

## **Presentation Materials**

# **FY2007 Consolidated Financial Results**

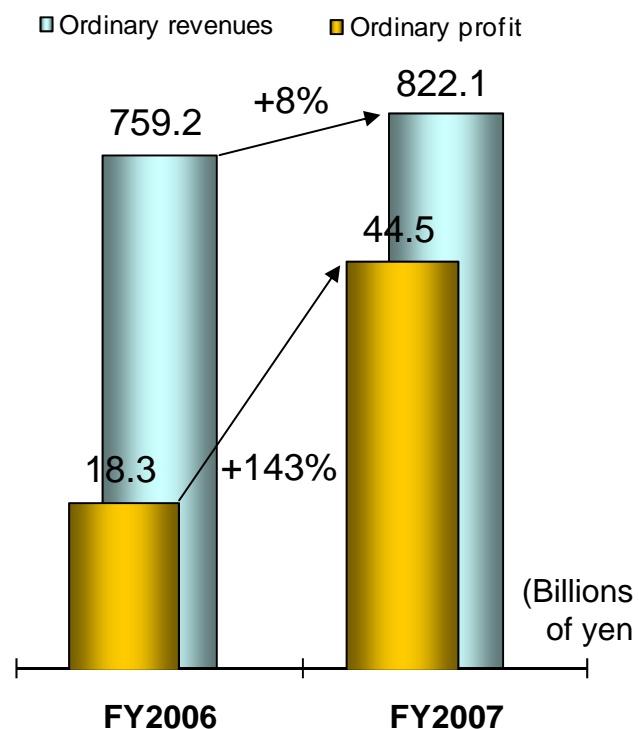
**Sony Financial Holdings Inc.**  
**May 16, 2008**



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# Highlights of Group Consolidated Operating Performance for FY2007



		FY2006	FY2007	Change	
(Billions of yen)					
Life insurance business	Ordinary revenues	689.8	<b>741.3</b>	+51.4	+8%
	Ordinary profit	14.8	<b>39.0</b>	+24.1	+163%
Non-life insurance business	Ordinary revenues	51.0	<b>55.6</b>	+4.6	+9%
	Ordinary profit	2.0	<b>2.8</b>	+0.7	+38%
Banking business	Ordinary revenues	19.4	<b>25.9</b>	+6.5	+33%
	Ordinary profit	1.3	<b>2.4</b>	+1.0	+77%
Corporate and eliminations	Ordinary revenues	(1.0)	<b>(0.8)</b>	+0.2	—
	Ordinary profit	0.0	<b>0.2</b>	+0.1	—
SFH Group, consolidated	Ordinary revenues	759.2	<b>822.1</b>	+62.8	+8%
	Ordinary profit	18.3	<b>44.5</b>	+26.1	+143%

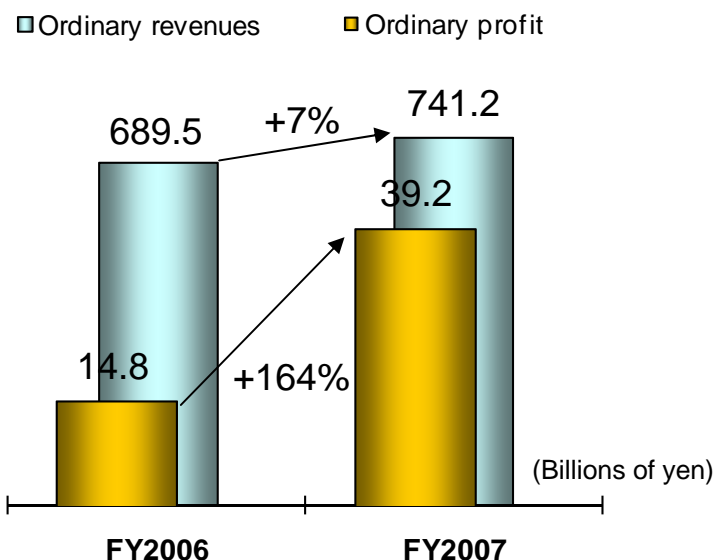
Line item amounts are truncated below ¥100 million; percentage change figures are rounded.

# Highlights of Group Consolidated Operating Performance for FY2007



- In the life insurance business, both the policy amount in force and new insurance sales (individual life insurance + individual annuities) remained firm, and general account investment income increased. As a result, ordinary revenues and ordinary profit both increased.
- In the non-life insurance business, a steady rise in the number of policies, chiefly for automobile insurance, boosted net premiums written. The increase in net premiums written and an improvement of net loss ratios resulted in increase in both ordinary revenues and ordinary profit.
- In the banking business, owing to the steady expansion of operations, net interest income increased in line with expanded operations, and ordinary revenues and ordinary profit both increased.
- Consolidated ordinary revenues grew 8% compared with the prior fiscal year, to ¥822.1 billion. Despite a ¥9.8 billion valuation loss on securities (amount of impairment loss), ordinary profit increased ¥26.2 billion, or 143%, to ¥44.5 billion. Net income grew ¥14.2 billion, or 142%, to ¥24.2 billion.
- Owing to a downturn in the domestic stock markets, net unrealized gains on other securities, net of taxes, were ¥74.9 billion on March 31, 2008, down ¥50.1 billion from March 31, 2007. Consolidated net assets consequently amounted to ¥261.6 billion, down ¥8.5 billion from March 31, 2007. As of March 31, 2008, consolidated total assets amounted to ¥4,977.4 billion, up ¥653.6 billion from March 31, 2007.

# Highlights of Operating Performance: Sony Life (Non-Consolidated)



## Sony Life

- ◆ Revenues and profit up compared with FY2006
- ◆ New policy amount up 10.9% compared with FY2006
- ◆ Income from insurance premiums increased, in line with robust growth in policy amount in force
- ◆ General account investment income rose
- ◆ Investment expenses increased, owing to investment losses on assets held in separate accounts, valuation loss on securities and expenses on financial derivatives
- ◆ Net assets fell ¥33.8 billion in FY2007, to ¥182.6 billion, owing to a ¥45.9 billion decline in net unrealized gains on other securities, net of taxes.
- ◆ The lapse and surrender rate increased 0.33 percentage point compared with FY2006, to 6.12%

(Billions of yen)	FY2006	FY2007	Change	
			Change	%
<b>Ordinary revenues</b>	689.5	741.2	+51.6	+7%
Income from insurance premiums	605.5	648.4	+42.8	+7%
Investment income	78.7	87.4	+8.7	+11%
Of which, interest and dividend income	34.2	47.9	+13.6	+40%
Of which, income from money trusts	12.1	14.7	+2.6	+21%
Of which, gain on sales of securities owned	11.8	24.0	+12.1	+102%
Of which, investment income on assets held in separate accounts	14.9	—	(14.9)	—
<b>Ordinary expenses</b>	674.6	701.9	+27.2	+4%
Insurance claims and other payments	219.3	241.1	+21.7	+10%
Provision for policy reserve and others	349.6	286.2	(63.4)	(18)%
Investment expenses	8.1	69.8	+61.7	+754%
Of which, separate account asset investment expenses	—	48.3	+48.3	—
Operating expenses	87.3	94.3	+7.0	+8%
<b>Ordinary profit</b>	14.8	39.2	+24.3	+164%
<b>Net income</b>	7.4	18.5	+11.0	+147%
<b>Core profit</b>	24.3	23.5	(0.7)	(3)%
<b>Securities</b>	2,217.9	2,388.9	+171.0	+8%
<b>Policy reserve</b>	3,088.8	3,375.0	+286.2	+9%
<b>Total net assets</b>	216.5	182.6	(33.8)	(16)%
<b>Total assets</b>	3,445.9	3,659.7	+213.8	+6%

Line item amounts are truncated below ¥100 million; percentage change figures are rounded.

Note: Each figure for policy amount in force, lapse and surrender rate, and new policy amount is calculated as the total of individual life insurance and individual annuities. The lapse and surrender rate is calculated without offsetting policies that are reinstated.

# Overview of Performance: Sony Life (Non-Consolidated)



(Billions of yen)

	FY2006	FY2007	Percentage change
Policy amount in force <sup>*1</sup>	30,244.4	<b>31,497.3</b>	+ 4.1%
Annualized premiums from insurance in force <sup>*1</sup>	504.6	<b>530.0</b>	+ 5.0%
Of which, third-sector products	117.4	122.8	+ 4.6%
Lapse and surrender rate <sup>*1,*2</sup>	5.79%	<b>6.12%</b>	+ 0.33pt
New policy amount <sup>*1</sup>	3,429.4	<b>3,802.5</b>	+ 10.9%
Annualized premiums from new insurance sales <sup>*1</sup>	65.5	<b>63.4</b>	(3.2) %
Of which, third-sector products	14.4	13.3	(7.7)%
Income from insurance premiums	605.5	<b>648.4</b>	+ 7.1%
Investment profit	70.5	<b>17.5</b>	(75.1) %
Core profit	24.3	<b>23.5</b>	(3.3) %
Negative spread	37.3	<b>26.7</b>	(28.4) %
Average assumed interest rate	2.77%	<b>2.68%</b>	(0.09)pt
Solvency margin ratio	1,852.0%	<b>1,747.9%</b>	(104.1)pt
Real net assets	645.5	<b>612.0</b>	(5.2)%
Embedded value (EV)	900.5	<b>833.8</b>	(7.4)%

Line item amounts are truncated below ¥100 million; percentage change figures are rounded.

Notes:

\*1 Each figure of policy amount in force, annualized premiums from insurance in force, lapse and surrender rate, new policy amount and annualized premiums from new policies is calculated as the total of individual life insurance and individual annuities.

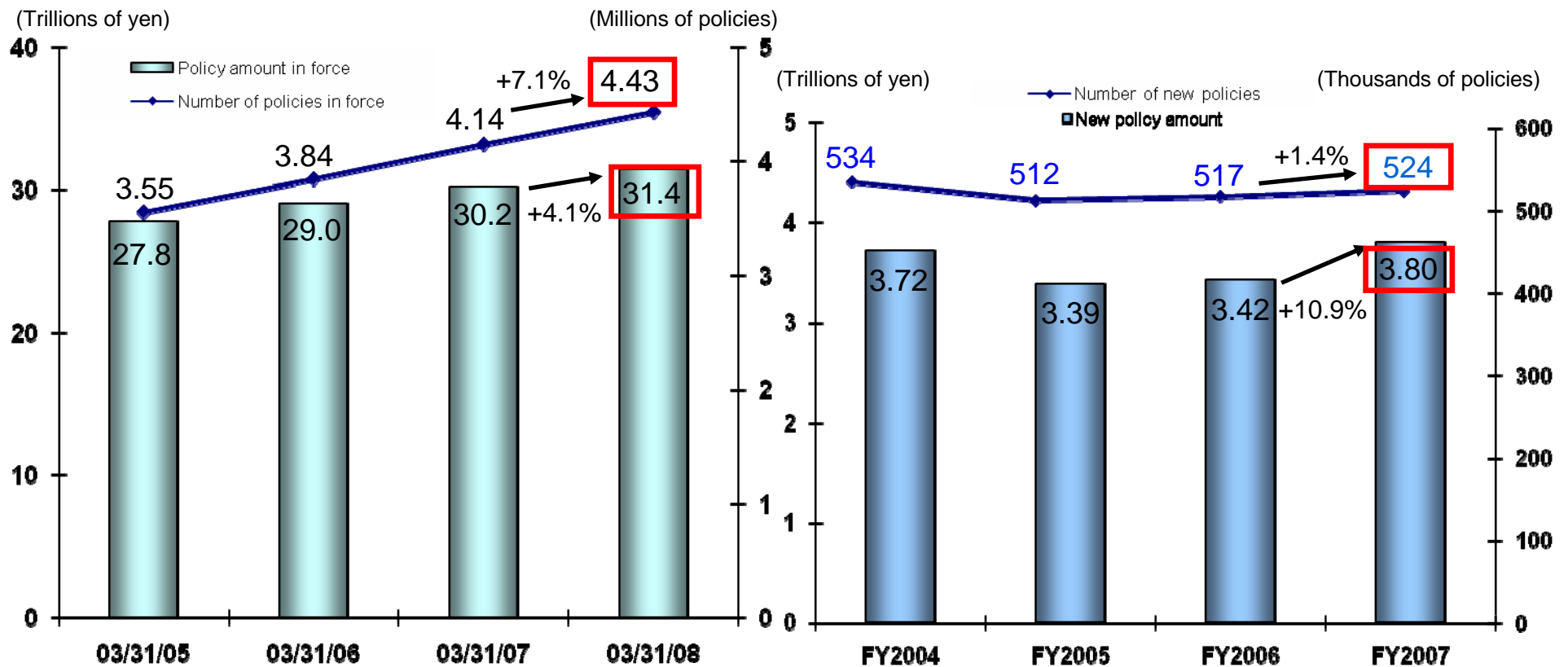
\*2 The lapse and surrender rate is calculated without offsetting policies that are reinstated.

