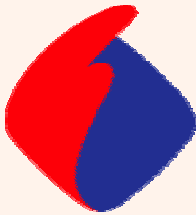


# *Outline of the interim settlement and result forecast by the end of FY2003*

**December 2, 2003**



**Mitsui Sumitomo Insurance Co.,Ltd.**

*·Amounts shown herein are basically rounded off.  
·Amounts are shown after excluding refundable premium of our original automobile insurance "Modo-rich."  
·From this interim period, premiums are posted after excluding the related amount of policies of which effective dates are after October 1st.  
The key ratios of the previous 1<sup>st</sup> half, such as loss ratio are also calculated based on the premiums as defined above to compare each term effectively.*

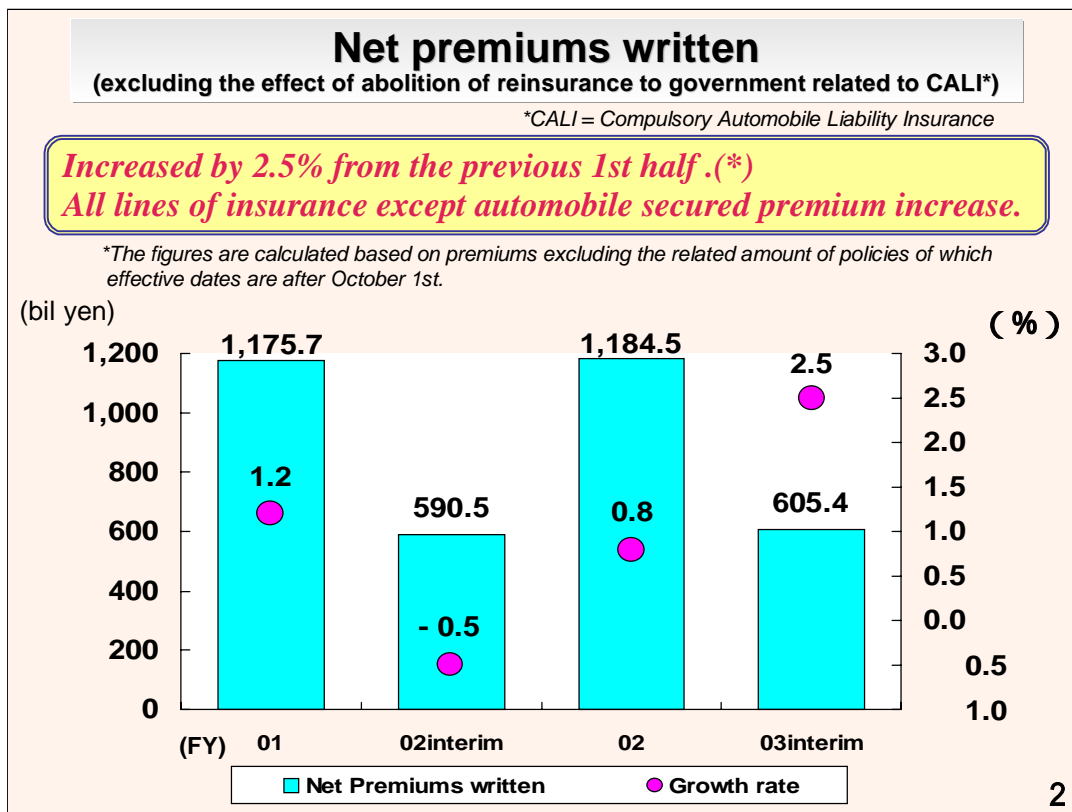
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We would like to explain our results for interim 2003 and our forecast for the full fiscal year.

Figures that we will be citing exclude refundable premium of our original automobile insurance "Modo-rich."

Starting with the current period, we are no longer including the premiums of policies of which effective dates are after October 1st in interim premiums written.

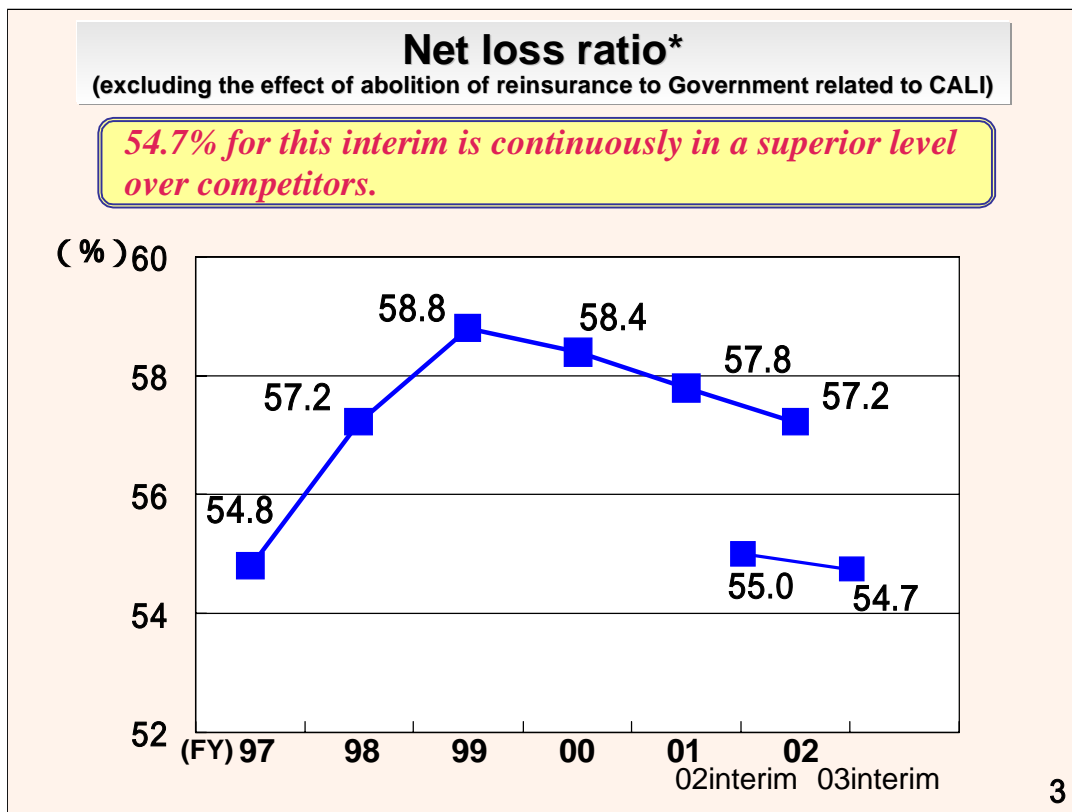
Therefore, to allow prior-period comparisons, the loss ratio and other ratios for interim 2002 are expressed according to the same standard as premiums written in interim 2003.



Our results for interim 2003 are as follows.

Net premiums written increased 14.9 billion yen, or 2.5% year on year, after excluding the positive effect of the abolition of reinsurance to government related to Compulsory Automobile Liability Insurance (CALI).

While net premiums written declined 0.6% for automobile insurance, it increased for all other categories of insurance.

