

Advancing with you

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



Annual Report 2012

For the Year Ended March 31, 2012

HISTORY

APRIL 2008

Mitsui Sumitomo Insurance Group Holdings, Inc. Listed on Tokyo Stock Exchange, Osaka Securities Exchange and Nagoya Stock Exchange, Mitsui Sumitomo Insurance Group Holdings, Inc. is incorporated.

SEPTEMBER 2009

Aioi Insurance Co., Ltd., Nissay Dowa General Insurance Co., Ltd., and Mitsui Sumitomo Insurance Group Holdings, Inc. reach basic agreement on business integration.

APRIL 2010

Aioi Insurance Co., Ltd. and Nissay Dowa General Insurance Co., Ltd. integrated their management. Name change to MS&AD Insurance Group Holdings, Inc.

OCTOBER 2010

Aioi Insurance Co., Ltd. and Nissay Dowa General Insurance Co., Ltd. merged into Aioi Nissay Dowa Insurance Co., Ltd.

APRIL 2011

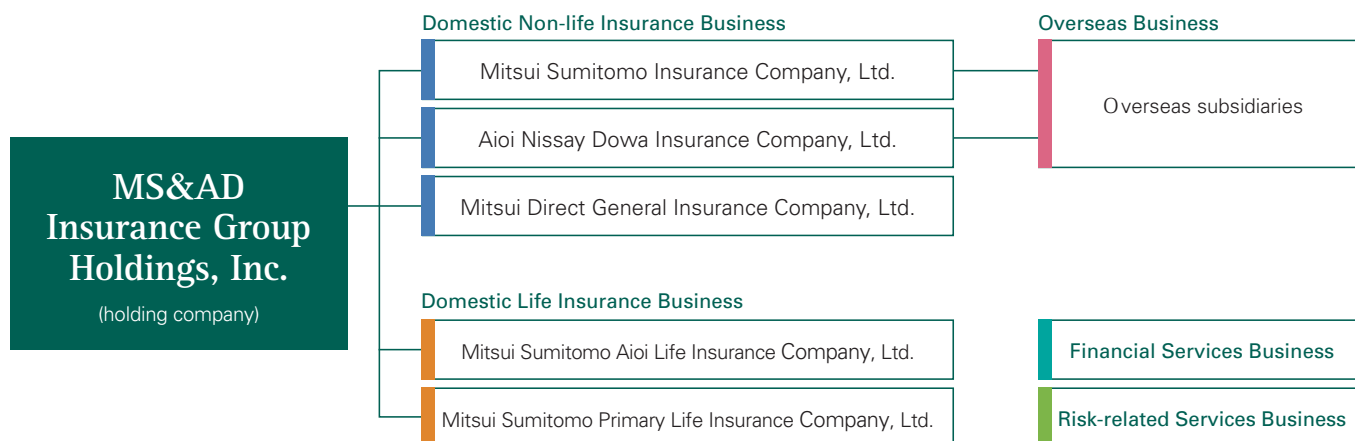
MS&AD Holdings acquired a 100% stake in Mitsui Sumitomo MetLife Insurance Co., Ltd. and renamed it Mitsui Sumitomo Primary Life Insurance Co., Ltd.

OCTOBER 2011

Mitsui Sumitomo Kirameki Life Insurance Co., Ltd. and Aioi Life Insurance Co., Ltd. merged with Mitsui Sumitomo Aioi Life Insurance Co., Ltd.

Please visit our website for further information
www.ms-ad-hd.com/en/

Overview of the MS&AD Insurance Group



Advancing with you

MS&AD

INSURANCE GROUP

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FORWARD-LOOKING STATEMENTS

These materials contain future plans, strategies and earnings forecasts for MS&AD Insurance Group Holdings, Inc. and Group companies. They are based on information available to the Group at the present time. Investors are advised that actual results may differ substantially from our forecasts, for various reasons. Actual performance could be adversely affected by (1) economic trends surrounding our business, (2) fierce competition within the insurance sector, (3) exchange-rate fluctuations, and (4) changes in tax and other regulatory systems.

In the materials, the following abbreviations appear for company names.
 MS&AD, MS&AD Insurance Group
 The Group

MS&AD Holdings, MS&AD Insurance Group Holdings, Inc.
 The holding company,
 or the Company

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.

FINANCIAL HIGHLIGHTS

Mitsui Sumitomo Insurance Group Holdings, Inc. and subsidiaries for FY2008 and FY2009, and MS&AD Insurance Group Holdings, Inc. and subsidiaries for FY2010 and FY2011. Fiscal years denote the year beginning April 1 through to March 31 of the following year. (Eg. fiscal 2011 is the year from April 1, 2011 to March 31, 2012)

	Yen in millions				US\$ in millions
	FY2008	FY2009	FY2010	FY2011	FY2011
Ordinary income:	¥2,040,013	¥1,962,689	¥ 3,404,942	¥ 3,764,986	\$ 45,914
Net premiums written	1,445,651	1,394,164	2,543,786	2,555,551	31,165
Ordinary profit (loss)	(13,044)	52,695	21,005	(96,211)	(1,173)
Net income (loss)	8,192	37,640	5,420	(169,469)	(2,067)
Comprehensive income (loss)	—	327,417	(189,373)	(88,136)	(1,075)
Net assets	1,023,021	1,311,082	1,633,381	1,512,134	18,441
Total assets	7,440,709	7,519,625	11,445,003	14,537,204	177,283

	Yen				US\$
Net income (loss) per share:					
Basic	¥ 19.45	¥ 89.84	¥ 8.68	¥ (272.49)	\$ (3.32)
Net assets per share	2,411.70	3,143.32	2,597.19	2,400.48	29.27
Equity ratio	13.59%	17.35%	14.11%	10.27 %	—
Return on equity	0.61%	3.25%	0.37%	(10.91)%	—
Price earnings ratio	116.97	28.88	218.06	—	—

	Yen in millions				US\$ in millions
Cash flows:					
Cash flows from operating activities	¥ 38,612	¥ (33,930)	¥ (59,339)	¥(205,272)	\$ (2,503)
Cash flows from investing activities	94,495	52,741	89,783	149,960	1,829
Cash flows from financing activities	4,184	(104,320)	19,893	65,442	798
Cash and cash equivalents at the end of the fiscal year	455,430	377,158	687,267	711,710	8,679
Number of employees	21,336	21,908	36,538	36,929	—

Note: U.S. dollar amounts in this report have been translated from yen, for convenience only, at the rate of ¥82=US\$1. For details, see Note 1 of Significant Accounting Policies. (p 70)

KEY BUSINESS RESULTS OF THE THREE GROUP COMPANIES (SIMPLE SUM)

	Yen in millions	
	FY2008	FY2009
Net premiums written	¥ 2,591,099	¥ 2,519,022
Ordinary profit (loss)	(52,914)	99,131
Net income (loss)	(9,489)	57,340
Total assets	11,345,045	11,481,312

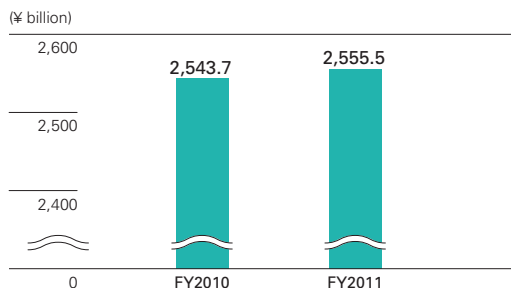
Notes: 1. Figures are a simple sum of the results for MSI Group Holdings (consolidated), Aioi Insurance (consolidated) and Nissay Dowa General Insurance (non-consolidated).
2. Figures are presented exclusive of the GRR (Good Result Return) premiums of the MSI's proprietary automobile insurance product "Modo-Rich," which contains a special clause for premium adjustment and refund at maturity.

FISCAL 2011 MAIN MANAGEMENT INDICATORS (CONSOLIDATED)

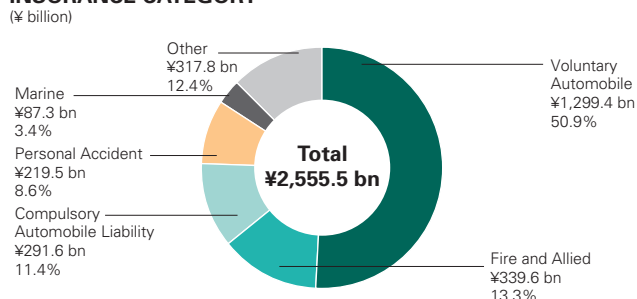
NET PREMIUMS WRITTEN

¥2,555.5 billion

NET PREMIUMS WRITTEN

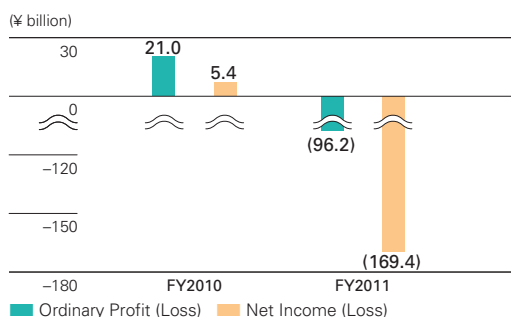


COMPOSITION OF FISCAL 2011 NET PREMIUMS WRITTEN BY INSURANCE CATEGORY



ORDINARY PROFIT (LOSS) AND NET INCOME (LOSS) **ORDINARY LOSS ¥96.2 billion, NET LOSS ¥169.4 billion**

ORDINARY PROFIT (LOSS) AND NET INCOME (LOSS)

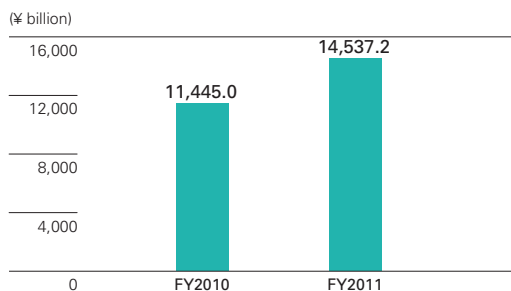


The Group recorded an ordinary loss of ¥96.2 billion, a change of ¥117.2 billion from the previous year when a profit was recorded. The main factors were recording of losses at MSI and overseas insurance subsidiaries, mainly due to an increase in claims (the sum of net claims paid and provision for outstanding claims) following damage from natural disasters in Japan and overseas, including the floods in Thailand. The Group recorded a net loss of ¥169.4 billion, a change of ¥174.8 billion from net income recorded in the previous fiscal year. The main factors in this change were a reversal of deferred tax assets due to a reduction in the corporate tax rate that will come into effect from fiscal 2012 and an increase in the valuation allowance for deferred tax assets related to devaluation of securities and others.

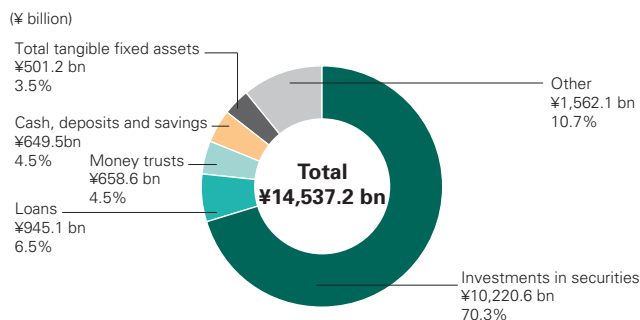
TOTAL ASSETS

¥14,537.2 billion

TOTAL ASSETS



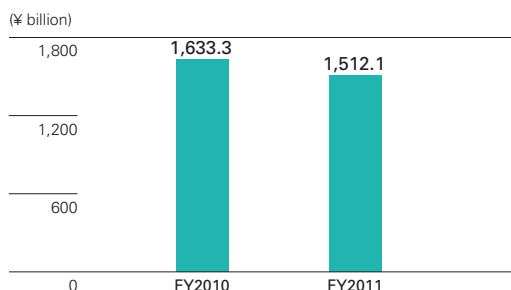
COMPOSITION OF TOTAL ASSETS IN FISCAL 2011



NET ASSETS

¥1,512.1 billion

NET ASSETS



Net assets on March 31, 2012 had declined by ¥121.2 billion year on year to ¥1,512.1 billion. The main reason for the decline was a reduction in retained earnings after booking a net loss.

ABOUT THE MS&AD INSURANCE GROUP

The MS&AD Insurance Group was formed in April 2010 from the business integration of Mitsui Sumitomo Insurance Group Holdings, Inc. (MSIG), Aioi Insurance Co., Ltd. (Aioi), and Nissay Dowa General Insurance Co., Ltd. (NDI) under the holding company MS&AD Insurance Group Holdings, Inc. (MS&AD Holdings).

MS&AD Insurance Group is continuing to integrate and reorganize its operating companies as it pursues Group synergies to increase the quality of customer services and strengthen profitability and growth.

Amid these changes, in October 2010 the Group launched Aioi Nissay Dowa Insurance Co., Ltd. (ADI), and in April 2011 it converted MSI MetLife into a wholly owned subsidiary, re-launching it under the new name Mitsui Sumitomo Primary Life Insurance Co., Ltd. (MSI Primary Life). In October 2011, the Group merged Mitsui Sumitomo Kirameki Life Insurance Co., Ltd. with Aioi Life Insurance Co., Ltd. and started operations under the resulting company, named Mitsui Sumitomo Aioi Life Insurance Co., Ltd. (MSI Aioi Life).

The Group will continue to integrate its various companies while investing in its overseas business, mainly in Asia.

Moving ahead, the Group will work to quickly expand its operating base and management resources. This will pave the way for the creation of a world-leading insurance and financial services group that seeks to achieve sustainable growth and to enhance enterprise value.



MS&AD Holdings is headquartered in the Yaesu First Financial Building

ASPIRATIONS FOR THE MS&AD INSURANCE GROUP

To clarify what kind of business group MS&AD Insurance Group aspires to become, we have adopted the following Mission, Vision and Values:

Our Mission

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

To create a world-leading insurance and financial services group that continues to seek sustainable growth and to enhance enterprise value.

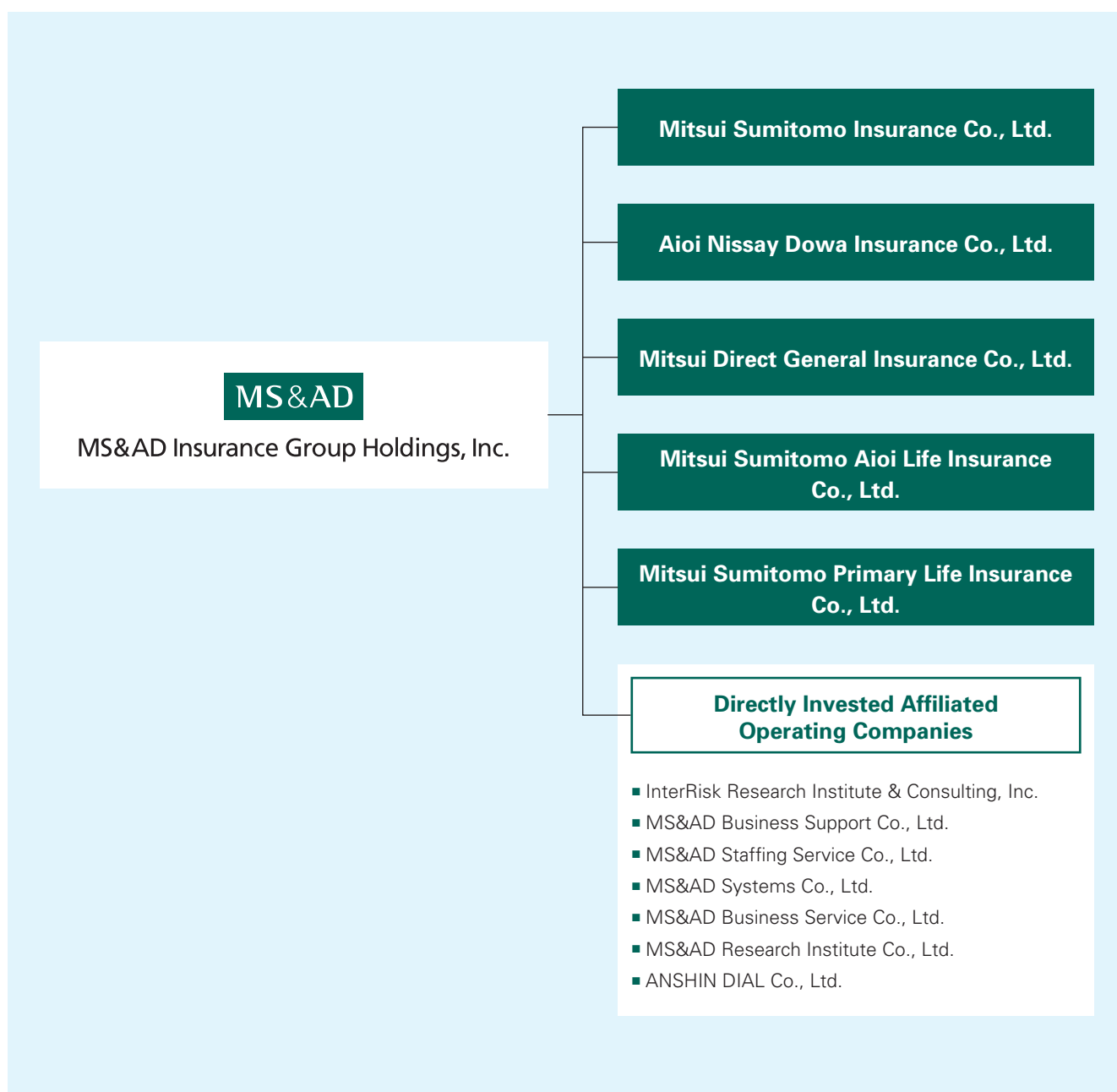
Our Values

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.

GROUP STRUCTURE

MS&AD Holdings is a listed holding company with five directly invested Group insurance companies in Japan: Mitsui Sumitomo Insurance Co., Ltd. (MSI), Aioi Nissay Dowa Insurance Co., Ltd. (ADI), Mitsui Direct General Insurance Co., Ltd. (Mitsui Direct), Mitsui Sumitomo Aioi Life Insurance Co., Ltd. (MSI Aioi Life) and Mitsui Sumitomo Primary Life Insurance Co., Ltd. (MSI Primary Life); and seven affiliated operating companies: InterRisk Research Institute & Consulting, Inc., MS&AD Business Support Co., Ltd., MS&AD Staffing Service Co., Ltd., MS&AD Systems Co., Ltd., MS&AD Business Service Co., Ltd., MS&AD Research Institute Co., Ltd. and ANSHIN DIAL Co., Ltd.

GROUP ORGANIZATION CHART (As of Sept. 1, 2012)



MS&AD NEW FRONTIER 2013

(MS&AD Insurance Group Medium-Term Management Plan Fiscal 2010–Fiscal 2013)

FOUR BASIC STRATEGIES

Win customers' trust and realize growth through quality improvement.

- Make every operation customer focused and deliver products and services of the highest quality to all customers.
- Establish a virtuous cycle and realize sustainable growth by injecting profits obtained from growth back into quality improvement.

Integrate the total capabilities of the Group and pursue group synergies to enhance profitability even further.

- Aim to enhance efficiency and increase group profitability by pursuing synergies within the Group.
- Revise all of the Group's operations from the perspective of maximizing overall Group performance, integrating operational processes and computer systems, developing shared services and capitalizing on economies of scale.

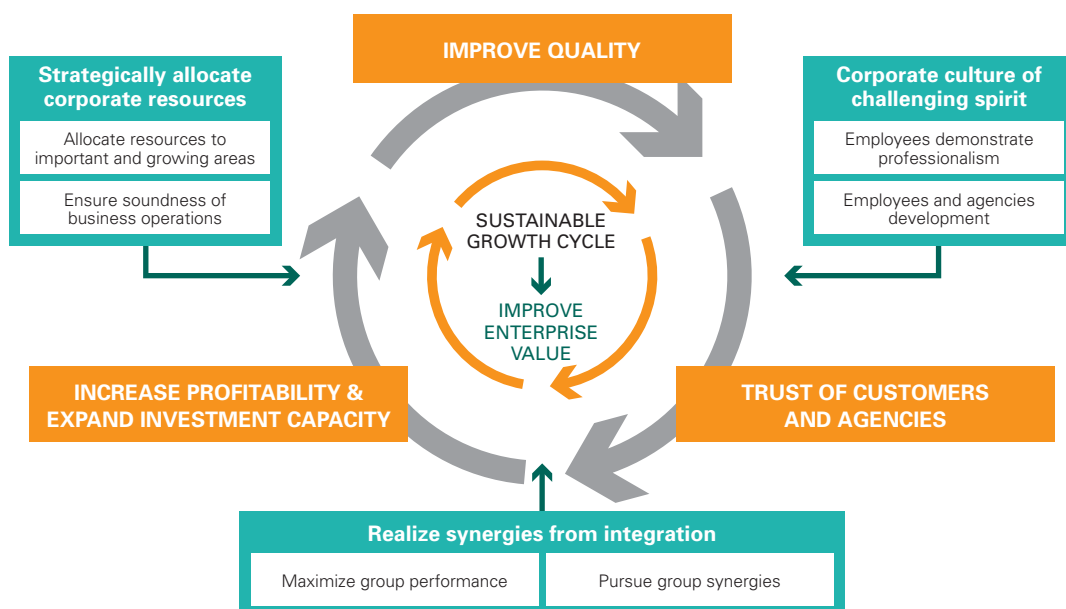
Allocate resources strategically to selected and focused areas, and ensure sound business operations.

- Allocate expanded corporate resources into important and growing areas, aiming to make efficient use of resources and to accelerate growth of the Group.
- Ensure sound operations throughout the entire Group, by conducting sound business operations in each group company as required for an insurance and financial institution and by establishing a Group-wide corporate governance structure centered on the holding company.

Foster a corporate culture of professional endeavor and grow with employees and agencies.

- Foster a corporate culture of taking up challenges as a professional on an individual employee level.
- Create a group where employees feel pride and satisfaction in their work, and that fosters mutual growth of employees and agencies with the Group.

TO IMPROVE ENTERPRISE VALUE



BUSINESS DOMAIN AND INDIVIDUAL STRATEGIES

The entire MS&AD Insurance Group will work together and pursue Group synergies to provide high-quality products and services that meet the individual needs of customers.

Domestic Non-life Insurance Business <ul style="list-style-type: none"> ■ Mitsui Sumitomo Insurance Co., Ltd. ■ Aioi Nissay Dowa Insurance Co., Ltd. ■ Mitsui Direct General Insurance Co., Ltd. 	<p>By combining the respective know-how and infrastructures of MSI and ADI, we aim to improve the quality of our business processes and develop attractive products and services to meet the needs of our diverse customer base. We will reduce our operating expenses as far as possible and improve the efficiency of our operations by integration of business processes and systems, as well as sales and claims handling offices.</p> <p>Meanwhile, at Mitsui Direct, we will ensure profitability while expanding business in the high-growth direct sales market.</p>
Domestic Life Insurance Business <ul style="list-style-type: none"> ■ Mitsui Sumitomo Aioi Life Insurance Co., Ltd. ■ Mitsui Sumitomo Primary Life Insurance Co., Ltd. 	<p>At MSI Aioi Life, we leverage our expanded sales base to accelerate growth by providing customers with attractive products and services mainly through cross-selling as well as through other sales channels such as financial institutions and life insurance agencies, and through direct sales channels.</p> <p>MSI Primary Life is offering products tailored to customers' needs and strengthening its sales capabilities in the individual annuities sector, as it establishes itself as a leading company in the field.</p>
Overseas Business	<p>In Asia, we utilize our class-leading business base and competitive edge to develop our business. In Europe, we are focusing on geographic expansion and developing a fully fledged service structure in pursuit of greater profits. In the Americas, we will focus on securing a solid profit base.</p> <p>Finally, we will expand our overseas reinsurance business.</p>
Financial Services Business	<p>We will enhance our capabilities in product development and marketing to expand our asset management business and aggressively promote our 401k business and business related to personal finance. We will also expand our various financial solution services such as the ART, financial guarantees and venture capital businesses.</p>
Risk-Related Services Business	<p>We offer a range of risk solution services outside of insurance, serving customers through our risk management, nursing care, asset appraisal and assistance businesses.</p> <p>We will also examine trends in environmental changes to discover new businesses.</p>

NUMERICAL MANAGEMENT TARGETS

We have revised some of our numerical management targets for fiscal 2013 in response to the effects of natural disasters that occurred in fiscal 2011 and changes in the external operating environment.

Targets

	Fiscal 2013 Targets
Net premiums written (non-life)	¥2,700 billion
Annualized premium in force (life)* ¹	¥330 billion
Group ROE* ²	7%

*1 MSI Aioi Life data (excluding group insurance policies). Does not include MSI Primary Life.

*2 Group ROE = Group Core Profit ÷ Consolidated shareholders' equity (excluding minority interest; average of starting and ending amounts of B/S)

	Fiscal 2013 Targets	
	(Pre-revision figures are in brackets)	
Group Core Profit* ³	¥110 billion	(¥150 billion)
Domestic non-life insurance	¥60 billion	(¥100 billion)
Domestic life insurance	¥15 billion	(¥15 billion)
Overseas	¥30 billion	(¥30 billion)
Financial services/ Risk-related services business	¥5 billion	(¥5 billion)

*3 Group Core Profit = Consolidated net income – Net capital gains/losses on stock portfolio (gains/losses from sale, etc.) – Net evaluation gains/losses on credit derivatives – Other incidental factors + Equity in earnings of the non-consolidated Group companies

TO OUR SHAREHOLDERS AND INVESTORS



The world was beset by numerous natural disasters during fiscal 2011. Once again, I would like to offer my deepest sympathy for all those who were affected by these disasters.

In the wake of the Great East Japan Earthquake, which wrought unprecedented damage on March 11, 2011, the entire Group worked together to pay insurance claims swiftly, and to bring relief to customers as quickly as possible. Again, in the floods that ravaged almost all of Thailand at the end of 2011, we mobilized employees from Japan and other countries around the world to help local staff in Thailand to settle claims quickly. I believe that through these experiences the Group has reaffirmed its social responsibility and role as an insurance company during the year. We will continue to uphold our social responsibilities as an insurance and financial services group, based on our corporate philosophy: "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."

During fiscal 2011, the Japanese economy showed some signs of recovery, as manufacturing activity gradually increased after dropping in the wake of the Great East Japan Earthquake. Overall, however, the recovery was muted due to the yen's appreciation and sovereign debt crisis in Europe.

Under these conditions, the MS&AD Group continued to promote the medium-term management plan, MS&AD New Frontier 2013, that started in fiscal 2010, in an effort to expand its businesses and increase profitability.

As a result consolidated net premiums written for fiscal 2011 totaled ¥2,555.5 billion, an increase of ¥11.7 billion year on year. However, the Group recorded a net loss for the year, mainly because of insurance payments relating to the flooding in Thailand, along with devaluation of securities and a reversal of deferred tax assets due to a reduction in the corporate income tax rate.

In light of the effects of the natural disaster and other external environmental changes, we revised some of our medium-term plan targets. We lowered our target for fiscal 2013 Group Core Profit from ¥150.0 billion to ¥110.0 billion. We left our other targets for fiscal 2013 unchanged however. These are consolidated net premiums written of ¥2,700.0 billion, annualized premium in force for life insurance of ¥330.0 billion and Group ROE of 7.0%. We will focus the efforts of the entire Group on achieving these goals.

The management environment has remained harsh, with the sovereign debt issue in Europe and the yen's protracted appreciation. The MS&AD Insurance Group will nevertheless continue to pursue sustainable growth and higher enterprise value by building upon the business base we have established through our current medium-term management plan. In doing so, we aim to create a world-class insurance and financial services group.

I hope you will continue to support our efforts even further.

September 2012

TOSHIAKI EGASHIRA
Representative Director, President & CEO



MESSAGE FROM THE PRESIDENT



QUESTION 01

The Company's results for fiscal 2011 reflected some harsh realities. What are the prospects for a recovery in performance in fiscal 2012?

We are projecting consolidated net premiums written of ¥2,630.0 billion for fiscal 2012, a year-on-year increase of ¥71.1 billion. The main factors behind this forecast increase are a ¥56.7 billion rise in net premiums written in the domestic non-life insurance business, and a ¥13.4

billion rise in net premiums written in the overseas business. Net income for fiscal 2012 is projected to recover to around ¥80.0 billion in the absence of the effects of the flooding in Thailand and the reduction in the corporate income tax rate in fiscal 2011.

PROJECTED FINANCIAL RESULTS FOR FY2012

Net premiums written are projected to increase 2.8%.

Net income is projected to increase significantly in the absence of the effects of the Thailand floods and the reduction in corporate tax rates.

Key Financial Data

(¥ billion)

	FY2011	FY2012 (Forecast)		
			Change	Growth
Net premiums written	2,558.8	2,630.0	71.1	2.8%
Ordinary Profit (Loss)	-96.2	125.0	221.2	-
Net Income (Loss)	-169.4	80.0	249.4	-

Breakdown of Net Premiums Written

(¥ billion)

	FY2011	FY2012 (Forecast)		
			Change	Growth
MSI (Non-consolidated)	1,269.2	1,290.0	20.7	1.6%
ADI (Non-consolidated)	1,074.6	1,110.0	35.3	3.3%
Mitsui Direct General	34.3	35.0	0.7	2.0%
Overseas subsidiaries	180.7	194.2	13.4	7.4%
Others	0.0	0.8	0.7	-

* Prior to consolidation adjustments.

Breakdown of Net Income (Loss)

(¥ billion)

	FY2011	FY2012 (Forecast)	
		Change	Growth
MSI (Non-consolidated)	-130.6	47.0	177.6
ADI (Non-consolidated)	-43.5	29.0	72.5
Mitsui Direct General	0.3	0.3	-0.0
MSI Aioi Life	-11.3	1.0	12.3
MSI Primary Life	5.9	5.9	-0.0
Overseas subsidiaries	-6.7	20.4	27.1
Others	-0.0	0.2	0.2
Consolidation adjustment, etc.	16.5	-23.8	-40.3

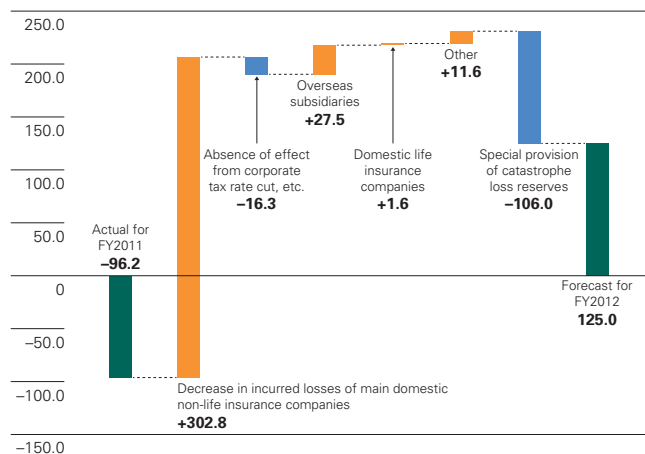
* Net income of subsidiaries is on an equity stake basis.

Source: Presentation materials for Information Meeting held on June 1, 2012

PROJECTED FINANCIAL RESULTS FOR FY2012: COMPARISON WITH RESULTS FOR FY2011

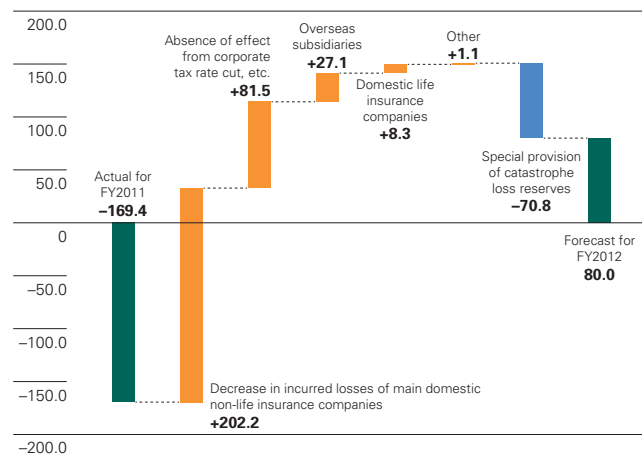
Projected Ordinary Profit for FY2012

(¥ billion)



Projected Net Income for FY2012

(¥ billion)



*1 Incurred losses of main domestic non-life insurance companies: excluding residential earthquake insurance and compulsory automobile liability insurance

*2 Overseas subsidiaries: including overseas life insurance subsidiaries

*3 Domestic life insurance: excluding impact of the corporate tax rate cut, etc.

Source: Presentation materials for Information Meeting held on June 1, 2012

QUESTION 02

Please review progress on the medium-term management plan, MS&AD New Frontier 2013, which started in 2010.

Looking back on "Stage 1," which was the first half of the plan covering a two-year period, we have had strong top-line growth in our domestic non-life insurance operations and steady growth in life insurance operations in Japan. Furthermore, we have made steady progress in harnessing synergies from our integration. Our strategic business investments in growth fields are also taking shape one after another. Moreover, we are making headway in constructing a "New Integrated System" for our domestic non-life operations, which is scheduled to operate in fiscal 2013. This will be the lynchpin in our strategy to capture Group synergies.

We have seen a very tough management environment over these past two years, marked by a multitude of natural

disasters and violent fluctuations in the asset management environment. Overall, it has been a period for MS&AD to establish a solid business foundation for the entire Group upon which to expand our earnings.

Meanwhile, we have revised our medium-term management plan target for fiscal 2013 Group Core Profit downward from ¥150.0 billion to ¥110.0 billion. The main reason for the revision was a need to lower our Group Core Profit target for the domestic non-life insurance business in light of reinsurance arrangements and other measures following the recent spate of natural disasters, changes in the asset management environment, and loss ratios at a higher-than-assumed level in the domestic voluntary automobile insurance business.

MEDIUM-TERM MANAGEMENT PLAN: REVISION OF NUMERICAL TARGETS

MS&AD Insurance Group has revised the Numerical targets for FY2013, factoring in the effect of natural disasters and changes in the external environment.

	Stage 1		Stage 2		Reference
	FY2010 result	FY2011 result	FY2012 forecast	Revised FY2013 target (target before revision)	
Net premiums written (non-life)	2,541.4	2,558.8	2,630.0	2,700.0 (2,700.0)	FY2015 projection*3
Annualized premium in force (life)*1	279.0	296.0	320.0	330.0 (330.0)	
Group Core Profit*2	14.5	-87.5	80.0	110.0 (150.0)	Approx. 160.0
Domestic non-life insurance business	6.5	19.7	56.0	60.0 (100.0)	
Domestic life insurance business	4.1	4.3	6.0	15.0 (15.0)	
Overseas business	1.8	-112.3	16.0	30.0 (30.0)	
Financial services business/ Risk-related services business	1.9	0.7	2.0	5.0 (5.0)	
Group ROE*2	0.8%	-5.6%	5.3%	7.0% (7.0%)	Approx. 9%

*1 Figures are the annualized premiums in force of MSI Aioi Life (excluding group insurance); figures do not include MSI Primary Life. Figures for FY2010 are the simple sum of annualized premiums in force of MSI Kirameki Life and Aioi Life.

*2 For the definition of "Group Core Profit" and "Group ROE," please refer to Page 7.

*3 Projections are based on the business strategy of the medium-term management plan presently running. Targets for FY2014 and thereafter will be set in the next medium-term management plan.

Main factors for revision (figures are before tax)

- In association with the series of natural disasters that occurred -¥33 bn
- Changes in the asset management environment -¥30 bn
- The loss ratio of voluntary auto insurance at a higher-than-assumed level -¥10 bn

Changes in assumptions (end of FY2013)

• Exchange rate (USD)	¥105	▶	¥80
• Stock price (Nikkei 225)	¥12,000		¥11,000
• Interest rate (10-year JGB)	1.90%		1.40%

Source: Presentation materials for Information Meeting held on June 1, 2012

QUESTION 03**What measures have you taken to improve profitability in the domestic non-life insurance business?**

We aim to have the domestic non-life insurance business produce an underwriting profit as quickly as possible, and to expand that profit. To this end, we have set a combined ratio target for the end of fiscal 2013 of 98%. We are also working to reform the profit structures at MSI and ADI and have set up internal, cross-divisional committees at both companies to oversee this process.

A particularly urgent task is to improve the profitability of the voluntary automobile insurance business, which accounts for roughly half of the net premiums written in the

non-life insurance business. We have seen some signs of improvement in profitability recently with an upward revision in premium rates; however, we have not seen a downward trend in traffic accidents. In response, MSI and ADI continue to apply strict underwriting conditions and to provide accident prevention support services to policyholders in a bid to improve profitability more quickly. They are working to achieve an earned-incurred loss ratio of 60%, excluding loss adjustment expenses, by the end of fiscal 2013.



