

[Translation]

## SUMMARY OF FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2014

May 20, 2014

Name of Listed Company: **MS&AD Insurance Group Holdings, Inc.**  
 Stock Exchange Listing: Tokyo Stock Exchange and Nagoya Stock Exchange  
 Securities Code Number: 8725  
 URL: <http://www.ms-ad-hd.com>  
 Representative: Toshiaki Egashira, President  
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Scheduled date to hold the ordinary general meeting of shareholders: June 23, 2014  
 Scheduled date to file the financial report: June 23, 2014  
 Scheduled date to commence dividend payments: June 24, 2014  
 Explanatory material for business results: Available  
 IR Conference (for institutional investors and analysts): To be held

(Note) Amounts of less than one million yen are truncated.

### 1. Consolidated Financial Highlights for the Year Ended March 31, 2014 (April 1, 2013 to March 31, 2014)

(1) Consolidated business performance (Yen in millions)

	Ordinary income		Ordinary profit/(loss)		Net income/(loss)	
Year ended March 31, 2014	4,362,754	1.1 %	190,259	26.6 %	93,451	11.8 %
Year ended March 31, 2013	4,315,787	14.6 %	150,300	- %	83,625	- %

Percent figures represent changes from the corresponding period of the preceding year.

(Note) Comprehensive income/(loss) For the year ended March 31, 2014: ¥ 322,865 million (40.6) %  
 For the year ended March 31, 2013: ¥ 543,938 million - %

	Net income/(loss) per share - Basic	Net income/(loss) per share - Diluted	Return on equity	Ordinary profit/(loss) to total assets	Ordinary profit/(loss) to ordinary income
Year ended March 31, 2014	150.58	-	4.4 %	1.2 %	4.4 %
Year ended March 31, 2013	134.46	-	4.8 %	1.0 %	3.5 %

(Reference) Gains/(losses) on equity method investments For the year ended March 31, 2014: ¥ (9,606) million  
 For the year ended March 31, 2013: ¥ (3,702) million

(2) Consolidated financial conditions (Yen in millions)

	Total assets	Net assets	Ratio of net assets less minority interests to total assets	Net assets less minority interests per share (Yen)
March 31, 2014	16,878,148	2,285,832	13.4 %	3,646.22
March 31, 2013	15,914,663	2,021,625	12.6 %	3,215.33

(Reference) Net assets less minority interests As of March 31, 2014: ¥ 2,260,324 million  
 As of March 31, 2013: ¥ 1,999,579 million

(3) Consolidated cash flows (Yen in millions)

	Cash flows from operating activities	Cash flows from investing activities	Cash flows from financing activities	Ending balance of cash and cash equivalents
Year ended March 31, 2014	489,950	(549,136)	(57,323)	625,084
Year ended March 31, 2013	118,751	(165,248)	33,590	716,221

### 2. Dividends

	Dividends 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 total			
Year ended March 31, 2013	-	27.00	-	27.00	54.00	33,582	40.2 %	1.9 %
Year ended March 31, 2014	-	28.00	-	28.00	56.00	34,715	37.2 %	1.6 %
Year ending March 31, 2015 (Forecast)	-	29.00	-	29.00	58.00		36.0 %	

### 3. Consolidated Earnings Forecasts for the Year Ending March 31, 2015 (April 1, 2014 to March 31, 2015)

(Yen in millions)

	Ordinary profit		Net income		Net income per share (Yen)
Year ending March 31, 2015	150,000	(21.2) %	100,000	7.0 %	161.31

Percent figures represent changes from the preceding year.

**\* Notes**

(1) Changes in significant subsidiaries during the period (changes in specified subsidiaries resulting in changes in scope of consolidation): None

(2) Changes in accounting policies and accounting estimates and restatements

1. Changes in accounting policies due to revisions of accounting standards: Yes
2. Changes in accounting policies other than above: Yes
3. Changes in accounting estimates: None
4. Restatements: None

(Note) For details, please refer to "(5) Notes to Consolidated Financial Statements (Changes in Accounting Policies)" on page 16 of the Appendix.

(3) Number of shares of issued stock (common stock)

1. Number of shares of issued stock (including treasury stock)

As of March 31, 2014: 633,291,754 shares

As of March 31, 2013: 633,291,754 shares

2. Number of shares of treasury stock

As of March 31, 2014: 13,383,033 shares

As of March 31, 2013: 11,403,482 shares

3. Average number of shares of outstanding stock

For the year ended March 31, 2014: 620,603,768 shares

For the year ended March 31, 2013: 621,898,119 shares

**(Reference) Summary of Non-Consolidated Financial Results**

**Non-Consolidated Financial Highlights for the Year Ended March 31, 2014 (April 1, 2013 to March 31, 2014)**

(1) Non-consolidated business performance

(Yen in millions)

	Operating income		Operating profit/(loss)		Ordinary profit/(loss)		Net income/(loss)	
Year ended March 31, 2014	44,260	19.2 %	39,747	18.0 %	39,775	18.0 %	39,613	17.6 %
Year ended March 31, 2013	37,126	27.0 %	33,682	32.6 %	33,713	32.5 %	33,697	32.4 %

Percent figures represent changes from the corresponding period of the preceding year.

(Yen)

	Net income/(loss) per share - Basic	Net income/(loss) per share - Diluted
Year ended March 31, 2014	63.83	-
Year ended March 31, 2013	54.18	-

(2) Non-consolidated financial conditions

(Yen in millions)

	Total assets	Net assets	Ratio of net assets less minority interests to total assets	Net assets less minority interests per share (Yen)
March 31, 2014	1,339,752	1,338,911	99.9 %	2,159.85
March 31, 2013	1,339,230	1,338,526	99.9 %	2,152.35

(Reference) Net assets

As of March 31, 2014:

¥ 1,338,911 million

As of March 31, 2013:

¥ 1,338,526 million

**\* Disclosure regarding the execution of the audit process**

This report is outside the scope of the external auditor's audit process required by "Financial Instruments and Exchange Act" and the audit process for the consolidated and non-consolidated financial statements under "Financial Instruments and Exchange Act" has not been completed as of the disclosure date of the report.

**\* Notes to the earnings forecasts**

Any earnings forecasts in this report have been made based on the information available to the Company as of the disclosure date of the report and certain assumptions, and therefore do not guarantee future performance. Actual results may differ substantially from these forecasts depending on various factors. For key assumptions of the earnings forecasts and other relevant information, please refer to "Consolidated Earnings Forecasts for the Year Ending March 31, 2015" on page 4 of the Appendix. The forecasts of ordinary income and consolidated earnings for the second quarter (cumulative) are not disclosed due to difficulties in calculating reasonable forecast figures because they are highly susceptible to natural disasters and market conditions.

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### **[Attachment]**

Explanatory Material for Business Results for the Year Ended March 31, 2014

## 1. Analysis of Business Performance and Financial Conditions

### (1) Analysis of Business Performance

#### (Business performance in the fiscal year under review)

During the fiscal year under review, the Japanese economy was on a gradual recovery trend with an improvement in corporate earnings, a pickup in capital expenditures and a growth in consumer spending backed primarily by expectations of an economic recovery resulting from the government's economic policies.

While insurance premium income increased as a reflection of such economic trends, the business environment surrounding the non-life insurance industry continued to be challenging due to the effects of heavy snowfall and other natural disasters. In the life insurance industry, despite the increase in small-scale policies, an increase in the number of policies held put an end to the declining trend in the balance of policies in force.

In view of these business conditions, the Group focused on realizing growth of its domestic non-life insurance business, domestic life insurance business, overseas business, financial services business and risk-related services business by improving the quality of its products and services, as well as on improving profitability by leveraging the synergy of the Group through such means as integrating systems and enhancing the efficiency of operations, as it headed into the final year of the MS&AD New Frontier 2013 medium-term management plan, which began in fiscal 2010. MS&AD Insurance Group Holdings, as the holding company of the MS&AD Insurance Group, provided business administration support and expertise to group companies including the creation of group-wide business strategies, and reinforcement of risk management and compliance frameworks.

In addition, on September 27, 2013, the Company, Mitsui Sumitomo Insurance Co., Ltd., Aioi Nissay Dowa Insurance Co., Ltd. and Mitsui Sumitomo Aioi Life Insurance Co., Ltd. agreed to reorganize by function in order to enhance corporate value through “growth” and “efficiency” for the Group as a whole. This includes reorganizing businesses and sales channels, consolidating sales networks and company bases, sharing company bases, the transfer of third-sector long-term contracts to Mitsui Sumitomo Aioi Life Insurance Co., Ltd., the reorganization of overseas business and reinforcement of the Company's corporate governance, and they were scheduled to be implemented progressively from April 2014 onwards. From October 2013, the Group launched some early steps toward implementing the agreement, including consolidation of headquarters functions.

Against this background, the Company reported the following consolidated revenues and earnings in the fiscal year under review.