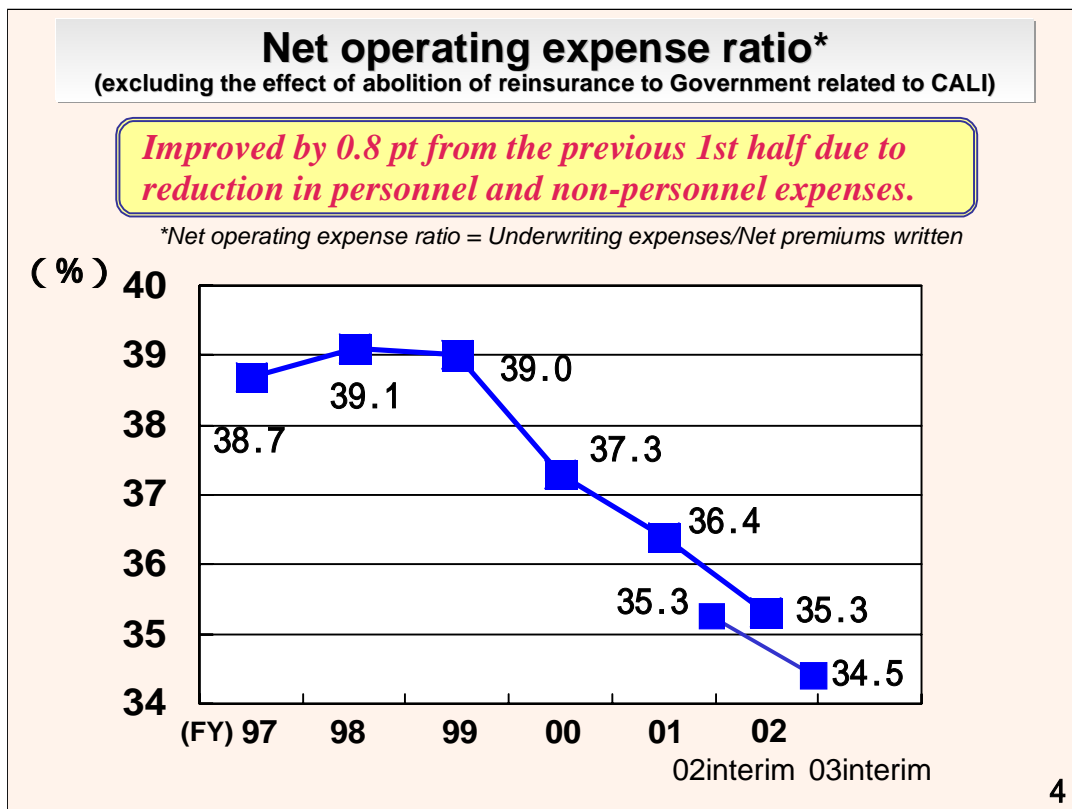


The net loss ratio fell 0.3 percentage points year on year to 54.7% in interim 2003.

In the first half of the year, insurance claims paid due to natural disasters increased, and major accidents resulted in higher claims paid for fire insurance and marine insurance.

As a result, total claims paid grew about 8.0 billion yen over the previous period for all categories of insurance.

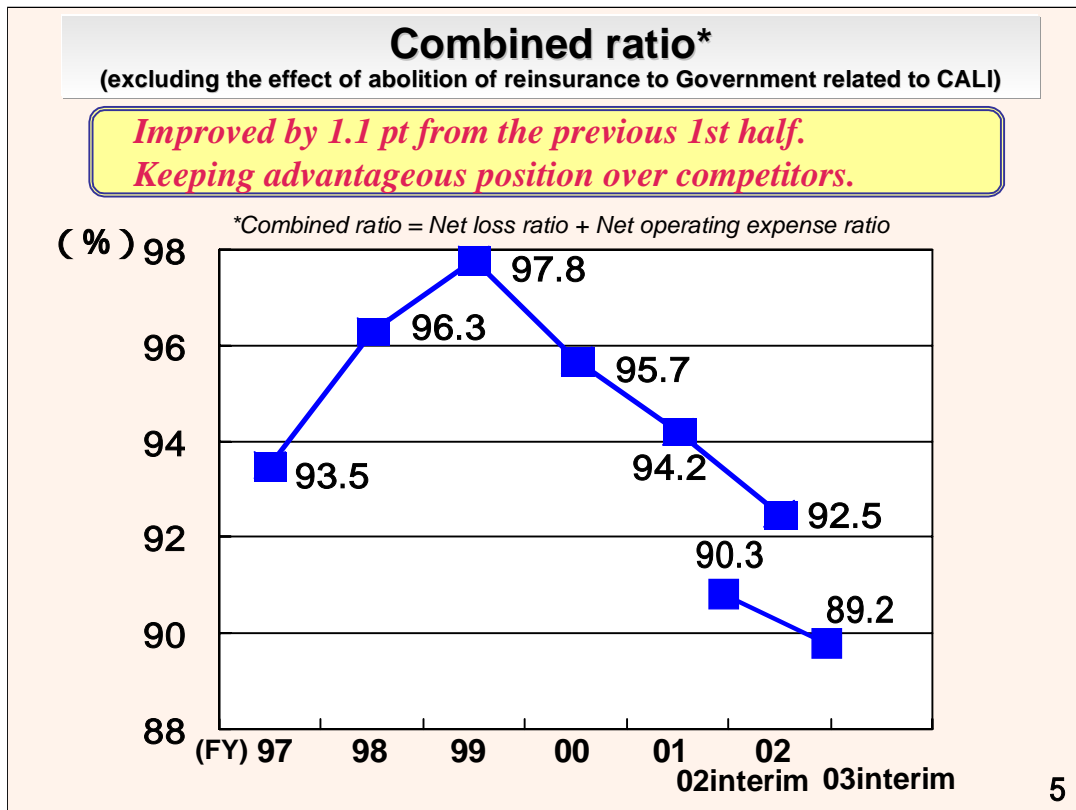
The increase in premiums written, however, enabled the loss ratio to improve slightly.



