Fiscal 2008 Second
Information Meeting

November 27, 2008

Mitsui Sumitomo Insurance Group Holdings

MSIG

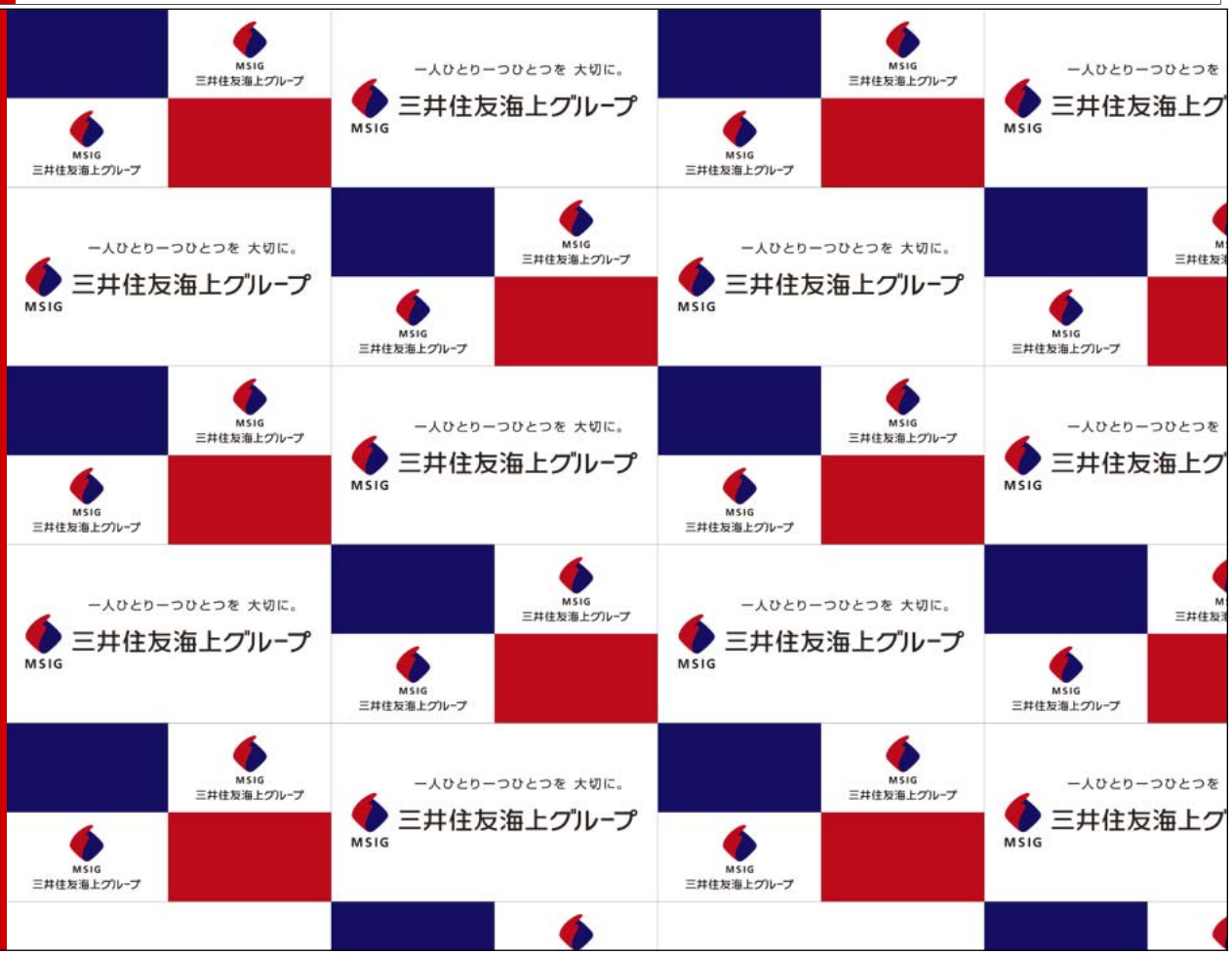


Table of Contents

Mitsui Sumitomo Insurance Group Holdings

Mitsui Sumitomo Insurance Group Holdings,Inc. Fiscal 2008 : First-Half Results
Mitsui Sumitomo Insurance Group Holdings,Inc. Full-Year Result Forecast for FY2008

Medium-term Management Plan
New Challenge 10

Mitsui Sumitomo Insurance Group Holdings, Inc.

Fiscal 2008: First-Half Results

Mitsui Sumitomo Insurance Group Holdings
MSIG

Since this is the first fiscal period since establishment of the new company, figures for prior interim and full-year performance refer to MSI (on a consolidated basis).

In some tables, the following abbreviations for Group company names have been used.

- MSIG (= Mitsui Sumitomo Insurance Group Holdings, Inc.)
- Mitsui Direct General (= Mitsui Direct General Insurance Co., Ltd.)
- MSI Kirameki Life (= Mitsui Sumitomo Kirameki Life Insurance Co., Ltd.)
- MSI MetLife (= Mitsui Sumitomo MetLife Insurance Co., Ltd.)

MSIG (Consolidated)

Mitsui Sumitomo Insurance Group Holdings

Key financial data

(¥ bn)

	First half FY07	First half FY08		
			YoY change	Growth rate
Net premiums written	795.2	**759.4**	**-35.8**	**-4.5%**
Ordinary profit	46.2	**-5.2**	**-51.5**	**-111.4%**
Net income	30.5	**12.3**	**-18.1**	**-59.4%**

※Net premiums written are exclusive of those on Modorich funds.

Breakdown of net premiums written

(¥ bn)

	First half FY07	First half FY08		
			YoY change	Growth rate
MSI non-consolidated	666.5	**642.4**	**-24.0**	**-3.6%**
Overseas subsidiaries	116.0	**102.8**	**-13.2**	**-11.4%**
Mitsui Direct General	12.6	**14.0**	**1.4**	**11.1%**

Breakdown of first-half net income

(¥ bn)

	First half FY07	First half FY08	
			YoY change
MSI non consolidated	28.0	**50.8**	**22.7**
Overseas subsidiaries	8.4	**-26.8**	**-35.3**
Mitsui Direct General	-0.6	**-0.4**	**0.1**
MSI Kirameki Life	0	**0**	**-0**
MSI MetLife	-2.5	**-4.9**	**-2.3**
Other	0.7	**0.3**	**-0.4**
Consolidation adjustments,etc	-3.5	**-6.5**	**-3.0**

※Net income at subsidiaries is based on equity in earnings.

<Net premiums written>

▼ Net premiums written (consolidated basis) declined 4.5% or ¥35.8 bn YoY, to ¥759.4 bn.

▼ Breakdown of net premiums written (consolidated)

- Net premiums written by MSI (non-consolidated) declined ¥24.0 bn YoY to ¥642.4 bn, due chiefly to the impact of a reduction in CALI premium rates.
- Net premiums written by overseas subsidiaries totalled ¥102.8 bn, a decline of ¥13.2 bn YoY, reflecting the strength of the yen. The impact of the strong yen totalled ¥10.6 bn.
- Mitsui Direct General enjoyed another first half of double-digit growth, posting an 11.1% rise in net premiums written to ¥14.0 bn.

<First-half net income>

▼ First-half net income declined ¥18.1 bn YoY to ¥12.3 bn.

▼ Breakdown of first-half net income

- Net income at MSI (non-consolidated) was up ¥22.7 bn YoY to ¥50.8 bn, due partly to an improved underwriting profit performance.
- Net losses at overseas subsidiaries came to ¥26.8 bn, a ¥35.3 bn YoY decline, due chiefly to major losses on credit insurance operations following defaults of financial institutions in the United States and Europe.
- Mitsui Direct General reduced its net loss, to ¥400 mn.
- MSI Kirameki Life continues to build up its standard underwriting reserve.
- MSI MetLife saw losses extend to ¥4.9 bn, a ¥2.3 bn deterioration YoY, due to increased net investment losses in a deteriorating investment environment.

MSI (Non-consolidated)

Mitsui Sumitomo Insurance Group Holdings

Key financial data

(¥ bn)

	First half FY07	First half FY08	
			YoY change
Net premiums written	666.5	**642.4**	**-24.0**
Growth rate	0.0%	**-3.6%**	**-3.6pt**
Net loss ratio	62.5%	**66.1%**	**3.6pt**
Net expense ratio	30.8%	**33.0%**	**2.2pt**
Combined ratio	93.3%	**99.1%**	**5.8pt**
Incurred losses	397.3	**385.0**	**-12.3**
Underwriting profit/loss	-1.3	**23.4**	**24.8**
Net investment income	44.1	**14.3**	**-29.8**
Ordinary profit	41.0	**35.2**	**-5.8**
Extraordinary income/loss	-2.4	**26.1**	**28.5**
Net income	28.0	**50.8**	**22.7**
(Excluding CALI)			
Net premiums, growth rate	0.1%	**-1.7%**	**-1.8pt**
Net loss ratio	60.4%	**62.5%**	**2.1pt**
Net expense ratio	33.1%	**34.7%**	**1.6pt**
Combined ratio	93.5%	**97.2%**	**3.7pt**

※CALI: Compulsory Automobile Liability Insurance

- ▼ Net premiums written declined 3.6%. A sharp reduction in CALI premium rates and a more challenging economic environment drove declines in all the product lines. (Excluding CALI, the decline was 1.7%).
- ▼ The loss ratio increased 3.6 points YoY due to increased insurance payouts and loss adjustment expenses, coupled with reduced premium revenues. (Excluding CALI, the increase was 2.1 points).
- ▼ The net expense ratio increased 2.2 points YoY due to an increase in non-personnel costs and other company expense and a decline in premium revenues.
- ▼ The combined ratio increased 5.8 points YoY to 99.1%. (Excluding CALI, the increase would have been only 3.7 points).
- ▼ Underwriting profit totalled ¥23.4 bn, a ¥24.8 bn improvement YoY. The major factors were as follows:
  - ・Incurred losses decreased ¥12.3 bn YoY, due to a fall in the number of accidents covered by voluntary automobile insurance. (Incurred losses for voluntary automobile insurance totalled ¥10. 7 bn.)
  - ・Provisions for the catastrophe loss reserve declined by ¥19.0 bn YoY, in line with revision of the catastrophe loss reserve ratio for voluntary automobile insurance to 3.2%, the ratio required by regulation.

  (The impact of this change was ¥14.4 bn.)
- ▼ Investment income totalled ¥14.3 bn, down ¥29.8 bn YoY, chiefly reflecting increased appraisal losses on securities due to the global financial crisis. (Please see page 7 for more details).
- ▼ As a result, first-half ordinary profit fell ¥5.8 bn YoY to ¥35.2 bn.
- ▼ Extraordinary income increased ¥28.5 bn YoY to ¥26.1 bn, due partly to a reversal of the price fluctuation reserve.
- ▼ First-half net income totalled ¥50.8 bn, an increase of ¥22.7 bn YoY.

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

Mitsui Sumitomo Insurance Group Holdings

Net premiums written

(¥ bn)

	First half FY07	First half FY08	
			Growth rate
Fire	88.4	**87.3**	**-1.2%**
Marine	36.8	**35.4**	**-3.7%**
Personal accident	68.5	**67.9**	**-0.8%**
Voluntary auto	277.9	**272.8**	**-1.8%**
CALI	97.1	**82.9**	**-14.6%**
Others	97.6	**95.8**	**-1.8%**
Total	666.5	**642.4**	**-3.6%**
(Excluding CALI)	569.3	**559.5**	**-1.7%**

Loss ratio

	First half FY07	First half FY08	
			YoY change
Fire	45.5%	**41.0%**	**-4.5pt**
Marine	51.4%	**45.4%**	**-6.0pt**
Personal accident	51.8%	**56.9%**	**5.1pt**
Voluntary auto	68.8%	**70.6%**	**1.8pt**
CALI	75.1%	**90.3%**	**15.2pt**
Others	59.2%	**69.6%**	**10.4pt**
Total	62.5%	**66.1%**	**3.6pt**
(Excluding CALI)	60.4%	**62.5%**	**2.1pt**

Incurred losses

(¥ bn)

	First half FY07	First half FY08	
			YoY change
Incurred losses (excluding loss adjustment expenses)	397.3	**385.0**	**-12.3**
Natural disasters	5.9	**5.5**	**-0.3**
Others	391.4	**379.4**	**-12.0**
Incurred losses for voluntary auto (excluding loss adjustment expenses)	183.7	**173.0**	**-10.7**

※Incurred losses = Net claims paid + provision for outstanding claims including IBNR

▼ Net premiums written

- Fire: Net premiums written declined 1.2% YoY due to economic downturn and an increase in outward reinsurance premiums.
- Marine: Net premiums written declined 3.7% YoY, partly reflecting the impact of the localization (incorporation) of our Shanghai branch unit in the previous period.
- Personal accident: Net premiums written declined 0.8% YoY due to a decline in third-sector (a special category including life and non-life products such as cancer and hospitalization cover) and savings-type products.
- Voluntary automobile: Net premiums written declined 1.8% YoY due to a decrease in new policies written, in line with a slowdown in auto sales in Japan.

