

[Translation]

SUMMARY OF FINANCIAL STATEMENTS
FOR THE SIX MONTHS ENDED SEPTEMBER 30, 2011

November 18, 2011

Name of Listed Company: **MS & AD Insurance Group Holdings, Inc.**
 Securities Code No.: 8725
 Stock Exchanges: Tokyo, Osaka, Nagoya
 URL: <http://www.ms-ad-hd.com>
 Representative: Toshiaki Egashira, President
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 Date of filing of Quarterly Financial Report: November 25, 2011
 Date of starting payment of dividends: December 9, 2011

(Note) Amounts are truncated.

1. Consolidated Business Results for the Six Months Ended September 30, 2011 (April 1, 2011 to September 30, 2011)

(1) Results of consolidated operations (Yen in millions)

	Ordinary income		Ordinary profit		Net income	
Six months ended September 30, 2011	2,095,327	21.7 %	9,203	(86.9) %	7,141	(82.2) %
Six months ended September 30, 2010	1,721,149	69.5 %	70,515	(14.3) %	40,060	(29.5) %

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

(Note) Comprehensive Income: ¥ (111,819) million for the six months ended September 30, 2011 -%
¥ (132,023) million for the six months ended September 30, 2010 -%

(Yen)

	Net income per share	Net income per share -Diluted
Six months ended September 30, 2011	11.48	-
Six months ended September 30, 2010	63.97	-

(2) Consolidated financial conditions (Yen in millions)

	Total assets	Net assets	Net assets less minority interests to Total assets
As of September 30, 2011	13,941,081	1,505,243	10.7 %
As of March 31, 2011	11,445,003	1,633,381	14.1 %

(Reference) Net assets less minority interests: As of September 30, 2011: ¥1,485,286 million
 As of March 31, 2011: ¥1,615,228 million

2. Dividends

	Dividend per share (Yen)				
	First Quarter-end	Second Quarter-end	Third Quarter-end	Year- end	Annual
Year ended March 31, 2011	-	27.00	-	27.00	54.00
Year ending March 31, 2012	-	27.00			
Year ending March 31, 2012 (Forecast)			-	27.00	54.00

(Note) Revision of the latest announced dividend per share forecast: None

3. Forecast for the Current Period (April 1, 2011 to March 31, 2012)-Consolidated (Yen in millions)

	Ordinary income		Ordinary profit		Net income		Net income per share (Yen)
Year ending March 31, 2012	3,900,000	14.5 %	24,000	14.3 %	6,000	10.7 %	9.64

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

(Note) Revision of the latest announced forecast: Yes

4. Other Information

(1) Significant changes in scope of consolidation during the period: Yes

Increase 1 (Mitsui Sumitomo Primary Life Insurance Company, Limited)

Decrease 0

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

1. Changes in accounting policies due to revisions of accounting standards: None

2. Changes in accounting policies other than above: None

3. Changes in accounting estimates: None

4. Restatements: None

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

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

As of September 30, 2011: 633,291,754 shares

As of March 31, 2011: 633,291,754 shares

2. The number of treasury stock

As of September 30, 2011: 11,384,059 shares

As of March 31, 2011: 11,379,824 shares

3. The average number of shares outstanding

For the six months ended September 30, 2011: 621,909,665 shares

For the six months ended September 30, 2010: 626,166,100 shares

*Disclosure regarding the execution of the interim audit process

This report is outside the scope of the external auditor's interim audit procedure which is required by "Financial Instruments and Exchange Act". Therefore, the interim audit process has not been completed as of the disclosure of this report.

*Notification

(1) The financial forecasts were based upon currently available information and contain many elements of uncertainty.

Actual results may differ from the forecasts due to changes in the business environment.

(2) The non-consolidated result forecasts have been omitted due to immateriality.

(3) The Company is a specified business company under "Cabinet Office Ordinance on Disclosure of

Corporate Information, etc" Article 17-15 clause 2 and prepares the consolidated financial statements

for not the second quarter but the first half of the fiscal year.

Qualitative Information Concerning Results for the Interim Period

1. Qualitative information concerning consolidated business results

While the Great East Japan Earthquake and its aftermath continued to have a severe impact on Japan's economy during the current consolidated interim period, signs of recovery, albeit modest, were evident as production and export activities began to return to normal following the realignment of supply chains. During the latter half of the period, however, this recovery was tempered by a continuing trend in the strengthening of the yen and falls in share prices, increasing uncertainty about the future of the economy.