QUESTION 04

Please explain the direction of the domestic life insurance business and the overseas business, which the MS&AD Group has positioned as growth fields.

In October 2011, the MS&AD Insurance Group companies MSI Kirameki Life and Aioi Life merged to form a new company, MSI Aioi Life. We have streamlined head office divisions, integrated products, shared expertise, and strengthened the sales system. In doing so, we aim to acquire new policies through the various sales channels of the Group's non-life insurance network, and to improve persistency rates. Moreover, through sound and stable asset management, we project that we can increase its embedded value from ¥511.9 billion at the end of fiscal 2011 to ¥590.0 billion at the end of fiscal 2013, and achieve net income of around ¥7.0 billion.

In April 2011, we made Japan's leading individual annuity company, MSI Primary Life (formerly MSI MetLife), into a wholly owned subsidiary. By providing a stable balance of variable and fixed annuities, we project that the company's net income will increase from ¥5.9 billion in fiscal 2011 to ¥9.0 billion in fiscal 2013.

In the overseas business, after entering the markets of Asia at an early stage, the Group has built a solid business foundation as a leading foreign non-life insurance company in terms of scale and profitability through regionally focused activities. Since fiscal 2010, we have focused particularly on

capturing the growth potential of the Asian life insurance market. To this end, we have entered the major Asian markets through a series of strategic capital investments with local companies in China, Malaysia, Indonesia, and in June 2012, India. Although the non-life insurance business in Asia was affected by the damage caused by the Thailand floods, net premium growth rates remained high throughout the region. Overall, we are projecting strong growth in both life insurance and non-life insurance operations in our overseas business in Asia. We will take steps to secure solid earnings in other regions too.

On the other hand, we have recognized some issues as well. Until now, we have always made risk management for natural disasters such as earthquakes, typhoons and floods a priority task. However, with the recent floods in Thailand we decided to revisit the process of identifying challenges in our overseas natural disaster risk management and strengthening it. We introduced new, corrected risk management measures that added the risk of flooding and tsunami to the risk amount for natural disasters from the previous model. We also measured and calculated the aggregate damage amount in a worst-case scenario, and we are now conducting flood risk surveys focused on Asia.

QUESTION 05

Finally, would you please touch on the Company's policies on capital management and returns to shareholders?

Our capital policy and policy on returns to shareholders have not changed.

Our basic capital policy is to return profits to our shareholders on the basis of Group Core Profit. At the same time, we will invest capital in high-growth areas to deliver a virtuous growth cycle. Through expansion of Group Core Profit and proper capital management, we aim to achieve Group ROE of 7.0% in fiscal 2013.

In returning profits to shareholders, our policy is to return around 50% of Group Core Profit through dividend payments and share buybacks. We aim to maintain stable dividends and steadily increase them as we strengthen our earnings. As for the share buybacks, we will undertake them opportunistically and continuously, taking capital position and profits into account.

We will continue to increase shareholder value by growing Company earnings and properly managing the Group's capital.

INITIATIVES FOR THE GREAT EAST JAPAN EARTHQUAKE

The Great East Japan Earthquake of March 11, 2011 wrought unprecedented damage on the northeast and eastern regions of Japan. The MS&AD Group's corporate mission is to provide safety and security through the insurance and financial services businesses. As such, we made a concerted effort to support customers who had suffered in the disaster by reassuring them, and placing top priority on paying out insurance claims as quickly as possible.

A Concerted Effort to Respond to Customers

MSI and ADI received around 200,000 claims on earthquake insurance policies in total—an unprecedented figure. Both companies took full measures to set up a system for receiving claims and making insurance payments by establishing contact desks immediately after the earthquake and boosting numbers of customer service staff significantly. As part of this concerted effort to support customers who had been affected, we also worked to make insurance payments for earthquake insurance and other claims as quickly as possible, considering it our mission as an insurance company. As a result of these efforts, we had completed investigating 99% of the related claims by the end of June 2012, and almost all claims have now been processed for customers affected by the earthquake.

We will continue our work to confirm whether customers incurred damage because of the earthquake, and strive to ensure that all customers who have been affected receive their earthquake insurance payments.

MS&AD INSURANCE GROUP CLAIMS PAYMENTS FOR THE GREAT EAST JAPAN EARTHQUAKE

(As of March 31, 2012)

Non-life Insurance (Earthquake Insurance)	
Claims received* ¹	211,846
Claims assessed* ²	210,579
Claims paid	187,186
Claims payments	325,953,606 thousand yen

*¹ Claims received includes requests for claim assessment as well as inquiries about compensation under earthquake insurance and about customers' policies.
 *² Claims assessed includes claims that have been assessed and paid as well as claims not eligible for an insurance payout and cases that have been resolved at the customer inquiry stage.

Life insurance	
Claims paid*	207
Claims payments*	1,447,153 thousand yen

* Includes death protection insurance as well as hospitalization benefits, etc.

Recovery Support Activities

■ Volunteer Activities

As part of its support for areas affected by the earthquake, the MS&AD Insurance Group conducted nine volunteer activities between July 30 and September 28, 2011. In total, 104 Group employees participated in the activities, which were run in collaboration with local NPOs. The main focus of the activities was on removing debris from damaged rice paddies and cleaning them up to restore them as a habitat for diverse living creatures to flourish in.

In June 2012, the Group conducted a rice-planting volunteer activity to assist in rice cultivation in the paddies of the Iriya district of Minamisanriku, Miyagi Prefecture, which were restored in the previous year. Sixty-nine MS&AD Insurance Group employees and family members participated. The goal of the activity is not only to restore the rice paddies, but to plant and cultivate rice throughout the year to help provide long-term, stable support for the disaster-hit region. Going forward, the MS&AD Insurance Group will continue to make a concerted effort to support the restoration of these areas.



Great East Japan Earthquake Response Office (MSI)



Rice-planting volunteer activity

BUSINESS TOPICS

Start of Mitsui Sumitomo Aioi Life Insurance Co., Ltd.

On October 1, 2011 MS&AD Insurance Group companies MSI Kirameki Life and Aioi Life merged to form a new company, Mitsui Sumitomo Aioi Life Insurance Co., Ltd. The new company will help to increase the Group's value going forward by taking the main responsibility for the Group's life insurance operations in Japan.



Launch of MS&AD Systems Co., Ltd.

On October 1, 2011, Mitsui Sumitomo Insurance Systems Co., Ltd, Aioi Insurance Systems Co., Ltd. and NDI Computer Service Co., Ltd. merged to form MS&AD Systems Co., Ltd. The merging and reorganizing of the affiliated operating companies is intended to enhance Group profitability, increase the quality of administrative operations, accelerate sharing of back office processes with common functions and reduce costs.



MS&AD Systems' head office in Takaido

Investment in a Major Indian Life Insurance Company

In April 2012, MSI agreed to acquire 26% of the outstanding shares of Max New York Life, a life insurance company of major Indian conglomerate, the Max India group. After receiving permission from the insurance supervisory authorities in India and other procedures, the investment was executed in June 2012. Following the investment, the invested company adopted a new name: Max Life Insurance. MSI will participate actively in management of the new investee, dispatching directors and employees and providing a range of expertise in the life insurance business.

Through this investment, MSI aims to address various life insurance and annuity needs of multinational corporations entering India.



Integrating Contact Center Systems

MSI and ADI integrated their contact center system infrastructure in January and started sharing it. The planned integration of the core system in fiscal 2013 is expected to offer synergy benefits for the Group, while contributing to improved customer responses and BCP countermeasures in a time of disaster.

MS&AD Awarded as General Insurance Company of the Year

MS&AD Holdings was awarded the General Insurance Company of the Year at the 15th Asia Insurance Industry Awards, announced in October 2011. MS&AD was recognized as being the most outstanding general insurance company in the Asian insurance market during fiscal 2010. The Company was awarded in recognition of the launch of the MS&AD Insurance Group, its unchallenged position in the Asian region through the strategic tie-up with Hong Leong Group of Malaysia, and its status as the only foreign general insurance company to have a presence in every country in Southeast Asia following the start of business operations in Laos. The MS&AD Insurance Group will continue striving to become a world-leading insurance and financial services group, accelerating the growth of its overseas business and increasing its presence in overseas markets.



Response to the Flooding in Thailand

The monsoon season in Thailand in July 2011 brought flooding that persisted for over three months. Seven major industrial areas were inundated, affecting over 800 companies.

MSI and ADI established dedicated response organizations both in the headquarters and in the local offices, dispatching in total, over 450 employees from around the world to Thailand. The team worked in cooperation with local employees, loss adjusters and appraisers. Each worked expertly in their respective field to quickly ascertain the damage from the floods and arrange payment of claims.

DOMESTIC NON-LIFE INSURANCE BUSINESS MITSUI SUMITOMO INSURANCE COMPANY, LTD. (NON-CONSOLIDATED) FINANCIAL HIGHLIGHTS

MSI provides high-quality products in Japan through an extensive network of 510 sales offices and approximately 40,000 sales agents. In the event of an accident, the company has 231 service centers standing ready to offer customers swift, detailed claims support to ensure their peace of mind and security. MSI also has an overseas network of 878 bases in 40 countries and regions around the world. The company aims to expand its overseas business by offering solutions for a range of risks based on its many years of experience in international operations focused on Asia.

(Number of bases is as of July 1, 2012) (Please see p.24–25 for details about the overseas business.)

Net premiums written	¥1,269.2 billion	Credit Ratings		
Total assets	¥5,646.8 billion		S&P	A+
	(As of March 31, 2012)		Moody's	A1
			AM Best	A+
			JCR	AA+
			R&I	AA-
				(As of Sept. 1, 2012)

FINANCIAL DATA / HIGHLIGHTS (MSI NON-CONSOLIDATED)*1 (AS OF MARCH 31, 2012)

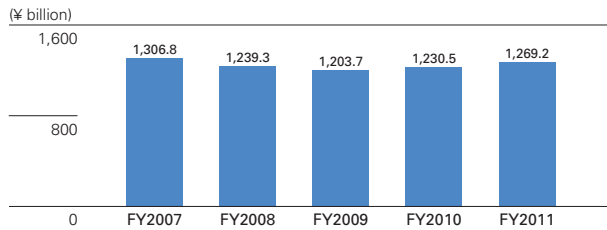
Item	Yen in millions					Dollars in millions
	FY2007	FY2008	FY2009	FY2010	FY2011	FY2011
Net premiums written	1,306,848	1,239,393	1,203,743	1,230,559	1,269,290	15,479
Underwriting profit (loss)	(19,641)	32,477	(15,945)	(50,399)	(170,026)	(2,073)
Ordinary profit (loss)	55,018	25,532	35,786	31,770	(130,177)	(1,588)
Net income (loss)	38,365	46,580	25,458	22,881	(130,607)	(1,593)
Net loss ratio*2	65.2%	69.5%	70.3%	68.4%	84.8%	—
Net expense ratio	31.8%	34.0%	34.5%	33.9%	33.3%	—
Interest and dividends income	154,500	137,877	117,477	111,826	102,343	1,248
Total assets	6,968,568	5,977,347	5,971,982	5,799,005	5,646,816	68,864
Net assets	1,609,065	941,431	1,205,315	1,045,003	932,680	11,374
Balance of underwriting reserve	4,066,058	3,949,481	3,845,876	3,732,417	3,455,090	42,135
Solvency margin ratio (non-consolidated)*3	948.6%	692.8%	839.4%	768.8%	—	—
	—	—	—	(534.7%)	486.8%	—

*1 Figures for net premiums written, net loss ratio, and net expense ratio are presented excluding "Good Result Return (GRR)" premiums for MSI's auto insurance product "Modo-Rich," which contains a special clause for premium adjustment and refund at maturity.

*2 Net loss ratio is calculated on a "written-to-paid" basis (including loss adjustment expenses).

*3 The ordinance governing calculation of the non-consolidated solvency margin ratio was revised from fiscal 2011 to make risk recognition more stringent. The fiscal 2010 non-consolidated solvency margin ratio recalculated under the revised ordinance is 534.7%. Please see page 53–54 for details.

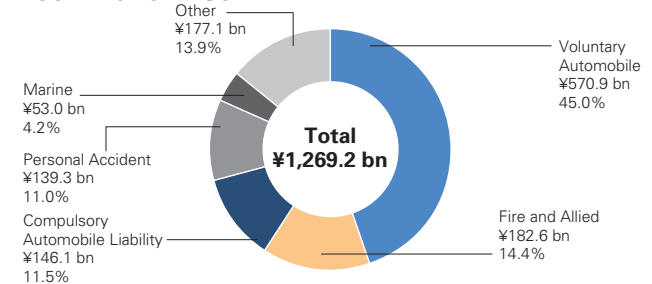
NET PREMIUMS WRITTEN



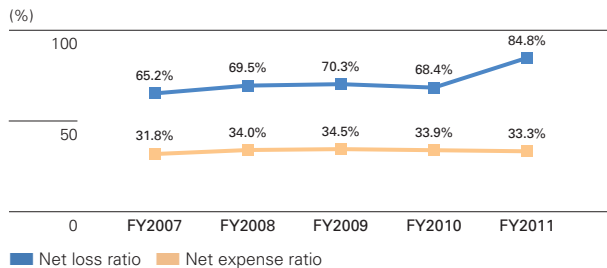
[NET PREMIUMS WRITTEN]

Net premiums written for fiscal 2011 was ¥1,269.2 billion, up 3.1% year on year. The higher result was due mainly to increases in voluntary automobile insurance and compulsory automobile liability insurance.

COMPOSITION OF FISCAL 2011 NET PREMIUMS WRITTEN BY INSURANCE CATEGORY



NET LOSS RATIO / NET EXPENSE RATIO



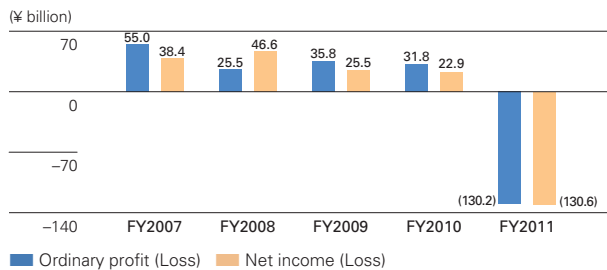
[NET LOSS RATIO]

The net loss ratio for fiscal 2011 was 84.8%, up 16.4 percentage points from 68.4% in the previous fiscal year. The main factor behind the change was a sharp increase in net claims paid in fire insurance, mainly due to payment of claims relating to the Great East Japan Earthquake and flooding in Thailand.

[NET EXPENSE RATIO]

The net expense ratio for fiscal 2011 was 33.3%, an improvement of 0.6 of a percentage point from 33.9% in the previous fiscal year. This was mainly due to the increase in net premiums written coupled with a decline in selling and general administrative expenses relating to underwriting.

ORDINARY PROFIT (LOSS) AND NET INCOME (LOSS)



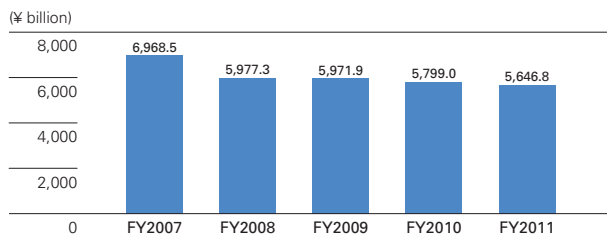
[ORDINARY PROFIT (LOSS)]

The ordinary loss was ¥130.1 billion, a change of ¥161.9 billion from an ordinary profit in the previous fiscal year. The main factor was an increase in underwriting losses, mainly due to the flooding in Thailand, which outweighed an increase in underwriting income.

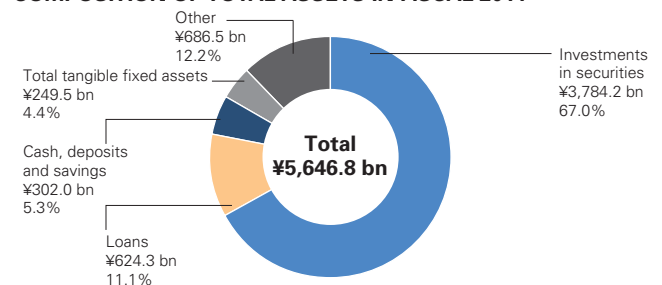
[NET INCOME (LOSS)]

After adding extraordinary income and losses and income taxes to the ordinary loss, the company recorded a net loss of ¥130.6 billion, a change of ¥153.4 billion from net income in the previous fiscal year.

TOTAL ASSETS



COMPOSITION OF TOTAL ASSETS IN FISCAL 2011



DOMESTIC NON-LIFE INSURANCE BUSINESS AIOI NISSAY DOWA INSURANCE COMPANY, LTD. (NON-CONSOLIDATED) FINANCIAL HIGHLIGHTS

ADI was created through the merger of Aioi and NDI in October 2010. ADI is growing on a foundation of personal trust with its customers, built upon the provision of high-quality products and services. ADI provides detailed services to customers through its sales network and non-life insurance service network of 489 sales offices, approximately 49,000 sales agencies, and 229 service centers throughout Japan. It also has overseas subsidiaries, affiliates and branches in 37 major cities around the world. The company uses this network to provide reliable services and insurance products for a range of risks for customers in each country and companies advancing overseas. (Number of bases is as of July 1, 2012)
(Please see p.24–25 for details about the overseas business.)

Net premiums written	¥1,074.6 billion
Total assets	¥3,141.1 billion
	(As of March 31, 2012)

Credit Ratings	
S&P	A+
Moody's	A1
AM Best	A
JCR	AA+
R&I	AA-
	(As of Sept. 1, 2012)

FINANCIAL DATA AND HIGHLIGHTS (AIOI NISSAY DOWA INSURANCE; NON-CONSOLIDATED)*1 (AS OF MARCH 31, 2012)

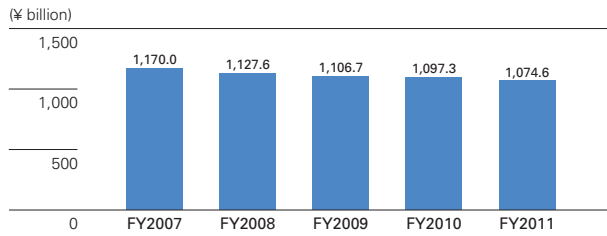
Item	Yen in millions					Dollars in millions
	FY2007	FY2008	FY2009	FY2010	FY2011	FY2011
Net premiums written	1,170,098	1,127,612	1,106,717	1,097,341	1,074,631	13,105
Underwriting profit (loss)	(2,897)	9,810	(14,372)	(33,369)	(20,008)	(244)
Ordinary profit (loss)	16,917	(37,201)	47,439	16,079	9,223	112
Net income (loss)	13,622	(16,288)	21,226	(11,417)	(43,549)	(531)
Net loss ratio*2	63.4%	65.6%	67.7%	68.2%	79.7%	—
Net expense ratio	33.3%	34.6%	35.0%	35.6%	35.2%	—
Interest and dividends income	110,441	66,879	69,873	67,400	58,455	713
Total assets	3,852,707	3,519,933	3,529,556	3,364,309	3,141,142	38,307
Net assets	714,414	476,091	577,691	476,674	410,077	5,001
Balance of underwriting reserve	2,467,409	2,423,986	2,347,827	2,238,870	2,039,620	24,873
Solvency margin ratio (non-consolidated)*3	—	—	—	681.6%	442.6%	—
	—	—	—	(508.7%)	—	—
• Formerly Aioi	862.6%	720.8%	755.9%	—	—	—
• Formerly NDI	1,052.1%	855.1%	901.5%	—	—	—

*1 Up to and including fiscal 2009, the data are a simple sum of the results for Aioi and NDI. Fiscal 2010 data are a simple sum of both companies' results for the April–September period, and the results of ADI for October to March.

*2 Net loss ratio is calculated on a "written-to-paid" basis (including loss adjustment expenses).

*3 The ordinance governing calculation of the non-consolidated solvency margin ratio was revised from fiscal 2011 to make risk recognition more stringent. The fiscal 2010 non-consolidated solvency margin ratio recalculated under the revised ordinance is 508.7%. Please see page 54 for details.

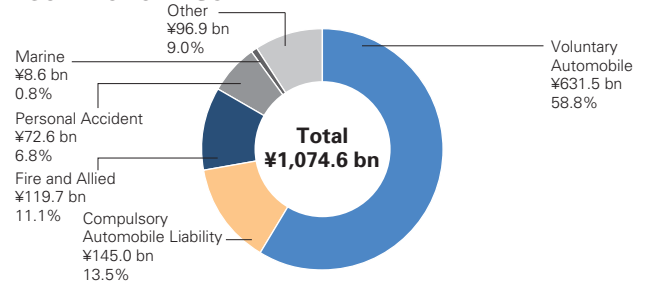
NET PREMIUMS WRITTEN



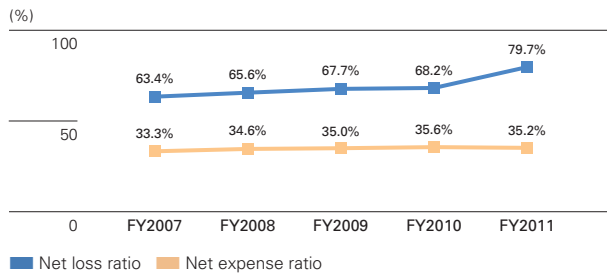
[NET PREMIUMS WRITTEN]

Net premiums written declined 2.1% year on year to ¥1,074.6 billion, mainly due to decreases in fire insurance and voluntary automobile insurance.

COMPOSITION OF FISCAL 2011 NET PREMIUMS WRITTEN BY INSURANCE CATEGORY



NET LOSS RATIO / NET EXPENSE RATIO



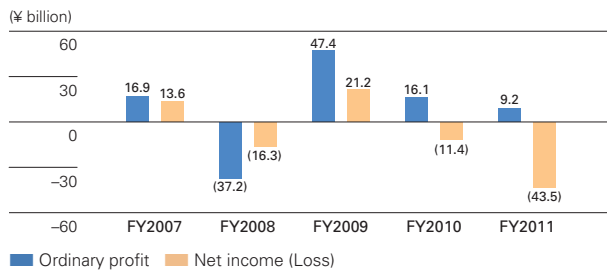
[NET LOSS RATIO]

The net loss ratio increased 11.54 percentage points year on year to 79.74%, mainly because of payouts on claims relating to the Great East Japan Earthquake.

[NET EXPENSE RATIO]

The net expense ratio was down 0.48 of a percentage point year on year to 35.15%.

ORDINARY PROFIT (LOSS) AND NET INCOME (LOSS)



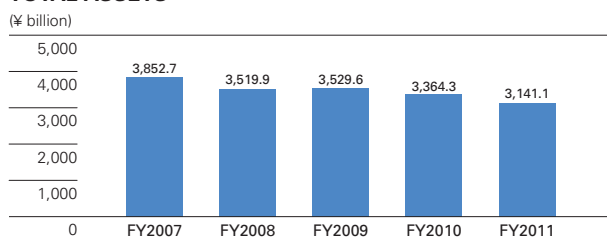
[ORDINARY PROFIT]

Ordinary profit was ¥9.2 billion, down ¥6.8 billion year on year. The decline came as an increase in underwriting profit was offset by a decline in net investment income.

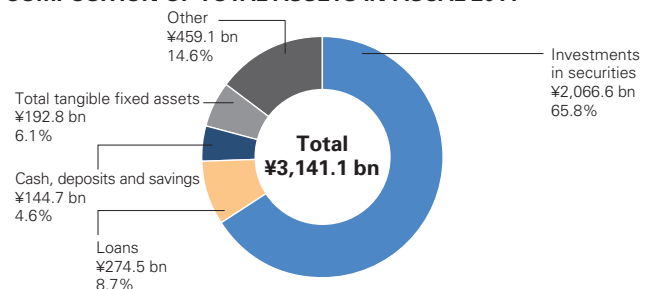
[NET INCOME (LOSS)]

After adding extraordinary income, extraordinary losses, income taxes and deferred taxes to ordinary profit, the company recorded a net loss of ¥43.5 billion, partly because of a reversal of deferred tax assets due to a revision of the corporate taxation rate that came into effect from fiscal 2012.

TOTAL ASSETS



COMPOSITION OF TOTAL ASSETS IN FISCAL 2011

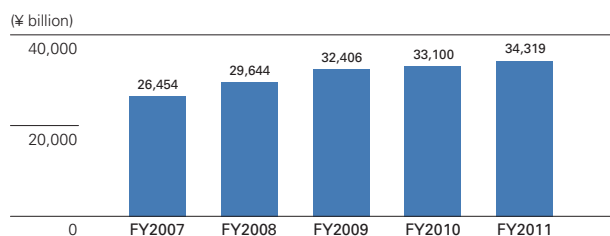


DOMESTIC NON-LIFE INSURANCE BUSINESS MITSUI DIRECT GENERAL INSURANCE COMPANY, LTD. (NON-CONSOLIDATED) FINANCIAL HIGHLIGHTS

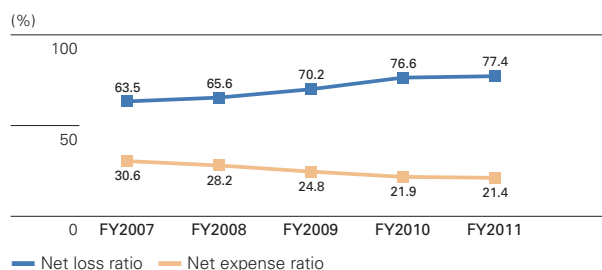
Mitsui Direct General is a specialist direct-sales non-life insurance company that provides automobile insurance, health insurance and other types of products to individuals through the Internet or by telephone. The company's unique business model seeks to provide high-quality, professional services in response to accidents for premiums that are rational and reasonable. Mitsui Direct General is also active in promoting an accident-free society and better driving practices.

Net premiums written **¥34.3 billion**
Total assets **¥45.1 billion**
(As of March 31, 2012)

NET PREMIUMS WRITTEN



NET LOSS RATIO / NET EXPENSE RATIO



FINANCIAL DATA / HIGHLIGHTS (MSI NON-CONSOLIDATED)

Item	Yen in millions					Dollars in millions
	FY2007	FY2008	FY2009	FY2010	FY2011	FY2011
Net Premiums Written	26,454	29,644	32,406	33,100	34,319	419
Underwriting profit (Loss)	(2,751)	(2,471)	(1,177)	117	243	3
Ordinary Profit (Loss)	(2,617)	(2,321)	(992)	358	463	6
Net Income (Loss)	(2,663)	(2,342)	(1,018)	334	505	6
Net loss ratio* ¹	63.5%	65.6%	70.2%	76.6%	77.4%	—
Net expense ratio	30.6%	28.2%	24.8%	21.9%	21.4%	—
Interest and dividends income	181	190	209	218	200	2
Total assets	34,780	36,829	43,494	44,203	45,150	551
Net assets	7,832	5,493	9,638	9,975	10,615	129
Balance of underwriting reserve	16,919	18,255	19,102	19,104	19,346	236
Solvency margin ratio (non-consolidated)* ²	776.8%	467.0%	669.8%	640.0%	—	—
	—	—	—	(419.4%)	424.4%	—

*¹ Net loss ratio is calculated on a "written-to-paid" basis (including loss adjustment expenses).

*² The ordinance governing calculation of the non-consolidated solvency margin ratio was revised from fiscal 2011 to make risk recognition more stringent. The fiscal 2010 non-consolidated solvency margin ratio recalculated under the revised ordinance is 419.4%. Please see page 54 for details.

DOMESTIC LIFE INSURANCE BUSINESS MITSUI SUMITOMO AIOI LIFE INSURANCE COMPANY, LTD. (NON-CONSOLIDATED) FINANCIAL HIGHLIGHTS

MSI Aioi Life was formed in October 2011 through the merger of MSI Kirameki Life and Aioi Life. The company has developed an extensive and strong sales base, mainly comprising cross sales leveraging the Group's non-life insurance channels, but also employing additional growth channels such as banks, life insurance agencies, and a direct sales force. By selling attractive products and services to customers, MSI Aioi Life has increased its amount of policies in force and its embedded value continues to increase steadily.

Amount of Policies in Force **¥18,062.4 billion**
Total assets **¥2,136.6 billion**
(As of March 31, 2012)

Credit Ratings

S&P **A+**
R&I **AA-**
(As of Sept. 1, 2012)

* MSI Aioi Life was formed from the merger of MSI Kirameki Life and Aioi Life on October 1, 2011. Its results for fiscal 2011 include the first-half results for Aioi Life, and its results for fiscal 2010 are a simple sum of both MSI Kirameki Life and Aioi Life's full-year results.

FINANCIAL DATA / HIGHLIGHTS (MSI AIOI LIFE NON-CONSOLIDATED)

Item	Yen in millions					Dollars in millions
	FY2007	FY2008	FY2009	FY2010	FY2011	FY2011
Number of policies in force* ¹	1,458,000	1,593,000	1,773,000	1,992,000	2,222,000	—
Amount of policies in force* ¹	13,523,900	14,397,700	15,288,000	16,432,900	18,062,400	220,273
Annualized premiums of policies in force* ¹	264,900	265,100	268,100	279,000	296,000	3,610
Net income (loss)	(5,000)	800	1,300	(7,100)	(11,300)* ²	(138)
Total assets	1,374,400	1,495,900	1,616,300	1,789,700	2,136,600	26,056
Investments in securities	1,286,100	1,401,300	1,515,700	1,637,400	1,848,200	22,539
Balance of underwriting reserve	1,256,500	1,376,600	1,491,100	1,635,800	1,812,500	22,104
Solvency margin ratio (non-consolidated)* ³	—	—	—	—	1,212.8%	—
• Formerly MSI Kirameki Life	2,124.0%	2,069.1%	2,129.7%	2,127.0%	—	—
• Formerly Aioi Life	—	—	—	(1,276.8%)	—	—
	2,078.8%	2,040.6%	1,994.3%	1,954.1%	—	—
	—	—	—	(1,465.2%)	—	—
Traditional embedded value (TEV)	264,600	281,000	303,100	326,400	—	—
European embedded value (EEV)* ⁴	—	—	—	461,900	511,900	6,243

*¹ The number of policies in force, amount of policies in force and annualized premiums in force are the total of individual insurance and individual annuities.

*² The Company recorded a net loss of ¥11.3 billion due to merger-related expenses (extraordinary loss) of ¥10.1 billion and a ¥2.3 billion increase in tax expenses due to a revision of the corporate taxation system.

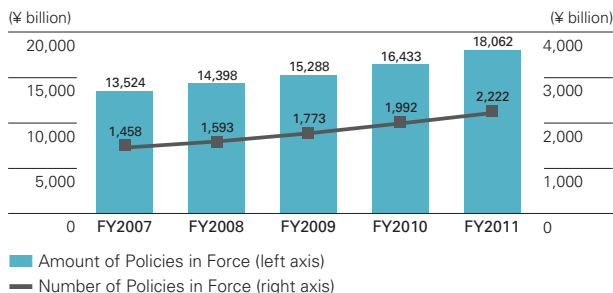
*³ The solvency margin ratios for fiscal 2007–2010 are calculated on a different basis to the solvency margin ratio for fiscal 2011. This is due to a partial revision in the standard for calculating the solvency margin gross amount and the total amount of risk (tightening of margin calculations, tightening and refining of risk measurements, etc.) in accordance with Cabinet Office Ordinance No. 23 of 2010 and Financial Services Agency Public Notice No. 48 of 2010.

() of March 31, 2011 is the figure reported in the financial results for fiscal 2010, and is calculated by applying the calculation standard for fiscal 2011 to data at March 31, 2011.

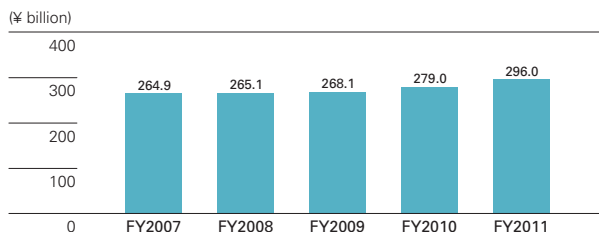
*⁴ Data for embedded value have been calculated using the market consistent method based on the European Embedded Value (EEV) Principles (disclosure based on this standard from fiscal 2011). Data for fiscal 2010 have been restated based on EEV Principles.

MSI AIOI LIFE (NON-CONSOLIDATED) FINANCIAL HIGHLIGHTS (CONTINUED)

NUMBER OF POLICIES IN FORCE / AMOUNT OF POLICIES IN FORCE



ANNUALIZED PREMIUMS OF POLICIES IN FORCE



FY2011 RANKING BY AMOUNT OF NEW BUSINESS

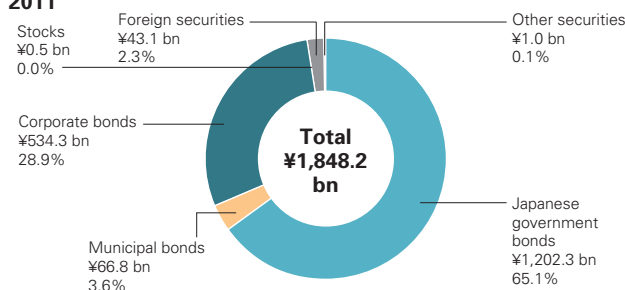
- MSI Aioi Life was ranked next to major life insurance companies.
- It was top-ranked among life insurance companies that are owned by Japanese non-life insurance companies.

New business*	(¥ billion)
1 Nippon Life	8,399.2
2 Dai-ichi Life	7,051.9
3 Japan Post Insurance	6,937.4
4 Meiji Yasuda Life	5,555.2
5 Sony Life	4,203.3
⋮	⋮
10 MSI Aioi Life	3,277.0

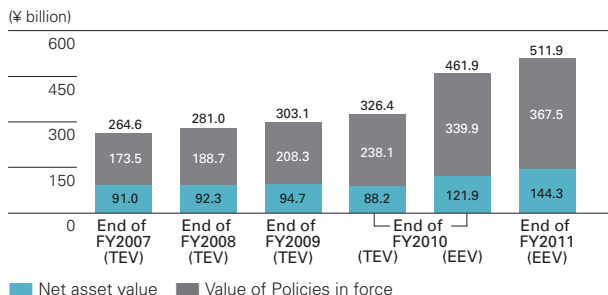
Source: Prepared by MS&AD Holdings based on each company's financial reporting

* Amount of new business + net increase from conversions (individual insurance and individual annuities insurance)

COMPOSITION OF INVESTMENTS IN SECURITIES IN FISCAL 2011



EMBEDDED VALUE



* Figures for fiscal years prior to fiscal 2010 are a simple sum of the respective figures for MSI Kirameki Life and Aioi Life.

DOMESTIC LIFE INSURANCE BUSINESS MITSUI SUMITOMO PRIMARY LIFE INSURANCE COMPANY, LTD. (NON-CONSOLIDATED) FINANCIAL HIGHLIGHTS

MSI Primary Life became a wholly owned subsidiary of the MS&AD Insurance Group in April 2011. (Formerly MSI MetLife Insurance).

MSI Primary Life leverages the trust, experience and knowledge it has cultivated over many years as a leading company in the individual annuities industry to market a wide range of individual annuity products. The company provides an excellent balance of variable annuities that accommodate market trends and fixed annuities offering fixed rates of interest.

Amount of Policies in Force **¥3,122.5 billion**
Total assets **¥3,154.6 billion**
(As of March 31, 2012)

Credit Ratings

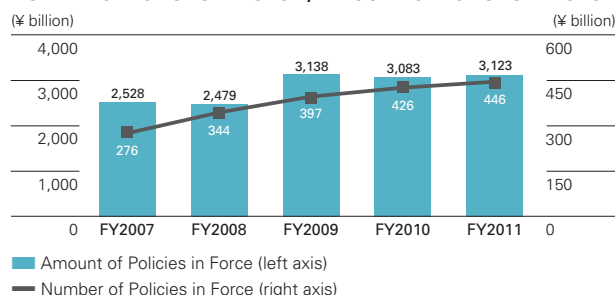
S&P
R&I

A+
AA-

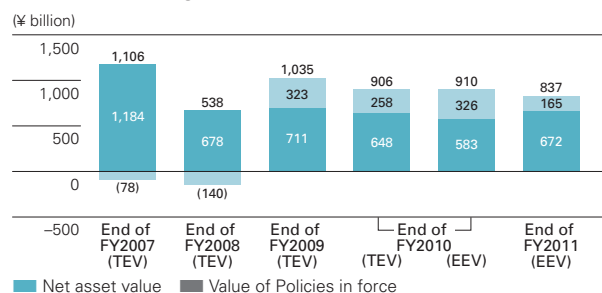
(As of Sept 1, 2012)

* MSI Primary Life became a wholly owned subsidiary of the Company on April 1, 2011, and changed its name from MSI MetLife.