# Sony Life Operating Performance (1)



## Policy Amount in Force (Individual Life Insurance + Individual Annuities)

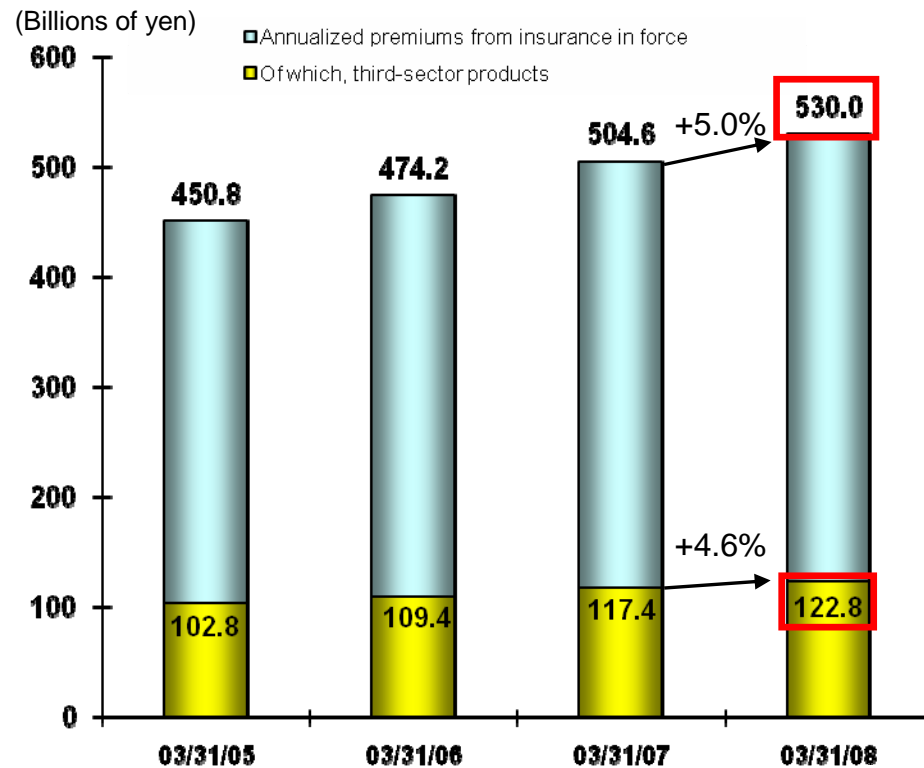
## New Policy Amount (Individual Life Insurance + Individual Annuities)



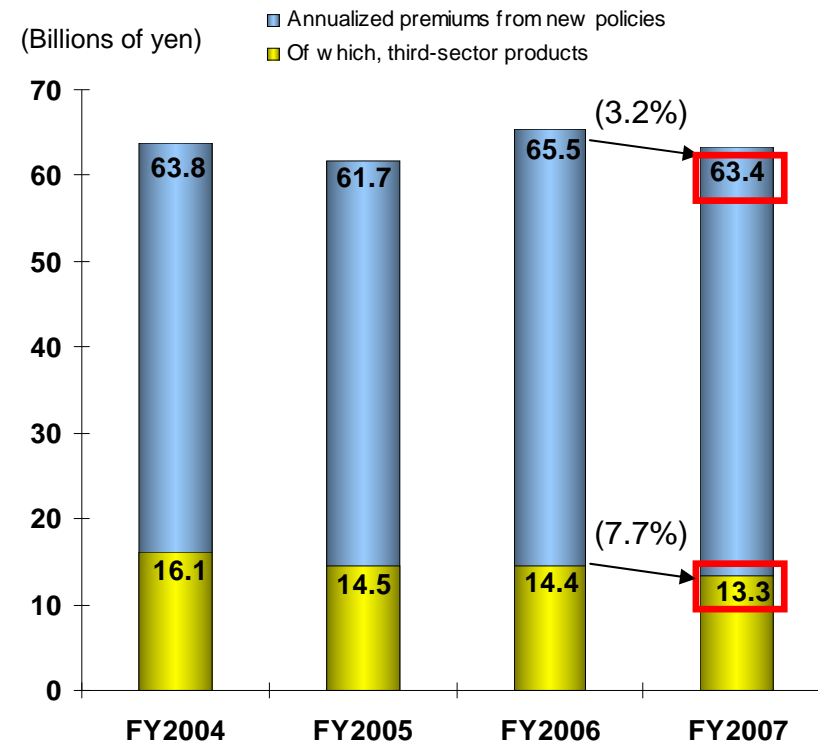
Line item amounts are truncated below ¥100 billion or ¥10 billion; numbers of policies are truncated below 10,000 or 1,000 policies; percentage change figures are rounded.

# Sony Life Operating Performance (2)

## Annualized Premiums from Insurance in Force (Individual Life Insurance + Individual Annuities)



## Annualized Premiums from New Policies (Individual Life Insurance + Individual Annuities)



Line item amounts are truncated below ¥100 million; percentage change figures are rounded.

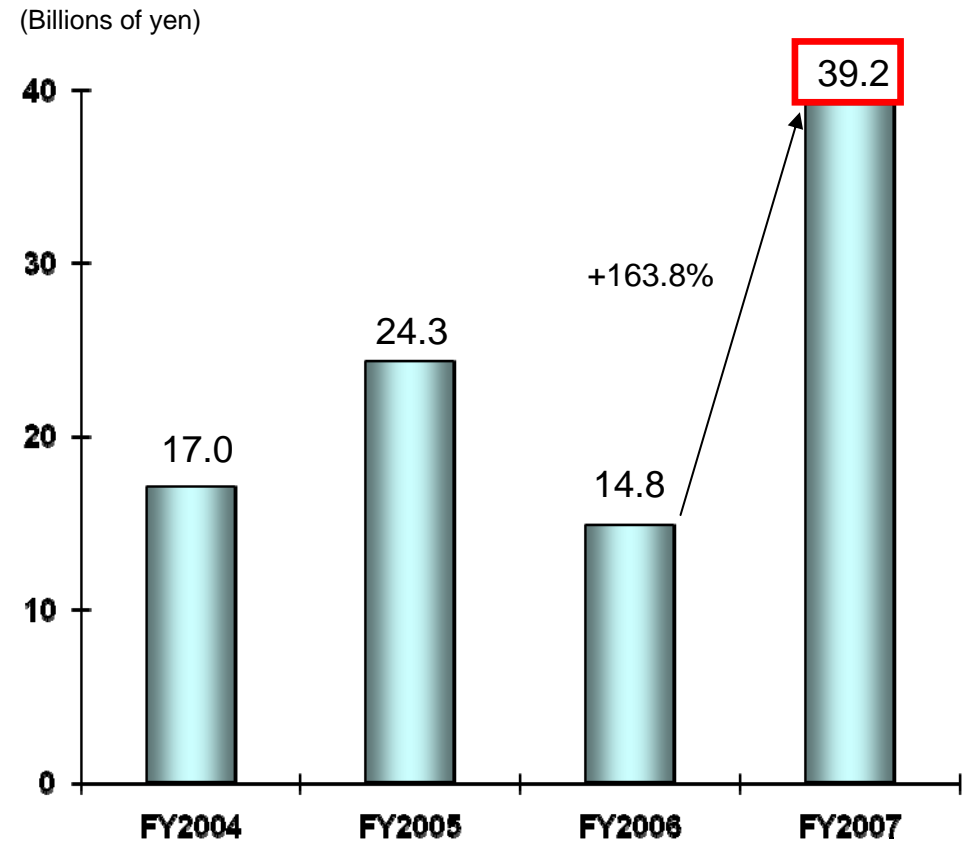
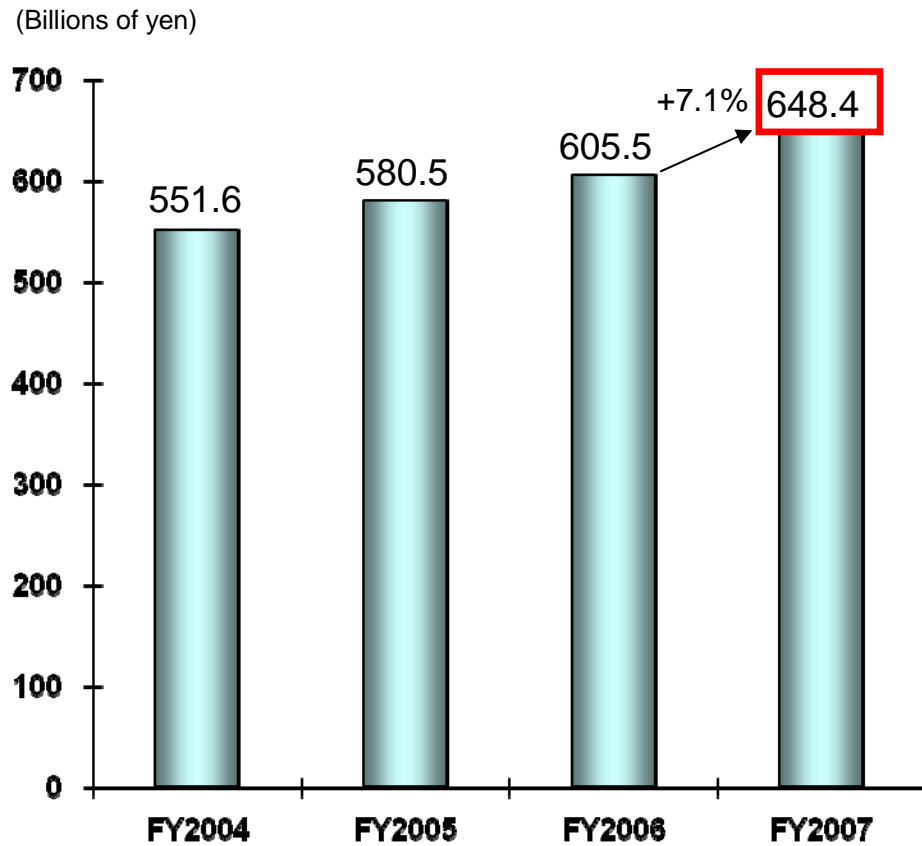


# Sony Life Operating Performance (3)



## Income from Insurance Premiums

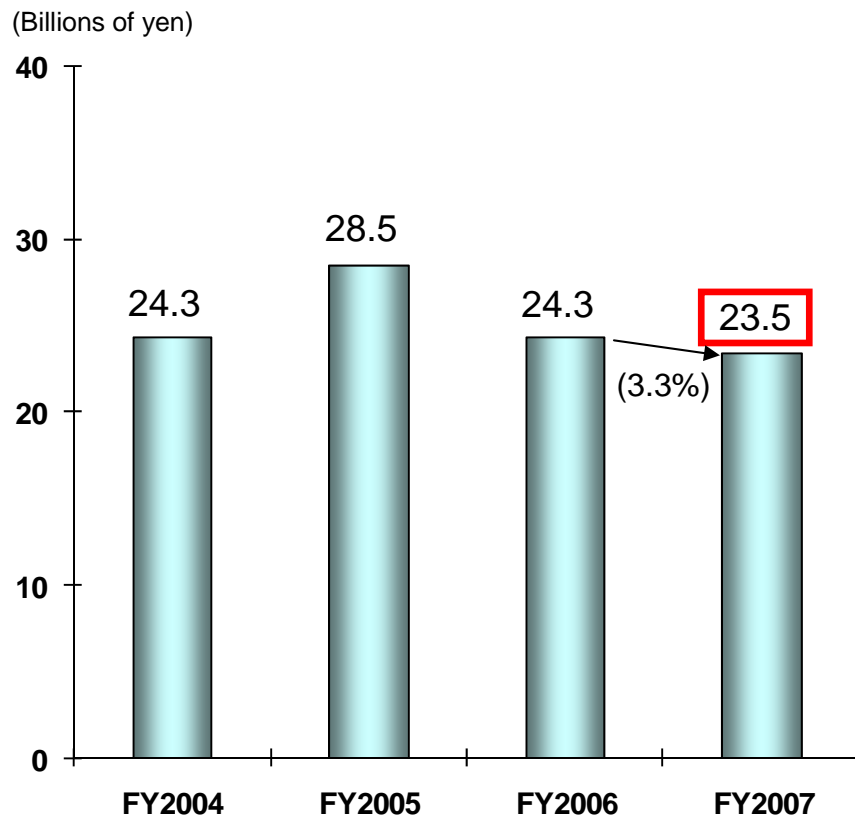
## Ordinary Profit (Non-Consolidated)



Line item amounts are truncated below ¥100 million; percentage change figures are rounded.

