts to realize and achieve these.

| | | | | |
|---------------------------------------|-------------|---|---|--|
| Aspirations for MS&AD Insurance Group | Our Mission | The significance of MS&AD Insurance Group | To contribute to the development of a vibrant society and help secure a sound future for the earth, by bringing security and safety through the global insurance and financial services business. | |
| | Our Vision | The aspirations for MS&AD Insurance Group | To create a world-leading insurance and financial services group that continue to seek sustainable growth and to enhance enterprise value | |
| | Our Values | The values which we respect in our daily business | CUSTOMER FOCUSED | We continuously strive to provide security and achieve customer satisfaction. |
| | | | INTEGRITY | We are sincere, kind, fair and just in all our dealings with everyone. |
| | | | TEAMWORK | We achieve mutual growth by respecting one another's individuality and opinions, and by sharing knowledge and ideas. |
| | | | INNOVATION | We listen to our stakeholders and continuously seek ways to improve our work and business. |
| | | | PROFESSIONALISM | We make continuous efforts to improve our skills and proficiency to provide high quality services. |

Basic Group Strategy

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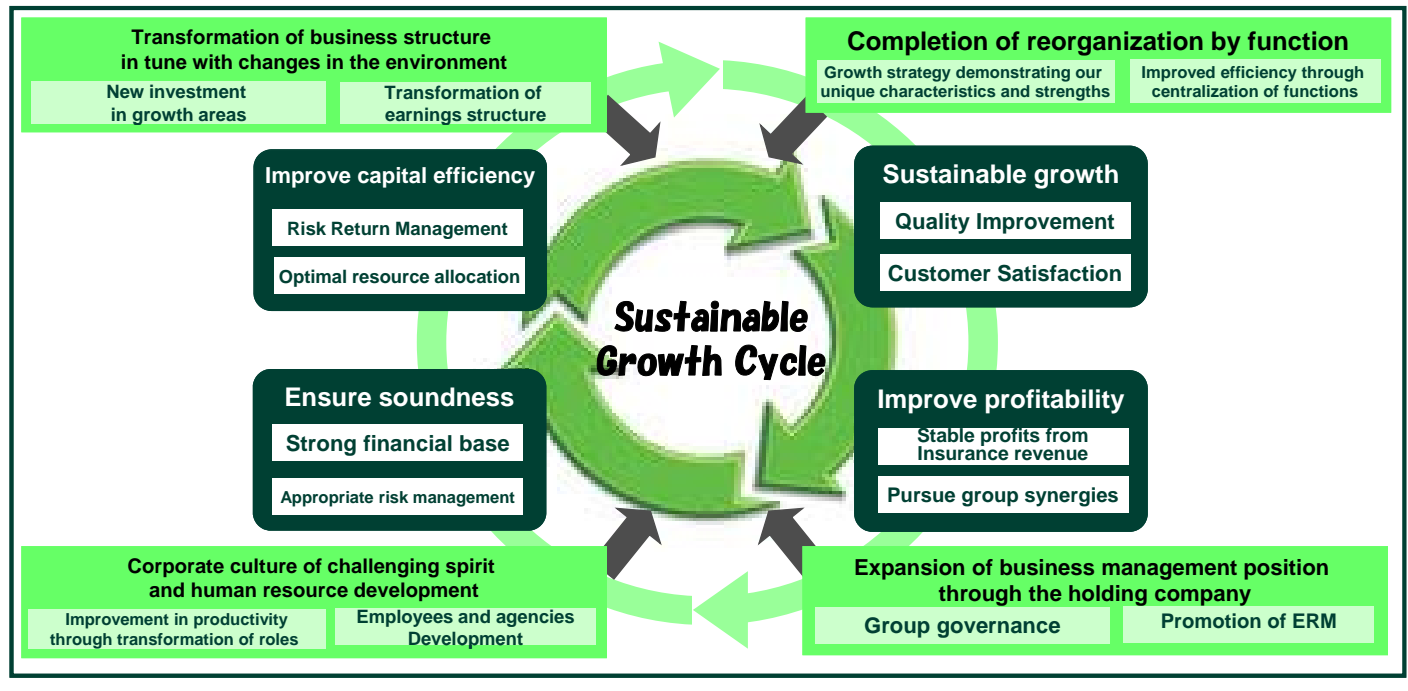
3

◆ Through our commitment to sustainable growth, ensuring soundness, and improving profitability and capital efficiency, we will increase the enterprise value of the Group as a whole.