Underwriting income was ¥3,706.9 billion, investment income was ¥645.9 billion, and other ordinary income was ¥9.8 billion, resulting in total ordinary income of ¥4,362.7 billion. Ordinary expenses amounted to ¥4,172.4 billion. This breaks down into underwriting expenses of ¥3,564.7 billion, investment expenses of ¥26.3 billion, operating expenses and general and administrative expenses of ¥548.7 billion, and other ordinary expenses of ¥32.9 billion.

As a result, the Company posted an ordinary profit of ¥190.2 billion, marking an increase of ¥39.9 billion compared to the previous fiscal year, due to an increase in underwriting income stemming from an increase in insurance premium income coupled with a decrease in investment expenses stemming mainly from a decrease in impairment losses on securities. Despite the impact of the reversal of deferred tax assets accompanying the change in the statutory income tax rate of the next period, after factoring in extraordinary income and losses, income taxes and other factors, net income of ¥93.4 billion was reported, marking an increase of ¥9.8 billion compared to the previous fiscal year.

Summaries of each business segment are given below.

**1) Domestic Non-life Insurance Business (Mitsui Sumitomo Insurance Co., Ltd.)**

Ordinary income was ¥1,731.3 billion after recording underwriting income of ¥1,586.5 billion, investment income of ¥141.6 billion, and other ordinary income of ¥3.1 billion. Meanwhile, ordinary expenses came to ¥1,629.3 billion resulting from underwriting expenses of ¥1,388.1 billion, investment expenses of ¥8.4 billion, operating expenses and general and administrative expenses of ¥214.5 billion, and other ordinary expenses of ¥18.2 billion.

As a result, ordinary profit was ¥101.9 billion with an increase of ¥36.6 billion from the previous fiscal year. After factoring in extraordinary income and losses, income taxes and other factors to ordinary profit, net income came to ¥58.0 billion with an increase of ¥15.3 billion from the previous fiscal year.

**2) Domestic Non-life Insurance Business (Aioi Nissay Dowa Insurance Co., Ltd.)**

Ordinary income was ¥1,317.8 billion after recording underwriting income of ¥1,245.8 billion, investment income of ¥68.9 billion, and other ordinary income of ¥3.0 billion. Meanwhile, ordinary expenses came to ¥1,289.9 billion resulting from underwriting expenses of ¥1,081.1 billion, investment expenses of ¥9.8 billion, operating expenses and general and administrative expenses of ¥197.8 billion, and other ordinary expenses of ¥1.0 billion.

As a result, ordinary profit was ¥27.8 billion with an increase of ¥2.0 billion from the previous fiscal year. After factoring in extraordinary income and losses, income taxes and other factors to ordinary profit, net income came to ¥13.1 billion with a decrease of ¥5.7 billion from the previous fiscal year.

**3) Domestic Non-life Insurance Business (Mitsui Direct General Insurance Co., Ltd.)**

Ordinary income was ¥35.7 billion after recording underwriting income of ¥35.6 billion and investment income of ¥0.1 billion. Meanwhile, ordinary expenses came to ¥35.4 billion resulting from underwriting expenses of ¥28.3 billion and operating expenses and general and administrative expenses of ¥7.1 billion.

As a result, ordinary profit and net income were ¥0.2 billion respectively with a decrease of ¥0.2 billion each. Consequently, net income after taking ownership interests into account (net income by segment) was ¥0.1 billion with a decrease of ¥0.1 billion from the previous fiscal year.

**4) Domestic Life Insurance Business (Mitsui Sumitomo Aioi Life Insurance Co., Ltd.)**

Ordinary income was ¥461.1 billion after recording insurance premiums and others of ¥417.6 billion, investment income of ¥41.5 billion, and other ordinary income of ¥1.9 billion. Meanwhile, ordinary expenses came to ¥443.6 billion resulting from insurance claims and others of ¥166.6 billion, provision for policy reserves and others of ¥197.1 billion, investment expenses of ¥1.1 billion, operating expenses of ¥71.0 billion, and other ordinary expenses of ¥7.7 billion.

As a result, ordinary profit was ¥17.4 billion with an increase of ¥10.0 billion from the previous fiscal year. After factoring in extraordinary income and losses, income taxes and other factors to ordinary profit, net income of ¥6.6 billion was reported with an increase of ¥6.2 billion from the previous fiscal year.

**5) Domestic Life Insurance Business (Mitsui Sumitomo Primary Life Insurance Co., Ltd.)**

Ordinary income was ¥1,218.0 billion after recording insurance premiums and others of ¥829.4 billion, investment income of ¥383.5 billion, and other ordinary income of ¥5.1 billion. Meanwhile, ordinary expenses came to ¥1,178.1 billion resulting from insurance claims and others of ¥762.4 billion, provision for policy reserves and others of ¥349.3 billion, investment expenses of ¥1.0 billion, operating expenses of ¥58.9 billion, and other ordinary expenses of ¥6.4 billion.

As a result, ordinary profit was ¥39.8 billion with an increase of ¥0.9 billion from the previous fiscal year. After factoring in extraordinary income and losses, income taxes and other factors to ordinary profit, net income came to ¥17.9 billion with an increase of ¥7.5 billion from the previous fiscal year.

**6) Overseas Business (Overseas Insurance Subsidiaries)**

Net premiums written in the overseas insurance subsidiaries segment rose by ¥54.4 billion compared to the

previous fiscal year to ¥ 240.6 billion.

Ordinary profit came to ¥29.8 billion with an increase of ¥11.0 billion from the previous fiscal year, and net income (net income by segment) came to ¥19.9 billion with an increase of ¥7.2 billion from the previous fiscal year.

#### **(Consolidated Earnings Forecasts for the Year Ending March 31, 2015)**

Based on the assumptions below, the Company forecasts ordinary profit of ¥150.0 billion and net income of ¥100.0 billion on a consolidated basis for the year ending March 31, 2015.

- The Forecast of net premiums written is based on the Company's own estimate taking into account the trends in the consolidated business results.
- Incurred losses in relation to new domestic natural disasters (the sum total of net claims paid and provision for outstanding claims) are projected to be ¥23.0 billion at Mitsui Sumitomo Insurance Co., Ltd. and ¥15.0 billion at Aioi Nissay Dowa Insurance Co., Ltd.
- Market interest rates, currency exchange rates, and stock prices are assumed not to change substantially from the end of March 2014.

The Company's consolidated earnings forecasts have been prepared based on certain assumed conditions, including those above, but actual results may differ substantially from these forecasts depending on various factors.

#### **(2) Analysis of Financial Conditions**

Total assets as at March 31, 2014 stood at ¥16,878.1 billion with an increase of ¥963.4 billion from the end of the previous fiscal year, mainly due to an increase in investments in securities stemming from a rise in stock prices. In addition, net assets stood at ¥2,285.8 billion with an increase of ¥264.2 billion from the end of the previous fiscal year, mainly due to a rise in net unrealized gains on investments in securities.

With regard to cash flows in the fiscal year under review, net cash flows provided by operating activities were ¥489.9 billion with an increase of ¥371.1 billion from the previous fiscal year, mainly due to a rise in insurance premium income. Net cash flows used in investing activities were ¥549.1 billion, an increase of ¥383.8 billion from the previous fiscal year, mainly due to an increase in purchase of securities. Net cash flows used in financing activities were ¥57.3 billion, an increase of ¥90.9 billion from the previous fiscal year, mainly due to a decrease in revenues stemming from issuance of bonds. As a result, ending balance of cash and cash equivalents in the fiscal year under review stood at ¥625.0 billion with a decrease of ¥91.1 billion from the previous fiscal year.

Cash flows-related indices are shown below.

(Unit: %)

	March 31, 2010	March 31, 2011	March 31, 2012	March 31, 2013	March 31, 2014
Equity ratio	17.3	14.1	10.3	12.6	13.4
Equity ratio based on market value	14.5	10.5	7.4	8.2	8.9

(Notes)

1. Equity ratio: Net assets less minority interests/Total assets × 100
2. Equity ratio based on market value: Market capitalization/Total assets × 100
3. As the major business of the MS&AD Group is insurance business, the ratio of cash flows to interest-bearing debt and the interest coverage ratio are not shown.

In regard to the liquidity of funds, the MS&AD Group maintains sufficient liquid assets in preparation for any deterioration in its cash position due to factors such as the outflow of funds arising from the payment of insurance claims or disruptions in markets. It also evaluates liquidity in terms of both assets and liabilities based on trends regarding the inflow and outflow of funds, and conducts appropriate cash management.

## 2. Management Policies

### (1) Basic Management Policies

As aspirations the MS&AD Group endeavors to achieve, we have established “Our Mission,” “Our Vision” and “Our Values,” which are set out below.

#### 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.

### (2) Numerical Management Targets

As Group numerical management targets for demonstrating the performance of the Group as a whole, the Group earmarked Group Core Profit (Note 1), consolidated net premiums written, and Group ROE (Note 2), and forecasts for fiscal 2014 are shown below.