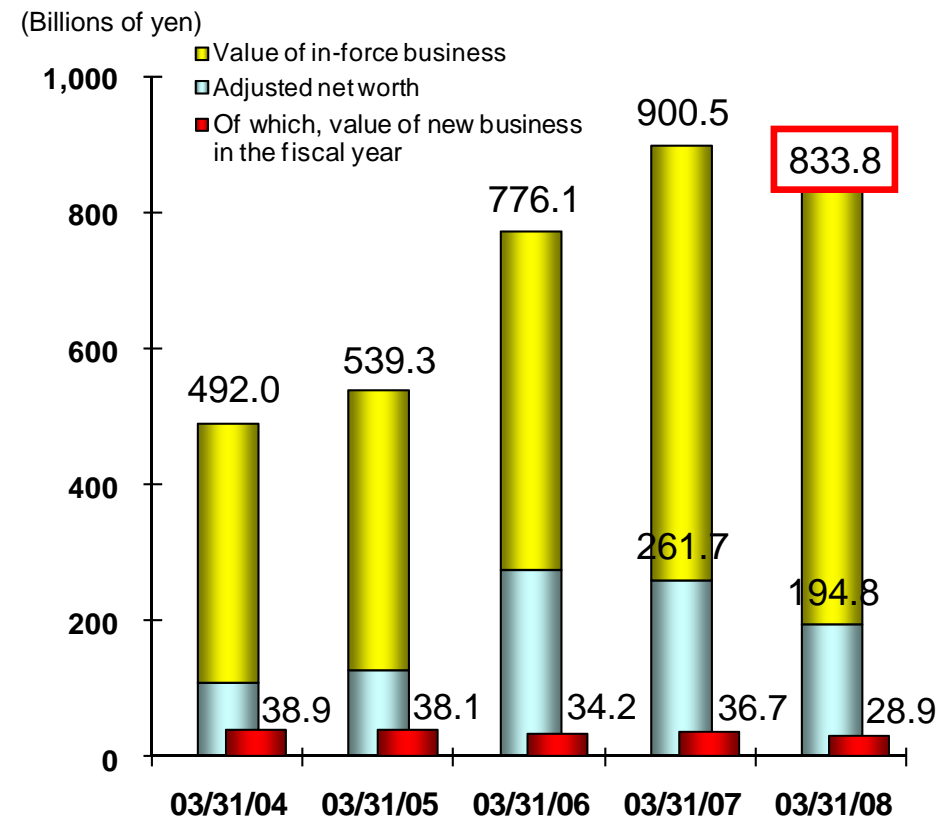
# Sony Life Operating Performance (4)

## Core Profit



Line item amounts are truncated below ¥100 million.

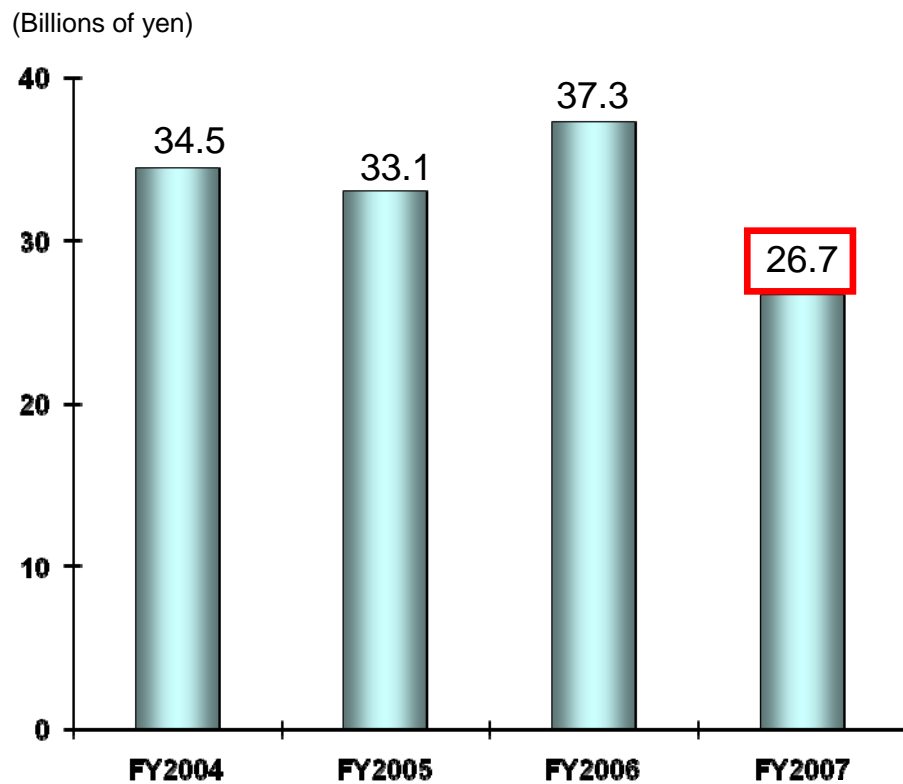
## Embedded Value (EV)



Different calculation methods and assumptions are used for EV results as of March 31, 2004, 2005, 2006, 2007 and 2008.

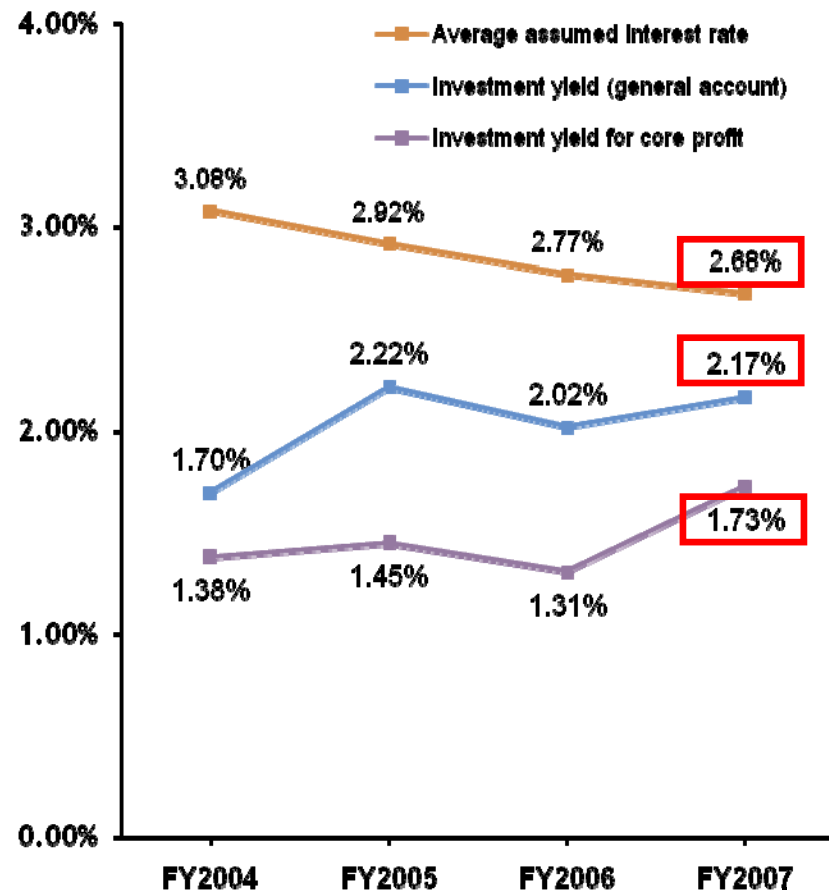
# Sony Life Operating Performance (5)

## Negative Spread



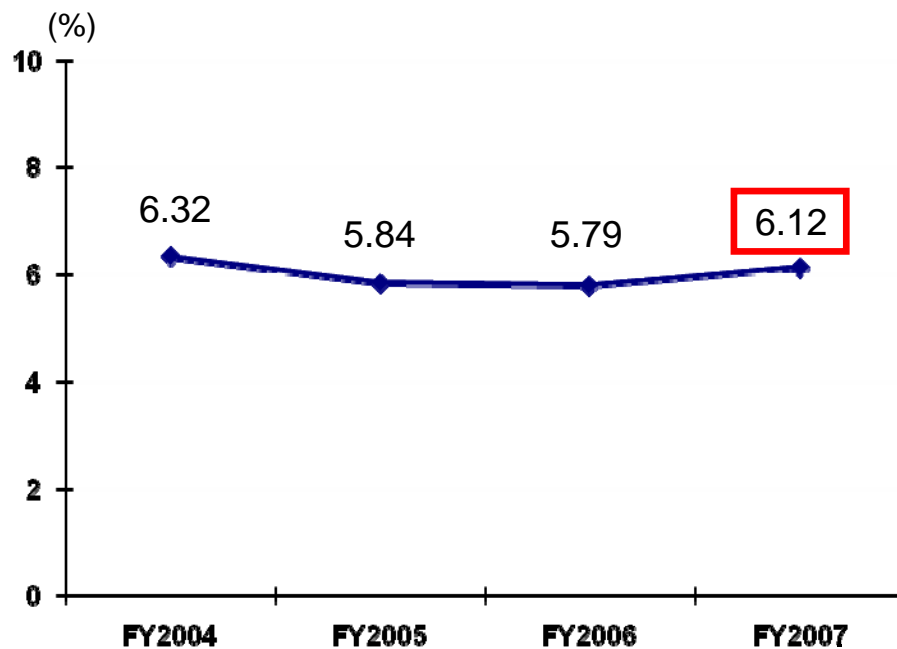
Line item amounts are truncated below ¥100 million.