| | | |
|--|---|--|
| Drivers of implementation | <ul style="list-style-type: none"> ■ Completion of reorganization by function ■ Strengthening of group governance and promotion of ERM ■ Transformation of business structure in tune with changes in the environment ■ Permeation of a corporate culture and development of human resource that meet challenges as professionals | |
| Completion of reorganization by function | We will achieve the challenge of creating an industry-first business model based on reorganization by function centered on Mitsui Sumitomo Insurance, Aioi Nissay Dowa Insurance, Mitsui Sumitomo Aioi Life Insurance and the holding company to achieve growth and improved efficiency, and achieve our targeted goals. | |
| Group Insurance Companies | <ul style="list-style-type: none"> • Achieve sustainable growth by increasing customer support and promoting efforts to improve profits through strategic engagement in economic growth, initiatives in unceasing quality improvement and growth strategies that leverage our unique characteristics and strengths. | |
| Affiliated Operating Companies | <ul style="list-style-type: none"> • Establish a position and platform for enabling each company to play its role at a higher level than at present through full-fledged demonstration of integration synergies. | |
| Holding Company | <ul style="list-style-type: none"> • Strengthen group governance and lead ERM by expanding the business management position over group companies to demonstrate their functions. | |
| Group | <ul style="list-style-type: none"> • As a group, implement new investment in business and areas with high capital efficiency and growth potential. • Promote improvement of organization productivity through human resource development and transformation and upgrading of roles throughout the entire group. • Earn trust through the improvement of product and service quality based on communication with stakeholders, and contribute to the resolution of social issues. | |
| Promotion of ERM | <p>Promote forward-looking ERM that based on a balance between risk, return and capital.</p> <ul style="list-style-type: none"> ○ Proceed with business management by establishing an ERM cycle that utilizes a risk appetite framework and ORSA process. ○ Aim to further improve risk management and respond to the strengthening of international capital regulation and supervision. | |

Realization of Mission • Vision • Value

Increase in Enterprise Value of the Group



Plan for Reorganization by Function (Overall Concept)

◆We will meet the challenge of group reorganization by adopting an unprecedented approach made possible through revision of the Insurance Business Act and we will further develop as a group with a sense of speed.

Sustainable growth and improvement of enterprise value

Realization of 'growth' and 'efficiency' across the entire Group

- We will operate business with a sense of speed by improving efficiency of group management while limiting temporary costs and load.
- We will improve customer support and satisfaction, and secure our position as the leading non-life insurance group in Japan by pursuing the benefits of having plural, unique non-life insurance companies in the Group.
- By centralizing third sector long-term products in Mitsui Sumitomo Aioi Life insurance, we will concentrate management resources and achieve more efficient operations, and by demonstrating the comprehensive strength of the entire group, we will attain the leading position in non-life insurer life insurance in terms of customer satisfaction, growth potential and profitability.
- Through the mutual use and sharing of our unique know-how and management resources, we will develop and provide a variety of products, services and support measures, demonstrates synergies in sales activities, and further accelerate progress in improvements in productivity and efficiency.

Maximum demonstration of the features of the two non-life insurance companies to respond to customers' diverse needs

- By clarifying the business concept of the two core non-life insurance companies and providing multiple options to customers, we will respond extensively to various markets and customers' diversifying needs.
- The two core non-life insurance companies will concentrate their management resources on their respective strengths and unique business strategies to realize implementation of strategy with higher quality and competitiveness and to accelerate growth.

Strengthening of group governance stance centered on the holding company

- The holding company will increase its involvement in the formulation and confirmation of management plans of the group companies, and strengthen its position on demonstrating the functions of providing instructions and coordination for promoting reorganization by function and pursuing group synergies.
- The holding company will play an active part in checking internal audit preparedness within group companies and strengthen check-and-balance functions.