▼ Loss ratio

- Fire: The loss ratio improved by 4.5 points YoY due to a decline in total payouts relating to natural disasters (total payout was down ¥3.7 bn YoY; this includes payments for events that occurred in the previous period or earlier).
- Personal accident: The loss ratio increased 5.1 points YoY, due in part to an increase in total payout mainly for general personal accident claims coupled with a fall in premium revenues.
- Voluntary Automobile: The loss ratio increased 1.8 points YoY, reflecting a decline in premium revenues despite a lower total payout.
- Others: The loss ratio rose 10.4 points YoY due to an increase in payouts relating to major accidents.

<Major natural disasters that occurred during each fiscal year>

(¥ bn)

	FY2007			FY2008		
	Net premiums	Outstanding claims	Total	Net premiums	Outstanding claims	Total
Fire	2.2	2.8	5.1	0.6	1.9	2.6
Marine	0	0	0	0	0	0
Automobile	0.1	0.1	0.3	1.6	0.7	2.4
Other	0	0.2	0.3	0	0.4	0.5
Total	2.5	3.3	5.9	2.4	3.1	5.5

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

Mitsui Sumitomo Insurance Group Holdings

Company expenses

(¥ bn)

	First half FY07	First half FY08	
			YoY change
Underwriting company expense	98.3	**104.9**	**6.6**
Loss adjustment expense	34.9	**37.9**	**2.9**
Other	6.5	**6.3**	**-0.1**
Total company expense	139.8	**149.2**	**9.4**
Personnel	73.8	**77.0**	**3.2**
Non personnel	57.0	**64.6**	**7.6**
Tax and contributions	8.8	**7.4**	**-1.4**

Expense ratios

(¥ bn)

	First half FY07	First half FY08	
			YoY change
Net commission rate	16.0%	**16.6%**	**0.6pt**
Net company expense ratio	14.8%	**16.3%**	**1.5pt**
Net expense ratio	30.8%	**33.0%**	**2.2pt**
Net expense ratio(excluding CALI)	33.1%	**34.7%**	**1.6pt**

- ▼ Total company expenses were ¥149.2 bn, ¥9.4 bn higher YoY.
- ▼ Personnel costs rose ¥3.2 bn YoY due to staff increases, while non-personnel costs rose ¥7.6 bn on computer system and other expenses.
- ▼ The net expense ratio increased 2.2 points YoY to 33.0%.
  - ・Net commission rate: up 0.6 point YoY to 16.6%.
  - ・Net company expense ratio: up 1.5 points YoY to 16.3%.
- ▼ The net expense ratio excluding CALI increased 1.6 points YoY to 34.7%.

MSI (Non-consolidated): Investment Performance

Mitsui Sumitomo Insurance Group Holdings

Outline of investment performance

(¥ bn)

	First half FY07	First half FY08	
			YoY change
Gross interest and dividend income	70.4	**72.9**	**2.5**
Investment income on deposit premiums from policyholders	28.7	**25.6**	**-3.1**
Net interest and dividend income	41.6	**47.3**	**5.7**
Net gains on sale of securities	9.9	**10.1**	**0.1**
Appraisal losses on securities	-3.6	**-42.4**	**-38.7**
Redemption gains on securities	1.8	**1.1**	**-0.6**
Net gains/losses on derivative transactions	-1.0	**9.7**	**10.7**
Others	-4.5	**-11.5**	**-7.0**
Net investment income	44.1	**14.3**	**-29.8**

Sources of gross interest and dividend income

(¥ bn)

	First half FY07	First half FY08	
			YoY change
Bonds	14.8	**15.0**	**0.2**
Stocks	24.1	**26.2**	**2.0**
Foreign securities	16.6	**16.2**	**-0.3**
Other securities	0.3	**0.2**	**-0.1**
Loans	7.2	**7.6**	**0.4**
Real estate	3.4	**3.4**	**0**
Others	3.6	**4.0**	**0.3**
Total	70.4	**72.9**	**2.5**

- ▼ Gross interest and dividend income rose ¥2.5 bn YoY due chiefly to an increase in dividends on Japanese stocks.
- ▼ Net interest and dividends received increased ¥5.7 bn YoY due partly to a ¥3.1 bn YoY decline in investment income on deposit premiums from policyholders.
- ▼ Net gains on sale of securities were ¥10.1 bn, almost unchanged YoY.
- ▼ Reflecting the impact of the global financial crisis, appraisal losses on securities were ¥42.4 bn, a YoY increase of ¥38.7 bn.

(¥ bn)

	First half FY07	First half FY08	
			YoY change
Bonds	–	**–**	**–**
Stocks	3.6	**6.0**	**2.3**
Foreign securities	–	**24.1**	**24.1**
Others	0	**12.2**	**12.2**
Total	3.6	**42.4**	**38.7**

- ▼ Net gains/losses on derivative transactions totaled ¥9.7 bn, a ¥10.7 bn improvement YoY. Among credit derivatives, an in-house model for fair value has been adopted for CDOs consisting solely of corporate risks.
  (The impact of changes to the method of assessing appraisal losses was an increase of ¥9.6 bn.)

- ▼ As a result of the above, net investment income totalled ¥14.3 bn, down ¥29.8 bn YoY.

MSI's Overseas Subsidiaries

Mitsui Sumitomo Insurance Group Holdings

Net premiums written

(¥ bn)

	First half FY07	First half FY08		
			YoY change	Growth rate
Overseas subsidiaries total	116.0	**102.8**	**-13.2**	**-11.4%**
Asia	38.2	**38.2**	**-0**	**-0.1%**
Europe	49.8	**36.8**	**-13.0**	**-26.2%**
The Americas (including Brazil)	13.4	**13.0**	**-0.4**	**-3.4%**
Reinsurance	14.4	**14.7**	**-0.3**	**2.2%**

First-half net income

(¥ bn)

	First half FY07	First half FY08	
			YoY change
Overseas subsidiaries total	8.4	**-26.8**	**-35.3**
Asia	5.2	**3.0**	**-2.2**
Europe	-0.6	**-34.8**	**-34.1**
The Americas (including Brazil)	0.5	**1.0**	**0.5**
Reinsurance	3.3	**3.8**	**0.4**

<Net premiums written>

▼ Net premiums written by overseas subsidiaries declined 11.4% or ¥13.2 bn YoY to ¥102.8 bn, having been severely impacted by the strong yen.

- We estimate the impact of the strong yen at ¥10.6 bn.
- In addition to the impact of the strong yen, European subsidiaries net premiums decreased ¥4.5 bn due to a revision to the appropriation standards for outward reinsurance premiums, and also declined ¥4.5 bn from the termination of new underwriting of credit insurance.

<Growth rate by region after adjustment for the impact of a change in exchange-rate factors>

Asia	＋ 8.0%
Europe	- 15.4%
The Americas	＋ 6.2%
Reinsurance	＋ 8.1%
Total	- 2.2%

<First-half net income>

▼ Overseas subsidiaries posted a net loss of ¥26.8 bn (a ¥35.3 bn decline).

- In addition to major insurance losses, net income in Asia was down by ¥2.2 bn YoY to ¥3.0 bn partly by a decreased net investment income amid difficult investment environment.
- The main reason for the decline in Europe was a major credit insurance loss (US$355 mn).

Life Insurance Subsidiaries

Mitsui Sumitomo Insurance Group Holdings

MSI Kirameki Life

(¥ bn)

	First half FY07	First half FY08	
			Growth rate/Change
Amount of new policies	755.5	**840.9**	**11.3%**
Amount of policies in force	8,443.8	**8,889.2**	**5.3%**
Premiums	107.1	**108.4**	**1.2%**
Net income	0	**0**	**-0**
Net income (pro forma)*	2.1	**0.5**	**-1.6**

* Net income (pro forma) is before provision of standard underwriting reserve as defined in the calculation of Group Core Profit.

MSI MetLife

(¥ bn)

	First half FY07	First half FY08	
			Growth rate/Change
Amount of new policies	314.0	**307.2**	**-2.2%**
Amount of policies in force	2,617.7	**2,614.2**	**-0.1%**
Premiums	347.3	**320.5**	**-7.7%**
Net income (our share)	-2.5	**-4.9**	**-2.3**
Net income (our share, US-GAAP)*	2.6	**0.9**	**-1.7**

* Net income under US-GAAP as defined in the calculation of Group Core Profit.

<MSI Kirameki Life>

- ▼ The amount of new policies grew steadily by 11.3% YoY.
- ▼ Amount of policies in force also posted robust growth of 5.3% YoY.
- ▼ Premium revenues rose 1.2% YoY.
- ▼ First-half net income came in at ¥11 mn, reflecting the need to make provisions to meet the standard underwriting reserve requirement as long as net income remains below ¥100 million. (¥900 mn was added to the reserve during the period).
- ▼ First-half pro-forma net income totalled ¥500 mn, down ¥1.6 bn YoY. This was because of an increase in underwriting reserve and commission costs from a surge in new policies written, and costs from using banks as marketing channels, combined with the effect of suspension of sales in the previous period of increasing-term life insurance products.

<MSI MetLife>

- ▼ The amount of new policies written slipped 2.2 % YoY due to cooling investment sentiment amid an increasingly difficult investment environment.
- ▼ The first-half net loss expanded due to an increase in portfolio losses amid a difficult investment environment.
- ▼ Net income under the US-GAAP as defined in the calculation of Group Core Profit declined ¥1.7 bn to ¥900 mn.

  This was due to an increase in company expenses in line with an increased scale of insurance operations and to bond-fund losses triggered by the collapse of financial institutions in the United States and Europe.

Mitsui Sumitomo Insurance Group Holdings, Inc.

Full-Year Result Forecast for FY2008

Mitsui Sumitomo Insurance Group Holdings
MSIG

MSIG (Consolidated)

Mitsui Sumitomo Insurance Group Holdings

Key financial data

(¥ bn)

	FY07	FY08 (Forecast)		
			YoY change	Growth rate
Net premiums written	1,536.5	**1,473.0**	**-63.5**	**-4.1%**
Ordinary profit	60.8	**9.0**	**-51.9**	
Net income	40.0	**20.0**	**-20.0**	

Breakdown of net premiums written

(¥ bn)

	FY07	FY08 (Forecast)		
			YoY change	Growth rate
MSI non-consolidated	1,306.8	**1,256.0**	**-50.8**	**-3.9%**
Overseas subsidiaries	203.2	**187.9**	**-15.3**	**-7.5%**
Mitsui Direct General	26.4	**29.1**	**2.7**	**10.0%**

Breakdown of net income/loss

(¥ bn)

	FY07	FY08 (Forecast)	
			YoY change
MSI non-consolidated	38.3	**66.0**	**27.6**
Overseas subsidiaries	13.6	**-25.8**	**-39.4**
Mitsui Direct General	-1.7	**-1.3**	**0.4**
MSI Kirameki Life	0	**0**	**—**
MSI MetLife	-6.2	**-9.0**	**-2.7**
Other	12	**0.5**	**-0.7**
Consolidation adjustments, etc	-5.2	**-10.5**	**-5.3**

※Net income at subsidiaries; based on equity in earnings

▼ Assumptions for result forecast (end of FY)

	End of FY07	Forecast
Yen/dollar exchange rate	**¥100.19**	**¥100.00**
Interest rate on 10-year JGB	**1.28%**	**1.50%**
Stock prices (Nikkei average)	**¥12,526**	**¥9,500**

▼ On a consolidated basis, we expect net premiums written to fall 4.1% or ¥63.5 bn YoY to ¥1,473.0 bn.

▼ We expect consolidated net income to total ¥20.0 bn, a ¥20.0 bn decline YoY.

▼ Breakdown of net premiums written (consolidated)

- At MSI (non-consolidated), we expect net premiums written to decline ¥50.8 bn YoY to ¥1,256 bn, due to the CALI premium rate revision and the economic slowdown in Japan.
- We expect net premiums written at overseas subsidiaries to decline ¥15.3 bn YoY to ¥187.9 bn, due chiefly to the strong yen.
- We expect net premiums written at Mitsui Direct General to rise ¥2.7 bn YoY to ¥29.1 bn.

