

Summary Information on Sony Assurance's Financial Results
for the Year Ended March 31, 2011

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1. Balance Sheets

(Millions of yen)

	As of March 31, 2010	As of March 31, 2011
Assets:		
Cash and deposits	3,507	3,859
Cash	0	0
Deposits	3,507	3,859
Securities	73,234	80,608
Japanese government bonds	29,333	44,619
Japanese municipal bonds	25,656	19,990
Japanese corporate bonds	12,101	12,253
Foreign securities	997	897
Other securities	5,144	2,848
Tangible fixed assets	325	384
Buildings	223	227
Other tangible fixed assets	102	156
Intangible fixed assets	1,912	3,632
Software	1,250	3,056
Software in progress	648	569
Other intangible fixed assets	13	6
Other assets	13,553	14,947
Accrued premiums	1,021	1,078
Due from reinsurers	85	23
Accounts receivable	9,326	10,213
Accrued income	149	153
Deposits	405	416
Deposits for earthquake insurance	23	25
Suspense payments	2,540	3,036
Deferred tax assets	5,807	5,949
Total Assets	98,340	109,382

(Millions of yen)

	As of March 31, 2010	As of March 31, 2011
Liabilities:		
Underwriting reserves	75,851	84,978
Reserve for outstanding losses	17,725	20,904
Underwriting reserves	58,125	64,073
Other liabilities	5,809	6,212
Due to reinsurers	125	107
Due to foreign reinsurers	10	8
Income taxes payable	565	789
Deposits received	7	8
Accounts payable	2,076	2,147
Suspense receipt	3,024	3,152
Reserve for employees' retirement benefits	552	644
Reserve for directors' retirement benefits	28	34
Reserve for employees' bonuses	589	695
Reserve for price fluctuations and others	27	43
Reserve for price fluctuations	27	43
Total Liabilities	82,858	92,609
Net Assets:		
Shareholders' equity		
Common stock	20,000	20,000
Capital surplus		
Capital reserve	20,000	20,000
Total capital surplus	20,000	20,000
Retained deficits		
Other retained deficits	(24,543)	(23,246)
Unappropriated retained deficits	(24,543)	(23,246)
Total retained deficits	(24,543)	(23,246)
Total shareholders' equity	15,456	16,753
Valuation and translation adjustments		
Net unrealized gains on other securities, net of taxes	25	19
Total valuation and translation adjustments	25	19
Total Net Assets	15,482	16,772
Total Liabilities and Net Assets	98,340	109,382

2. Statements of Income

(Millions of yen)

	For the year ended March 31, 2010	For the year ended March 31, 2011
Ordinary Revenues	68,174	74,166
Underwriting income	67,468	73,375
Net premiums written	67,440	73,343
Interest and dividends on deposits of premiums	27	31
Investment income	681	766
Interest income and dividends	688	784
Gains on sale of securities	7	3
Gains on redemption of securities	12	10
Transfer to interest and dividends on deposits of premiums	(27)	(31)
Other ordinary income	24	24
Ordinary Expenses	65,609	72,021
Underwriting expenses	49,185	54,491
Net losses paid	34,573	39,256
Loss adjustment expenses	4,009	4,782
Net commissions and brokerage fees	1,271	1,324
Provision for reserve for outstanding losses	1,996	3,178
Provision for underwriting reserves	7,334	5,948
Other underwriting expenses	0	0
Investment expenses	13	2
Losses on sale of securities	12	-
Losses on redemption of securities	1	2
Operating, general and administrative expenses	16,389	17,491
Other ordinary expenses	20	36
Ordinary Profit	2,565	2,144
Extraordinary Gains	-	-
Extraordinary Losses	863	65
Losses on sale or disposal of fixed assets	848	49
Provision for reserve for price fluctuations and others	14	16
Provision for reserve for price fluctuations	14	16
Income Before Income Taxes	1,702	2,078
Income Taxes-current	658	920
Income Taxes-deferred	(561)	(138)
Total Income Taxes	97	781
Net Income	1,604	1,297