Plan for Reorganization by Function (Details, Schedule)

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| | | |
|--------------------------------------|---|---|
| Marine and aviation insurance | <p>■ Transfer of hull, aviation, aerospace, cargo and transportation insurance to MSI</p> <p>○ Through centralization of business in MSI, MSI as an individual company will acquire the leading share in the marine business and establish its leading position by demonstrating further strengths that capitalize on advantages of scale.</p> <p>○ While centralizing the aviation sector in MSI, we will strengthen cooperation and joint initiatives with ADI and improve our market share and presence.</p> <p>Insurance premiums to be transferred : ¥ 17.5billion</p> | <p>Hull, Aviation, Aerospace April 2014~</p> <p>Cargo, Transportation October 2014~</p> |
| Motor Channels | <p>■ The insurance contracts handled by MSI motor channel agencies which have ADI as main business partner will be migrated to ADI.</p> <p>○ Through centralization of business in ADI, which boasts the leading share in the motor channel, and mutual utilization of the two companies' know-how, we will establish the Group's leading position in the motor channel.</p> <p>Number of agents to be Transferred : 1,600</p> | <p>October 2014~</p> |
| Local Sales networks | <p>■ Consolidation of sales networks and bases</p> <p>○ By eliminating remote responses and consolidating small bases, we will optimize operation of the Group's bases and strengthen our sales force and ability to provide service while also conducting activities</p> <p>Number of bases to be transferred : 100 Number of agents to be transferred : 3,800</p> | <p>April 2015~ (October 2014~ in certain areas)</p> |
| Sharing bases | <p>■ If both companies' bases are close to each other, the bases will move to a joint facility to cut costs and improve operational efficiency</p> <p>○ In addition to reducing real estate costs and logistics costs and improving efficiency in joint operations of the two companies, we will strengthen cooperation and communication to cultivate a greater sense of unity.</p> <p>○ We will also examine operations in computer and administrative centers, training centers and company housing.</p> <p>Consolidation and elimination of bases : 90</p> | <p>October 2013~</p> |
| Third sector insurance | <p>■ Transfer long-term policies in the third sector to MSI Aioi Life</p> <p>○ In addition to promoting product development capitalizing on the high compatibility with life insurance products, we will enhance product branding and market recognition through the sale of the same products through MSI, ADI and MSI Aioi Life.</p> <p>○ We will improve our ability to provide services and achieve efficient operations by centralizing our maintenance and insurance claims payment operations.</p> | <p>Transfer of new insurance policies : Apr 2014~ Subcontracting in-force Business : January 2015~ Transfer of existing insurance policies: FY2018~</p> |
| Overseas business | <p>■ MSI will take care of operations for Japanese corporate clients, and ADI will focus on overseas business primarily for Toyota dealership.</p> <p>○ MSI will comprehensively expand its business including investment in new businesses and M&A.</p> <p>○ ADI will continue to focus on strengthening its Toyota retail business.</p> <p>○ We will improve profitability and efficiency through mutual use of the two companies' facilities and the unification of operation management.</p> | <p>April 2014~</p> |
| Head office functions | <p>■ The holding company will have part of the head office functions of the two core non-life insurance companies and will enhance the group governance system.</p> <p>○ By centralizing duplicated functions, unifying management schemes, and standardizing and simplifying operations, we will simultaneously improve business management, streamline the headquarters organization and speed up decision making.</p> <p>○ By strengthening the holding company structure, we will demonstrate instruction and coordination functions as well as check functions in internal control preparedness to achieve the Group strategy and pursue synergies.</p> | <p>Oct 2013~</p> |