▼ Breakdown of net income

- At MSI (non-consolidated), we forecast net income to rise ¥27.6 bn YoY to ¥66.0 bn.
- At overseas subsidiaries, we expect a net loss ¥25.8 bn, a YoY deterioration of ¥39.4 bn from net income of ¥13.6 bn in FY07, due chiefly to steep losses in credit insurance at a European subsidiary.
- We expect Mitsui Direct General to cut its YoY net loss to ¥1.3 bn.
- MSI Kirameki Life will continue to build up its standard underwriting reserve.
- In light of the difficult investment environment, we expect MSI MetLife to extend its losses by ¥2.7 bn to ¥9.0 bn.

MSI (Non-consolidated)

Mitsui Sumitomo Insurance Group Holdings

Key financial data

(¥ bn)

	FY07	FY08 (Forecast)	
			YoY change
Net premiums written	1306.8	**1256.0**	**-50.8**
Growth rate	-1.3%	**-3.9%**	**-2.6pt**
Net loss ratio	65.1%	**67.7%**	**2.6pt**
Net expense ratio	31.8%	**34.2%**	**2.4pt**
Combined ratio	96.9%	**101.9%**	**5.0pt**
Incurred losses	770.2	**770.6**	**0.4**
Underwriting profit	-19.6	**14.5**	**34.1**
Net investment income	77.7	**44.0**	**-33.8**
Ordinary profit	55.0	**55.0**	**0**
Extraordinary income/loss	-4.8	**23.9**	**28.7**
Net income	38.3	**66.0**	**27.6**
(Excluding CALI)			
Net premiums, growth rate	-1.5%	**-0.9%**	**0.6pt**
Net loss ratio	63.1%	**63.2%**	**0.1pt**
Net expense ratio	34.3%	**35.7%**	**1.4pt**
Combined ratio	97.4%	**98.9%**	**1.5pt**

- ▼ We expect net premiums written to decline 3.9% or ¥50.8 bn YoY, mainly due to the effects of the CALI premium rate revision and the increasingly severe economic environment. Excluding CALI, we expect a 0.9% decline in net premiums.
- ▼ We expect the loss ratio to rise 2.6 points to 67.7% YoY, mainly due to a decline in premiums following the CALI rate revision. Loss ratio excluding CALI is expected to rise only 0.1 point YoY to 63.2%.
- ▼ We expect the net expense ratio to increase 2.4 points YoY to 34.2% in light of the CALI revision and increasing company expenses due to rising non-personnel costs and other company expenses.
- ▼ We expect the combined ratio to increase 5.0 points (1.5 points excluding CALI).
- ▼ We expect an underwriting profit of ¥14.5 bn, a ¥34.1 bn improvement YoY, due chiefly to a likely reduction in incurred losses and a decline in provisions to the catastrophe loss reserve in voluntary automobile insurance, which we see outweighing the impact of falling net premiums written and increased company expenses. We forecast the impact of a revision of the catastrophe loss reserve ratio for voluntary automobile insurance will be approximately ¥29.0 bn.
- ▼ We expect net interest and dividends received to decline ¥9.9 bn YoY to ¥85.9 bn, on a weaker performance by foreign securities and investment trusts amid headwinds in financial markets.
- ▼ We expect net investment income to decline ¥33.8 bn YoY to ¥44.0 bn, with a ¥71.4 bn appraisal loss on securities, as the rebound effect after the credit derivatives appraisal loss of FY2007 will not be sufficient to offset the impact of appraisal loss on securities influenced by the financial crisis.

- ▼ We expect ordinary profit to remain roughly the same YoY at ¥55.0 bn.
- ▼ We expect extraordinary gains of ¥23.9 bn, including reversal of the price fluctuation reserve.
- ▼ Net income for the term is expected to increase ¥27.6 bn YoY to ¥66.0 bn.

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

Mitsui Sumitomo Insurance Group Holdings

Net premiums written

(¥ bn)

	FY07	FY08 (Forecast)	
			Growth rate
Fire	176.2	**178.4**	**1.2%**
Marine	72.7	**70.1**	**-3.6%**
Personal accident	130.7	**127.6**	**-2.4%**
Voluntary auto	551.3	**547.0**	**-0.8%**
CALI	191.0	**149.8**	**-21.6%**
Others	184.6	**183.1**	**-0.8%**
Total	1306.8	**1256.0**	**-3.9%**
(Excluding CALI)	1115.8	**1106.2**	**-0.9%**

Net loss ratio

	FY07	FY08 (Forecast)	
			YoY change
Fire	47.1%	**42.7%**	**-4.4pt**
Marine	50.6%	**48.0%**	**-2.6pt**
Personal accident	58.1%	**61.8%**	**3.7pt**
Voluntary auto	71.4%	**72.3%**	**0.9pt**
CALI	77.2%	**100.7%**	**23.5pt**
Others	62.0%	**62.8%**	**0.8pt**
Total	65.1%	**67.7%**	**2.6pt**
(Excluding CALI)	63.1%	**63.2%**	**0.1pt**

Incurred losses

(¥ bn)

	FY07	FY08 (Forecast)	
			YoY change
Incurred losses (excluding loss adjustment expenses)	770.2	**770.6**	**0.4**
Natural disasters	8.2	**8.0**	**-0.3**
Others	761.9	**762.6**	**0.6**
Incurred losses for voluntary auto (excluding loss adjustment expenses)	363.0	**346.1**	**-17.0**

※Incurred losses = Net claims paid + provision for outstanding claims including IBNR

- ▼ We expect net premiums written to fall 0.9%, excluding the impact from the revision of CALI premium rates, which will be significant.
  - ・Marine: We expect net premiums written to fall due to the impact of localization (incorporation) of our Shanghai branch and the strong yen.
  - ・Personal accident: We expect a decline in net premiums written, due chiefly to a decline in the third-sector and savings-type products.
  - ・Voluntary automobile: We expect a decline in net premiums written due to slumping new vehicle sales, despite the impact of new product launches.
  - ・CALI: We expect lower net premiums written, due to the revision to premium rates.
- ▼ We forecast the loss ratio to remain on a par with that of last year at 63.2%, excluding CALI.
- ▼ Our forecasts for the net loss ratio excluding natural disasters are as follows:

Fire:	40.1% (down 3.6 points YoY)
Marine:	48.0% (down 2.5 points YoY)
Personal accident:	61.8% (up 3.7 points YoY)
Voluntary auto:	71.8% (up 0.5 point YoY)
CALI:	100.7% (up 23.5 points YoY)
Others:	62.4% (down 0.7 point YoY)
Total:	67.0% (up 2.4.points YoY)

- ▼ We have factored in ¥8.0 bn in incurred losses for natural disasters:
  Fire: ¥4.7 bn, Voluntary automobile: ¥2.55 bn, and Others: ¥750 mn
- ▼ We expect incurred losses for voluntary automobile insurance to decline ¥17.0 bn YoY.

MSI (Non-consolidated): Company Expense and Expense Ratio

Mitsui Sumitomo Insurance Group Holdings

Company expenses

(¥ bn)

	FY07	FY08 (Forecast)	
			YoY change
Underwriting company expense	205.0	**218.6**	**13.6**
Loss adjustment expense	74.0	**78.9**	**4.9**
Other	12.6	**12.7**	**0**
Total company expense	291.7	**310.2**	**18.5**
Personnel	148.3	**154.2**	**5.8**
Non-personnel	128.8	**140.8**	**11.9**
Tax and contributions	14.5	**15.3**	**0.7**

Expense ratio

(¥ bn)

	FY07	FY08 (Forecast)	
			YoY change
Net commission rate	16.1%	**16.7%**	**0.6pt**
Net company expense ratio	15.7%	**17.5%**	**1.8pt**
Net expense ratio	31.8%	**34.2%**	**2.4pt**
Net expense ratio (excluding CALI)	34.3%	**35.7%**	**1.4pt**

Our expectations:

- ▼ Total company expenses: to increase ¥18.5 bn YoY to ¥310.2 bn.
- ▼ Computer system-related expenses: to rise ¥1.9 bn YoY to ¥39.3 bn on new investments.
- ▼ Expense ratio: to increase 2.4 points YoY to 34.2%.
  - ・Net commission rate: up 0.6 of a point YoY to 16.7%
  - ・Company expense ratio:1.8 points YoY to 17.5%
- ▼ Expense ratio excluding CALI: up 1.4 points YoY to 35.7%.
  - ・Net commission rate: up 0.1 of a point YoY to 18.1%
  - ・Company expense ratio: up 1.3 points YoY to 17.6%

MSI (Non-consolidated): Investment Performance

Mitsui Sumitomo Insurance Group Holdings

Outline of investment performance

(¥ bn)

	FY07	FY08 (Forecast)	
			YoY change
Gross interest and dividend income	154.5	**139**	**-15.5**
Investment income on deposit premiums from policyholders	58.7	**53.1**	**-5.6**
Net interest and dividend income	95.7	**85.9**	**-9.9**
Net gains on sale of securities	33.6	**40.1**	**6.5**
Appraisal losses on securities	-14.7	**-71.4**	**-56.7**
Redemption gains on securities	3.0	**-0.1**	**-3.2**
Net gains/losses on derivative transactions	-23.2	**8.6**	**31.8**
Others	-16.7	**-19.0**	**-2.3**
Net investment income	77.7	**44.0**	**-33.8**

Sources of gross income

(¥ bn)

	FY07	FY08 (Forecast)	
			YoY change
Bonds	29.8	**30.3**	**0.4**
Stocks	44.1	**47.8**	**3.6**
Foreign securities	46.3	**29.8**	**-16.6**
Other securities	5.1	**1.8**	**-3.4**
Loans	14.7	**15.4**	**0.6**
Real estate	6.6	**7.1**	**0.4**
Others	7.5	**6.9**	**-0.6**
Total	154.5	**139.0**	**-15.5**

- ▼ We expect gross interest and dividend income to decline ¥15.5 bn YoY to ¥139.0 bn, reflecting the increasingly severe investment environment.
- ▼ We expect net interest and dividend income to decline ¥9.9 bn YoY to ¥85.9 bn.
- ▼ We expect net gains on sale of securities to increase ¥6.5 bn YoY to ¥40.1 bn.
- ▼ As a result of the upheaval in the financial markets, we expect appraisal losses on securities to increase by ¥56.7 bn YoY to ¥71.4 bn.
- ▼ In net gains/losses on derivative transactions, we expect to book gains of ¥8.6 bn YoY, an improvement of ¥31.8 bn from the loss of the prior term, on a rebound following credit derivative appraisal losses in FY07.
- ▼ As a result of the above, we expect net investment income to decline by ¥33.8 bn YoY to ¥44.0 bn.

MSI's Overseas Subsidiaries

Mitsui Sumitomo Insurance Group Holdings

Net premiums written

(¥ bn)

	FY07	FY08 (Forecast)		
			YoY change	Growth rate
Overseas subsidiaries total	203.2	**187.9**	**-15.3**	**-7.5%**
Asia	71.5	**71.6**	**0**	**0.0%**
Europe	81.6	**66.3**	**-15.4**	**-18.8%**
The Americas (including Brazil)	23.9	**24.9**	**1.0**	**4.0%**
Reinsurance	26.1	**25.2**	**-1.0**	**-3.7%**

Net income

(¥ bn)

	FY07	FY08 (Forecast)	
			YoY change
Overseas subsidiaries total	13.6	**-25.8**	**-39.4**
Asia	8.9	**5.2**	**-3.7**
Europe	-3.7	**-37.4**	**-33.7**
The Americas (including Brazil)	1.7	**2.1**	**0.4**
Reinsurance	6.7	**4.3**	**-2.4**

<Net premiums written>

▼ Net premiums written at overseas subsidiaries are expected to drop significantly, by ¥15.3 bn YoY to ¥187.9 bn, due to the strength of the yen.

- We estimate the impact of the strong yen at around ¥23.0 bn YoY.
- We expect the impact of the strong yen on European operations to be ¥13.0 bn, and a further ¥1.2 bn decline from the termination of credit insurance underwriting.

<Net income/loss>

▼ We expect a net loss at overseas subsidiaries of ¥25.8 bn, a ¥39.4 bn decline YoY.

- We expect net income in Asian subsidiaries to decline ¥3.7 bn YoY to ¥5.2 bn, due in part to a deterioration in investment performance.
- We anticipate credit insurance losses at European operations will reach our payout limit of US$433 mn (approximately ¥45.0 bn), leading to a ¥37.4 bn loss.
- In American subsidiaries, we expect a ¥0.4 bn YoY increase in net income to ¥2.1 bn, due to improved underwriting profit in North America.
- We forecast net income at reinsurance subsidiaries will decline ¥2.4 bn YoY to ¥4.3 bn, due to the increased incidence of hurricanes and other natural disasters.