In this economic environment, the results of the Group during the current consolidated interim period were as follows.

Ordinary income for the current interim period, including underwriting income (including ¥1,303.6 billion in net premiums written) of ¥1,994.4 billion, investment income of ¥95.9 billion, and other ordinary income of ¥4.9 billion, totaled ¥2,095.3 billion. On the other hand, ordinary expenses recorded for the current interim period, including underwriting expenses of ¥1,542.8 billion (including ¥951.8 billion in net claims paid), investment expenses of ¥286.5 billion, operating expenses and general and administrative expenses of ¥252.7 billion, and other ordinary expenses of ¥4.3 billion, totaled ¥2,086.1 billion.

As a result, ordinary profit for the current consolidated interim period was ¥9.2 billion, reflecting a year-on-year decline of ¥61.3 billion. Net profit for the interim period after adjustments mainly for extraordinary losses and total income taxes was ¥7.1 billion, reflecting a year-on-year decrease of ¥32.9 billion.

Since October, flood damages in Thailand have been occurring at several industrial complexes where many Japanese-owned companies are located. In efforts to confirm the extent of damages, the Group has set up a special contingency task force and has been contacting customers. It is still too early to estimate the extent of damages but assessments through onsite inspections indicate that the posting of a significant amount of incurred loss (sum of net claims paid and outstanding claims provision) can be expected at the end of the current period. At non-life insurance subsidiaries in Japan, reversals of catastrophe reserves to cover the major portion of net claims paid can be expected.

2. Qualitative information concerning consolidated financial conditions

Assets at the end of the current consolidated interim period totaled ¥13,941.0 billion, reflecting an increase of ¥2,496.0 billion from the end of previous fiscal year, due primarily to the acquisition of Mitsui Sumitomo Primary Life Insurance Company, Ltd. as a wholly-owned consolidated subsidiary, which in the previous

consolidated interim period had been an affiliate accounted for under the equity method. Net assets, on the other hand, decreased ¥128.1 billion from the end of previous fiscal year, to ¥1,505.2 billion, due primarily to decrease of unrealized gains on investments.

3. Qualitative information concerning forecasts for consolidated results

In consolidated results for the full year, the Company forecasts ordinary income of ¥3,900.0 billion, ordinary profit of ¥24.0 billion, and net income of ¥6.0 billion. Based on consolidated results for the interim period and the above forecasts, the Company has adjusted forecast figures announced on May 19, 2011. For details of the revised forecast, please see “Notice Regarding Revision of Consolidated Earnings Forecasts for FY2011 (Fiscal Year Ending March 31, 2012)” released today (November 18, 2011).

Forecasts for results are based largely on the following assumptions:

- Net premiums written are based on the Company’s own forecasts in view of past trends in results.
- Incurred loss (sum of net claims paid and outstanding claims provision) due to natural disasters (domestic) during the current fiscal year is expected to be ¥25.0 billion for Mitsui Sumitomo Insurance Co., Ltd. and ¥18.0 billion for Aioi Nissay Dowa Insurance Co., Ltd.
- Concerning the estimate of the impact of floods in Thailand, it is still difficult to determine the extent of damages through onsite inspections. Incurred loss is expected to be approximately ¥130.0 billion based on certain assumptions (the negative impact on net income for the current period is expected to be approximately ¥15.0 billion, reflecting a reversal of the catastrophe reserve).
- Merger-related expenses of ¥10.5 billion for the merger of Mitsui Sumitomo Kirameki Life Insurance, Co., Ltd. and Aioi Life Insurance Co., Ltd. are expected to be recorded as an extraordinary loss.
- Forecasts are based on the assumption that exchange rates and stock market prices will not fluctuate significantly from the end of September, 2011 onwards.
- The consolidated results forecast of the Company is based on information currently available including the above and contains many elements of uncertainty. Actual results may differ significantly due to various factors in the business environment.