	Results for the year ended March 31, 2014	Forecasts for the year ending March 31, 2015
Group Core Profit	¥94.8 billion	¥100.0 billion
Consolidated net premiums written	¥2,809.5 billion	¥2,925.0 billion
Group ROE	4.5%	4.5%

\* The figures shown for consolidated net premiums written are presented exclusive of Good Result Return premiums of Mitsui Sumitomo Insurance’s proprietary automobile insurance product “ModoRich”.

(Notes)

1. Group Core Profit = Consolidated net income

- Net capital gains/losses on stock portfolio (gains/losses on sales, etc.)
- Net evaluation gains/losses on credit derivatives
- Other incidental factors
- + Gains on non-consolidated group companies after taking ownership interests into account

2. Group ROE =  $\text{Group Core Profit} \div \text{Consolidated net assets (excluding minority interest; average of beginning and ending balances)}$

### **(3) Medium- to Long-term Management Strategies and Issues to Address**

While the insurance industry is expected to benefit from the economic recovery, the business environment is expected to remain difficult to predict due to such factors as increased risk from natural disasters and Japan's declining population.

In this business environment, the Group launched a new medium-term management plan in fiscal 2014 titled Next Challenge 2017. The plan aims to increase the corporate value of the Group as a whole, based on the key goals of sustaining growth, ensuring soundness and improving profitability and capital efficiency. Based on this plan, we will complete the reorganization by function, enhance the Group's corporate governance, promote enterprise risk management (ERM), restructure our businesses structure in line with changes in the business environment, establish a corporate culture of professionalism to tackle business challenges and develop our human resources. Through these initiatives, we will build a world-leading insurance and financial group as we work tirelessly to grow and take on new challenges.



### 3. Consolidated Financial Statements

#### (1) Consolidated Balance Sheets

(Yen in millions)

	March 31, 2013	March 31, 2014
<b>Assets</b>		
Cash, deposits and savings	536,383	563,370
Call loans	99,709	78,649
Receivables under resale agreements	48,545	23,997
Receivables under securities borrowing transactions	224,025	228,706
Monetary claims bought	93,013	73,337
Money trusts	898,510	693,628
Investments in securities	11,398,945	12,710,203
Loans	867,063	807,300
Tangible fixed assets:	488,069	484,272
Land	248,710	246,917
Buildings	204,979	205,148
Lease assets	1,767	1,386
Construction in progress	6,861	5,228
Other tangible fixed assets	25,750	25,591
Intangible fixed assets:	177,693	179,609
Software	20,464	82,769
Goodwill	90,737	89,116
Lease assets	112	80
Other intangible fixed assets	66,378	7,642
Other assets	919,857	844,543
Assets for retirement benefits	-	49,123
Deferred tax assets	132,741	108,550
Customers' liabilities under acceptances and guarantees	39,500	53,500
Bad debt reserve	(9,394)	(20,643)
<b>Total assets</b>	<b>15,914,663</b>	<b>16,878,148</b>
<b>Liabilities</b>		
Policy liabilities:	12,544,284	13,111,219
Outstanding claims	1,384,650	1,467,103
Underwriting reserves	11,159,633	11,644,116
Bonds issued	291,176	226,185
Other liabilities	790,243	837,238
Reserve for pension and retirement benefits	111,130	-
Liabilities for pension and retirement benefits	-	157,277
Reserve for retirement benefits for officers	1,316	1,121
Accrued bonuses for employees	20,234	21,313
Reserves under the special laws:	33,953	67,054
Reserve for price fluctuation	33,953	67,054
Deferred tax liabilities	61,197	117,404
Acceptances and guarantees	39,500	53,500
<b>Total liabilities</b>	<b>13,893,038</b>	<b>14,592,316</b>

(Yen in millions)

	March 31, 2013	March 31, 2014
Net assets		
Shareholders' equity:		
Common stock	100,000	100,000
Capital surplus	682,752	682,752
Retained earnings	353,506	385,295
Treasury stock	(24,823)	(29,903)
Total shareholders' equity	1,111,435	1,138,144
Accumulated other comprehensive income/(loss):		
Net unrealized gains/(losses) on investments in securities	891,253	1,053,222
Net deferred gains/(losses) on hedges	26,428	23,430
Foreign currency translation adjustments	(29,539)	35,261
Accumulated actuarial gains/(losses) on retirement benefits	-	10,266
Total accumulated other comprehensive income/(loss)	888,143	1,122,180
Minority interests	22,046	25,507
Total net assets	2,021,625	2,285,832
Total liabilities and net assets	15,914,663	16,878,148

**(2) Consolidated Statements of Income and Comprehensive Income**  
**(Consolidated Statements of Income)**

(Yen in millions)

	Year ended March 31, 2013	Year ended March 31, 2014
Ordinary income:	4,315,787	4,362,754
Underwriting income:	3,510,357	3,706,972
Net premiums written	2,639,015	2,811,611
Deposit premiums from policyholders	163,936	151,449
Investment income on deposit premiums from policyholders	56,038	52,876
Life insurance premiums	569,022	678,978
Reversal of outstanding claims	57,494	-
Other underwriting income	24,849	12,057
Investment income:	797,721	645,937
Interest and dividends income	199,338	224,123
Investment gains on money trusts	183,995	27,399
Gains on sales of securities	84,885	83,333
Gains on redemption of securities	1,240	1,900
Gains on derivative transactions	1,982	4,230
Investment gains on separate accounts	373,755	334,955
Other investment income	8,561	22,869
Transfer of investment income on deposit premiums from policyholders	(56,038)	(52,876)
Other ordinary income	7,709	9,844
Ordinary expenses:	4,165,486	4,172,495
Underwriting expenses:	3,574,397	3,564,739
Net claims paid	1,740,784	1,670,343
Loss adjustment expenses	135,545	139,471
Commissions and collection expenses	510,553	557,142
Maturity refunds to policyholders	392,529	332,047
Dividends to policyholders	866	717
Life insurance claims	220,615	355,201
Provision for outstanding claims	-	37,965
Provision for underwriting reserves	568,601	467,076
Other underwriting expenses	4,901	4,773
Investment expenses:	65,903	26,368
Investment losses on money trusts	48	7,732
Losses on sales of securities	14,385	5,533
Impairment losses on securities	38,293	3,259
Losses on redemption of securities	3,213	1,734
Other investment expenses	9,961	8,107
Operating expenses and general and administrative expenses	508,454	548,740
Other ordinary expenses:	17,511	32,967
Interest expense	7,869	8,248
Provision for bad debts	1,460	10,695
Loss on bad debts	51	37
Amortization of deferred assets under Article 113 of the Insurance Business Act	191	236
Losses on equity method investments	3,702	9,606
Other ordinary expenses	4,236	4,141
Deferred expenses under Article 113 of the Insurance Business Act	(779)	(319)
Ordinary profit/(loss)	150,300	190,259

(Yen in millions)

	Year ended March 31, 2013	Year ended March 31, 2014
Extraordinary income:	2,445	4,821
Gains on sales of fixed assets	2,445	4,821
Extraordinary losses:	28,830	46,239
Losses on sales of fixed assets	3,180	3,930
Impairment losses on fixed assets	1,031	947
Provision for reserves under the special law:	24,618	33,101
Provision for reserve for price fluctuation	24,618	33,101
Other extraordinary losses	-	8,260
Income/(loss) before income taxes and minority interests	123,915	148,840
Income taxes - current	26,387	29,640
Income taxes - deferred	12,216	23,581
Total income taxes	38,603	53,221
Income/(loss) before minority interests	85,311	95,619
Minority interests	1,686	2,168
Net income/(loss)	83,625	93,451

# **(Consolidated Statements of Comprehensive Income)**

(Yen in millions)

	Year ended March 31, 2013	Year ended March 31, 2014
Income/(loss) before minority interests	85,311	95,619
Other comprehensive income/(loss):		
Net unrealized gains/(losses) on investments in securities	394,606	161,615
Net deferred gains/(losses) on hedges	10,044	(2,998)
Foreign currency translation adjustments	49,394	68,033
Share of other comprehensive income/(loss) of equity method investments	4,581	594
Total other comprehensive income/(loss)	458,626	227,245
Total comprehensive income/(loss)	543,938	322,865
Allocation:		
Comprehensive income/(loss) attributable to shareholders of the parent	540,318	318,228
Comprehensive income/(loss) attributable to minority interests	3,620	4,637

### (3) Consolidated Statements of Changes in Net Assets

For the year ended March 31, 2013 (from April 1, 2012 to March 31, 2013)

(Yen in millions)

	Shareholders' equity				
	Common stock	Capital surplus	Retained earnings	Treasury stock	Total shareholders' equity
Beginning balance	100,000	682,753	303,464	(24,801)	1,061,416
Cumulative effect of changing accounting policies					-
Beginning balance (adjusted)	100,000	682,753	303,464	(24,801)	1,061,416
Changes for the year:					
Dividends paid			(33,582)		(33,582)
Net income/(loss)			83,625		83,625
Repurchase of treasury stock				(24)	(24)
Disposal of treasury stock		(0)		3	2
Changes in scope of consolidation					-
Changes in scope of equity method					-
Net changes of items other than shareholders' equity					
Total changes for the year	-	(0)	50,042	(21)	50,019
Ending balance	100,000	682,752	353,506	(24,823)	1,111,435