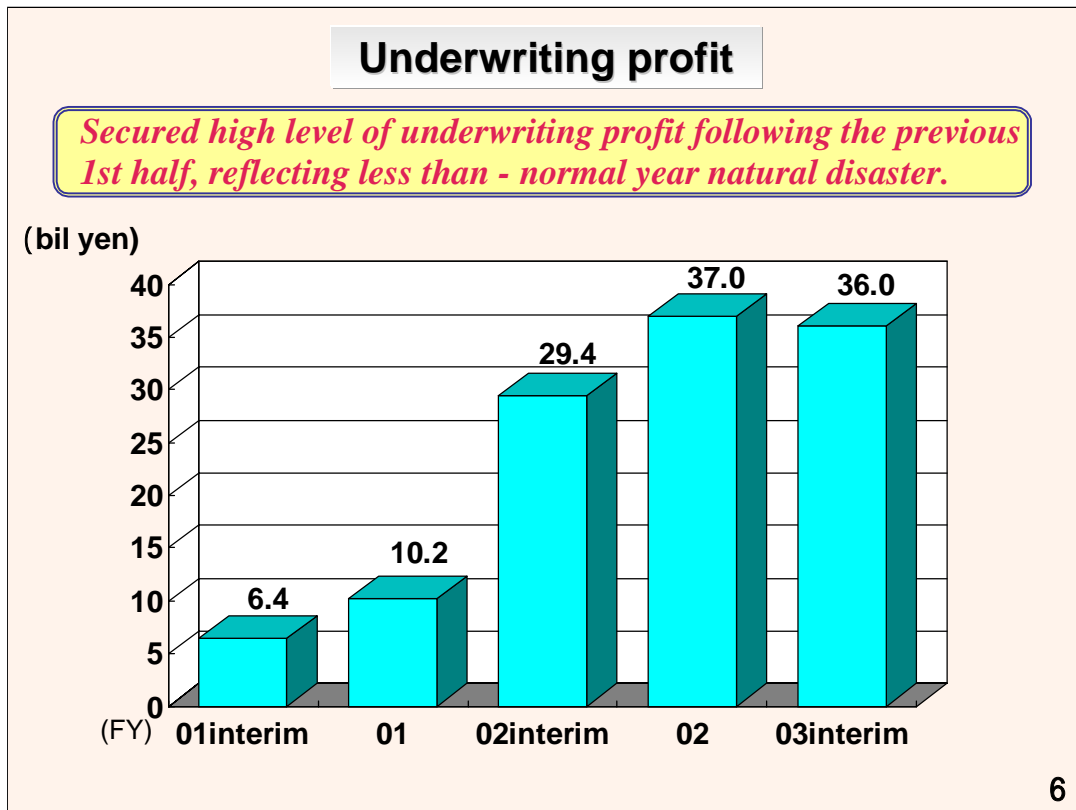
Our net operating expense ratio fell 0.8 percentage points year on year to 34.5%.

This reflects our ongoing efforts to reduce expenses.

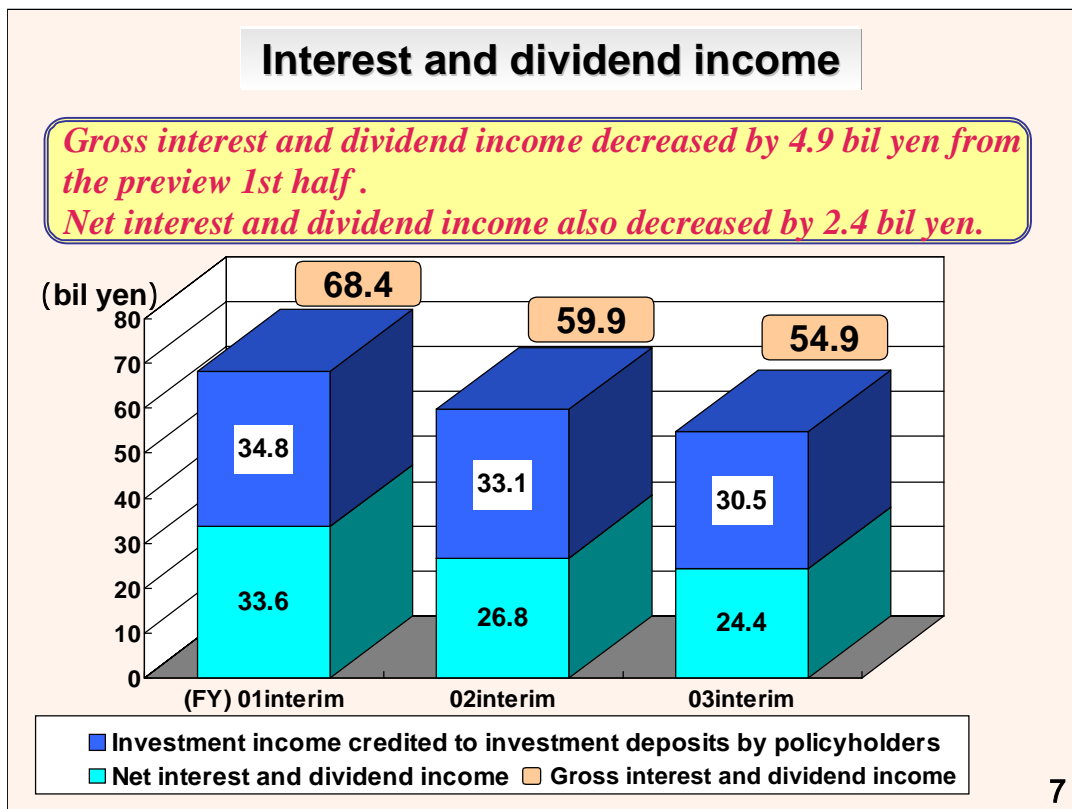
Operating, general and administrative expenses were cut 1.7 billion yen year on year, consisting of a 900 million yen reduction in personnel expenses and a 800 million yen reduction in non-personnel expenses and taxes.



Our combined ratio, the sum of the loss ratio and the operating expense ratio, declined a substantial 1.1 percentage points year on year to 89.2%, thanks to improvements in the loss ratio and the operating expense ratio.



Natural disasters increased over interim 2002 but were still low when compared with an average year, and underwriting profit totaled 36.0 billion yen, a solid result as in interim 2002.



Low interest rates and the yen's appreciation in the first half made for a challenging investment environment.

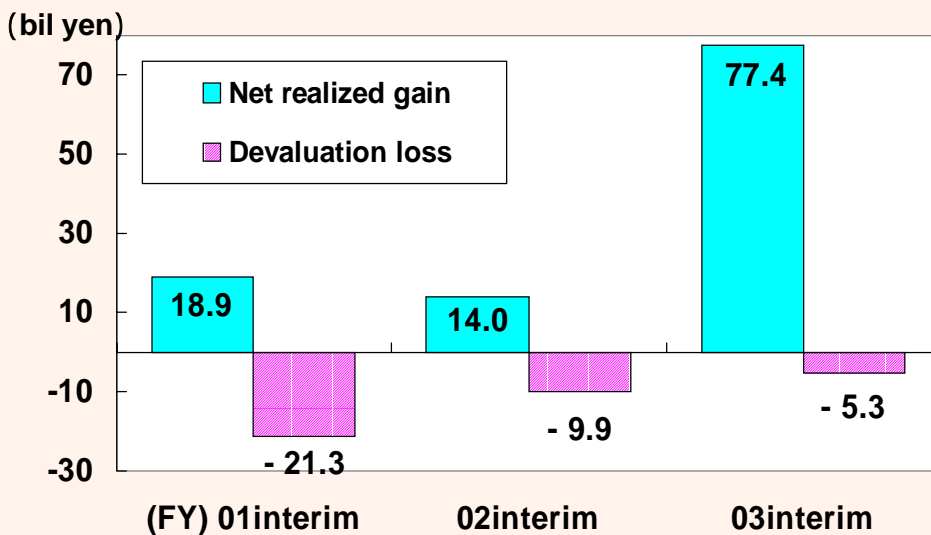
Gross interest and dividend income fell 4.9 billion yen year on year to 54.9 billion yen in interim 2003.

