

[Translation]

**SUMMARY OF FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED MARCH 31, 2010**

May 20, 2010

Name of Listed Company: **MS & AD Insurance Group Holdings, Inc.**  
**(On Behalf of Aioi Insurance Co., Ltd.)**  
Securities Code No.: 8725  
Stock Exchanges: Tokyo, Osaka, Nagoya  
URL: <http://www.ms-ad-hd.com>  
Representative: Hisahito Suzuki, President of Aioi Insurance Co., Ltd.  
Contact: Hidenobu Go, Manager, Accounting Department  
Telephone : (03)-5424-0101  
Date of filing of Financial Report: June 30, 2010  
Date of starting payment of year-end dividends: June 30, 2010

(Note) Amounts are truncated.

**1. Consolidated Business Results for the year ended March 31, 2010 (April 1, 2009 to March 31, 2010)**

(1) Results of Consolidated Operations (Yen in millions)

	Ordinary income		Ordinary profit		Net income	
	Amount	%	Amount	%	Amount	%
Year ended March 31, 2010	1,044,151	(2.9) %	36,377	- %	16,640	- %
Year ended March 31, 2009	1,075,517	(7.0) %	(23,028)	- %	(10,943)	- %

Percent figures represent changes in comparison with the preceding fiscal year.

(Yen)

	Net income per share	Net income per share -Diluted	Return on equity	Ordinary profit to Total assets	Ordinary profit to Ordinary income
Year ended March 31, 2010	22.66	22.65	5.4 %	1.3 %	3.5 %
Year ended March 31, 2009	(14.90)	-	(3.2) %	(0.8) %	(2.1) %

(Reference) Equity in net gains (losses) of affiliates: None

(Note) Net income per share-Diluted for the year ended March 31, 2009 is omitted since net loss is reported.

(2) Consolidated Financial Conditions (Yen in millions)

	Total assets	Net assets	Net assets less minority interests to Total assets	Net assets less minority interests per share (Yen)
As of March 31, 2010	2,855,424	346,804	12.1 %	472.27
As of March 31, 2009	2,804,162	266,868	9.5 %	363.24

(Reference) Net assets less minority interests: As of March 31, 2010: ¥346,700 million  
As of March 31, 2009: ¥266,670 million

(3) Consolidated Cash Flows (Yen in millions)

	Cash flows from operating activities	Cash flows from investing activities	Cash flows from financing activities	Cash and cash equivalents at end of fiscal year
Year ended March 31, 2010	26,221	19,825	(7,914)	202,912
Year ended March 31, 2009	36,168	18,189	(8,032)	163,919

**2. Dividends**

	Dividend per share (Yen)					Total annual dividends (Yen in millions)	Dividend pay-out ratio (Consolidated)	Dividends on net assets (Consolidated)
	1st Quarter	2nd Quarter	3rd Quarter	4th Quarter	Annual			
Year ended March 31, 2009				10.00	10.00	7,341	- %	2.1 %
Year ended March 31, 2010				10.00	10.00	7,341	44.1 %	2.4 %

(Note) Dividend pay-out ratio (Consolidated) for the year ended March 31, 2009 is omitted since net loss is reported.

### 3. Other information

(1) Significant changes in scope of consolidation during the period : None

(2) Changes in accounting principle, procedure and presentation preparing the consolidated financial statements

1. Changes due to revision of accounting standard: Yes

2. Changes due to other than above: None

(3) The number of shares outstanding (Common stock)

1. The number of shares outstanding (including treasury stock)

As of March 31, 2010: 756,201,411 shares

As of March 31, 2009: 756,201,411 shares

2. The number of treasury stock

As of March 31, 2010: 22,100,059 shares

As of March 31, 2009: 22,067,931 shares

### (Reference) Summary of Non-consolidated Financial Results

#### Non-consolidated Business Results for the year ended March 31, 2010 (April 1, 2009 to March 31, 2010)

(1) Results of Operations

(Yen in millions)

	Net premiums written		Ordinary profit		Net income	
Year ended March 31, 2010	794,050	(2.8) %	37,380	- %	18,166	- %
Year ended March 31, 2009	816,693	(4.1) %	(20,359)	(559.5) %	(9,550)	(233.2) %

Percent figures represent changes in comparison with the preceding fiscal year.