	Accumulated other comprehensive income					Minority interests	Total net assets
	Net unrealized gains/(losses) on investments in securities	Net deferred gains/(losses) on hedges	Foreign currency translation adjustments	Accumulated actuarial gains/(losses) on retirement benefits	Total accumulated other comprehensive income/(loss)		
Beginning balance	495,851	16,384	(80,786)	-	431,450	19,268	1,512,134
Cumulative effect of changing accounting policies					-		-
Beginning balance (adjusted)	495,851	16,384	(80,786)	-	431,450	19,268	1,512,134
Changes for the year:							
Dividends paid							(33,582)
Net income/(loss)							83,625
Repurchase of treasury stock							(24)
Disposal of treasury stock							2
Changes in scope of consolidation							-
Changes in scope of equity method							-
Net changes of items other than shareholders' equity	395,401	10,044	51,246	-	456,692	2,777	459,470
Total changes for the year	395,401	10,044	51,246	-	456,692	2,777	509,490
Ending balance	891,253	26,428	(29,539)	-	888,143	22,046	2,021,625

**For the year ended March 31, 2014 (from April 1, 2013 to March 31, 2014)**

(Yen in millions)

	Shareholders' equity				
	Common stock	Capital surplus	Retained earnings	Treasury stock	Total shareholders' equity
Beginning balance	100,000	682,752	353,506	(24,823)	1,111,435
Cumulative effect of changing accounting policies			(30,261)		(30,261)
Beginning balance (adjusted)	100,000	682,752	323,245	(24,823)	1,081,174
Changes for the year:					
Dividends paid			(34,148)		(34,148)
Net income/(loss)			93,451		93,451
Repurchase of treasury stock				(5,082)	(5,082)
Disposal of treasury stock		0		1	2
Changes in scope of consolidation			1,884		1,884
Changes in scope of equity method			862		862
Net changes of items other than shareholders' equity					
Total changes for the year	-	0	62,049	(5,080)	56,969
Ending balance	100,000	682,752	385,295	(29,903)	1,138,144

	Accumulated other comprehensive income					Minority interests	Total net assets
	Net unrealized gains/(losses) on investments in securities	Net deferred gains/(losses) on hedges	Foreign currency translation adjustments	Accumulated actuarial gains/(losses) on retirement benefits	Total accumulated other comprehensive income/(loss)		
Beginning balance	891,253	26,428	(29,539)	-	888,143	22,046	2,021,625
Cumulative effect of changing accounting policies					-		(30,261)
Beginning balance (adjusted)	891,253	26,428	(29,539)	-	888,143	22,046	1,991,364
Changes for the year:							
Dividends paid							(34,148)
Net income/(loss)							93,451
Repurchase of treasury stock							(5,082)
Disposal of treasury stock							2
Changes in scope of consolidation							1,884
Changes in scope of equity method							862
Net changes of items other than shareholders' equity	161,968	(2,998)	64,800	10,266	234,037	3,461	237,499
Total changes for the year	161,968	(2,998)	64,800	10,266	234,037	3,461	294,468
Ending balance	1,053,222	23,430	35,261	10,266	1,122,180	25,507	2,285,832

#### (4) Consolidated Statements of Cash Flows

	(Yen in millions)	
	Year ended March 31, 2013	Year ended March 31, 2014
Cash flows from operating activities:		
Income/(loss) before income taxes and minority interests	123,915	148,840
Depreciation	37,549	45,841
Impairment losses on fixed assets	1,031	947
Amortization of goodwill	6,159	6,479
Increase/(decrease) in outstanding claims	(58,764)	36,067
Increase/(decrease) in underwriting reserves	562,303	461,591
Increase/(decrease) in bad debt reserve	950	10,567
Increase/(decrease) in reserve for pension and retirement benefits	4,894	-
Increase/(decrease) in reserve for retirement benefits for officers	(208)	(195)
Increase/(decrease) in accrued bonuses for employees	574	806
Increase/(decrease) in liabilities for pension and retirement benefits	-	762
Increase/(decrease) in reserve for price fluctuation	24,618	33,101
Interest and dividends income	(199,338)	(224,123)
Losses/(gains) on money trusts	(183,944)	(19,675)
Losses/(gains) on investments in securities	(30,233)	(74,705)
Losses/(gains) on derivative transactions	(1,982)	(4,230)
Investment losses/(gains) on separate accounts	(373,755)	(334,955)
Interest expense	7,869	8,248
Foreign exchange losses/(gains)	(6,742)	(20,953)
Losses/(gains) on disposal of tangible fixed assets	732	(926)
Losses/(gains) on equity method investments	3,702	9,606
Decrease/(increase) in other assets	(54,521)	84,768
Increase/(decrease) in other liabilities	61,301	12,163
Others, net	8,989	10,291
Subtotal	(64,898)	190,316
Interest and dividends received	212,527	364,735
Interest paid	(7,959)	(8,267)
Income taxes refunded/(paid)	(20,917)	(56,833)
Net cash provided by/(used in) operating activities (a)	118,751	489,950



(Yen in millions)

	Year ended March 31, 2013	Year ended March 31, 2014
Cash flows from investing activities:		
Net decrease/(increase) in deposits and savings	(11,189)	7,047
Purchase of monetary claims bought	(9,495)	(39,490)
Proceeds from sales and redemption of monetary claims bought	14,719	53,817
Purchase of money trusts	(230,924)	(353,145)
Proceeds from sales of money trusts	175,246	191,377
Purchase of securities	(2,066,266)	(2,774,410)
Proceeds from sales and redemption of securities	1,965,245	2,400,883
Investments in loans	(226,847)	(209,811)
Collection of loans	304,786	269,466
Net increase/(decrease) in cash collateral under securities borrowing and lending transactions	(244)	(249)
Others, net	(15,386)	(49,029)
Subtotal (b)	(100,356)	(503,545)
(a + b)	18,395	(13,594)
Acquisition of tangible fixed assets	(24,598)	(29,624)
Proceeds from sales of tangible fixed assets	8,963	9,634
Acquisition of intangible fixed assets	(49,177)	(24,944)
Others, net	(79)	(656)
Net cash provided by/(used in) investing activities	(165,248)	(549,136)
Cash flows from financing activities:		
Proceeds from borrowings	50,000	50,000
Issuance of bonds	50,000	-
Redemption of bonds	(30,000)	(65,000)
Repurchase of treasury stock	(24)	(5,082)
Dividends paid to shareholders	(33,565)	(34,147)
Dividends paid to minority shareholders	(825)	(1,105)
Others, net	(1,993)	(1,988)
Net cash provided by/(used in) financing activities	33,590	(57,323)
Effect of exchange rate changes on cash and cash equivalents	17,643	23,776
Net increase/(decrease) in cash and cash equivalents	4,736	(92,732)
Beginning balance of cash and cash equivalents	711,710	716,221
Increase in cash and cash equivalents due to inclusion in consolidation	-	1,596
Decrease in cash and cash equivalents due to exclusion from consolidation	(226)	-
Ending balance of cash and cash equivalents	716,221	625,084

## (5) Notes to Consolidated Financial Statements

(Notes to Going Concern Assumptions)

Not applicable

(Changes in Accounting Policies)

As "Accounting Standard for Retirement Benefits" (ASBJ Statement No. 26, May 17, 2012, hereinafter referred to as the "Retirement Benefits Accounting Standard") and "Guidance on Accounting Standard for Retirement Benefits" (ASBJ Guidance No. 25, May 17, 2012) became applicable from the start of the consolidated fiscal year commencing on or after April 1, 2013, the Company has adopted them since the current consolidated fiscal year and made changes in the method of attributing expected benefit to periods from the straight-line basis to the benefit formula basis after reviewing the calculation methods of retirement benefit obligations and service costs at the start of the current consolidated fiscal year. The excess of plan assets over retirement benefit obligations is reported as assets for retirement benefits and the excess of retirement benefit obligations over plan assets is reported as liabilities for pension and retirement benefits. Unrecognized actuarial gains or losses and unrecognized prior service costs are reported as assets for retirement benefits or liabilities for pension and retirement benefits.

In accordance with the transitional accounting treatments set forth in Clause 37 of the Retirement Benefits Accounting Standard, the Company has made adjustments to the beginning balance of the retained earnings for the current fiscal year by factoring in the effects arising from the changes in the calculation methods of retirement benefit obligations and service costs.

The Company has also made adjustments to accumulated actuarial gains/(losses) on retirement benefits under accumulated other comprehensive income by factoring in the effects arising from reporting unrecognized actuarial gains or losses and unrecognized prior service costs as assets for retirement benefits or liabilities for pension and retirement benefits at the end of the current consolidated year.

