

MITSUI SUMITOMO INSURANCE COMPANY, LIMITED
AND SUBSIDIARIES

CONSOLIDATED BALANCE SHEETS
March 31, 2005 and 2006

	<u>2005</u>	<u>2006</u>
	(Yen in millions)	
ASSETS		
Investments - other than investments in affiliates:		
Securities available for sale:		
Fixed maturities, at fair value	¥ 3,043,851	3,193,503
Equity securities, at fair value	2,194,402	3,105,217
Securities held to maturity:		
Fixed maturities, at amortized cost	181,585	261,170
Mortgage loans on real estate	19,048	15,129
Investment real estate, at cost less accumulated depreciation of ¥56,721 million in 2005; ¥65,384 million in 2006	52,179	53,034
Policy loans	34,898	38,615
Other long-term investments	721,209	721,491
Short-term investments	<u>98,804</u>	<u>93,829</u>
Total investments	<u>6,345,976</u>	<u>7,481,988</u>
Cash and cash equivalents	<u>366,228</u>	<u>385,165</u>
Investments in and indebtedness from affiliates:		
Investments	56,727	59,480
Indebtedness	<u>1,807</u>	<u>2,164</u>
Total investments in and indebtedness from affiliates	<u>58,534</u>	<u>61,644</u>
Accrued investment income	20,919	22,071
Premiums receivable and agents' balances	117,597	123,341
Prepaid reinsurance premiums	210,137	211,485
Funds held by or deposited with ceding reinsurers	61,556	70,786
Reinsurance recoverable on paid losses	77,398	63,162
Reinsurance recoverable on unpaid losses	234,097	233,369
Property and equipment, net of accumulated depreciation	208,958	215,355
Deferred policy acquisition costs	375,661	390,618
Goodwill	31,132	56,790
Other assets	<u>109,136</u>	<u>96,518</u>
Total assets	¥ <u>8,217,329</u>	<u>9,412,292</u>

MITSUI SUMITOMO INSURANCE COMPANY, LIMITED
AND SUBSIDIARIES

CONSOLIDATED BALANCE SHEETS (Continued)
March 31, 2005 and 2006

	<u>2005</u>	<u>2006</u>
	(Yen in millions)	
LIABILITIES AND SHAREHOLDERS' EQUITY		
Liabilities:		
Losses and claims:		
Reported and estimated losses and claims	¥ 899,191	1,013,615
Adjustment expenses	<u>37,866</u>	<u>42,902</u>
Total losses and claims	<u>937,057</u>	<u>1,056,517</u>
Unearned premiums	1,346,393	1,408,577
Future policy benefits for life insurance contracts	625,717	738,422
Investment deposits by policyholders	2,329,218	2,265,283
Indebtedness to affiliates	12,574	13,240
Accrued income taxes:		
Payable	6,944	28,369
Deferred applicable to:		
Unrealized gains on investments	463,677	745,432
Other	<u>45,908</u>	<u>69,943</u>
Total accrued income taxes	<u>516,529</u>	<u>843,744</u>
Retirement and severance benefits	88,511	84,544
Ceded reinsurance balances payable	85,474	91,685
Short-term debt	13,583	10,740
Long-term debt	99,995	99,997
Other liabilities	<u>130,003</u>	<u>159,296</u>
Total liabilities	<u>6,185,054</u>	<u>6,772,045</u>
Minority interests	<u>2,473</u>	<u>2,969</u>
Shareholders' equity:		
Common stock :		
Authorized – 3,000,000,000 shares; issued – 1,513,184,880 shares in 2005 and 1,513,184,880 shares in 2006	137,495	137,495
Other shareholders' equity:		
Additional paid-in capital	86,498	86,507
Retained earnings:		
Appropriated:		
Legal reserve	43,697	47,142
Reserve for price fluctuation	20,462	23,538
Unappropriated	1,202,269	1,300,591
Accumulated other comprehensive income	603,892	1,119,326
Treasury stock, 81,919,773 shares in 2005 and 92,563,719 shares in 2006, at cost	<u>(64,511)</u>	<u>(77,321)</u>
Total shareholders' equity	<u>2,029,802</u>	<u>2,637,278</u>
Commitments and contingent liabilities		
Total liabilities and shareholders' equity	¥ <u>8,217,329</u>	<u>9,412,292</u>

MITSUI SUMITOMO INSURANCE COMPANY, LIMITED
AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF INCOME
Years ended March 31, 2004, 2005 and 2006