## Investment Yield for Core Profit and Investment Yield (General Account) versus Average Assumed Interest Rate

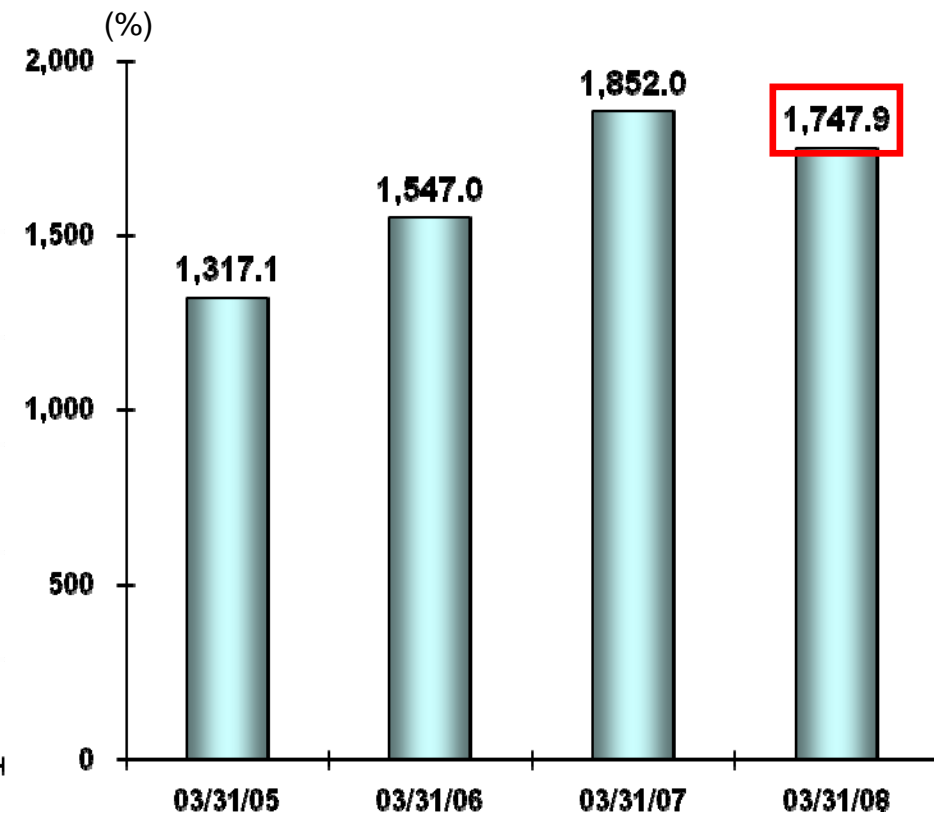


# Sony Life Operating Performance (6)

## Lapse and Surrender Rate\* (Individual Life Insurance + Individual Annuities)



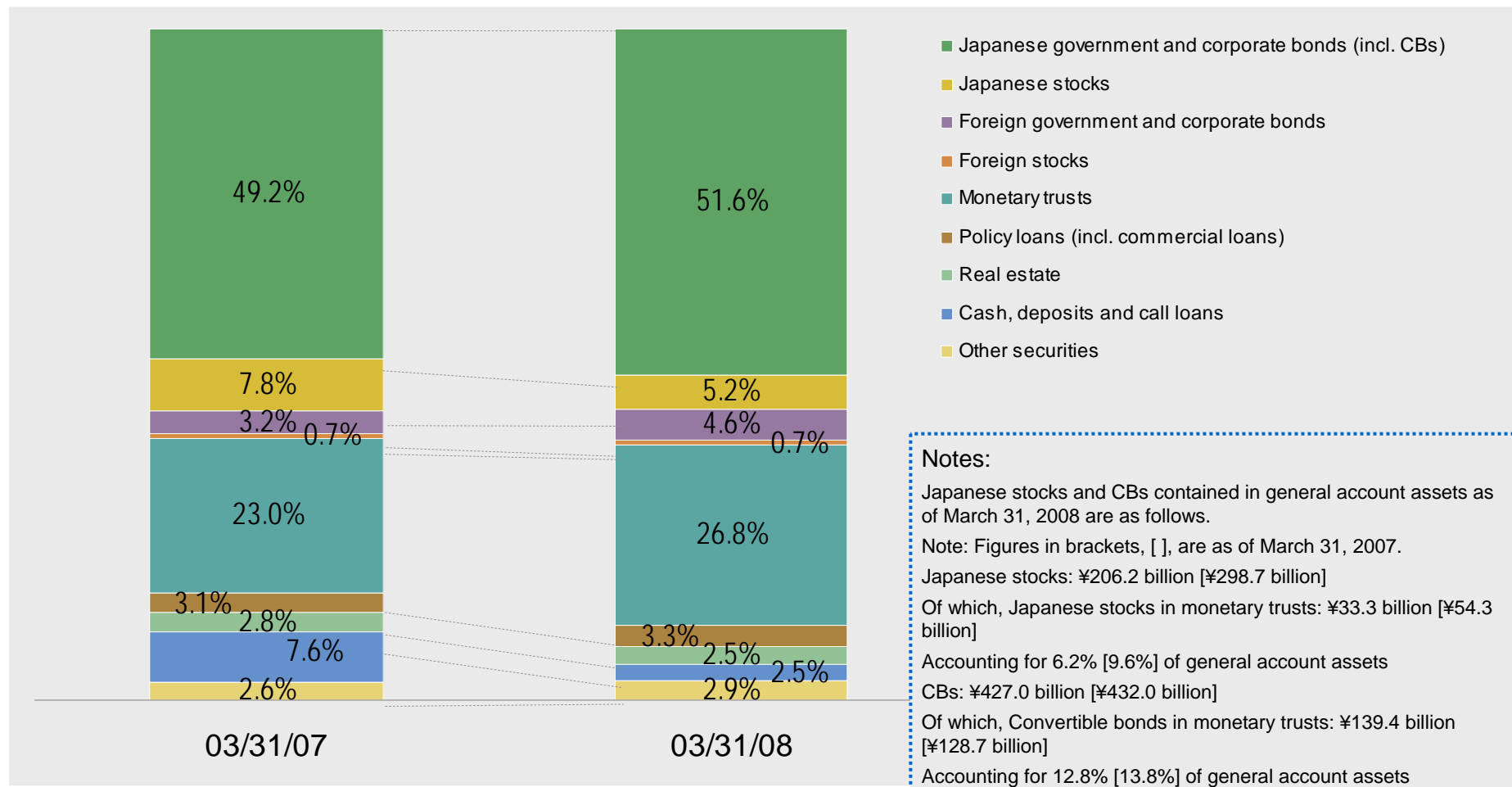
## Solvency Margin Ratio



\* The lapse and surrender rate is calculated without offsetting policies that are reinstated.

# Sony Life Operating Performance (7)

## Breakdown of General Account Assets (March 31, 2008 vs. March 31, 2007)



# Sony Life Operating Performance (8)



## Valuation Gains or Losses on General Account Assets (March 31, 2008 vs. March 31, 2007)

(Billions of yen)

	03/31/07	03/31/08	Change
Japanese government and corporate bonds	57.1	83.4	26.3
Japanese stocks	130.0	50.8	(79.1)
Foreign securities	4.2	(95)	(13.7)
Other securities	6.8	3.0	(3.8)
Total	198.2	127.8	(70.4)

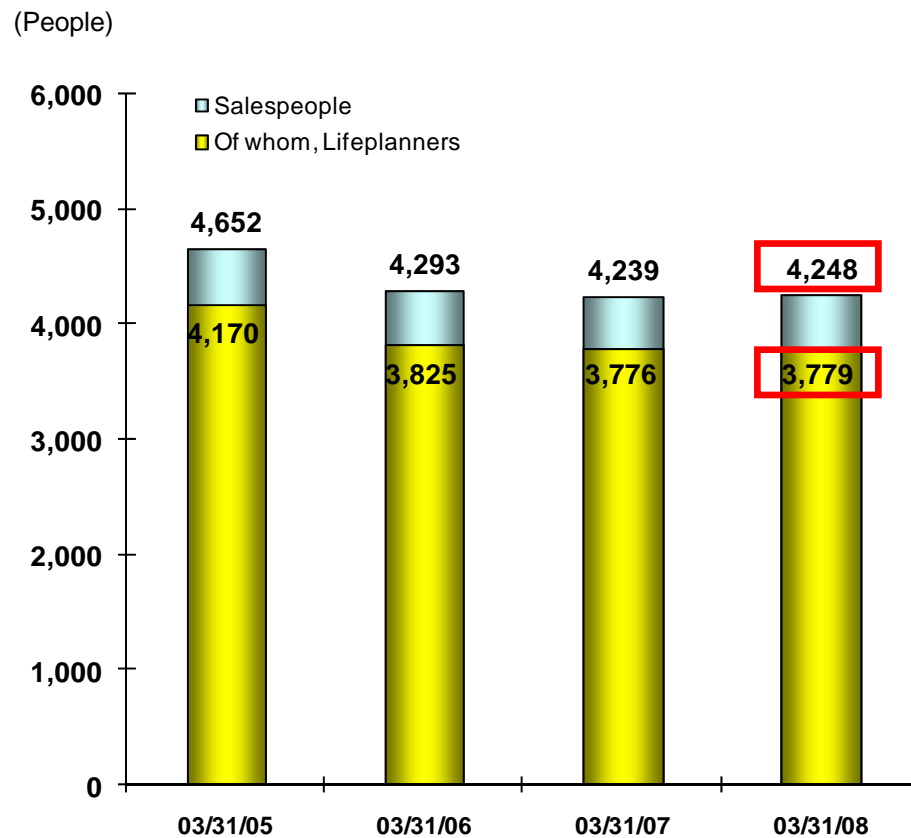
Line item amounts are truncated below ¥100 million.

### Additional Information Concerning Major Fluctuations

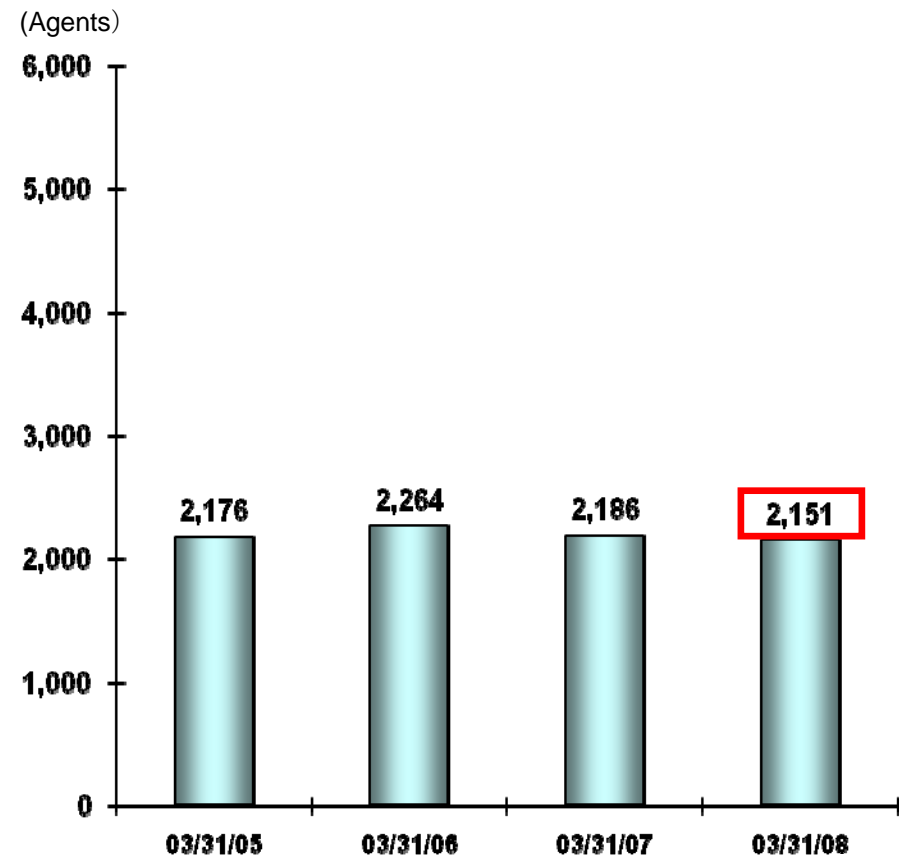
- Lower interest rates caused an increase in valuation gains on Japanese government and corporate bonds. However, a downturn in the Japanese stock markets resulted in declines in the market value of Japanese stocks held, resulting in a substantial decline in valuation gains.
- The company holds no securitized products backed by U.S. subprime loans.

# Sony Life Operating Performance (9)

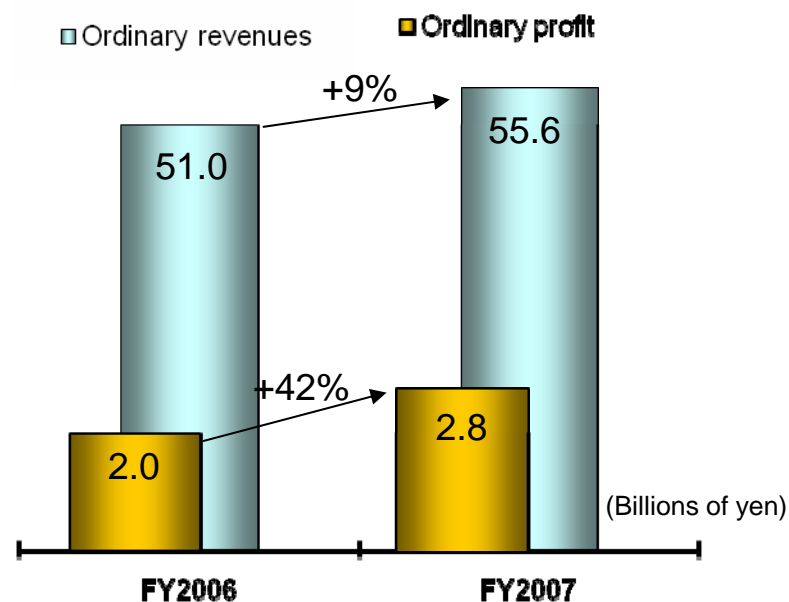
Number of Lifeplanners and Salespeople



Number of Partner Sales Agents



# Highlights of Operating Performance: Sony Assurance



## Sony Assurance

- ◆ Revenues and profit up compared with FY2006
- ◆ Net premiums written up 9%, to ¥55.0 billion, owing to increase in number of policies for mainstay automobile insurance
- ◆ In addition to an increase in net premiums written, the loss ratio was stable, resulting in ordinary profit of ¥2.8 billion
- ◆ Combined ratio rose 0.4 percentage point, to 80.3%

(Billions of yen)	FY2006	FY2007	Change	
			Change	%
<b>Ordinary revenues</b>	51.0	<b>55.6</b>	+4.6	+9%
Underwriting income	50.4	<b>55.0</b>	+4.5	+9%
Investment income	0.4	<b>0.5</b>	+0.1	+22%
<b>Ordinary expenses</b>	48.9	<b>52.8</b>	+3.8	+8%
Underwriting expenses	36.4	<b>38.9</b>	+2.5	+7%
Investment expenses	0.0	<b>0.0</b>	+0.0	+82%
Operating, general and administrative expenses	12.4	<b>13.8</b>	+1.3	+11%
<b>Ordinary profit</b>	2.0	<b>2.8</b>	+0.7	+38%
<b>Net income</b>	1.5	<b>2.1</b>	+0.5	+37%
<b>Securities</b>	51.1	<b>56.2</b>	5.0	+10%
<b>Underwriting reserves</b>	36.1	<b>42.7</b>	6.6	+18%
<b>Total net assets</b>	13.3	<b>15.3</b>	+2.0	+15%
<b>Total assets</b>	67.4	<b>78.6</b>	+11.1	+17%

Line item amounts are truncated below ¥100 million; percentage change figures are rounded.



# Overview of Performance: Sony Assurance



(Billions of yen)

	FY2006	FY2007	Change
<b>Direct premiums written</b>	50.1	<b>54.6</b>	+9%
<b>Net premiums written</b>	50.4	<b>55.0</b>	+9%
<b>Net losses paid</b>	24.1	<b>26.2</b>	+9%
<b>Underwriting profits</b>	1.6	<b>2.2</b>	+41%
<b>Net loss ratio</b>	53.6%	<b>53.5%</b>	0.1 pt improvement
<b>Net expense ratio</b>	26.3%	<b>26.7%</b>	0.4 pt up
<b>Combined ratio</b>	79.9%	<b>80.3%</b>	0.4 pt up
<b>Solvency margin ratio</b>	1,009.7%	<b>1,073.9%</b>	64.2 pt up
<b>Number of policies in force</b>	0.93 million	<b>1.02 million</b>	+ 10%

Line item amounts are truncated below ¥100 million; percentage change figures are rounded.