Promotion of ERM

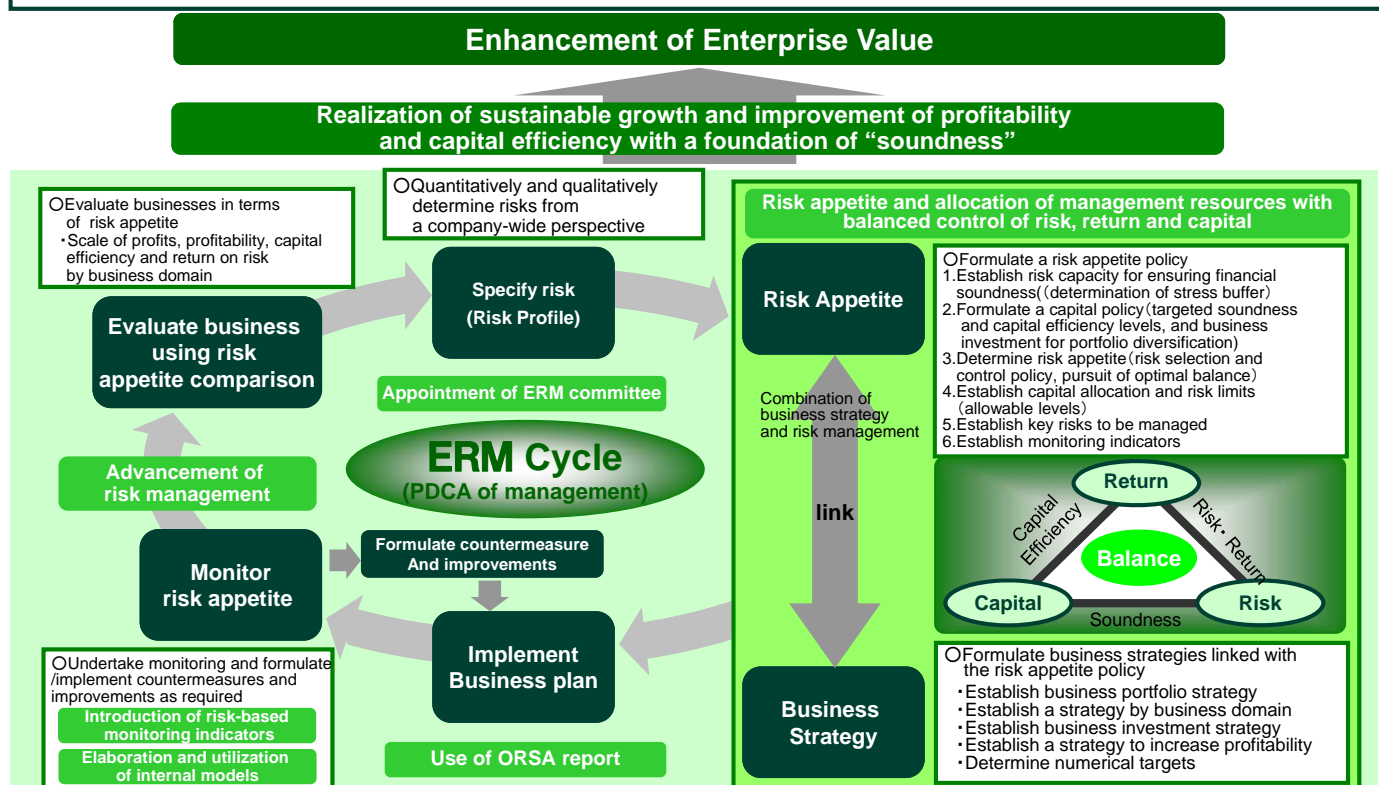
※ERM: Enterprise Risk Management

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- ◆ We will quantitatively and qualitatively determine the Group's risks from a company-wide perspective and, bearing in mind the characteristics of risks, we will allocate management resources on the basis of risk appetite that provides balanced control of risk, return, and capital. With a foundation of "soundness," we aim to realize "sustainable growth" and "improvement of profitability and capital efficiency" to increase enterprise value.



Strategy by business domain

◆The group aims to achieve its sustainable growth by expanding each business of domestic non-life, domestic life, overseas, financial services, and risk related services.

| | | | | | |
|--------------------------------------|---|---------------------------|--|-----------------------|---|
| Domestic non-life insurance | <p>○MSI and ADI will clarify the business concept and conduct the reorganization by function. In addition, we will strengthen the business base by achieving stable profits in insurance underwriting revenue and implementing business process innovation and measures to improve efficiency in individual companies through system integration, and we will strengthen profitability by leading the industry in Japan.</p> <p>○Together with Mitsui Direct General, we will ensure the entire group is able to respond to customer's diverse needs, and establish our position as the leading non-life insurance group in Japan.</p> | | | | |
| Domestic life insurance | <p>○We will promote well-balanced business in both coverage-type products and asset-building products and maintain the highest level of growth in the industry.</p> <p>○We will improve profitability through a sustainable product portfolio, strengthen our financial base and contribute to increasing group profits.</p> | | | | |
| Overseas Business | <p>○We will expand overseas business by enhancing growth strategy enabled by the reorganization by function, keeping advantage of MSI and ADI.</p> <p>○We will improve profitability through efficient business management, and contribute to increasing profits and also diversification of business risks.</p> <table border="1"> <tr> <td>Non-life insurance</td><td>We will reduce administrative costs by building a unified management structure for the operations of the overseas subsidiaries of MSI and ADI.</td></tr> <tr> <td>Life insurance</td><td>We will strengthen involvement in management as well as the provision of technology and know-how support to improve the profitability of joint ventures and partner life insurers</td></tr> </table> | Non-life insurance | We will reduce administrative costs by building a unified management structure for the operations of the overseas subsidiaries of MSI and ADI. | Life insurance | We will strengthen involvement in management as well as the provision of technology and know-how support to improve the profitability of joint ventures and partner life insurers |
| Non-life insurance | We will reduce administrative costs by building a unified management structure for the operations of the overseas subsidiaries of MSI and ADI. | | | | |
| Life insurance | We will strengthen involvement in management as well as the provision of technology and know-how support to improve the profitability of joint ventures and partner life insurers | | | | |
| Financial Services Business | ○We will demonstrate our comprehensive strength as an insurance and financial group by developing and providing new financial products and services utilizing the Group's unique characteristics to cater to customers' diversifying needs. | | | | |
| Risk related service Business | ○We will create synergies with the insurance business by deploying global risk solution service business. | | | | |