NUMBER OF POLICIES IN FORCE / AMOUNT OF POLICIES IN FORCE



EMBEDDED VALUE



FINANCIAL DATA / HIGHLIGHTS (MSI PRIMARY LIFE NON-CONSOLIDATED)

Item	Yen in millions					Dollars in millions
	FY2007	FY2008	FY2009	FY2010	FY2011	FY2011
Number of policies in force* ¹	275,611	344,480	396,827	426,293	446,053	—
Amount of policies in force* ¹	2,527,872	2,478,765	3,137,587	3,083,041	3,122,538	38,080
Annualized premiums of policies in force* ¹	515,577	535,689	531,714	435,575	438,977	5,353
Net income (loss)	(12,466)	(8,929)	8,922	18,783	5,993	73
Total assets	2,543,102	2,470,766	3,116,508	3,069,708	3,154,641	38,471
Investments in securities	2,282,161	2,087,038	2,582,629	2,399,455	2,473,269	30,162
Balance of underwriting reserve	2,503,550	2,417,446	3,061,426	2,996,391	3,067,365	37,407
Solvency margin ratio (non-consolidated)* ²	1,398.8%	729.6%	1,058.0%	1,026.4%	775.5%	—
Traditional embedded value (TEV)	110,600	53,800	103,500	90,600	—	—
European embedded value (EEV)* ³	—	—	—	91,000	83,700	1,021

*¹ The number of policies in force, amount of policies in force and annualized premiums in force are the total of individual insurance and individual annuities.

*² The solvency margin ratios for fiscal 2007–2010 are calculated on a different basis to the solvency margin ratio for fiscal 2011. This is due to a partial revision in the standard for calculating the solvency margin gross amount and the total amount of risk (tightening of margin calculations, tightening and refining of risk measurements, etc.) in accordance with Cabinet Office Ordinance No. 23 of 2010 and Financial Services Agency Public Notice No. 48 of 2010.

() of March 31, 2011 is the figure reported in the financial results for fiscal 2010, and is calculated by applying the calculation standard for fiscal 2011 to data at March 31, 2011.

*³ Data for embedded value have been calculated using the market consistent method based on the European Embedded Value (EEV) Principles (disclosure based on this standard from fiscal 2011). Data for fiscal 2010 have been restated based on EEV Principles.

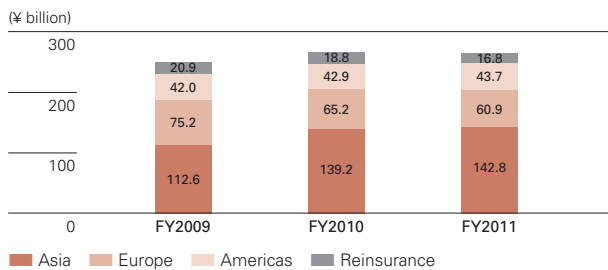
OVERSEAS BUSINESS

The MS&AD Insurance Group has developed an overseas network through the overseas operations of MSI and ADI. We aim to use our long experience in international operations to provide truly customer-oriented products and services for a variety of risks, as well as effective advice, in any part of the world.

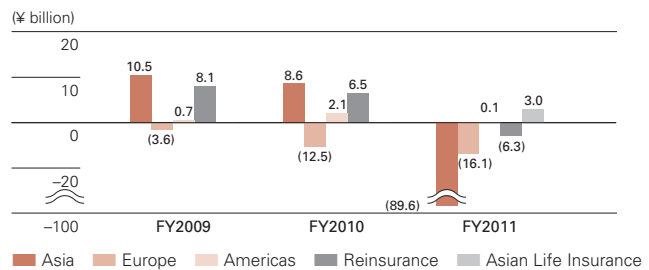
As of September 1, 2012, our network extends to 40 countries and regions. (Please see p.97–99 for details about our network.)

Note: Figures for the overseas business domain include the results from overseas consolidated subsidiaries, overseas branches of non-life companies, and overseas unconsolidated subsidiaries, which have already been reflected in the unconsolidated results of the domestic insurance companies MSI and ADI.

NET PREMIUMS WRITTEN (NON-LIFE INSURANCE)



NET INCOME (LOSS) *2



Net Premiums Written (Non-life Insurance)

(¥ billion)

	FY2009	FY2010	FY2011
Overseas Business Total*1	246.4	264.3	262.2
Asia	112.6	139.2	142.8
Europe	75.2	65.2	60.9
Americas	42.0	42.9	43.7
Reinsurance	20.9	18.8	16.8

Net Income (Loss) *2

(¥ billion)

	FY2009	FY2010	FY2011
Overseas Business Total*1	13.2	1.8	-112.3
Asia	10.5	8.6	-89.6
Europe	(3.6)	(12.5)	(16.1)
Americas	0.7	2.1	0.1
Reinsurance	8.1	6.5	(6.3)
Asian Life Insurance *3	—	—	3.0

*1 Figures in the "Total" rows include head office adjustments, etc.

*2 The net income represents Group Core Profit.

*3 Including Takaful (Islamic insurance) business.



40 countries / regions.

Asian Life Insurance Business: Strategic Capital Investment

Since 2010, MS&AD Holdings has been making strategic investments in local life insurance companies in Asian countries. Our goal is to harness the growth potential of the Asian life insurance market. We will continue to meet the life insurance needs of customers in Asia.

ASIAN LIFE INSURANCE BUSINESS: STRATEGIC CAPITAL INVESTMENTS

STRATEGIC CAPITAL INVESTMENT 1

China April 2010

- MSI acquired an equity stake in Sinatay Life Insurance Co., Ltd.

STRATEGIC CAPITAL INVESTMENT 2

Malaysia October 2010

- MSI acquired a 30% equity stake in a life insurer in the Hong Leong Group.
- The Hong Leong Group became a 30% shareholder in MSIG Malaysia.
 - Also invested in a Takaful (Islamic insurance) company within the Hong Leong Group (April 2011)

STRATEGIC CAPITAL INVESTMENT 3

Indonesia July 2011

- MSI has a 50% equity stake in PT Asuransi Jiwa Sinarmas MSIG.

STRATEGIC CAPITAL INVESTMENT 4

India June 2012

- MSI acquired 26% of the outstanding shares of Max New York Life Insurance Company Limited.
 - Following the investment, the company name was changed to "Max Life Insurance Company Limited."

FINANCIAL SERVICES BUSINESS

In the financial services business, the Group continued to endeavor to expand the sales of services and products such as defined contribution pension plan products; weather and earthquake derivatives products; and loans under the securitization program in alliance with the Japan Housing Finance Agency.

MAJOR OPERATING COMPANIES

Sumitomo Mitsui Asset Management Co., Ltd.	Japan's largest asset management company, in which four Sumitomo- or Mitsui-related financial companies have invested
Mitsui Sumitomo Insurance Venture Capital Co., Ltd.	Venture capital company that identifies ventures that have high potential and offers not only financial support but also prioritizes "business incubation investment"
MS&AD Loan Service Co., Ltd.	Provides administrative services for mortgage guarantee insurance, etc., trust guarantee services and private loan services
Toyota Asset Management Co., Ltd.	Asset management company jointly established with Toyota Financial Services Corporation

RISK-RELATED SERVICES BUSINESS

In risk-related services business, the Group supplies a variety of services relating to businesses such as risk management, nursing care and asset appraisal as part of efforts to increase competitiveness of insurance services and raise consolidated earnings.

MAJOR OPERATING COMPANIES

InterRisk Research Institute & Consulting, Inc.	As a risk consulting company, provides optimal solutions for developing corporate risk management structures, formulating business continuity plans and other related tasks
ANSHIN DIAL Co., Ltd.	As a top-quality assistance call center specialist, provides support services such as road-side services and home assistance services
Mitsui Sumitomo Insurance Care Network Co., Ltd.	Provides comprehensive nursing care services centered on operation of two fee-based retirement homes offering nursing care: Yuraifu Yokohama and Yuraifu Setagaya
Fureai Do-Life Services Co., Ltd.	Provides services across a wide range of health, medical, nursing care and welfare matters.
American Appraisal Japan Co., Ltd.	Provides consulting for M&A and various asset valuation services, including for real estate, fixed assets and intellectual property, from a neutral and unbiased perspective

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DIRECTORS, EXECUTIVE OFFICERS AND AUDITORS

(AS OF JULY 1, 2012)

DIRECTORS AND EXECUTIVE OFFICERS

COMPOSITION OF DIRECTORS, EXECUTIVE OFFICERS AND AUDITORS

Directors

13 (including 4 outside directors)

Executive officers

15 (including officers serving concurrently as directors)

Corporate auditors

5 (2 full-time, 3 outside auditors)



Representative Director
President & CEO

TOSHIAKI EGASHIRA

Chairman of MSI



Representative Director
Executive Officer

YASUYOSHI KARASAWA

*Assistant to CEO
President & CEO of MSI*



Representative Director
Executive Officer

HISAHITO SUZUKI

*Assistant to CEO
President of ADI*



Representative Director
Executive Officer

MASANORI YONEDA

Executive Vice President of ADI



Director
Senior Executive Officer

SUSUMU FUJIMOTO

Compliance Dept.,
Corporate Risk Management Dept.,
Internal Audit Dept.
Mitsui Sumitomo Aioi Life Insurance Co.,
Ltd.
Mitsui Sumitomo Primary Life Insurance
Co., Ltd.
Mitsui Direct General Insurance Co., Ltd.
Senior Executive Officer of MSI



Director
Senior Executive Officer

SHUHEI HORIMOTO

Corporate Planning Dept.,
Corporate Communications and Investor
Relations Dept.,
Business Development Dept.,
Internal Audit Dept.



Senior Executive Officer

TAKAYOSHI UMEMURA

General Administration Dept.,
Human Resources Dept.,
Accounting Dept.



Executive Officer

YASUO KISHIMOTO

Financial Services Business
Senior Executive Officer of MSI



Executive Officer

SHIRO FUJII

Administrative and Systems
Managing Executive Officer of MSI



Director
Executive Officer

MITSUHIRO TSUCHIYA

Managing Executive Officer of ADI

Title

NAME

Responsibilities
*Important positions held concurrently
of group companies*



Director
Executive Officer
ICHIRO IIJIMA
Overseas Business
Vice President Executive Officer of MSI



Executive Officer
MASAAKI NISHIKATA
Products
Senior Executive Officer of MSI



Executive Officer
JIRO YOSHINO
Marketing & Sales
Managing Executive Officer of ADI



Executive Officer
YASUZO KANASUGI
Claims Services
Managing Executive Officer of ADI



Director
Executive Officer
NAMPEI YANAGAWA
Managing Executive Officer of ADI



Outside Director
AKIRA WATANABE*1



Outside Director
DAIKEN TSUNODA*2



Outside Director
TADASHI OGAWA*3



Outside Director
MARI MATSUNAGA*4

CORPORATE AUDITORS



Auditor of the Board (Full time)
KATSUAKI IKEDA



Auditor of the Board (Full time)
**MASAYOSHI
NAKAMURA**



Auditor of the Board (Outside)
SOSUKE YASUDA*5



Auditor of the Board (Outside)
KUNIAKI NOMURA*6



Auditor of the Board (Outside)
HIROYUKI TEZUKA*7

*1. Attorney-at-Law, Partner at Seiwa Meitetsu Law Office

*2. Attorney-at-Law, Partner at Nakamura, Tsunoda & Matsumoto

*3. Chairman of The Bank of Yokohama, Ltd.

*4. President & Director, Mari Matsunaga Office

*5. Senior Adviser, Gyosei & Co. Certified Public Accountants, Partner, GYOSEI Certified Public Tax & Accountants' Co.

*6. Attorney-at-Law, NOMURA & PARTNERS

*7. Attorney-at-Law, Partner at Nishimura & Asahi

BASIC POLICIES

In line with its Management Philosophy, MS&AD Holdings, as a holding company overseeing all Group businesses, has established a transparent management framework that incorporates internal checking functions. The Company's objectives are to sustain consistent growth for the Group over the long term by using corporate resources efficiently and managing risks properly and ultimately, to further increase corporate value.

MANAGEMENT STRUCTURE

As a company whose operations are reviewed by corporate auditors, MS&AD Holdings is working to improve corporate governance in large part by reinforcing the functions of the Board of Directors and Board of Auditors, and through the active disclosure of information.

Furthermore, MS&AD Holdings has introduced an executive officer system and is strengthening the control of MS&AD Holdings management by clarifying the roles of the Board of Directors, who are responsible for management decision-making and supervision, and the Executive Officers, who are responsible for business execution. Moreover, MS&AD Holdings believes that in order to reinforce the management monitoring and supervision functions, and thereby reinforce the transparency of the management, it is crucial to incorporate perspectives independent of the management. Consequently, four of the thirteen members on the Board of Directors and three of the five Corporate Auditors are selected from outside. In addition, the Board of Directors has two internal committees: the Nomination Committee and Remuneration Committee, which are chaired by outside directors who also account for the majority of the members.

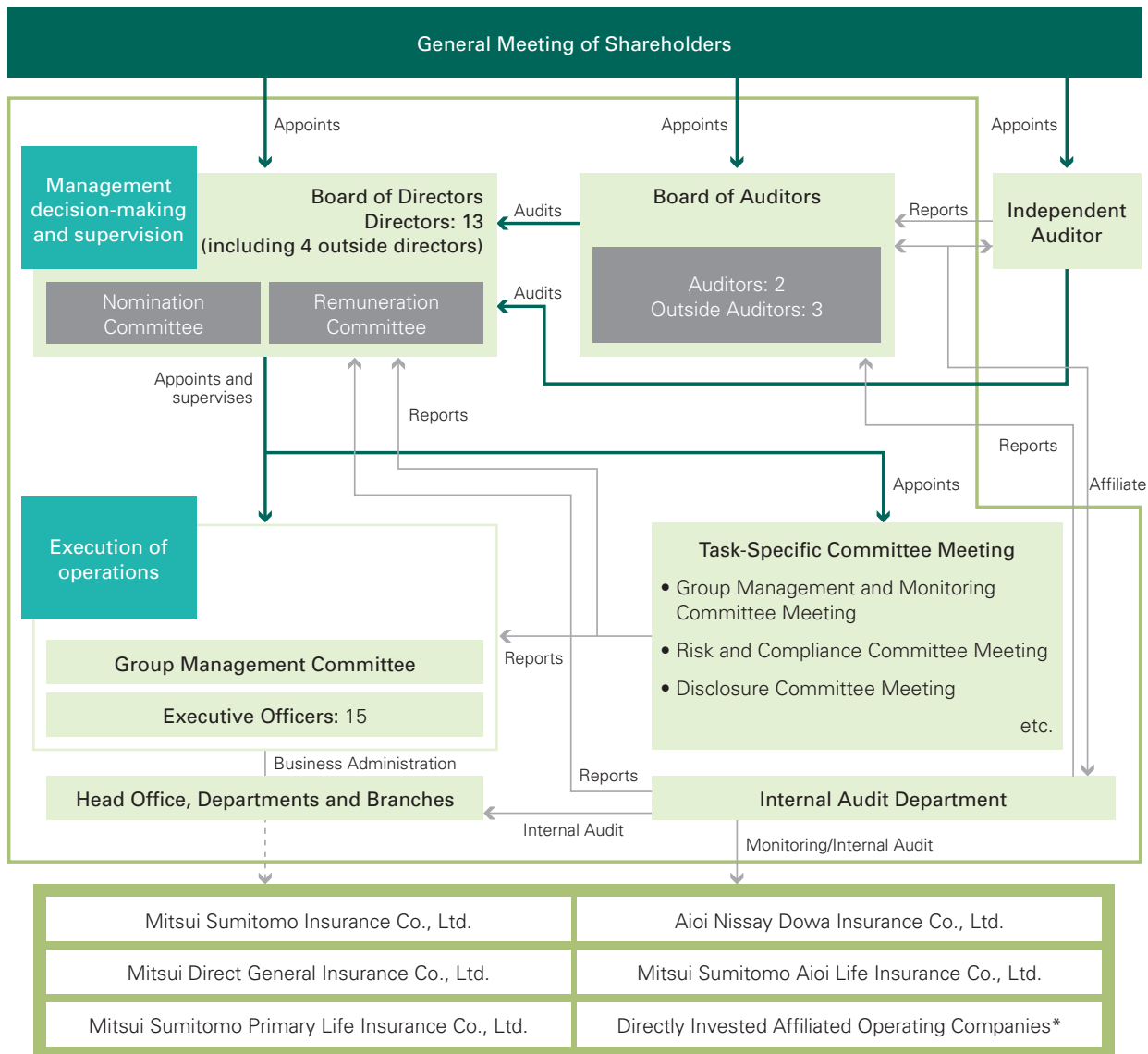
MANAGEMENT STRUCTURE FOR GROUP BUSINESS

MS&AD Holdings has a business management agreement with its directly invested domestic insurance companies (Mitsui Sumitomo Insurance Co., Ltd., Aioi Nissay Dowa Insurance Co., Ltd., Mitsui Direct General Insurance Co., Ltd., Mitsui Sumitomo Aioi Life Insurance Co., Ltd., Mitsui Sumitomo Primary Life Insurance Co., Ltd.) and its seven affiliated operating companies including InterRisk Research Institute and Consulting, Inc., which are directly invested. Thus, it has established an appropriate framework for management control.

MS&AD Holdings believes that obtaining timely and accurate information regarding the business of its domestic insurance subsidiaries is beneficial to the smooth operations of the Group. Therefore, many MS&AD Holdings board members concurrently serve as directors of the subsidiary companies. Furthermore, directors from the subsidiary companies participate in MS&AD Holdings' Group Management Committee meetings when pertinent matters are under discussion.

CORPORATE GOVERNANCE STRUCTURE

(As of Sept. 1, 2012)



Note: MS&AD Holdings has seven affiliated operating companies: InterRisk Research Institute & Consulting, Inc., MS&AD Business Support Co., Ltd., MS&AD Staffing Service Co., Ltd., MS&AD Systems Co., Ltd., MS&AD Business Service Co., Ltd., MS&AD Research Institute Co., Ltd. and ANSHIN DIAL Co., Ltd.

BASIC POLICY PERTAINING TO THE SYSTEM FOR INTERNAL CONTROLS

MS&AD INSURANCE GROUP BASIC POLICY PERTAINING TO SYSTEM FOR INTERNAL CONTROLS

MS&AD Holdings has a Basic Policy Pertaining to System for Internal Controls. The system stipulated in this policy was established to be in alignment with Japan's Companies Act in addition to holding "securing trust in financial reporting" as its top priority.

1. System for Assuring the Proper Conduct of Business at the Corporate Group Consisting of the Holding Company and Its Subsidiaries

Based on the management agreements that it concludes with its directly invested subsidiaries, MS&AD Holdings requires them to comply with the Group's basic policy as well as to seek approval from and report to MS&AD Holdings on any important matters related to any directly invested subsidiary. Additionally, the directly invested domestic insurance companies, in principle, manage their own subsidiaries accordingly, as agreed in the contract.

2. System to Assure the Effective Execution of Duties by Directors

To realize rapid decision making and appropriate monitoring, MS&AD Holdings has introduced an executive officer system, appoints outside directors and sets the number of directors at fifteen or less.

3. System to Assure that Execution of Business by the Board of Directors and Employees Complies With Applicable Laws and the Articles of Incorporation

(1) In accordance with the "MS&AD Insurance Group Basic Compliance Policy" set out by MS&AD's Board of Directors, MS&AD Holdings and its Group companies make sure that each and every director and employee is aware of the importance of compliance, ensures compliance with all applicable legislation, internal regulations and other rules, and maintains high ethical standards as part of all business activities. MS&AD Holdings and its Group companies also put in place systems to eliminate the influence of anti-social forces, and thoroughly instruct all directors and employees

to take a resolute stance against such forces and never comply with any inappropriate or unjust demand.

(2) To promote and ensure complete compliance in MS&AD Holdings and the Group companies, MS&AD Holdings maintains organizations and structures such as the Compliance Department and reports regularly on the overall compliance promotion status of the Group to the Board of Directors. To monitor the status of compliance promotion, MS&AD Holdings has a Risk and Compliance Committee and takes necessary measures on issues identified by the Committee. Moreover, MS&AD Holdings and the Group companies have an internal reporting system so that all directors and employees may directly report to in-house contacts or outside lawyers on individual or group behaviors that are unjust, illegal or unethical.

4. Provisions for Managing Risk of Loss and Other Systems (Comprehensive Risk Management System)

(1) In addition to establishing a shared basic approach in accordance with the "MS&AD Insurance Group Risk Management Basic Policy," MS&AD Holdings and its Group companies have established a Risk Management Department and put in place the necessary organizational framework to report regularly to the Board of Directors on risks and risk management across the entire Group. MS&AD Holdings has also established a Risk and Compliance Committee to monitor risk and risk management and formulate necessary measures to eliminate and reduce risks based on the results of consultations held by the Committee (including the confirmation results from comprehensive risk management (quantitative analysis)).

(2) MS&AD Holdings evaluates risk management and business contingency plans at Group companies, and establishes a risk management and business contingency plan for the Group as a whole.

5. System for Assuring the Reliability of Financial Reporting

Out of the corporate auditors, MS&AD Holdings nominates at least one person who is equipped with sufficient knowledge of accounting or finance. Moreover, in accordance with the "MS&AD Insurance Group Basic Policy for Controlling Disclosure of Information," MS&AD Holdings and its Group companies have put in place the necessary framework to ensure the timely and appropriate disclosure of financial information and other information relating to the Group. Meanwhile, the Information Disclosure Committee maintains and implements an internal control system for financial reporting of the Company and the Group, and examines the effectiveness of the disclosure system.

6. System for Assuring the Effectiveness of Internal Auditing

In line with the "MS&AD Insurance Group Basic Policy for Internal Auditing," MS&AD Holdings maintains an internal audit system covering all the business activities of the Group in order to ensure efficiency and effectiveness of internal audits. The Internal Audit Department reports all important items from the internal auditing results of MS&AD Holdings and its directly invested domestic insurance companies, as well as improvement progress of the findings in the audited departments, to the Board of Directors.

7. System for Management and Retention of Information Pertaining to Execution of Business by Directors

MS&AD Holdings appropriately stores and manages information and documents relating to Directors' and Executive Officers' execution of duties, in accordance with Rules for Management of Documentation. Directors and Corporate Auditors are able to browse the information at all times.

8. System for Assuring the Effectiveness of Auditing by Statutory Auditors

(1) System Pertaining to Employees Assisting With Work Performed by Statutory Auditors

To support the duties of corporate auditors, MS&AD Holdings has a Corporate Auditor Office with full-time employees. Organizational change of the Corporate Auditor Office as well as transfer or discharge of hired employees only takes effect upon reaching a consensus at the Board of Auditors. Employee evaluation also takes place upon consultation with an auditor assigned by the Board of Auditors.

(2) System for Reporting to Auditors

Directors and executive officers report to the Board of Auditors without delay about matters governed by law, decisions that greatly influence business operations and organizations, the results of internal audits and the status and content of reporting through this reporting system. Employees are able to directly report to the Board of Auditors about managerial acts that are seriously fraudulent or illegal, and about matters that may have an extremely negative impact on the Company.

(3) Other Matters

Corporate auditors attend important meetings including the meetings of The Group's Management Committee. The Holding Company's Chairman of the Board of Directors, President, and Representative Directors convene regular consultations with the Board of Auditors. Additionally, the Internal Audit Department cooperates with the audit upon request from the corporate auditors.

COMPLIANCE

BASIC POLICY ON COMPLIANCE

MS&AD Holdings has the “MS&AD Insurance Group Basic Policy on Compliance” as a basic standard for compliance for the entire Group. MS&AD Insurance Group companies are working to ensure complete compliance at every level with the policy and with other policies based on it. Every officer and employee of the Group is taught to follow the law and company rules with a high sense of ethical perspective when carrying out their corporate duties. In this way, they uphold the trust placed in the Group by customers and other stakeholders, and carry out the Group’s responsibility to society as a corporation.

COMPLIANCE PROMOTION STRUCTURE

The Compliance Department carries out unified management of compliance matters for the Group. Departments in charge of compliance at MS&AD Insurance Group companies plan and implement compliance-related policies, internal rules and measures, as well as operational rules for insurance sales. The departments also lead operations to verify and investigate behavior suspected of being illegal or in contravention of company rules.

ACTIVITIES

■ Compliance Program

As part of a compliance implementation plan of the company, each Group company has its Compliance Program that is approved by the Board of Directors. Reports on the implementation and issues of the Program are submitted regularly to the Compliance Committees of each company and the Board of Directors.

■ Compliance Manual

Each Group company has their Compliance Manual that states their compliance-related policies, regulations and applicable laws to be observed, with examples and interpretations, for board members and employees. The Manual is distributed to board members and employees, and the basic tenets of

compliance are familiarized through employee training and examinations. Procedures for reporting suspected inappropriate behavior are stipulated in the manual, and systems are in place for verifying and investigating suspect behaviors.

■ Compliance-Related Training

Based on the Compliance Program, Group companies organize educational and training programs for officers, employees and agencies every year to enhance their knowledge of laws, regulations and company rules to strengthen awareness of compliance.

■ Compliance-Related Inspections

Group companies conduct compliance-related inspections in accordance with each company’s business model to prevent and quickly discover any behavior suspected of contravening the law or company rules.

■ Monitoring Group Companies

The Compliance Department at MS&AD Holdings monitors the compliance promotion structure and compliance promotion at Group companies and reports regularly to the Risk and Compliance Committee and the Board of Directors once it has developed a clear understanding of the status across the Group. Group Compliance Division Meetings are held to share knowledge and expertise on compliance-related issues in order to enhance the compliance promotion structure throughout the Group.

■ Internal Reporting System

The MS&AD Insurance Group has established various internal reporting systems such as the MS&AD Helpline. Group company employees can contact the helpline to make a report or have a consultation if a compliance-related issue arises. A contact desk has also been established at an external legal office to make it easier for reporters. The identity of reporters is protected and their information is handled carefully to protect them and ensure that they do not suffer any unfair treatment.

INTERNAL AND EXTERNAL AUDIT STRUCTURES / PRIVACY PROTECTION POLICY

INTERNAL AND EXTERNAL AUDIT STRUCTURES

MS&AD INSURANCE GROUP INTERNAL AUDIT STRUCTURE

MS&AD Insurance Group has the “MS&AD Insurance Group Basic Policy on Internal Audit” and conducts internal audits with the aim of ensuring that all Group companies manage operations in a sound and proper manner. By checking the appropriateness and effectiveness of legal and regulatory compliance systems and other internal controls and providing advice for their improvement, these audits are also intended to improve internal controls and upgrade management oversight.

In accordance with the “MS&AD Insurance Group Basic Policy on Internal Audit,” each Group company has established internal auditing capabilities. Internal audits are conducted by the internal audit divisions of each Group company to check the operational status of the internal controls by that company (including its related subsidiaries and affiliates). The internal audit divisions report audit findings to those parts of the organizations that have been audited and provide advice on how to rectify any relevant issues, and check on the progress of related improvements through reports and other communications submitted by the organizations. Internal audit findings and reports on related progress are made periodically to each Group company’s Board of Directors.

MS&AD Holdings has an Internal Audit Department that acts as an independent auditing function. In addition to conducting internal audits on MS&AD Insurance Group Holdings, Inc., and its directly invested affiliates, this department monitors the results of the internal audits conducted by the Group’s domestic insurance companies and monitors progress in rectifying issues

or making improvements. The department reports to the Board of Directors on related compliance issues which are important for Group management.

INTERNAL / EXTERNAL AUDITS

MS&AD Holdings operations are subject to internal audits by the corporate auditors and the Internal Audit Department and external audits conducted by independent auditors.

■ Internal Audits

Internal audits are conducted by the corporate auditors and by the Internal Audit Department. To improve auditing effectiveness, the corporate auditors and Internal Audit Department work cooperatively by ensuring mutual access to the results of their audits.

- Audits by corporate auditors (administrative and accounting audits)
- Internal audits by the Internal Audit Department (Audit Department)

■ External Audits

- External audits are conducted by independent auditors of KPMG AZSA LLC under Japan’s Companies Act and the Financial Instruments and Exchange Act.

Apart from the above auditing procedures, the Group is also subject to regulatory audits under the Insurance Business Act by the Financial Services Agency.

PRIVACY PROTECTION POLICY

MS&AD Insurance Group will observe the laws and regulations governing protection of personal information, and will continuously implement measures to strengthen information management. These measures include setting internal rules, upgrading system security, conducting thorough information management training for staff and agents, and taking steps to mitigate the risk of information leakage. In addition, the Group has set

out the “MS&AD Insurance Group Basic Policy for Management of Customer Information,” and the holding company has set out the “MS&AD Insurance Group Holdings, Declaration of Personal Information Protection (Privacy Policy).” These have been published on our website: <http://www.ms-ad-hd.com/en/>

RISK MANAGEMENT

BASIC POLICY FOR RISK MANAGEMENT

We have set out the “MS&AD Insurance Group’s Basic Risk Management Policy,” which underpins common risk management exercised throughout the Group.

The policy stipulates the basic processes and the Group-wide framework for risk management, and defines the categories of risks which the Group should identify and approaches to managing them.

The Group’s domestic insurance companies follow this basic policy to set out their own individually tailored risk management policies, and be proactive in managing their own risks.

RISK MANAGEMENT STRUCTURE

The Group’s domestic insurance companies and subsidiaries in and outside Japan each implement risk management on an individual basis. As the holding company, we implement an integrated risk management program and monitor Group-wide risks and Group companies’ risk management activities.

Our Corporate Risk Management Department receives and analyzes reports on risk and risk management from domestic Group insurance companies on a regular basis. Important issues in the reports are discussed at the Risk Compliance Committee and reported to the Board of Directors.

ENTERPRISE RISK MANAGEMENT

Based on reports of risks and risk management activities from domestic Group insurance companies, we manage various risks we face, including risks that are difficult to measure, by using both quantitative and qualitative approaches.

■ Quantitative Approach

By using a probabilistic risk assessment model (VaR*), we periodically measure insurance underwriting risk, asset management risk and operational risks to confirm that the risk exposure is well managed within the Group capital.

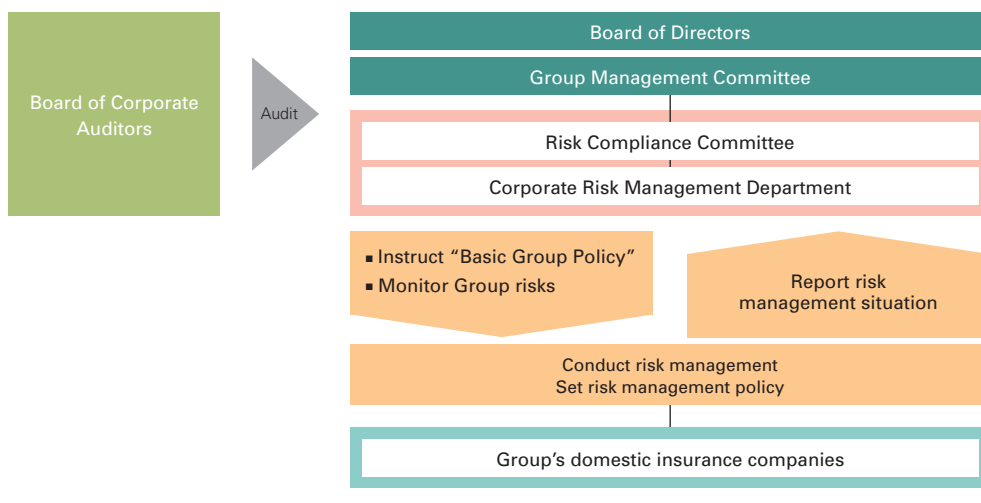
We also monitor the risk trends and moves of the domestic Group insurance companies to confirm that their risk level does not exceed predetermined limits for each company.

Moreover, we monitor the impact of changes in the market environment on the Group every day, which enables us to identify significant events (or their precursors) at an early stage and respond flexibly and swiftly.

In ascertaining the status of risk and capital, we check our management plans (income and expenditure plans) and conduct periodic stress tests to ascertain the effect of an anomalous event such as a large-scale natural disaster or turmoil in the financial markets.

* VaR (Value at Risk) is the maximum loss expected at a certain level of probability.

RISK MANAGEMENT STRUCTURE



■ Qualitative Approach

To evaluate insurance underwriting risk, asset management risk, liquidity risk and operational risk, we assess domestic Group insurance companies' risk management activities and risk management frameworks.

We also regulate the accumulation of loans and investments and monitor transactions between Group companies to ensure that the soundness of MS&AD Insurance Group is not compromised by transmission, misdistribution or concentration of risk.

INSURANCE BUSINESS RISKS

There are a variety of risks inherent in the insurance business. Given that the insurance business hinges on insurance claim payments and payment of insurance proceeds and benefits, insurance underwriting risks and asset management risk need to be managed in consideration of the relationship to shareholders' equity and the need to maintain a balance with earnings, rather than simply being repressed. Moreover, we need to manage liquidity risk with respect to its bearing on funding requirements now and in the future. Operational risks stemming from issues such as clerical errors and system failures, on the other hand, need to be minimized by ensuring appropriate operations so as to prevent losses wherever possible.

The MS&AD Insurance Group treats risk management as the highest Group management priority. We strive to manage each of these risks with precision to realize the Group's management vision.

■ Insurance Underwriting Risks

Insurance underwriting risks are risks for underwriting loss by frequency or damageability which significantly surpass the projection on which the insurance premiums are calculated.

■ Asset Management Risks

Asset management risks are risks for fluctuation of interest rates, stock prices, exchange rates, real estate prices, rents, etc. or financial situations of investing entities that cause a reduction in value or income, including offset assets. They also include risks that we cannot hold assets in alignment with characteristics of liability such as claim payments.

■ Liquidity Risks

Liquidity risks are risks that cash shortage caused by large claims such as natural disaster such as major earthquake enforces us to secure financing in exchange for selling assets with significantly unfair price (cash management risk) or risks that market disturbance prevents market transaction or enforces unfair trade (market liquidity risk).

■ Operational Risks

Operational risks are risks that cause losses by failure of the operational process or business system, misconduct of executives or employees, or external incidents such as accidents or disasters.

CRISIS MANAGEMENT STRUCTURE (INCLUDING BCP)

To prepare for the situation where a risk event occurs and has a significant impact on our business continuity, the Group insurance companies have created crisis management manuals that set out crisis response measures and business continuity plans (BCPs). We perform periodic reviews and drills to assure the effectiveness of these measures as we work to establish appropriate business continuity management (BCM).

Moreover, to prepare for the chance that a crisis might spread between Group companies, we have developed a Group-wide crisis management system and conduct periodic evaluations of Group insurance companies' BCPs and BCM to ensure they are effective.

DISCLOSURE POLICY / BASIC POLICY FOR MANAGEMENT OF CONFLICTS OF INTEREST

DISCLOSURE POLICY

MS&AD Holdings formulated the Group disclosure policy as the “MS&AD Insurance Group Basic Policy for Disclosure.” Under this policy, all Group companies are required to comply in every way with the disclosure rules stipulated in laws and regulations, the disclosure rules of stock exchanges, and any other relevant laws and regulations. At the same time, Group companies seek to ensure proper disclosure of information so that all stakeholders are kept accurately and promptly informed.

MS&AD INSURANCE GROUP BASIC POLICY FOR DISCLOSURE OF INFORMATION

MS&AD Insurance Group Holdings, Inc. and the domestic Group insurance companies (referring to the five companies of Mitsui Sumitomo Insurance Co., Ltd., Aioi Nissay Dowa Insurance Co., Ltd., Mitsui Direct General Insurance Co., Ltd., Mitsui Sumitomo Aioi Life Insurance Co., Ltd. and Mitsui Sumitomo Primary Insurance Co., Ltd.) shall carry out the disclosure of information as follows for the purpose of communicating important information relating to the MS&AD Insurance Group in a manner that is accurate, timely and fair.

1. Basic Stance on Disclosure of Information

Disclosure of information pertaining to the MS&AD Insurance Group shall be carried out so that parties such as customers, shareholders and investors can be well informed of and understand the state of the Group.