Investment income credited to investment deposits by policyholders fell from 33.1 billion yen in interim 2002 to 30.5 billion yen in interim 2003, representing a decrease of 2.6 billion yen.

Net interest and dividend income declined a relatively modest 2.4 billion yen year on year to 24.4 billion yen.

## Net realized gain and devaluation loss of securities

*Net realized gain surged to 77.4 bil yen including ETF contribution.  
Devaluation loss decreased to 5.3 bil yen.*



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With respect to capital gains or losses, the contribution of portfolio stock to an exchange-traded fund (ETF) in the interim period yielded realized gains of 66.0 billion yen.

Net realized gains on the sale of securities, including this transaction, totaled 77.4 billion yen in interim 2003.

This represents an increase of 63.4 billion yen from interim 2002, which significantly boosted ordinary profit.

Devaluation losses of securities also decreased over interim 2002.

Gains or losses on marking credit derivatives to market improved in interim 2003, resulting in 4.9 billion yen being recorded as part of investment income in the profit and loss statement.



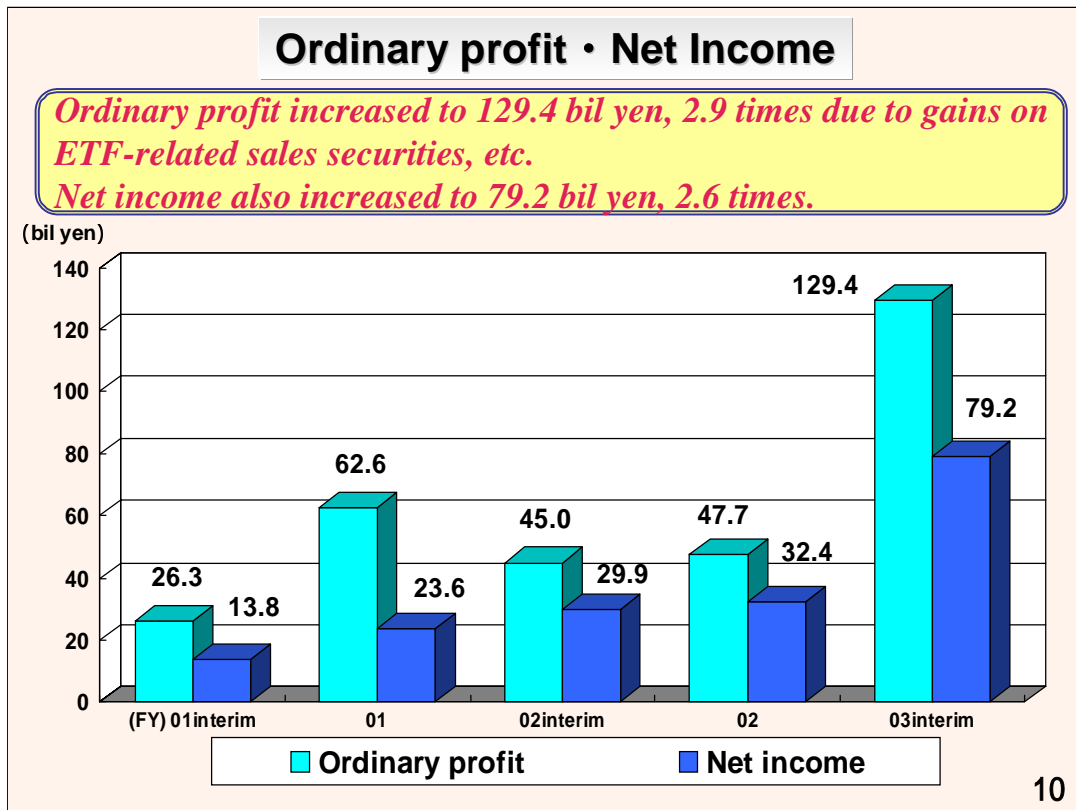
## Extraordinary income/losses

*Extra ordinary losses increased by 7.6 bil yen due to provision for price fluctuation reserve and devaluation loss of real estate.*

	(FY) 02 interim	03 interim
	(bil yen)	(bil yen)
<b>Expenses for integration</b>	-1.7	—
<b>Reversal/Provision Price fluctuation reserves</b>	0.1	- 3.2
<b>Other than above expenses</b>	1.4	- 4.7
<b>Extraordinary income/losses total</b>	- 0.2	- 7.8

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With regard to extraordinary income/losses, the burden of expenses for integration disappeared, but a provision for price fluctuation reserves in interim 2003, to which a reversal was made in fiscal 2002, and valuation losses on real estate for sale generated extraordinary losses of 7.8 billion yen, an increase of 7.6 billion yen year on year.



As a result of these developments, ordinary profit totaled 129.4 billion yen in interim 2003. This is 84.5 billion yen more than, or about 2.9 times, the 45.0 billion yen recorded in interim 2002.

Net income similarly increased about 2.6 times to 79.2 billion yen.

**Result forecast by the end of FY2003  
Precondition**

	(FY) 02	03 interim	03 (est.)
<b>Exchange rate (Yen/USD)</b>	120.2 yen	111.3 yen	110.0 yen
<b>Rate of interest (10 years JGB)</b>	1.12%	0.89%	1.20%
	( 0.71% )	( 1.38% )	
<b>Stock price (Nikkei 225)</b>	7,973 yen	10,219 yen	10,000 yen

