

MITSUI SUMITOMO INSURANCE COMPANY, LIMITED
AND SUBSIDIARIES

CONSOLIDATED BALANCE SHEETS

March 31, 2004 and 2005

	<u>2004</u>	<u>2005</u>
	(Yen in millions)	
ASSETS		
Investments - other than investments in affiliates (Notes 3 and 13):		
Securities available for sale:		
Fixed maturities, at fair value	¥ 3,060,514	3,043,851
Equity securities, at fair value	2,143,944	2,194,402
Securities held to maturity:		
Fixed maturities, at amortized cost	1,960	181,585
Mortgage loans on real estate	21,573	19,048
Investment real estate, at cost less accumulated depreciation of ¥55,880 million in 2004; ¥56,721 million in 2005	57,324	52,179
Policy loans	33,104	34,898
Other long-term investments	687,259	721,209
Short-term investments	<u>56,736</u>	<u>98,804</u>
Total investments	<u>6,062,414</u>	<u>6,345,976</u>
Cash and cash equivalents	<u>361,810</u>	<u>366,228</u>
Investments in and indebtedness from affiliates:		
Investments	46,877	56,727
Indebtedness (Note 13)	<u>1,575</u>	<u>1,807</u>
Total investments in and indebtedness from affiliates	<u>48,452</u>	<u>58,534</u>
Accrued investment income	21,696	20,919
Premiums receivable and agents' balances	120,593	117,597
Prepaid reinsurance premiums	203,492	210,137
Funds held by or deposited with ceding reinsurers	58,458	61,556
Reinsurance recoverable on paid losses	69,798	77,398
Reinsurance recoverable on unpaid losses	151,635	234,097
Property and equipment, net of accumulated depreciation (Note 4)	228,441	208,958
Deferred policy acquisition costs (Note 2(h))	356,039	375,661
Goodwill (Note 15)	-	31,132
Other assets	<u>124,088</u>	<u>109,136</u>
 Total assets	 ¥ <u>7,806,916</u>	 <u>8,217,329</u>

MITSUI SUMITOMO INSURANCE COMPANY, LIMITED
AND SUBSIDIARIES

CONSOLIDATED BALANCE SHEETS (Continued)

March 31, 2004 and 2005

	<u>2004</u>	<u>2005</u>
	(Yen in millions)	
LIABILITIES AND SHAREHOLDERS' EQUITY		
Liabilities:		
Losses and claims (Note 9):		
Reported and estimated losses and claims	¥ 693,332	899,191
Adjustment expenses	<u>35,728</u>	<u>37,866</u>
Total losses and claims	<u>729,060</u>	<u>937,057</u>
Unearned premiums	1,285,551	1,346,393
Future policy benefits for life insurance contracts	528,263	625,717
Investment deposits by policyholders (Notes 10 and 13)	2,405,099	2,329,218
Indebtedness to affiliates	6,899	12,574
Accrued income taxes (Note 6):		
Payable	20,830	6,944
Deferred applicable to:		
Unrealized gains on investments	448,356	463,677
Other	<u>21,354</u>	<u>54,099</u>
Total accrued income taxes	<u>490,540</u>	<u>524,720</u>
Retirement and severance benefits (Note 8)	177,085	88,511
Ceded reinsurance balances payable	87,138	85,474
Short-term debt (Note 7)	942	13,583
Long-term debt (Notes 7 and 13)	500	99,995
Other liabilities	<u>143,944</u>	<u>130,003</u>
Total liabilities	<u>5,855,021</u>	<u>6,193,245</u>
Minority interests	<u>1,596</u>	<u>2,473</u>
Shareholders' equity:		
Common stock :		
Authorized – 3,000,000,000 shares;		
issued – 1,513,184,880 shares in 2004 and		
1,513,184,880 shares in 2005 (Note 17)	137,495	137,495
Other shareholders' equity:		
Additional paid-in capital (Note 17)	86,490	86,498
Retained earnings:		
Appropriated (Note 18):		
Legal reserve	41,167	43,697
Reserve for price fluctuation	13,438	20,462
Unappropriated (Note 19)	1,174,185	1,194,078
Accumulated other comprehensive income (Note 20)	539,976	603,892
Treasury stock, 58,261,697 shares in 2004 and		
81,919,773 shares in 2005, at cost	<u>(42,452)</u>	<u>(64,511)</u>
Total shareholders' equity	<u>1,950,299</u>	<u>2,021,611</u>
Commitments and contingent liabilities (Note 16)		
Total liabilities and shareholders' equity	¥ <u>7,806,916</u>	<u>8,217,329</u>