Consolidated Balance Sheets

(Yen in millions)

Items	As of March 31, 2011	As of September 30, 2011
	Amount	Amount
(Assets)		
Cash deposits and savings	623,606	500,161
Call loans	52,554	51,614
Securities bought under resale agreements	23,094	65,984
Receivables under security borrowing transactions	26,535	-
Monetary claims bought	117,169	123,830
Money trusts	11,580	569,445
Investments in securities	7,818,573	9,855,214
Loans	1,056,523	1,007,779
Tangible fixed assets	498,926	496,130
Intangible fixed assets	124,553	131,179
Other assets	804,828	767,462
Deferred tax assets	294,397	380,869
Customers' liabilities for acceptances and guarantees	2,500	2,500
Bad debts reserve	(9,839)	(11,089)
Total assets	11,445,003	13,941,081
(Liabilities)		
Underwriting funds:	9,114,317	11,766,956
Outstanding claims	1,287,132	1,286,285
Underwriting reserves	7,827,184	10,480,671
Debentures	164,963	164,969
Other liabilities	386,298	357,562
Reserve for pension and retirement benefits	103,817	109,550
Reserve for pension and retirement benefits for officers and operating officers	1,801	1,645
Accrued bonuses for employees	20,075	16,576
Reserve under the special law:	13,952	11,998
Reserve for price fluctuation	13,952	11,998
Deferred tax liabilities	3,896	4,077
Liabilities under acceptances and guarantees	2,500	2,500
Total liabilities	9,811,622	12,435,837
(Net assets)		
Shareholders' equity:		
Common stock	100,000	100,000
Capital surplus	682,754	682,753
Retained earnings	506,696	496,864
Treasury stock	(24,785)	(24,793)
Total shareholders' equity	1,264,664	1,254,825
Accumulated other comprehensive income:		
Unrealized gains on investments, net of tax	409,337	278,496
Deferred hedge gains (losses), net of tax	6,234	16,103
Foreign currency translation adjustments	(65,007)	(64,138)
Total accumulated other comprehensive income	350,564	230,461
Minority interests	18,152	19,957
Total net assets	1,633,381	1,505,243
Total liabilities and net assets	11,445,003	13,941,081

Consolidated Statements of Income

(Yen in millions)

Items	Six months ended September 30, 2010	Six months ended September 30, 2011
	Amount	Amount
Ordinary income and expenses:		
Ordinary income:	1,721,149	2,095,327
Underwriting income:	1,599,116	1,994,456
Net premiums written	1,301,611	1,303,670
Deposit premiums from policyholders	114,356	93,688
Investment income on deposit premiums from policyholders	33,545	30,870
Life insurance premiums	113,888	205,505
Reversal of outstanding claims	-	12,106
Reversal of underwriting reserves	31,109	343,743
Investment income:	112,345	95,943
Interest and dividends received	107,341	99,219
Investment gains on money trusts	37	167
Gains on sale of securities	29,632	26,159
Gains on derivative transactions	6,016	-
Transfer of investment income on deposit premiums from policyholders	(33,545)	(30,870)
Other ordinary income	9,687	4,927
Ordinary expenses:	1,650,633	2,086,124
Underwriting expenses:	1,363,362	1,542,837
Net claims paid	783,877	951,832
Loss adjustment expenses	67,622	66,025
Commission and collection expenses	234,674	243,836
Maturity refunds to policyholders	232,696	186,129
Life insurance claims	28,758	87,656
Provision for outstanding claims	7,416	-
Investment expenses:	34,726	286,588
Investment losses on money trusts	255	35,324
Losses on trading securities	4	-
Losses on sale of securities	10,433	5,899
Losses on devaluation of securities	15,121	53,992
Losses on derivative transactions	-	196
Losses on investment in separate accounts	-	180,900
Operating expenses and general and administrative expenses	249,705	252,769
Other ordinary expenses:	2,839	4,307
Interest paid	864	1,128
Deferred expenses under Article 113 of the Insurance Business Act	-	(379)
Ordinary profit	70,515	9,203
Extraordinary income and losses:		
Extraordinary income:	13,933	7,323
Gains on sale of fixed assets	390	797
Gain on negative goodwill	13,543	3,311
Reversal of reserve under the special law:	-	3,214
Reversal of reserve for price fluctuation	-	3,214
Extraordinary losses:	35,036	9,613
Losses on sale of fixed assets	1,114	1,040
Impairment losses on fixed assets	3,398	2,761
Provision for reserve under the special law:	2,450	-
Provision for reserve for price fluctuation	2,450	-
Losses on reduction of real estate	29	-
Other extraordinary losses	28,044	5,811
Income before income taxes	49,412	6,913
Income taxes - current	12,777	8,459
Income taxes - deferred	(3,744)	(9,514)
Total income taxes	9,032	(1,055)
Income before minority interests	40,380	7,968
Minority interests	319	826
Net income	40,060	7,141