	<u>2004</u>	<u>2005</u>	<u>2006</u>
	(Yen in millions, except per share data)		
Revenues:			
Net premiums written	¥ 1,375,973	1,402,977	1,458,507
Less increase in unearned premiums	<u>67,914</u>	<u>45,229</u>	<u>35,706</u>
Net premiums earned	1,308,059	1,357,748	1,422,801
Premium income for life insurance contracts	157,840	175,169	205,158
Investment income, net of investment expenses	118,603	119,479	156,102
Realized gains on investments	<u>88,807</u>	<u>50,992</u>	<u>50,199</u>
Total revenues	<u>1,673,309</u>	<u>1,703,388</u>	<u>1,834,260</u>
Expenses:			
Losses, claims and loss adjustment expenses:			
Losses and claims incurred and provided for	735,670	918,771	881,623
Related adjustment expenses	67,937	62,614	68,855
Policyholder benefits for life insurance contracts	133,846	150,510	179,913
Policy acquisition costs	371,458	366,063	338,058
Investment income credited to investment deposits by policyholders	56,330	53,487	50,840
Other expenses	<u>117,492</u>	<u>84,870</u>	<u>133,994</u>
Total expenses	<u>1,482,733</u>	<u>1,636,315</u>	<u>1,653,283</u>
Income before income taxes	190,576	67,073	180,977
Income taxes:			
Current	37,342	13,818	35,497
Deferred	<u>29,723</u>	<u>10,503</u>	<u>20,797</u>
Total income taxes	<u>67,065</u>	<u>24,321</u>	<u>56,294</u>
Minority interests	<u>18</u>	<u>123</u>	<u>560</u>
Net income	¥ <u>123,493</u>	<u>42,629</u>	<u>124,123</u>
Earnings per share:			
Net income:			
Basic	¥ 85.73	29.55	87.08
Diluted	<u>83.88</u>	<u>29.55</u>	<u>87.08</u>

MITSUI SUMITOMO INSURANCE COMPANY, LIMITED
AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME
Years ended March 31, 2004, 2005 and 2006

	<u>2004</u>	<u>2005</u>	<u>2006</u>
	(Yen in millions)		
Net income	¥ <u>123,493</u>	<u>42,629</u>	<u>124,123</u>
Other comprehensive income, net of tax:			
Foreign currency translation adjustments	(7,103)	333	15,514
Unrealized gains on securities	295,335	24,865	500,813
Net losses on derivative instruments	(235)	(94)	(102)
Minimum pension liability adjustment	<u>18,283</u>	<u>38,812</u>	<u>(791)</u>
Other comprehensive income	<u>306,280</u>	<u>63,916</u>	<u>515,434</u>
Comprehensive income	¥ <u><u>429,773</u></u>	<u><u>106,545</u></u>	<u><u>639,557</u></u>

MITSUI SUMITOMO INSURANCE COMPANY, LIMITED
AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF SHAREHOLDERS' EQUITY
Years ended March 31, 2004, 2005 and 2006

	<u>2004</u>	<u>2005</u>	<u>2006</u>
	(Yen in millions, except per share data)		
Common stock:			
Balance at beginning of year	¥ 126,376	137,495	137,495
Conversion of convertible debentures	<u>11,119</u>	<u>-</u>	<u>-</u>
Balance at end of year	<u>137,495</u>	<u>137,495</u>	<u>137,495</u>
Additional paid-in capital:			
Balance at beginning of year	75,372	86,490	86,498
Conversion of convertible debentures	11,116	-	-
Gain on sales of treasury stock	<u>2</u>	<u>8</u>	<u>9</u>
Balance at end of year	<u>86,490</u>	<u>86,498</u>	<u>86,507</u>
Legal reserve:			
Balance at beginning of year	38,953	41,167	43,697
Transfer from unappropriated retained earnings	<u>2,214</u>	<u>2,530</u>	<u>3,445</u>
Balance at end of year	<u>41,167</u>	<u>43,697</u>	<u>47,142</u>
Reserve for price fluctuation:			
Balance at beginning of year	6,831	13,438	20,462
Transfer from unappropriated retained earnings	<u>6,607</u>	<u>7,024</u>	<u>3,076</u>
Balance at end of year	<u>13,438</u>	<u>20,462</u>	<u>23,538</u>
Unappropriated retained earnings:			
Balance at beginning of year	1,077,797	1,181,561	1,202,269
Net income for the year	123,493	42,629	124,123
Dividends paid	(10,886)	(12,367)	(19,280)
Transfers to:			
Legal reserve	(2,214)	(2,530)	(3,445)
Reserve for price fluctuation	(6,607)	(7,024)	(3,076)
Other	<u>(22)</u>	<u>-</u>	<u>-</u>
Balance at end of year	<u>1,181,561</u>	<u>1,202,269</u>	<u>1,300,591</u>
Accumulated other comprehensive income:			
Balance at beginning of year	233,696	539,976	603,892
Other comprehensive income, net of tax	<u>306,280</u>	<u>63,916</u>	<u>515,434</u>
Balance at end of year	<u>539,976</u>	<u>603,892</u>	<u>1,119,326</u>
Treasury stock:			
Balance at beginning of year	(15,972)	(42,452)	(64,511)
Purchase of common share	(26,499)	(22,059)	(12,810)
Reissuance of common share	<u>19</u>	<u>-</u>	<u>-</u>
Balance at end of year	<u>(42,452)</u>	<u>(64,511)</u>	<u>(77,321)</u>
Total shareholders' equity	¥ <u>1,957,676</u>	<u>2,029,802</u>	<u>2,637,278</u>
Cash dividends per share	¥ <u>7.50</u>	<u>8.50</u>	<u>9.50</u>