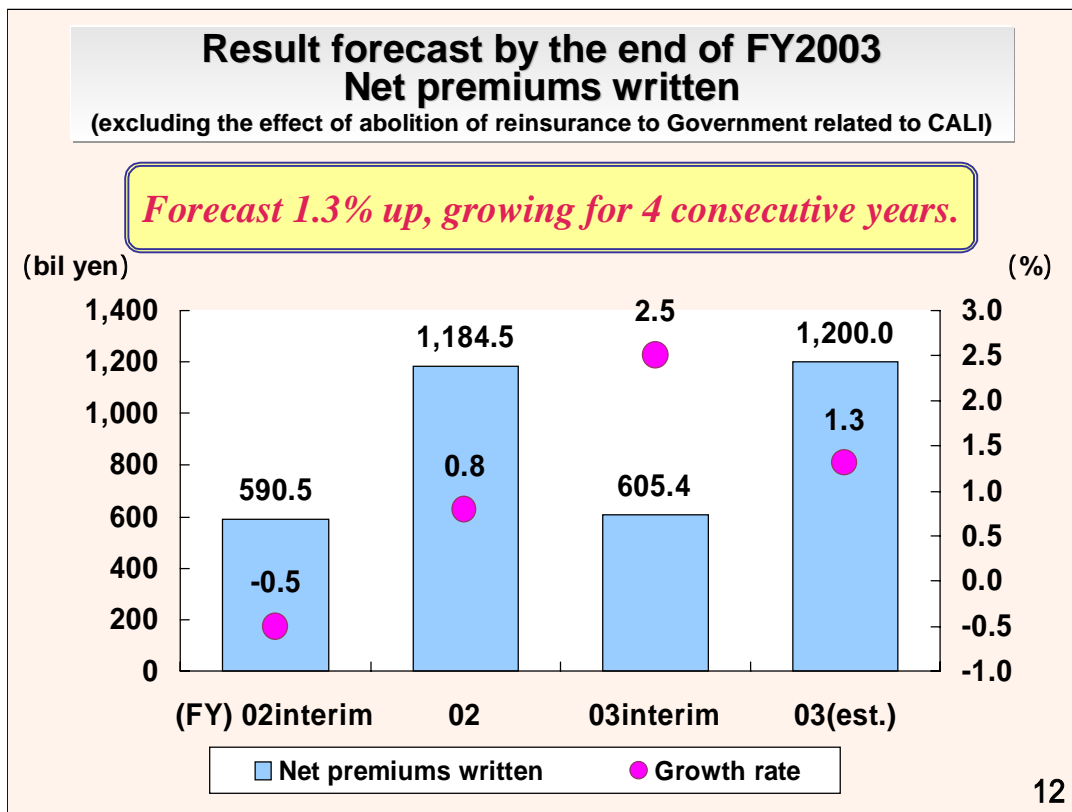
\* Exchange rate, Stock price : As at March 31, 2003, September 30, 2003, and March 31, 2004.

Rate of interest : Average during each term  
(as at March 31, 2003, September 30, 2003)

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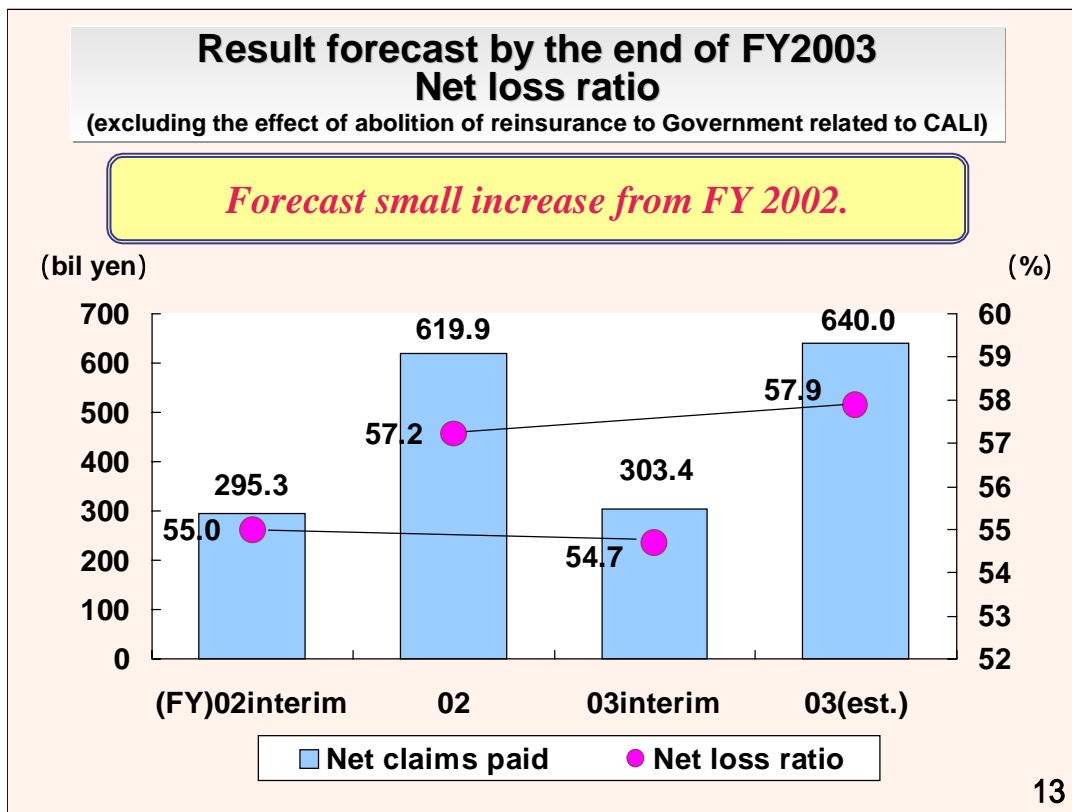
Our forecast for the full fiscal year is as follows.

Regarding the premises for our forecast, we do not expect any major changes in exchange rates, interest rates, or stock prices from what they were at the end of September.



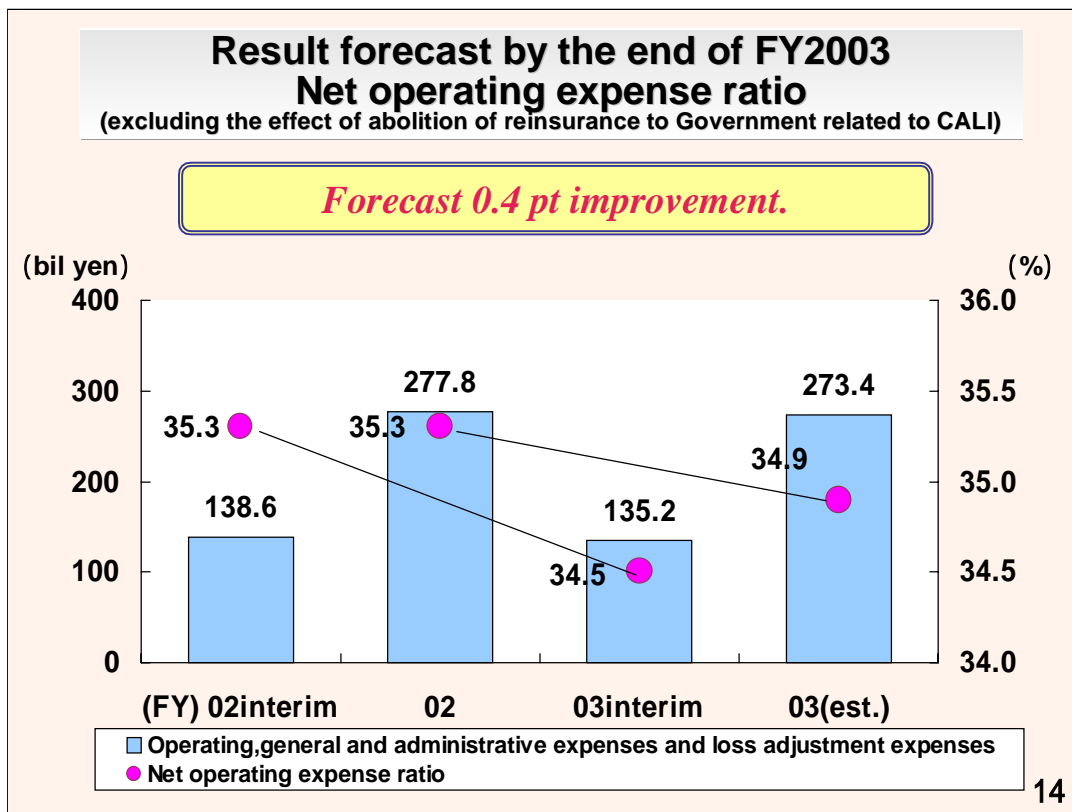
We anticipate that net premiums written will increase 1.3% in fiscal 2003.