3. Financial Summary (Year-on -Year Compariosn)

(Millions of yen)				
	For the year ended March 31, 2010 (A)	For the year ended March 31, 2011 (B)	Change (Amount) (B-A)	Change (B-A) / (A)
Gross direct premiums written	67,069	72,837	5,767	8.6 %
Direct premiums written	67,069	72,837	5,767	8.6
Underwriting income	67,468	73,375	5,907	8.8
Net premiums written	67,440	73,343	5,903	8.8
Underwriting expenses	49,185	54,491	5,305	10.8
Net losses paid	34,573	39,256	4,683	13.5
Loss adjustment expenses	4,009	4,782	772	19.3
Net commissions and brokerage fees	1,271	1,324	53	4.2
Investment income	681	766	85	12.5
Interest income and dividends	688	784	95	13.9
Gains on sale of securities	7	3	(3)	(49.6)
Investment expenses	13	2	(10)	(81.1)
Losses on sale of securities	12	—	(12)	(100.0)
Operating, general and administrative expenses	16,389	17,491	1,102	6.7
Operating, general and administrative expenses for underwriting	16,301	17,413	1,111	6.8
Other ordinary income (expenses), net	4	(12)	(16)	(378.3)
Ordinary Profit	2,565	2,144	(420)	(16.4)
Underwriting profit	1,979	1,469	(509)	(25.8)
Extraordinary Gains	—	—	—	—
Extraordinary Losses	863	65	(797)	(92.4)
Extraordinary Gains (Losses), net	(863)	(65)	797	—
Income Before Income Taxes	1,702	2,078	376	22.1
Income Taxes-current	658	920	261	39.7
Income Taxes-deferred	(561)	(138)	422	—
Total Income Taxes	97	781	684	701.0
Net Income	1,604	1,297	(307)	(19.2)
Ratios	Net loss ratio	57.2%	60.0%	
	Net expense ratio	26.1%	25.5%	
	Yield on investments (income basis)	0.93%	0.95%	
	Yield on investments (realized basis)	0.94%	0.97%	

(Reference) Yield on investments (market value basis) : 1.24% for the year ended March 31, 2010 and 0.96% for the year ended March 31, 2011.

- Notes
1. Underwriting profit = Underwriting income – (Underwriting expenses + Operating, general and administrative expenses for underwriting) ± Other income (expenses). Other income (expenses) is the amount equivalent to the corporate income taxes for compulsory automobile liability insurance, etc.
 2. Calculation methods for yield on investments are described in separate attachments.

Calculation methods for yield on investments

1. Yield on investments (income basis)

The results of investment in assets are indicated as income revenues (interest income and dividends). Interest income and dividends on investment assets is the numerator, and acquisition cost is the denominator.

- Numerator: Interest income and dividends
- Denominator: Average balance of either acquisition cost or amortized cost

2. Yield on investments (realized basis)

The results of investment in assets are indicated as the contribution to net income (loss) for the period (statements of income).

Realized profit and loss is the numerator, and acquisition cost is the denominator.

- Numerator: Investment income + Interest and dividends on deposits of premiums – Investment expenses
- Denominator: Average balance of either acquisition cost or amortized cost

3. (Reference) Yield on investments (market value basis)

An indicator of investment efficiency based on market value. Realized profit and loss plus net unrealized gains is the numerator, and market value is the denominator.

- Numerator = (Investment income + Interest and dividends on deposits of premiums – Investment expenses + (Net unrealized gains at end of period* – Net unrealized gains at end of previous period*))
- Denominator = Average balance according to the acquisition cost or amortized cost + Net unrealized gains on other securities at end of previous period*

*Amounts before tax deductions

4. Premiums and Losses Paid by Type of Policy

Direct premiums written

(Millions of yen)

	For the year ended March 31, 2010			For the year ended March 31, 2011		
	Amount	Composition	YoY Change	Amount	Composition	YoY Change
Fire	278	0.4	(26.6)	185	0.3	(33.6)
Marine	—	—	—	—	—	—
Personal accident	6,941	10.4	4.3	7,135	9.8	2.8
Voluntary automobile	59,849	89.2	11.2	65,516	89.9	9.5
Compulsory automobile liability	—	—	—	—	—	—
Total	67,069	100.0	10.2	72,837	100.0	8.6