Life Insurance Subsidiaries

Mitsui Sumitomo Insurance Group Holdings

MSI Kirameki Life

(¥ bn)

	FY07	FY08 (Forecast)	
			Growth rate/Change
Amount of new policies	1505.7	**1850.0**	**22.9%**
Amount of policies in force	8616.4	**9390.0**	**9.0%**
Premiums	221.8	**230.0**	**3.7%**
Net income	0	**0**	**—**
Net income (pro forma)*	4.3	**1.3**	**-3.0**

* Net income (pro forma) before provision of standard underwriting reserve as defined in the calculation of Group Core Profit.

MSI MetLife

(¥ bn)

	FY07	FY08 (Forecast)	
			Growth rate/Change
Amount of new policies	592.4	**703.0**	**18.7%**
Amount of policies in force	2527.8	**2764.3**	**9.4%**
Premiums	644.6	**750.0**	**16.3%**
Net income (our share)	-6.2	**-9.0**	**-2.7**
Net income (our share, US-GAAP)*	5.1	**1.7**	**-3.4**

* Net income under US-GAAP as defined in the calculation of Group Core Profit.

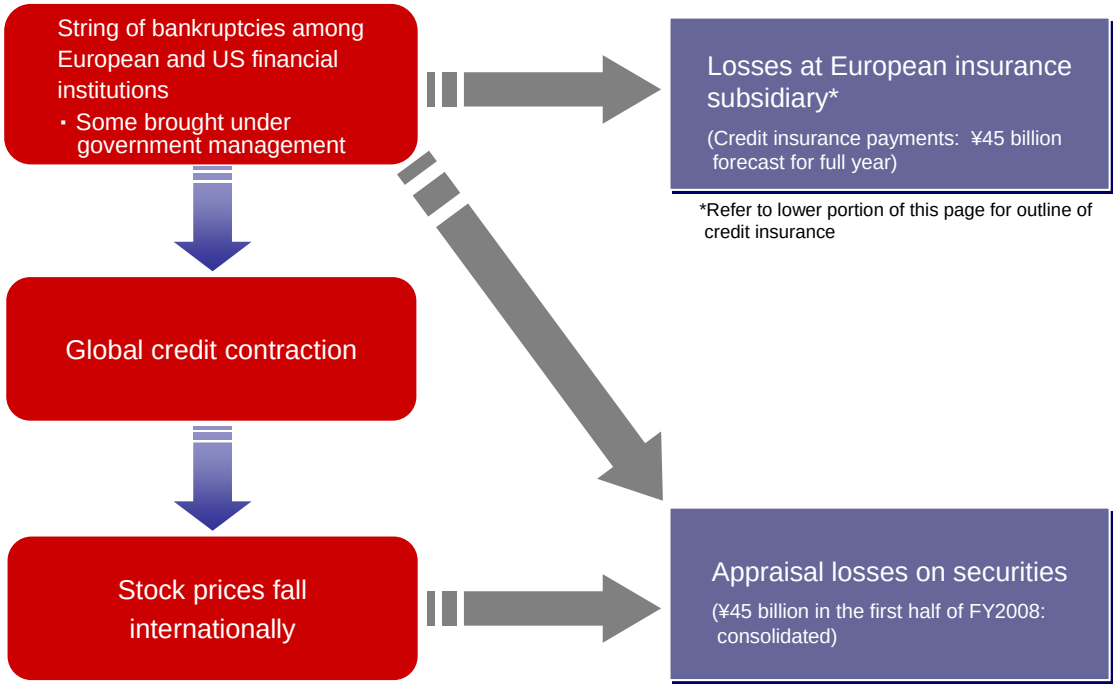
<MSI Kirameki Life>

- ▼ We expect a 22.9% YoY increase in the amount of in new policies. Following steady growth in the first half, we expect further increases in the second half from established and new marketing channels.
- ▼ We expect amount in force to increase 9.0% YoY.
- ▼ We expect premium revenues to rise 3.7% YoY.
- ▼ As a result of making provisions to meet standard underwriting reserve targets until net income reaches below ¥100 mn, we expect net income for the term to be below ¥100 mn. (We expect to make a ¥1.9 bn provision to the underwriting reserve.)
- ▼ We expect pro forma net income to decline ¥3.0 bn, from ¥4.3 bn in the previous term to ¥1.3 bn. This is because of an increase in underwriting reserve and commission costs from a surge in new policies written, and costs from using banks as marketing channels, combined with the effect of suspension of sales in the previous period of increasing-term life insurance products.

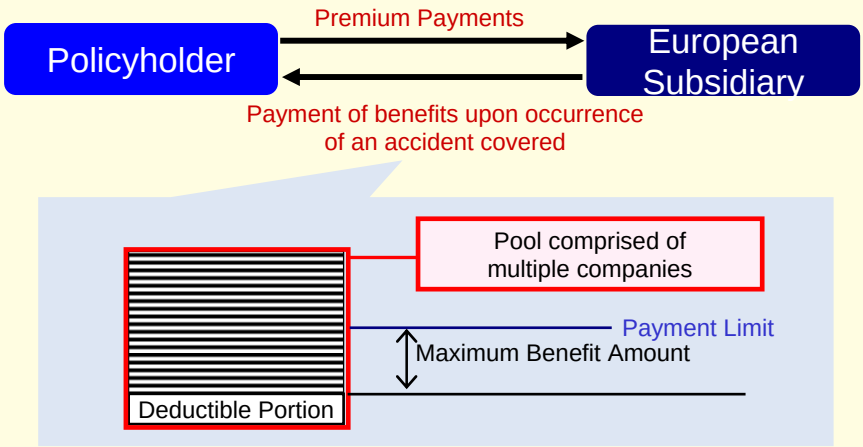
<MSI MetLife>

- ▼ We expect premiums to rise 16.3% YoY.
- ▼ We expect net loss to increase by ¥2.7 bn YoY to ¥9.0 bn, on bond-fund portfolio losses following failures of financial institutions in the United States and Europe.
- ▼ We expect net income under US-GAAP, as defined in the calculation of Group Core Profit, to fall ¥3.4 bn YoY to ¥1.7 bn due to the difficult investment environment.

Special Note: Effects of the Current Financial Crisis on the Company's Financial Results



Structure of Credit Insurance at European Insurance Subsidiary



- Insurance contract between a customer holding corporate credit risk (policyholder) and our European subsidiary
- European subsidiary covers damages incurred by the policyholder in the case of default, etc. of the companies
- Basic contract terms are as shown below (details will differ from contract to contract)
  - Pool together multiple companies, and pre-set payment limits and amount of any deductible.
  - When defaults, etc. occur at companies in the pool, and the amount of cumulative damages exceeds the deductible, the European subsidiary will pay to the policyholder an amount equal to the cumulative damages above the deductible.

*Forecast for the full-year credit insurance payment amount (approx. ¥45.0 billion) represents the total maximum benefit amount. No additional payment occurs.

Medium-term Management Plan
New Challenge 10

Mitsui Sumitomo Insurance Group Holdings
MS IG

Aiming to become a world's top-level insurance and financial group pursuing sustainable development with corporate quality as the main source of competitiveness

Three Strategies

Basic Group Strategy

Achieving CSR management through "quality" improvement from the customer's perspective, "trust" and "growth"

Quality Improvement Strategy

A step of quality improvement, a step for professionalism

Group Business Strategy

Maximize value to the customer through integrated strength of the Group

Strategy of MSIG Following the Rise of the Financial Crisis

While the Group has been affected by the financial crisis, it continues to maintain a sound fiscal foundation, with no changes planned in the current mid-term strategy.

Steady implementation of growth measures

In addition to efforts by Group companies to improve corporate quality (i.e. business process innovations), we are also engaged in the following under our holding company structure:

- **Reallocation of human resources**
  - ・A shift of 500 staff, beginning in fiscal 2009, from traditional areas to areas of growth (life insurance, sales through financial institutions, overseas business, etc.)
- **Achieving overall optimization by strengthening common group infrastructure**
  - ・Improving efficiency and quality by building a structure across Group companies in computer systems, call centers, etc.
- **Promoting business investment**
  - ・Promote business investment by taking advantage of increased opportunities triggered by the financial crisis.

Areas of Concern

- **Trends in financial markets after the crisis**
  - ・Possible mid-term impact on revenues and profits should markets take time to recover.

  Worsening of the real economy due to the crisis
  - ・Possibility that a worsening real economy could bring a drawn-out effect on the top line, domestically and overseas.

→ **Carefully analyze the effects on the assumptions for financial indicators and the achievement of the targets set forth in the mid-term management plan, "New Challenge 10".**

Recent Changes In Business Environments

Positive Factors

- **Expansion of the relative advantages of our fiscal condition**
- **Increased M&A opportunities; lower investment and acquisition costs due to falling stock prices**

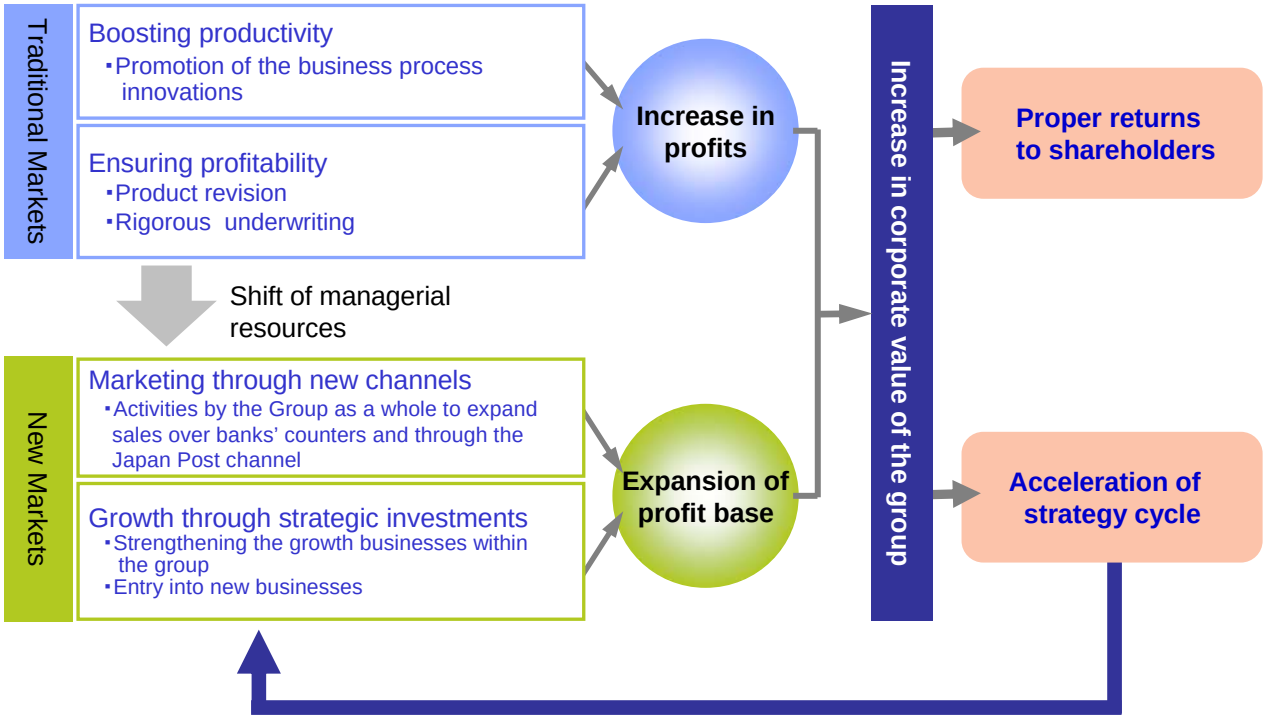
Negative Factors

- **Worsening real economy in Japan and overseas (growth slowing even among emerging nations)**
- **Stagnant stock and securities markets**
- **Strong yen**

Structure of Growth Strategy

●Reallocation of managerial resources based on the environment

●Flexible market response



Risk Management Structure Developed in Response to the Financial Crisis

Mitsui Sumitomo Insurance Group Holdings

Current Financial Crisis

- **Unparalleled financial crisis hits, centered in Europe and the US**
- **Continuing to ensure the Group's financial soundness in the midst of the financial crisis through capital and risk management**
- **Losses in credit insurance underwritten by our European subsidiary**

(Lessons for the Future)

- **Even highly-rated financial institutions can be endangered by highly-leveraged operations**
- **Linkage of markets limits effectiveness of diversification by industry, region, or issue**
- **Current crisis cannot be met without having an awareness of the unquantifiable uncertainties involved**

Risk Management Structure Emerging From Current Financial Crisis

The following to be added to the existing risk management framework:

(Contingency response)

Systemize Group risk management under the holding company structure

- **Commence with measures when Group capital sufficiency drops below a certain point (alarm trigger)**
- **Commence with measures when market shifts occur that have certain effects on Group consolidated revenues and profits**

(Management under normal conditions)

Speed shift to contingency response by using the following warning systems to confirm certain indicators:

- **Centralized monitoring of overall Group credit conditions by the holding company**
- **Strengthen management of the acquisition of new risk within the Group**
- **Systemize the handling of risky assets that meet the risk management structures of overseas subsidiaries**

Group Risk Management Framework (Integrated Risk Management)

Objectives of Integrated Risk Management

- Maintaining financial soundness
- Monitoring of total risk exposure, concentration of risk, and the minimum capital requirement of the Group

Integrated Risk Management Framework

- Confirm sufficiency of capital compared to risks
- Calculate total risk exposure by value at risk of 99% and by year
- Awareness of and research into unquantifiable uncertainties

Factors for Ensuring Risk Capital

Risk Monitoring

Quantifiable Risks

Measure and integrate four key categories

① Insurance risks

② Domestic earthquake risks

③ Investment management risks

- Market risk, credit risk, real estate risk, variable annuity minimal guarantee risk, others.