(Yen)

	Net income per share	Net income per share -Diluted	Return on equity	Net loss ratio	Net expense ratio
Year ended March 31, 2010	24.74	24.73	5.5 %	67.3 %	35.5 %
Year ended March 31, 2009	(13.00)	-	(2.6) %	65.0 %	34.6 %

a. Net loss ratio = (Net claims paid + Loss adjustment expenses) / Net premiums written \* 100

b. Net expense ratio = (Commission and collection expenses + Operating expenses and general and administrative expenses on underwriting) / Net premiums written \* 100

(Note) Net income per share-Diluted for the year ended March 31, 2009 is omitted since net loss is reported.

(2) Financial Conditions

(Yen in millions)

	Total assets	Net assets	Net assets less Subscription rights to shares to Total assets	Net assets less Subscription rights to shares per share (Yen)
As of March 31, 2010	2,423,293	373,268	15.4 %	508.47
As of March 31, 2009	2,419,760	291,727	12.1 %	397.23

(Reference) Net assets less Subscription rights to shares: As of March 31, 2010: ¥373,268 million

As of March 31, 2009: ¥291,623 million

## Consolidated Balance Sheets

(Yen in millions)

Items	As of March 31, 2009	As of March 31, 2010
	Amount	Amount
(Assets)		
Cash deposits and savings	175,202	214,256
Securities bought under resale agreements	3,298	1,999
Monetary claims bought	19,535	14,094
Money trusts	6,718	4,604
Investments in securities	1,642,053	1,743,660
Loans	360,819	336,728
Tangible fixed assets:	150,333	149,041
Land	63,440	65,369
Buildings	75,467	73,359
Lease assets	369	208
Construction in progress	11	17
Other tangible fixed assets	11,044	10,085
Intangible fixed assets:	9,045	7,114
Software	5,583	5,757
Lease assets	1,013	359
Other intangible fixed assets	2,447	997
Other assets	240,800	234,910
Deferred tax assets	195,635	147,939
Customers' liabilities under acceptances and guarantees	3,000	3,000
Bad debts reserve	(2,280)	(1,924)
<b>Total assets</b>	<b>2,804,162</b>	<b>2,855,424</b>
(Liabilities)		
Underwriting funds:	2,368,818	2,366,440
Outstanding claims	313,809	324,274
Underwriting reserves	2,055,008	2,042,165
Other liabilities	138,870	111,224
Reserve for pension and retirement benefits	20,111	20,099
Reserve for pension and retirement benefits for officers and operating officers	51	111
Accrued bonuses for employees	4,712	4,642
Reserve under the special law:	1,729	3,100
Reserve for price fluctuation	1,729	3,100
Liabilities under acceptances and guarantees	3,000	3,000
<b>Total liabilities</b>	<b>2,537,293</b>	<b>2,508,619</b>
(Net assets)		
Shareholders' equity:		
Common stock	100,005	100,005
Capital surplus	44,092	44,097
Retained earnings	167,394	176,693
Treasury stock	(7,946)	(7,963)
Total shareholders' equity	303,545	312,833
Valuation and translation adjustments:		
Unrealized gains on investments, net of tax	(33,506)	37,100
Foreign currency translation adjustments	(3,368)	(3,232)
Total valuation and translation adjustments	(36,875)	33,867
Subscription rights to shares	104	-
Minority interests	93	104
<b>Total net assets</b>	<b>266,868</b>	<b>346,804</b>
<b>Total liabilities and net assets</b>	<b>2,804,162</b>	<b>2,855,424</b>

## Consolidated Statements of Income

(Yen in millions)