2. Standards for Disclosure of Information

Disclosure of information shall be conducted in a timely manner in accordance with the relevant laws and such regulations as “Securities Listing Regulations” and “Rules on Timely Disclosure of Corporate Information by Issuers of Listed Securities” prescribed by the Financial Instruments Exchanges (collectively, “Regulations for Timely Disclosures

of Information”). In addition, information that would serve for parties such as customers, shareholders and investors to make decisions in relation to contract investment and so on shall also be disclosed even if it is not information required by Regulations for Timely Disclosures of Information.

3. Methods for Disclosure of Information

Disclosure of information from the MS&AD Insurance Group shall be conducted in a manner that is intended to reach the appropriate parties such as customers, shareholders and investors by way of diverse means such as disclosure brochures, news releases and internet websites.

BASIC POLICY FOR MANAGEMENT OF CONFLICTS OF INTEREST

MS&AD Holdings takes measures to protect the interests of MS&AD Insurance Group customers from being harmed due to unfairness. To this end, the Company has established the “MS&AD Insurance Group’s Basic Policy for Management of Conflicts of Interest,” which can be viewed on the corporate website. (<http://www.ms-ad-hd.com/en/>)

Financial institutions are providing increasingly diverse services and continuing a shift to larger group structures. These changes increase the potential for conflicts of interest to

occur when several opposing or competing interests exist in the same institution or group.

MS&AD Holdings and its subsidiary domestic insurance companies are taking steps to deal with this issue appropriately, based on the following policy. Measures include the formulation of rules for managing conflicting interests at each company and the establishment of internal systems, such as a department in charge of conflict of interest management.

MS&AD INSURANCE GROUP BASIC POLICY FOR MANAGEMENT OF CONFLICTS OF INTEREST

The Company and its subsidiary domestic insurance companies (hereinafter referred to as the “domestic Group insurance companies”) shall manage transactions conducted by financial institutions of the MS&AD Insurance Group (hereinafter referred to as the “Group financial institutions”) that may pose a conflict of interest and conduct business properly based on the following policies to avoid any unfair disadvantage to customers.

1. Subject Transactions and Their Types

(1) Subject Transactions

As used herein, “transaction with a potential conflict of interest” (hereinafter referred to as a “subject transaction”) shall refer to a transaction conducted by a Group financial institution that has the potential to be unfairly disadvantageous to customers.

(2) Types of Subject Transactions

The Company and domestic Group insurance companies shall manage subject transactions based on their type as follows:

- (i) Transactions where the best interests of customers are in potential conflict with the best interests of Group financial institutions.
- (ii) Transactions where the best interests of customers are in potential conflict with the best interests of other customers of Group financial institutions.

2. Methods for Managing Subject Transactions

The domestic Group insurance companies shall choose either the following methods or other methods, or a combination thereof, for the proper management of subject transactions:

- (i) A method entailing the separation of the business unit conducting the subject transaction from another business unit conducting transactions for customers that might be affected by the subject transaction.
- (ii) A method that involves making appropriate disclosure to customers regarding the potential the subject transaction might have in causing unfair disadvantage to the customers.

- (iii) A method providing for a change of conditions or methodology of the subject transaction or other transactions with customers that might be affected by the subject transaction.
- (iv) A method that involves discontinuing the subject transaction or other transactions with customers that might be affected by the subject transaction.

3. System for Managing Conflicts of Interest

To conduct management of conflicts of interest, the company and domestic Group insurance companies shall establish a department or specific person to be responsible for overall management thereof. Subject transactions shall be managed in a uniform manner by means of compiling information pertaining to conflicts of interest. Necessary education and training shall also be provided to officers and employees so that management is conducted properly, and effort shall be made to prevent customers from experiencing any unfair disadvantages.

4. Scope of Companies Subject to Management of Conflicts of Interest

The companies subject to management of conflicts of interest at the Company shall be the following financial institutions of the MS&AD Insurance Group:

- (i) Domestic Group insurance companies.
 - (ii) Subsidiary financial institutions of the Company, etc.
- This shall refer to Group companies of the MS&AD Insurance Group that engage in insurance or other financial business other than the domestic Group insurance companies.

CSR FOR THE MS&AD INSURANCE GROUP

It is the mission of the 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. We intend to discharge our corporate social responsibility to stakeholders through all our business activities, guided by the fundamental idea that all of our business activities are for the realization of Our Mission and Vision.

APPROACH TO MS&AD INSURANCE GROUP CSR INITIATIVES

The MS&AD Group fulfills its responsibilities to stakeholders through all of its businesses.

- The approach is guided by Our Mission and Our Vision.
- Basic principles of the approach are corporate governance, compliance, risk management, information disclosure, respect for human rights, and the environment.
- Stakeholders include customers, shareholders, agencies, business partners, employees, the environment, local communities and international society.

ASPIRATIONS FOR THE MS&AD INSURANCE GROUP		
Our Mission	Our Vision	Our Values
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.	To create a world-leading insurance and financial services group that continues to seek sustainable growth and to enhance enterprise value.	<ul style="list-style-type: none"> • Customer focused • Integrity • Teamwork • Innovation • Professionalism



PILLARS OF CSR INITIATIVES

The following forms the pillars of CSR initiatives throughout the whole Group.

Pillar I	Earn trust by improving the quality of products and services	<ul style="list-style-type: none"> • Strive to improve the quality of products and services at all times, and promote better business practices based on feedback from stakeholders, thereby earning trust
Pillar II	Contribute to development of a sustainable environment and society	<ul style="list-style-type: none"> • Promote social contributions and global environmental preservation through the provision of products and services • Conduct activities to support the restoration of areas hit by natural disasters, such as the Great East Japan Earthquake, and promote social contribution activities tailored to local needs • Promote various solutions to environmental issues, such as reducing the environmental burden relating to our business activities and conserving biodiversity
Pillar III	Ensure that all Group employees practice Our Values	<ul style="list-style-type: none"> • All Group employees shall remain constantly aware of the connections between their work and the Group's stakeholders, and practice Our Values

PARTICIPATION IN INITIATIVES

Participation in the U.N. Global Compact

In June 2004, the MS&AD Insurance Group's MSI became the first financial institution to proclaim its participation in the U.N. Global Compact. The Group will continue to participate actively in the compact.



Participation in the Principles for Sustainable Insurance

In June 2012, the United Nations Environment Programme Finance Initiative (UNEP FI) published its "Principles for Sustainable Insurance" calling on insurance companies to play a role in sustainable development of the earth by giving consideration to the environment, society, and governance in their business operations.

MSI participated in the formulation of these principles, and has also signed up for them.

Participation in Financial Institution Action Principles for the Formation of a Sustainable Society

In October 2011, the "Financial Institution Action Principles for Formation of a Sustainable Society (Action Principles for Financial Institutions in the 21st Century)" were published in Japan to serve as a guide for financial institutions on the responsibilities they need to bear in order to help create a sustainable society.

MSI, ADI, MSI Aioi Life, and InterRisk Research Institute became signatories to the principles.

EVALUATION FROM SOCIETY

Socially Responsible Investment (SRI) is gaining popularity for its approach of evaluating not only the profitability of a company, but also its social value, environmental response and other aspects of corporate social responsibility.

The MS&AD Insurance Group is utilizing evaluations by global SRI rating organizations to improve its CSR initiatives. As of July 2012, MS&AD Holdings was included as a constituent in the following SRI indexes.

- FTSE4Good Index Series
- Ethibel PIONEER and EXCELLENCE Investment Registers
- Morningstar Socially Responsible Investment Index



SOCIAL CONTRIBUTION ACTIVITIES

As a member of local communities and international society, the MS&AD Insurance Group contributes to sustainable development through various Company-organized social contribution activities. We also lend assistance to social contribution activities run by our employees.

DISASTER RELIEF DONATION MATCHING GIFT PROGRAM (SINCE FISCAL 2004)

Since fiscal 2004, we have provided a donation matching gift program for donations made for disaster relief, whereby the Group matches the donations made by employees to the victims of disasters. This system was also used for the Great East Japan Earthquake in 2011. Donations focused on giving direct support to those affected by the disaster, including activities supporting the long-term recovery of devastated areas and activities to support children, who are the future.

(1) Scope of application:

Domestic: Disasters for which the Disaster Relief Act applies

Overseas: Large-scale disasters for which Keidanren provides information about support for victims

(2) Amount of Corporate Donation: In principle, the same amount as the amount of donations collected from employees

Donations in Fiscal 2011

Disaster	Date	No. of volunteers	Amount of donation (including matching gift program)
Heavy rain in Niigata and Fukushima	July 29	2,746	¥7,964,000
Tropical Storm Talas	September	4,248	¥12,553,000
Floods in Thailand	October	5,067	¥15,596,000
Earthquake in Turkey	October 23	2,873	¥6,700,000
Typhoon Washi in the Philippines	December 16	2,464	¥5,549,000
Total		17,398	¥48,362,000

* The figures in this table represent donations from the entire MS&AD Insurance Group

MS&AD UNISON SMILE CLUB

The MS&AD Unison Smile Club takes voluntary employee donations through a system where employees contribute an amount from their monthly paychecks equal to a voluntary multiple of ¥100. This money is then used to support activities for NPOs, to purchase and donate necessities and for holding charity events. The main activities of the club in fiscal 2011 were as follows:



Production and Sale of Charity Christmas Cards (since 1992)

Every year, the MS&AD Unison Smile Club produces and sells charity Christmas cards featuring drawings made by children. Proceeds from sales of Christmas cards are used to



provide assistance to children in countries suffering from either war or disasters. In fiscal 2011, some of the funds raised were used to support children living in areas hit by the Great East Japan Earthquake. Total proceeds since 1992 amount to ¥43.95 million.

Donating Hand-Knitted Sweaters (since 1992)

Volunteers from both inside and outside the Company have participated in an MS&AD Unison Smile Club project to give hand-knitted sweaters and other items to children around the world. In fiscal



2011, we sent knitted gifts from about 500 volunteers to children living in the mountain areas of Vietnam. To date, a total of 34,650 items have been delivered to children.

SUPPORTING SPORTS FOR THE PHYSICALLY CHALLENGED

ADI wants to help people who have disabilities caused by traffic accidents and similar events to lead self-supporting lives and return to and participate in society. Out of this desire, the company became an official sponsor for the Japanese national wheelchair basketball team, and supports a variety of tournaments which are held by the Japan Wheelchair Twin Basketball Federation.

MSI Aioi Life seeks to improve the quality of life for people who suffer from disabilities caused by disease or injury. One way the company does this is through initiatives to support athletes involved in sports. The company supports the following three organizations, mainly working with judo and athletics, aiming to help enhance athletes and their skills and further promote the sports.

- Japan Sports Association for the Disabled
- Japan Judo Association for the Visually Handicapped
- Japan Association of Athletics Federations for the Disabled



ENVIRONMENTAL INITIATIVES

MS&AD Insurance Group has formulated the Group's "Environmental Basic Policy," which requires all employees to tackle global environmental issues such as preserving resources, preventing global warming, and protecting biodiversity.

MS&AD INSURANCE GROUP ENVIRONMENTAL BASIC POLICY

Basic Philosophy

MS&AD Insurance Group will continue to make efforts to preserve and improve the global environment through business activities in line with the Group Mission Statement, "Through our insurance and financial service businesses bringing security and safety to people and businesses around the world and making a lasting contribution to the enrichment of society." The Group will also promote stable and sustainable activities based on its action plans summarized below.

Action Plans

- (1) Contribute to global environmental protection through our insurance and financial service businesses
- (2) Reduce the environmental burden incurred in conjunction with our business activities and conserve biodiversity
- (3) Improve our environmental management system (EMS)
- (4) Coexistence with society through environmental awareness activities

Established April 1, 2010

ACQUISITION OF ECO-MARK CERTIFICATION FOR AUTOMOBILE INSURANCE

MSI and ADI obtained the Eco-Mark certification in the automobile insurance field from the Japan Environment Association.

In granting the certification, the association noted several initiatives for reducing the environmental burden of operations including provision of information for environmentally responsible and safe driving, the promotion of policy clauses posted on the Internet (promoting a shift to paperless systems), and encouraging the use of recycled automobile parts. The association also noted MSI and ADI's introduction of insurance discounts for environmentally-friendly automobiles.

MEDIUM- TO LONG-TERM PLAN FOR REDUCING CO₂ EMISSIONS

In September 2010, the MS&AD Insurance Group formulated a medium- to long-term plan for reducing CO₂ emissions across the Group as shown below. Based on these targets, each domestic insurance company in the Group has formulated its own medium- to long-term plan for reducing its CO₂ emissions, including concrete measures for achieving the reductions.

	FY	Target reduction compared to base year	CO ₂ emissions volume*
Base year	FY2009	–	101,906t-CO ₂
Medium-term target	FY2012	4%	97,830t-CO ₂
Long-term target	FY2020	30%	71,334t-CO ₂

The plan targets MS&AD Insurance Group's total energy use at bases throughout Japan (within the scope of calculation under Japan's revised Act on the Rational Use of Energy) and gasoline used by MS&AD Insurance Group companies' vehicles in Japan.

* CO₂ emission volumes calculated using the systems for calculation, reporting and publication stipulated in Japan's Act on Promotion of Global Warming Countermeasures. (The CO₂ emissions volume due to use of electric power was recalculated in fiscal 2011 using separate emissions coefficients for each electric power provider in place of the default value used previously).

Progress

The MS&AD Insurance Group and its employees are making a concerted effort to reduce energy use to help the Group achieve its medium- and long-term CO₂ reduction targets for helping to prevent global warming. In fiscal 2011, the Group achieved an 18.6% reduction in CO₂ emissions compared with its base year.

FY	CO ₂ emissions volume	Compared to base year
FY2011	82,993t-CO ₂	(18.6)%
FY2010	94,934t-CO ₂	(6.8)%

APPROACH FOR ACQUISITION AND MAINTENANCE OF ISO 14001 CERTIFICATION

For on-going promotion of environmental activities, the MS&AD Insurance Group is promoting the acquisition and maintenance of certification under ISO 14001, the international standard for environmental management systems. In fiscal 2010, the Group created a group-wide environmental policy management manual and, since fiscal 2011, all member companies of the Group have attained the certification.

ONLINE PUBLICATION OF POLICY CLAUSES

As part of environmental protection activities, MSI and ADI introduced paperless online publication of policy clauses which helps to save paper resources. Both companies participate in a program where they make donations to global environmental protection activities corresponding with the number of customers who elect to view their policy clauses paperlessly online. MSI plans to introduce "eco-insurance certificates" for automobile insurance effective October 2012, in a bid to promote paperless insurance certificates.

PROJECT FOR TROPICAL REFORESTATION

Since April 2005, MSI has been working with the Indonesian Ministry of Forestry for the rehabilitation and regeneration of the Paliyan Wildlife Sanctuary.

To ensure that the replanted forests are carefully nurtured, MSI formed alliances with Universitas Gadjah Mada and InterRisk Research Institute & Consulting, Inc. to focus on environmental education to teach elementary school students and teachers about the importance of forests, as well as biodiversity research looking at the wild animals that have returned to live in the forests.

We also work with residents living around the forest, providing them with instruction in agricultural techniques. Our goal is to help them to improve their living standards and prevent poaching of timber from the forest driven by economic need.

In other activities, MS&AD's local subsidiary PT. Asuransi MSIG Indonesia continues to donate to twelve local elementary schools. After the Great East Japan Earthquake, these students sent us messages of support in turn.



Elementary school students participate in an environmental education event

MS&AD RAMSAR SUPPORTERS

We also promote the work of the MS&AD Ramsar Supporters, who are involved in conserving the biodiversity of waterfront areas, particularly focusing on the wetlands registered under the Ramsar Convention. In fiscal 2011, a total of 837 employees and family members conducted activities to protect ecosystems, clean up, and survey wildlife at 8 wetland sites in Japan.



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The fiscal year end of the Company is March 31.

FOUR-YEAR SUMMARY (UNAUDITED)

	Yen in millions				US\$ in millions
	FY2008	FY2009	FY2010	FY2011	FY2011
Ordinary income:	¥2,040,013	¥1,962,689	¥ 3,404,942	¥ 3,764,986	\$ 45,914
Net premiums written	1,445,651	1,394,164	2,543,786	2,555,551	31,165
Ordinary profit (loss)	(13,044)	52,695	21,005	(96,211)	(1,173)
Net income (loss)	8,192	37,640	5,420	(169,469)	(2,067)
Comprehensive income (loss)	—	327,417	(189,373)	(88,136)	(1,075)
Net assets	1,023,021	1,311,082	1,633,381	1,512,134	18,441
Total assets	7,440,709	7,519,625	11,445,003	14,537,204	177,283

	Yen				US\$
	¥	¥	¥	¥	\$
Net income (loss) per share:					
Basic	¥ 19.45	¥ 89.84	¥ 8.68	¥ (272.49)	\$ (3.32)
Net assets per share	2,411.70	3,143.32	2,597.19	2,400.48	29.27
Equity ratio	13.59%	17.35%	14.11%	10.27 %	—
Return on equity	0.61%	3.25%	0.37%	(10.91)%	—
Price earnings ratio	116.97	28.88	218.06	—	—

	Yen in millions				US\$ in millions
	¥	¥	¥	¥	\$
Cash flows:					
Cash flows from operating activities	¥ 38,612	¥ (33,930)	¥ (59,339)	¥ (205,272)	\$ (2,503)
Cash flows from investing activities	94,495	52,741	89,783	149,960	1,829
Cash flows from financing activities	4,184	(104,320)	19,893	65,442	798
Cash and cash equivalents at the end of the fiscal year	455,430	377,158	687,267	711,710	8,679
Number of employees	21,336	21,908	36,538	36,929	—

Note: U.S. dollar amounts in this report have been translated from yen, for convenience only, at the rate of ¥82=US\$1. For details, see Note 1 of Significant Accounting Policies. (p 70)

KEY BUSINESS RESULTS OF THE THREE GROUP COMPANIES (SIMPLE SUM)

	Yen in millions	
	FY2008	FY2009
Net premiums written	¥ 2,591,099	¥ 2,519,022
Ordinary profit (loss)	(52,914)	99,131
Net income (loss)	(9,489)	57,340
Total assets	11,345,045	11,481,312

Notes: 1. Figures are a simple sum of the results for MSI Group Holdings (consolidated), Aioi Insurance (consolidated) and Nissay Dowa General Insurance (non-consolidated).
2. Figures are presented exclusive of the GRR (Good Result Return) premiums of the MSI's proprietary automobile insurance product "Modo-Rich," which contains a special clause for premium adjustment and refund at maturity.

MANAGEMENT'S DISCUSSION AND ANALYSIS (JAPAN GAAP)

1. OVERVIEW

This Management's Discussion and Analysis (MD&A) aims to provide readers with information concerning matters that could affect the financial condition and business results of MS&AD Insurance Group Holdings, Inc. ("MS&AD Holdings") and its subsidiaries (collectively, "MS&AD"). Specifically, upon describing MS&AD's businesses and explaining points for consideration in the Overview section, the information provided herein includes: critical accounting policies and estimates, summary of business results, cash flow analysis and financial position, issues to be addressed by MS&AD, risk analysis, solvency margin ratio and credit ratings for MS&AD Group companies.

(1) Description of Businesses

The following is a description of MS&AD's principal businesses and the positioning of Group companies (118 subsidiaries and 30 affiliated companies (as of March 31, 2012)) within these businesses.

1) Domestic Non-life Insurance Business

MS&AD's non-life insurance business in Japan is operated by the following three subsidiaries and others.

Mitsui Sumitomo Insurance Company, Limited ("MSI")
Aioi Nissay Dowa Insurance Company, Limited ("ADI")
Mitsui Direct General Insurance Company, Limited
("Mitsui Direct")

2) Domestic Life Insurance Business

The following two subsidiaries operate MS&AD's life insurance business in Japan.

Mitsui Sumitomo Aioi Life Insurance Company, Limited
("MSAL")
Mitsui Sumitomo Primary Life Insurance Company, Limited
("MSPL")

3) Overseas Business

In Japan, MS&AD's overseas business is operated by the overseas divisions of its domestic non-life insurance subsidiaries; and in overseas countries the overseas business is operated by overseas subsidiaries, including Mitsui Sumitomo Insurance USA Inc., Mitsui Sumitomo Insurance Company of America, Mitsui Sumitomo Insurance Company (Europe), Limited and MSIG Insurance (Singapore) Pte. Ltd., and by overseas branches of MS&AD's domestic non-life insurance subsidiaries.

4) Financial Services Business

MS&AD's financial services businesses, including asset management, financial guarantees, 401k, ART (alternative risk transfer), personal finance and venture capital businesses, are operated by domestic non-life insurance subsidiaries, Sumitomo Mitsui Asset Management Company, Limited,

Mitsui Sumitomo Insurance Venture Capital Company, Limited and others.

5) Risk-Related Services Business

MS&AD's risk-related businesses, including risk management, nursing care and asset appraisal businesses, are operated by InterRisk Research Institute & Consulting, Inc., Mitsui Sumitomo Insurance Care Network Company, Limited and others.

(2) Points to Be Noted Regarding Figures

MSI and ADI, the core companies of MS&AD, are Japanese corporations and prepare legal consolidated financial statements in accordance with accounting principles generally accepted in Japan ("Japan GAAP"). In addition, as MS&AD's sales (net premiums written) are mainly derived from the Japanese market, the preparation of various MS&AD plans as well as the management of monthly business results are essentially based on Japan GAAP. As such, MS&AD New Frontier 2013, MS&AD's medium-term management plan from fiscal 2011 to fiscal 2013, has been prepared based on Group Core Profit mainly under Japan GAAP. Therefore, in principle, this MD&A uses figures in accordance with Japan GAAP as previously mentioned.

2. CRITICAL ACCOUNTING POLICIES AND ESTIMATES

MS&AD Holdings' consolidated financial statements are prepared in accordance with Japan GAAP. The preparation of these financial statements requires the management of MS&AD Holdings to select and apply accounting policies as well as to make a number of estimates and assumptions relating to the reported amounts of assets and liabilities and the reported amounts of revenues and expenses. Management bases its estimates on historical experience and other assumptions that it believes are reasonable. Nevertheless, these estimates contain inherent uncertainties and thus actual results could differ.

Significant accounting policies used in the preparation of MS&AD Holdings' consolidated financial statements are presented in "5. Accounting policies" in the "Significant Accounting Policies" of the "Notes to Consolidated Financial Statements." Management foresees the following significant accounting policies and estimates as having a significant impact on its consolidated financial statements.

1) Method for Determination of Fair Value

A portion of assets and liabilities is recorded on the balance sheets at fair values. Their fair values are determined based on market prices. For derivatives for which market prices are not available, the estimate of fair value is based on the present value of future cash flows, the indication of reference obligations, the contract periods and other components.

2) Impairment of Marketable Securities

Marketable securities are subject to the risk of price fluctuations in securities markets. Accordingly, MS&AD carries out impairment accounting for securities based on reasonable criteria set by MS&AD in accordance with relevant accounting standards and practices. If the securities markets decline, MS&AD's marketable securities could be subject to losses on their devaluation.

3) Impairment of Fixed Assets

MS&AD carries out impairment accounting to reflect recoverable amounts under certain conditions for fixed assets for which investment amounts are unlikely to be recovered due to a decline in value. The recoverable amount for an asset or asset group is the higher of the net sales value (the value computed by deducting expected disposal expenses from the fair value of an asset or asset group) or the value in use (the present value of expected future cash flows resulting from the continual usage and subsequent disposal of an asset or asset group). Accordingly, the amount of the impairment loss for fixed assets depends on estimated future cash flows based on the assumptions and forecasts which MS&AD considers reasonable. Consequently, an additional impairment loss could be incurred in the event of a change in the usage of the fixed assets or in the event of changes in real estate or leasing market prices.

4) Deferred Tax Assets

In determining recoverable deferred tax assets, future taxable income is estimated based on the assumptions and forecasts which MS&AD considers reasonable. Because the recoverable amount of deferred tax assets depends on estimates of future taxable income, the amount of deferred tax assets could fluctuate in the event of a subsequent change to estimates of future taxable income.

5) Allowance for Credit Losses

In preparation for losses on bad credit, MS&AD records estimated amounts deemed to be unrecoverable as an allowance for credit losses. There is a possibility of a change in initial estimated amounts for unrecoverable amounts, as well as in amounts recorded as an allowance for credit losses, due to changes in the financial condition of the debtor.

6) Outstanding Claims

MS&AD estimates and sets aside reserves as outstanding claims for any unpaid amounts of its payment obligations as determined or recognized by insurance contracts. The recorded amounts for claims paid and outstanding claims for claims payable could change from initial estimates due to the results of legal judgments or exchange rate fluctuations.

7) Underwriting Reserves

To execute future obligations in accordance with insurance contracts, MS&AD sets aside underwriting reserves. It could become necessary to increase policy reserves and other provisions in the event of significant changes in the business environment and conditions initially forecasted and in the event of unforeseen losses and claims.

8) Retirement Benefit Expenses and Obligations

Retirement benefit expenses and obligations are calculated based on assumptions that include discount rates, future retirement rates and mortality rates. However, future retirement benefit expenses and obligations could change in the event that actual results differ from the assumptions used in their projection, or in the event that it becomes necessary to change the assumptions.

3. SUMMARY OF BUSINESS RESULTS

During fiscal 2011, the fiscal year ended March 31, 2012, the Japanese economy showed some signs of recovery, as manufacturing activity gradually increased after dropping in the wake of the Great East Japan Earthquake. Overall, however, the recovery was muted due to the yen's appreciation and the sovereign debt crisis in Europe.

The business environment in the insurance industry remains extremely challenging. While premium income in the non-life insurance industry rose, mainly in automobile insurance, the loss ratio also rose significantly, mainly due to the effects of natural disasters. In the life insurance industry, the amount of in-force policies continued to decline against the backdrop of an aging society and a declining birthrate.

Under this operating environment, the MS&AD Insurance Group focused on expanding its various businesses, focusing on the domestic non-life insurance business, the domestic life insurance business and the overseas business, in line with the medium-term management plan, MS&AD New Frontier 2013, which started in fiscal 2010. Moreover, to pursue Group synergies, improve the quality of products and services, and enhance profitability and growth potential, the Group carried out integration and reorganization of its domestic life insurance companies and affiliated operating companies. It also continued to integrate systems and streamline business operations.

The importance of the insurance industry to society was tested during fiscal 2011 in responding to the natural disasters that occurred in Japan and overseas. The MS&AD Insurance Group responded to the Great East Japan Earthquake by working to support the soonest possible recovery and restoration of disaster-hit areas. Actions included paying insurance claims quickly, and distributing a guide book containing helpful information for restoration and recovery efforts. In response to the flooding in Thailand, the Group set up a local response headquarters and worked to pay customers' insurance claims promptly.

The consolidated business results for fiscal 2011 were as follows:

Key Consolidated Financial Indicators

	(Yen in millions)			
	FY2010	FY2011	Change	Change (%)
Net premiums written	¥2,543,786	¥2,555,551	¥ 11,765	0.5
Life insurance premiums	244,533	425,619	181,086	74.1
Ordinary profit (loss)	21,005	(96,211)	(117,217)	(558.0)
Net income (loss)	5,420	(169,469)	(174,889)	(3,226.6)

In the non-life insurance business, net premiums written rose ¥11.7 billion year on year to ¥2,555.5 billion, mainly because of revenue growth at MSI.

In the life insurance business, life insurance premiums rose ¥181.0 billion year on year, to ¥425.6 billion, mainly because MSPL changed from an equity-method affiliate to a consolidated subsidiary in the fiscal year under review, and because of an increase in life insurance premiums at MSAL.

The Group recorded an ordinary loss of ¥96.2 billion, a change of ¥117.2 billion from the previous year when a profit was recorded. The main factors were lower earnings recorded at MSI and overseas insurance subsidiaries, mainly due to an increase in incurred loss (the sum of net claims paid and provision for outstanding claims) following damage from natural disasters in Japan and overseas, including the floods in Thailand. After adding extraordinary income, extraordinary losses and current and deferred income taxes and other items to ordinary loss, the Group recorded a net loss of ¥169.4 billion, a change of ¥174.8 billion from net income recorded in the previous fiscal year. The main factors in this change were a reversal of deferred tax assets due to a reduction in the corporate tax rate that will come into effect from fiscal 2012 (effect on net loss for fiscal 2011: -¥56.0 billion) and an increase of ¥25.5 billion in the valuation allowance for deferred tax assets related to devaluation of securities and others.

An overview of insurance premiums written and claims paid for each class of insurance follows.

Direct Premiums Written (including deposit premiums from policyholders)

Lines of Insurance	(Yen in millions)					
	FY2010			FY2011		
	Amount	Change (%)	Share (%)	Amount	Change (%)	Share (%)
Fire and Allied	¥ 487,365	(7.0)	16.9	¥ 513,458	5.4	17.4
Marine	102,993	1.2	3.6	105,393	2.3	3.5
Personal Accident	367,750	0.7	12.7	358,440	(2.5)	12.1
Voluntary Automobile	1,277,752	2.2	44.3	1,291,429	1.1	43.7
Compulsory						
Automobile Liability	278,695	(0.6)	9.7	307,038	10.2	10.4
Other	370,215	(3.2)	12.8	380,999	2.9	12.9
Total	¥2,884,772	(0.7)	100.0	¥2,956,759	2.5	100.0
Deposit premiums from policyholders	¥ 196,070	(5.3)	6.8	¥ 172,021	(12.3)	5.8

(Notes)

- The figures represent amounts after elimination of internal transactions between segments.
- Direct premiums written (including deposit premiums from policyholders) is the premium amount received minus the surrender value of the policy and other money returned to policyholders. (It includes deposit premiums from policyholders for savings-type insurance).
- On April 1, 2010, Aioi and NDI became consolidated subsidiaries of the Company through an exchange of shares. Therefore, the year-on-year change shown here for fiscal 2010 is a comparison with the simple sum of the fiscal 2009 results for the Group, Aioi (consolidated) and NDI (non-consolidated).

Net Premiums Written

Lines of Insurance	(Yen in millions)					
	FY2010			FY2011		
	Amount	Change (%)	Share (%)	Amount	Change (%)	Share (%)
Fire and Allied	¥ 354,560	(4.6)	13.9	¥ 339,636	(4.2)	13.3
Marine	89,455	6.2	3.5	87,395	(2.3)	3.4
Personal Accident	212,790	1.9	8.4	219,520	3.2	8.6
Voluntary Automobile	1,291,900	3.2	50.8	1,299,499	0.6	50.9
Compulsory						
Automobile Liability	273,871	0.4	10.8	291,610	6.5	11.4
Other	321,208	(2.6)	12.6	317,890	(1.0)	12.4
Total	¥2,543,786	1.0	100.0	¥2,555,551	0.5	100.0

(Notes)

- The figures represent amounts after elimination of internal transactions between segments.
- On April 1, 2010, Aioi and NDI became consolidated subsidiaries of the Company through an exchange of shares. Therefore, the year-on-year change shown here for fiscal 2010 is a comparison with the simple sum of the fiscal 2009 results for the Group, Aioi (consolidated) and NDI (non-consolidated).

Net Claims Paid

Lines of Insurance	(Yen in millions)					
	FY2010			FY2011		
	Amount	Change (%)	Share (%)	Amount	Change (%)	Share (%)
Fire and Allied	¥ 137,343	(10.1)	8.7	¥ 473,309	244.6	24.4
Marine	39,823	(13.9)	2.5	48,802	22.5	2.5
Personal Accident	112,581	(2.2)	7.1	113,345	0.7	5.8
Voluntary Automobile	837,013	4.6	52.8	848,161	1.3	43.7
Compulsory						
Automobile Liability	260,890	1.1	16.4	263,206	0.9	13.6
Other	198,475	(17.7)	12.5	194,546	(2.0)	10.0
Total	¥1,586,128	(1.7)	100.0	¥1,941,371	22.4	100.0

(Notes)

- The figures represent amounts after elimination of internal transactions between segments.
- On April 1, 2010, Aioi and NDI became consolidated subsidiaries of the Company through an exchange of shares. Therefore, the year-on-year change shown here for fiscal 2010 is a comparison with the simple sum of the fiscal 2009 results for the Group, Aioi (consolidated) and NDI (non-consolidated).

Segment Information

(1) Domestic Non-life Insurance Business (MSI)

Ordinary income was ¥1,832.7 billion after recording underwriting income of ¥1,715.8 billion, investment income of ¥113.5 billion, and other ordinary income of ¥3.2 billion. Meanwhile, ordinary expenses came to ¥1,962.8 billion, the result of underwriting expenses of ¥1,677.7 billion, investment expenses of ¥69.7 billion, operating expenses and general and

administrative expenses of ¥210.5 billion, and other ordinary expenses of ¥4.9 billion.

As a result, MSI recorded an ordinary loss of ¥130.1 billion, a change of ¥161.9 billion from ordinary profit in the previous fiscal year. After adding extraordinary profit, extraordinary losses and current and deferred income taxes and other items to ordinary loss, net loss came to ¥130.6 billion, a change of ¥153.4 billion from net income for the previous fiscal year.

(2) Domestic Non-life Insurance Business (ADI)

Ordinary income was ¥1,405.6 billion after recording underwriting income of ¥1,346.6 billion, investment income of ¥56.2 billion, and other ordinary income of ¥2.7 billion. Meanwhile, ordinary expenses came to ¥1,396.4 billion, the result of underwriting expenses of ¥1,169.6 billion, investment expenses of ¥28.8 billion, operating expenses and general and administrative expenses of ¥196.9 billion, and other ordinary expenses of ¥0.9 billion.

As a result, ordinary profit decreased ¥6.8 billion compared with the previous fiscal year to ¥9.2 billion. After adding extraordinary profit, extraordinary losses, and current and deferred income taxes and other factors to ordinary profit, net loss came to ¥43.5 billion, an increase of ¥32.1 billion from the net loss in the previous fiscal year.

(Note) ADI was formed from the merger of Aioi and NDI on October 1, 2010. The changes reported here for fiscal 2011 compared to fiscal 2010 are based on fiscal 2010 results calculated by the simple addition of fiscal 2010 first-half results for NDI.

(3) Domestic Non-life Insurance Business (Mitsui Direct)

Ordinary income was ¥34.5 billion after recording underwriting income of ¥34.3 billion and investment income of ¥0.2 billion. Meanwhile, ordinary expenses came to ¥34.1 billion, the result of underwriting expenses of ¥27.0 billion and operating expenses and general and administrative expenses of ¥7.1 billion.

As a result, ordinary profit increased by ¥0.1 billion year on year to ¥0.4 billion. Net income also increased by ¥0.1 billion year on year to ¥0.5 billion.

As a result, net income on an equity-adjusted basis (segment income) increased by ¥0.1 billion year on year to ¥0.3 billion.

(4) Domestic Life Insurance Business (MSAL)

Ordinary income was ¥420.6 billion after recording insurance premiums and other of ¥385.6 billion, investment income of ¥33.1 billion, and other ordinary income of ¥1.8 billion. Meanwhile, ordinary expenses came to ¥418.8 billion, the result of insurance claims and other of ¥162.5 billion, provision for underwriting reserves and other of ¥177.8 billion, investment expenses of ¥2.1 billion, operating expenses of ¥69.8 billion, and other ordinary expenses of ¥6.4 billion.

As a result, ordinary profit was ¥1.8 billion, a change of ¥2.8 billion from an ordinary loss in the previous fiscal year. After adding extraordinary profit, extraordinary losses, and current and deferred income taxes and other factors to ordinary profit, net loss came to ¥11.3 billion, an increase of ¥4.2 billion versus the previous fiscal year.

(Note) MSAL was formed from the merger of MSI Kirameki Life and Aioi Life on October 1, 2011. The results for fiscal 2011 reported here are calculated using the simple sum of the whole-year result for MSI Aioi Life and the first-half result for Aioi Life, while the simple sum of both companies fiscal 2010 is used for year-on year comparisons.

(5) Domestic Life Insurance Business (MSPL)

Ordinary income was ¥344.2 billion after recording insurance premiums and other of ¥244.8 billion, investment income of ¥95.6 billion, and other ordinary income of ¥3.6 billion. Meanwhile, ordinary expenses came to ¥331.2 billion, the result of insurance claims and other of ¥235.5 billion, provision for underwriting reserves and other of ¥72.1 billion, investment expenses of ¥0.8 billion, operating expenses of ¥21.5 billion, and other ordinary expenses of ¥1.0 billion.

