

January 31, 2013

MS & AD Insurance Group Holdings, Inc.
Mitsui Sumitomo Insurance Company, Limited
Aioi Nissay Dowa Insurance Company, Limited

Agreement between Mitsui Sumitomo Insurance Company, Limited, and Aioi Nissay Dowa Insurance Company, Limited, regarding functional reorganization

- Aiming at Becoming a World-leading Insurance and Financial Group -

Following their business integration on April 1, 2010, MS&AD Insurance Group Holdings, Inc. (Mr. Toshiaki Egashira, President) (Hereafter known as "MS&AD Holdings" or "the Holding Company"), Mitsui Sumitomo Insurance Company, Limited (Mr. Yasuyoshi Karasawa, President) (Hereafter known as "Mitsui Sumitomo Insurance"), and Aioi Nissay Dowa Insurance Company, Limited (Hisahito Suzuki, President) (Hereafter known as "Aioi Nissay Dowa Insurance") have deliberated the reorganization of the insurance companies under the umbrella of the Holding Company and today, based on the assumption that approval will be obtained from the concerned authorities, they have reached an agreement to reorganize their various functions as of April 1, 2014.

I. The aim of functional reorganization

1. Functional reorganization focused on 'A structure that realizes our target business group'

Market shrinkage caused by the decreasing birthrate and aging population and a succession of large-scale natural disasters and slumps in the financial markets over recent years have meant that the business environment for the insurance industry has become very tough. Another major problem is how to respond to the diversification of customer needs and sales methods, and changes to regulations on domestic and foreign markets.

After the inauguration of the MS&AD Group in April, 2010, we took the first step towards a business merger by advancing the merger of Aioi Insurance Company, Limited, and Nissay Dowa Insurance Company, Limited, and the merger of Mitsui Sumitomo Kirameki Life, Limited, and Aioi Life Insurance Company, Limited, in order to improve the business efficiency of the management of the group. They are also responding to system integration, the biggest task facing the merger, by steadily advancing preparations that include starting up agent systems for full operation in the 2013 fiscal year.

For the second step in the merger, we continuously considered the reorganization of the insurance companies under the umbrella of the Holding Company (Mitsui Sumitomo Insurance and Aioi Nissay Dowa Insurance. Hereafter known as "the Two Core Non-life Insurance Companies"), and consequently decided to reorganize the group by functions to achieve the following goals.

- 1) Improve entire group enterprise value: 'Growth' and 'Efficiency' across entire group
- 2) Respond to diverse customer needs: Utilise merits of the Two Core Non-life Insurance Companies
- 3) Strengthen group governance: Strengthen governance system centered on the Holding Company

Due to the revised Insurance Business Law that will be implemented in April, 2013, there will be a transfer of insurance contracts and a review of the regulations which enables the recommission of insurance sales. Based on the system review, the style of this functional reorganization will be like nothing before.

2. Clarifying the business concept and how to utilise the synergy of the Two Core Non-life Insurance Companies

Mitsui Sumitomo Insurance and Aioi Nissay Dowa Insurance pursued strength and efficiency in their respective business domains, exerted themselves to improve their competitiveness and established an unshakeable presence.

The functional reorganization will clarify the business concept between the Two Core Non-life Insurance Companies, strengthen their respective business foundations more than ever, and utilize efficient management to increase their earning power.

- (1) Mitsui Sumitomo Insurance will utilise this comprehensive strength to provide superior products and services and will evolve into global insurance and financial services, both in domestic and foreign markets.
- (2) Aioi Nissay Dowa Insurance will strengthen its relationship with its unique partner Toyota Group/Nippon Life Group and capitalize on these merits to deliver superior products and services and develop into a region-based business. Furthermore, their development into foreign markets will focus on the continued retail business from Toyota dealers.

The aim for the domestic insurance business is to improve management efficiency through the reorganization of business and sales channels and integrate the common company functions into the Holding Company, etc, hereby optimizing the group's functions.