④ Subsidiary risks

Stress Test

Secure collateral for latent losses in fields in which risk tends to concentrate (natural disaster, domestic market risk, etc.)

Further Research Toward Quantification

・Operational risk

・Risks regarding changes in regulatory environment

・Risks regarding environmental changes (climate changes due to global warming, wars, etc.)

・Reputational and legal risks

Domestic Non-Life Insurance Business (MSI)

Improving Loss and Expense Ratios

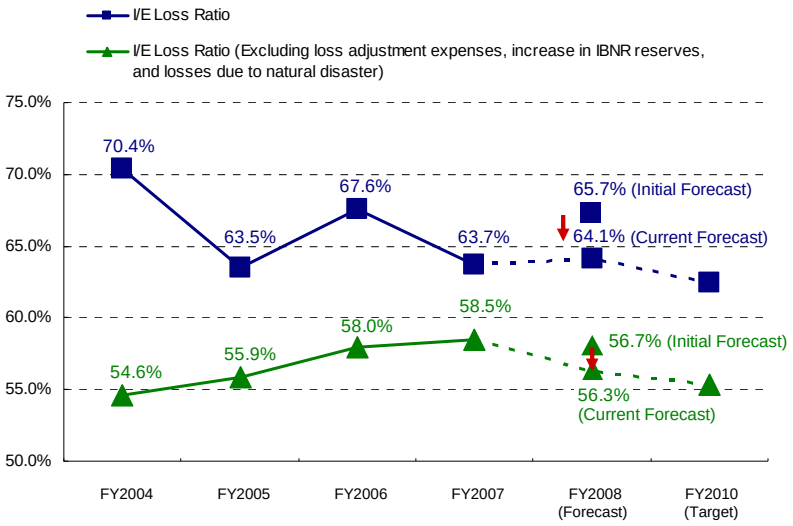
*Earthquake and CALI are excluded from the following items

Transition of Earned-Incurred Loss Ratio (First half of each fiscal year)

(Excluding loss adjustment expenses, net change in IBNR loss reserves, and losses due to natural disaster)

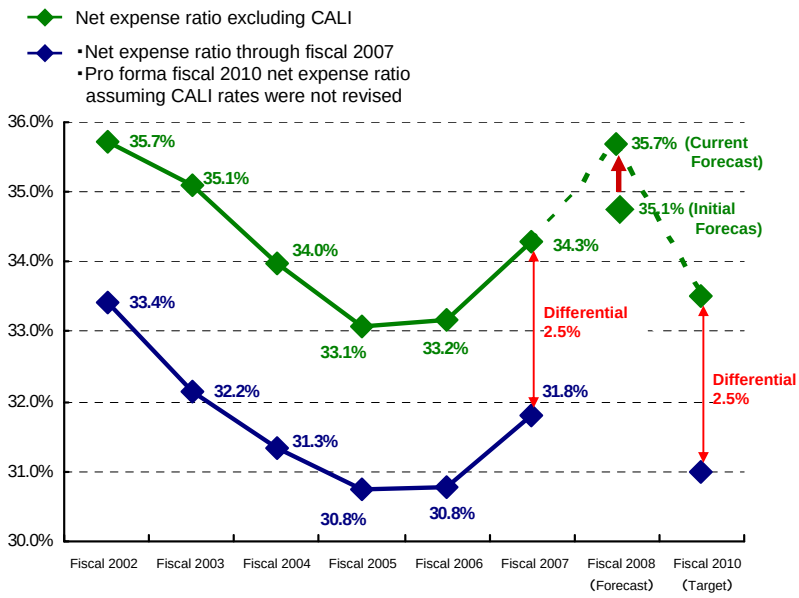
FY2004	FY2005	FY2006	FY2007	FY2008
51.2%	53.1%	55.5%	58.8%	54.8%

Transition of Earned-Incurred Loss Ratio (Full year)



- Earned-incurred loss ratio for the first half of fiscal 2008 (excluding loss adjustment expenses, etc.) was down by 4.0 points, or 54.8% year-on-year due to a drop in the number of accidents covered by voluntary automobile insurance and lower large-scale payouts for fire insurance.
- Incorporating some of the mid-term trends, earned-incurred loss ratio for fiscal 2008 (excluding loss adjustment expenses, etc.) is expected to drop 2.2 points year-on-year and 0.4 points compared to the initial forecast to 56.3%.

Net Expense Ratio



- Net expense ratio (excluding CALI) for fiscal 2008 is expected to rise by 1.4 points year-on-year to 34.7% due to 1) increased personnel and non-personnel company expenses and 2) drop in net premiums written due to revision of CALI, etc.
- With lower corporate quality improvement costs, we will work to bring down net expense ratio by fiscal 2010.

Domestic Non-Life Insurance Business (MSI)

Measures to Balance Revenues and Expenses in Voluntary Auto

Mitsui Sumitomo Insurance Group Holdings

Product Revision

- For new products (policies taking effect from July, 2008), premium levels were raised, and coverage and premium discounts/additions were revised.

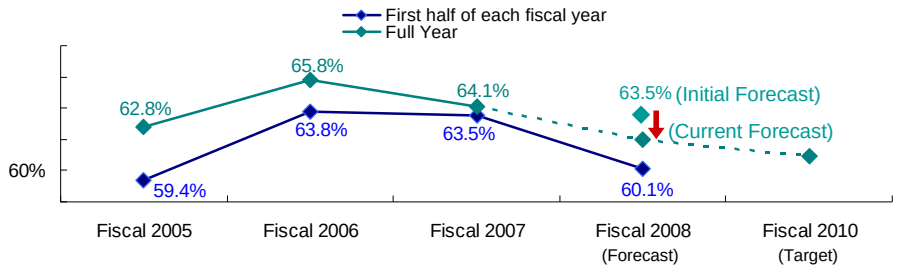
Measures to Acquire More Favorable Policies

- Create and expand discounts for policyholders with good long-term safety records, and for younger drivers with favorable loss ratios.
- Use new product sales campaigns to drive increased acquisition of new policies through joint efforts between production departments/branches and agents.

Measures to Reduce Accidents

- Meetings with agents/fleet policyholders with high loss ratios; support for accident-prevention activities.
- Promotion of more appropriate underwriting through the setting of more detailed underwriting standards.
- Activities to increase policyholder awareness of accident prevention measures.

Transition of Earned-Incurred Loss Ratio (excluding loss adjustment expenses, net change in IBNR loss reserves, and losses due to natural disaster)



Specific Measures to Optimize Fiscal 2008 Revenue and Expenses

■Meetings with agents/fleet policyholders with high loss ratios, support for accident-prevention activities.

- Establish plans to analyze and improve on factors causing high loss ratios.
- Meet to work towards improving loss ratios, implement accident-prevention activities (manage progress through a dedicated system)

■ Promotion of more appropriate underwriting through establishment of more detailed underwriting standards

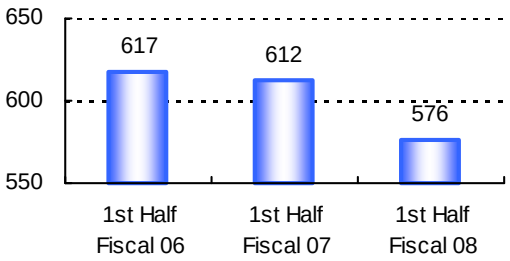
- Establish detailed underwriting standards taking into account the regional and market characteristics of the production departments/branches.
- Implement a support system for promoting more appropriate underwriting.

■Activities to increase policyholder awareness of accident prevention measures.

- Promote the "I Stop" (stop-and-check) campaign
- Promote accident-prevention activities targeting new, young, and elderly drivers and others with high accident rates.

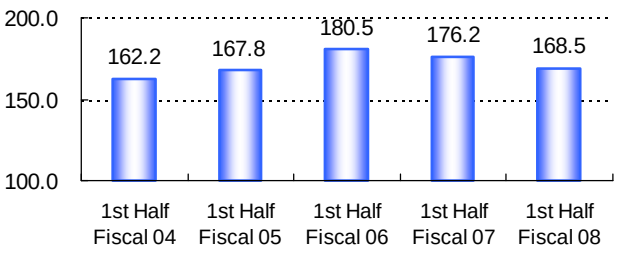
Transition of the number of accidents covered (excluding natural disaster)

(thousands)



Transition of Incurred Losses (Domestic, excluding natural disaster)

(Y bn)



Due to the effects of measures to balance revenues and expenses, the number of accidents decreased and we see improvement trend in incurred losses.

Investment Management①

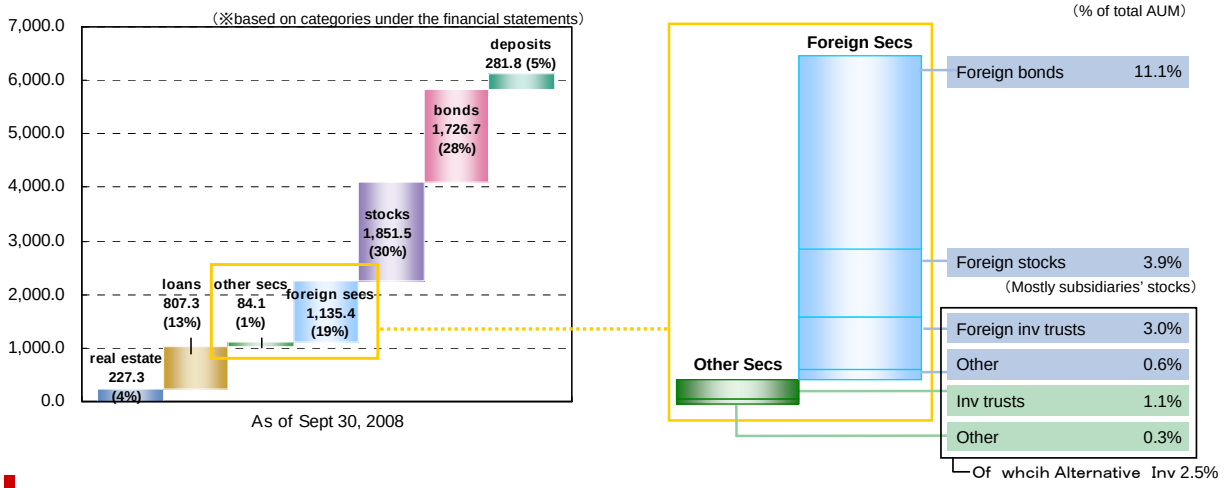
Domestic Non-Life Insurance Business (MSI)

Summary of AUM

Mitsui Sumitomo Insurance Group Holdings

Balance of AUM by assets

(Y bn)



Unrealized losses for the midterm ended Sept 30, 2008

- **Stocks Y6.0 bn**
- **Foreign (public/corporate) bonds Y23.1 bn (of which, Lehman Brothers Group Y11.6 bn)**
- **Inv trusts Y12.2 bn ※**
- **Foreign inv trusts Y0.9 bn**

※Represents the losses of inv trusts for domestic and overseas stocks

Definition of impairment recognition for marketable stocks：Generally, impairment losses will be recognized for the difference if the stocks fell 30% or more below its cost. As a result of the Lehman bankruptcy, MSIG has deemed the carrying value of the Lehman Note impaired down to remainder value (Y1) and has recorded it as non-marketable securities

AUM by assets

(Y bn)