As a result of these changes, the beginning balance of retained earnings for the current fiscal year decreased by ¥ 30,261 million, and both ordinary profit and income before income taxes and minority interests for the current fiscal year increased by ¥310 million. Assets for retirement benefits of ¥49,123 million and liabilities for pension and retirement benefits of ¥157,277 million were reported, and accumulated other comprehensive income increased by ¥ 10,266 million.

(Additional Information)

(Adjustments to deferred tax assets, deferred tax liabilities etc. due to a change in the income tax rate)

Following the promulgation of "Partial Amendment of the Income Tax Act, etc." (Act No. 10, 2014) on March 31, 2014, Special Reconstruction Corporation Tax will be abolished from the fiscal year commencing on or after 1 April, 2014.

Accordingly, the statutory income tax rate, which is applied to major domestic group companies for calculation of deferred tax assets and deferred tax liabilities for the temporary differences expected to be reversed in the fiscal year commencing on 1 April, 2014, has changed from 33.2% to 30.7%.

As a result of the this change, deferred tax assets decreased by ¥4,378 million, deferred tax liabilities increased by ¥ 5,157 million, income taxes - deferred increased by ¥10,114 million and net income decreased by ¥7,193 million.

(Notes to Segment Information)

**a. Segment Information**

**1 Overview of reportable segments**

The reportable segments are the units of the MS&AD group for which separate financial information is available and evaluated regularly by the board of directors in deciding allocation of resources and assessing their performance.

The Group's business domains comprise domestic non-life insurance business, domestic life insurance business, overseas business, financial services business and risk-related services business. Mitsui Sumitomo Insurance Co., Ltd. ("MSI"), Aioi Nissay Dowa Insurance Co., Ltd. ("ADI") and Mitsui Direct General Insurance Co., Ltd. ("Mitsui Direct General") primarily operate domestic non-life insurance business, and Mitsui Sumitomo Aioi Life Insurance Co., Ltd. ("MSI Aioi Life") and Mitsui Sumitomo Primary Life Insurance Co., Ltd. ("MSI Primary Life") primarily operate domestic life insurance business. Domestic non-life insurance subsidiaries engage in overseas business, and overseas affiliated companies also develop insurance business in various foreign countries.

Segment information is presented based on the Group's business domains where the domestic life and non-life insurance businesses are further identified by each insurance company, resulting in six reportable segments that comprise the five domestic insurance companies and the overseas business (overseas insurance subsidiaries).

Each non-life insurance company underwrites fire and allied insurance, marine insurance, personal accident insurance, voluntary automobile insurance, compulsory automobile liability insurance and other non-life insurance products. Each life insurance company underwrites individual insurance, individual annuity insurance, group insurance and other life insurance products.

**2 Methods of calculating revenues, net income or loss, assets, liabilities and other items by reportable segment**

The accounting methods for reportable segments are substantially the same as those mentioned in "Significant Accounting Policies" of the Securities Reports for the year ended March 31, 2013. Net income by segment is the amount based on net income of each company (after taking ownership interests into consideration).

Intersegment revenues and transfers are calculated based on prices used in transactions between the Company and independent third parties.

(Changes in accounting policies)

As "Accounting Standard for Retirement Benefits" (ASBJ Statement No. 26, May 17, 2012) and "Guidance on Accounting Standard for Retirement Benefits" (ASBJ Guidance No. 25, May 17, 2012) became applicable from the start of the consolidated fiscal year commencing on or after April 1, 2013, the Company has adopted them since the current consolidated fiscal year and made changes in the method of attributing expected benefit to periods from the straight-line basis to the benefit formula basis after reviewing the calculation methods of retirement benefit obligations and service costs at the start of the current consolidated fiscal year.

As a result of this change, net income by segment increased by ¥400 million at MSI and decreased by ¥195 million at ADI. The impacts on the other segments are negligible.

### 3 Information on revenues, net income or loss, assets, liabilities and other items by reportable segment

For the year ended March 31, 2013 (from April 1, 2012 to March 31, 2013)

(Yen in millions)

	Domestic non-life insurance business			Domestic life insurance business	
	MSI	ADI	Mitsui Direct General	MSI Aioi Life	MSI Primary Life
Revenues: (Note 1)					
Revenues from transactions with external customers	1,279,374	1,092,910	35,514	318,332	249,196
Intersegment revenues or transfers	34,456	10,323	(40)	335	(1,521)
Total	1,313,831	1,103,234	35,273	318,667	247,675
Net income/(loss) by segment	42,657	18,862	339	458	10,350
Assets by segment	5,901,413	3,236,851	45,596	2,436,264	3,765,574
Other items:					
Depreciation	19,962	11,748	660	2,161	720
Amortization of goodwill	-	-	-	-	-
Interest and dividends income	101,814	60,617	164	34,238	405
Interest expense	7,128	387	-	302	0
Impairment losses on securities	28,382	9,763	-	-	-
Gains/(losses) on equity method investments	-	-	-	-	-
Extraordinary income:	1,891	676	-	1	-
Gains on sales of fixed assets	1,891	502	-	1	-
Extraordinary losses:	4,204	2,310	24	457	21,844
Impairment losses on fixed assets	355	705	-	-	-
Provision for reserve for price fluctuation	2,511	-	4	444	21,831
Income taxes	20,395	5,632	39	721	6,775
Equity method investments	140,633	-	-	-	-
Increase in tangible fixed assets and intangible fixed assets	39,745	26,105	1,281	1,958	2,659

(Yen in millions)

	Overseas business	Others (Note 2)	Total	Adjustments (Notes 3,4 and 5)	Amount on the consolidated financial statements (Note 6)
	Overseas insurance subsidiaries				
Revenues: (Note 1)					
Revenues from transactions with external customers	231,079	3,599	3,209,807	(1,769)	3,208,038
Intersegment revenues or transfers	(43,449)	549	652	(652)	-
Total	187,630	4,148	3,210,460	(2,421)	3,208,038
Net income/(loss) by segment	12,664	87	85,421	(1,796)	83,625
Assets by segment	955,441	21,171	16,362,314	(447,650)	15,914,663
Other items:					
Depreciation	2,473	167	37,895	(346)	37,549
Amortization of goodwill	-	-	-	6,159	6,159
Interest and dividends income	13,262	76	210,578	(11,239)	199,338
Interest expense	45	76	7,941	(71)	7,869
Impairment losses on securities	295	3	38,444	(151)	38,293
Gains/(losses) on equity method investments	1,414	477	1,892	(5,594)	(3,702)
Extraordinary income:	50	50	2,669	(223)	2,445
Gains on sales of fixed assets	50	-	2,445	-	2,445
Extraordinary losses:	112	86	29,039	(209)	28,830
Impairment losses on fixed assets	-	-	1,060	(29)	1,031
Provision for reserve for price fluctuation	-	-	24,792	(173)	24,618
Income taxes	4,153	218	37,666	937	38,603
Equity method investments	16	-	140,649	3,284	143,934
Increase in tangible fixed assets and intangible fixed assets	1,941	872	74,565	348	74,913

(Notes)

- "Revenues" represents net premiums written for non-life insurance business, life insurance premiums for life insurance business, ordinary income for other business, and the sum total of net premiums written and life insurance premiums for "Amount on the consolidated financial statements".
- "Others", which is business segments not included in reportable segments, represents financial services business and risk-related services business operated by group companies other than domestic insurance companies, and domestic non-life insurance business operated by domestic non-life insurance subsidiaries which are not included in reportable segments.
- "Adjustments" in "Revenues from transactions with external customers" represents the sum total of ordinary income items other than net premiums written and life insurance premiums for other business.
- "Adjustments" in "Net income/(loss) by segment" includes elimination of intersegment transactions of ¥(1,856) million, companywide expenses not allocated to respective reportable segments of ¥(3,133) million and adjustments to profit and loss due to application of the purchase method to domestic insurance subsidiaries and amortization of goodwill of ¥3,193 million. Most of the companywide expenses are expenses associated with the Company's administrative departments that do not belong to any reportable segments.
- "Adjustments" in "Assets by segment" includes elimination of intersegment transactions of ¥(348,172) million, transfers due to offsetting reinsurance recoverables included in assets of foreign insurance subsidiaries and policy liabilities on the consolidated financial statements of ¥(191,473) million, companywide assets not allocated to respective reportable segments of ¥1,488 million, adjustments to assets due to application of the purchase method to domestic insurance subsidiaries and unamortized balance of goodwill not allocated to respective reportable segments of ¥90,506 million. The companywide assets are the Company's assets that do not belong to any reportable segments.
- "Net income/(loss) by segment" is reconciled with net income on the consolidated financial statements.