Net expense ratio is equal to the ratio of total underwriting costs to net premiums written

Net loss ratio is equal to the ratio of net losses paid and loss adjustment expenses to net premiums written.

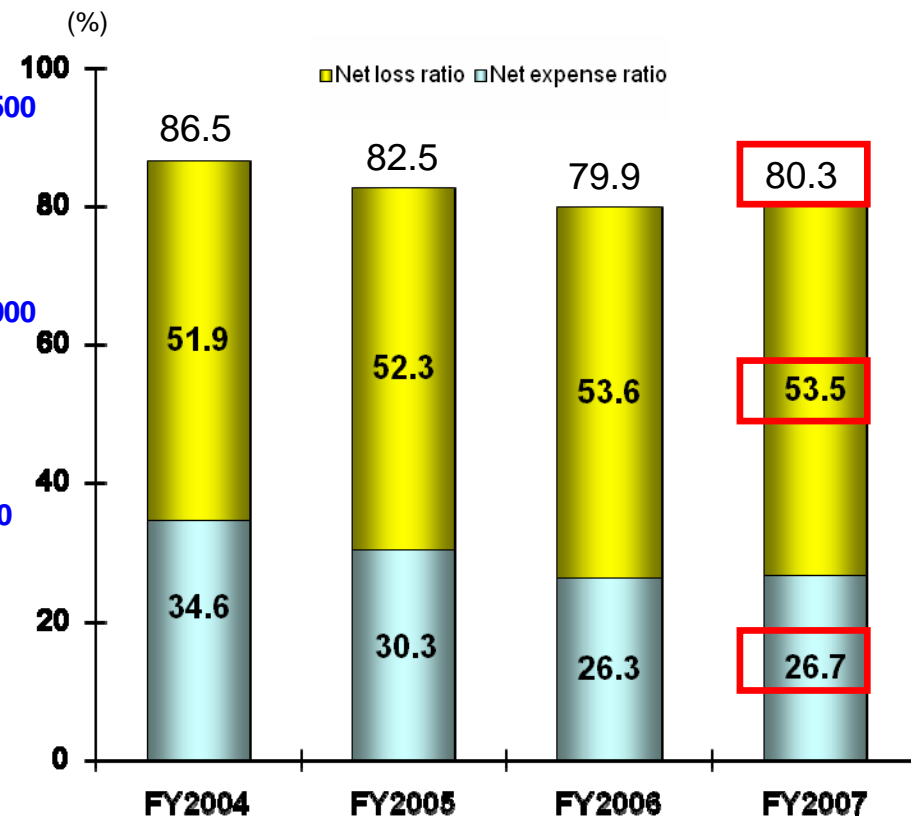
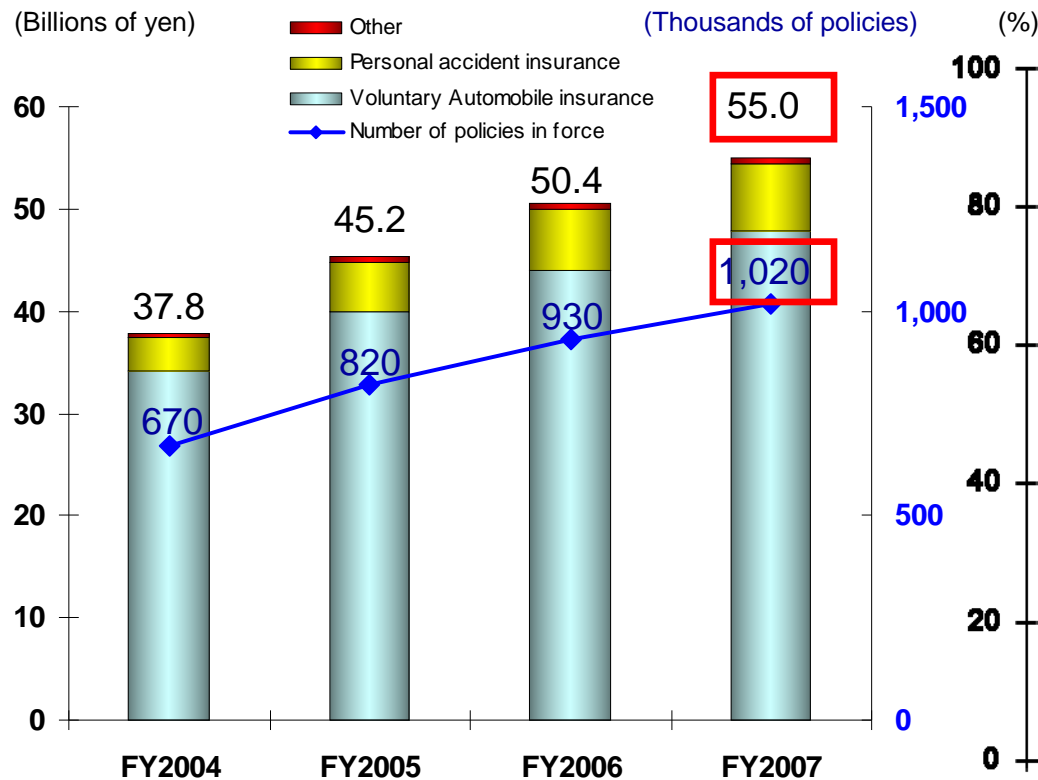
The number of policies in force is the total of automobile insurance and medical and cancer insurance, which accounts for 99% of net premiums written. These numbers are rounded below 10,000 policies.

# Sony Assurance Operating Performance (1)



## Net Premiums Written and Number of Policies in Force

## Combined Ratio



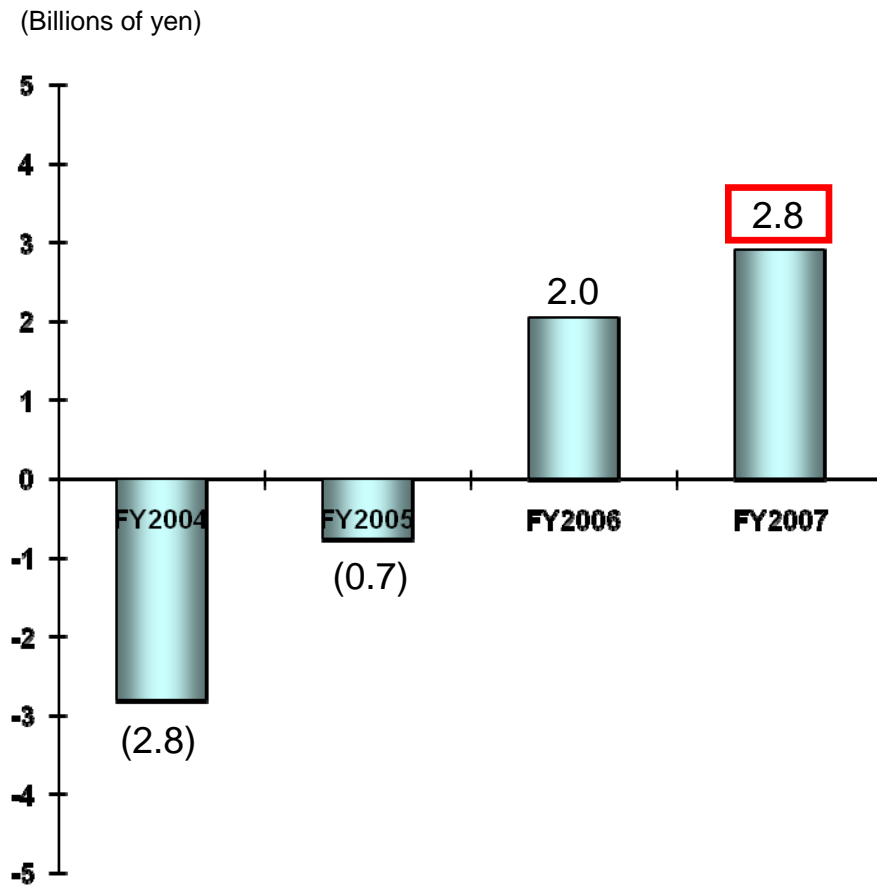
The number of policies in force is the total of automobile insurance and medical and cancer insurance, which accounts for 99% of net premiums written. Most personal accident insurance is medical and cancer insurance. Line item amounts are truncated below ¥100 million for net premiums written and truncated below 10,000 for the number of policies in force.

Net expense ratio is equal to the ratio of total underwriting costs to net premiums written

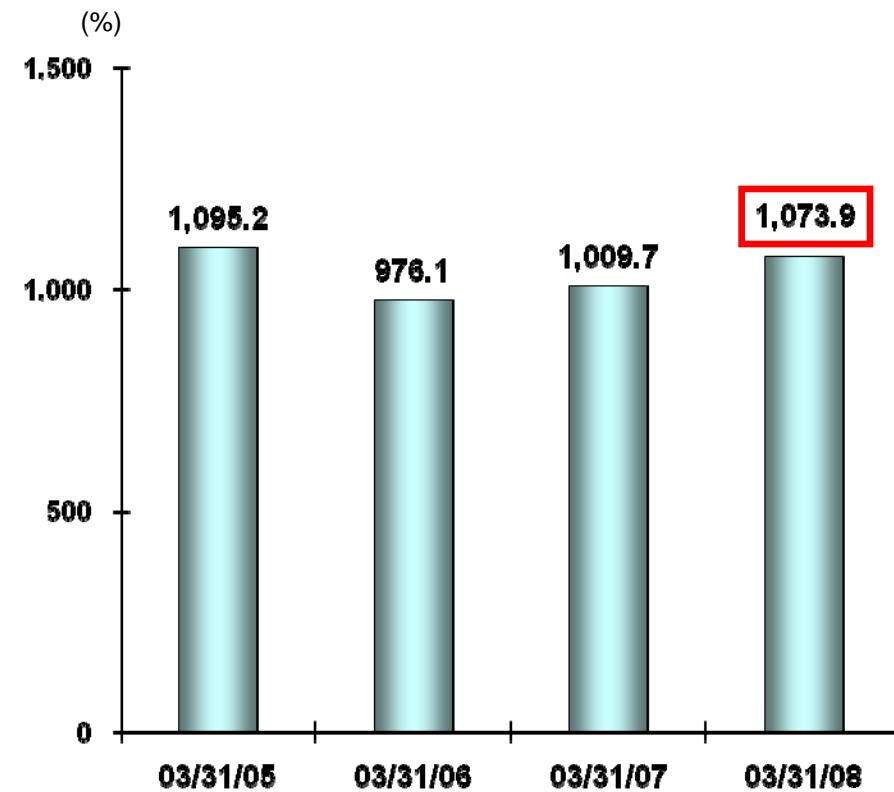
Net loss ratio is equal to the ratio of net losses paid an loss adjustment expenses to net premiums written.

# Sony Assurance Operating Performance (2)

## Ordinary Profit (Loss)

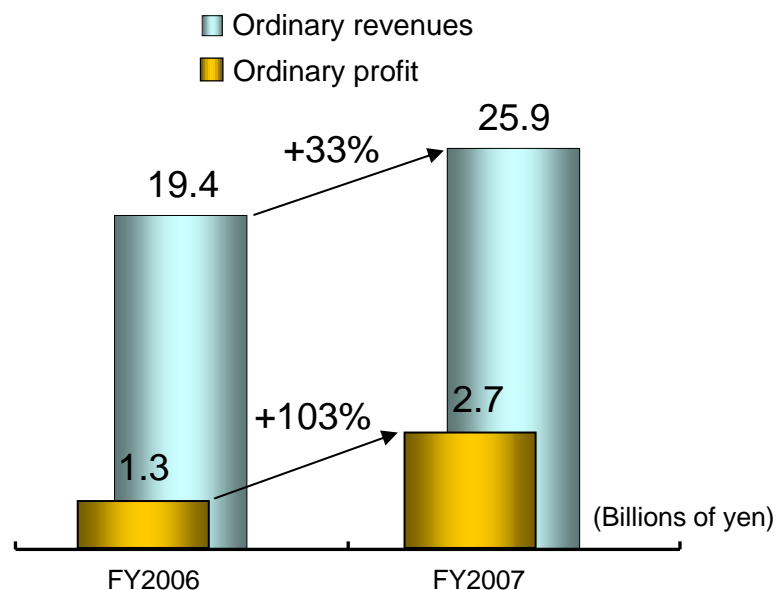


## Solvency Margin Ratio



Line item amounts are truncated below ¥100 million.