	31-Mar-05		31-Mar-06		31-Mar-07		31-Mar-08		30-Sep-08	
		%		%		%		%		%
Deposits	376.1	6.1%	372.4	5.2%	347.0	4.7%	339.3	5.1%	281.8	4.6%
Bonds	1,709.9	27.5%	1,744.1	24.2%	1,780.2	24.1%	1,721.5	26.0%	1,726.7	28.2%
Stocks	2,008.7	32.3%	2,851.3	39.6%	3,010.0	40.7%	2,244.7	33.9%	1,851.5	30.3%
Foreign Secs	1,021.7	16.4%	1,133.8	15.7%	1,194.6	16.1%	1,213.5	18.3%	1,135.4	18.6%
Other Secs	101.3	1.6%	124.0	1.7%	113.6	1.5%	95.4	1.4%	84.1	1.4%
Loans	771.1	12.4%	756.0	10.5%	746.1	10.1%	777.1	11.7%	807.3	13.2%
Real Estate	225.5	3.6%	218.1	3.0%	210.0	2.8%	232.4	3.5%	227.3	3.7%
Total	6,214.6	100.0%	7,200.0	100.0%	7,401.8	100.0%	6,624.1	100.0%	6,114.5	100.0%

Corporate bonds by rating class

	Domestic issuer	Overseas issuer	
			Financial Institutions
AAA	41.1%	41.3%	38.2%
AA	38.1%	38.4%	47.4%
A	20.0%	18.2%	14.3%
BBB	0.5%	1.7%	-
BB or lower	0.4%	0.4%	-
Total	100.0%	100.0%	100.0%

Macro-economic impacts on balance sheets

change of	Estimation of impacts
Interest rate	If the yen interest rate rises by 1%: ▪Fluctuation in the fair value (net of assets/liabilities): +Y 5.7 bn ▪Fluctuations in int. and dividend (net of receipts/payment): +1.1bn
Forex	▪Y1 rise of JPY against USD: Y3.6 bn decline in fair value of non-yen assets ▪Y1 rise of JPY against EUR: Y1.0 bn delince in fair value of non-yen assets ▪Y1rise of JPY against both USD and EUR, staying at the level half a year:Y0.15 bn decrease of int. and dividend received from non-yen assets
Stock price	▪Y1,000 drop of Nikkei Average: Y157.0 bn decline in market value of stockholding

Domestic Non-Life Insurance Business (MSI)

Investment Management② **Basic Policy of Investment**

Mitsui Sumitomo Insurance Group Holdings

- Maintaining current basic policy for longer term, but taking conservative approach for short term given current challenging environment
- Upgrading risk mgt capabilities based on existing framework along with introducing new initiatives

Approaches to build "Basic Portfolio"

- Yen denominated assets(bonds, loans, etc)
  Shift for longer term assets (Neutralization of the interest rate risk, together with effective use of interest rate swaps)
- Stocks
  Facilitate downsizing aiming at "sales of Y500 bn by 2010"
- Foreign corporate bonds
  Maintain current position or slightly reduce
- Alternative investment
  Continue increasing

Post-financial-crisis measures for 2H of FY2008

- Yen denominated assets(bonds, loans, etc)
  Continue to shift for longer term assets
- Stocks
  Facilitate downsizing strategy by focusing intently on the market condition
- Foreign corporate bonds
  Control credit risks by avoiding or eliminating credit concentration into a single company (esp. financial sector)
- Alternative investment
  Suspend new investment, and strengthen review of existing funds

Framework for credit risk control

- In-house rating system
- Strict analysis for investment/loans
- Comprehensive control system by setting limited amount per credit based on rating
- Monitoring with rating alarm system
- Risk control by business segment
- Setup limit for risk amount and control, etc.

Financial crisis

Crisis in limited region or investment area should spread

Extensively and **Drastically**

Risk can move more in lockstep than usual

Leading unusual market volatility

Upgrading risk mgt capabilities

- **Establish concrete structure for crisis mgt with supervision & early warning system**
- **Enhance risk control system by area (by specific industry, by product, etc)**

Approaches to Investment Management

	Management of basic portfolio
Deposit Premium Accounts (approx. Y2 tn)	Traditional ALM practice to ensure solid policyholder returns focusing on yen denominated bond avoiding interest rate risk
General Accounts (approx. Y4 tn)	Mgt to maximize overall returns based on the diversified strategy for both domestic /overseas stocks under effective risk control system

Disposition of stockholding

(Y bn)

	FY2004	FY2005	FY2006	FY2007	FY2008 (Midterm)	(Accmulation since FY2004)
Amount sold	86.9	58.8	32.3	33.2	**13.4**	**224.6**

Alternative investments

(Y bn)

	31-Mar-05	31-Mar-06	31-Mar-07	31-Mar-08	30-Sep-08	(% of total AUM)
Outstanding balance	77.8	106.4	142.7	159.0	**153.8**	**2.5%**
Hedge funds	51.7	78.6	102.8	111.8	**105.2**	**1.7%**
Buy-out funds	8.8	11.4	16.2	25.0	**26.8**	**0.4%**
Venture funds	6.5	6.9	8.3	9.3	**8.1**	**0.1%**
Real estate funds	7.9	6.1	9.7	6.3	**5.0**	**0.1%**
Others	3.0	3.5	5.5	6.5	**8.6**	**0.1%**

- Gross outstanding balance of alternative investment accounts for merely 2.5% of total AUM
- "Hedge funds" are diversified into more than 30 funds, and approx. 80% thereof are funds of funds (total number of funds exceeding 400).
- "Real estate funds" is comprised of single REIT investment

Domestic Non-Life Insurance Business (MSI)

Strategic Stock-Holdings

Concept

- **Strategic stock-holdings is defined as "Strategic resource loading" as it is highly effective means of maximizing synergies of the asset management business and insurance businesses: critical role for portfolio management and channel development.**

Policy
- To embody strategic means of seeking opportunities for highly profitable corporate insurance business while conducting review of investment efficiencies
- To ensure stable growth of underwriting profit leveraged by existing mid/long term relationship with corporate customers
- To strengthen strategic relationship with distribution channels

Investment Efficiency

- **Overall returns are as follows. Calculation is based upon total gains including underwriting profit which was generated by the strategic stock-holdings**
  - Underwriting profit (for domestic insurance contracts)
    - ・Average for past 3 yrs (FY2005 to FY2007) (vs market value) : Approx.1.3%
      - ※In addition, we benefit from overseas business with Japanese corporate customers
  - Gains on stock-holdings (income gain + capital gain)
    - ・Accumulation from FY2002 to FY2007 :+43.3% (Annualized:+6.2%)

Policy

- **To facilitate initial downsizing strategy to maintain an appropriate level (NAV at market value) by focusing intently on the market condition**
- **To implement continuous strategic review while monitoring overall efficiencies of stock portfolio**

27

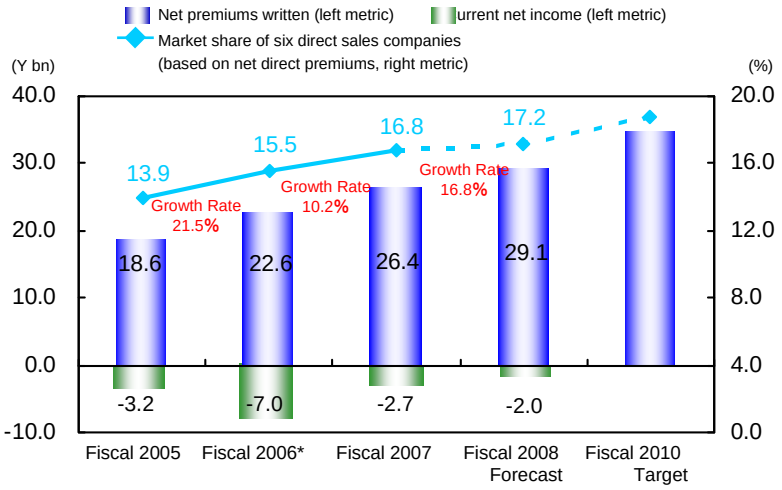
Mitsui Direct General Insurance

Through a unique business model focused on the Internet,
Mitsui Direct General Insurance has achieved growth significantly higher than the average for direct-sales automobile insurance companies.

Target Customers	Sales Method	Products
■ **Focus on Internet users**	■ **A highly convenient contract process that can be completed on the Internet (the internet is also used for loss adjustment)**	■ **Simple, easy-to-understand coverage terms and conditions** ■ **Reasonable pricing reflecting lower contract administration costs**

Target is to be in the black on a single-year basis in fiscal 2010 by establishing early the Mitsui Direct brand as the No. 1 internet-based non-life insurance company

Transition of net premiums written, net income, and market share

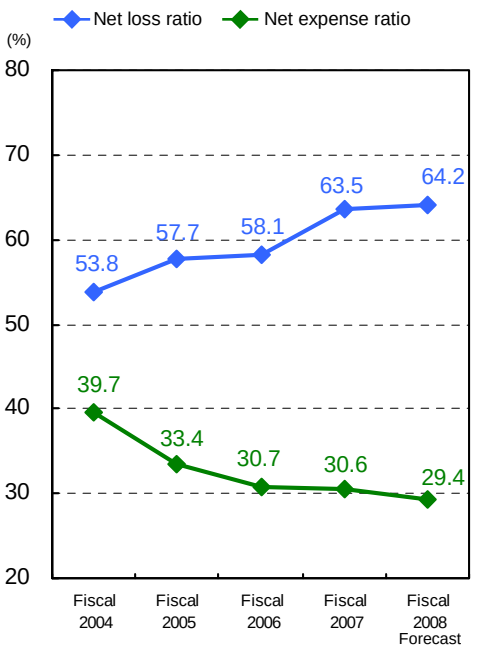


*In fiscal 2006, deferred assets of 3.59 billion yen based on Section 113 of the Insurance Business Law were depreciated at one time.

(Reference) Net direct premiums of 6 direct sales companies (Y bn)

	Fiscal 2005	Fiscal 2006	Fiscal 2007	Fiscal 2008 (Forecast)
Net Direct Premiums	132.6	144.5	156.0	167.0
Growth Rate	11.3%	8.9%	8.0%	7.1%

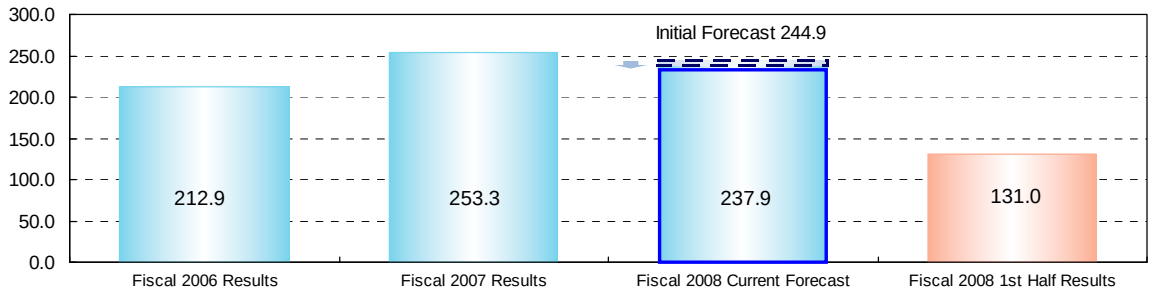
Transition of net loss ratio and net expense ratio



Forecast of Overseas Revenues and Net Income for Fiscal 2008

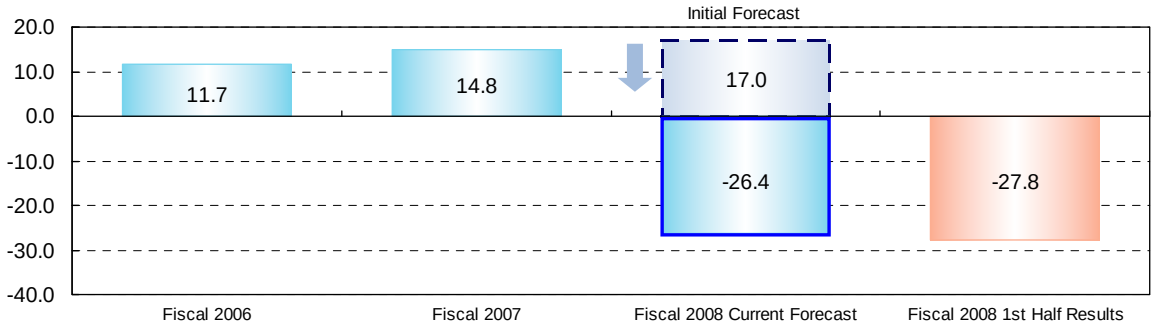
Net Premiums Written (Overseas total)

(Y bn)



Net Income (Overseas total)

(Y bn)



Key Points Regarding Current Full-Year Forecast

- Net premiums written is expected to drop due primarily to the strong yen by -15.4 bil. yen year-on-year and to be lower by -6.9 bil. yen compared to the initial forecast.
- Net income is expected to be significantly in the red, at -26.4 bil. yen.
  This is -41.2 bil. yen decrease year-on-year and lower by -43.4 bil. yen compared to the initial forecast.