This increase would become 4.1% when the positive effect of 23.0 billion yen resulting from the abolition of reinsurance to government related to CALI and the refundable premiums of “Modo-rich” are included.



We anticipate the payment of 7.5 billion yen in insurance claims for natural disasters and that our net loss ratio will rise 0.7 percentage points from 57.2% in fiscal 2002 to 57.9%.

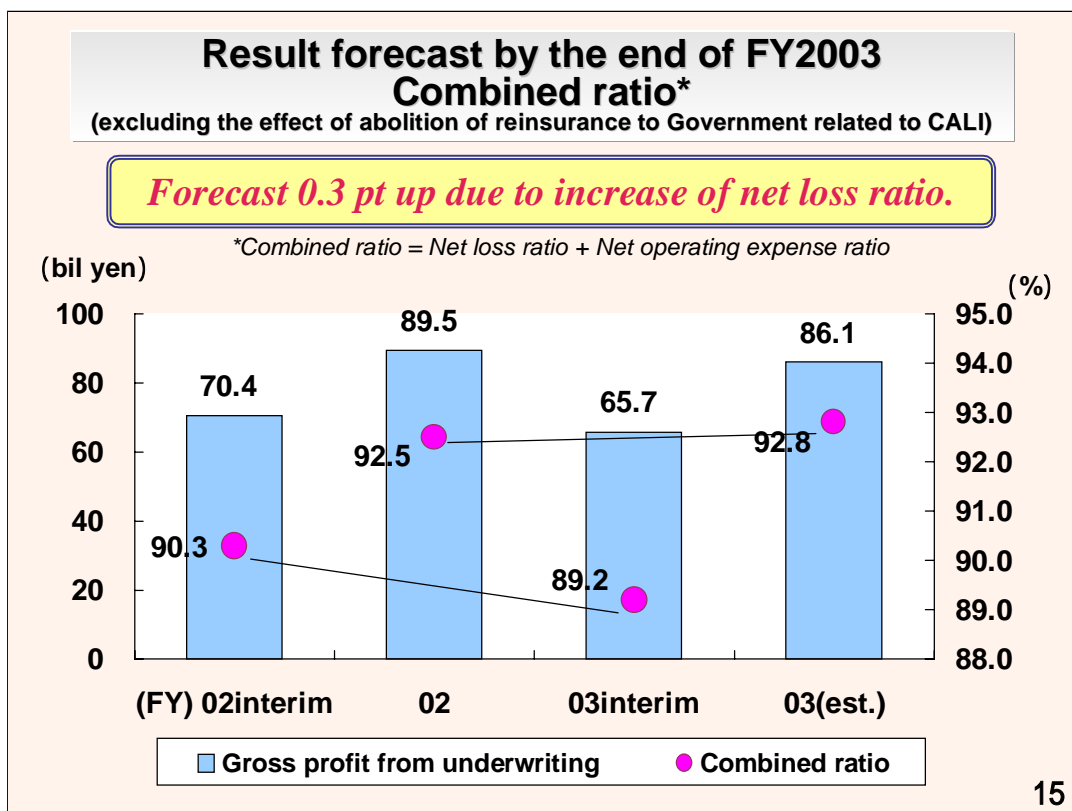
We foresaw a net loss ratio of 59.2% at the start of the year, but natural disasters are expected to fall below the 18.5 billion yen we forecast at that time, and we also anticipate lower non-natural disaster losses compared with our initial forecast.



We anticipate that the net operating expense ratio will decrease 0.4 percentage points year on year to 34.9%.

We anticipate that the commission rate will decline 0.1 points and the underwriting expense ratio will fall 0.3 points.

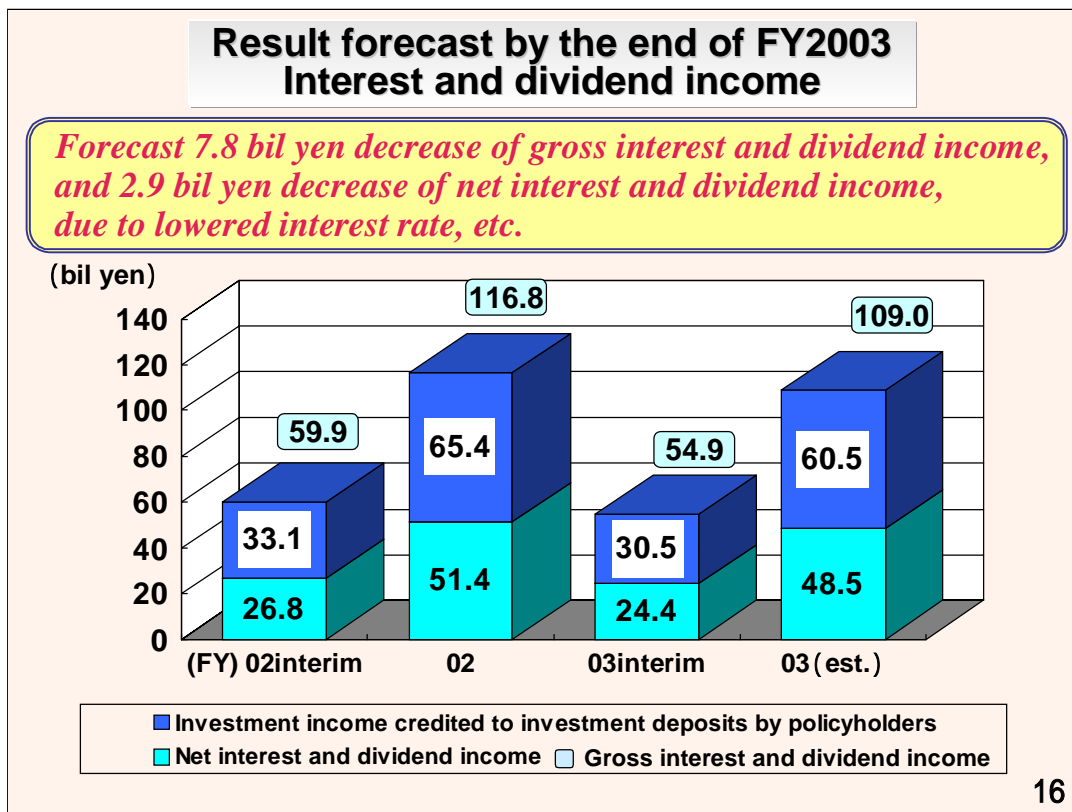
In addition, we expect that operating expenses including loss adjustment expenses will decrease 4.4 billion yen.



The combined ratio is expected to increase 0.3 percentage points.