MITSUI SUMITOMO INSURANCE COMPANY, LIMITED
AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF CASH FLOWS
Years ended March 31, 2004, 2005 and 2006

	<u>2004</u>	<u>2005</u>	<u>2006</u>
	(Yen in millions)		
Net income	¥ 123,493	42,629	124,123
Adjustments to reconcile net income to net cash provided by operating activities:			
Valuation allowance for credit losses	(681)	(5,077)	(8,119)
Impairment losses of long-lived assets	6,686	16,018	526
Realized gains from sales of investments	(87,604)	(54,965)	(59,109)
Amortization of fixed maturity securities	8,615	6,900	5,795
Depreciation	19,815	18,899	17,012
Provision for retirement and severance benefits	(4,494)	(28,110)	(4,917)
Deferred income taxes	29,723	10,503	20,797
Proceeds from property and equipment as subrogation of paid claim	-	20,555	899
Decrease (increase) in assets:			
Net insurance related assets	6,235	(2,374)	17,011
Deferred policy acquisition costs	(9,421)	(17,225)	(11,654)
Accrued investment income	(1,095)	(1,942)	(4,818)
Other assets	(8,223)	848	6,874
Increase (decrease) in liabilities:			
Losses and claims	61,980	110,002	99,079
Unearned premiums	63,883	47,293	35,643
Future policy benefits	87,765	97,999	113,925
Income taxes	(4,546)	(22,233)	17,689
Other liabilities	(14,169)	664	2,298
Other, net	<u>2,773</u>	<u>(3,498)</u>	<u>564</u>
Net cash provided by operating activities	¥ <u>280,735</u>	<u>236,886</u>	<u>373,618</u>

MITSUI SUMITOMO INSURANCE COMPANY, LIMITED
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CONSOLIDATED STATEMENTS OF CASH FLOWS (Continued)
Years ended March 31, 2004, 2005 and 2006

	<u>2004</u>	<u>2005</u>	<u>2006</u>
	(Yen in millions)		
Cash flows from investing activities:			
Proceeds from:			
Securities available for sale:			
Fixed maturities	553,264	659,959	553,057
Equity securities	666,968	144,463	114,403
Fixed maturities available for sale matured	177,498	218,728	252,373
Fixed maturities held to maturity matured	629	-	6,545
Investment real estate	172	-	165
Collection of:			
Mortgage loans on real estate	10,013	6,368	4,804
Policy loans	31,063	29,980	34,702
Other long-term investments	155,358	192,853	250,612
Purchases of:			
Securities available for sale:			
Fixed maturities	(1,009,872)	(989,440)	(1,048,873)
Equity securities	(530,084)	(86,873)	(105,180)
Securities held to maturity:			
Fixed maturities	(485)	(421)	(8,202)
Investments in:			
Mortgage loans on real estate	(4,469)	(3,908)	(658)
Policy loans	(30,255)	(31,773)	(38,419)
Other long-term investments	(208,589)	(242,840)	(264,485)
Increase (decrease) in cash received under securities lending transactions	43,989	(20,459)	26,176
Decrease (increase) in short-term investments, net	1,834	(27,784)	4,773
Increase in investments in and indebtedness from affiliates	(18,239)	(66,446)	(24,377)
Decrease (increase) in property and equipment, net	2,119	(5,048)	(13,904)
Business acquired, net of cash acquired	2,988	-	-
Business disposed of, net of cash held by the disposed business	(190)	-	-
Other, net	<u>5,108</u>	<u>449</u>	<u>(1,971)</u>
Net cash used in investing activities	<u>(151,180)</u>	<u>(222,192)</u>	<u>(258,459)</u>

MITSUI SUMITOMO INSURANCE COMPANY, LIMITED
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CONSOLIDATED STATEMENTS OF CASH FLOWS (Continued)
Years ended March 31, 2004, 2005 and 2006

	<u>2004</u>	<u>2005</u>	<u>2006</u>
	(Yen in millions)		
Cash flows from financing activities:			
Decrease in investment deposits by policyholders	¥ (102,445)	(75,777)	(64,529)
Decrease in commercial paper	-	(823)	(2,643)
Proceeds from long-term debt	-	100,214	300
Repayment of long-term debt	-	(800)	(500)
Repayment of short-term debt	(70)	(356)	-
Acquisition of treasury stock	(26,499)	(22,098)	(12,831)
Dividends paid to shareholders	(10,928)	(12,407)	(19,377)
Other, net	<u>(174)</u>	<u>(826)</u>	<u>(877)</u>
Net cash used in financing activities	<u>(140,116)</u>	<u>(12,873)</u>	<u>(100,457)</u>
Effect of exchange rate changes on cash and cash equivalents	<u>1,252</u>	<u>2,597</u>	<u>4,235</u>
Net change in cash and cash equivalents	(9,309)	4,418	18,937
Cash and cash equivalents at beginning of year	<u>371,119</u>	<u>361,810</u>	<u>366,228</u>
Cash and cash equivalents at end of year	¥ <u>361,810</u>	<u>366,228</u>	<u>385,165</u>