Clarifying the business concept and optimizing the companies' functions will concentrate the merits of the Two Core Non-life Insurance Companies, capitalize on their synergy, increase the support and satisfaction we gain from our customers, and move us closer to the unassailable position of Japan's No.1 Insurance Group.

II. Description of Functional Reorganization

1. Reorganization of business projects and sales channels

- 1) Hull, cargo, as well as aviation insurance will move to Mitsui Sumitomo Insurance.

Regarding hull, cargo, as well as aviation insurance, the contracts that Aioi Nissay Dowa Insurance undertakes are to move to Mitsui Sumitomo Insurance. Of these contracts, in regards to hull and cargo insurance, product supply functionality will be unified within Mitsui Sumitomo Insurance; and at Aioi Nissay Dowa Insurance, they will receive product supplies from Mitsui Sumitomo Insurance and sell it by recommission. Also, regarding aviation insurance, employees of Aioi Nissay Dowa Insurance will be seconded to Mitsui Sumitomo Insurance and will work together on the sales of said insurance. By carrying out the above, Mitsui Sumitomo Insurance will enhance its position in regards to hull, cargo plus

aviation insurance; moreover, it will exhibit its comprehensive strength as a member of the Group by further utilizing strength in the corporate market.

In the business market it will make further use of its strength and exhibit its overall ability.

- 2) Migration of the insurance contracts handled by Mitsui Sumitomo Insurance motor channel agencies, which have Aioi Nissay Dowa Insurance as a main business partner

Of the motor channel agencies (see note) from which both Mitsui Sumitomo Insurance and Aioi Nissay Dowa Insurance maintain business results, the insurance contracts for those motor channel agencies that Aioi Nissay Dowa Insurance mainly does business that Mitsui Sumitomo Insurance receives will be transferred to Aioi Nissay Dowa Insurance. In this way, Aioi Nissay Dowa Insurance will enhance its position within motor channels and will go on to build substantially its sales network within the local community, which will strengthen the sales foundations of the Group.

(note) Sideline agencies that have the main businesses such as repair shops, used car sales, auto related businesses, and bike sales other than automobile dealers.

2. Reorganization of local sales networks and bases, joint use of bases

- 1) Reorganization of local sales networks and bases

In regards to agencies which are found in areas where Mitsui Sumitomo Insurance has a base but Aioi Nissay Dowa Insurance does not, or conversely where Aioi Nissay Dowa Insurance has a base but Mitsui Sumitomo Insurance does not, business will be transferred to the insurance company that has the base. Also, in regards to the areas where both companies have a base, the bases will be reorganized based on the scale or effectiveness of business activity. By transferring insurance contracts that are received by the company that has bases to be reorganized to the company that has the remaining bases, we aim to have increased productivity of business activities.

- 2) Joint use of bases

When Mitsui Sumitomo Insurance and Aioi Nissay Dowa Insurance have bases in neighboring buildings, we will set forward joint use of the same building. By doing so, we aim to reduce costs relating to logistics within the group and improve effectiveness of joint projects.

3. Transfer of long term contracts in the third sector insurance market to MSI Aioi Life

Third sector long term contracts that Mitsui Sumitomo Insurance or Aioi Nissay Dowa Insurance sell will be transferred to Mitsui Sumitomo Aioi Life Insurance Co., Ltd. (herein MSI Aioi Life). This action aims to reduce product development and management costs.

4. Reorganization of overseas business

By integrating business management of foreign subsidiaries in each country, we aim to reduce management costs, improve effectiveness of the reinsurance arrangement and increase the overall profitability of the group. Mitsui Sumitomo Insurance and Aioi Nissay Dowa Insurance will play the

following roles in carrying out overseas business.

- 1) Mitsui Sumitomo Insurance will implement general overseas business including new project investment and M & A.
- 2) Aioi Nissay Dowa Insurance will focus on overseas business related to Toyota dealerships.