Items	Year ended March 31, 2009	Year ended March 31, 2010
	Amount	Amount
<b>Ordinary income and expenses:</b>		
<b>Ordinary income:</b>	<b>1,075,517</b>	<b>1,044,151</b>
<b>Underwriting income:</b>	<b>985,723</b>	<b>971,297</b>
Net premiums written	829,147	811,455
Deposit premiums from policyholders	52,954	48,437
Investment income on deposit premiums from policyholders	20,213	18,377
Life insurance premiums	71,249	77,737
Reversal of outstanding claims	11,132	-
Reversal of underwriting reserves	-	13,045
Other underwriting income	1,024	2,244
<b>Investment income:</b>	<b>87,243</b>	<b>68,844</b>
Interest and dividends received	51,007	57,440
Investment gains on money trusts	38	659
Gains on trading securities	35	-
Gains on sale of securities	56,270	19,766
Gains on redemption of securities	8	151
Gains on derivative transactions	-	8,103
Other investment income	96	1,101
Transfer of investment income on deposit premiums from policyholders	(20,213)	(18,377)
<b>Other ordinary income</b>	<b>2,551</b>	<b>4,009</b>
<b>Ordinary expenses:</b>	<b>1,098,545</b>	<b>1,007,774</b>
<b>Underwriting expenses:</b>	<b>824,792</b>	<b>829,319</b>
Net claims paid	501,550	501,786
Loss adjustment expenses	37,732	44,629
Commission and collection expenses	156,745	154,417
Maturity refunds to policyholders	92,279	97,408
Dividends to policyholders	128	508
Life insurance claims	13,957	17,286
Provision for outstanding claims	-	10,799
Provision for underwriting reserves	20,122	-
Other underwriting expenses	2,276	2,482
<b>Investment expenses:</b>	<b>113,520</b>	<b>14,970</b>
Losses on trading securities	-	4
Losses on sale of securities	12,598	6,818
Losses on devaluation of securities	62,461	2,971
Losses on redemption of securities	126	875
Losses on derivative transactions	11,832	-
Other investment expenses	26,501	4,300
<b>Operating expenses and general and administrative expenses</b>	<b>158,847</b>	<b>162,795</b>
<b>Other ordinary expenses:</b>	<b>1,385</b>	<b>688</b>
Interest paid	49	39
Provision for bad debts reserve	590	167
Loss on bad debts	10	59
Other ordinary expenses	734	422
<b>Ordinary profit (loss)</b>	<b>(23,028)</b>	<b>36,377</b>
<b>Extraordinary income and losses:</b>		
<b>Extraordinary income:</b>	<b>9,853</b>	<b>1,522</b>
Gains on sale of fixed assets	624	1,314
Reversal of reserve under the special law:	5,907	-
Reversal of reserve for price fluctuation	5,907	-
Other extraordinary income	3,321	208
<b>Extraordinary losses:</b>	<b>1,429</b>	<b>11,340</b>
Losses on sale of fixed assets	763	897
Impairment losses on fixed assets	665	696
Provision for reserve under the special law:	-	1,370
Provision for price fluctuation reserve	-	1,370
Loss on reduction of fixed assets	-	140
Other extraordinary losses	-	8,236
<b>Income (loss) before income taxes</b>	<b>(14,603)</b>	<b>26,558</b>
<b>Income taxes - current</b>	<b>2,485</b>	<b>2,079</b>
<b>Income taxes - deferred</b>	<b>(6,041)</b>	<b>7,831</b>
<b>Total income taxes</b>	<b>(3,556)</b>	<b>9,911</b>
<b>Minority Interests</b>	<b>(103)</b>	<b>7</b>
<b>Net income (loss)</b>	<b>(10,943)</b>	<b>16,640</b>

**Direct Premiums Written by Lines of Insurance**  
(including Deposit premiums from policyholders)

**Consolidated**

(Yen in millions)

Lines of Insurance	Year ended March 31, 2009			Year ended March 31, 2010		
	Amount	Share %	Change %	Amount	Share %	Change %
Fire and Allied	138,822	15.2	2.9	138,959	15.5	0.1
Marine	5,006	0.5	(9.8)	4,305	0.5	(14.0)
Personal Accident	85,768	9.4	(7.5)	81,134	9.1	(5.4)
Voluntary Automobile	472,341	51.7	(2.8)	473,261	53.0	0.2
Compulsory Automobile Liability	132,713	14.5	(15.8)	123,184	13.8	(7.2)
Other	79,573	8.7	(0.6)	72,135	8.1	(9.3)
<b>Total</b>	<b>914,226</b>	<b>100.0</b>	<b>(4.4)</b>	<b>892,981</b>	<b>100.0</b>	<b>(2.3)</b>
Deposit premiums from policyholders	52,954	5.8	(11.5)	48,437	5.4	(8.5)