# Highlights of Operating Performance: Sony Bank (Non-Consolidated)



## Sony Bank

- ◆ Revenues and profit were both up, compared with FY2006
- ◆ Net interest income and net other operating income increased, owing mainly to higher interest on loans—stemming from a higher mortgage loan balance—and higher market investment income
- ◆ Net income amounted to ¥4.4 billion, owing to an increase in deferred income taxes
- ◆ Gross operating profit totaled ¥10.9 billion; the sum of net interest income of ¥5.1 billion, net fees and commissions of ¥0.3 billion and net other operating income of ¥5.4 billion. General and administrative expenses were up slightly, to ¥8.1 billion
- ◆ Customer assets were up ¥398.4 billion, compared with March 31, 2007, to ¥1,247.3 billion

(Billions of yen)	FY2006	FY2007	Change	
			Change	% Change
Ordinary revenues	19.4	25.9	+6.5	+33%
Gross operating profit	9.0	10.9	+1.9	+21%
Net interest income	4.5	5.1	+0.5	+11%
Net fees and commissions	0.5	0.3	(0.1)	(28)%
Net other operating income	3.9	5.4	+1.5	+40%
General and administrative expenses	7.6	8.1	+0.4	+6%
Ordinary profit	1.3	2.7	+1.3	+103%
Net income	1.0	4.4	+3.4	+339%
Securities	381.2	488.7	+107.5	+28%
Loans	284.7	347.0	+62.3	+22%
Deposits	752.3	1,144.3	+392.0	+52%
Customer assets	848.8	1,247.3	+398.4	+47%
Total net assets	36.8	35.7	(1.1)	(3)%
Total assets	806.8	1,211.0	+404.1	+50%

Line item amounts are truncated below ¥100 million; percentage change figures are rounded.

# Overview of Performance: Sony Bank (Non-Consolidated)



(Billions of yen)

	FY2006	FY2007	Change
<b>Gross operating profit</b>	9.0	<b>10.9</b>	+ 21%
<b>General and administrative expenses</b>	7.6	<b>8.1</b>	+ 6%
<b>Net operating profit</b>	1.3	<b>2.8</b>	+ 107%
<b>Ordinary profit</b>	1.3	<b>2.7</b>	+ 103%
<b>Customer assets</b>	848.8	<b>1,247.3</b>	+ 47%
Of which, FY2007 increase	173.7	<b>398.4</b>	+ 129%
<b>Loans</b>	284.7	<b>347.0</b>	+ 22%
Of which, FY2007 increase	45.2	<b>62.3</b>	+ 38%
<b>Capital adequacy ratio (domestic criteria)</b>	11.49%	<b>9.15%</b>	(2.34)pt
<b>Number of accounts</b>	491 thousand	<b>610 thousand</b>	+ 24%
Of which, FY2007 increase	61 thousand	<b>118 thousand</b>	+ 57 thousand

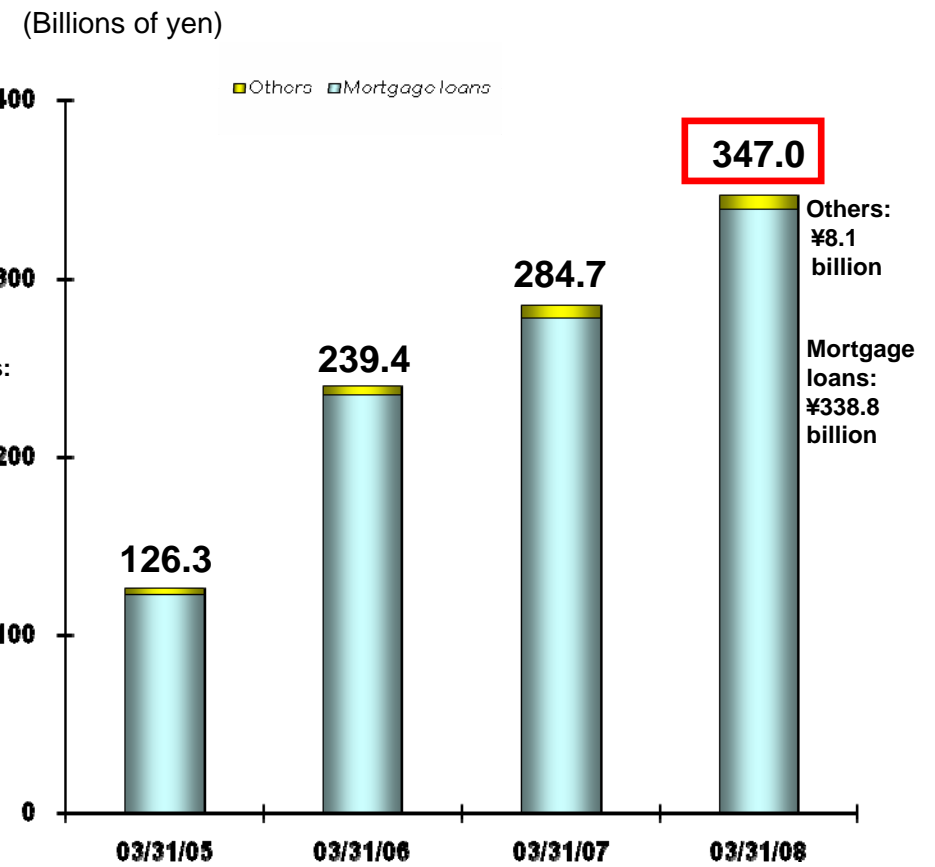
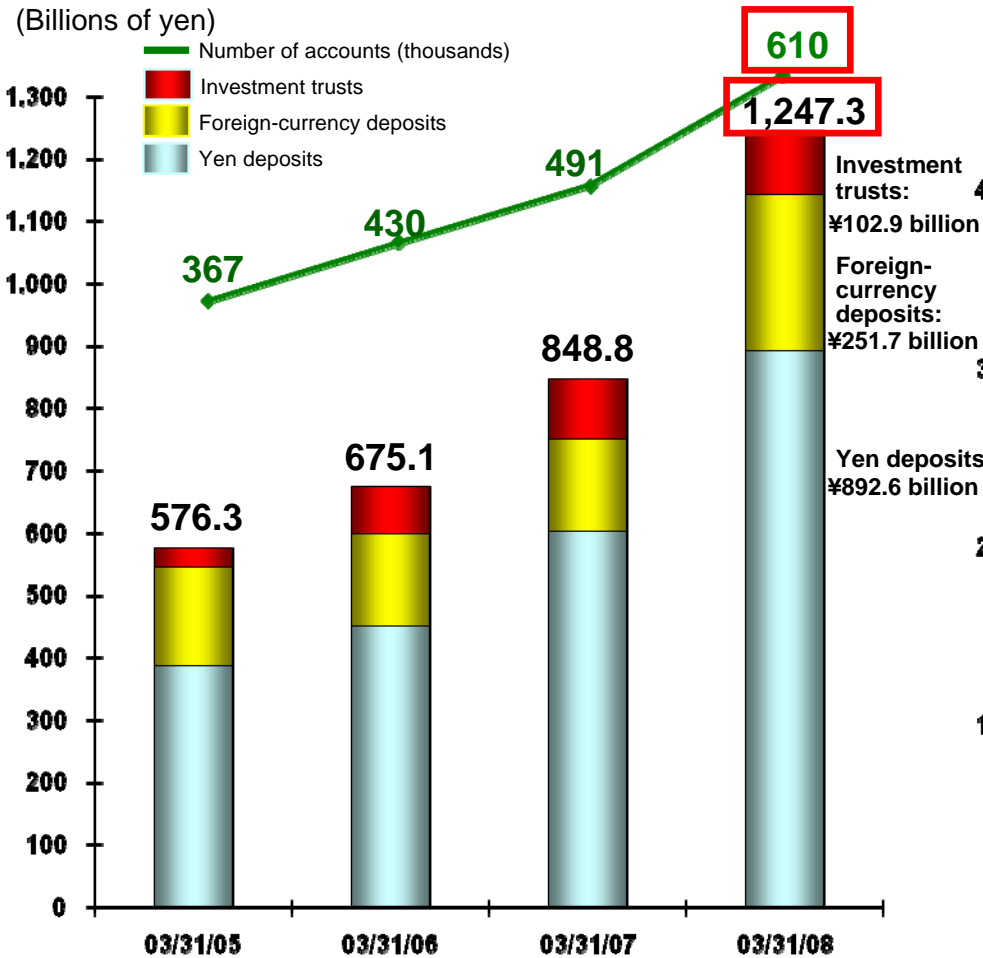
Line item amounts are truncated below ¥100 million; percentage change figures are rounded.

# Sony Bank Operating Performance (1)



## Customer Assets (Deposits + Investment Trusts) and Number of Accounts

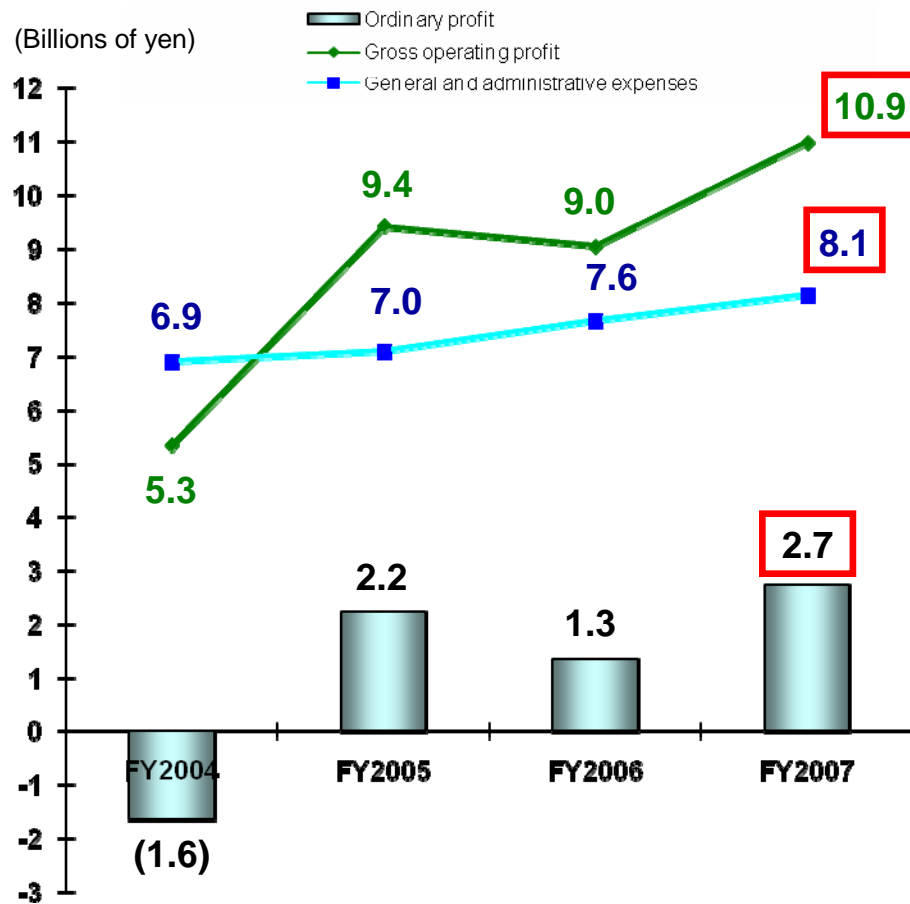
## Loans



Amounts are truncated below ¥100 million.

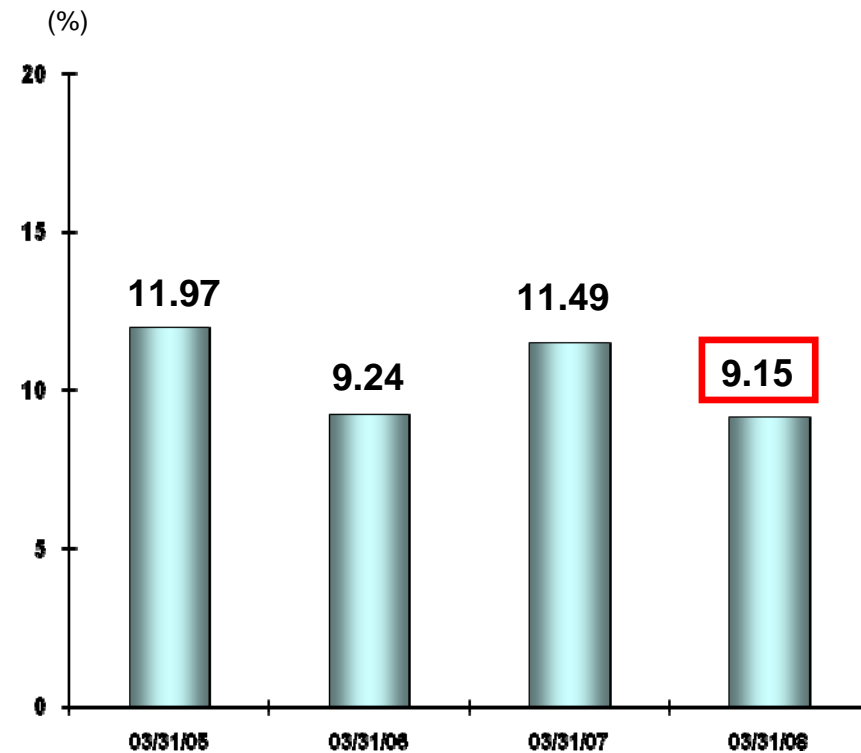
# Sony Bank Operating Performance (2)

## Gross Operating Profit, General and Administrative Expenses, Ordinary Profit



Amounts are truncated below ¥100 million.

