

Summary Information on Sony Assurance's Financial Results
for the Nine Months Ended December 31, 2011

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1. Balance Sheets

(Millions of yen)

	As of March 31, 2011	As of December 31, 2011
Assets:		
Cash and deposits	3,859	5,285
Securities	80,608	83,551
Tangible fixed assets	384	462
Intangible fixed assets	3,632	5,130
Other assets	14,947	14,456
Deferred tax assets	5,949	5,308
Total Assets	109,382	114,196
Liabilities:		
Underwriting reserves	84,978	91,372
Reserve for outstanding losses	20,904	23,230
Underwriting reserves	64,073	68,141
Other liabilities	6,212	4,364
Income taxes payable	789	172
Others	5,423	4,191
Reserve for employees' retirement benefits	644	685
Reserve for directors' retirement benefits	34	38
Reserve for employees' bonuses	695	366
Reserve for price fluctuations and others	43	56
Reserve for price fluctuations	43	56
Total Liabilities	92,609	96,883
Net Assets:		
Shareholders' equity		
Common stock	20,000	20,000
Capital surplus	20,000	20,000
Retained deficits	(23,246)	(22,716)
Total shareholders' equity	16,753	17,283
Valuation and translation adjustments		
Net unrealized gains on other securities, net of taxes	19	30
Total valuation and translation adjustments	19	30
Total Net Assets	16,772	17,313
Total Liabilities and Net Assets	109,382	114,196

2. Statements of Income

(Millions of yen)

	For the nine months ended December 31, 2010	For the nine months ended December 31, 2011
Ordinary Revenues	55,603	60,144
Underwriting income	55,015	59,449
(Net premiums written)	54,993	59,426
(Interest and dividends on deposits of premiums)	22	23
Investment income	570	650
(Interest income and dividends)	584	647
(Gains on sale of securities)	3	23
(Transfer to interest and dividends on deposits of premiums)	(22)	(23)
Other ordinary income	16	43
Ordinary Expenses	53,286	58,449
Underwriting expenses	40,472	44,189
(Net losses paid)	29,326	32,951
(Loss adjustment expenses)	3,541	3,797
(Net commissions and brokerage fees)	1,004	1,045
(Provision for reserve for outstanding losses)	1,446	2,325
(Provision for underwriting reserves)	5,153	4,068
Investment expenses	-	2
(Losses on sale of securities)	-	0
Operating, general and administrative expenses	12,780	14,207
Other ordinary expenses	33	51
Ordinary Profit	2,316	1,694
Extraordinary Gains	-	-
Extraordinary Losses	47	12
Losses on sale or disposal of fixed assets	35	0
Provision for reserve for price fluctuations and others	11	12
Provision for reserve for price fluctuations	11	12
Income Before Income Taxes	2,269	1,681
Income Taxes –current	911	514
Income Taxes –deferred	(70)	638
Total Income Taxes	840	1,152
Net Income	1,428	529

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

(Millions of yen)

		For the nine months ended December 31, 2010	For the nine months ended December 31, 2011	Change (Amount)	Change (%)
Gross direct premiums written		54,596	58,812	4,216	7.7 %
(Direct premiums written)		54,596	58,812	4,216	7.7
Ordinary Income (expenses)	Underwriting income	55,015	59,449	4,434	8.1
	(Net premiums written)	54,993	59,426	4,432	8.1
	Underwriting expenses	40,472	44,189	3,716	9.2
	(Net losses paid)	29,326	32,951	3,624	12.4
	(Loss adjustment expenses)	3,541	3,797	256	7.2
	(Net commissions and brokerage fees)	1,004	1,045	41	4.1
	Investment income	570	650	80	14.0
	(Interest income and dividends)	584	647	62	10.7
	(Gains on sale of securities)	3	23	20	653.2
	Investment expenses	—	2	2	—
	(Losses on sale of securities)	—	0	0	—
	Operating, general and administrative expenses	12,780	14,207	1,426	11.2
(Operating, general and administrative expenses related to underwriting)	12,721	14,127	1,405	11.0	
Other ordinary income (expenses), net	(16)	(7)	9	—	
Ordinary profit	2,316	1,694	(622)	(26.9)	
(Underwriting profit)	1,820	1,112	(708)	(38.9)	
Extraordinary gains (losses)	Extraordinary gains	—	—	—	—
	Extraordinary losses	47	12	(35)	(73.7)
	Extraordinary gains (losses), net	(47)	(12)	35	—
Income before income taxes		2,269	1,681	(587)	(25.9)
Income taxes—current		911	514	(396)	(43.5)
Income taxes—deferred		(70)	638	708	—
Total income taxes		840	1,152	311	37.1
Net income		1,428	529	(898)	(62.9)
Ratios	Net loss ratio	59.8%	61.8%		
	Net expense ratio	25.0%	25.5%		

Notes: 1. Underwriting profit = Underwriting income – (Underwriting expenses + Operating, general and administrative expenses related to underwriting) ± Other income (expenses).

Other income (expenses) is the amount equivalent to the corporate income taxes for compulsory automobile liability insurance, etc.