Also, in order to enhance our governance on overseas business, we will establish new organizations in the Holding Company that will be able to manage and control the integrated risk management of overseas business and the maintenance of business management preparedness of overseas subsidiaries.

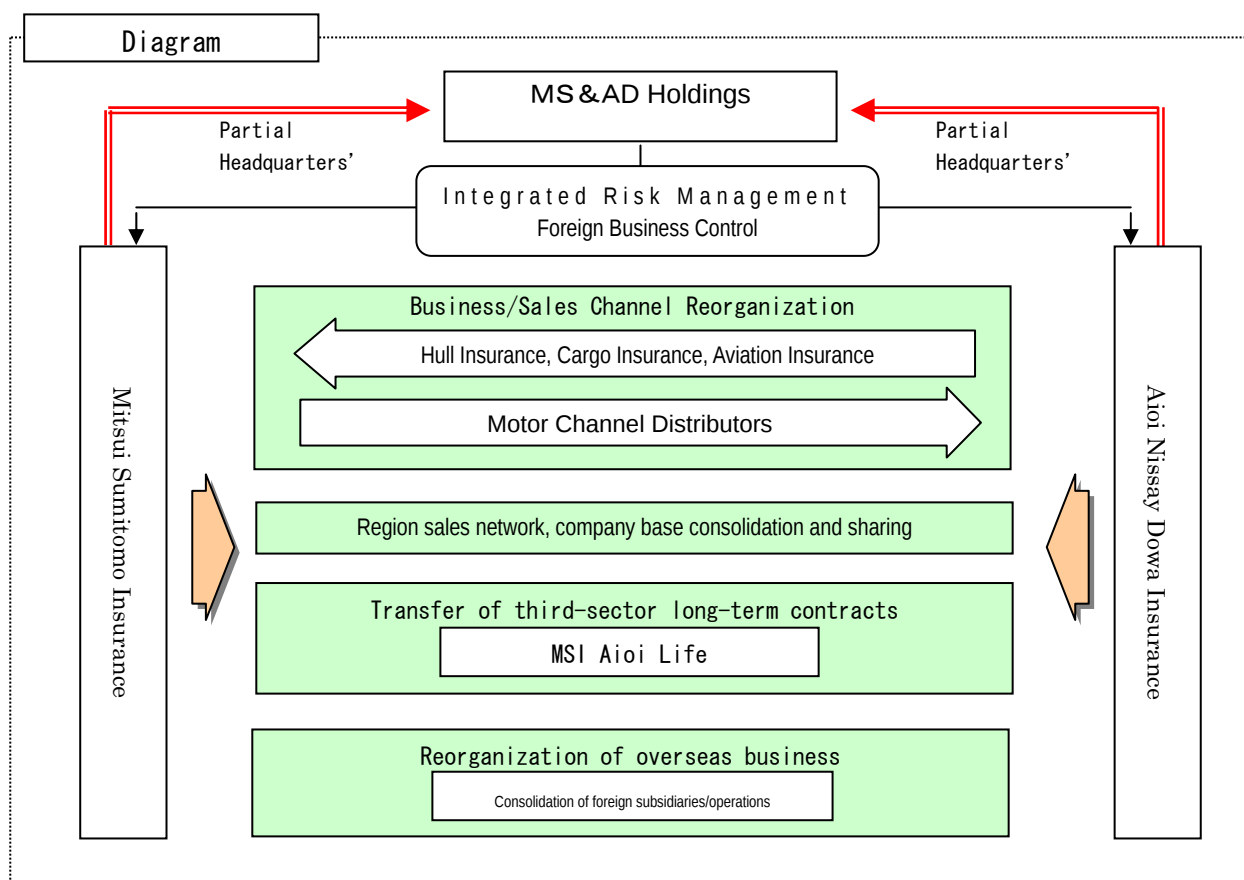
5. Enhancing governance of the Holding Company and the reorganization of this company's functionality

By integrating some part of the Two Core Non-life Insurance Companies' functions, we will enhance governance system of the Holding Company.