**For the year ended March 31, 2014 (from April 1, 2013 to March 31, 2014)**

(Yen in millions)

	Domestic non-life insurance business			Domestic life insurance business	
	MSI	ADI	Mitsui Direct General	MSI Aioi Life	MSI Primary Life
Revenues: (Note 1)					
Revenues from transactions with external customers	1,348,414	1,121,336	35,611	316,474	360,339
Intersegment revenues or transfers	38,119	23,293	(44)	-	(3,912)
Total	1,386,533	1,144,629	35,567	316,474	356,427
Net income/(loss) by segment	58,047	13,107	170	6,681	17,928
Assets by segment	6,098,017	3,257,180	46,584	2,636,052	4,163,675
Other items:					
Depreciation	23,078	15,432	713	2,460	1,173
Amortization of goodwill	-	-	-	-	-
Interest and dividends income	112,260	65,460	149	36,885	9,341
Interest expense	7,003	759	-	306	0
Gains/(losses) on equity method investments	-	-	-	-	-
Extraordinary income:	4,162	1,009	-	3	-
Gains on sales of fixed assets	4,162	1,009	-	3	-
Extraordinary losses:	21,615	6,676	17	649	16,664
Impairment losses on fixed assets	240	63	0	109	270
Provision for reserve for price fluctuation	14,580	1,614	6	506	16,392
Income taxes	26,497	9,123	48	4,385	5,293
Equity method investments	143,827	-	-	-	-
Increase in tangible fixed assets and intangible fixed assets	27,766	20,160	741	2,842	945

(Yen in millions)

	Overseas business	Others (Note 2)	Total	Adjustments (Notes 3,4 and 5)	Amount on the consolidated financial statements (Note 6)
	Overseas insurance subsidiaries				
Revenues: (Note 1)					
Revenues from transactions with external customers	293,650	17,546	3,493,374	(2,784)	3,490,589
Intersegment revenues or transfers	(50,826)	(6,368)	260	(260)	-
Total	242,823	11,177	3,493,635	(3,045)	3,490,589
Net income/(loss) by segment	19,928	2,242	118,106	(24,655)	93,451
Assets by segment	1,145,100	35,162	17,381,773	(503,624)	16,878,148
Other items:					
Depreciation	2,965	252	46,075	(233)	45,841
Amortization of goodwill	-	-	-	6,479	6,479
Interest and dividends income	16,698	96	240,894	(16,771)	224,123
Interest expense	83	95	8,248	-	8,248
Gains/(losses) on equity method investments	(269)	927	658	(10,264)	(9,606)
Extraordinary income:	230	-	5,406	(584)	4,821
Gains on sales of fixed assets	230	-	5,406	(584)	4,821
Extraordinary losses:	205	21	45,851	388	46,239
Impairment losses on fixed assets	-	-	684	263	947
Provision for reserve for price fluctuation	-	-	33,101	-	33,101
Income taxes	7,448	124	52,921	299	53,221
Equity method investments	1,396	-	145,224	(9,232)	135,992
Increase in tangible fixed assets and intangible fixed assets	4,145	382	56,983	634	57,617

(Notes)

- "Revenues" represents net premiums written for non-life insurance business, life insurance premiums for life insurance business, ordinary income for other business, and the sum total of net premiums written and life insurance premiums for "Amount on the consolidated financial statements".
- "Others", which is business segments not included in reportable segments, represents financial services business and risk-related services business operated by group companies other than domestic insurance companies, and domestic non-life insurance business operated by domestic non-life insurance subsidiaries which are not included in reportable segments.
- "Adjustments" in "Revenues from transactions with external customers" represents the sum total of ordinary income items other than net premiums written and life insurance premiums for other business.
- "Adjustments" in "Net income/(loss) by segment" includes elimination of intersegment transactions of ¥(5,096) million, companywide expenses not allocated to respective reportable segments of ¥(4,408) million and adjustments to profit and loss due to application of the purchase method to domestic insurance subsidiaries and amortization of goodwill of ¥(15,150) million. Most of the companywide expenses are expenses associated with the Company's administrative departments that do not belong to any reportable segments.
- "Adjustments" in "Assets by segment" includes elimination of intersegment transactions of ¥(360,788) million, transfers due to offsetting reinsurance recoverables included in assets of foreign insurance subsidiaries and policy liabilities on the consolidated financial statements of ¥(217,655) million, companywide assets not allocated to respective reportable segments of ¥1,964 million, adjustments to assets due to application of the purchase method to domestic insurance subsidiaries and unamortized balance of goodwill not allocated to respective reportable segments of ¥72,855 million. The companywide assets are the Company's assets that do not belong to any reportable segments.
- "Net income/(loss) by segment" is reconciled with net income on the consolidated financial statements.

**b. Related information****For the year ended March 31, 2013 (from April 1, 2012 to March 31, 2013)****1 Information by product and service**

(Yen in millions)

	Fire and allied	Marine	Personal accident	Voluntary automobile	Compulsory automobile liability	Other	Total
Net premiums written	354,012	87,312	222,865	1,337,106	310,521	327,197	2,639,015

(Yen in millions)

	Individual	Individual Annuity	Group	Group Annuity	Other	Total
Life insurance premiums	568,017	(15,226)	16,214	10	6	569,022

**2 Information by geographic area****(1) Revenues**

(Yen in millions)

	Japan	Overseas	Total
Net premiums written	2,360,050	278,965	2,639,015
Life insurance premiums	567,590	1,432	569,022

(Note) Revenues are classified into "Japan" or "Overseas" in line with the classification used for management purpose based on locations of policyholders.

**(2) Tangible fixed assets**

Since tangible fixed assets located in Japan constitute more than 90 percent of total tangible fixed assets on the consolidated balance sheet, information on tangible fixed assets by geographic area is not disclosed.

**3 Information by major customer**

Not applicable

**For the year ended March 31, 2014 (from April 1, 2013 to March 31, 2014)****1 Information by product and service**

(Yen in millions)

	Fire and allied	Marine	Personal accident	Voluntary automobile	Compulsory automobile liability	Other	Total
Net premiums written	398,163	97,054	227,546	1,393,198	338,245	357,402	2,811,611

(Yen in millions)

	Individual	Individual Annuity	Group	Group Annuity	Other	Total
Life insurance premiums	857,280	(195,320)	17,000	13	4	678,978

**2 Information by geographic area****(1) Revenues**

(Yen in millions)

	Japan	Overseas	Total
Net premiums written	2,453,251	358,360	2,811,611
Life insurance premiums	676,814	2,163	678,978

(Note) Revenues are classified into "Japan" or "Overseas" in line with the classification used for management purpose based on locations of policyholders.

**(2) Tangible fixed assets**

Since tangible fixed assets located in Japan constitute more than 90 percent of total tangible fixed assets on the consolidated balance sheet, information on tangible fixed assets by geographic area is not disclosed.



### 3 Information by major customer

Not applicable

#### c. Information on impairment losses on fixed assets by reportable segment

Information on impairment losses on fixed assets by reportable segment is included in "a. Segment Information, 3 Information on revenues, net income or loss, assets, liabilities and other items by reportable segment".

#### d. Information on amortization of goodwill and unamortized balance of goodwill by reportable segment

For the year ended March 31, 2013 (from April 1, 2012 to March 31, 2013)

(Yen in millions)

	ADI	Mitsui Direct General	Overseas insurance subsidiaries	Total
Amortization of goodwill for the year	1,638	700	3,820	6,159
Unamortized balance of goodwill at the year-end	27,859	9,962	52,915	90,737

(Note)

In "a. Segment Information, 3 Information on revenues, net income or loss, assets, liabilities and other items reportable segment", amortization of goodwill is not included in "Net income/(loss) by segment" and unamortized balance of goodwill to be recognized through the consolidation process (except for goodwill included in assets of consolidated subsidiaries) is not included in "Assets by segment".

For the year ended March 31, 2014 (from April 1, 2013 to March 31, 2014)

(Yen in millions)

	ADI	Mitsui Direct General	Overseas insurance subsidiaries	Total
Amortization of goodwill for the year	1,638	700	4,140	6,479
Unamortized balance of goodwill at the year-end	26,221	9,261	53,633	89,116

(Note)

In "a. Segment Information, 3 Information on revenues, net income or loss, assets, liabilities and other items reportable segment", amortization of goodwill is not included in "Net income/(loss) by segment" and unamortized balance of goodwill to be recognized through the consolidation process (except for goodwill included in assets of consolidated subsidiaries) is not included in "Assets by segment".

#### e. Information on gains on negative goodwill by reportable segment

Not applicable

## (Notes to Investments in Securities)

**1 Trading securities**

(Yen in millions)

	March 31, 2013	March 31, 2014
Valuation differences included in profit or loss for the year	374,454	195,706

**2 Held-to-maturity securities****March 31, 2013**

(Yen in millions)

Type		Carrying amount	Fair value	Difference
Securities whose fair value exceeds the carrying amount	Domestic bonds	686,754	753,400	66,646
	Other securities	-	-	-
	Subtotal	686,754	753,400	66,646
Securities whose fair value does not exceed the carrying amount	Domestic bonds	9,906	9,795	(110)
	Other securities	9,673	9,673	-
	Subtotal	19,580	19,469	(110)
Total		706,334	772,869	66,535

(Note) "Other securities" includes certificates of deposits included in Cash, deposits and savings, and commercial papers included in Monetary claims bought on the consolidated balance sheet.