## Capital Adequacy Ratio (Domestic Criteria)



Notes: On April 23, 2008, Sony Financial Holdings increased Sony Bank's capital by ¥6.0 billion by accepting an allocation of new shares.

Capital adequacy ratios as of March 31, 2007 and March 31, 2008 were calculated based on the standard stipulated in the Financial Services Agency Public Announcement No. 19 of 2006. The capital adequacy ratios up to and including those for March 31, 2006 were calculated based on the standard stipulated in the former public announcement.

# Key Management Benchmarks (1)

- Consolidated ordinary revenues, consolidated ordinary profit and consolidated net income
- Consolidated adjusted ROE

## Perspective on Consolidated Adjusted ROE

Sony Financial Holdings Group			
	Sony Life	Sony Assurance	Sony Bank
Numerator	<p>Net increase in EV plus dividend</p> <p><b>Note: Changes in provision for contingency reserves and the future value of existing policies are added to net income.</b></p>	<p>Net income</p> <p>+ Increase in provision for special catastrophe reserves (after tax)</p> <p>+ Increase in reserve for price fluctuations (after tax)</p>	<p>Net income</p>
Denominator	<p>The average of (EV at previous fiscal year-end minus dividend plus EV at current fiscal year-end)</p> <p><b>Note: The contingency reserve and the future value of existing policies are added to net assets.</b></p>	<p>The average of (net assets + special catastrophe reserve and reserve (after-tax) for price fluctuations (after-tax)) as of the previous fiscal year-end and the current fiscal year-end</p>	<p>The average of net assets as of the previous fiscal year-end and the current fiscal year-end</p>

Note: Calculations take dividends and taxes into consideration.



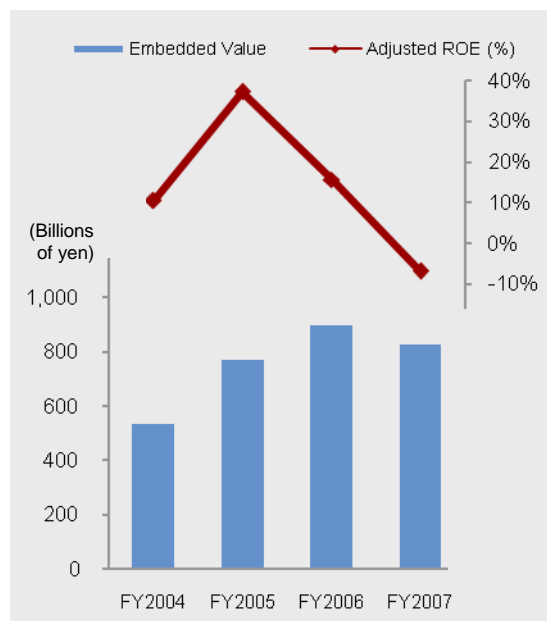
# Key Management Benchmarks (2)

## Key Management Benchmarks

- Consolidated ordinary revenues, consolidated ordinary profit and consolidated net income
- Consolidated adjusted ROE

(Millions of yen, %)	FY2004	FY2005	FY2006	FY2007
Consolidated ordinary revenues	653,259	758,711	759,280	<b>822,153</b>
Consolidated ordinary profit	12,269	25,377	18,354	<b>44,500</b>
Consolidated net income	6,375	11,537	10,021	<b>24,255</b>
Consolidated adjusted ROE	8.0%	35.1%	15.2%	<b>(5.7%)</b>

### Sony Life Embedded Value and Adjusted ROE



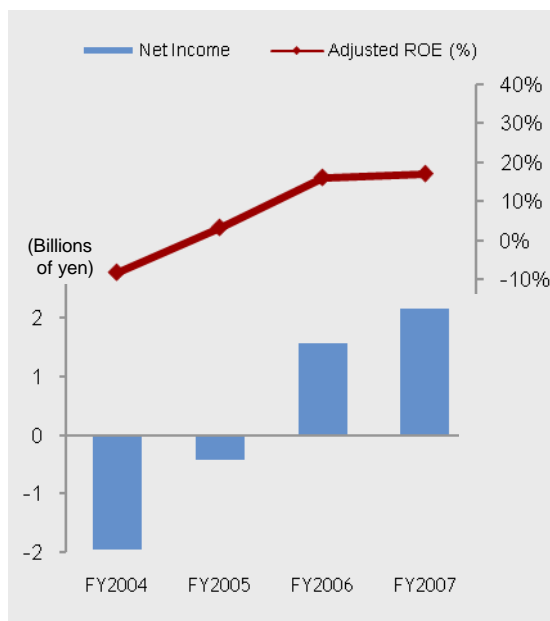
Source: Sony Life

Notes: Calculation of Adjusted ROE

Numerator: Net increase in EV plus dividend

Denominator: The average of (EV at previous fiscal year-end — dividend + EV at current fiscal year-end)

### Sony Assurance Net Income and Adjusted ROE



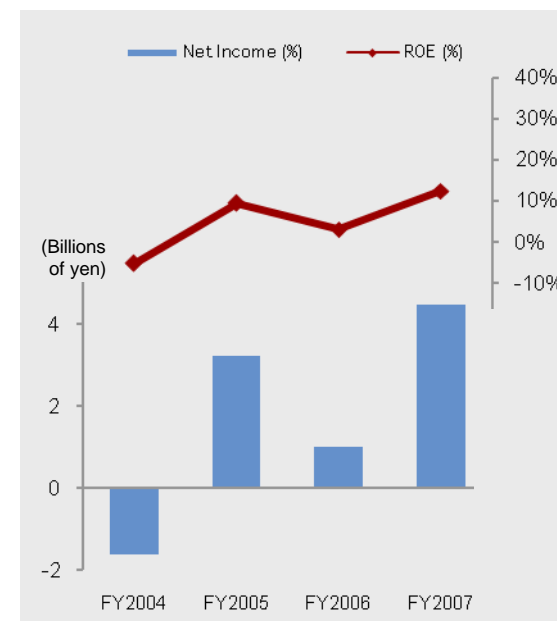
Source: Sony Assurance

Notes: Calculation of Adjusted ROE

Numerator: Net income plus an increase in provision for special catastrophe reserves (after-tax) and an increase in reserve for price fluctuations (after-tax)

Denominator: The average of (shareholders' equity or net assets + special catastrophe reserve and reserve for price fluctuations (after-tax)) as of the previous fiscal year-end and the current fiscal year-end

### Sony Bank Net Income and ROE



Source: Sony Bank

Notes: Calculation of ROE:

Numerator: Net income

Denominator: The average of shareholders' equity or net assets as of the previous fiscal year-end and the current fiscal year-end

# Consolidated Operating Performance Forecast for FY2008



(Billions of yen; line item amounts are truncated below ¥100 million; changes are rounded)

	FY2004	FY2005	FY2006	FY2007	FY2008 (Interim forecast)	FY2008 (Full-year forecast)	Percentage change
<b>Consolidated ordinary revenues</b>	<b>653.2</b>	<b>758.7</b>	<b>759.2</b>	<b>822.1</b>	<b>430.0</b>	<b>884.0</b>	<b>+ 7.5%</b>
<u>Of which, life insurance business</u>	604.0	696.4	689.5	741.3	386.0	793.0	+ 7.0%
<u>Of which, non-life insurance business</u>	38.1	45.7	51.0	55.6	30.0	59.8	+ 7.5%
<u>Of which, banking business</u>	11.3	17.2	19.4	25.9	14.4	30.7	+ 18.5%
<b>Consolidated ordinary profit</b>	<b>12.2</b>	<b>25.3</b>	<b>18.3</b>	<b>44.5</b>	<b>18.0</b>	<b>37.0</b>	<b>(16.9%)</b>
<u>Of which, life insurance business</u>	17.0	24.3	14.8	39.0	17.0	34.0	(13.0%)
<u>Of which, non-life insurance business</u>	(2.8)	(0.7)	2.0	2.8	0.6	1.3	(53.9%)
<u>Of which, banking business</u>	(1.6)	2.2	1.3	2.4	0.5	1.3	(45.9%)
<b>Consolidated net income</b>	<b>6.3</b>	<b>11.5</b>	<b>10.0</b>	<b>24.2</b>	<b>10.0</b>	<b>21.0</b>	<b>(13.4%)</b>

## Additional Information

We expect ordinary revenues to continue increasing, owing to the robust expansion of each business. However, ordinary profit is expected to decrease, for the reasons described below.

### ■ Life insurance business

The yield on general account investments is expected to fall, compared with FY2008.

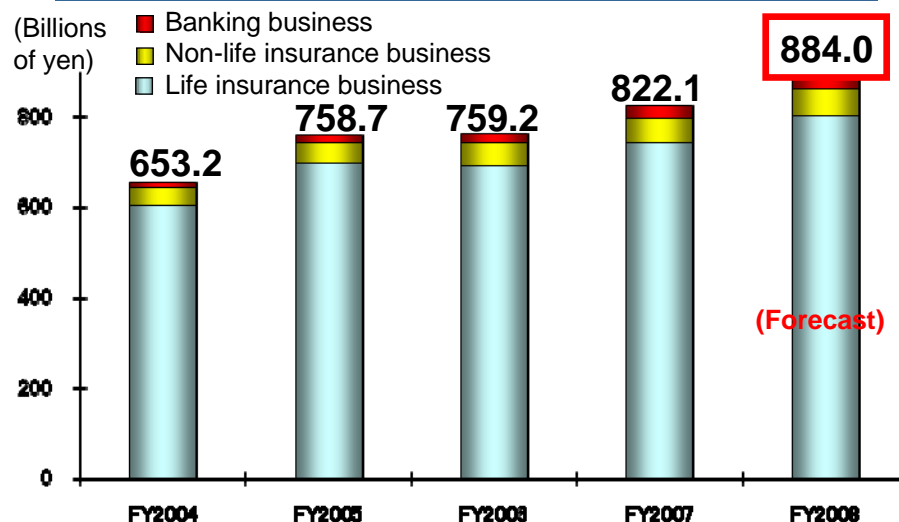
### ■ Non-life insurance business

The operating expense ratio is expected to rise slightly, owing to higher system-related expenses.

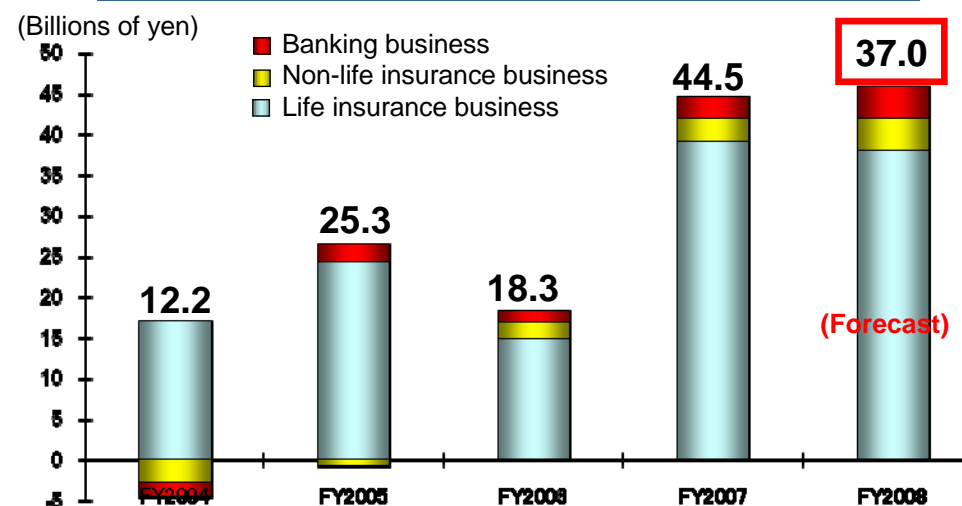
### ■ Banking business

Expenses are expected to increase: system-related and other expenses are expected to increase. Sony Bank Securities is expected to operate in the red initially, and goodwill will be amortized, among other factors.