2. Ratios are calculated as follows.

Net loss ratio = (Net losses paid + Loss adjustment expenses) / Net premiums written x 100

Net expense ratio = (Net commissions and brokerage fees + Operating, general and administrative expenses related to underwriting) / Net premiums written x 100

4. Premiums and Losses Paid by Type of Policy

Direct premiums written

(Millions of yen)

	For the nine months ended December 31, 2010			For the nine months ended December 31, 2011		
	Amount	Composition	YoY Change	Amount	Composition	YoY Change
Fire	120	0.2	(44.3)	118	0.2	(1.5)
Marine	—	—	—	—	—	—
Personal accident	5,339	9.8	2.9	5,517	9.4	3.3
Voluntary automobile	49,136	90.0	9.8	53,177	90.4	8.2
Compulsory automobile liability	—	—	—	—	—	—
Total	54,596	100.0	8.9	58,812	100.0	7.7

Net premiums written

(Millions of yen)

	For the nine months ended December 31, 2010			For the nine months ended December 31, 2011		
	Amount	Composition	YoY Change	Amount	Composition	YoY Change
Fire	5	0.0	(43.0)	68	0.1	1,119.2
Marine	2	0.0	—	50	0.1	2,041.2
Personal accident	5,507	10.0	2.7	5,681	9.6	3.2
Voluntary automobile	48,934	89.0	9.8	52,978	89.2	8.3
Compulsory automobile liability	543	1.0	16.0	647	1.1	19.1
Total	54,993	100.0	9.1	59,426	100.0	8.1

Net losses paid

(Millions of yen)

	For the nine months ended December 31, 2010			For the nine months ended December 31, 2011		
	Amount	YoY Change	Net loss ratio	Amount	YoY Change	Net loss ratio
Fire	0	172.4	109.1	40	35,059.1	60.5
Marine	10	371.6	462.9	104	856.3	206.7
Personal accident	1,179	6.5	24.1	1,352	14.7	26.5
Voluntary automobile	27,633	15.7	63.4	30,806	11.5	65.0
Compulsory automobile liability	502	25.9	92.5	647	28.8	100.0
Total	29,326	15.5	59.8	32,951	12.4	61.8

5. Solvency Margin Ratio

(Millions of yen)

	As of March 31, 2011	As of December 31, 2011
(A) Total solvency margin	28,758	28,315
Capital or treasury	16,753	17,283
Reserve for price fluctuations	43	56
Contingency reserve	8	9
Catastrophe reserve	11,926	10,927
General reserve for possible loan losses	—	—
Net unrealized gains on other securities (before subtracting tax effects)	26	39
Net unrealized gains on real estate	—	—
Excess refund reserve	—	—
Subordinated debt	—	—
Deductible items	—	—
Others	—	—
(B) Total risk $\sqrt{(R_1+R_2)^2+(R_3+R_4)^2}+R_5+R_6$	5,860	6,203
Ordinary insurance risk (R_1)	5,060	5,389
Third-sector insurance risk (R_2)	0	0
Assumed interest rate risk (R_3)	12	14
Asset management risk (R_4)	235	168
Business management risk (R_5)	177	185
Major catastrophe risk (R_6)	615	624
(C) Solvency margin ratio $[(A) / \{(B) \times 1/2\}] \times 100$	981.4 %	912.8 %

Note: The foregoing figures were calculated based on provisions in Articles 86 and 87 of the Ordinance for Enforcement of the Insurance Business Law of Japan and Ministry of Finance Public Notice No. 50 of 1996. A part of calculations for major catastrophe risk as of December 31, 2011, is calculated according to simplified methods judged rational by Sony Assurance.

<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 risk) (Third-sector insurance risk) :Risk outside the scope of risk incorporated into the rate of accident occurrence (excluding major catastrophe risks)
- (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 held 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.

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

(Millions of yen)

	As of March 31, 2011	As of December 31, 2011
(A) Total solvency margin	28,758	28,315
Capital or treasury	16,753	17,283
Reserve for price fluctuations	43	56
Contingency reserve	8	9
Catastrophe reserve	11,926	10,927
General reserve for possible loan losses	—	-
Net unrealized gains on other securities (before subtracting tax effects)	26	39
Net unrealized gains on real estate	—	—
Excess refund reserve	—	—
Subordinated debt	—	—
That portion of the excess refund reserve and subordinated debt that is not included in the margin	—	—
Deductible items	—	—
Others	—	—
(B) Total risk $\sqrt{(R_1+R_2)^2+(R_3+R_4)^2+R_5+R_6}$	9,114	9,668
Ordinary insurance risk (R ₁)	8,207	8,744
Third-sector insurance risk (R ₂)	0	0
Assumed interest rate risk (R ₃)	49	56
Asset management risk (R ₄)	400	293
Business management risk (R ₅)	278	291
Major catastrophe risk (R ₆)	615	624
(C) Solvency margin ratio [(A) / {(B) × 1/2}] × 100	631.0 %	585.7 %

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 effect, 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 Notice No. 48 of 2010 (effective from March 31, 2012). A part of calculations for major catastrophe risk as of December 31, 2011, is calculated according to simplified methods judged rational by Sony Assurance.