Strategy by insurance companies

◆Under our overall group strategy, we will implement growth strategies to meet customers' diversifying needs by capitalizing on the characteristics and strengths of the operating companies, and we will demonstrate the comprehensive strength of the Group through efficient business management by leveraging group synergies.

| | |
|---|--|
| Mitsui Sumitomo Insurance | ○We will demonstrate our comprehensive strength by providing products and services that are superior to those of other companies, and we will expand our insurance and financial services business in Japan and globally. |
| Aioi Nissay Dowa Insurance | <p>○In addition to utilizing our advantage by further strengthening our partnership with the Toyota Group and Nissay, which is our strength, we will provide products and services that are superior to those of other companies, and promote locally-based business.</p> <p>○Overseas, we will continue to conduct retail business primarily through Toyota dealers</p> |
| Mitsui Direct General Insurance | ○We will further expand our online business model, enhance profitability, and build a foundation capable of responding to changes in the direct business environment. |
| Mitsui Sumitomo Aioi Life Insurance | <p>○We will increase embedded value by having balanced product portfolio while providing high quality products and services through cross-selling of non-life insurance agents and various channels such as financial institutions, life insurance agents, direct marketing.</p> <p>○In the third sector, which is solely responsible for provision of all products within the Group, we will further improve our level of customer support. In addition we will realize more efficient operations through the centralization of management resources, and demonstrate the comprehensive strength of the Group as a whole as we aim to become No.1 in non-life insurer life insurance in terms of customer satisfaction, growth and earning power.</p> |
| Mitsui Sumitomo Primary Life Insurance | <p>○We will provide products that meet customers' needs such as variable and fixed annuities in the area of individual annuities.</p> <p>○We will secure ongoing profits and strengthen our financial base through appropriate risk control.</p> |

◆We will enhance enterprise value by taking balance of financial soundness, capital efficiency, and shareholder return.

Financial Soundness

We will retain financial soundness by strengthening capital position and reducing risk.

- We will retain financial soundness equivalent to AA rating.
- We will strengthen solvency by increasing capital reserve on purpose.
- With investment based on ALM management, we will ensure security, liquidity and stable profits.
- We will reduce risk assets and increase funds available for business investment by continually reducing cross-held shares.

Capital Efficiency

We will improve the capital efficiency of the Group by appropriate allocation of management resources, growth, and diversification of business portfolio.

- We actively invest in high-growth and profitable areas in Japan and overseas.
- We will achieve risk distribution and improve capital efficiency by diversification of our business portfolio.

Shareholder Return

We will return approximately 50% of "Group Core Profit" to shareholders in the medium run.

- We aim to maintain stable dividends, and steadily increase dividends by strengthening our earnings power.
- We will repurchase our own shares flexibly and as opportunities arise, with due consideration to market conditions and the state of our capital.

Investment Strategy

◆We will contribute to increasing enterprise value by stabilizing the earnings from investment based on ALM while maintaining good conditions and liquidity of assets and by reducing risk assets, mainly the strategic equity holdings.

Stabilizing Investment Return

- We will aim to stabilize the earnings from investment by conducting ALM based on the feature of insurance liability while we keep good conditions and liquidity of assets we manage.

Improvement of Returns on Risk

- We will improve our returns on risk in our asset management portfolio by engaging in diversified investment while giving consideration to security.
- We will maintain the solid financial structure by reducing risk assets, mainly the strategic equity holdings.