(Factors behind the significant worsening of net income compared to the initial forecast)

Worsening results due to unprecedented financial crisis and tightening of credit
- Major loss on credit insurance incurred at European subsidiary: -41.2 bil. yen
- Drop in investment income at overseas subsidiaries, etc. : -4.8 bil. yen

(Y bn)

Net Premiums Written					
Region	Fiscal 2007	Fiscal 2008	Fiscal 2008 Current Forecast		
	Results	1st Half Resuts		YoY Change	Change compared to the initial forecast
Asia	105.5	**57.3**	**106.9**	**1.5**	**-0.1**
Americas	33.4	**17.4**	**32.5**	**-0.9**	**0.2**
Europe	88.6	**41.2**	**72.1**	**-16.5**	**-6.1**
Re-insurance	26.1	**14.7**	**25.2**	**-1.0**	**0.1**
Overseas Total	253.3	**131.0**	**237.9**	**-15.4**	**-6.9**

(Y bn)

Current Net Income					
Region	Fiscal 2007	Fiscal 2008	Fiscal 2008 Current Forecast		
	Results	1st Half Resuts		YoY Change	Change compared to the initial forecast
Asia	11.4	**2.8**	**6.8**	**-4.6**	**-3.9**
Americas	1.2	**1.0**	**2.3**	**1.1**	**-0.9**
Europe	-2.4	**-33.6**	**-36.1**	**-33.7**	**-40.3**
Re-insurance	6.7	**3.8**	**4.3**	**-2.4**	**-1.0**
Overseas Total	14.8	**-27.8**	**-26.4**	**-41.2**	**-43.4**

*Overseas total includes figures that are adjusted by the headquarters and are not allocated to each region during the fiscal year, and other M&A related consolidation adjustments.

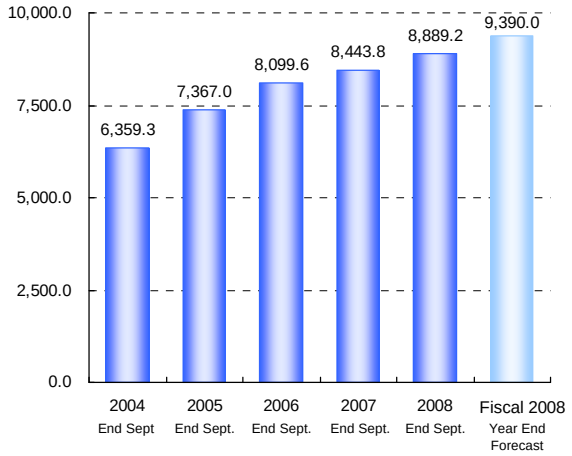
Life Insurance Business

Transition of Amount of Policies

Mitsui Sumitomo Kirameki Life Insurance Co., Ltd.

Transition of Amount of Policies In Force
(Individual Policies and Individual Annuities)

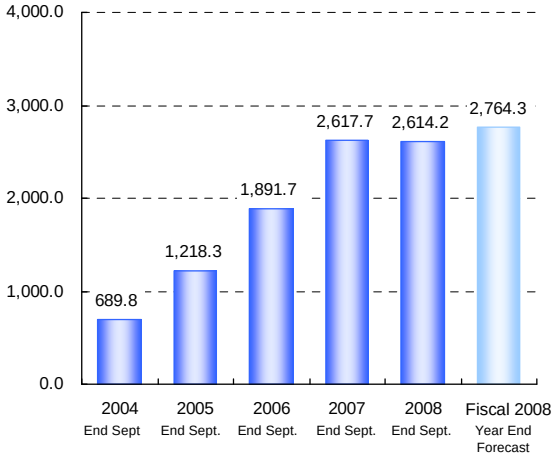
(Y bn)



Mitsui Sumitomo MetLife Insurance Co., Ltd.

Transition of Amount of Policies in Force

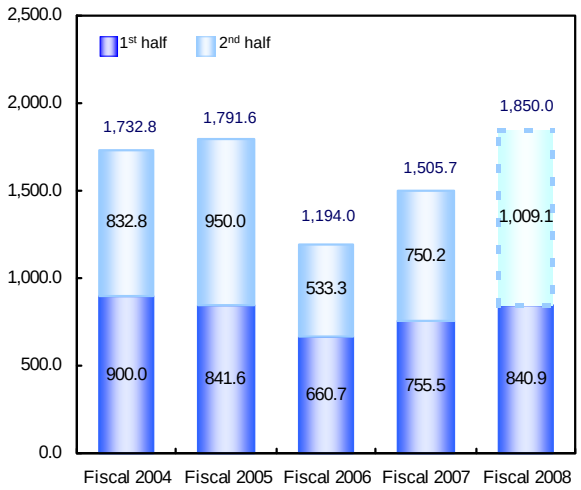
(Y bn)



Mitsui Sumitomo Kirameki Insurance Co., Ltd.

Transition of Amount of New Policies
(individual insurance/individual annuities)

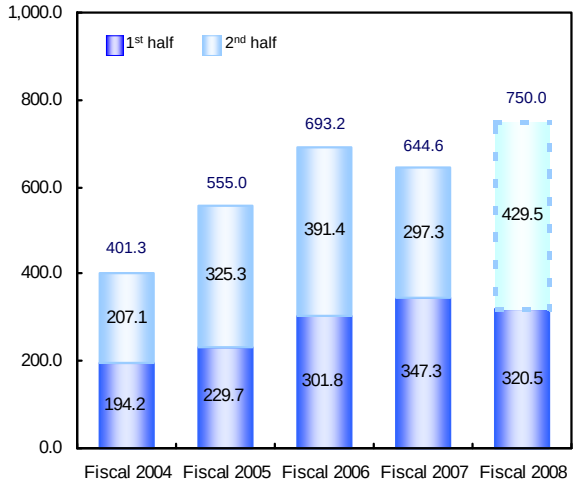
(Y bn)



Mitsui Sumitomo MetLife Insurance Co., Ltd.

Transition of Premiums

(Y bn)



Mitsui Sumitomo Kirameki Life Insurance

Mitsui Sumitomo Insurance Group Holdings

Achieving further growth by offering products and services most suitable for customers through high-quality sales activities

Sales Strategy

Cross-Selling

Strengthening Agencies of Mitsui Sumitomo Insurance
■ Continue and further the cross-sales promotion program ■ Promote new cross-sales program

New Areas of Growth

Strengthening Network of Agencies Specializing in Life Insurance and Tax Accountants	Aggressive Approach to Over-the-Counter Sales by Financial Institutions (including Japan Post/Securities Firms)	Expansion of FC Business
■ Promote life insurance staff support system ■ Enhance efforts toward large agencies specializing in life insurance with multiple sales facilities	■ Build a structure dedicated to serving mega-banks. ■ Strengthen training and support structure for regional financial institutions	■ Promote hiring and training of FCs ■ Promote ties with agencies

By promoting new cross-sales programs and increasing the weight of premium revenue in growth areas, work to maximize generation of new policies and increase contribution to group core revenue.

Basic Policy for Investment Management

Work to ensure soundness of assets and stable income

【Assets targeted for investment by MSI Kirameki Life】

- Invest primarily in yen-denominated corporate and government bonds
- Invest a portion in foreign currency-denominated securities to diversify risk and to enhance returns

Transition of rate of return from gross interest income

Fiscal 2006	Fiscal 2007	Fiscal 2008 (Forecast)
1.57%	1.74%	1.79%

Growth in Key Items

(Items other than total assets are for individual policies and individual annuities.)

	1st Half Fiscal 2007	Year End Fiscal 2007	1st Half Fiscal 2008
No. of customers (no. of policies held)	952,000	985,000	1,030,000
Annualized premiums from policies in force	196.8 bil. yen	196.4 bil. yen	197.4 bil. yen
Total assets	942.4 bil. yen	999.7 bil. yen	1,036.8 bil. yen

Life Insurance Business

Mitsui Sumitomo MetLife Insurance

Mitsui Sumitomo Insurance Group Holdings

Achieve significant growth as one of the largest insurance companies in Japan specializing in individual annuity, through a hybrid business model that exploits the combined strengths of the Mitsui Sumitomo Insurance Group and MetLife, one of the U.S. largest insurance companies.

Sales Strategies	Product Strategies	Improvements in Corporate Quality
■ Maintain top share in Japan Post market ■ Strengthen alliances with financial institutions ・Strengthen efforts in west Japan ・Expand financial institutions acting as agencies ■ Enhance training/sales support ・Enhance training center functions ・Strengthen sales desks	■ Continue sales of early payout lifetime annuity plans as a major product ■ Develop and revise products exploiting US market expertise ・Develop and revise fixed annuity product	■ Enhance customer satisfaction (CS) ・Improve call center functions ・Strengthen structure for managing payouts on annuities and insurance ■ Strengthen structure for managing customer protections, etc.

As a leader in the variable individual annuity market, MSI MetLife Insurance aims to expand revenues and profits through a stronger sales platform and enhanced products, increasing our contribution to Group Core Profit.

Basic Policy for Investment Management

Separate Account

- With worsening investment environment, balance for separate account as of the end of September, 2008, increased a little year-on-year.
- Losses have occurred on separate account, but we do not recognize significant risk because, with some exceptions, the entire amount of the minimum guarantee risk has been ceded.

General Account

- Policy is to place greatest priority on safety, ensuring stable revenue over the long term.
- Manage the following risks associated with investment management:
  - Take no interest or exchange rate risks
  - Reduce credit risk by focusing on highly-rated bonds.
- Losses have occurred in general account due to worsening investment environment.

Transition in the number of agencies

	Fiscal 2004 Year End	Fiscal 2005 Year End	Fiscal 2006 Year End	Fiscal 2007 Year End	End of Sept., 208
No. of agencies	30	47	109	128	141

- The sales platform has been steadily strengthened by an increase in the number of agencies.
- Sales in the Japan Post market is also expanding steadily.

Financial Services

Credit Derivatives

Mitsui Sumitomo Insurance Group Holdings

＜Breakdown of Gross Notionals as of Sept 30, 2008＞

Credit Derivatives (Y597.7 bn)

- Corporate CDSs (Y173.8 bn)
- CDOs (Y423.9 bn)
  - Corporate CDOs (Y411.2 bn)
  - ABS-CDOs (Y12.6 bn)
    - ABS-CDOs whose underlying assets include US subprime (Y11.1 bn) ※

※However, material exposure to US subprime is considered to be nil.

Corporate CDSs

- The number of companies (domestic and overseas) whose corporate risk is individually underwritten is 69 and 21, respectively.
- 96% of portfolio is for companies rated A or above, exhibiting quality of credit.

CDO tranches

- The number of CDO tranches underwritten for domestic and overseas companies' corporate risk is 14 and 15, respectively ("Corporate CDOs")
- The number of ABS-CDOs underwritten is 2, accounting for merely 3% of gross notionals for CDO operation ("ABS-CDOs")
- 98% of tranches are still rated AAA or above.

Portfolios maintains consistently high credit quality

CDSs

Outstanding Balance by Rating

(Y bn)

Rating	Notional amount (% of total)			
		Domestic companies	Overseas companies	Financial institutions
AAA	9.2 (5.3%)	4.1 (3.2%)	5.1 (11.5%)	1.0
AA	101.7 (58.5%)	79.6 (61.8%)	22.0 (49.1%)	4.1
A	56.7 (32.6%)	43.2 (33.5%)	13.5 (30.1%)	-
BBB	6.1 (3.5%)	2.0 (1.6%)	4.1 (9.2%)	-
BB or lower	- (-)	- (-)	- (-)	-
Total	173.8 (100%)	128.9 (100%)	44.9 (100%)	5.1

CDOs

Outstanding Balance by Rating

(Y bn)

Rating	Notional amount (% of total)	
AAA	413.5	(97.6%)
AA	5.1	(1.2%)
A	-	(-)
BBB	5.1	(1.2%)
BB or lower	-	(-)
Total	423.9	(100%)

Average subordination ratio is still 18%

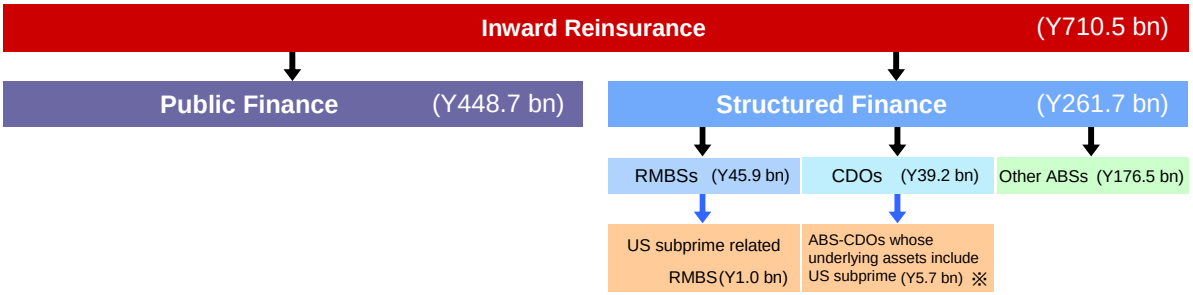
Unrealized gains/losses of credit derivatives for the midterm ended Sept 30, 2008

- Reported Y6.0 bn as unrealized gains (CDO:Y 6.0 bn)
- MSIG extended the scope of in-house model for market value assessment

Reinsurance Ceded from US Monolines

Mitsui Sumitomo Insurance Group Holdings

<Breakdown of Outstanding Guaranteed Balance as of Sept 30, 2008>



※However, material exposure to US subprime is Y0.8 bn

- Mainly under the treaties (proportional reinsurance treaties) entered into with US monolines (primary insurers), a part of credit risks (municipals and ABSs, etc.) underwritten by primary insurers have been ceded to MSI.
- 74% of the portfolio underwritten is rated "AAA" or above, and 96% is rated "BBB" or above, maintaining a strong credit position.