As a result, ordinary profit increased ¥3.6 billion versus investment income received under the equity method (MS&AD's equity stake: 50%) in the previous fiscal year to ¥13.0 billion. After adding extraordinary profit, extraordinary losses, and current and deferred income taxes and other factors to ordinary profit, net income came to ¥5.9 billion, a decrease of ¥3.3 billion versus investment income received under the equity method (MS&AD's equity stake: 50%) in the previous fiscal year.

(Note) MSPL was converted from an equity-method affiliate to a wholly owned (consolidated) subsidiary of the Company on April 1, 2011.

(6) Overseas Business (Overseas insurance subsidiaries)

Net premiums written in the overseas insurance subsidiaries segment rose ¥0.1 billion compared to the previous fiscal year to ¥180.7 billion.

Ordinary loss was ¥0.7 billion, a change of ¥8.8 billion from ordinary profit in the previous fiscal year, and net loss (segment loss) was ¥6.7 billion, a change of ¥11.2 billion from net income in the previous fiscal year.

4. CASH FLOW ANALYSIS AND FINANCIAL POSITION

Net cash used in operating activities was ¥205.2 billion, ¥145.9 billion more than in the previous period. This was due to an increase in the amount of insurance claims paid and other factors. Net cash provided by investing activities was ¥149.9

billion, ¥60.1 billion more than in the previous fiscal year, due to an increase in proceeds from sales and redemption of securities. Net cash provided by financing activities was ¥65.4 billion, an increase of ¥45.5 billion from the previous period, due to proceeds from an increase in issuance of bonds. As a result of these cash flows, cash and cash equivalents at the end of the fiscal year amounted to ¥711.7 billion, up ¥24.4 billion from the end of the previous fiscal year.

Total assets at March 31, 2012 stood at ¥14,537.2 billion, an increase of ¥3,092.2 billion, mainly attributable to the conversion of MSPL from an equity-method affiliate to a consolidated subsidiary from fiscal 2011. A breakdown of total assets shows that investments in securities increased ¥2,402.0 billion year on year to ¥10,220.6 billion.

5. ISSUES TO BE ADDRESSED BY MS&AD

Efforts to meet the needs of customers accurately and to improve profitability have become increasingly important in the insurance industry. The industry is seeing increased competition among insurance companies amid severe business conditions, which reflect greater risk from natural disasters, the aging population and a declining birthrate.

Under these circumstances, the MS&AD Insurance Group will follow the medium-term management plan, MS&AD New Frontier 2013, working to gain customers' trust and realize growth by providing high-quality products and services mainly through its domestic non-life insurance business, domestic life insurance business and overseas business. Moreover, MS&AD aims to strengthen the Group's governance systems, mainly in the holding company, take a more sophisticated approach to risk management, and ensure a sound financial status; while at the same time harnessing the capabilities of the entire Group to maximize synergies and increase earnings power. Through these efforts, the MS&AD Insurance Group will create a world-class insurance and financial services group that operates on a global basis, and achieve sustained growth and enhancement of its corporate value.

6. RISK ANALYSIS

(i) Asset management risk

The Group holds various assets under management, including marketable securities, loans, real estate and off-balance-sheet assets. There is a risk that a deterioration in economic or financial market conditions could reduce the value of these assets. The main kinds of such risk are as follows.

a. Risk of decline in stock prices

The Group holds large amounts of stock for the purpose of maintaining relationships with business partners over the medium to long term. There is a risk of a reduction in the value of these assets, valuation losses and loss on sales in the event of a decline in stock prices.

b. Interest rate risk

There is a risk that the prices on holdings of fixed interest-rate assets such as bonds and loans will decline if interest rates rise.

Furthermore, the Group sells savings-type, as well as long-term third-sector, products and life insurance based on a predetermined fixed rate of return. Therefore, if interest rates were to rise, the value of insurance liabilities will decrease, even if the asset value decreases.

c. Exchange rate risk

There is a risk that the prices on holdings of assets denominated in foreign currencies, mainly the US dollar and the euro, will decline in response to exchange rate movements.

d. Credit risk

There is a risk that the value of asset holdings such as stocks, corporate bonds and loans will be diminished by lowered credit ratings or bankruptcies of stock and bond issuers or borrowers, or disruptions in the credit markets, and a risk of being unable to recover principal and/or interest.

(ii) Risk of large insurance claims due to natural disasters

Natural disasters such as typhoons and earthquakes can give rise to large insurance claims, and the Group hedges such risk through reinsurance and a reserve for catastrophe. Nevertheless, there is a possibility that natural disasters of a scale much larger than anticipated could occur. If large insurance claims must be paid for such disasters, there is a risk of a negative impact on the Group's business results.

(iii) Liquidity risk

If there were an increase of payments of insurance claims from a natural disaster, the Group may encounter difficulties with raising funds. If the Group were obliged to procure funds at a cost significantly above normal rates or forced to sell assets at extremely low prices to raise funds; or if it encountered difficulty in borrowing due to confusion in the markets, there is a risk of a negative impact on the Group's business results.

(iv) Reinsurance risk

The Group utilizes reinsurance to diversify its liabilities assumed under insurance contracts and to stabilize earnings. Nevertheless, there is a risk that a worsening of conditions in the reinsurance market leading to a sharp rise in premiums could cause the Group's cash flows to suffer. There is also a risk that the Group could experience problems securing adequate reinsurance protection, which would inhibit its insurance underwriting capabilities.

Moreover, there is also a credit risk associated with reinsurance companies that in the event of their bankruptcy, we would not be able to recover reinsurance claims.

(v) Risk of loss resulting from unforeseen changes, including changes in economic and social environments

Although insurance companies set premium levels based on forecasts of probable future damages, the actual amount of damages may exceed projections. This is particularly true when the term of coverage is long because of the possibility of significant changes in the economic and social environments beyond initial expectations, which might cause unforeseen damages. Accordingly, there is a risk that the Group's business results could be negatively impacted by the need to increase reserves.

(vi) Risk of intensified competition from further industry deregulation and increased entry of new participants

The Group's business environment is becoming increasingly harsh due to factors such as new entrants into the insurance industry in conjunction with ongoing deregulation and downward pressure on premium levels. There is a risk that the Group's business results could be negatively impacted from further deregulation and increased entry of new participants.

(vii) Risk associated with domestic life insurance business

The Group is working to expand its domestic life insurance business as one of its growth areas. However, the domestic life insurance business is seeing increasing competition from other life insurance companies, mainly major domestic life insurance providers and providers from overseas. In this environment, there are various business risks, such as the risk that the Group may be unable to develop a stable market position, or that the Group's business results could be negatively impacted due to the inherent risk in life insurance products.

(viii) Risk associated with overseas business

The Group is aggressively pursuing business overseas in areas such as Asia, Europe and the Americas through branches and subsidiaries. With this comes the risk of unexpected changes in the political, economic and social environments of these countries as well as regulatory changes, foreign currency fluctuations, natural disasters or the emergence of a transmittable disease.

(ix) Risk of information leaks

The Group maintains large amounts of customer information, including personal information and secret information such as management data at each Group company. As such any significant leak of information poses a risk of loss of trust from customers and society, as well as a risk of having to pay compensation for damages. There is also the risk of a negative impact on Group business results due to sanctions imposed by supervisory authorities with respect to the business operation from which such leaks originate.

(x) Business operation risk

This risk relates to the Group's business activities. Specifically, administrative errors, legal or regulatory violations, impropriety by employees, criminal conduct by outside parties, malfunctioning of information systems and the occurrence of disasters pose a risk of losing the trust of customers and society and a risk of interfering with business operations. Moreover, there is also the possibility of sanctions imposed by supervisory authorities in response to any of these problems, which would have a negative impact on the Group's business results.

(xi) Risk of disruption of business

The Group has formulated a business continuity plan and prepared a crisis management framework to respond to the occurrence of natural disasters or unusual events such as an earthquake in the Tokyo area or an outbreak of disease such as the H1N1 influenza virus. This framework is intended to limit the duration of any disruption of business and enable business operations to be continued. However, if such disruption is greater than anticipated, there is a risk of a negative impact on the Group's business results.

(xii) Risks from changes in applicable laws and systems

The Group conducts business based on the provisions of applicable laws such as the Insurance Business Law of Japan and issues financial reports in accordance with the laws, regulations and accounting standards that relate to corporate accounting and tax affairs. Any future amendment to these applicable laws and regulations that requires a change to the methods of selling insurance products and the product content, as well as the methods for estimating and accounting for insurance reserves, deferred tax assets and other items, may have a negative impact on the Group's business results.

(xiii) Reputation risk

Rumors about the insurance industry or the Group have the potential to affect the social credibility of the Group, regardless of whether or not they are true. Such rumors can be created or spread through the mass media, postings on the Internet or other means. The Group strives to minimize the effect of rumors by discovering them quickly and responding to them in a timely and appropriate fashion. However, if a malicious rumor were to be circulated, there is a risk that it may have a negative impact on the Group's business results.

(xiv) System integration risk

The Group's main non-life insurance subsidiaries are working to integrate their non-life insurance systems with the goal of achieving full operation in fiscal 2013. Such integration operations carry the risk of systems disruptions, including the stoppage, malfunction and improper use of information systems.

The Group has taken steps to manage systems risk, such as by establishing a Systems Integration Committee; however, if a major systems disruption were to occur, there is a risk that it may have a negative impact the Group's business results.

(xv) Risk of not fully realizing synergies from business integration

The Group takes synergy effects from business integration into account when formulating management index targets. The Group will expand its customer base by improving the quality of service it offers, sharing and standardizing administrative tasks and systems and taking all manner of other measures in business integration; however, if the expected synergy effects of integration are not fully realized, there is a risk that the Group's business performance may fall short of the targets set out in the medium-term management plan.

7. SOLVENCY MARGIN RATIO

Insurance company groups build up reserves to cover payments of insurance claims. Moreover, they must secure adequate ability to cover payments even in the event of a crisis beyond the scale of what is ordinarily forecast, such as a major disaster or a significant decline in asset prices. The Company's payment capability, including capital and reserves, is known as the solvency margin total amount ((A) in the tables below), and its risk amount ((B) in the tables below) reflects such a risk exceeding ordinary forecast. The ratio of (A) to (B) is an index called the solvency margin ratio ((C) in the tables below), which is calculated based on the Insurance Business Law.

From March 31, 2012, the end of the fiscal year under review, the Insurance Business Law was revised with the intention of enabling observers to accurately grasp the impact of the management status of group companies on the parent insurance company. Under the revision, the solvency margin ratio is also calculated on a consolidated basis.

The solvency margin ratio is an objective decision-making index used by government agencies for monitoring insurance companies and insurance holding companies. A solvency margin ratio of 200% or higher is taken to indicate that an insurance company has sufficient capability to pay insurance claims and other obligations.

The status of MS&AD and its domestic insurance subsidiaries as of the end of the fiscal year under review was as follows:

MS&AD Consolidated Solvency Margin Ratio

(Yen in millions)	
	FY2011
(A) Solvency margin total amount	¥2,712,791
(B) Risk amount	979,641
(C) Solvency margin ratio (A/(B x 1/2)) x 100	553.8%

(Note) The consolidated solvency margin ratio is calculated based on the provisions in Article 210-11, 3 and Article 210-11, 4 of the Ordinance for Enforcement of the Insurance Business Law and in FSA Public Ministerial Announcement No. 23 of 2011.

MSI a. Non-consolidated Solvency Margin Ratio

(Yen in millions)		
	FY2010	FY2011
(A) Solvency margin total amount	¥1,999,806	¥1,656,380
(B) Risk amount	747,903	680,488
(C) Solvency margin ratio (A/(B x 1/2)) x 100	534.7%	486.8%

(Notes)

1. The non-consolidated solvency margin ratio is calculated based on the provisions in Article 86 and Article 87 of the Ordinance for Enforcement of the Insurance Business Law and Article 50 of the Notification of the Ministry of Finance 1996.
2. The ordinance relating to calculation of risk was revised at the end of fiscal 2011 to make risk recognition more stringent. The new standard has been applied in calculating the figures for the end of fiscal 2010 also to allow comparison.

Primarily due to the impact of the floods in Thailand, MSI's solvency margin total amount declined by ¥343.4 billion versus the end of the previous fiscal year. As a result, the solvency margin ratio declined by 47.9 percentage points from the previous fiscal year end to 486.8%.

b. Consolidated Solvency Margin Ratio

(Yen in millions)

	FY2011
(A) Solvency margin total amount	¥1,582,271
(B) Risk amount	590,901
(C) Solvency margin ratio (A/(B x 1/2)) x 100	535.5%

(Note) The consolidated solvency margin ratio is calculated based on the provisions in Article 86-2 and Article 88 of the Ordinance for Enforcement of the Insurance Business Law and FSA Public Ministerial Announcement No. 23 of 2011.

ADI**a. Non-consolidated Solvency Margin Ratio**

(Yen in millions)

	FY2010	FY2011
(A) Solvency margin total amount	¥953,479	¥758,104
(B) Risk amount	374,833	342,539
(C) Solvency margin ratio (A/(B x 1/2)) x 100	508.7%	442.6%

Primarily due to the impact of the reversal of deferred tax assets in line with a change in the corporate tax rate that takes effect from fiscal 2012, ADI's solvency margin total amount declined by ¥195.3 billion versus the end of the previous fiscal year. As a result, the solvency margin ratio declined by 66.1 percentage points from the previous fiscal year end to 442.6%.

b. Consolidated Solvency Margin Ratio

(Yen in millions)

	FY2011
(A) Solvency margin total amount	¥751,963
(B) Risk amount	331,486
(C) Solvency margin ratio (A/(B x 1/2)) x 100	453.6%

Mitsui Direct**Non-consolidated Solvency Margin Ratio**

(Yen in millions)

	FY2010	FY2011
(A) Solvency margin total amount	¥11,105	¥11,820
(B) Risk amount	5,295	5,569
(C) Solvency margin ratio (A/(B x 1/2)) x 100	419.4%	424.4%

MSAL**Non-consolidated Solvency Margin Ratio**

(Yen in millions)

	FY2010		FY2011
	MSI Kirameki Life	Aioi Life	
(A) Solvency margin total amount	¥ 125,594	¥ 75,953	¥ 223,803
(B) Risk amount	19,673	10,367	36,904
(C) Solvency margin ratio (A/(B x 1/2)) x 100	1,276.8%	1,465.2%	1,212.8%

MSPL**Non-consolidated Solvency Margin Ratio**

(Yen in millions)

	FY2010	FY2011
(A) Solvency margin total amount	¥143,513	¥183,140
(B) Risk amount	42,720	47,226
(C) Solvency margin ratio (A/(B x 1/2)) x 100	671.8%	775.5%

8. CREDIT RATINGS FOR MS&AD GROUP COMPANIES

The following MS&AD Group companies receive ratings on their capabilities to perform their debt obligations relating to insurance contracts and other specific debt obligations, as shown below.

As the ratings indicate, leading ratings agencies consider the companies to be financially strong.

As of September 1, 2012

Rating Agencies	Ratings by Operating Company (Insurance financial strength and long-term debt)				
	Mitsui Sumitomo Insurance Co., Ltd.	Aioi Nissay Dowa Insurance Co., Ltd.	Mitsui Sumitomo Aioi Life Insurance Co., Ltd.	Mitsui Sumitomo Primary Life Insurance Co., Ltd.	
Standard & Poor's	A+	A+	A+	A+	
Moody's Investors Service	A1	A1			
A.M. Best Company	A+	A			
Rating and Investment Information	AA-	AA-	AA-	AA-	
Japan Credit Rating Agency	AA+	AA+			

PREMIUMS AND LOSSES—NON-LIFE INSURANCE (UNAUDITED)

(a) Direct Premiums Written (including deposit premiums from policyholders)

Lines of Insurance	(Yen in millions)					
	FY2008			FY2009		
	Amount	Change (%)	Share (%)	Amount	Change (%)	Share (%)
Fire and Allied	¥ 314,513	(1.1)	18.5	¥ 309,649	(1.5)	18.9
Marine	110,565	(9.3)	6.5	91,816	(17.0)	5.6
Personal Accident	263,396	(11.7)	15.5	246,694	(6.3)	15.1
Voluntary Automobile	615,451	(3.1)	36.2	615,907	0.1	37.6
Compulsory Automobile Liability	137,598	(17.0)	8.1	129,284	(6.0)	7.9
Other	258,712	(10.0)	15.2	243,482	(5.9)	14.9
Total	¥1,700,238	(6.9)	100.0	¥1,636,834	(3.7)	100.0
Deposit premiums from policyholders	¥ 165,464	(16.1)	9.7	¥ 145,026	(12.4)	8.9

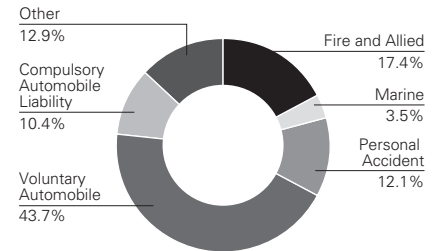
(b) Net Premiums Written

Lines of Insurance	(Yen in millions)					
	FY2008			FY2009		
	Amount	Change (%)	Share (%)	Amount	Change (%)	Share (%)
Fire and Allied	¥ 220,095	(2.2)	15.2	¥ 218,268	(0.8)	15.7
Marine	93,680	(10.0)	6.5	75,936	(18.9)	5.4
Personal Accident	135,937	(1.6)	9.4	135,128	(0.6)	9.7
Voluntary Automobile	608,613	(2.6)	42.1	610,955	0.4	43.8
Compulsory Automobile Liability	148,501	(22.4)	10.3	134,931	(9.1)	9.7
Other	238,822	(7.2)	16.5	218,944	(8.3)	15.7
Total	¥1,445,651	(6.2)	100.0	¥1,394,164	(3.6)	100.0

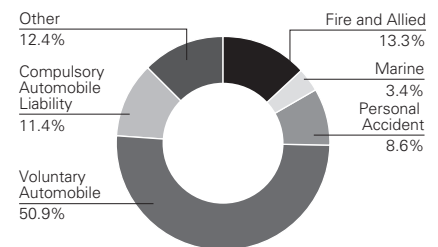
(c) Net Claims Paid

Lines of Insurance	(Yen in millions)					
	FY2008			FY2009		
	Amount	Change (%)	Share (%)	Amount	Change (%)	Share (%)
Fire and Allied	¥ 96,269	(8.2)	10.8	¥ 96,342	0.1	10.6
Marine	42,481	(4.3)	4.8	40,442	(4.8)	4.4
Personal Accident	71,916	2.4	8.0	77,046	7.1	8.4
Voluntary Automobile	393,311	0.4	44.1	395,925	0.7	43.3
Compulsory Automobile Liability	137,383	0.6	15.4	133,723	(2.7)	14.6
Other	151,348	14.8	16.9	171,210	13.1	18.7
Total	¥892,710	1.5	100.0	¥914,691	2.5	100.0

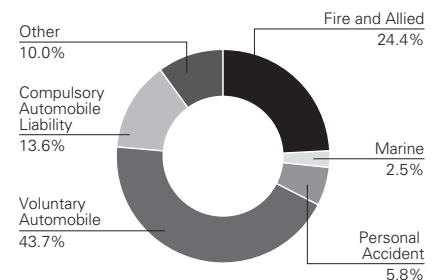
(Yen in millions)						(US\$ in millions)	
FY2010			FY2011			FY2011	
Amount	Change (%)	Share (%)	Amount	Change (%)	Share (%)	Amount	
¥ 487,365	57.4	16.9	¥ 513,458	5.4	17.4	\$ 6,262	
102,993	12.2	3.6	105,393	2.3	3.5	1,285	
367,750	49.1	12.7	358,440	(2.5)	12.1	4,371	
1,277,752	107.5	44.3	1,291,429	1.1	43.7	15,749	
278,695	115.6	9.7	307,038	10.2	10.4	3,744	
370,215	52.1	12.8	380,999	2.9	12.9	4,646	
¥2,884,772	76.2	100.0	¥2,956,759	2.5	100.0	\$36,058	
¥ 196,070	35.2	6.8	¥ 172,021	(12.3)	5.8	\$ 2,098	

DIRECT PREMIUMS WRITTEN (FY2011)
TOTAL ¥2,956.7 BILLION


(Yen in millions)						(US\$ in millions)	
FY2010			FY2011			FY2011	
Amount	Change (%)	Share (%)	Amount	Change (%)	Share (%)	Amount	
¥ 354,560	62.4	13.9	¥ 339,636	(4.2)	13.3	\$ 4,142	
89,455	17.8	3.5	87,395	(2.3)	3.4	1,066	
212,790	57.5	8.4	219,520	3.2	8.6	2,677	
1,291,900	111.5	50.8	1,299,499	0.6	50.9	15,848	
273,871	103.0	10.8	291,610	6.5	11.4	3,556	
321,208	46.7	12.6	317,890	(1.0)	12.4	3,877	
¥2,543,786	82.5	100.0	¥2,555,551	0.5	100.0	\$31,165	

NET PREMIUMS WRITTEN (FY2011)
TOTAL ¥2,555.5 BILLION


(Yen in millions)						(US\$ in millions)	
FY2010			FY2011			FY2011	
Amount	Change (%)	Share (%)	Amount	Change (%)	Share (%)	Amount	
¥ 137,343	42.6	8.7	¥ 473,309	244.6	24.4	\$ 5,772	
39,823	(1.5)	2.5	48,802	22.5	2.5	595	
112,581	46.1	7.1	113,345	0.7	5.8	1,382	
837,013	111.4	52.8	848,161	1.3	43.7	10,343	
260,890	95.1	16.4	263,206	0.9	13.6	3,210	
198,475	15.9	12.5	194,546	(2.0)	10.0	2,373	
¥1,586,128	73.4	100.0	¥1,941,371	22.4	100.0	\$23,675	

NET CLAIMS PAID (FY2011)
TOTAL ¥1,941.3 BILLION


INSURANCE AMOUNT—DOMESTIC LIFE INSURANCE (UNAUDITED)

(a) Amount of Policies in Force

	(Yen in millions; US\$ in millions)								
	FY2008		FY2009		FY2010		FY2011		
	Amount	Change (%)	Amount	Change (%)	Amount	Change (%)	Amount	Change (%)	Amount
Individual Insurance	¥8,715,563	5.0	¥9,129,287	4.7	¥15,809,149	73.2	¥17,481,481	10.6	\$213,189
Individual Annuities	315,285	(1.3)	315,415	0.0	623,789	97.8	3,703,555	493.7	45,165
Group Insurance	2,591,340	4.1	2,699,819	4.2	4,872,946	80.5	4,996,365	2.5	60,931
Group Annuities	—	—	—	—	459	—	477	3.9	6

Notes: 1. Amount of policies in force of individual annuities represents the total sum of (a) individual annuity resource amount at the start of annuity payments (premium reserve for individual variable annuities) in the case of policies prior to the start of annuity payments and (b) policy reserve total amount in the case of policies after the start of annuity payments.

2. Amount of policies in force of group annuities represents the policy reserve.

(b) Amount of New Policies

	(Yen in millions; US\$ in millions)				
	FY2008	FY2009	FY2010	FY2011	
	Amount	Amount	Amount	Amount	Amount
Individual Insurance	¥1,620,416	¥1,553,143	¥2,757,564	¥3,170,726	\$38,667
Individual Annuities	33,489	34,097	85,587	343,793	4,193
Group Insurance	32,441	26,198	42,437	38,211	466
Group Annuities	—	—	—	0	0

Notes: 1. Amount of new policies of individual annuities represents individual annuity resources amount at the start of annuity payments (premium reserve for individual variable annuities).

2. Amount of new policies of group annuities represents the first time premium.

INVESTMENT ASSETS AND INVESTMENTS IN SECURITIES (UNAUDITED)

(a) Investment assets

	FY2010		FY2011			
	(Yen in millions, %)		(Yen in millions, %)		(US\$ in millions, %)	
	Amount	Share	Amount	Share	Amount	Share
Deposits and savings	¥ 623,338	5.5%	¥ 649,268	4.5%	\$ 7,918	4.5%
Call loans	52,554	0.5	27,223	0.2	332	0.2
Receivables under resale agreements	23,094	0.2	41,680	0.3	508	0.3
Receivables under securities borrowing transactions	26,535	0.2	178,679	1.2	2,179	1.2
Monetary claims bought	117,169	1.0	86,814	0.6	1,059	0.6
Money trusts	11,580	0.1	658,634	4.5	8,032	4.5
Investments in securities	7,818,573	68.3	10,220,605	70.3	124,642	70.3
Loans	1,056,523	9.2	945,149	6.5	11,526	6.5
Land and buildings	454,709	4.0	470,309	3.2	5,735	3.2
Investment assets	¥10,184,080	89.0%	¥13,278,364	91.3%	\$161,931	91.3%
Total assets	¥11,445,003	100.0%	¥14,537,204	100.0%	\$177,283	100.0%

(b) Investments in securities

	FY2010		FY2011			
	(Yen in millions, %)		(Yen in millions, %)		(US\$ in millions, %)	
	Amount	Share	Amount	Share	Amount	Share
Government bonds	¥2,069,201	26.5%	¥ 2,499,261	24.4%	\$ 30,479	24.4%
Municipal bonds	219,500	2.8	223,939	2.2	2,731	2.2
Corporate bonds	1,706,510	21.8	1,560,383	15.3	19,029	15.3
Equities	2,202,644	28.2	2,062,178	20.2	25,149	20.2
Foreign securities	1,494,814	19.1	1,378,693	13.5	16,813	13.5
Other securities	125,902	1.6	2,496,149	24.4	30,441	24.4
Total assets	¥7,818,573	100.0%	¥10,220,605	100.0%	\$124,642	100.0%

Note: Investment trusts (¥2,377,443 million) managed in separate account are included in other securities in FY2011.

CONSOLIDATED BALANCE SHEETS

MS&AD INSURANCE GROUP HOLDINGS, INC. AND ITS CONSOLIDATED SUBSIDIARIES
AS OF MARCH 31, 2011 AND 2012

Assets	Yen in millions		US\$ in millions
	2011	2012	2012
Cash, deposits and savings	¥ 623,606	¥ 649,505	\$ 7,921
Call loans	52,554	27,223	332
Receivables under resale agreements	23,094	41,680	508
Receivables under securities borrowing transactions	26,535	178,679	2,179
Monetary claims bought	117,169	86,814	1,059
Money trusts	11,580	658,634	8,032
Investments in securities	7,818,573	10,220,605	124,642
Loans	1,056,523	945,149	11,526
Tangible fixed assets:			
Land	259,295	252,793	3,083
Buildings	195,414	217,515	2,653
Lease assets	604	1,871	23
Construction in progress	12,985	685	8
Other tangible fixed assets	30,627	28,343	346
Total tangible fixed assets	498,926	501,209	6,112
Intangible fixed assets:			
Software	18,426	19,497	238
Goodwill	100,678	92,795	1,132
Lease assets	12	147	2
Other intangible fixed assets	5,435	26,349	321
Total intangible fixed assets	124,553	138,789	1,693
Other assets	804,828	825,797	10,071
Deferred tax assets	294,397	265,892	3,243
Customers' liabilities under acceptances and guarantees	2,500	5,500	67
Bad debt reserve	(9,839)	(8,276)	(101)
Total assets	¥11,445,003	¥14,537,204	\$177,283

Liabilities and Net Assets	Yen in millions		US\$ in millions
	2011	2012	2012
Liabilities			
Policy liabilities:			
Outstanding claims	¥ 1,287,132	¥ 1,415,449	\$ 17,262
Underwriting reserves	7,827,184	10,583,240	129,064
Total policy liabilities	9,114,317	11,998,690	146,325
Bonds issued	164,963	271,165	3,307
Other liabilities	386,298	609,472	7,433
Reserve for pension and retirement benefits	103,817	106,151	1,295
Reserve for retirement benefits for officers	1,801	1,525	19
Accrued bonuses for employees	20,075	19,440	237
Reserves under the special laws:			
Reserve for price fluctuation	13,952	9,334	114
Total reserves under the special laws	13,952	9,334	114
Deferred tax liabilities	3,896	3,789	46
Acceptances and guarantees	2,500	5,500	67
Total liabilities	9,811,622	13,025,069	158,842
Net Assets			
Stockholders' equity			
Common stock	100,000	100,000	1,220
Capital surplus	682,754	682,753	8,326
Retained earnings	506,696	303,464	3,701
Treasury stock	(24,785)	(24,801)	(302)
Total stockholders' equity	1,264,664	1,061,416	12,944
Accumulated other comprehensive income			
Net unrealized gains/losses on investments in securities	409,337	495,851	6,047
Net deferred gains/losses on hedge accounting for derivatives	6,234	16,384	200
Foreign currency translation adjustments	(65,007)	(80,786)	(985)
Total accumulated other comprehensive income	350,564	431,450	5,262
Minority interests	18,152	19,268	235
Total net assets	1,633,381	1,512,134	18,441
Total liabilities and net assets	¥11,445,003	¥14,537,204	\$177,283

See accompanying notes to consolidated financial statements.

CONSOLIDATED STATEMENTS OF INCOME

MS&AD INSURANCE GROUP HOLDINGS, INC. AND ITS CONSOLIDATED SUBSIDIARIES
FOR THE FISCAL YEARS ENDED MARCH 31, 2011 AND 2012

	Yen in millions		US\$ in millions
	2011	2012	2012
Ordinary income and expenses			
Ordinary income:			
Underwriting income:			
Net premiums written	¥2,543,786	¥2,555,551	\$31,165
Deposit premiums from policyholders	196,070	172,021	2,098
Investment income on deposit premiums from policyholders	66,386	60,861	742
Life insurance premiums	244,533	425,619	5,190
Reversal of underwriting reserves	106,361	229,721	2,801
Other underwriting income	8,750	9,518	116
Total underwriting income	3,165,888	3,453,293	42,113
Investment income:			
Interest and dividends income	205,508	196,186	2,393
Investment gains on money trusts	54	51,188	624
Gains on sale of securities	66,295	57,146	697
Gains on redemption of securities	2,078	611	7
Gains on derivative transactions	8,409	2,347	29
Investment gains on separate accounts	—	44,338	541
Other investment income	3,148	10,731	131
Transfer of investment income on deposit premiums from policyholders	(66,386)	(60,861)	(742)
Total investment income	219,106	301,689	3,679
Other ordinary income:			
Equity in earnings of affiliates	9,628	655	8
Other ordinary income	10,318	9,348	114
Total other ordinary income	19,947	10,003	122
Total ordinary income	3,404,942	3,764,986	45,914
Ordinary expenses:			
Underwriting expenses:			
Net claims paid	1,586,128	1,941,371	23,675
Loss adjustment expenses	137,944	135,274	1,650
Commissions and collection expenses	465,069	479,425	5,847
Maturity refunds to policyholders	447,288	376,943	4,597
Dividends to policyholders	1,506	1,494	18
Life insurance claims	60,722	192,069	2,342
Provision for outstanding claims	98,510	133,832	1,632
Other underwriting expenses	9,699	4,985	61
Total underwriting expenses	2,806,869	3,265,396	39,822
Investment expenses:			
Investment losses on money trusts	136	68	1
Losses on trading securities	4	—	—
Losses on sale of securities	23,960	31,083	379
Impairment losses on securities	20,322	29,630	361
Losses on redemption of securities	3,182	1,337	16
Other investment expenses	13,389	10,771	131
Total investment expenses	60,996	72,892	889
Operating expenses and general and administrative expenses	508,641	515,270	6,284
Other ordinary expenses:			
Interest expenses	1,813	2,564	31
Provision for bad debt	2,245	—	—
Loss on bad debts	104	182	2
Amortization of deferred assets under Article 113 of the Insurance Business Law	—	93	1
Other ordinary expenses	3,265	5,557	68
Total other ordinary expenses	7,429	8,399	102
Deferred expenses under Article 113 of the Insurance Business Law	—	(760)	(9)
Total ordinary expenses	3,383,936	3,861,198	47,088
Ordinary profit/(loss)	21,005	(96,211)	(1,173)
Extraordinary income and losses			
Extraordinary income:			
Gains on sale of fixed assets	10,390	2,811	34
Gains on negative goodwill	13,543	3,311	40
Other extraordinary income	1,639	—	—
Reversal of reserves under the special laws:	—	5,878	72
Reversal of reserve for price fluctuation	—	5,878	72
Total extraordinary income	25,573	12,002	146
Extraordinary losses:			
Losses on sale of fixed assets	2,813	4,024	49
Impairment losses on fixed assets	4,911	3,589	44
Provision for reserves under the special laws:	5,303	—	—
Provision for reserve for price fluctuation	5,303	—	—
Accelerated depreciation for income tax deferral purposes	44	—	—
Other extraordinary losses	44,162	19,125	233
Total extraordinary losses	57,235	26,739	326
Loss before income taxes and minority interests	(10,656)	(110,948)	(1,353)
Income taxes—current	9,640	16,064	196
Income taxes—deferred	(26,510)	40,995	500
Total income taxes	(16,869)	57,060	696
Income/(loss) before minority interests	6,212	(168,008)	(2,049)
Minority interests	792	1,460	18
Net income/(loss)	¥ 5,420	¥ (169,469)	\$ (2,067)

See accompanying notes to consolidated financial statements.

CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME

MS&AD INSURANCE GROUP HOLDINGS, INC. AND ITS CONSOLIDATED SUBSIDIARIES
FOR THE FISCAL YEARS ENDED MARCH 31, 2011 AND 2012

	Yen in millions		US\$ in millions
	2011	2012	2012
Income/(loss) before minority interests	¥ 6,212	¥(168,008)	\$(2,049)
Other comprehensive income/(loss):			
Net unrealized gains/losses on investments in securities	(173,623)	86,693	1,057
Net deferred gains/losses on hedge accounting for derivatives	4,096	10,150	124
Foreign currency translation adjustments	(26,022)	(13,204)	(161)
Share of other comprehensive loss of affiliates accounted for by the equity method	(36)	(3,766)	(46)
Total other comprehensive income/(loss)	(195,586)	79,872	974
Total comprehensive loss	¥(189,373)	¥ (88,136)	\$(1,075)
Comprehensive loss attributable to shareholders of the parent	¥(188,825)	¥ (88,583)	\$(1,080)
Comprehensive income/(loss) attributable to minority interests	(548)	447	5

See accompanying notes to consolidated financial statements.

CONSOLIDATED STATEMENTS OF CHANGES IN NET ASSETS

MS&AD INSURANCE GROUP HOLDINGS, INC. AND ITS CONSOLIDATED SUBSIDIARIES
FOR THE FISCAL YEARS ENDED MARCH 31, 2011 AND 2012

	Yen in millions		US\$ in millions
	2011	2012	2012
Stockholders' equity:			
Common stock:			
Beginning balance	¥ 100,000	¥ 100,000	\$ 1,220
Ending balance	100,000	100,000	1,220
Capital surplus:			
Beginning balance	132,690	682,754	8,326
Changes for the year:			
Increase due to share-for-share exchange	550,064	—	—
Disposal of treasury stock	(0)	(0)	(0)
Total changes for the year	550,064	(0)	(0)
Ending balance	682,754	682,753	8,326
Retained earnings:			
Beginning balance	541,520	506,696	6,179
Changes for the year:			
Dividends paid	(38,373)	(33,583)	(410)
Changes in the scope of consolidation	(1,871)	(181)	(2)
Increase due to merger of subsidiary	—	2	0
Net income/(loss)	5,420	(169,469)	(2,067)
Total changes for the year	(34,824)	(203,232)	(2,478)
Ending balance	506,696	303,464	3,701
Treasury stock:			
Beginning balance	(14,687)	(24,785)	(302)
Changes for the year:			
Repurchase of treasury stock	(10,112)	(19)	(0)
Disposal of treasury stock	14	4	0
Total changes for the year	(10,098)	(15)	(0)
Ending balance	(24,785)	(24,801)	(302)
Total stockholders' equity:			
Beginning balance	759,522	1,264,664	15,423
Changes for the year:			
Increase due to share-for-share exchange	550,064	—	—
Dividends paid	(38,373)	(33,583)	(410)
Changes in the scope of consolidation	(1,871)	(181)	(2)
Increase due to merger of subsidiary	—	2	0
Net income/(loss)	5,420	(169,469)	(2,067)
Repurchase of treasury stock	(10,112)	(19)	(0)
Disposal of treasury stock	13	3	0
Total changes for the year	505,141	(203,248)	(2,479)
Ending balance	1,264,664	1,061,416	12,944
Accumulated other comprehensive income:			
Net unrealized gains/losses on investments in securities:			
Beginning balance	582,980	409,337	4,992
Changes for the year:			
Net changes of items other than stockholders' equity	(173,643)	86,514	1,055
Total changes for the year	(173,643)	86,514	1,055
Ending balance	409,337	495,851	6,047
Net deferred gains/losses on hedge accounting for derivatives:			
Beginning balance	2,138	6,234	76
Changes for the year:			
Net changes of items other than stockholders' equity	4,096	10,150	124
Total changes for the year	4,096	10,150	124
Ending balance	6,234	16,384	200
Foreign currency translation adjustments:			
Beginning balance	(40,309)	(65,007)	(793)
Changes for the year:			
Net changes of items other than stockholders' equity	(24,697)	(15,778)	(192)
Total changes for the year	(24,697)	(15,778)	(192)
Ending balance	(65,007)	(80,786)	(985)
Total accumulated other comprehensive income:			
Beginning balance	544,809	350,564	4,275
Changes for the year:			
Net changes of items other than stockholders' equity	(194,245)	80,885	986
Total changes for the year	(194,245)	80,885	986
Ending balance	350,564	431,450	5,262
Minority interests:			
Beginning balance	6,750	18,152	221
Changes for the year:			
Net changes of items other than stockholders' equity	11,402	1,116	14
Total changes for the year	11,402	1,116	14
Ending balance	18,152	19,268	235
Total net assets:			
Beginning balance	1,311,082	1,633,381	19,919
Changes for the year:			
Increase due to share-for-share exchange	550,064	—	—
Dividends paid	(38,373)	(33,583)	(410)
Changes in the scope of consolidation	(1,871)	(181)	(2)
Increase due to merger of subsidiary	—	2	0
Net income/(loss)	5,420	(169,469)	(2,067)
Repurchase of treasury stock	(10,112)	(19)	(0)
Disposal of treasury stock	13	3	0
Net changes of items other than stockholders' equity	(182,843)	82,002	1,000
Total changes for the year	322,298	(121,246)	(1,479)
Ending balance	¥1,633,381	¥1,512,134	\$18,441

See accompanying notes to consolidated financial statements.