**March 31, 2014**

(Yen in millions)

Type		Carrying amount	Fair value	Difference
Securities whose fair value exceeds the carrying amount	Domestic bonds	756,193	815,169	58,975
	Other securities	-	-	-
	Subtotal	756,193	815,169	58,975
Securities whose fair value does not exceed the carrying amount	Domestic bonds	27,603	27,384	(219)
	Other securities	11,683	11,683	-
	Subtotal	39,287	39,067	(219)
Total		795,481	854,236	58,755

(Note) "Other securities" includes certificates of deposits included in Cash, deposits and savings, and commercial papers included in Monetary claims bought on the consolidated balance sheet.

### 3 Bonds earmarked for policy reserves

March 31, 2013

(Yen in millions)

Type		Carrying amount	Fair value	Difference
Securities whose fair value exceeds the carrying amount	Foreign securities	-	-	-
Securities whose fair value does not exceed the carrying amount	Foreign securities	31,539	30,871	(667)
Total		31,539	30,871	(667)

March 31, 2014

(Yen in millions)

Type		Carrying amount	Fair value	Difference
Securities whose fair value exceeds the carrying amount	Foreign securities	352,153	356,107	3,954
Securities whose fair value does not exceed the carrying amount	Foreign securities	311,084	303,649	(7,435)
Total		663,237	659,756	(3,481)

### 4 Available-for-sale securities

March 31, 2013

(Yen in millions)

Type		Carrying amount	Cost	Difference
Securities whose carrying amount exceeds the cost	Domestic bonds	3,924,222	3,689,939	234,283
	Stock	2,013,553	1,022,934	990,618
	Foreign securities	991,096	900,485	90,611
	Other securities	93,605	84,462	9,143
	Subtotal	7,022,477	5,697,821	1,324,655
Securities whose carrying amount does not exceed the cost	Domestic bonds	221,420	223,248	(1,828)
	Stock	195,058	220,112	(25,053)
	Foreign securities	280,292	290,482	(10,189)
	Other securities	57,511	57,816	(305)
	Subtotal	754,282	791,659	(37,377)
Total		7,776,760	6,489,481	1,287,278

(Notes)

1 "Other securities" includes certificates of deposits included in Cash, deposits and savings, and commercial papers and loan receivable trust beneficiary certificates included in Monetary claims bought on the consolidated balance sheet.

2 Available-for-sale securities without practically determinable fair value are not included in the above table.

**March 31, 2014**

(Yen in millions)

Type		Carrying amount	Cost	Difference
Securities whose carrying amount exceeds the cost	Domestic bonds	4,144,556	3,949,379	195,176
	Stock	2,325,305	1,089,956	1,235,348
	Foreign securities	1,006,666	911,825	94,840
	Other securities	81,726	74,417	7,308
	Subtotal	7,558,254	6,025,579	1,532,674
Securities whose carrying amount does not exceed the cost	Domestic bonds	284,416	285,225	(809)
	Stock	108,035	119,899	(11,863)
	Foreign securities	471,499	481,210	(9,711)
	Other securities	33,231	33,246	(14)
	Subtotal	897,183	919,582	(22,399)
Total		8,455,437	6,945,161	1,510,275

(Notes)

- 1 "Other securities" includes certificates of deposits included in Cash, deposits and savings, and commercial papers and loan receivable trust beneficiary certificates included in Monetary claims bought on the consolidated balance sheet.
- 2 Available-for-sale securities without practically determinable fair value are not included in the above table.

## 5 Available-for-sale securities sold during the year

**For the year ended March, 2013 (From April 1, 2012 to March 31, 2013)**

(Yen in millions)

Type	Total proceeds from sales	Gross gains on sales	Gross losses on sales
Domestic bonds	503,843	11,958	2,620
Stock	147,410	55,743	6,292
Foreign securities	400,443	14,534	5,472
Other securities	34,175	2,568	-
Total	1,085,872	84,805	14,385

**For the year ended March, 2014 (From April 1, 2013 to March 31, 2014)**

(Yen in millions)

Type	Total proceeds from sales	Gross gains on sales	Gross losses on sales
Domestic bonds	565,573	10,229	1,530
Stock	125,597	55,049	698
Foreign securities	387,641	16,365	3,300
Other securities	3,979	1,688	4
Total	1,082,792	83,333	5,533

## **6 Securities on which impairment losses were recognized**

For the year ended March 31, 2013, the Company and its consolidated subsidiaries recognized impairment losses of ¥34,030 million on Available-for-sale securities with practically determinable fair value (comprised of ¥32,608 million on Stock, ¥1,422 million on Foreign securities and ¥0 million on Other securities) and ¥4,234 million on Available-for-sale securities without practically determinable fair value (comprised of ¥3,997 million on Stock, ¥225 million on Foreign securities and ¥11 million on Other securities).

For the year ended March 31, 2014, the Company and its consolidated subsidiaries recognized impairment losses of ¥1,094 million on Available-for-sale securities with practically determinable fair value (comprised of ¥918 million on Stock and ¥176 million on Foreign securities) and ¥2,150 million on Available-for-sale securities without practically determinable fair value (comprised of ¥1,811 million on Stock and ¥339 million on Foreign securities).

In principle, the Company and its domestic consolidated subsidiaries recognize impairment losses on securities with practically determinable fair value if the fair value declines by 30% or more from the cost.

(Notes to Derivative Financial Instruments)

**1 Derivative transactions to which hedge accounting is not applied**

**(1) Currency-related derivatives**

**March 31, 2013**

(Yen in millions)

Category	Type	Notional amount		Fair value	Valuation gains/(losses)
		Total	Over 1 year		
OTC transactions	Foreign exchange forward contracts				
	Short	25,788	-	31	31
	Long	35,749	-	216	216
	Currency options				
	Short	582	-	(48)	5
	Long	255	-	0	(0)
Total		-	-	199	252

(Notes) Calculation method of fair value

(1) Fair value of foreign exchange forward contracts is determined based on forward exchange rates.

(2) Fair value of currency options is determined based on the option pricing models.

**March 31, 2014**

(Yen in millions)

Category	Type	Notional amount		Fair value	Valuation gains/(losses)
		Total	Over 1 year		
OTC transactions	Foreign exchange forward contracts				
	Short	41,383	-	(659)	(659)
	Long	27,718	-	153	153
	Currency options				
	Short	371	-	(29)	(0)
Total		-	-	(535)	(506)

(Notes) Calculation method of fair value

(1) Fair value of foreign exchange forward contracts is determined based on forward exchange rates.

(2) Fair value of currency options is determined based on the option pricing models.

**(2) Interest rate-related derivatives****March 31, 2013**

(Yen in millions)

Category	Type	Notional amount		Fair value	Valuation gains/(losses)
		Total	Over 1 year		
OTC transactions	Interest rate swaps				
	Receive fixed, pay floating	434,994	338,994	7,447	7,447
	Receive floating, pay fixed	413,600	281,000	(7,035)	(7,035)
	Interest rate options				
	Swaption				
	Short	127,000	103,000	(1,417)	39
	Long	130,573	91,073	1,500	266
Total		-	-	494	717

(Notes) Calculation method of fair value

- (1) Fair value of interest rate swaps is measured at present values of estimated future cash flows discounted at interest rates at the year-end or determined based on prices obtained from counterparty financial institutions.
- (2) Fair value of interest rate options is determined based on the option pricing models.

**March 31, 2014**

(Yen in millions)

Category	Type	Notional amount		Fair value	Valuation gains/(losses)
		Total	Over 1 year		
Market transactions	Interest rate forward contracts				
	Short	868	-	-	-
OTC transactions	Interest rate swaps				
	Receive fixed, pay floating	454,808	350,708	5,497	5,497
	Receive floating, pay fixed	416,000	251,400	(5,211)	(5,211)
	Interest rate options				
	Swaption				
	Short	103,000	63,000	(1,017)	327
	Long	90,500	50,500	1,130	64
Total		-	-	398	678

(Notes) Calculation method of fair value

- (1) Fair value of interest rate forward contracts is determined based on closing prices in principal markets.
- (2) Fair value of interest rate swaps is measured at present values of estimated future cash flows discounted at interest rates at the year-end or determined based on prices obtained from counterparty financial institutions.
- (3) Fair value of interest rate options is determined based on the option pricing models.

**(3) Equity-related derivatives****March 31, 2013**

(Yen in millions)

Category	Type	Notional amount		Fair value	Valuation gains/(losses)
		Total	Over 1 year		
Market transactions	Equity index future contracts				
	Short	10,157	-	(323)	(323)
	Equity index options				
	Short	836	-	(0)	0
	Long	900	-	0	(1)
Total		-	-	(323)	(325)

(Note) Calculation method of fair value

Fair value is determined based on closing prices in principal markets.