**Net Premiums by Lines of Insurance**

(Yen in millions)

Lines of Insurance	Year ended March 31, 2009			Year ended March 31, 2010		
	Amount	Share %	Change %	Amount	Share %	Change %
Fire and Allied	102,634	12.4	2.2	102,294	12.6	(0.3)
Marine	5,430	0.7	(15.9)	3,750	0.5	(30.9)
Personal Accident	46,016	5.5	(3.9)	45,319	5.6	(1.5)
Voluntary Automobile	477,504	57.6	(2.3)	479,679	59.1	0.5
Compulsory Automobile Liability	119,731	14.4	(19.9)	109,591	13.5	(8.5)
Other	77,837	9.4	(0.7)	70,827	8.7	(9.0)
<b>Total</b>	<b>829,154</b>	<b>100.0</b>	<b>(4.9)</b>	<b>811,462</b>	<b>100.0</b>	<b>(2.1)</b>

**Net Claims Paid by Lines of Insurance**

(Yen in millions)

Lines of Insurance	Year ended March 31, 2009			Year ended March 31, 2010		
	Amount	Share %	Change %	Amount	Share %	Change %
Fire and Allied	35,078	7.0	(3.0)	37,409	7.4	6.6
Marine	3,363	0.7	(7.4)	2,658	0.5	(21.0)
Personal Accident	21,468	4.3	5.3	22,040	4.4	2.7
Voluntary Automobile	287,159	57.2	(1.2)	295,001	58.8	2.7
Compulsory Automobile Liability	100,283	20.0	0.1	97,629	19.5	(2.6)
Other	54,197	10.8	(6.5)	47,047	9.4	(13.2)
<b>Total</b>	<b>501,550</b>	<b>100.0</b>	<b>(1.5)</b>	<b>501,786</b>	<b>100.0</b>	<b>0.0</b>

Note: Any figures are amounts before the off-set of intersegment transactions.

## Investment Conditions of Securitized Instruments

We invest in securitized instruments, such as marketable securities and credit derivatives. The booked amount of marketable securities was 26.6 billion yen equivalent, and the notional amount of credit derivatives was 59.3 billion yen equivalent as of March 31, 2010. ABS-CDOs in credit derivative transactions partially contain subprime related loans, but marketable securities do not contain any subprime related loans.

### 1. Investment Conditions of Marketable Securities (As of March 31, 2010)

(100 Millions of Yen)

	Booked Amount		Fair Value		Unrealized Profit and Loss		Profit and Loss for FY2009
		Change from March 31, 2009		Change from March 31, 2009		Change from March 31, 2009	
Total Amount of Securitized Instruments	266	(118)	270	(98)	4	20	(3)

#### (1) Special Purpose Entity (SPE)

There is no SPE structured by our company. We do not supplement liquidity in SPEs.

(100 Millions of Yen)

	Booked Amount		Fair Value		Unrealized Profit and Loss		Profit and Loss for FY2009
		Change from March 31, 2009		Change from March 31, 2009		Change from March 31, 2009	
Total Amount	0	(2)	0	(3)	(0)	(0)	(2)
ABCP	-	-	-	-	-	-	-
Bond Issued by SIV *1	0	(2)	0	(3)	(0)	(0)	(2)
Other	-	-	-	-	-	-	-

\*1 We hold subordinated bonds issued by Structured Investment Vehicles (SIVs). About 40% of pledged assets for the bonds as collaterals keep AAA ratings, and about 65% of the assets keep higher than BBB ratings. About 60% of the bonds are Residential Mortgage Backed Securities (RMBSs) and Commercial Mortgage-Backed Securities (CMBSs). RMBSs do not contain subprime related exposure but partially contain Alt-A exposure. Percentages of pledged assets by country are about 65% for the U.S., and about 30% for Europe. The average remaining period of pledged assets is 3.9 years.