Net premiums written

(Millions of yen)

	For the year ended March 31, 2010			For the year ended March 31, 2011		
	Amount	Composition	YoY Change	Amount	Composition	YoY Change
Fire	12	0.0	(32.9)	8	0.0	(34.6)
Marine	2	0.0	(94.2)	5	0.0	148.2
Personal accident	7,168	10.6	3.4	7,369	10.0	2.8
Voluntary automobile	59,604	88.4	11.2	65,245	89.0	9.5
Compulsory automobile liability	651	1.0	32.0	714	1.0	9.7
Total	67,440	100.0	10.4	73,343	100.0	8.8

Net Losses Paid

(Millions of yen)

	For the year ended March 31, 2010			For the year ended March 31, 2011		
	Amount	YoY Change	Net loss ratio	Amount	YoY Change	Net loss ratio
Fire	0	45.9	75.9	0	292.5	102.0
Marine	2	(76.6)	125.4	11	271.1	187.5
Personal accident	1,479	8.1	22.9	1,620	9.5	24.6
Voluntary automobile	32,555	15.9	61.1	36,941	13.5	63.6
Compulsory automobile liability	535	10.5	82.1	683	27.7	95.6
Total	34,573	15.4	57.2	39,256	13.5	60.0

5. Risk-monitored Loans

Not applicable

6. Securities

1. Trading-purpose securities

Not applicable

2. Held-to-maturity securities with fair value

(Millions of yen)

		As of March 31, 2010			As of March 31, 2011		
		Balance sheet amount	Fair value	Difference	Balance sheet amount	Fair value	Difference
Fair value is higher than balance sheet amount	JGBs, other bonds	50,936	51,543	607	54,861	55,376	514
	Foreign securities	598	616	18	700	713	13
	Subtotal	51,534	52,159	625	55,561	56,089	527
Fair value is lower than balance sheet amount	JGBs, other bonds	3,526	3,476	(50)	11,083	10,875	(207)
	Foreign securities	399	392	(6)	196	193	(3)
	Subtotal	3,926	3,869	(56)	11,280	11,069	(210)
Total		55,460	56,028	568	66,841	67,159	317

3. Available-for-sale securities

(Millions of yen)

		As of March 31, 2010			As of March 31, 2011		
		Balance sheet amount	Acquisition cost	Difference	Balance sheet amount	Acquisition cost	Difference
Balance sheet amount is higher than acquisition cost	JGBs, other bonds	10,063	9,983	79	5,609	5,552	57
	Foreign securities	-	-	-	-	-	-
	Subtotal	10,063	9,983	79	5,609	5,552	57
Balance sheet amount is lower than acquisition cost	JGBs, other bonds	2,565	2,605	(39)	5,308	5,336	(27)
	Foreign securities	5,144	5,144	-	2,848	2,848	-
	Subtotal	7,710	7,750	(39)	8,156	8,184	(27)
Total		17,773	17,733	40	13,766	13,736	29

4. Available-for-sale securities sold during the year

(Millions of yen)

	For the year ended March 31, 2010			For the year ended March 31, 2011		
	Amount of sales	Total gains on sales	Total losses on sales	Amount of sales	Total gains on sales	Total losses on sales
JGBs, other bonds	249	7	12	507	3	-

7. Solvency Margin Ratio Calculated Based on the Current Standard

(Millions of yen)

	As of March 31, 2010	As of March 31, 2011
(A) Total solvency margin	27,444	28,758
Capital or treasury	15,456	16,753
Reserve for price fluctuations	27	43
Contingency reserve	6	8
Catastrophe reserve	11,918	11,926
Reserve for possible loan losses	-	-
Net unrealized gains on other securities (before subtracting tax effect)	36	26
Net unrealized gains on real estate	-	-
Excess refund reserve	-	-
Subordinated debt	-	-
Deductible items	-	-
Other	-	-
(B) Total risk $\sqrt{(R_1+R_2)^2+(R_3+R_4)^2+R_5+R_6}$	5,388	5,860
Ordinary insurance risk (R ₁)	4,599	5,060
Third-sector insurance risk (R ₂)	0	0
Assumed interest rate risk (R ₃)	10	12
Asset management risk (R ₄)	288	235
Business management risk (R ₅)	165	177
Major catastrophe risk (R ₆)	614	615
(C) Solvency margin ratio [(A) / {(B) × 1/2}] × 100	1,018.5 %	981.4 %

Note: The foregoing figures were calculated based on provisions in Articles 86 and 87 of the Insurance Business Law Enforcement Regulations and the Ministry of Finance Announcement No. 50 (1996).