**March 31, 2014**

(Yen in millions)

Category	Type	Notional amount		Fair value	Valuation gains/(losses)
		Total	Over 1 year		
Market transactions	Equity index future contracts				
	Short	25,628	-	(43)	(43)
	Equity index options				
	Short	410	-	(7)	(1)
Total		-	-	(50)	(45)

(Note) Calculation method of fair value

Fair value is determined based on closing prices in principal markets.

**(4) Bond-related derivatives****March 31, 2013**

(Yen in millions)

Category	Type	Notional amount		Fair value	Valuation gains/(losses)
		Total	Over 1 year		
Market transactions	Bond future contracts				
	Short	28,818	-	(226)	(226)
Total		-	-	(226)	(226)

(Note) Calculation method of fair value

Fair value is determined based on closing prices in principal markets.

**March 31, 2014**

(Yen in millions)

Category	Type	Notional amount		Fair value	Valuation gains/(losses)
		Total	Over 1 year		
Market transactions	Bond future contracts				
	Short	74,330	-	17	17
Total		-	-	17	17

(Note) Calculation method of fair value

Fair value is determined based on closing prices in principal markets.



**(5) Credit-related derivatives****March 31, 2013**

(Yen in millions)

Category	Type	Notional amount		Fair value	Valuation gains/(losses)
		Total	Over 1 year		
OTC transactions	Credit derivatives				
	Sell protection	184,687	168,044	(2,066)	(2,066)
	Buy protection	1,175	-	562	562
Total		-	-	(1,503)	(1,503)

(Notes)

## 1 Calculation method of fair value

Fair value is determined based on the pricing models by considering factors such as prices and duration of the underlying contracts or based on prices obtained from counterparty financial institutions.

## 2 "Sell protection" represents transactions where the Group takes credit risks from counterparties.

"Buy protection" represents transactions where the Group transfers credit risks to counterparties.

**March 31, 2014**

(Yen in millions)

Category	Type	Notional amount		Fair value	Valuation gains/(losses)
		Total	Over 1 year		
OTC transactions	Credit derivatives				
	Sell protection	208,690	189,281	1,186	1,186
Total		-	-	1,186	1,186

(Notes)

## 1 Calculation method of fair value

Fair value is determined based on the pricing models by considering factors such as prices and duration of the underlying contracts or based on prices obtained from counterparty financial institutions.

## 2 "Sell protection" represents transactions where the Group takes credit risks from counterparties.

**(6) Others**  
**March 31, 2013**

(Yen in millions)

Category	Type	Notional amount		Fair value	Valuation gains/(losses)
		Total	Over 1 year		
OTC transactions	Weather derivatives				
	Short	31	28	(8)	(5)
	Long	31	28	8	5
	Natural disaster derivatives				
	Short	18,224	9,727	(519)	320
	Long	16,256	9,205	360	(228)
	Others				
	Short	3,312	1,933	160	160
	Long	3,408	2,025	(160)	(160)
	Contracts of underwriting comprehensive risks	-	-	176	176
Total		-	-	17	268

(Note) Calculation method of fair value

Fair value is determined based on the option pricing models except for fair value of contracts of underwriting comprehensive risks which is determined based on prices obtained from counterparties.

**March 31, 2014**

(Yen in millions)

Category	Type	Notional amount		Fair value	Valuation gains/(losses)
		Total	Over 1 year		
OTC transactions	Weather derivatives				
	Short	277	107	(22)	0
	Long	277	107	22	2
	Natural disaster derivatives				
	Short	27,223	11,867	(642)	913
	Long	24,480	11,238	417	(691)
	Index basket options				
	Long	36,553	-	184	(478)
	Others				
	Short	1,911	467	61	61
	Long	2,003	467	(61)	(61)
	Contracts of underwriting comprehensive risks	-	-	613	613
Total		-	-	572	358

(Note) Calculation method of fair value

Fair value is determined based on the option pricing models except for fair value of index basket options and contracts of underwriting comprehensive risks which is determined based on prices obtained from counterparties.

## 2 Derivative transactions to which hedge accounting is applied

### (1) Currency-related derivatives

March 31, 2013

(Yen in millions)

Hedge accounting method	Type	Main hedged item	Notional amount		Fair value
			Total	Over 1 year	
Allocation method	Foreign exchange forward contracts				(Note 2)
	Short	Foreign currency time deposits	29,930	-	
	Currency swaps	Foreign currency bond issued	106,191	106,191	
Fair value hedge method	Foreign exchange forward contracts				(27,925)
	Short	Available-for-sale securities	259,193	-	
Deferred hedge method	Currency swaps	Available-for-sale securities	6,241	-	(643)
Total			-	-	(28,568)

(Notes)

1 Calculation method of fair value

(1) Fair value of foreign exchange forward contracts is determined based on forward exchange rates.

(2) Fair value of currency swaps is measured at present discounted values.

2 Fair value of derivative financial instruments to which the allocation method is applied is not disclosed as it is included in fair value of the hedged items.

March 31, 2014

(Yen in millions)

Hedge accounting method	Type	Main hedged item	Notional amount		Fair value
			Total	Over 1 year	
Allocation method	Currency swaps	Foreign currency bond issued	106,191	106,191	(Note 2)
Fair value hedge method	Foreign exchange forward contracts				(13,463)
	Short	Available-for-sale securities	407,665	-	
Total			-	-	(13,463)

(Notes)

1 Calculation method of fair value

(1) Fair value of foreign exchange forward contracts is determined based on forward exchange rates.

(2) Fair value of currency swaps is measured at present discounted values.

2 Fair value of derivative financial instruments to which the allocation method is applied is not disclosed as it is included in fair value of the hedged items.

**(2) Interest rate-related derivatives****March 31, 2013**

(Yen in millions)

Hedge accounting method	Type	Main hedged item	Notional amount		Fair value
			Total	Over 1 year	
Deferred hedge method	Interest rate swaps				
	Receive floating, pay fixed	Borrowings	50,000	50,000	176
	Interest rate swaps				
	Receive fixed, pay floating	Insurance liabilities	305,320	305,320	39,132
Total			-	-	39,308

(Note) Calculation method of fair value

Fair value is measured at present values of estimated future cash flows discounted at interest rates at the year-end.

**March 31, 2014**

(Yen in millions)

Hedge accounting method	Type	Main hedged item	Notional amount		Fair value
			Total	Over 1 year	
Deferred hedge method	Interest rate swaps				
	Receive floating, pay fixed	Borrowings	50,000	50,000	62
	Interest rate swaps				
	Receive fixed, pay floating	Insurance liabilities	290,300	290,300	31,927
Total			-	-	31,990

(Note) Calculation method of fair value

Fair value is measured at present values of estimated future cash flows discounted at interest rates at the year-end.

**(3) Equity-related derivatives****March 31, 2013**

(Yen in millions)

Hedge accounting method	Type	Main hedged item	Notional amount		Fair value
			Total	Over 1 year	
Fair value hedge method	Equity forward contracts				
	Short	Available-for-sale securities	18,116	-	(2,791)
Total			-	-	(2,791)

(Note) Calculation method of fair value

Fair value is determined based on prices obtained from counterparty financial institutions.

**March 31, 2014**

(Yen in millions)

Hedge accounting method	Type	Main hedged item	Notional amount		Fair value
			Total	Over 1 year	
Fair value hedge method	Equity forward contracts				
	Short	Available-for-sale securities	16,891	-	(1,315)
Total			-	-	(1,315)

(Note) Calculation method of fair value

Fair value is determined based on prices obtained from counterparty financial institutions.

## (Notes to Per Share Information)

(Yen)

	Year ended March 31, 2013	Year ended March 31, 2014
Net assets less minority interests per share	3,215.33	3,646.22
Net income/(loss) per share	134.46	150.58

## (Notes)

1 Since there was no potential dilution, diluted net income/(loss) per share is not disclosed.

2 The bases for calculation of net income/(loss) per share are as follows.

	Year ended March 31, 2013	Year ended March 31, 2014
Net income/(loss) (Yen in millions)	83,625	93,451
Net income/(loss) not attributable to common shareholders (Yen in millions)	-	-
Net income/(loss) attributable to common shares (Yen in millions)	83,625	93,451
Average number of shares of outstanding stock (in thousands of shares)	621,896	620,603

3 The bases for calculation of net assets less minority interests per share are as follows.

	March 31, 2013	March 31, 2014
Total net assets (Yen in millions)	2,021,625	2,285,832
Amounts deduced from net assets: (Yen in millions)	22,046	25,507
Minority interests (Yen in millions)	22,046	25,507
Net assets attributable to common shares (Yen in millions)	1,999,579	2,260,324
Number of shares of outstanding stock to calculate net assets less minority interests per share (in thousands of shares)	621,888	619,908

## (Notes to Significant Subsequent Events)

Not applicable