CONSOLIDATED STATEMENTS OF CASH FLOWS

MS&AD INSURANCE GROUP HOLDINGS, INC. AND ITS CONSOLIDATED SUBSIDIARIES
FOR THE FISCAL YEARS ENDED MARCH 31, 2011 AND 2012

	Yen in millions		US\$ in millions
	2011	2012	2012
I. Cash flows from operating activities:			
Loss before income taxes and minority interests	¥ (10,656)	¥ (110,948)	\$ (1,353)
Adjustments for:			
Depreciation	36,399	35,805	437
Impairment losses on fixed assets	4,911	3,589	44
Amortization of goodwill	5,743	6,175	75
Gains on negative goodwill	(13,543)	(3,311)	(40)
Increase in outstanding claims	89,328	132,993	1,622
Decrease in underwriting reserves	(110,447)	(234,185)	(2,856)
Increase (decrease) in bad debt reserve	771	(1,473)	(18)
Increase (decrease) in reserve for pension and retirement benefits	(1,918)	2,197	27
Decrease in reserve for retirement benefits for officers	(402)	(275)	(3)
Increase (decrease) in accrued bonuses for employees	2,171	(922)	(11)
Increase (decrease) in reserve for price fluctuation	5,303	(5,878)	(72)
Interest and dividends income	(205,508)	(196,186)	(2,393)
Monetary trust related losses (gains)	40	(51,113)	(623)
Investment related losses (gains)	(20,902)	4,294	52
Derivative transactions related gains	(8,409)	(2,347)	(29)
Investment gain on separate accounts	—	(44,338)	(541)
Interest expenses	1,813	2,564	31
Foreign exchange losses (gains)	3,949	(14,514)	(177)
Losses (gains) on disposal of tangible fixed assets	(7,531)	1,141	14
Equity in earnings of affiliates	(9,628)	(655)	(8)
Increase in other assets	(32,855)	(19,006)	(232)
Increase in other liabilities	11,023	63,234	771
Others, net	12,212	22,167	270
Subtotal	(248,134)	(410,996)	(5,012)
Interest and dividends received	214,476	203,733	2,485
Interest paid	(1,823)	(2,329)	(28)
Income tax paid	(31,332)	(11,443)	(140)
Income tax refunded	7,475	15,763	192
Net cash used in operating activities (a)	(59,339)	(205,272)	(2,503)
II. Cash flows from investing activities:			
Net increase in deposits and savings	(22,263)	(23,356)	(285)
Proceeds from sales and redemption of monetary claims bought	16,755	6,550	80
Purchase of money trusts	(5,700)	(78,333)	(955)
Proceeds from sales of money trusts	8,266	55,442	676
Purchase of securities	(1,553,406)	(1,792,099)	(21,855)
Proceeds from sales and redemption of securities	1,570,686	1,960,343	23,907
Investment in loans	(230,175)	(216,533)	(2,641)
Collection of loans	292,173	324,608	3,959
Net change in payables (receivables) under securities borrowing and lending transactions	26,816	(25,863)	(315)
Proceeds from acquisition of business	3,995	—	—
Others, net	9,486	13,550	165
Subtotal (b)	116,633	224,307	2,735
(a + b)	57,294	19,035	232
Acquisition of tangible fixed assets	(31,892)	(43,477)	(530)
Proceeds from sales of tangible fixed assets	13,903	9,565	117
Acquisition of intangible fixed assets	(7,440)	(26,242)	(320)
Acquisition of stocks of subsidiaries resulting in changes in the scope of consolidation	—	(14,460)	(176)
Others, net	(1,421)	268	3
Net cash provided by investing activities	89,783	149,960	1,829
III. Cash flows from financing activities:			
Repayments of borrowing	—	(2,500)	(30)
Issuance of bonds	69,986	104,601	1,276
Repurchase of treasury stock	(10,112)	(19)	(0)
Dividends paid to shareholders	(38,329)	(33,547)	(409)
Dividends paid to minority shareholders	(334)	(788)	(10)
Others, net	(1,316)	(2,302)	(28)
Net cash provided by financing activities	19,893	65,442	798
IV. Effect of exchange rate changes on cash and cash equivalents	(15,511)	10,052	123
V. Net change in cash and cash equivalents	34,826	20,183	246
VI. Cash and cash equivalents at the beginning of the fiscal year	377,158	687,267	8,381
VII. Increase in cash and cash equivalents primarily resulting from business combination	277,093	4,089	50
VIII. Decrease in cash and cash equivalents due to exclusion from the scope of consolidation	(1,811)	—	—
IX. Net increase in cash and cash equivalents relating to merger of subsidiary	—	170	2
X. Cash and cash equivalents at the end of the fiscal year	¥ 687,267	¥ 711,710	\$ 8,679

See accompanying notes to consolidated financial statements.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

MS&AD INSURANCE GROUP HOLDINGS, INC. AND ITS CONSOLIDATED SUBSIDIARIES
AS OF AND FOR THE FISCAL YEARS ENDED MARCH 31, 2011 AND 2012

SIGNIFICANT ACCOUNTING POLICIES

1. BASIS OF PRESENTATION

The accompanying consolidated financial statements have been translated from the consolidated financial statements of MS&AD Insurance Group Holdings, Inc. ("the Company") prepared in accordance with the provisions set forth in the Corporate Accounting Regulations, the Enforcement Regulations of the Japanese Insurance Business Law and related rules, and regulations applicable to the non-life insurance industry in general, and in conformity with accounting principles and practices generally accepted in Japan, which may differ in certain respects from accounting principles and practices generally accepted in countries and jurisdictions other than Japan. In preparing the accompanying consolidated financial statements, certain additional information has been provided to the consolidated financial statements issued domestically in order to present them in a form that is more familiar to readers outside Japan.

The accompanying consolidated financial statements are expressed in yen. As permitted by the regulations under the Corporate Accounting Regulations, amounts are rounded down to the nearest million of yen, except for those stated otherwise. As a result, the totals shown in the accompanying consolidated financial statements in yen do not necessarily agree with the sums of the individual amounts.

Solely for the convenience of readers, the consolidated financial statements as of and for the fiscal year ended March 31, 2012 have been translated into U.S. dollars at the rate of ¥82=US\$1, the approximate exchange rate prevailing on the Tokyo foreign exchange market on the last business day of March 2012. This translation should not be construed as a representation that all the yen amounts shown could be converted into U.S. dollars.

2. SCOPE OF CONSOLIDATION

(1) Number of consolidated subsidiaries

51 companies

Major consolidated subsidiaries are as follows:

Mitsui Sumitomo Insurance Company, Limited ("MSI")

Aioi Nissay Dowa Insurance Company, Limited ("ADI")

Mitsui Sumitomo Aioi Life Insurance Company, Limited ("MSAL")

Mitsui Sumitomo Primary Life Insurance Company, Limited ("MSPL")

MSIG Holdings (Americas), Inc.

Mitsui Sumitomo Insurance (London Management) Ltd.

MSIG Mingtai Insurance Co., Ltd.

MSPL, which was an equity method investee of the Company, has been included in the scope of consolidation during the fiscal year ended March 31, 2012 due to the additional acquisition of all exiting shares of MSPL.

au Insurance Company, Limited has been included in the scope of consolidation since the commencement of its business during the fiscal year ended March 31, 2012.

MS Financial Reinsurance Limited has been included in the scope of consolidation since its establishment during the fiscal year ended March 31, 2012.

Furthermore, Aioi Life Insurance Company, Limited has been excluded from the scope of consolidation during the fiscal year ended March 31, 2012 due to the merger with Mitsui Sumitomo Kirameki Life Insurance Company, Limited (currently MSAL).

(2) Unconsolidated subsidiaries

Major unconsolidated subsidiaries are as follows:

MITSUI SUMITOMO INSURANCE Claims Adjusting Company, Limited

MS&AD Staffing Service Company, Limited

These subsidiaries are not consolidated, as such these subsidiaries are not considered to materially affect any significant determination on the consolidated financial conditions and results of operation, in view of the size of their total assets, ordinary income, as well as net income and retained earnings attributable to the Company.

3. APPLICATION OF THE EQUITY METHOD

- (1) Number of affiliate companies accounted for under the equity method
5 companies
Major companies accounted for under the equity method are as follows:
Sumitomo Mitsui Asset Management Company, Limited
PT. Asuransi Jiwa Sinarmas MSIG
PT. Asuransi Jiwa Sinarmas MSIG became an equity-method affiliate during the fiscal year ended March 31, 2012 due to the acquisition of its shares by MSI.
MSPL, which had been accounted for under the equity method, was included in consolidated subsidiaries from the beginning of the fiscal year ended March 31, 2012 due to the additional acquisition of shares.
- (2) Other affiliate companies, including unconsolidated subsidiaries (e.g. MS&AD Staffing Service Company, Limited, BPI/MS Insurance Corporation), are stated at cost as their effects on consolidated net income and retained earnings are not considered material, individually or in aggregate.
- (3) The Company holds 29.9% of voting rights of Japan Earthquake Reinsurance Co., Ltd. ("Japan Earthquake Re") through MSI and ADI. However, Japan Earthquake Re has not been included in affiliate companies, because the Company does not have the ability to exercise significant influence over Japan Earthquake Re's decisions on its business strategies and matters in view of its public nature.

4. THE FISCAL YEAR OF CONSOLIDATED SUBSIDIARIES

The fiscal year end of consolidated subsidiaries, MSIG Holdings (Americas), Inc. and 42 other companies, is December 31 which is different from that of the Company. The Company uses their financial statements as of their latest fiscal year end for consolidation purposes because the intervening period does not exceed three-month.

The Company makes necessary adjustments to incorporate significant transactions which may occur during the intervening period that materially affect the consolidated financial statements.

5. ACCOUNTING POLICIES

- (1) Valuation policies and methods of securities are as follows:
 - (i) Trading securities are valued at their fiscal year end market prices with cost of their sales being calculated using the moving-average method.
 - (ii) Held-to-maturity securities are valued at amortized cost.
 - (iii) Investments in unconsolidated subsidiaries and affiliates that are not accounted for under the equity method are valued at cost determined by the moving-average method.
 - (iv) Available-for-sale securities (except for which fair value is not practically determinable) are valued at their fiscal year end market prices.
Net unrealized gains/losses are reported as a separate component of net assets, and cost of sales is calculated by the moving-average method.
 - (v) Available-for-sale securities for which fair value is not practically determinable are carried at cost by the moving-average method.
 - (vi) Money trusts which hold investment securities and are specifically managed for the Company are accounted for, depending on management's intent, as trading or available for sale, as described above.
- (2) All derivative financial instruments, except for those which qualify for hedge accounting, are recognized at fair value and subsequent changes in their fair value are recognized in earnings when incurred.
- (3) Depreciation methods of significant assets are as follows:
 - (i) Depreciation of tangible fixed assets held by the domestic consolidated subsidiaries is computed using the declining-balance method, except for buildings (excluding fixtures) acquired on or after April 1, 1998, to which the straight-line method is applied. Depreciation of tangible fixed assets held by foreign consolidated subsidiaries is mainly computed using the straight-line method.
 - (ii) Capitalized software for internal use is amortized by the straight-line method based on estimated useful lives.

(4) Accounting policies for significant reserves

(i) Bad debt reserve

As for the domestic consolidated insurance subsidiaries, a bad debt reserve is established under the internal standard for self-assessment of assets and the policy for write-off and provision. The reserve for bad debts for loans to debtors who are legally deemed to be insolvent due to bankruptcy or special liquidation, or whose notes are under suspension at clearing houses, and loans to debtors who are deemed to be substantially insolvent is provided for based on the amount remaining after deducting the resale value of collateral and the amount collectible through guarantees. The bad debt reserve for loans to debtors who are likely to become insolvent in the future is provided for based on the balance remaining after deducting the resale value of collateral, the amount collectible through guarantees and the amount expected to be repaid by the debtor in consideration of the debtor's solvency.

For loans other than those described above, the bad debt reserve is calculated at an amount of the outstanding balances multiplied by the actual historical the bad debt ratios.

All loans and receivables are provided for based on the assessment under the internal standard for self-assessment of assets. The assessment is performed by the departments which are responsible for the respective assets. The independent internal audit departments review those results.

As for other domestic consolidated subsidiaries, bad debt reserves are established under their internal standards for self-assessment of assets and policies for write-off and provision similar to those of the domestic consolidated insurance subsidiaries.

As for foreign consolidated subsidiaries, bad debt reserves are established based on the assessment of collectability of individual receivables.

(ii) Reserve for pension and retirement benefits

The reserve for pension and retirement benefits is established to provide for future retirement benefits based on the estimated retirement benefit obligations and plan assets at the fiscal year end.

Unrecognized prior service costs are amortized using the straight-line method over certain periods within the estimated average remaining service years of employees.

Unrecognized actuarial gains and losses are amortized from the year following the year in which those gains and losses arise using the straight-line method over certain periods within the estimated average remaining service years of employees.

In estimating retirement benefit obligations of some consolidated subsidiaries, the Company uses the simplified method. Under the simplified method, retirement benefit obligations are estimated at an amount which would be payable if all employees were to voluntarily leave the company as of the fiscal year end.

(iii) Reserve for retirement benefits for officers

Reserve for retirement benefits for officers consists of plans at MSI and MSAL that were both terminated at March 31, 2005. The reserve is calculated based on the estimated amount to be paid for the cost of services rendered through March 31, 2005.

(iv) Accrued bonuses

Accrued bonuses for employees are based on the estimated amounts to be paid at the end of the fiscal year.

(v) Reserve for price fluctuation

As for the domestic consolidated insurance subsidiaries, the reserve for price fluctuation is recognized under Article 115 of the Insurance Business Law to provide for possible losses arising from price fluctuation of investment securities.

(5) Translation of foreign currency assets and liabilities

All assets and liabilities denominated in foreign currencies of the Company are translated into Japanese yen using the spot exchange rate prevailing at the fiscal year end. The foreign exchange gains and losses resulting from the translation are recognized in earnings.

Foreign currency assets and liabilities of consolidated foreign subsidiaries are translated into Japanese yen using the spot exchange rate prevailing at their respective fiscal year ends, except for equity which is translated at the historical rate. Income and expenses of consolidated foreign subsidiaries are translated into Japanese yen using the average exchange rate for the fiscal year. Differences arising from such translations are included in foreign currency translation adjustments and minority interests.

(6) Accounting for consumption taxes

Consumption taxes received or paid by the Company and its domestic consolidated subsidiaries are not included in income and expenses, except for certain expenses incurred by domestic non-life insurance subsidiaries, which are included in expenses. Consumption taxes excluded from income and expense are recorded at the net amount on the

balance sheets. Non-deductible consumption taxes are recognized as expenses for the period, except for those relating to purchases of depreciable fixed assets which are not charged to expense but deferred as other assets and amortized over a period of five years on a straight-line basis.

(7) Hedge accounting

Under accounting principles generally accepted in Japan (“Japanese GAAP”), several hedge accounting models are allowed. Two fundamental approaches are the deferred hedge method and the fair value hedge method. Under the deferred hedge method, gains and losses that resulted from changes in the fair value of derivative financial instruments are deferred and accounted for as a separate component of net assets. Under the fair value hedge method, which is allowed only with respect to available-for-sale securities being the hedged item, gains and losses on changes in fair value of the hedging instrument, are recognized in earnings together with the corresponding gains or losses of the hedged item attributable to the risk being hedged.

In addition, for certain derivative instruments, exceptional treatments are permitted under Japanese GAAP. Assets and liabilities denominated in foreign currencies and hedged by foreign exchange forward contracts can be translated at the foreign exchange rate stipulated in the forward contracts. The foreign exchange forward contracts used as hedging instruments are not measured at fair value either at the initial recognition or subsequent reporting dates (the allocation method). Interest rate swaps that qualify for hedge accounting and meet specific matching criteria are not remeasured at fair value, but the differential paid or received under the swap agreements is recognized and included in interest expense or income of hedged items (the exceptional method).

As for the domestic consolidated insurance subsidiaries, gains and losses on equity forward contracts used for hedging risks of variability in fair value of investments in equity securities are accounted for under either the deferred hedge method or the fair value hedge method. Gains and losses on currency swap contracts and forward exchange contracts used for hedging foreign currency risks are accounted for under the deferred hedge method, the fair value hedge method or the allocation method. Interest rate swap contracts for hedging risks of variability in cash flows of loans or bonds arising from fluctuations in interest rates are accounted for using the deferred hedge method or the exceptional method when they meet certain criteria.

Hedge effectiveness is assessed quarterly by comparing cumulative fluctuations of fair value or cash flows of hedged items and hedging instruments during the periods from the respective start dates of the hedges to the assessment dates. When the hedged item and the hedging instrument are highly and clearly interrelated or when an interest rate swap transaction meets the criteria for applying the exceptional method, hedge effectiveness is not assessed.

Certain interest rate swap contracts used in the ALM (Asset and Liability Management) for the purpose of adequate control of risks of interest rate variability are accounted for under the deferred hedge method and tested for hedge effectiveness in accordance with Industry Audit Committee Report No. 26 “Accounting and Auditing Treatment of Application of Accounting Standard for Financial Instruments in Insurance Industry” (issued by The Japanese Institute of Certified Public Accountants on September 3, 2002). The hedge effectiveness of interest rate swaps for the ALM is evaluated on a portfolio basis, based on whether upward and downward movements in value of the hedged item and the hedging instrument offset each other within a certain range, respective to changes in the interest rate.

(8) Accounting method for deferred assets under Article 113 of the Insurance Business Law

Deferred assets and related amortization under Article 113 of the Insurance Business Law are calculated based on the Insurance Business Law and the articles of incorporation of an Insurance Company, Limited.

6. GOODWILL

Goodwill is amortized using the straight-line method over 20 years. Insignificant amounts of goodwill are charged to expense as incurred in the entire amount.

7. ADDITIONAL INFORMATION

Adoption of “Accounting Standard for Accounting Changes and Error Corrections”

Effective April 1, 2011, the Company and its subsidiaries have adopted the “Accounting Standard for Accounting Changes and Error Corrections” (ASBJ Statement No. 24, issued on December 4, 2009) and “Guidance on Accounting Standard for Accounting Changes and Error Corrections” (ASBJ Guidance No. 24, issued on December 4, 2009). This standard and guidance are applicable for accounting changes and corrections of prior period errors made on or after April 1, 2011.

NOTES TO CONSOLIDATED BALANCE SHEETS

1. The amounts of accumulated depreciation and accelerated depreciation of tangible fixed assets are as follows:

	Yen in millions	
	March 31, 2011	March 31, 2012
Accumulated depreciation	301,117	318,523
Accelerated depreciation	16,605	16,514

As permitted under Japanese tax legislation for the purpose of deferral in recognizing taxable income, the acquisition cost of certain qualifying properties is reduced to offset the taxable income that resulted from sales of assets to be replaced by the acquired asset or receipt of governmental subsidies provided for the acquisition of the new asset. The total amounts deducted from the original acquisition cost of the qualifying properties held by the Company as of March 31, 2011 and 2012 are ¥16,605 million and ¥16,514 million, respectively.

Furthermore, for the fiscal year ended March 31, 2011, the cost of real estate property acquired with governmental subsidies was reduced by ¥44 million, and the reduced amount is recorded as accelerated depreciation for income tax deferral purposes.

2. The carrying amounts of equity investments in unconsolidated subsidiaries and affiliates are as follows:

	Yen in millions	
	March 31, 2011	March 31, 2012
Investments in securities (Domestic stocks)	49,803	15,150
Investments in securities (Foreign securities)	33,031	93,480
Investments in securities (Other securities)	6,713	6,689
Total	89,548	115,319

3. The amounts of loans to borrowers in bankruptcy, overdue loans, loans overdue for 3 months or more and restructured loans are as follows:

	Yen in millions	
	March 31, 2011	March 31, 2012
Loans to borrowers in bankruptcy	269	222
Overdue loans	3,362	2,779
Loans overdue for 3 months or more	1,603	1,594
Restructured loans	4,203	3,023
Total	9,439	7,620

(Note) Loans to borrowers in bankruptcy represent those loans, excluding any part of bad debt that has been written off, on which accrued interest receivable is not recognized because repayments of principal or interest were overdue for considerable periods and they are regarded uncollectible (hereafter, this category is referred to as "Loans not accruing interest") and which meet the conditions prescribed in Article 96, Section 1-3 or 1-4 of the Corporation Tax Law Enforcement Ordinance (1965 Cabinet Order No. 97).

Overdue loans represent loans not accruing interest excluding (a) loans to borrowers in bankruptcy and (b) loans that have been granted grace for interest payments in order to assist debtor's operational restructuring or financial recovery.

Loans overdue for 3 months or more represent loans for which principal or interest were past due for 3 months or more after the contractual due date for repayment of principal or interest and excludes the loans to borrowers in bankruptcy and overdue loans.

Restructured loans are those loans which have granted favorable terms for the benefit of debtors such as interest exemption or reduction, grace on interest payments, grace on principal repayments, or forgiveness of debts for the purpose of restructuring of or support to the debtors in financial difficulty. The loans to borrowers in bankruptcy, overdue loans and loans overdue for 3 months or more are excluded from this category.

4. The amounts of pledged assets and corresponding debt obligations are as follows:

	Yen in millions	
	March 31, 2011	March 31, 2012
Investments in securities	129,941	132,829
Cash, deposits and savings	1,697	2,042
Money trusts	1,703	1,684
Tangible fixed assets	234	214
Total	133,577	136,771

(Note) The above amounts primarily consist of collateral for loan payables recorded in other liabilities, deposits for overseas operations, securities deposited for Real-Time Gross Settlement with the current account at the Bank of Japan.

	Yen in millions	
	March 31, 2011	March 31, 2012
Loan payables	37	28

5. The amounts of investments in securities loaned under securities lending agreements are as follows:

	Yen in millions	
	March 31, 2011	March 31, 2012
	83,429	196,598

6. Among assets received under resale agreements and securities borrowing with cash collateral, the amounts of those which the Company has the right to sell or pledge are as follows:

	Yen in millions	
	March 31, 2011	March 31, 2012
Securities	15,121	37,899
Commercial papers	11,095	1,999
Total	26,217	39,899

7. The amount of assets and liabilities for separate account under Article 118 of the Insurance Business Law is as follows:

	Yen in millions	
	March 31, 2011	March 31, 2012
	–	2,378,694

8. The amount of deferred assets under Article 113 of the Insurance Business Law included in other assets is as follows:

	Yen in millions	
	March 31, 2011	March 31, 2012
	–	750

9. Retirement benefits

(1) Details of retirement benefit obligations

	Yen in millions	
	March 31, 2011	March 31, 2012
(i) Retirement benefit obligations	(457,263)	(455,477)
(ii) Plan assets	338,469	343,022
(iii) Unfunded retirement benefit obligations (i + ii)	(118,793)	(112,455)
(iv) Unrecognized actuarial losses	45,496	38,306
(v) Unrecognized prior service benefits	(102)	(1,206)
(vi) Net carrying amount on the balance sheet (iii + iv + v)	(73,398)	(75,354)
(vii) Prepaid pension expenses	30,418	30,796
(viii) Reserve for pension and retirement benefits (vi – vii)	(103,817)	(106,151)

(Note) Some of the consolidated subsidiaries use the simplified method in calculating retirement benefit obligations.

(2) Actuarial assumptions for calculation of retirement benefit obligations

(i) Attribution method of retirement benefits over the service period

The benefit/years of service method

(ii) Discount rate

	March 31, 2011	March 31, 2012
	Mainly 2.00%	Mainly 2.00%

(iii) Expected rate of return on plan assets

	March 31, 2011	March 31, 2012
Employee's retirement benefits trust	0.00%	0.00%
Others	Mainly 1.50% to 3.00%	Mainly 2.00% to 3.00%

(iv) Amortization period for unrecognized prior service costs

	March 31, 2011	March 31, 2012
	4 years	4 years

(Note) Amortization of unrecognized prior service costs is accounted for using the straight-line method over a certain number of years that does not exceed the average remaining work period of employees at the time of occurrence.

(v) Amortization period for unrecognized actuarial gains and losses

	March 31, 2011	March 31, 2012
	Mainly 10 to 12 years	Mainly 10 to 11 years

(Note) Amortization of unrecognized actuarial gains and losses is accounted for commencing from the following fiscal year using the straight-line method over a certain number of years that does not exceed the average remaining work period of employees at the time of occurrence.

10. Guarantees to the transactions of a limited partnership entity

MSI provides guarantees to transactions of a limited partnership entity. Aggregate net present value of those transactions was ¥73,106 million and ¥182,250 million, in a negative liability position, for the fiscal years ended March 31, 2011 and 2012, respectively. This amounts were not included in customers' liabilities under acceptances and guarantees and liabilities under acceptances and guarantees since there was no substantial exposure.

11. The amounts of the unutilized portion of commitment lines given to third parties are as follows:

	Yen in millions	
	March 31, 2011	March 31, 2012
	14,437	14,925

12. Information on financial instruments

(1) Qualitative information on financial instruments

(i) Policy on financial instruments

The Company and its subsidiaries (hereinafter referred to as “the Group”) apply Asset and Liability Management (ALM) to enhance soundness of assets, investment returns and liquidity of assets, and maximize net asset value sustainably. In addition, the Group manages investment risks such as market risks and credit risks according to the risk management policies of the Group and those of each company.

The Group’s cash inflows which mainly arise from insurance operations and investment activities are affected by changes in external environments such as occurrence of natural disasters and changes in financial market conditions. In order to enhance financing efficiency under such changing environments, MSI raises funds through issuance of long-term or short-term corporate bonds or other financing methods as needs arise.

(ii) Details of financial instruments and associated risks

The Group’s financial assets mainly consist of domestic and foreign securities including bonds and stocks as well as loans and other instruments.

Risks pertaining to investments include market risks, credit risks and liquidity risks. Market risks arise from the fluctuation of interest rates, stock prices, foreign exchange rates and other market indicators. Credit risks arise from deterioration in the financial condition of security issuers and counterparties of loans. Liquidity risks refer to such situation as being forced to execute transactions at extremely unfavorable prices under turmoil of market.

The Group utilizes derivative transactions represented by interest rate swaps, currency swaps, equity index options, equity forward contracts, forward exchange contracts and currency options for the purpose of hedging market risks such as fluctuations of interest rates, stock prices, and foreign exchange rates. In addition to the derivative transactions mentioned above, the Group utilizes credit derivatives and weather derivatives in order to generate investment income with consideration given to associated risks.

For derivative transactions to which hedge accounting is applied, please refer to “Significant Accounting Policies, 5. Accounting policies (7) Hedge accounting.”

In general, derivative transactions involve risks of fluctuations in the fair value of derivative instruments and risks of changes in underlyings of the derivative transactions. Derivative transactions are also exposed to risks of nonperformance as a result of insolvency of the counterparty.

Although derivative transactions are exposed to market risks in their nature, market risks associated with derivative transactions are mitigated, as the fair value of hedged items and hedging instruments fluctuate oppositely. In order to avoid credit risks arising from nonperformance of counterparties, derivative instruments are utilized only with selected counterparties with high credit quality, and transactions are diversified across them.

(iii) Risk management structure relating to financial instruments

Financial instruments are traded and managed based on rules for authorization of transactions and risk management established by the Group.

At the major domestic consolidated insurance subsidiaries, the back-office and risk management office operate independently from the trading department, in order to monitor whether investment activities, types of instruments in use, position limit, risk amount and loss cut are compliant with the rules.

In addition, the risk management department assesses and analyzes risks by monitoring sensitivities of existing assets to changes in interest rates, foreign exchange rate and stock prices, quantifies market risk and credit risk using the VaR (Value-at-Risk) method, and regularly reports the results to the Board of Directors.

a. Market risk management

The Group considers characteristics of each financial instrument in accordance with rules to enhance its market risk management. The trading department and the risk management department at the major domestic consolidated insurance subsidiaries establish rules that clarify operating procedures in each investment segment, and control market risks by setting position limits and loss cut thresholds based on risk characteristics.

b. Credit risk management

The Group manages credit risks in accordance with internally established rules and processes.

For securities and derivatives of the major domestic consolidated insurance subsidiaries, the trading department and the risk management department manage credit risk of security issuers and derivative counterparties by regularly monitoring credit information and fair values associated with the products.

For loans at MSI and ADI, the trading department and the risk management department maintain the credit risk management structure through credit screening, credit limits, credit information management, internal credit rating, and requiring collateral and guarantees, and dealing with delinquent loans.

c. Liquidity risk management

The Group conducts treasury management of their cash position, depending on the condition, ordinary or emergent with consideration given to liquidity. The Group endeavors to diversify financing sources in order to ensure adequate liquidity under changing environments. The Group holds a substantial amount of cash, savings and deposits and highly liquid securities such as government bonds in case of unexpected events like a catastrophe or a deterioration of market liquidity arising from inactive market conditions.

(iv) Supplementary explanation of matters relating to the fair value of financial instruments and other information

The fair value of financial instruments is determined based on market price and by reasonable estimates when market price is not available. In determining fair value, certain assumptions are used, and the fair value may be determined differently when other assumptions are used.

(2) Supplementary information on the fair value of financial instruments

The following table summarizes the carrying amounts in the consolidated balance sheets and the fair value of financial instruments as of March 31, 2011 and 2012 together with their differences. Note that the following table does not include certain financial instruments for which fair value is not practically determinable (see Note 2).

As of March 31, 2011	Yen in millions		
	Consolidated balance sheet amount	Fair value	Difference
(i) Cash, deposits and savings	623,606	623,606	—
(ii) Call loans	52,554	52,554	—
(iii) Receivables under resale agreements	23,094	23,094	—
(iv) Receivables under security borrowing transactions	26,535	26,535	—
(v) Monetary claims bought	116,620	116,620	—
(vi) Money trusts	11,580	11,580	—
(vii) Investments in securities			
Held-to-maturity securities	542,566	560,445	17,879
Bonds earmarked for policy reserves	357,282	363,103	5,820
Available-for-sale securities	6,601,530	6,601,530	—
(viii) Loans	1,056,523		
Bad debt reserve ^{(*)1}	(2,552)		
	1,053,971	1,068,072	14,100
Total assets	9,409,342	9,447,142	37,800
Bonds issued	164,963	167,301	2,337
Total liabilities	164,963	167,301	2,337
Derivative transactions ^{(*)2}			
Hedge accounting not applied	(2,719)	(2,719)	—
Hedge accounting applied	2,878	2,878	—
Total derivative transactions	158	158	—

(*)1 The reserve for bad debts earmarked for loans is deducted from the carrying amount.

(*)2 Derivative assets and liabilities included in other assets and other liabilities are presented on a net basis. Debits and credits arising from derivative transactions are netted, and the net credit position is shown in parenthesis.

As of March 31, 2012	Yen in millions		
	Consolidated balance sheet amount	Fair value	Difference
(i) Cash, deposits and savings	649,505	649,505	—
(ii) Call loans	27,223	27,223	—
(iii) Receivables under resale agreements	41,680	41,680	—
(iv) Receivables under security borrowing transactions	178,679	178,679	—
(v) Monetary claims bought	86,486	86,486	—
(vi) Money trusts	658,634	658,634	—
(vii) Investments in securities			
Trading securities	2,377,443	2,377,443	—
Held-to-maturity securities	601,609	634,932	33,323
Available-for-sale securities	6,926,657	6,926,657	—
(viii) Loans	945,149		
Bad debt reserve ^{(*)1}	(2,392)		
	942,756	957,569	14,813
Total assets	12,490,676	12,538,813	48,137
Bonds issued	271,165	274,480	3,314
Total liabilities	271,165	274,480	3,314
Derivative transactions ^{(*)2}			
Hedge accounting not applied	(3,535)	(3,535)	—
Hedge accounting applied	11,679	11,679	—
Total derivative transactions	8,144	8,144	—

(*)1 The reserve for bad debts earmarked for loans is deducted from the carrying amount.

(*)2 Derivative assets and liabilities included in other assets and other liabilities are presented on a net basis. Debits and credits arising from derivative transactions are netted, and the net credit position is shown in parenthesis.

(Note 1) Determination of fair value of financial instruments

Assets

- (i) Cash, deposits and savings
With regard to deposits and savings, fair value is measured as the present value of future estimated cash flows for each category of deposits and savings based on the duration of the assets, discounted at interest rates applicable to the same type of new deposits and savings. With regard to deposits and savings without maturity and short-term deposits and savings, the book value is deemed as the fair value since the book value approximates the fair value.
- (ii) Call loans
With regard to call loans, the book value approximates the fair value since they are scheduled to be settled in a short period of time.
- (iii) Receivables under resale agreements
With regard to receivables under resale agreements, the book value approximates the fair value since they are scheduled to be settled in a short period of time.
- (iv) Receivables under security borrowing transactions
With regard to receivables under security borrowing transactions, the book value approximates the fair value since they are scheduled to be settled in a short period of time.
- (v) Monetary claims bought
With regard to commercial papers (CP), the book value approximates the fair value since they are scheduled to be settled in a short period of time. With regard to monetary claims bought other than CP, the price quoted by the counterparty financial institutions is deemed as the fair value.
- (vi) Money trusts
With regard to money trusts, the price quoted by the trustee is deemed as the fair value.
- (vii) Investments in securities
The fair value of equity securities is determined based on the quoted market price and the fair value of bonds is determined based on the price quoted by the exchange, the information vender or the counterparty financial institutions.

(viii) Loans

With regard to floating rate loans, the book value is deemed as the fair value so long as no significant changes in credit risk arise, because interest rate changes will be timely reflected in the future cash flows and the book value approximates the fair value. With respect to fixed rate loans, for each category of loans based on type, duration and credit ratings, the fair value is measured as the present value of estimated future cash flows, discounted at interest rates based on the appropriate risk-free rate such as yield of government bonds with credit spread added on. The fair value of a part of personal loans is measured as the net present value of estimated future cash flows for each category of loans, discounted at interest rates applicable to the same type of new loans. With regard to policy loans, the book value is deemed as the fair value since the book value approximates the fair value, considering that the loan amount is limited within surrender value with no contractual maturity and given their estimated repayment period and interest rate terms.

For loans to debtors that are legally or substantially bankruptcy and doubtful debtors, the carrying amount less the bad debt reserve is deemed as the fair value, because the bad debt reserve is determined individually by discounting the estimated future cash flows or based on appraisal value of underlying collateral where appropriate.

Liabilities**Bonds issued**

With regard to bonds issued, "Reference prices for Over-the-Counter bond transactions" published by Japan Securities Dealers Association or the price indicated by the financial institutions are deemed as the fair value.

Derivative transactions

With regard to derivative transactions, the fair value is based on the published forward exchange rates, the closing price at major exchanges, the price indicated by the financial institutions, or the option-pricing model.