MITSUI SUMITOMO INSURANCE COMPANY, LIMITED
AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF INCOME

Years ended March 31, 2003, 2004 and 2005

	<u>2003</u>	<u>2004</u>	<u>2005</u>
	(Yen in millions, except per share data)		
Revenue:			
Net premiums written	¥ 1,300,681	1,375,973	1,402,977
Less increase in unearned premiums	<u>72,681</u>	<u>67,914</u>	<u>45,229</u>
Net premiums earned (Note 11)	1,228,000	1,308,059	1,357,748
Premium income for life insurance contracts (Note 11)	147,761	157,840	175,169
Investment income, net of investment expenses (Note 3)	116,603	118,603	119,479
Realized gains (losses) on investments (Note 3)	<u>(2,159)</u>	<u>88,807</u>	<u>50,992</u>
Total revenue	<u>1,490,205</u>	<u>1,673,309</u>	<u>1,703,388</u>
Expenses:			
Losses, claims and loss adjustment expenses (Note 11):			
Losses and claims incurred and provided for	681,539	735,670	918,771
Related adjustment expenses	64,216	67,937	62,614
Policyholder benefits for life insurance contracts (Note 11)	129,829	133,846	150,510
Policy acquisition costs	364,655	371,458	366,063
Investment income credited to investment deposits by policyholders (Note 10)	63,597	56,330	53,487
Other expenses (Note 5)	<u>118,038</u>	<u>117,492</u>	<u>84,870</u>
Total expenses	<u>1,421,874</u>	<u>1,482,733</u>	<u>1,636,315</u>
Income before income taxes	68,331	190,576	67,073
Income taxes (Note 6):			
Current	34,489	37,342	13,818
Deferred	<u>(4,600)</u>	<u>37,099</u>	<u>11,318</u>
Total income taxes	<u>29,889</u>	<u>74,441</u>	<u>25,136</u>
Minority interests	<u>130</u>	<u>18</u>	<u>123</u>
Net income	<u>¥ 38,312</u>	<u>116,117</u>	<u>41,814</u>
Earnings per share (Notes 2(p) and 19):			
Net income:			
Basic	¥ 26.29	80.61	28.98
Diluted	<u>24.93</u>	<u>78.87</u>	<u>28.98</u>

MITSUI SUMITOMO INSURANCE COMPANY, LIMITED
AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME
Years ended March 31, 2003, 2004 and 2005

	<u>2003</u>	<u>2004</u>	<u>2005</u>
	(Yen in millions)		
Net income	¥ <u>38,312</u>	<u>116,117</u>	<u>41,814</u>
Other comprehensive income (loss), net of tax (Note 20):			
Foreign currency translation adjustments	(4,650)	(7,103)	333
Unrealized gains (losses) on securities	(257,372)	295,335	24,865
Net losses on derivative instruments	(398)	(235)	(94)
Minimum pension liability adjustment	<u>(44,689)</u>	<u>18,283</u>	<u>38,812</u>
Other comprehensive income (loss)	<u>(307,109)</u>	<u>306,280</u>	<u>63,916</u>
Comprehensive income (loss)	¥ <u>(268,797)</u>	<u>422,397</u>	<u>105,730</u>

MITSUI SUMITOMO INSURANCE COMPANY, LIMITED
AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF SHAREHOLDERS' EQUITY

Years ended March 31, 2003, 2004 and 2005

	<u>2003</u>	<u>2004</u>	<u>2005</u>
	(Yen in millions, except per share data)		
Common stock:			
Balance at beginning of year	¥ 126,376	126,376	137,495
Conversion of convertible debentures	<u>-</u>	<u>11,119</u>	<u>-</u>
Balance at end of year	<u>126,376</u>	<u>137,495</u>	<u>137,495</u>
Additional paid-in capital:			
Balance at beginning of year	75,372	75,372	86,490
Conversion of convertible debentures	-	11,116	-
Gain on sales of treasury stock	<u>-</u>	<u>2</u>	<u>8</u>
Balance at end of year	<u>75,372</u>	<u>86,490</u>	<u>86,498</u>
Legal reserve:			
Balance at beginning of year	36,585	38,953	41,167
Transfer from unappropriated retained earnings (Note 18)	<u>2,368</u>	<u>2,214</u>	<u>2,530</u>
Balance at end of year	<u>38,953</u>	<u>41,167</u>	<u>43,697</u>
Reserve for price fluctuation:			
Balance at beginning of year	20,663	6,831	13,438
Transfer from (to) unappropriated retained earnings (Note 18)	<u>(13,832)</u>	<u>6,607</u>	<u>7,024</u>
Balance at end of year	<u>6,831</u>	<u>13,438</u>	<u>20,462</u>
Unappropriated retained earnings:			
Balance at beginning of year	1,038,971	1,077,797	1,174,185
Net income for the year	38,312	116,117	41,814
Dividends paid (Note 19)	(10,950)	(10,886)	(12,367)
Transfers from (to) (Note 18):			
Legal reserve	(2,368)	(2,214)	(2,530)
Reserve for price fluctuation	13,832	(6,607)	(7,024)
Other	<u>-</u>	<u>(22)</u>	<u>-</u>
Balance at end of year (Note 19)	<u>1,077,797</u>	<u>1,174,185</u>	<u>1,194,078</u>
Accumulated other comprehensive income (Note 20):			
Balance at beginning of year	540,805	233,696	539,976
Other comprehensive income (loss), net of tax	<u>(307,109)</u>	<u>306,280</u>	<u>63,916</u>
Balance at end of year	<u>233,696</u>	<u>539,976</u>	<u>603,892</u>
Treasury stock:			
Balance at beginning of year	(11,603)	(15,972)	(42,452)
Purchase of common share	(4,369)	(26,499)	(22,059)
Reissuance of common share	<u>-</u>	<u>19</u>	<u>-</u>
Balance at end of year	<u>(15,972)</u>	<u>(42,452)</u>	<u>(64,511)</u>
Total shareholders' equity	¥ <u>1,543,053</u>	<u>1,950,299</u>	<u>2,021,611</u>
Cash dividends per share (Note 19)	¥ <u>7.50</u>	<u>7.50</u>	<u>8.50</u>