### Consolidated Ordinary Revenues



### Consolidated Ordinary Profit



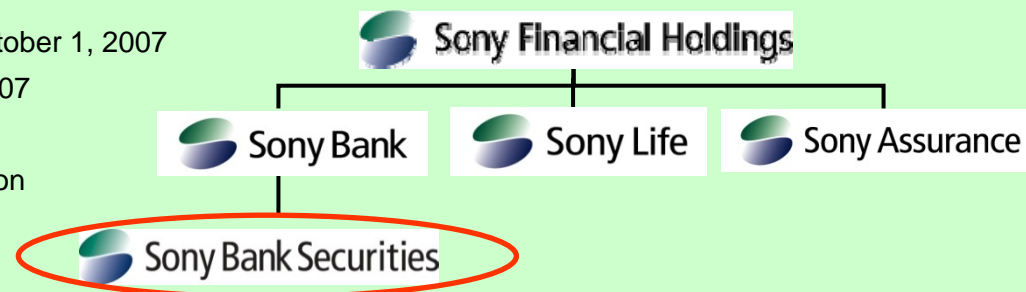
# New Business Progress Update (1)

## AEGON Sony Life Planning Co., Ltd.

- On August 29, 2007, this company was formed to prepare for the establishment of an individual annuities joint venture with AEGON to sell unique individual annuities via bank teller windows and Lifeplanner sales employees.
- Initial capitalization of new insurance company: Approx. ¥20.0 billion (anticipated)
- Ownership: Sony Life Insurance co., Ltd. 50%; AEGON INTERNATIONAL B.V. 50%

## Sony Bank Securities

- Began accepting applications to open accounts: October 1, 2007
- Began Japanese stock transactions: October 15, 2007
- Number of accounts as of March 31, 2008: 11,883
- Customer assets as of March 31, 2008: ¥3,899 million



Note: Sony Bank Securities Inc. is a consolidated subsidiary. AEGON Sony Life Planning Co., Ltd., although an affiliated company of Sony Life, is not included in SFH's scope of consolidation as an equity-method affiliate.

# New Business Progress Update (2)

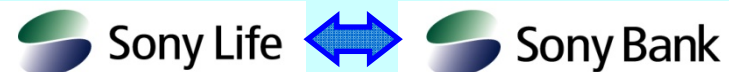
## Sony Life Receives Permission to Handle Banking Agency Business on Behalf of Sony Bank

■ Began handling banking agency business: January 16, 2008

■ Products and services

1. Lifeplanner sales employees: Conduct product explanations and accept applications for mortgage loans on behalf of Sony Bank
2. Life Planning SQUARE (Ginza Sony Building): Handle Sony Bank mortgage loan and account opening procedures

■ In FY2007, percentage of new Sony Bank mortgage loans handled by Lifeplanner sales employees: Approx. 15%



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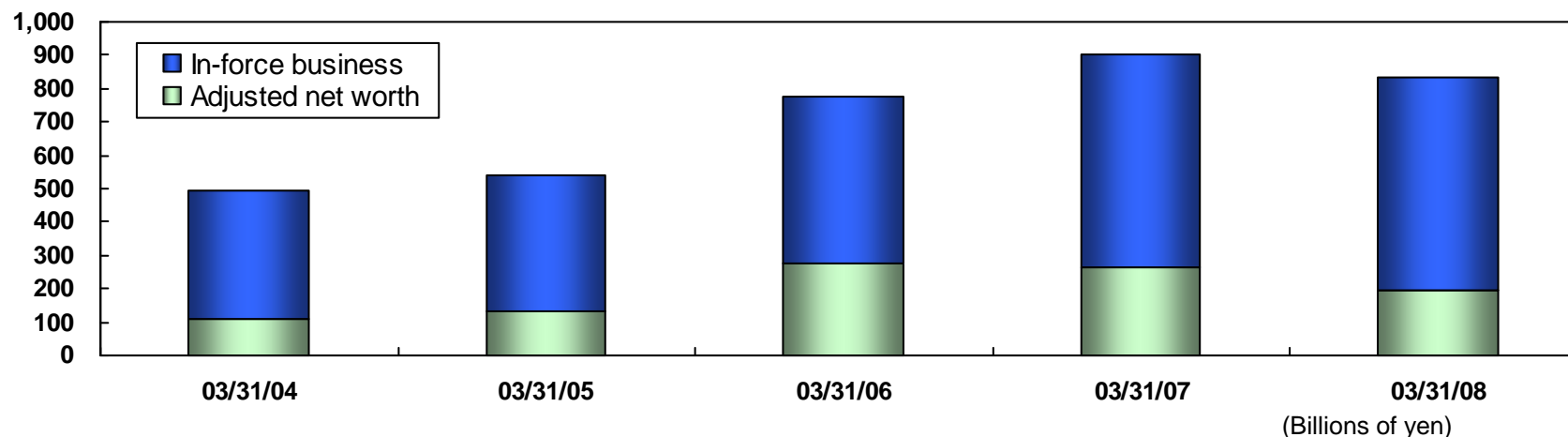
## **Sony Life's Embedded Value (EV)**

# Overview of Embedded Value in FY2007

- EV came to ¥833.8 billion, down ¥66.7 billion from March 31, 2007.
- The value of in-force business was ¥638.9 billion, up ¥0.1 billion from March 31, 2007, and adjusted net worth was ¥194.8 billion, down ¥66.9 billion.
- EV of new policies during FY2007 amounted to ¥28.9 billion, down ¥7.8 billion from March 31, 2007.

## Embedded Value

(Billions of yen)



	03/31/04	03/31/05	03/31/06	03/31/07	03/31/08
<b>Total EV</b>	492.0	539.3	776.1	900.5	833.8
<b>In-force business</b>	381.7	409.6	499.8	638.8	638.9
<b>Adjusted net worth</b>	110.2	129.7	276.3	261.7	194.8
Of which, EV of new policies	38.9	38.1	34.2	36.7	28.9

Source: Sony Life

Note: Assumptions and calculation methods differ for EV calculated as of March 31, 2004, March 31, 2005, March 31, 2006, March 31, 2007, and March 31, 2008.

# EV: Assumptions and Movement Analysis

## Major Assumptions Employed in Calculating EV at March 31, 2008

Discount rate	6.0%
Investment yield on new investments	Investment yield on new investments is based on implied forward rates, assuming Sony Life makes all new investments only in Japanese government bonds.
Mortality and morbidity rates	Based on Sony Life's experience over the three most recent fiscal years (FY2005–FY2007)
Lapse and surrender rate	Based on Sony Life's experience over the three most recent fiscal years (FY2005–FY2007)
Operating expenses (unit costs)	Calculated using the cost (unit cost) for the maintenance and administration of policies and for payments of claims based on Sony Life's experience during the most recent fiscal year (FY2007)
Effective tax rate	Based on the most recent effective tax rate (based on the rate for FY2007)
Solvency margin ratio	For the purpose of calculating the cost of capital, maintenance of a solvency margin ratio of 600% was assumed.

## Movement Analysis of EV from March 31, 2007

(Billions of yen)

EV as of March 31, 2007	900.5
Shareholder dividends	(6.5)
Release from the value of in-force business*	38.1
EV of new policies for the year ended March 31, 2008	28.9
Difference between assumptions and actual results for the year ended March 31, 2008	(113.2)
Difference from changes in the assumptions	(14.1)
EV as of March 31, 2008	833.8

\* This item corresponds to unwinding of the amount of discount for one year made as of March 31, 2007, on the value of in-force business.

# EV: Sensitivity

## EV Sensitivity at March 31, 2008

(Billions of yen)

		Amount of Increase (Decrease)	EV Amount
Discount rate	From 6.0% to 5.0%	83.1	916.9
	From 6.0% to 7.0%	(67.5)	766.3
Solvency margin ratio	From 600% to 500%	7.7	841.5
	From 600% to 700%	(8.6)	825.2
Investment yield: +0.25%*	On total investments	59.1	892.8
	On new investments	34.8	868.6
Investment yield: -0.25%*	On total investments	(61.2)	772.5
	On new investments	(35.0)	798.7
Mortality and morbidity	Assumption x 1.1	(65.3)	768.5
Lapse and surrender rate	Assumption x 1.1	(16.1)	817.7
Operating expenses (unit cost to maintain policy)	Assumption x 1.1	(6.5)	827.2

\* The impact of changes in investment yield assumptions is shown after taking into account the impact on policyholders' dividends.



# EV: Breakdown of Adjusted Net Worth



## Breakdown of Adjusted Net Worth

(Billions of yen)

	As of March 31, 2008	As of March 31, 2007	Change
Adjusted net worth	194.8	261.7	(66.9)
Total net assets*	136.9	207.6	(70.7)
Reserve for price fluctuations	24.1	20.9	3.2
Contingency reserve	61.8	59.0	2.8
Reserve for possible loan losses	0.0	0.0	0.0
Net unrealized gains on land	8.4	6.8	1.6
Unfunded employees' retirement benefits liability	(3.5)	(1.9)	(1.6)
Deferred tax assets corresponding to preceding five items	(32.9)	(30.7)	(2.2)

\* Excluding net unrealized gain on bonds except for convertible and certain other bonds

# EV: Major Assumptions (Investment Yield)

## Investment Yield on New Investments

The implied forward rates that were used are as follows.

FY	Investment Yield
2008	0.57%
2009	0.61%
2010	0.81%
2011	0.98%
2012	0.98%
2017	2.78%
2022	3.18%
2027	3.50%
2032	3.40%
2037	3.51%

## Investment Yield on Existing Assets

The weighted average investment yields on new investments and existing assets that were used are as follows.

FY	Investment Yield
2008	1.92%
2009	1.88%
2010	1.89%
2011	1.91%
2012	1.88%
2017	2.90%
2022	3.24%
2027	3.66%
2032	3.63%
2037	3.77%

# APPENDIX

# Comparison with Sony Corporation's Consolidated Financial Services Segment (Principal Differences between Japan GAAP and U.S. GAAP)



\* "SFH" refers to "Sony Financial Holdings Inc."

	Financial Services Segment of Sony Corporation, Consolidated (U.S. GAAP)	SFH* Consolidated (Japan GAAP)
<b>Treatment of new policy acquisition costs</b> (Concerns the life insurance business and the medical care insurance portion of the non-life insurance business)	The portion of costs related to acquiring new policies or changes in these costs that is deemed recoverable is deferred.	Costs are treated as expenses during the period in which they are incurred.
<b>Method of calculating policy reserves (insurance policy liabilities)</b> (Concerns the life insurance business and the medical care insurance portion of the non-life insurance business)	Under U.S. GAAP, calculated according to the net level premium method using insurance actuarial figures.	Calculated according to methods approved by regulatory bodies. Computed with an emphasis on the early accumulation of policy reserves from the standpoint of protecting policyholders.
<b>Treatment of the market value of convertible bonds held</b> (Concerns the life insurance business)	Changes in the fair value (changes in the market value) of so-called "hybrid financial products," which include derivatives, are posted to the income statement as profits or losses.	Changes in fair value are posted to the balance sheets as increases or decreases in net assets.

Notes:

- The above-mentioned differences between U.S. GAAP and Japan GAAP are deemed material to SFH's consolidated ordinary profit for FY2007.
- The scope of Sony Corporation's consolidated Financial Services segment and SFH's consolidation differ, as follows:
  - Sony Corporation's consolidated Financial Services segment: Sony Life Insurance Co., Ltd., Sony Assurance Inc., Sony Bank Inc., Sony Finance International Inc., others
  - SFH consolidated: Sony Life Insurance Co., Ltd., Sony Assurance Inc., Sony Bank Inc., Sony Bank Securities Inc., Sony Life Insurance (Philippines) Corporation
- Under U.S. GAAP, the book value at the date of conversion to shares is used as the market value of shares converted from convertible bonds (CBs), whereas under Japanese accounting principles the book value is carried as the CB acquisition price even after conversion. Consequently, total gains or losses on the sales of shares converted from CBs (differences between selling prices and book values), and total impairment losses (differences between market value and book value)—of stocks included in the scope of impairment loss accounting—differ depending on the use of U.S. or Japanese GAAP.

# Highlights of FY2007

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- Apr. 2007 Sony Bank Begins Offering Mortgage Loan Group Credit Life Insurance Rider to Cover Three Major Diseases
- Jun. 2007 Sony Bank Establishes Sony Bank Securities Inc. Companies to Launch Securities Intermediary Services from October
- Aug. 2007 Sony Assurance Revises SURE Medical and Cancer Insurance Policy Offerings
- Aug. 2007 Sony Life Establishes AEGON Sony Life Planning Co., Ltd.
- Oct. 2007 Sony Financial Holdings Lists on First Section of Tokyo Stock Exchange
- Oct. 2007 Sony Assurance Launches “On the Day, Any Day, Response” Service
- Dec. 2007 Sony Life Receives Permission to Handle Banking Agency Business for Sony Bank
- Jan. 2008 Sony Bank and Sony Bank Securities Start Handling ETFs and REITs
- Mar. 2008 Sony Bank Becomes Wholly Owned Subsidiary of Sony Financial Holdings



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