Plan of reducing the strategic equity holdings

**FY2014-2017
Plan (Group Total)**

¥ 300 B

Appropriate Risk Control

- Amid an ongoing unstable financial market environment, we will appropriately control risks and contribute to the improvement of enterprise value by increasing net asset.

| Numerical Targets | FY2015 Target | FY2017 Target |
|--|---------------|---------------|
| Group Core Profit | ¥ 120 B | ¥ 160 B |
| Domestic non-life insurance | ¥ 76 B | ¥ 100 B |
| Domestic life insurance | ¥ 13 B | ¥ 16 B |
| Overseas business | ¥ 27 B | ¥ 39 B |
| Financial Services Business | ¥ 4 B | ¥ 5 B |
| Risk related Services Business | | |
| Consolidated net premiums written | ¥ 3,000 B | ¥ 3,100 B |
| Combined Ratio for Non-life insurance | Approx. 95% | 95% or less |
| The amount increased of EEV for MSI Aioi Life | Above ¥ 40 B | Above ¥ 45 B |
| Group ROE | 5.4% | 7.0% |

We will add "the amount of increased of EEV for MSI Aioi life" to group numerical target as a indicator of economic value including future profit.

※Group Core Profit = consolidated net income - net capital gains/losses on stock portfolio (gains/losses from sale) - net evaluation gains/losses on credit derivatives - other incidental factors + equity in earnings of the non-consolidated group companies

※Group ROE = Group Core Profit ÷ consolidated total net assets excluding minority interests (average of beginning and ending amounts of B/S)

〔Plan for improving the operation efficiency〕

◆In addition to fully reaping the benefits of system integration and reorganization by function, we will realize cost reductions in company expenses of over 50 billion yen per year in FY2017 compared to FY 2011 through the accumulated effects of initiatives to improve efficiency in individual companies.

Improved efficiency of non-personnel expenses and personnel through reorganization by function - ¥ 10 B

Improved efficiency in system operation costs through integration of the three hosts in ADI - ¥ 5 B

Improvement in efficiency in system development and operation costs through unity operations - ¥ 10.5 B

Initiatives to improve efficiency in individual Companies based on reorganization by function - ¥ 24.5 B

We will realize cost reduction in company expense of

More than ¥50 B per annum

In FY2017 (compared with FY2011)

Non-recurring costs relating to the reorganization by function is ¥ 8 B (FY2013-2017)

- ◆ In our core business of domestic non-life insurance operations, we will seek to achieve and maintain a combined ratio of approx. 95% by FY2015, and to achieve stable profits in underwriting income.
- ◆ In addition to accelerating efforts to improve our loss ratio, we will achieve cost efficiency synergies through system integration and reorganization by function, and improve productivity through transformation of roles.

Acceleration of efforts to improve the loss ratio

[Common items]

- Underwriting and loss prevention activities through appropriate rate design and cooperation between sales and claims

[The largest item : automobile insurance]

- Guidance and support for efforts to improve high-loss agencies and high-loss fleet policyholders
- Appropriate payments — elimination of fraudulent claims
- Appropriate pricing — promotion of use of partner repair shops and increased utilization of recycled parts

Demonstration of cost efficiency synergies

- Reduction in development and maintenance costs through integration of system infrastructure
- Efficient business management through reorganization by function

Improvement in productivity

- Establishment of an efficient administrative and operating framework through innovation in business processes, and optimal allocation of personnel
- Transformation of the roles of individual employees, acceleration of female personnel participation

FY2015

We will achieve and maintain combined ratio of

Approx. 95%

[IT Strategy]

- ◆ We will contribute to the group growth strategy by strengthening IT governance, promoting the system reform, and introducing convenient system.

Contributing to Group growth strategy

We will invest in system particularly in the important areas toward the group growth strategy.

- We will introduce systems that are convenient for customers, agents and employees by adopting mobile and new technology.
- We will make time for agents and employees by making operations more efficient using IT.

System Reform

We will increase productivity by system reform and re-examination of business process.

- We will streamline the hosts and system within the group to create synergies.
- We will simplify system structure and re-examine business process.
- We will cut fixed costs relating system operation and expand strategic system investments without increasing total system costs.

Strengthening IT governance

We will strengthen IT governance and increase in quality of the group system.

- We will centralize management of big projects at the holding company.
- Based on system risk analysis for the entire group, we will strengthen risk and disaster management and overseas system management process.
- Based on MS&AD group IT Action Principles and IT professionals policy, we will strengthen development capability by internalizing and upgrading system development and increasing our organizational power.

Advancing with you

MS&AD

INSURANCE GROUP

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