(Note 2) Financial instruments whose fair value is not practically determinable are not included in "(v) Monetary claims bought" or "(vii) Investments in securities" above, and the amounts of those are as follows:

	Yen in millions	
	March 31, 2011	March 31, 2012
Unlisted stocks of unconsolidated subsidiaries and affiliate companies ^(*1)	89,548	115,319
Other unlisted stocks ^(*1)	164,105	133,687
Partnership investment comprised of unlisted stocks ^(*2)	61,923	65,887
Others ^(*3)	2,165	327
Total	317,743	315,223

(*1) Unlisted stocks are not included in "(vii) Investments in securities" because the fair value cannot be determined as they have no quoted market price.

(*2) Partnership investments comprised of unlisted stocks are not included in "(vii) Investments in securities" because their fair value cannot be determined.

(*3) Others are not included in "(v) Monetary claims bought" or "(vii) Investments in securities." They represent corporate bonds and monetary claims bought whose fair value cannot be determined because those issuers are in bankruptcy, or their future cash flows cannot be estimated.

(Note 3) Maturity analysis of monetary claims and held-to-maturity securities

As of March 31, 2011	Yen in millions			
	Within 1 year	1 – 5 years	5 – 10 years	Over 10 years
Cash, deposits and savings	622,510	802	—	—
Call loans	52,554	—	—	—
Receivables under resale agreements	23,094	—	—	—
Receivables under security borrowing transactions	26,535	—	—	—
Monetary claims bought	44,912	544	—	69,115
Investments in securities				
Held-to-maturity securities				
Government bonds	30,000	102,800	9,900	279,500
Municipal bonds	8	—	—	—
Corporate bonds	—	53,672	53,032	13,700
Bonds earmarked for policy reserves				
Government bonds	1,200	25,600	63,600	143,000
Municipal bonds	—	—	2,900	19,800
Corporate bonds	2,500	24,700	40,500	18,500
Foreign securities	610	1,455	989	—
Available-for-sale securities with fixed maturities				
Government bonds	55,161	301,480	391,860	622,330
Municipal bonds	15,287	42,420	40,460	92,900
Corporate bonds	191,861	598,667	432,971	230,200
Foreign securities	113,365	456,606	413,480	38,804
Loans ^(*)	160,469	378,337	243,164	202,588
Total	1,340,070	1,987,087	1,692,857	1,730,439

As of March 31, 2012	Yen in millions			
	Within 1 year	1 – 5 years	5 – 10 years	Over 10 years
Cash, deposits and savings	648,552	757	1	—
Call loans	27,223	—	—	—
Receivables under resale agreements	41,680	—	—	—
Receivables under security borrowing transactions	178,679	—	—	—
Monetary claims bought	20,389	373	—	62,738
Investments in securities				
Held-to-maturity securities				
Government bonds	30,000	72,800	9,900	368,100
Corporate bonds	—	85,197	21,507	13,700
Available-for-sale securities with fixed maturities				
Government bonds	198,690	392,151	556,308	779,680
Municipal bonds	11,250	35,864	50,500	112,900
Corporate bonds	182,162	506,420	486,095	217,445
Foreign securities	160,240	372,358	346,895	24,359
Loans ^(*)	154,891	335,782	214,653	168,002
Total	1,653,760	1,801,706	1,685,861	1,746,925

(*) Loans to debtors that are legally or substantially bankrupt doubtful debtors for which repayment cannot be expected (¥4,120 million in 2011, ¥3,376 million in 2012), and loans with no repayment schedule (¥68,407 million in 2011, ¥69,193 million in 2012) are not included above.

(Note 4) Maturity analysis of corporate bonds

As of March 31, 2011	Yen in millions					
	Within 1 year	1 – 2 years	2 – 3 years	3 – 4 years	4 – 5 years	Over 5 years
Corporate bonds	—	30,000	65,000	—	70,000	—

As of March 31, 2012	Yen in millions					
	Within 1 year	1 – 2 years	2 – 3 years	3 – 4 years	4 – 5 years	Over 5 years
Corporate bonds	30,000	65,000	—	70,000	—	106,191

13. Certain consolidated subsidiaries own investment properties in Tokyo and other areas. The carrying amounts, changes in carrying amounts and fair value of the investment properties are as follows:

	Yen in millions	
	March 31, 2011	March 31, 2012
Carrying amount		
Beginning balance	43,600	94,809
Increase/(decrease)	51,209	(6,598)
Ending balance	94,809	88,211
Fair value	151,493	127,211

(Notes)

- Carrying amount represents the cost of acquisition less accumulated depreciation.
- The increase during the fiscal year ended March 31, 2011 primarily represents the net effect of an increase in consolidated subsidiaries (¥59,593 million) and decrease due to transfers to assets for own-use (¥4,932 million). The increase during the fiscal year ended March 31, 2012 primarily represents the net effect of transfers from assets for own-use (¥7,401 million) and to assets for own-use (¥5,654 million).
- Fair value is primarily based on appraisals by qualified external appraisers. With respect to the properties with no substantial changes in their appraisal values or indices in which the market prices are reflected appropriately since the most recent appraisals, fair value is determined based on these appraisal values or the values adjusted by these indices.

14. Matters related to business combinations are as follows:

For the year ended March 31, 2012

(Business combination through acquisitions)

Additional acquisition of stocks of consolidated subsidiary, Mitsui Sumitomo Primary Life Insurance Company, Limited

The Company acquired all existing shares of Mitsui Sumitomo MetLife Insurance Co., Ltd. ("MSML") and converted MSML into a wholly owned subsidiary as of April 1, 2011, based on the stock purchase agreement with MetLife Worldwide Holdings, Inc., a subsidiary of MetLife, Inc. In addition, MSML changed its corporate name to Mitsui Sumitomo Primary Life Insurance Company, Limited on the same day.

(1) Details of acquisition

- Name of the acquired company and its business:
Mitsui Sumitomo MetLife Insurance Co., Ltd.
Description of business:
Life insurance
- Purpose of the business combination
Through the conversion of MSML into a wholly owned subsidiary, the Company intends to enhance the solid coordination between MSML and the other group companies, and strengthen the sales structure and improve the operational efficiency, in order to further enhance its position in the individual annuity insurance market.
- Date of the business combination
April 1, 2011
- Legal form of the business combination
Acquisition of stock
- Name of the company after business combination
Mitsui Sumitomo Primary Life Insurance Company, Limited

(vi) Voting rights ratio

Voting rights ratio held before the business combination	51%
Voting rights ratio acquired additionally on the date of the business combination	49%
Voting rights ratio after the acquisition	100%

(vii) Basis for determination of the acquiring company

The Company came to hold all voting rights in MSML and obtained control of MSML, and thus is considered as the acquiring company.

(2) Period of the acquired company's financial results included in the consolidated statements of income

From April 1, 2011 to March 31, 2012

(3) Cost of acquisition and its breakdown

	Yen in millions
Fair value of common stock of MSML held before the business combination	¥25,382
Fair value of common stock of MSML additionally acquired at the date of business combination	25,382
Expenses directly related to the acquisition	212
Acquisition cost	¥50,978

(4) Difference between acquisition cost of the acquired company and the aggregation of acquisition costs resulting from step acquisition

	Yen in millions
Acquisition cost	¥50,978
Aggregation of costs resulting from step acquisition	52,691
Difference (losses on step acquisition)	¥ (1,712)

(5) Amount of gains on negative goodwill and the reason for recognizing negative goodwill

(i) Amount of gains on negative goodwill

¥3,311 million

(ii) Reason for recognizing negative goodwill

The market value of the acquired company's net asset (difference between assets acquired and liabilities assumed on the date of the business combination) exceeded the acquisition cost determined based on the stock purchase agreement.

(6) Amount of assets acquired and liabilities assumed on the date of the business combination, and its breakdown

	Yen in millions
Total assets:	¥3,069,708
Investments in securities	¥2,399,455
Total liabilities:	¥3,015,418
Underwriting funds	¥3,003,150

(Transactions under common control)

Merger of Mitsui Sumitomo Kirameki Life Insurance Company, Limited and Aioi Life Insurance Company, Limited

Mitsui Sumitomo Kirameki Life Insurance Company, Limited and Aioi Life Insurance Company, Limited were merged on October 1, 2011 based on the agreement approved at both companies' extraordinary shareholders' meetings held on March 29, 2011, and the surviving company's name was changed to Mitsui Sumitomo Aioi Life Insurance Company, Limited.

(1) Details of business combination

(i) Name and business of combined entities

(a) Combining company

Company name:

Mitsui Sumitomo Kirameki Life Insurance Company, Limited

Description of business:

Life insurance

(b) Combined company

Company name:

Aioi Life Insurance Company, Limited

Description of business:

Life insurance

(ii) Date of business combination

October 1, 2011

(iii) Legal form of the business combination

Merger by absorption of Aioi Life Insurance Company, Limited by Mitsui Sumitomo Kirameki Life Insurance Company, Limited as surviving company

(iv) Name of the company after business combination

Mitsui Sumitomo Aioi Life Insurance Company, Limited

(v) Outline and purpose of the transaction

The merger of Mitsui Sumitomo Kirameki Life Insurance Company, Limited and Aioi Life Insurance Company, Limited is intended to enhance the Group's operational bases in domestic life insurance business, a growing business area in the five business domains under the Group's medium-term management plan "MS&AD New Frontier 2013," and thus accelerate growth of the Group.

(2) Outline of the accounting treatment adopted

This merger was accounted for as a transaction under common control, in accordance with the "Accounting Standard for Business Combinations" (ASBJ Statement No. 21, issued on December 26, 2008) and "Revised Guidance on Accounting Standard for Business Combinations and Accounting Standard for Business Divestitures" (ASBJ Guidance No. 10, issued on December 26, 2008).

15. Effects of changes in the corporate income tax rates on deferred tax assets and liabilities are as follows:

Following the promulgation on December 2, 2011 of the "Act for Partial Revision of the Income Tax Act, etc. for the Purpose of Creating Taxation System Responding to Changes in Economics and Social Structures" (Act No. 114 of 2011) and the "Act on Special Measures for Securing Financial Resources Necessary to Implement Measures for Reconstruction following the Great East Japan Earthquake" (Act No. 117 of 2011), corporation tax rates will be reduced gradually and surtaxes for reconstruction funding after the Great East Japan Earthquake will be imposed for the fiscal years beginning on and after April 1, 2012. As a result of these changes, the effective statutory tax rates which are used to measure deferred tax assets and liabilities, will be changed from 36.1% to 33.2% for temporary differences that are expected to be reversed during the fiscal years beginning within the period from April 1, 2012 to March 31, 2015 and changed to 30.7% for the temporary differences that are expected to be reversed in the fiscal years beginning on and after April 1, 2015. Due to these changes in corporation tax rates as of March 31, 2012, net deferred tax assets and underwriting reserves decreased by ¥34,608 million and ¥16,327 million, respectively, net unrealized gains on investments in securities, net deferred gains on hedge accounting for derivatives and income taxes-deferred increased by ¥36,601 million, ¥1,105 million and ¥72,315 million, respectively, and net loss increased by ¥56,013 million for the year ended March 31, 2012.

Furthermore, the valuation allowance of deferred tax assets for securities increased since ADI reviewed the scheduling of future reversals of temporary differences in accordance with the market environment. As a result, net deferred tax assets decreased by ¥25,525 million, and income taxes-deferred increased by ¥25,525 million, as of and for the year ended March 31, 2012.

16. The amounts of net assets per share are as follows:

	March 31, 2011	March 31, 2012
Net assets per share (in Yen)	2,597.19	2,400.48
Minority interests deducted from net assets (Yen in millions)	18,152	19,268
Outstanding common shares (Shares in thousands)	621,911	621,902

17. Significant subsequent event that occurred after the balance sheet date and would have a material effect on the financial position and/or results of operations of the Company and its consolidated subsidiaries for the future periods is as follows:

Strategic alliance with leading life insurer in India

On April 12, 2012, MSI, a consolidated subsidiary of the Company, reached an agreement to invest and form a strategic alliance with Max New York Life Insurance Company Limited (“Max New York Life”), a major Indian life insurer under one of the largest Indian business groups, Max India. Details of the transaction are as follows:

(1) Purpose of the alliance

MSI intends to expand its business base in the rapidly growing Asian market through entering into the life insurance market in India.

(2) Overview of the alliance

MSI acquired 26% of the outstanding shares of Max New York Life (unlisted) held by a US-based insurance company, New York Life, premised on approval from the Indian insurance supervisory authorities. The amount to be invested is 27.3 billion Indian rupees (approximately ¥45.0 billion). This investment ratio is the upper limit allowed for foreign investment in Indian life insurers.

(Exchange rate: INR1=¥1.66)

Upon making the investment, MSI will dispatch officers and employees to Max New York Life (two of whom are scheduled to be appointed as directors) to actively participate in the management of Max New York Life. The Company will also provide know-how of the life insurance business, accumulated in Japan and abroad, to meet the needs for life insurance and annuity insurance of multinational corporations expanding into India and to sell life insurance products to wealthy clients, which make up Max New York Life’s existing clientele.

(3) Date of the alliance

MSI plans to launch the alliance in this summer, premised on approval from the Indian insurance supervisory authorities.

NOTES TO CONSOLIDATED STATEMENTS OF INCOME

1. The amounts of other underwriting expenses which include losses on derivatives to reduce currency risks of foreign currency reinsurance transactions are as follows:

	Yen in millions	
	For the year ended March 31, 2011	For the year ended March 31, 2012
	4,105	603

2. Major components of business expenses are as follows:

	Yen in millions	
	For the year ended March 31, 2011	For the year ended March 31, 2012
Commission expenses	465,290	488,503
Salary	251,738	246,313

(Note) Business expenses represent the aggregate amount of loss adjustment expenses, operating expenses, general and administrative expenses and commissions and collection expenses presented in the consolidated statements of income.

3. The details of other extraordinary income are as follows:

For the year ended March 31, 2011

Other extraordinary income for the fiscal year ended March 31, 2011 represents net gain derived from a decrease in equity interest of a consolidated subsidiary, which resulted from an acquisition of a division of a third party insurance company in exchange of newly issued shares of the consolidated subsidiary.

4. Impairment losses were recognized as follows:

For the year ended March 31, 2011

Use	Asset category	Description of assets	Yen in millions		
			Impairment losses		
				Breakdown	
Investment properties	Land and buildings	13 properties, including buildings for rent in Aichi	3,338	Land	345
				Buildings	2,993
Idle real estate and real estate for sale	Land and buildings	31 properties, including company residences in Hiroshima	1,149	Land	652
				Buildings	497
Others	Software and other assets	Software and other assets relating to the operational service provider	423	—	—

For the year ended March 31, 2012

Use	Asset category	Description of assets	Yen in millions		
			Impairment losses		
				Breakdown	
Investment properties	Buildings	5 properties, including buildings for rent in Aomori	393	Buildings	393
Idle real estate and real estate for sale	Land and buildings	26 properties, including office buildings in Tokyo	3,121	Land	190
				Buildings	2,930
Others	Software and other assets	Software and other assets relating to the operational service provider	75	—	—

Properties used for insurance operations are grouped as a single asset group by each consolidated subsidiary. Some domestic consolidated subsidiaries group their properties by business. Investment properties, idle real estate and real estate for sale are grouped on an individual basis.

The carrying amounts of the above mentioned assets were reduced to their realizable values in the event that the value of the property was significantly decreased or the property was scheduled to be sold. The difference between the original carrying amount and the realizable value was recorded as impairment losses on fixed assets in the aggregate amount of ¥4,911 million in 2011 and ¥3,589 million in 2012 in extraordinary losses.

The realizable values of these assets are determined at the net sale values. The net sale values are computed based on the appraisal values provided by independent appraisers.

5. Details of other extraordinary losses are as follows:

For the year ended March 31, 2011

Other extraordinary losses include business integration costs (¥39,710 million), losses on cumulative adjustments for the adoption of the "Accounting Standard for Asset Retirement Obligations" (¥2,316 million), and contributions relating to building construction (¥2,136 million).

For the year ended March 31, 2012

Other extraordinary losses include merger costs for domestic consolidated subsidiaries (¥10,182 million), reversal of foreign currency translation adjustments (¥7,229 million), and losses on step acquisition of a subsidiary (¥1,712 million).

6. The amounts of net income per share are as follows:

	For the year ended March 31, 2011	For the year ended March 31, 2012
Net income/(loss) per share (in Yen)	8.68	(272.49)
Net income/(loss) (Yen in millions)	5,420	(169,469)
Average outstanding common shares during the year (Shares in thousands)	624,048	621,907

NOTES TO CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME

1. Reclassification adjustments and income tax effects of other comprehensive income

	Yen in millions
Net unrealized gains/(losses) on investments in securities:	
Gains/(losses) arising during the period	77,346
Reclassification adjustments	984
Before income tax effect adjustments	78,330
Income tax effects	8,362
Net unrealized gains/(losses) on investments in securities	86,693
Net deferred gains/(losses) on hedge accounting for derivatives:	
Gains/(losses) arising during the period	14,442
Reclassification adjustments	(288)
Before income tax effect adjustments	14,154
Income tax effects	(4,004)
Net deferred gains/(losses) on hedge accounting for derivatives	10,150
Net foreign currency translation adjustments:	
Gains/(losses) arising during the period	(19,883)
Reclassification adjustments	6,678
Before income tax effect adjustments	(13,204)
Income tax effects	—
Net foreign currency translation adjustments	(13,204)
Share of other comprehensive loss of investees accounted for by the equity method:	
Gains/(losses) arising during the period	(3,678)
Reclassification adjustments	(88)
Share of other comprehensive loss of investees accounted for by the equity method	(3,766)
Total other comprehensive income	79,872

NOTES TO CONSOLIDATED STATEMENTS OF CHANGES IN NET ASSETS

For the year ended March 31, 2011

1. Type and number of shares issued and treasury stock

	Shares in thousands			
	Beginning balance	Increase	Decrease	Ending balance
Issued				
Common shares	421,320	211,971	—	633,291
Total	421,320	211,971	—	633,291
Treasury stock				
Common shares	6,367	5,018	6	11,379
Total	6,367	5,018	6	11,379

(Notes)

- The increase in the number of issued common shares during the fiscal year was 211,971 thousand shares, as a result of the issuance of new shares through a share exchange agreement among the Company, Aioi Insurance Co., Ltd. ("AIOI") and Nissay Dowa General Insurance Co., Ltd. ("NDGI").
- The increase in the number of common treasury stocks during the fiscal year was 5,018 thousand shares in aggregate, as a result of the stock repurchase in the market (4,969 thousand shares) and the repurchase of fractional stocks (41 thousand shares).
- The decrease in the number of common treasury stocks during the fiscal year was 6 thousand shares, as a result of sales of the fractional stocks.

2. Dividends

(1) Dividends paid

Resolution	Type of shares	Aggregate amount of dividends (Yen in millions)	Dividends per share (Yen)	Date of record	Effective date
General meeting of stockholders held on June 29, 2010	Common shares	11,203	27	March 31, 2010	June 30, 2010
Meeting of Board of directors held on November 19, 2010	Common shares	16,792	27	September 30, 2010	December 10, 2010

(Notes)

- Dividends in the amount of ¥38,373 million include the dividend in the aggregate amount of ¥7,341 million paid by AIOI and the dividend in the aggregate amount of ¥3,036 million paid by NDGI (Both dividends were paid based on a resolution at each general stockholders' meeting held on June 29, 2010. Date of record: March 31, 2010, effective date: June 30, 2010, source of dividend: retained earnings).
- Date of record is the date to determine shareholders registered on the list of shareholders who are entitled to receive dividends.

(2) Dividends to be made effective after March 31, 2011 for which the date of record is in the fiscal year ended March 31, 2011

Resolution	Type of shares	Aggregate amount of dividends (Yen in millions)	Source of dividends	Dividends per share (Yen)	Date of record	Effective date
General meeting of stockholders held on June 29, 2011	Common shares	16,791	Retained earnings	27	March 31, 2011	June 30, 2011

(Note) Date of record is the date to determine shareholders registered on the list of shareholders who are entitled to receive dividends.

For the year ended March 31, 2012

1. Type and number of shares issued and treasury stock

	Shares in thousands			
	Beginning balance	Increase	Decrease	Ending balance
Issued				
Common shares	633,291	—	—	633,291
Total	633,291	—	—	633,291
Treasury stock				
Common shares	11,379	11	2	11,389
Total	11,379	11	2	11,389

(Notes)

1. The increase in the number of common treasury stocks during the fiscal year was 11 thousand shares in aggregate, as a result of repurchase of fractional stocks.
2. The decrease in the number of common treasury stocks during the fiscal year was 2 thousand shares, as a result of sales of the fractional stocks.

2. Dividends

(1) Dividends paid

Resolution	Type of shares	Aggregate amount of dividends (Yen in millions)	Dividends per share (Yen)	Date of record	Effective date
General meeting of stockholders held on June 29, 2011	Common shares	16,791	27	March 31, 2011	June 30, 2011
Meeting of Board of directors held on November 18, 2011	Common shares	16,791	27	September 30, 2011	December 9, 2011

(Note) Date of record is the date to determine shareholders registered on the list of shareholders who are entitled to receive dividends.

(2) Dividends to be made effective after March 31, 2012 for which the date of record is in the fiscal year ended March 31, 2012

Resolution	Type of shares	Aggregate amount of dividends (Yen in millions)	Source of dividends	Dividends per share (Yen)	Date of record	Effective date
General meeting of stockholders held on June 26, 2012	Common shares	16,791	Retained earnings	27	March 31, 2012	June 27, 2012

(Note) Date of record is the date to determine shareholders registered on the list of shareholders who are entitled to receive dividends.

NOTES TO CONSOLIDATED STATEMENTS OF CASH FLOWS

1. Reconciliation of balance sheet items to cash and cash equivalents outstanding

	Yen in millions	
	March 31, 2011	March 31, 2012
Cash, deposits and savings	623,606	649,505
Call loans	52,554	27,223
Receivables under resale agreements	23,094	41,680
Monetary claims bought	117,169	86,814
Money trusts	11,580	658,634
Investments in securities	7,818,573	10,220,605
Time deposits with an original maturity of more than three months	(94,205)	(111,886)
Monetary claims bought other than cash equivalents	(72,258)	(66,425)
Money trusts other than cash equivalents	(10,880)	(657,934)
Investments in securities other than cash equivalents	(7,781,967)	(10,136,505)
Cash and cash equivalents	687,267	711,710

2. Details of assets and liabilities of the companies newly included in the scope of consolidation as a result of the share exchange

For the year ended March 31, 2011

The amounts of assets and liabilities of the companies as a result of the share exchange with and between AIOI and NDGI through which the Company became the parent owning the entire shares of AIOI and NDGI are as follows:

	Yen in millions
Total assets:	4,060,858
Investments in securities	2,637,606
Goodwill	32,776
Total liabilities:	3,528,791
Policy liabilities	3,350,499

Total assets include cash and cash equivalents in the amount of ¥249,614 million, and they are recorded in "Increase in cash and cash equivalents primarily resulting from business combination."

For the year ended March 31, 2012

The amounts of assets and liabilities of MSPL as a result of the additional acquisition of shares of MSPL through which the Company became the parent owning the entire shares of MSPL are as follows:

	Yen in millions
Total assets:	3,069,708
Investments in securities	2,399,455
Total liabilities:	(3,015,418)
Policy liabilities	(3,003,150)
Gains on negative goodwill	(3,311)
Revaluation of the previously purchased shares	(27,095)
Losses on step acquisition	1,712
Acquisition price of the additionally purchased shares	25,595
Transfer from suspense payments	(212)
Cash and cash equivalents of the consolidated subsidiary	(10,922)
Net: Expenditure for the purchase of shares of the newly consolidated subsidiary	14,460

3. Details of increases in assets and liabilities relating to comprehensive transfer of insurance contracts

For the year ended March 31, 2011

Details of the increase in assets and liabilities derived from the comprehensive transfer of insurance contracts from Sumi-Sei General Insurance Company Limited to MSI, a consolidated subsidiary of the Company, are as follows:

	Yen in millions
Total assets	1,402
Total liabilities:	30,759
Policy liabilities	30,669

The settlement amount of ¥27,479 million, which is determined based on the difference (¥29,356 million) between the assets and liabilities after deducting the amount (¥1,876 million) corresponding to agency commissions relating to the transferred contracts, is recorded in "Increase in cash and cash equivalents primarily resulting from business combination."

4. Significant non-cash transaction

For the year ended March 31, 2011

The amounts of assets acquired and liabilities assumed as a result of acquisition of the non-life insurance business of Hong Leong Assurance Berhad by MSIG Insurance (Malaysia) Bhd., a consolidated subsidiary, are as follows:

	Yen in millions
Total assets:	8,906
Cash and deposits	4,464
Investments in securities	3,075
Goodwill	16,808
Total liabilities:	8,906
Policy liabilities	7,565

Total assets include cash and cash equivalents in the amount of ¥3,995 million and they are recorded in "Proceeds from acquisition of business."

5. Cash flows from investing activities include cash flows from investments made as part of the insurance business.



Independent Auditor's Report

To the Board of Directors of MS&AD Insurance Group Holdings, Inc.:

We have audited the accompanying consolidated financial statements of MS&AD Insurance Group Holdings, Inc. and its consolidated subsidiaries, which comprise the consolidated balance sheets as at March 31, 2011 and 2012, and the consolidated statements of income, comprehensive income, changes in net assets and cash flows for the years then ended, and the related notes.

Management's Responsibility for the Consolidated Financial Statements

Management is responsible for the preparation and fair presentation of these consolidated financial statements in accordance with accounting principles generally accepted in Japan, and for such internal control as management determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatements, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express an opinion on these consolidated financial statements based on our audits. We conducted our audits in accordance with auditing standards generally accepted in Japan. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the consolidated financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on our judgement, including the assessment of the risks of material misstatement of the consolidated financial statements, whether due to fraud or error. In making those risk assessments, we consider internal control relevant to the entity's preparation and fair presentation of the consolidated financial statements in order to design audit procedures that are appropriate in the circumstances, while the objective of the financial statement audit is not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the consolidated financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the consolidated financial statements present fairly, in all material respects, the financial position of MS&AD Insurance Group Holdings, Inc. and its consolidated subsidiaries as at March 31, 2011 and 2012, and their financial performance and cash flows for the years then ended in accordance with accounting principles generally accepted in Japan.

Convenience Translation

The U.S. dollar amounts in the accompanying consolidated financial statements with respect to the year ended March 31, 2012 are presented solely for convenience. Our audit also included the translation of yen amounts into U.S. dollar amounts and, in our opinion, such translation has been made on the basis described in Note 1 of Significant Accounting Policies in the accompanying consolidated financial statements.

KPMG AZSA LLC

June 29, 2012
Tokyo, Japan

KPMG AZSA LLC is a limited liability entity incorporated and organized under the Japanese Limited Liability Companies Law and a member firm of the KPMG network of independent member firms affiliated with KPMG International Cooperative ("KPMG International"), a Swiss entity.

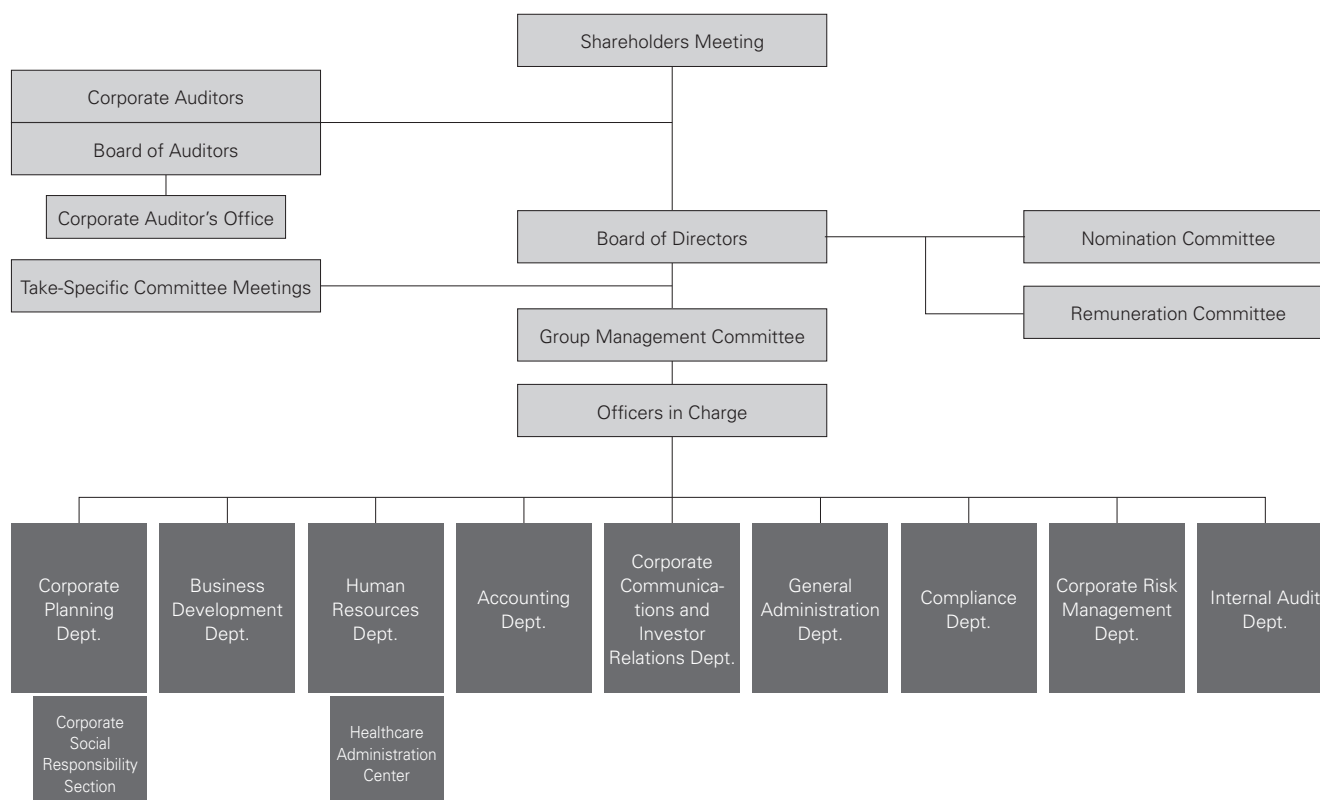
CORPORATE DATA

MS&AD Insurance Group Holdings is an insurance holding company. The Company controls the entire MS&AD Insurance Group, planning strategies and allocating management resources across the Group, as well as monitoring and overseeing group companies. The Company has also undertaken establishment of a system for group corporate governance.

The Company will work to maximize the total potential of the Group, forming the center of efforts to raise the level of management control, pursue group synergies, accelerate decision making and develop human resources through various business frameworks and personnel systems.

CORPORATE NAME	MS&AD Insurance Group Holdings, Inc.
DATE ESTABLISHED	Apr. 1, 2008 (Name changed on Apr. 1, 2010)
HEADQUARTERS	Yaesu First Financial Building, Yaesu 1-3-7, Chuo-ku, Tokyo, Japan
REPRESENTATIVE	Representative Director, President & CEO Toshiaki Egashira
PAID-IN CAPITAL	100,000,000,000 yen
NUMBER OF EMPLOYEES	97 (As of March 31, 2012)
BUSINESS DESCRIPTION	Our activities as a holding insurance company are: 1. Management of non-life and life insurance companies and companies qualified to become subsidiaries under insurance business law. 2. Any business associated with the above.
STOCK LISTING	Tokyo Stock Exchange (First Section) Osaka Securities Exchange (First Section) Nagoya Stock Exchange (First Section)

ORGANIZATIONAL CHART



STOCK AND SHAREHOLDERS

1. SUMMARY OF ISSUED SHARES (As of March 31, 2012)

1) Class of Stock	Common stock
2) Total number of authorized shares	900,000,000
3) Total number of shares issued	633,291,754
4) Number of shareholders	74,892

2. SHAREHOLDING PROFILE (As of March 31, 2012)

1) Breakdown by Sector

Item	Japanese financial institutions	Japanese securities companies	Other Japanese companies	Foreign companies and individuals	Japanese individuals and others	Total
NUMBER OF SHAREHOLDERS	179	64	1,847	544	72,258	74,892
NUMBER OF SHARES HELD	203,020,000	16,760,000	110,520,000	224,110,000	78,860,000	633,290,000
PERCENTAGE OF SHARES ISSUED	32.1%	2.6%	17.4%	35.4%	12.5%	100.0%

2) Breakdown by Number of Shares Held

Item	1-99	100-999	1,000-9,999	10,000-99,999	100,000-999,999	One million and over	Total
NUMBER OF SHAREHOLDERS	19,949	39,569	14,056	938	277	103	74,892
PERCENTAGE OF ALL SHAREHOLDERS	26.6%	52.8%	18.8%	1.3%	0.4%	0.1%	100.0%

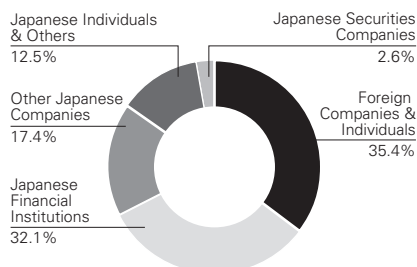
3) Breakdown by Region

Item	Hokkaido	Tohoku	Kanto	Chubu	Kinki	Chugoku	Shikoku	Kyushu	Overseas	Total
NUMBER OF SHARES	2,320,000	3,240,000	301,850,000	70,950,000	25,570,000	2,870,000	3,340,000	2,700,000	220,400,000	633,290,000
PERCENTAGE OF SHARES ISSUED	0.4%	0.5%	47.7%	11.2%	4.0%	0.5%	0.5%	0.4%	34.8%	100.0%

SHAREHOLDING PROFILE (As of March 31, 2012)

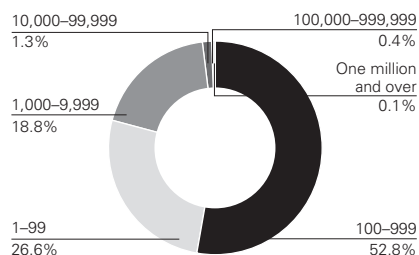
BREAKDOWN BY SECTOR

(Percentage of shares issued)



BREAKDOWN BY NUMBER OF SHARES HELD

(Percentage of all shareholders)



3. MAJOR SHAREHOLDERS (As of March 31, 2012)

Names of shareholders	Address	Number of shares held (Thousand)	Ratio of shares held (%)
Toyota Motor Corporation	Toyota 1, Toyota-shi, Aichi Prefecture	52,610	8.31
Nippon Life Insurance Company	Inside the Nippon Life Securities Operations Department, Marunouchi 1-6-6, Chiyoda-ku, Tokyo	36,325	5.74
Japan Trustee Services Bank, Ltd. (Trust account)	Harumi 1-8-11, Chuo-ku, Tokyo	30,018	4.74
The Master Trust Bank of Japan, Ltd. (Trust account)	Hamamatsu-cho 2-11-3, Minato-ku, Tokyo	27,746	4.38
STATE STREET BANK AND TRUST COMPANY (Standing agent Tokyo Branch, Hongkong and Shanghai Bank Corporation Limited)	P.O. Box 351 Boston, Massachusetts 02101 U.S.A. (Nihonbashi 3-11-1, Chuo-ku, Tokyo)	24,936	3.94
SSBT OD05 OMNIBUS ACCOUNT — TREATY CLIENTS (Standing agent Tokyo Branch, Hongkong and Shanghai Bank Corporation Limited)	338 Pitt Street Sydney NSW 2000 Australia (Nihonbashi 3-11-1, Chuo-ku, Tokyo)	12,426	1.96
THE CHASE MANHATTAN BANK, N.A. LONDON SECS LENDING OMNIBUS ACCOUNT (Standing agent Settlement & Clearing Services Div., Mizuho Corporate Bank, Ltd.)	Woolgate House, Coleman Street London EC2P 2HD, England (Tsukishima 4-16-13, Chuo-ku, Tokyo)	10,540	1.66
STATE STREET BANK AND TRUST COMPANY 505225 (Standing agent Settlement & Clearing Services Div., Mizuho Corporate Bank, Ltd.)	P.O. Box 351 Boston, Massachusetts 02101 U.S.A. (Tsukishima 4-16-13, Chuo-ku, Tokyo)	9,069	1.43
NATSCUMCO (Standing agent Sumitomo Mitsui Banking Corporation)	111 Wall Street, New York, New York 10015 U.S.A. (Otemachi 1-2-3, Chiyoda-ku, Tokyo)	8,923	1.41
MELLON BANK, N.A. AS AGENT FOR ITS CLIENT MELLON OMNIBUS US PENSION (Standing agent Settlement & Clearing Services Div., Mizuho Corporate Bank, Ltd.)	One Boston Place, Boston, MA 02108 U.S.A. (Tsukishima 4-16-13, Chuo-ku, Tokyo)	8,700	1.37
Total	—	221,297	34.94

(Note) In addition to the above, the Company holds 11,389 thousand shares of treasury stock (1.80% of issued shares).