Specifically besides overseas business referred above, we will strengthen the overall risk management of the whole group; for example, a sophisticated level of risk management, establishing risk appetite policy, enhancing capital efficiency and verifying capital adequacy; thereby aiming to build strong system of group governance.

[Examples of company's organizations that will have functionality integrated into the Holding Company]

Risk management department; International Management Department; Financial Management Department; Business Auditing Department (Planning and Overseas Audit) etc.



III. The Impact of Functional Reorganization

1. Increase of Whole Group's Enterprise Value

The goal is to maximize the individual strengths of both Mitsui Sumitomo Insurance and Aioi Nissay Dowa Insurance and achieve a higher level of support from clients and improved customer satisfaction by clarifying the business concepts of the Two Core Non-life Insurance Companies, and reorganize them so as to optimize group functions.

(1) Acceleration of Growth with a Sense of Speed

Through functional reorganization, Mitsui Sumitomo Insurance's strength areas of hull insurance, cargo insurance, and aviation and space insurance, as well as Aioi Nissay Dowa Insurance's strength area of motor channels, will be further strengthened. In addition, through functional reorganization, the temporary costs of reorganization and the time load will be kept in check, and by assigning these to business operations, we will accelerate growth with a sense of speed.

(2) Greater Efficiency through Functional Reorganization

By reorganizing business and sales channels, the Two Core Non-life Insurance Companies will overlap in their supervision of distributors and clients, whereby occurring inefficiencies will be resolved. Furthermore, through consolidation and shared use of company bases, rent on real estate reduction will be

achieved.

By transferring long term contracts in third-sector insurance to MSI Aioi Life, product development and management costs will be reduced.

Furthermore, by transferring part of the two core companies' headquarters functions to the Holding Company, necessary personnel of each company's headquarters organization can be made more efficient, allowing for streamlining of the organization.

The sharing of system infrastructure with implementation of the integrated new system in FY2013 will eliminate the need for developing additional systems in the overall functional reorganization, having a large impact on a cost reduction perspective. Moreover, transferring long term contracts of third-sector insurance to MSI Aioi Life will lead to the reduction of integrated new system development costs and operation costs, etc.

2. Support for Diversified Customer Needs

(1) Provision of Opportunities for Different Options

Mitsui Sumitomo Insurance and Aioi Nissay Dowa Insurance will share product platforms in the integrated new system, and quality maintenance and improvement will be done efficiently while developing a diverse product/service lineup, providing customers with different options to meet their needs.

(2) Enhancement of Customer Support Expertise

In third-sector insurance, particularly long-term contracts, a different insurance contract management perspective is required from the case of non-life insurance contracts. For this reason, by transferring these to MSI Aioi Life, which mainly handles contracts specializing in the risk of disease and death, customer-support expertise will be enhanced.

Also, through the consolidation of the operations of overseas subsidiaries, risk management services for companies foraying into foreign markets will be improved.

IV. Functional Reorganization Implementation System and Future Schedule

1. Functional Reorganization Implementation System

In order to implement rapidly and smoothly, study and move forward with discussions and specific work of each item of the above plan, a "Functional Reorganization Committee" will be established with delegation of the company presidents of Mitsui Sumitomo Insurance and Aioi Nissay Dowa Insurance as committee chairmen, and executive officers in charge of planning will be designated as executive directors. Specific discussions and work, etc. will be moved forward the topic specific expert committees that fall under the framework of the "Functional Reorganization Committee".

2. Future Schedule

The following schedule is planned for functional reorganization.

- From FY 2013 onward Integrated new system operation launch, shared use of company

- bases and preparation for headquarters function reorganization and possibly start depending on progress
- Around November 2013 "Final Memorandum of Agreement" regarding Reorganization to be executed.
 - After April 1st 2014 Move forward with reorganization after receiving approval from the corresponding authorities.