#### (2) Collateralized Debt Obligation (CDO)

We hold Collateralized Loan Obligations (CLOs), one of CDOs, but these CLOs do not contain subprime related exposure and Alt-A exposure.

(100 Millions of Yen)

	Booked Amount		Fair Value		Unrealized Profit and Loss		Profit and Loss for FY2009
		Change from March 31, 2009		Change from March 31, 2009		Change from March 31, 2009	
Total Amount	3	(1)	13	8	10	10	(0)
CLO *2	3	(1)	13	8	10	10	(0)
Other	-	-	-	-	-	-	-

\*2 These CLOs relate to overseas loan collaterals, and we invest in equity part of them.

#### (3) Other Securitized Instruments

The below chart shows the amounts of other securitized instruments. Subprime related exposure and Alt-A exposure are not included.

(100 Millions of Yen)

	Booked Amount		Fair Value		Unrealized Profit and Loss		Profit and Loss for FY2009
		Change from March 31, 2009		Change from March 31, 2009		Change from March 31, 2009	
Total Amount	262	(114)	255	(103)	(6)	10	(0)
CMBS	20	(17)	20	(17)	(0)	0	(0)
RMBS	187	(51)	189	(48)	2	3	-
ABS and Other	54	(44)	45	(38)	(9)	6	-

Overseas exposures in the above chart are as follows:

	Booked Amount		Fair Value		Unrealized Profit and Loss		Profit and Loss for FY2009
		Change from March 31, 2009		Change from March 31, 2009		Change from March 31, 2009	
Total Amount	52	(28)	43	(22)	(9)	6	-
CMBS	-	-	-	-	-	-	-
RMBS	-	-	-	-	-	-	-
ABS and Other	52	(28)	43	(22)	(9)	6	-

## 2. Investment Conditions of Credit Derivative Transaction (As of March 31, 2010)

We hold ABS-CDOs, Corporate CDOs, and CDSs (Credit Derivative Swaps). These ABS-CDOs contain subprime related exposure and Alt-A exposure, but Corporate CDOs and CDSs do not contain these exposures. We utilize currency forwards to hedge these credit derivatives, but did not utilize any other hedges as of March 31, 2010.

	Notional Amount		Evaluation Profit and Loss		Outstanding Exposure		Profit and Loss for FY2009
		Change from March 31, 2009		Change from March 31, 2009		Change from March 31, 2009	
Total Amount	593	(264)	(114)	200	478	(64)	81
ABS-CDO *3	113	(134)	(112)	131	1	(3)	12
Corporate CDO *4	350	-	(1)	57	348	57	57
CDS	130	(130)	(0)	10	129	(119)	10
					Currency hedge loss (Exchange contract)		(13)
					Subprime related profit and loss (Total)		(0)

\*3 The loss on ABS-CDOs including currency hedges (subprime related loss) for this period was -0 billion yen. The ratings of ABS-CDOs, which partially contain subprime related loans, are CC or below due to conditions of underlying assets and tranches. About 40% of underlying assets of these ABS-CDOs are RMBSs, and the other underlying assets are CMBSs and credit card receivables.

\*4 All Corporate CDOs keep AAA ratings. Underlying assets of Corporate CDOs are all domestic CDSs.

Overseas exposures in the above chart are as follows:

	Notional Amount		Evaluation Profit and Loss		Outstanding Exposure		Profit and Loss for FY2009
		Change from March 31, 2009		Change from March 31, 2009		Change from March 31, 2009	
Total Amount	113	(134)	(112)	131	1	(3)	12
ABS-CDO	113	(134)	(112)	131	1	(3)	12
Corporate CDO	-	-	-	-	-	-	-
CDS	-	-	-	-	-	-	-

## 3. Other Conditions (As of March 31, 2010)

We do not implement leveraged finance deals and do not underwrite reinsurances of financial guarantee insurances and monoline insurers. In addition, we do not hold securitized instruments and bonds, such as RMBS, issued by housing enterprise sponsored by the U.S. government. The consolidated subsidiaries do not hold securitized instruments.

Note: "Investment Conditions of Securitized Instruments" above is prepared based on a guideline issued by the Financial Stability Forum held on April 2008. These pages include contents based on information from outside financial institutions which have business relationships with us.