While the reduction of operating expenses will enable the expense ratio to decline 0.4 points, this will be exceeded by the loss ratio rising 0.7 points.

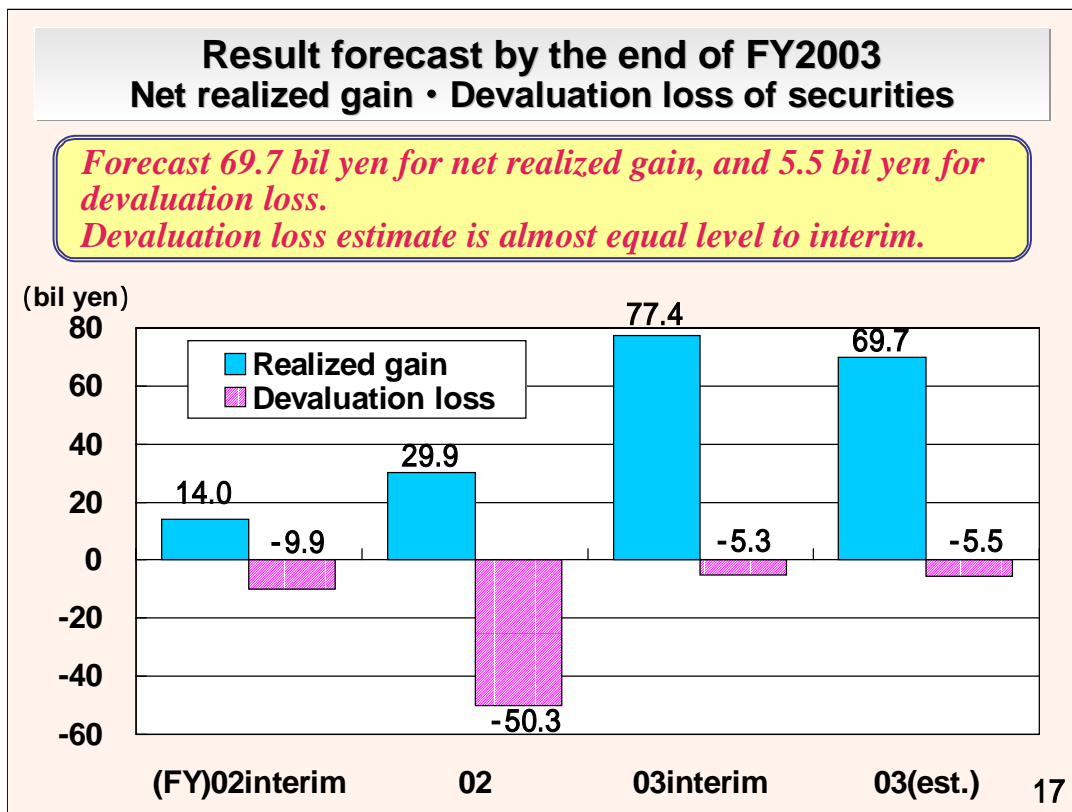
The underwriting balance derived by subtracting net claims paid, loss adjustment expenses, commission and collection expenses, and operating, general and administrative expenses related to underwriting from net premiums written will fall 3.4 billion yen year on year to 86.1 billion yen as a result of higher claims paid.



With respect to investments, gross interest and dividend income is expected to decrease 7.8 billion yen, or 6.7% year on year, to 109.0 billion yen in fiscal 2003.

Investment income credited to investment deposits by policyholders will decline 4.9 billion yen year on year to 60.5 billion yen, and net interest and dividend income, the difference between gross interest and dividend income and investment income credited to investment deposits by policyholders, will fall 2.9 billion yen to 48.5 billion yen from the 51.4 billion yen recorded in fiscal 2002.

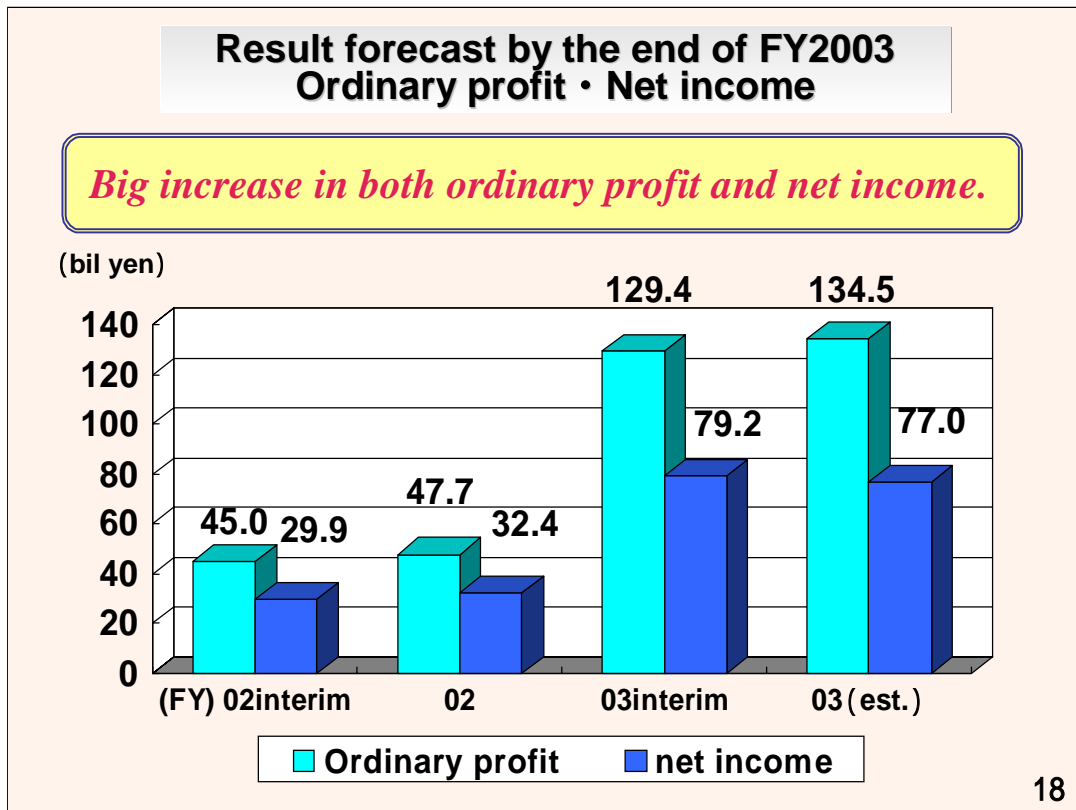




With regard to realized gains or losses on the sale of securities, net realized gains of 77.4 billion yen were recorded in the first half, including gains on ETF-related sales securities.

For the full year, net gains of 69.7 billion yen are anticipated.

Devaluation losses of securities totaled 5.3 billion yen in the first half, and 5.5 billion yen devaluation losses of securities are expected for the full fiscal year.



Taken together, we anticipate that ordinary profit will increase 86.8 billion yen year on year to 134.5 billion yen in fiscal 2003.