Furthermore, in the future, while developing business based on the concept of the Two Core Non-life Insurance Companies, further enhancements in the synergy effect will be sought.

End

<Overview of companies involved>

(End of March, 2012)

	Holding Company	Operational Company	Operational Company
(1) Name	MS&AD Insurance Group Holdings, Inc.	Mitsui Sumitomo Insurance Company, Limited	Aioi Nissay Dowa Insurance Company, Limited
(2) Location	Yaesu 1-3-7, Chuo-ku, Tokyo	Shingawa 2-27-2, Chuo-ku, Tokyo	Ebisu 1-28-1, Shibuya-ku, Tokyo
(3) Representative's Position and Name	Toshiaki Egashira President	Yasuyoshi Karasawa President	Hisahito Suzuki President
(4) Description of Business	Insurance Holding Company	Non-life insurance business	Non-life insurance business
(5) Capital	100,000,000,000 yen	139,595,520,000yen	100,005,000,000 yen.
(6) Date Founded	4/1/2008	10/21/1918	06/30/1918
(7) Number of Issued Shares	633 million shares	1,404 million shares	734 million shares
(8) Net assets	1,512,134 Million Yen (consolidated)	922,807 Million Yen (consolidated)	392,596 Million Yen (consolidated)
(9) Total assets	14,537,204 Million Yen (consolidated)	5,934,096 Million Yen (consolidated)	3,154,383 Million Yen (consolidated)
(10) Accounting period	March	March	March
(11) Number of employees	36,929 employees (consolidated)	20,279 employees (consolidated)	13,407 employees (consolidated)
(12) Main shareholder and holding ratios of shares held	Toyota Motor Corporation (8.31%) Nippon Life Insurance Company (5.74%) Japan Trustee Services Bank, Ltd. (Trust account) (4.74%) The Master Trust Bank of Japan, Ltd. (Trust account) (4.38%) STATE STREET BANK AND TRUST COMPANY (3.94%)	MS&AD Insurance Group Holdings, Inc. (100.00%)	MS&AD Insurance Group Holdings, Inc. (100.00%)

(13) Operating results and financial status of the last three years

Accounting period	MS&AD Insurance Group Holdings, Inc. (consolidated)		
	March of 2010	March of 2011	March of 2012
Ordinary Income	1,962,689 million yen	3,404,942 million yen	3,764,986 million yen
Net premium written	1,394,164 million yen	2,543,786 million yen	2,555,551 million yen
Ordinary Profit	52,695 million yen	21,005 million yen	- 96,211 million yen
Net income	37,640 million yen	5,420 million yen	- 169,469 million yen
Net income per share	89.84 yen	8.68 yen	- 272.49 yen
Net assets per share	3,143.32 yen	2,597.19 yen	2,400.48 yen

Accounting period	Mitsui Sumitomo Insurance Co., Ltd.		
	March of 2010	March of 2011	March of 2012
Ordinary Income	1,846,886 million yen	1,865,349 million yen	2,007,933 million yen
Net premium written	1,361,758 million yen	1,392,072 million yen	1,425,176 million yen
Ordinary Profit	49,650 million yen	36,589 million yen	- 101,915 million yen
Net income	34,815 million yen	25,373 million yen	- 115,237 million yen
Net income per share	24.79 yen	18.06 yen	- 82.05 yen
Net assets per share	855.92 yen	726.31 yen	646.89 yen

Accounting period	Aioi Nissay Dowa Insurance Co., Ltd.		
	March of 2010	March of 2011	March of 2012
Ordinary income	1,044,151 million yen	1,247,371 million yen	1,452,375 million yen
Net premium written	811,455 million yen	967,903 million yen	1,096,307 million yen
Current income	36,377 million yen	7,526 million yen	6,302 million yen
Net income	16,640 million yen	- 9,259 million yen	- 47,574 million yen
Net income per share	22.66 yen	-12.61 yen	- 64.80 yen
Net assets per share	472.27 yen	613.15 yen	531.88 yen