<Solvency Margin Ratio>

Non-life insurance companies maintain reserves to ensure their ability to pay claims when accidents occur and return contracted amounts at maturity on savings-type insurance. Non-life insurance companies must also maintain sufficient ability to pay in the event of a major catastrophe or a dramatic drop in the value of the assets they hold—risk events outside the normal scope of expectations.

Total risk (item (B) in the table above) indicates dangers outside the general scope of expectations. The solvency margin ratio (item (C) in the table above) is an indicator of an insurer's ability to pay, calculated as prescribed by the Insurance Business Law of Japan, based on its percentage holdings of capital and other reserves (in other words, the total solvency margin: as indicated by (A) above).

"Risk events outside the normal scope of expectations" refers to the total of the amounts represented by the following risks:

- (1) Insurance underwriting risk (Ordinary insurance risks) (Third-sector insurance risks) : Risks outside the scope of risk incorporated into the rate of accident occurrence (excluding major catastrophe risk)
- (2) Assumed interest rate risk : Risk that actual investment yields will fall below the investment yield assumed when calculating premiums
- (3) Asset management risk : Risk arising from such factors as unexpectedly large fluctuations in prices on owned securities and other assets
- (4) Business management risk : Unexpected risk to business management other than (1) through (3) above and (5)
- (5) Major catastrophe risk : Risk arising from major catastrophes (such as the Great Kanto Earthquake and the Ise Bay Typhoon)

A non-life insurer's ability to pay (total solvency margin), as indicated by such factors as its capital and reserves is the total of the insurer's net assets (excluding the amount of expected outflow from the company), reserves (such as the reserve for price fluctuations and catastrophe reserve) and a portion of its net unrealized gains on real estate.

The solvency margin ratio is one of the objective indicators used by the insurance regulatory authorities to supervise insurers. If this ratio is 200% or higher, an insurer is judged to have sufficient ability to satisfy claims and other payments.

8. (Reference) Solvency Margin Ratio Based on New Standard

(Millions of yen)

	As of March 31, 2011
(A) Total solvency margin	28,758
Capital or treasury	16,753
Reserve for price fluctuations	43
Contingency reserve	8
Catastrophe reserve	11,926
Reserve for possible loan losses	-
Net unrealized gains on other securities (before subtracting tax effects)	26
Net unrealized gains on real estate	-
Excess refund reserve	-
Subordinated debt	-
Portion of the excess refund reserve and subordinated debt that is not included in the margin	-
Deductible items	-
Other	-
(B) Total risk $\sqrt{(R_1+R_2)^2+(R_3+R_4)^2+R_5+R_6}$	9,114
Ordinary insurance risk (R_1)	8,207
Third-sector insurance risk (R_2)	0
Assumed interest rate risk (R_3)	49
Asset management risk (R_4)	400
Business management risk (R_5)	278
Major catastrophe risk (R_6)	615
(C) Solvency margin ratio $[(A) \div \{(B) \times 1/2\}] \times 100$	631.0 %

Legislation concerning the calculation of the solvency margin ratio has been revised from the standpoint of raising its credibility, and these new standards are to become effective as of the end of fiscal 2011 (March 31, 2012). In the period until these new standards go into effective, the solvency margin ratio calculated on this basis is indicated for reference. Owing to the stricter risk measurement under the new solvency margin ratio standard, in some cases the ratio may be lower than under the current calculation.

However, as is the case under the current method, if this ratio is 200% or higher, an insurer is judged to have sufficient ability to satisfy claims and other payments.

Note: The “new standard” reflects the content of the revisions prescribed in Cabinet Office Ordinance No. 23 of 2010 and FSA Public Ministerial Announcement No. 48 (2010) (effective from March 31, 2012).