MITSUI SUMITOMO INSURANCE COMPANY, LIMITED
AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF CASH FLOWS

Years ended March 31, 2003, 2004 and 2005

	<u>2003</u>	<u>2004</u>	<u>2005</u>
	(Yen in millions)		
Net cash provided by operating activities (Note 21)	¥ <u>243,453</u>	<u>280,735</u>	<u>236,886</u>
Cash flows from investing activities:			
Proceeds from:			
Securities available for sale:			
Fixed maturities	325,388	553,264	659,959
Equity securities	106,234	666,968	144,463
Fixed maturities available for sale matured	229,194	177,498	218,728
Fixed maturities held to maturity matured	3,568	629	-
Investment real estate	3,210	172	-
Collection of:			
Mortgage loans on real estate	11,047	10,013	6,368
Policy loans	26,841	31,063	29,980
Other long-term investments	206,131	155,358	192,853
Purchases of:			
Securities available for sale:			
Fixed maturities	(622,497)	(1,009,872)	(989,440)
Equity securities	(100,020)	(530,084)	(86,873)
Securities held to maturity:			
Fixed maturities	(1,634)	(485)	(421)
Investments in:			
Mortgage loans on real estate	(7,537)	(4,469)	(3,908)
Investment real estate	(1,030)	-	-
Policy loans	(27,893)	(30,255)	(31,773)
Other long-term investments	(175,782)	(208,589)	(242,840)
Increase in cash received under securities lending transactions	-	43,989	-
Decrease (increase) in short-term investments, net	36,585	1,834	(19,612)
Increase in investments in and indebtedness from affiliates	(5,236)	(18,239)	(69,197)
Decrease (increase) in property and equipment, net	(8,155)	2,119	(31,255)
Business acquired, net of cash acquired	-	2,988	327
Business disposed of, net of cash held by the disposed business	(1,781)	(190)	-
Other, net	<u>5,518</u>	<u>5,108</u>	<u>449</u>
Net cash provided by (used in) investing activities	<u>2,151</u>	<u>(151,180)</u>	<u>(222,192)</u>

(Continued)

MITSUI SUMITOMO INSURANCE COMPANY, LIMITED
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CONSOLIDATED STATEMENTS OF CASH FLOWS (Continued)
Years ended March 31, 2003, 2004 and 2005

	<u>2003</u>	<u>2004</u>	<u>2005</u>
	(Yen in millions)		
Cash flows from financing activities:			
Decrease in investment deposits by policyholders	¥ (169,560)	(102,445)	(75,777)
Decrease in short-term debt, net	(64,148)	(70)	-
Decrease in commercial paper	-	-	(823)
Proceeds from long-term debt	1,369	-	100,214
Repayment of long-term debt	-	-	(800)
Repayment of short-term debt	-	-	(356)
Acquisition of treasury stock	(4,369)	(26,499)	(22,098)
Dividends paid to shareholders	(11,247)	(10,928)	(12,407)
Other, net	<u>(194)</u>	<u>(174)</u>	<u>(826)</u>
Net cash used in financing activities	<u>(248,149)</u>	<u>(140,116)</u>	<u>(12,873)</u>
Effect of exchange rate changes on cash and cash equivalents	<u>883</u>	<u>1,252</u>	<u>2,597</u>
Net change in cash and cash equivalents	(1,662)	(9,309)	4,418
Cash and cash equivalents at beginning of year	<u>372,781</u>	<u>371,119</u>	<u>361,810</u>
Cash and cash equivalents at end of year	¥ <u><u>371,119</u></u>	<u><u>361,810</u></u>	<u><u>366,228</u></u>