Outstanding Balance by Rating

(Y bn)

Rating	Balance underwritten	(% of total)
AAA	99.9	(14.1%)
AA	174.7	(24.6%)
A	250.2	(35.2%)
BBB	158.0	(22.2%)
BB or lower	27.5	(3.9%)
Total	710.5	(100%)

※represents the rating class for the original credit irrespective of guarantee by monolines

[Rating of Monolines and Quality of Ceded Portfolio]

- It is not the credit risk of monolines that we have underwritten through inward reinsurance but credit risk of municipal bonds, ABSs and the like which the monolines have underwritten.
- Therefore, downgrade of rating class for primary insurers will not bring any negative impact to the profile or quality of risks underwritten by MSI.

Realized losses for six months ending Sept 30, 2008

- Total realized losses※ related to the "Reinsurance ceded from US Monolines" was Y1.7 bn

※Sum of claims paid and outstanding claims.

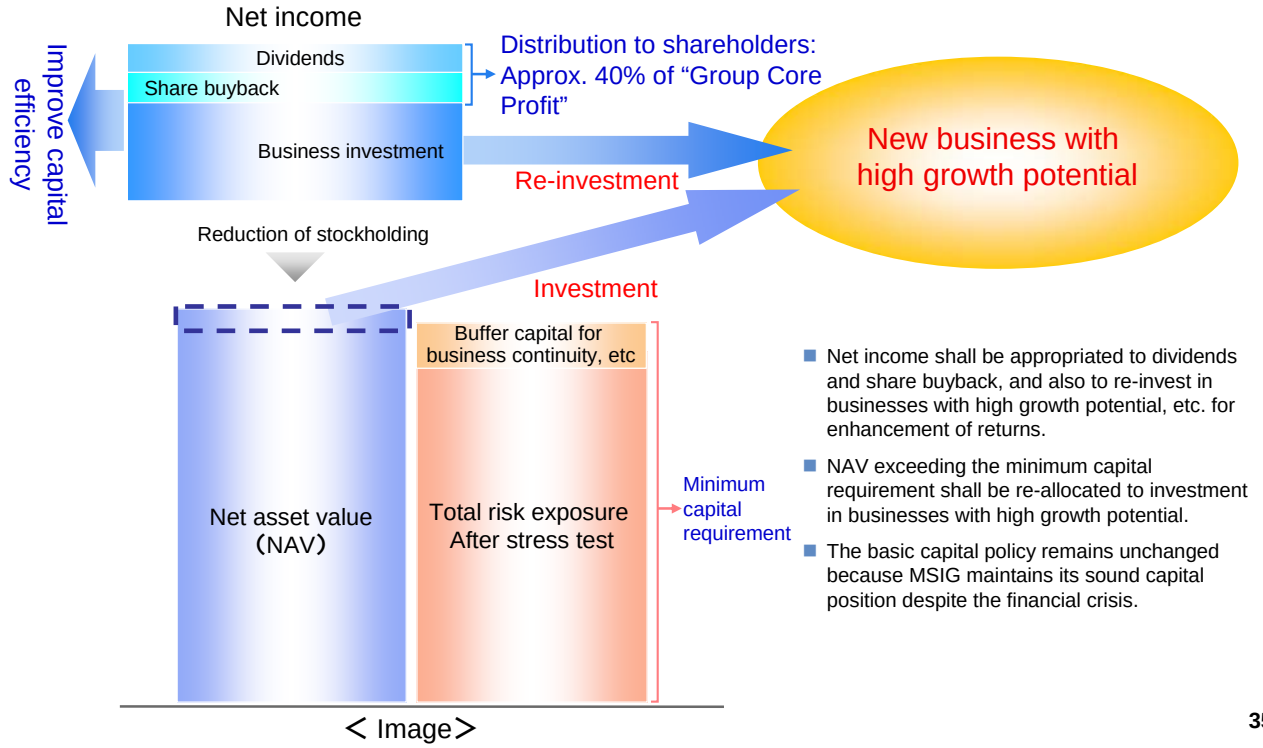
Credit Exposure to Monolines

- Gross notionals for credit derivatives where a monoline is referred as single reference entity is Y3.1 bn.
- Total amounts of guarantees/underwriting and investments for monoline-guaranteed notes are Y11.3 bn and Y13.2 bn, respectively.
- For above guarantees/underwriting and investments, MSI shall become legally liable for payment obligation in case of default of both the underlying notes and the monoline that has guaranteed those notes.

Capital Policy

Mitsui Sumitomo Insurance Group Holdings

Basic capital policy remains unchanged



- Net income shall be appropriated to dividends and share buyback, and also to re-invest in businesses with high growth potential, etc. for enhancement of returns.
- NAV exceeding the minimum capital requirement shall be re-allocated to investment in businesses with high growth potential.
- The basic capital policy remains unchanged because MSIG maintains its sound capital position despite the financial crisis.

Environment of Business Investment and MSIG's Initiatives

- Considering the following phenomena triggered by current financial crisis, investment opportunities for new businesses should expand for next few years.
  - ・Disposal of non-core businesses due to return to core business
  - ・Sales of asset to ensure enough capital and liquidity
  - ・Acceleration of business restructuring associated with government involvement in the management
  - ・ Ongoing industrial reorganization for financial institutions
- MSIG's commitments are based on the 2 schemes : "Internal growth" for capital reservation/investments in existing businesses, and "External growth" for investments in new businesses
- MSIG has established a team dedicated for M&A business, and intensely reviewing prospective deals which is on the rise. Making use of these opportunities, MSIG aims to achieve a significant growth of business and profitability as a group

Investment Segments Expected in Future

Existing Businesses	New Businesses
～To assess the actual results and growth potential and accelerate business development～	～To benefit from the market's growth potential～
For example: ■ **Lloyds business, commercial line business in Germany** ■ **Non-life insurance in Asia** ■ **Reinsurance**	**For example:** ■ **Life insurance in Asia** ■ **New domestic businesses**

Shareholder Return: Policy and Track Record

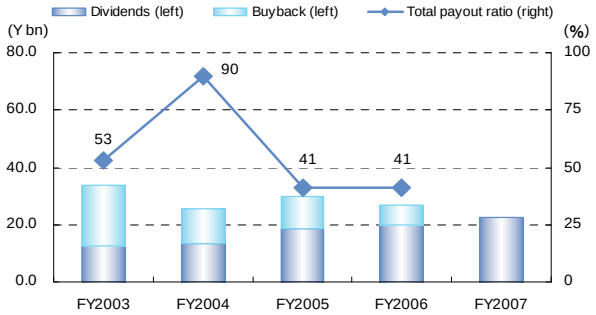
Mitsui Sumitomo Insurance Group Holdings

Policy

- Returning approx. 40% of "Group Core Profit" to shareholders through dividends and share buyback
- Maintaining stable dividend payments and increasing trend of dividends-per-share over mid-to-long term

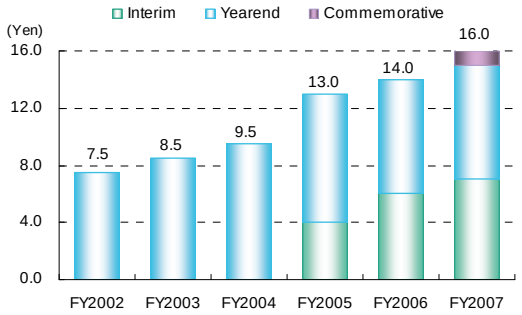
→ No change in this policy
Forecasts year-end cash dividends at Y54 per share ※ as reported before
※Equivalent to Y16.2 on MSI basis (prior to the establishment of the holding company)

Shareholder return (MSI)



※Represents data for corresponding FYs when the financial resources were recorded

Dividends per share (MSI)



- Total payout ratio from FY2003 to FY2006: 53%→90%→41% →41%
- Group Core Profit for FY2008 is expected to be at Y8.4 bn (Initial forecast: Y44.1 bn)

Group Core Profit and shareholder return

(Y bn)

	FY2003	FY2004	FY2005	FY2006
Group Core Profit (GCP)	64.0	28.6	73.9	64.9
Dividends paid	12.4	13.6	18.5	19.8
Shares bought back	21.5	12.0	11.5	7.0
Dividends+Buyback (Payout)	33.9	25.6	30.0	26.8
Payout/GCP	53%	90%	41%	41%

Major factors/impact behind revision of Group Core Profit forecast for FY2008

(Y bn)

Domestic non-life insurance	・Decrease in incurred losses: +16.2(of which, natural disasters +7.7) ・Change of reserve ratio for catastrophe reserve in auto line:+18.6 ・Expansion of unrealized losses for securities: -42.8 ・Reversal of price fluctuation reserve: +18.6
Life insurance	Downward revision of estimated net incomeof MSI MetLife: -3.6
Overseas	Significant losses incurred in credit insurance in European subsid: -41.2

※Amounts of impact in domestic non-life insurance business are estimation based on the assumption of effective tax rate at 36%

MSIG (Consolidated) Major Financial Indicators

Mitsui Sumitomo Insurance Group Holdings

▼Fundamentals		FY2007 (※1)	FY2008 First half	FY2008 Forecast
Net premiums written (※2)	(Y bn)	1,536.5	759.4	1,473.0
Net income	(Y bn)	40.0	12.3	20.0
Group Core Profit (※3)	(Y bn)	66.0	13.5	8.4
ROE based on Group Core Profit（※4）	(%)	3.4	–	0.6
▼Core Profit by business segment（Breakdown of Group Core Profit)				
Domestic non-life insurance	(Y bn)	41.6	40.6	33.1
Overseas	(Y bn)	14.8	-27.9	-26.3
Life insurance (※5)	(Y bn)	9.4	1.5	2.9
Financial services	(Y bn)	2.4	0.1	0.4
Risk related (※6)	(Y bn)	-2.3	-0.8	-1.7
▼【Ref】MSI（Non-consolidated）				
Net loss ratio	(%)	65.1	66.1	67.7
Net expense ratio	(%)	31.8	33.0	34.2
Combined ratio	(%)	96.9	99.1	101.9
Net income	(Y bn)	38.3	50.8	66.0

※1 “Fundamentals“ for “FY2007” represents the consolidated performance of MSI.
※2 “Net premiums written” represents amounts excluding “Modo-rich funds”.
※3 Definition of “Group Core Profit“ is as follows;
＜Group Core Profit＞＝＜Consolidated net income＞－＜Net capital gain on stock portfolio＞
－＜Net appraisal gain on credit derivatives＞
－＜Other incidental factors＞－＜Consolidated Net income attributable to life insurance subsidiaries＞
＋＜MSI Kirameki Life’s net income before provision of standard underwriting reserves＞
＋＜MSI MetLife’s equity in earnings under US GAAP＞
※4 Definition of “ROE based on Group Core Profit“ is as follows;
＜ ROE based on Group Core Profit ＞
＝＜ Group Core Profit ＞/＜Consolidated Shareholders’ Equity (average of starting and ending amounts＞
※5 Core Profit of “Life insurance business” represents combined amounts of “MSI Kirameki Life’s net income before provision of standard underwriting reserves” and “MSI MetLife’s equity in earnings under US GAAP”.
※6 Core Profit of ”Risk related business” includes net income of Mitsui Direct General.

Inquiries

Kiyotaka Nakano

General Manager, Investor Relations Department

Mitsui Sumitomo Insurance Group Holdings, Inc.

Phone: +81-3-3297-6486 Facsimile: +81-3-3297-6935

e-mail : kiyotaka.nakano@msig.com

http://www.msig.com