4. DIVIDEND POLICY

The Company aims to enhance its profitability by pursuing further efficiency through synergies and implementing growth strategies. The goal is to make appropriate returns to shareholders that are proportionate to performance, thereby meeting their expectations. At the same time, due to the nature of the insurance business, the Company believes it is also necessary to maintain adequate internal reserves.

The Company's basic policy, therefore, is to maintain a stable level of dividends per share, while at the same time striving to increase this level by enhancing earnings performance. Our basic policy for the medium term is to return around 50% of Group Core Profit to shareholders through dividends and share buyback.

Moreover, the Company's basic policy is to pay dividends twice each year: an interim dividend and a year-end dividend. The amount of the interim dividend is decided by the Board of Directors while the amount of the year-end dividend is decided by the General Meeting of Shareholders.

The year-end dividend for the fiscal year ended March 31, 2012 was set at ¥27 per share. As the interim dividend was also ¥27 per share, the total annual dividend for the year was ¥54 per share.

The Company will invest its internal reserves efficiently, aiming to enhance its ability to fulfill its financial obligations while strengthening its operating foundation to cope with changes in the business environment.

5. CHANGES IN TOTAL NUMBER OF ISSUED SHARES, PAID-IN CAPITAL, ETC. (As of March 31, 2012)

Date	Issued shares (Thousand)		Paid-in capital		Capital reserves		Remarks
	Increase/decrease	Balance	Increase/decrease	Balance	Increase/decrease	Balance	
APRIL 1, 2008	421,320 shares	421,320 shares	¥100,000 million	¥100,000 million	¥179,191 million	¥179,191 million	(Note1)
APRIL 1, 2010	211,971 shares	633,291 shares	—	¥100,000 million	¥550,064 million	¥729,255 million	(Note2)

(Notes)

- The increases in the total number of issued shares, paid-in capital and capital reserves on April 1, 2008 were due to the issue of new shares at the time of establishing the Company through a transfer of shares from MSI.
- The increases in the total number of issued shares and capital reserves on April 1, 2010 were due to the issue of new shares at the time of an exchange of shares between the Company and both Aioi and NDI.

6. BASIC INFORMATION

1) FISCAL YEAR	Apr. 1 to Mar. 31 of the following year
2) ANNUAL SHAREHOLDERS' MEETING	Within 3 months of the end of each fiscal year
3) RECORD DATE	Ordinary General Meeting of Shareholders: March 31, every year. Year-end dividends: March 31, every year Interim dividends: September 30, every year
4) METHOD OF PUBLIC NOTIFICATION	In the event of an incident or other event that prevents electronic reporting, the Company will publish its notifications in The Nikkei Newspaper.
5) STOCK EXCHANGE LISTINGS	Tokyo, Osaka and Nagoya stock exchanges (First sections)
6) ADMINISTRATOR OF SHAREHOLDERS' REGISTRY	Sumitomo Mitsui Trust Bank, Limited (Marunouchi 1-4-1, Chiyoda-ku, Tokyo, Japan)
PLACE OF BUSINESS OF ADMINISTRATOR OF SHAREHOLDERS' REGISTRY	Sumitomo Mitsui Trust Bank, Limited Stock Transfer Agency Dept. (Marunouchi 1-4-1, Chiyoda-ku, Tokyo, Japan)
SPECIAL ACCOUNT MANAGEMENT INSTITUTION (POSTAL ADDRESS)	Sumitomo Mitsui Trust Bank, Limited (Note) Sumitomo Mitsui Trust Bank, Limited Stock Transfer Agency Dept. (Nikko-cho 1-10, Fuchu-shi, Tokyo 183-8701, Japan)

(Note) Following a share exchange effective April 1, 2010, the Company inherited the responsibility for a special account that was established on the same day for the shareholders of Aioi and NDI. As a result, the special account management institution for prior shareholders of these two companies will continue to be Mitsubishi UFJ Trust and Banking Corporation (Marunouchi 1-4-5, Chiyoda-ku, Tokyo).

7. REPORTS AND RESOLUTIONS OF THE GENERAL MEETING OF SHAREHOLDERS

The following matters were reported and resolved at the 4th Annual Shareholders Meeting held on June 26, 2012.

- MATTERS REPORTED:**
- Details of the Business Report, details of the Consolidated Financial Statements, and a report on the Results of Audit of Consolidated Financial Statements by accounting auditors and the Board of Corporate Auditors for the 4th fiscal year (Fiscal Year 2011 (from April 1, 2011 to March 31, 2012)); and
 - Report on the Financial Statements for the 4th fiscal year (Fiscal Year 2011 (from April 1, 2011 to March 31, 2012)).

MATTERS RESOLVED:

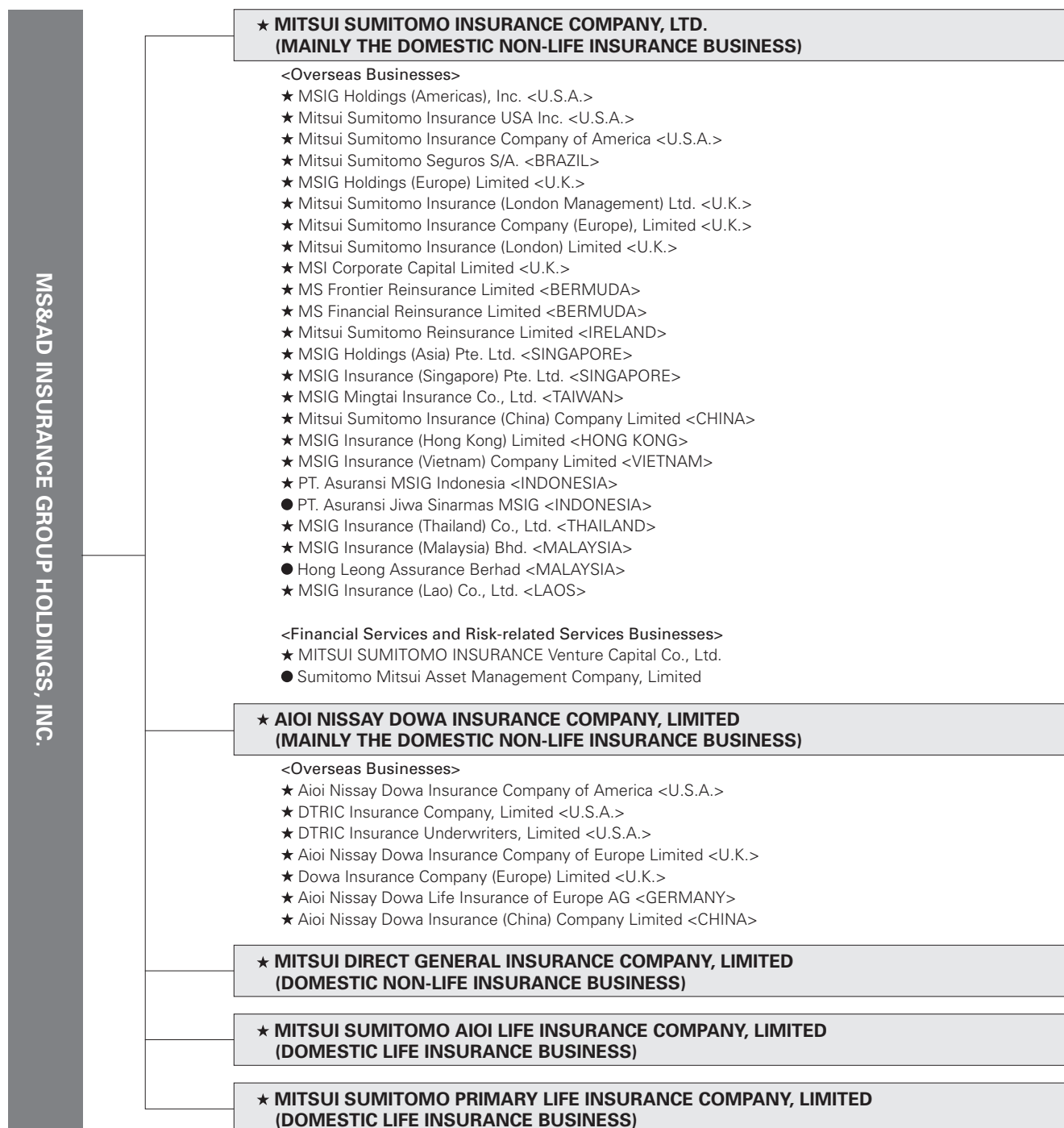
- First Item: Appropriation of Retained Earnings
This item was approved as proposed. (The year-end cash dividend is ¥27 per share of common stock of the Company. As a result, the cash dividend for the fiscal year under review totals ¥54 per share, including the interim dividend.)
- Second Item: Election of Thirteen (13) Directors
Messrs. Toshiaki Egashira, Yasuyoshi Karasawa, Hisahito Suzuki, Masanori Yoneda, Susumu Fujimoto, Shuhei Horimoto, Mitsuhiro Tsuchiya, Ichiro Iijima, Nampei Yanagawa, Akira Watanabe, Daiken Tsunoda, Tadashi Ogawa, and Ms. Mari Matsunaga were elected as directors and assumed office.
(Messrs. Akira Watanabe, Daiken Tsunoda, Tadashi Ogawa, and Ms. Mari Matsunaga are outside directors.)
- Third Item: Election of One (1) Corporate Auditor
Mr. Sosuke Yasuda was elected as a corporate auditor and assumed office.
(Mr. Sosuke Yasuda is an outside corporate auditor.)

OVERVIEW OF MS&AD HOLDINGS AND ITS SUBSIDIARIES AND AFFILIATES

(As of March 31, 2012)

The primary businesses undertaken by MS&AD Holdings and its Group companies (subsidiaries and affiliates), and the main Group companies undertaking each business, are listed below.

1. BUSINESS LINE



Notes: 1. The main consolidated subsidiaries involved in each business are listed. The ★ and ● symbols indicate the following:

★: Consolidated subsidiary ●: Equity-method affiliate

2. Mitsui Sumitomo Aioi Life Insurance Company, Limited was formed on October 1, 2011 from the merger of Mitsui Sumitomo Kirameki Life Insurance Company, Limited and Aioi Life Insurance Company, Limited.

3. Mitsui Sumitomo Primary Life Insurance Company, Limited became a wholly owned subsidiary of MS&AD Holdings on April 1, 2011, and changed its name from Mitsui Sumitomo MetLife Insurance Company, Limited.

2. MAIN SUBSIDIARIES

1) CONSOLIDATED SUBSIDIARIES

Name of company	Location	Date of incorporation	Principal business	Paid-in capital	Voting rights of MS&AD Holdings (%)	Voting rights of subsidiaries (%)
Mitsui Sumitomo Insurance Company, Ltd.	Chuo-ku, Tokyo	Oct. 21, 1918	Domestic non-life insurance	¥139,595 million	100.0%	—
Aioi Nissay Dowa Insurance Company, Ltd.	Shibuya-ku, Tokyo	June 30, 1918	Domestic non-life insurance	¥100,005 million	100.0%	—
Mitsui Direct General Insurance Company, Limited	Bunkyo-ku, Tokyo	June 3, 1999	Domestic non-life insurance	¥32,600 million	69.6%	—
au Insurance Company, Limited	Minato-ku, Tokyo	Feb. 23, 2010	Domestic non-life insurance	¥2,400 million	—	66.6%
Mitsui Sumitomo Aioi Life Insurance Company, Ltd.	Chuo-ku, Tokyo	Aug. 8, 1996	Domestic life insurance	¥35,500 million	100.0%	—
Mitsui Sumitomo Primary Life Insurance Company, Ltd.	Chuo-ku, Tokyo	Sep. 7, 2001	Domestic life insurance	¥41,060 million	100.0%	—
MITSUI SUMITOMO INSURANCE Venture Capital Company, Ltd.	Chuo-ku, Tokyo	Dec. 6, 1990	Financial services	¥1,000 million	—	100.0%
CS-Desk Company, Ltd.	Shibuya-ku, Tokyo	Oct. 10, 2006	Risk-related services	¥3,900 million	—	92.3%
MSIG Holdings (Americas), Inc.	New York, U.S.A.	Oct. 21, 1988	Overseas	US\$3,750 thousand	—	100.0%
Mitsui Sumitomo Insurance USA Inc.	New York, U.S.A.	Jan. 28, 1988	Overseas	US\$5,000 thousand	—	100.0%
Mitsui Sumitomo Insurance Company of America	New York, U.S.A.	Mar. 29, 2001	Overseas	US\$5,000 thousand	—	100.0%
Aioi Nissay Dowa Insurance Company of America	New York, U.S.A.	Jan. 11, 1994	Overseas	US\$5,000 thousand	—	100.0%
DTRIC Insurance Company, Limited	Honolulu, U.S.A.	Dec. 12, 1978	Overseas	US\$2,500 thousand	—	74.8%
DTRIC Insurance Underwriters, Limited	Honolulu, U.S.A.	Feb. 2, 2007	Overseas	US\$2,500 thousand	—	100.0%
Mitsui Sumitomo Seguros S/A.	São Paulo, Brazil	Dec. 15, 1965	Overseas	BRL281,368 thousand	—	99.0%
MSIG Holdings (Europe), Limited	London, U.K.	Mar. 7, 2000	Overseas	UK£635,843 thousand	—	100.0%
Mitsui Sumitomo Insurance (London Management) Ltd.	London, U.K.	Jan. 6, 2000	Overseas	UK£35,960 thousand	—	100.0%
Mitsui Sumitomo Insurance Company (Europe), Limited	London, U.K.	July 28, 1972	Overseas	UK£160,900 thousand	—	100.0%
Mitsui Sumitomo Insurance (London) Limited	London, U.K.	Oct. 6, 1975	Overseas	UK£529,107 thousand	—	100.0%
MSI Corporate Capital Limited	London, U.K.	Jan. 7, 2000	Overseas	UK£5,200 thousand	—	100.0%
Aioi Nissay Dowa Insurance Company of Europe Limited	London, U.K.	Nov. 12, 2004	Overseas	UK£183,756 thousand	—	100.0%
Dowa Insurance Company (Europe) Limited	London, U.K.	Nov. 28, 1975	Overseas	UK£10,000 thousand	—	100.0%

Name of company	Location	Date of incorporation	Principal business	Paid-in capital	Voting rights of MS&AD Holdings (%)	Voting rights of subsidiaries (%)
Aioi Nissay Dowa Life Insurance of Europe AG	Ismaning, Germany	Dec. 8, 2005	Overseas	€5,000 thousand	—	100.0%
MS Frontier Reinsurance Limited	Hamilton, Bermuda	Sep. 9, 1997	Overseas	US\$294,588 thousand	—	100.0%
MS Financial Reinsurance Limited	Hamilton, Bermuda	Nov. 21, 2011	Financial services	¥46 million	—	100.0%
Mitsui Sumitomo Reinsurance Limited	Dublin, Ireland	Feb. 11, 1999	Overseas	€20,000 thousand	—	100.0%
MSIG Holdings (Asia) Pte. Ltd.	Singapore, Singapore	Sep. 23, 2004	Overseas	S\$673,515 thousand	—	100.0%
MSIG Insurance (Singapore) Pte. Ltd.	Singapore, Singapore	Sep. 23, 2004	Overseas	S\$333,442 thousand	—	100.0%
MSIG Mingtai Insurance Co., Ltd.	Taipei, Taiwan	Sep. 22, 1961	Overseas	NT\$2,535 million	—	100.0%
Mitsui Sumitomo Insurance (China) Company Limited	Shanghai, P.R.C.	Sep. 6, 2007	Overseas	RMB500,000 thousand	—	100.0%
Aioi Nissay Dowa Insurance (China) Company Limited	Tianjin, P.R.C.	Jan. 23, 2009	Overseas	RMB260,000 thousand	—	100.0%
MSIG Insurance (Hong Kong) Limited	Hong Kong, P.R.C.	Sep. 8, 2004	Overseas	HK\$1,625,842 thousand	—	100.0%
MSIG Insurance (Vietnam) Company Limited	Hanoi, Vietnam	Feb. 2, 2009	Overseas	VND300,000 million	—	100.0%
PT. Asuransi MSIG Indonesia	Jakarta, Indonesia	Dec. 17, 1975	Overseas	IDR40,000 million	—	80.0%
MSIG Insurance (Thailand) Co., Ltd	Bangkok, Thailand	Apr. 14, 1983	Overseas	THB142,666 thousand	—	80.3%
MSIG Insurance (Malaysia) Bhd.	Kuala Lumpur, Malaysia	Apr. 28, 1979	Overseas	MYR333,142 thousand	—	65.4%
MSIG Insurance (Lao) Co., Ltd.	Vientiane, Laos	Sep.18, 2009	Overseas	US\$2,000 thousand	—	51.0%
MSC Corporation	Grand Cayman, Cayman Islands	Nov. 3, 2006	Financial services	US\$1 thousand	—	[100.0]

Notes: 1. Figures in square brackets [] represent the percentage of voting rights belonging to closely allied entities or entities who are in agreement with MS&AD on voting issues.
2. The Company's equity stake in MSC Corporation is less than 50%, but as it exercises effective control over MSC, it is included as a subsidiary.

2) EQUITY-METHOD AFFILIATES

Name of company	Location	Date of incorporation	Principal business	Paid-in capital	Voting rights of MS&AD Holdings (%)	Voting rights of subsidiaries (%)
Sumitomo Mitsui Asset Management Company, Limited	Minato-ku, Tokyo	July 15, 1985	Financial services	¥2,000 million	—	27.5%
PT. Asuransi Jiwa Sinarmas MSIG	Jakarta, Indonesia	Jul. 17, 1984	Overseas	IDR105,000 million	—	50.0%
Hong Leong Assurance Berhad	Petaling Jaya, Malaysia	Dec. 20, 1982	Overseas	MYR200,000 thousand	—	30.0%

OVERSEAS NETWORK

(As of Sept. 1, 2012)

-
- ☆ Overseas Branches
 - ★ Overseas Offices
 - Overseas Subsidiaries and Affiliates
 - △ Branches or Offices of Overseas Subsidiaries and Affiliates
 - Underwriting Agents for the Head Office
-

ASIA AND OCEANIA

SINGAPORE

<MS&AD HOLDINGS>

- Interisk Asia Pte. Ltd.

<MSI>

- MSIG Holdings (Asia) Pte. Ltd.
- MSIG Insurance (Singapore) Pte. Ltd.
- △ Mitsui Sumitomo Reinsurance Limited Singapore Branch
- MS Frontier Re Modeling Research Pte. Ltd.

<AIOI NISSAY DOWA>

- Aioi Nissay Dowa Insurance Agency Singapore Pte. Ltd.

THAILAND

<MSI>

- ☆ Thailand Branch
- MSIG Insurance (Thailand) Co., Ltd.
- MSI Holding (Thailand) Company Limited
- MSIG Service and Adjusting (Thailand) Company Limited
- Calm Sea Service Company Limited
- MBTS Broking Services Company Limited
- MBTS Life Insurance Broker Co., Ltd.

<AIOI NISSAY DOWA>

- ★ Bangkok Representative Office
- Aioi Bangkok Insurance Co., Ltd.
- Bangkok Chayoratr Co., Ltd.
- Bangkok Chayolife Co., Ltd.
- Kawasaki-Dowa Agency Ltd.

MALAYSIA

<MSI>

- MSIG Insurance (Malaysia) Bhd.
- MSIG Berhad
- Hong Leong Assurance Berhad
- Hong Leong MSIG Takaful Berhad
- △ Mitsui Sumitomo Reinsurance Limited Labuan Branch
- Labuan Branch Kuala Lumpur Office

PHILIPPINES

<MSI>

- BPI/MS Insurance Corporation
- FLT Prime Insurance Corporation

INDONESIA

<MSI>

- PT. Asuransi MSIG Indonesia
- PT. Auto Management Services
- PT. Asuransi Jiwa Sinarmas MSIG

REPUBLIC OF KOREA

<MSI>

- ☆ Korea Branch

<AIOI NISSAY DOWA>

- ★ Lotte Insurance Co., Ltd.*

*Liaison office

PEOPLE'S REPUBLIC OF CHINA

<MS&AD HOLDINGS>

- InterRisk Consulting (Shanghai) Co.,Ltd

<MSI>

- Mitsui Sumitomo Insurance (China) Company Limited
- △ Guangdong Branch Shenzhen Marketing Service Department
- △ Beijing Branch
- △ Jiangsu Branch Suzhou Marketing Service Department
- ★ China General Representative Office
- ★ Dalian Representative Office
- ★ Chengdu Representative Office
- ★ Qingdao Representative Office

<AIOI NISSAY DOWA>

- ★ Beijing Representative Office
- ★ Guangzhou Representative Office
- Aioi Nissay Dowa Insurance (China) Company Limited
- △ Zhejiang Branch
- Guangzhou Guang Ai Insurance Brokers Co., Ltd.

HONG KONG

<MSI>

- MSIG Insurance (Hong Kong) Limited
- Oriental Management Services Limited
- M&H Insurance Agency Limited

<AIOI NISSAY DOWA>

- ★ Hong Kong Representative Office

TAIWAN

<MSI>

- MSIG Mingtai Insurance Co., Ltd.

<AIOI NISSAY DOWA>

- ★ Taipei Representative Office

VIETNAM

<MSI>

- MSIG Insurance (Vietnam) Company Limited
- ★ Hanoi Representative Office
- ★ Ho Chi Minh Representative Office

<AIOI NISSAY DOWA>

- ★ Hanoi Representative Office

INDIA

<MSI>

- Cholamandalam MS General Insurance Company Limited
- Cholamandalam MS Risk Services Limited
- ★ New Delhi Representative Office
- Max Life Insurance Company Limited

MYANMAR

<MSI>

- ★ Yangon Representative Office

CAMBODIA

<MSI>

- Asia Insurance (Cambodia) Plc.

LAOS

<MSI>

- MSIG Insurance (Lao) Co.,Ltd.

AUSTRALIA

<MSI>

- ☆ Australia Branch
- ★ Sydney Representative Office
- ★ Melbourne Representative Office

<AIOI NISSAY DOWA>

- ☆ Australian Branch
- ★ Sydney Representative Office
- ★ Melbourne Representative Office
- Aioi Nissay Dowa Management Australia Pty. Ltd.

NEW ZEALAND

<MSI>

- ☆ New Zealand Branch
- ★ New Zealand Representative Office

<AIOI NISSAY DOWA>

- Aioi Nissay Dowa Management New Zealand Limited

PAPUA NEW GUINEA

<MSI>

- ☆ Papua New Guinea Branch
- ★ Papua New Guinea Representative Office

THE AMERICAS

U.S.A.

<MSI>

- MSIG Holdings (Americas), Inc.
- Mitsui Sumitomo Insurance Company of America
- Mitsui Sumitomo Insurance USA Inc.
- Mitsui Sumitomo Marine Management (U.S.A.), Inc.
- △ New York Office
- △ Los Angeles Office
- △ Cincinnati Office
- △ Atlanta Office
- △ Chicago Office
- △ Detroit Office
- MSI Risk Management Services, Inc.
- Seven Hills Insurance Agency, LLC
- MSI GuaranteedWeather, LLC
- Vortex Insurance Agency, LLC

<AIOI NISSAY DOWA>

- ★ New York Representative Office
- ★ Chicago Representative Office
- ★ Kentucky Representative Office
- ★ Los Angeles Representative Office
- ★ Honolulu Representative Office
- Aioi Nissay Dowa Insurance Company of America
- △ New York Branch
- △ Kentucky Branch
- △ Los Angeles Branch
- △ Detroit Branch
- DTRIC Insurance Company, Limited
- DTRIC Insurance Underwriters, Limited

GUAM (U.S.A.)

<AIOI NISSAY DOWA>

- Takagi & Associates, Inc.

NORTHERN MARIANAS (U.S.A.)

<AIOI NISSAY DOWA>

- Takagi & Associates, Inc. Saipan Branch

CANADA

<MSI>

- ★ Toronto Representative Office c/o Chubb Insurance Company of Canada
- Chubb Insurance Company of Canada

BERMUDA

<MS&AD HOLDINGS>

- Interisk Global Management (Bermuda) Limited

<MSI>

- MS Frontier Reinsurance Limited
- SPAC Insurance (Bermuda) Limited
- MSI GuaranteedWeather Trading Ltd.
- MS Financial Reinsurance Ltd.

MEXICO

<MSI>

- △ MSIG Holdings (Americas), Inc. Mexican Representative Office c/o Mapfre Tepeyac, S.A.

PANAMA

<MSI>

- ★ Panama Representative Office

BRAZIL

<MSI>

- Mitsui Sumitomo Seguros S/A.
- Mitsui Sumitomo Insurance Company Limited-Escritório de Representação no Brasil Ltda.
- ★ São Paulo Representative Office

COLOMBIA

<MSI>

- ★ Bogotá Representative Office

PERU

<MSI>

- ★ Lima Representative Office

ARGENTINA

<MSI>

- ★ Buenos Aires Representative Office

EUROPE AND THE MIDDLE EAST**UNITED KINGDOM****<MSI>**

- MSIG Holdings (Europe) Limited
- Mitsui Sumitomo Insurance Company (Europe), Limited
- △ UK Branch
UK Branch Derby Office
- MSIG Corporate Services (Europe) Limited
- Mitsui Sumitomo Insurance (London Management) Ltd.
- MSI Corporate Capital Limited
- Mitsui Sumitomo Insurance (London) Limited
- Mitsui Sumitomo Insurance Underwriting at Lloyd's Limited

<AIOI NISSAY DOWA>

- ★ London Representative Office
- Aioi Nissay Dowa Insurance Company of Europe Limited
- Aioi Nissay Dowa Insurance Management Limited
- Toyota Insurance Management Limited
- Dowa Insurance Company (Europe) Limited

IRELAND**<MSI>**

- MSI Insurance Management (Ireland) Limited
- Mitsui Sumitomo Reinsurance Limited

GERMANY**<MSI>**

- △ Mitsui Sumitomo Insurance Company (Europe), Limited
German Branch
- MSIG Insurance Europe AG
- MSIG German Services GmbH

<AIOI NISSAY DOWA>

- △ Aioi Nissay Dowa Insurance Company of Europe Limited
German Branch
- △ Toyota Insurance Management Limited
German Branch
- Aioi Nissay Dowa Life Insurance of Europe AG

THE NETHERLANDS**<MSI>**

- △ Mitsui Sumitomo Insurance Company (Europe), Limited
The Netherlands Branch

<AIOI NISSAY DOWA>

- Aioi Nissay Dowa Insurance Company of Europe Limited c/o W.A. Hienfeld B.V.

FRANCE**<MSI>**

- △ Mitsui Sumitomo Insurance Company (Europe), Limited
France Branch

<AIOI NISSAY DOWA>

- ★ Paris Representative Office
- △ Aioi Nissay Dowa Insurance Company of Europe Limited
French Branch
- △ Toyota Insurance Management Limited
French Branch

BELGIUM**<MSI>**

- △ Mitsui Sumitomo Insurance Company (Europe), Limited
Belgium Branch

<AIOI NISSAY DOWA>

- ★ Brussels Representative Office
- △ Aioi Nissay Dowa Insurance Company of Europe Limited
Belgian Branch
- △ Toyota Insurance Management Limited
Belgian Branch

SWITZERLAND**<MSI>**

- MS Frontier Reinsurance Limited
Switzerland Branch

SPAIN**<MSI>**

- △ Mitsui Sumitomo Insurance Company (Europe), Limited
Spain Branch

<AIOI NISSAY DOWA>

- △ Aioi Nissay Dowa Insurance Company of Europe Limited
Spanish Branch
- △ Toyota Insurance Management Limited
Spanish Branch

ITALY**<MSI>**

- △ Mitsui Sumitomo Insurance Company (Europe), Limited
Italy Branch

<AIOI NISSAY DOWA>

- △ Aioi Nissay Dowa Insurance Company of Europe Limited
Italian Branch
- △ Toyota Insurance Management Limited
Italian Branch

SLOVAKIA**<MSI>**

- △ Mitsui Sumitomo Insurance Company (Europe), Limited
Slovakia Branch

RUSSIA**<MSI>**

- ★ Moscow Representative Office
- ★ St. Petersburg Representative Office

<AIOI NISSAY DOWA>

- ★ Moscow Representative Office

NORWAY**<MSI>**

- SMA MSI AS

<AIOI NISSAY DOWA>

- Aioi Nissay Dowa Insurance Company of Europe Limited c/o Tennant Forsikring NUF

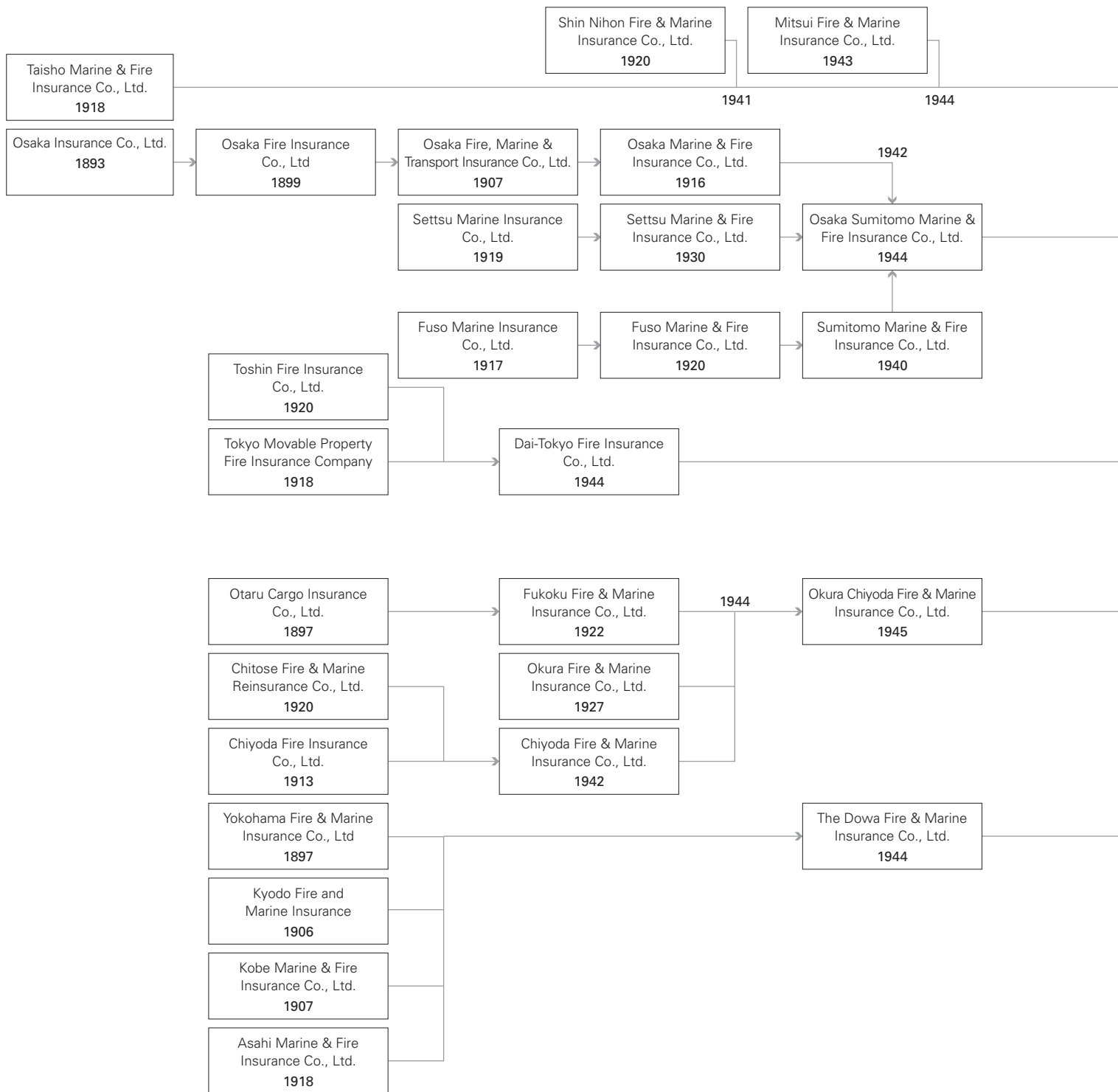
UNITED ARAB EMIRATES**<MSI>**

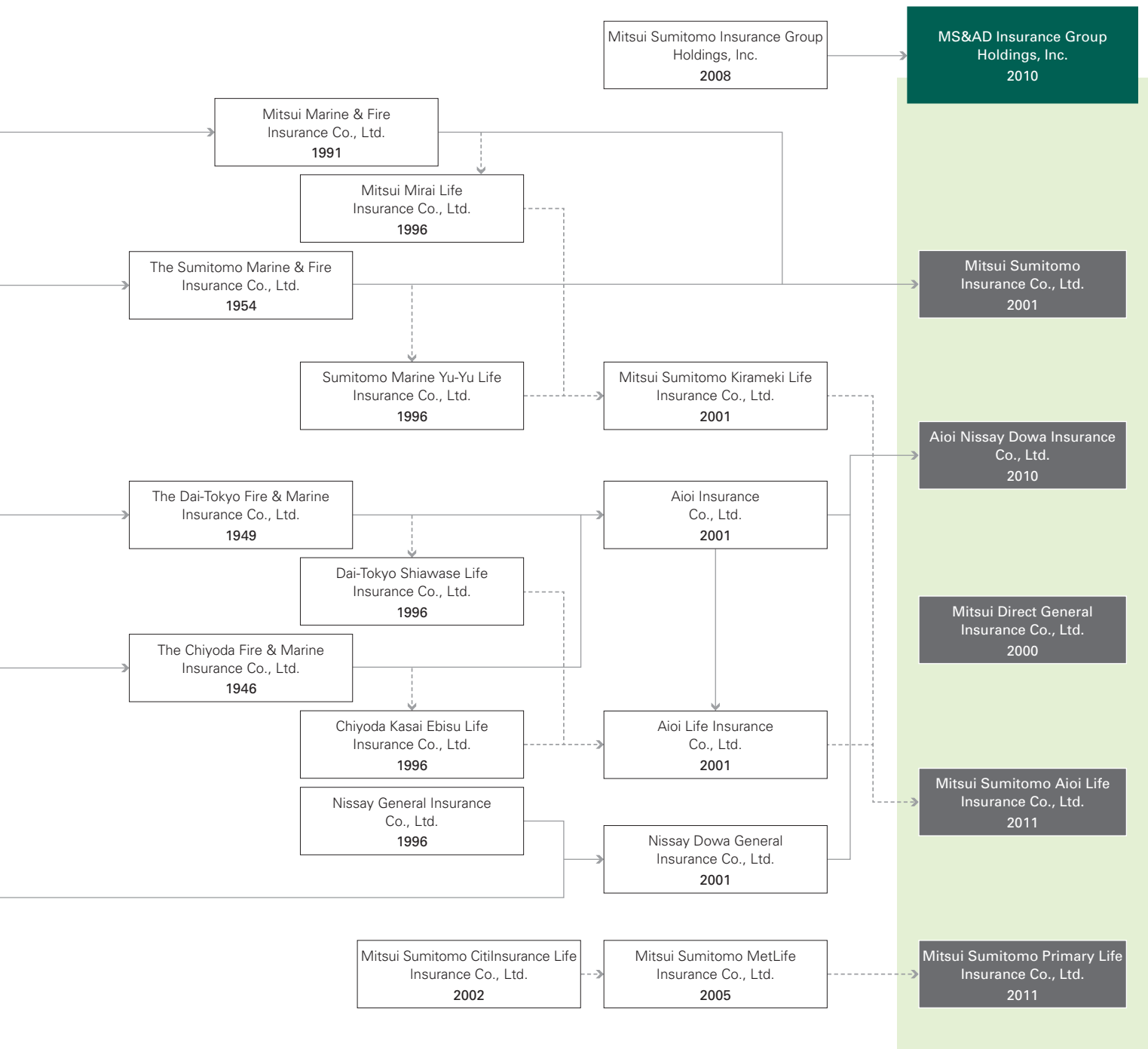
- ★ Dubai Representative Office
- ★ Abu Dhabi Representative Office

QATAR**<MSI>**

- △ Mitsui Sumitomo Insurance Company (Europe), Limited
Qatar Branch

ORGANIZATIONAL BACKGROUND





www.ms-ad-hd.com/en/

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