In addition, net income will increase 44.6 billion yen year on year to 77.0 billion yen.

## Mitsui Sumitomo Kirameki Life Insurance

*Amount of new business increased by 11.4%, and premium income also increased by 10.5% from the previous 1st half.*

	(FY) 03interim	Change from the previous 1st half
Amount of new business	644.2 bil yen	11.4%
Amount of in-force business	5,386.4 bil yen	12.8%
( The above is total sum of individual insurance and individual annuity )		
Premium income	79.2 bil yen	10.5%
Net income	0.02 bil yen	- 0.01 bil yen
Proforma net income*	1.1 bil yen	+ 0.4 bil yen

\*Hypothetical net income before extra reserve for Net level premium method of valuation provided.

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The interim results of our life insurance subsidiary, Mitsui Sumitomo Kirameki Life Insurance, are as follows.

The amount of new business for individual insurance and individual annuity increased 11.4% year on year in interim 2003.

The amount of in-force business for individual insurance and individual annuity rose 12.8% year on year, or 6.9% over the end of the previous fiscal year.

Premiums income grew 10.5% year on year to 79.2 billion yen, highlighting the steady expansion of business.

The half-year underwriting balance, a measure of interim profit, was nearly zero due to a provision for policy reserves with Net Level Premium Method of Valuation.

When this provision is excluded, pro forma net income of 1.1 billion yen was recorded in interim 2003, an increase of 400 million yen year on year.

## Consolidated net premiums written

*Increased by 5.0% from the previous 1st half.  
Overseas insurance subsidiaries posted big increase (45.2%),  
mainly in Europe represented by Lloyd's direct underwriting  
business.*

(bil yen,%)				(bil yen,%)			
	Net premiums written	Increase amount	Growth rate		Net premiums written	Increase amount	Growth rate
Parent	605.4	14.9	2.5	→	North America	15.2	3.6
Subsidiaries	52.0	16.2	45.2		Europe	26.1	12.5
Group	657.4	31.1	5.0		Asia	6.1	0.5
					South America	2.1	-1.2
					Reinsurance subsidiaries	2.6	0.7

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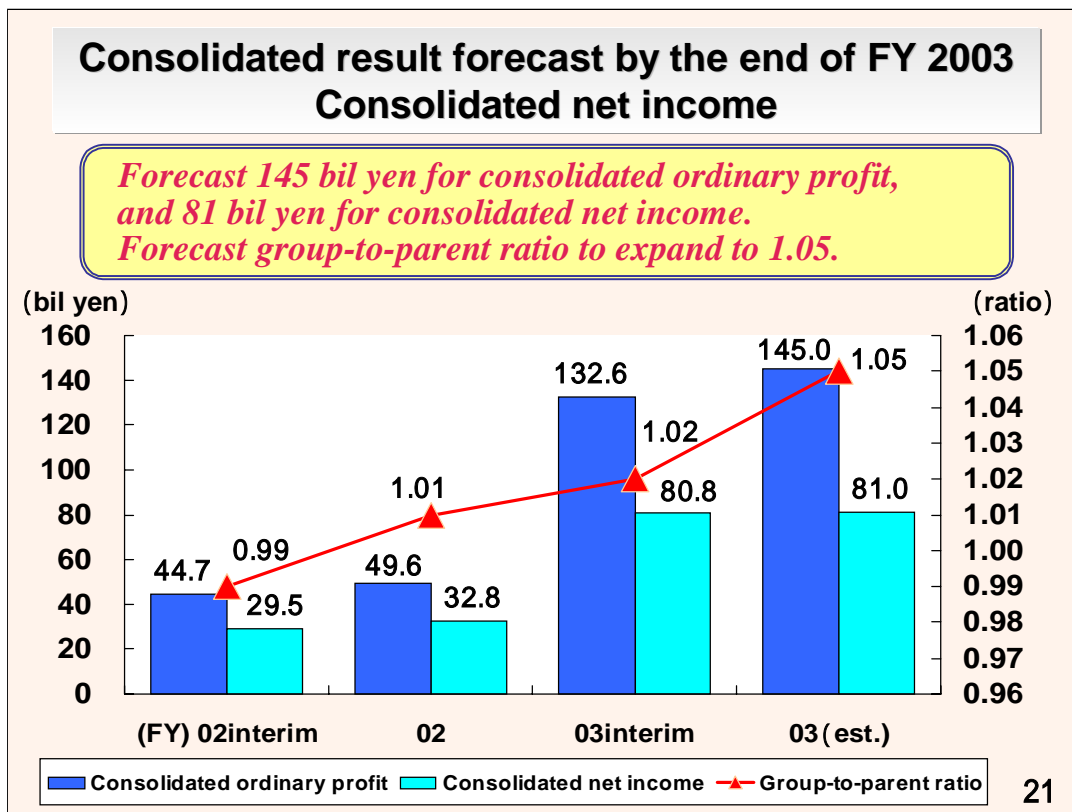
The interim results and forecasts on a consolidated basis are as follows.

Consolidated net premiums written grew 5.0% year on year, after excluding the positive effect of the abolition of reinsurance to government related to CALI.

Net premiums written increased 2.5% on a non-consolidated basis and 45.2% for consolidated subsidiaries, highlighting a major expansion in business.

A substantial increase was recorded in Europe where our subsidiary is enjoying a strong direct underwriting business at Lloyd's of London, and steady growth took place in other geographic segments with the exception of South America.

These trends are expected to continue in the second half, and we anticipate that consolidated net premiums written will increase 3.3% in fiscal 2003.



The growth of subsidiaries also contributed to consolidated income.

Consolidated ordinary profit totaled 132.6 billion yen in interim 2003, exceeding non-consolidated ordinary profit by 3.2 billion yen.

Consolidated net income came to 80.8 billion yen, surpassing non-consolidated net income by 1.6 billion yen.

Since non-consolidated income is inflated by gains on ETF-related sales securities, the group-to-parent ratio was 1.02 in interim 2003.

Even so, the profits of consolidated subsidiaries are beginning to contribute to consolidated results, and we have made a firm start toward achieving our medium-term strategic business plan of becoming No. 1 in total corporate group power.

For the full fiscal year, consolidated ordinary profit will total 145.0 billion yen and consolidated net income will be 81.0 billion yen, surpassing corresponding non-consolidated figures by 10.5 billion yen and 4.0 billion yen.

The group-to-parent ratio will be 1.05 in fiscal 2003.



**[Cautionary Statement]**

Any statements about Mitsui Sumitomo Insurance Co., Ltd.'s future plans, strategies, and performance contained in this material that are not historical facts are meant as, or should be considered as, forward-looking statements. These forward-looking statements are based on the Company's assumptions and opinions in the light of the information currently available to it. The Company wishes to caution readers that a number of uncertain factors could cause actual results to differ materially from those discussed in the forward-looking statements. Such factors include, but are not limited to, (1) general economic conditions in the Company's markets, (2) competitive conditions in the insurance business, (3) fluctuations of foreign exchange rates, and (4) government regulations, including changes in the tax rates.