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## **Presentation Material**

# **Consolidated Financial Results for the Year Ended March 31, 2010 and Preliminary Sony Life's Market Consistent Embedded Value**

**Sony Financial Holdings Inc.  
May 20, 2010**

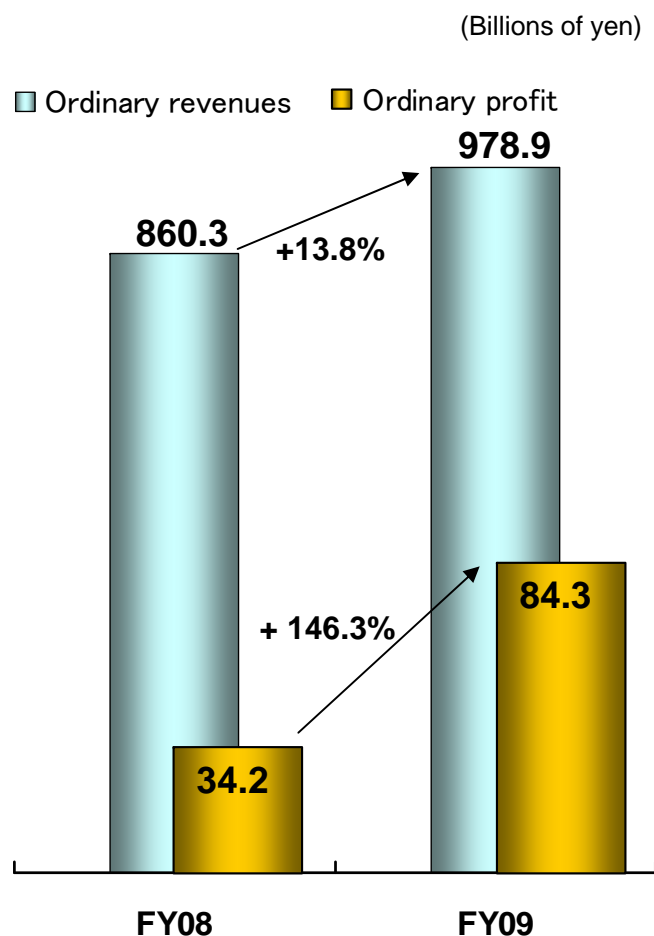
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|--|-------|
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## Disclaimers:

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# **Consolidated Operating Results for the Year Ended March 31, 2010**

# Highlights of Consolidated Operating Performance for the Year Ended March 31, 2010 (1)



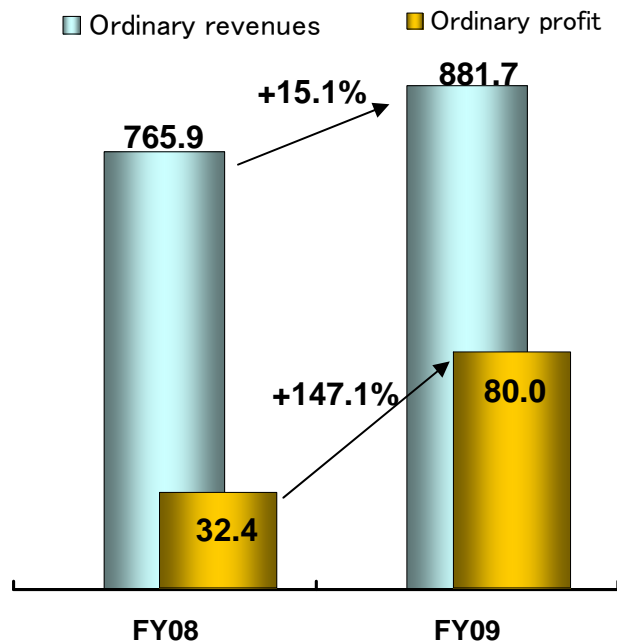
|                             |                   | FY08    | FY09    | Change              |         |
|-----------------------------|-------------------|---------|---------|---------------------|---------|
| (Billions of yen)           |                   |         |         |                     |         |
| Life insurance business     | Ordinary revenues | 766.2   | 882.0   | +115.8              | +15.1%  |
|                             | Ordinary profit   | 32.5    | 79.7    | +47.2               | +145.2% |
| Non-life insurance business | Ordinary revenues | 61.8    | 68.1    | +6.2                | +10.2%  |
|                             | Ordinary profit   | 2.1     | 2.5     | +0.3                | +17.8%  |
| Banking business            | Ordinary revenues | 33.3    | 30.5    | (2.8)               | (8.6%)  |
|                             | Ordinary profit   | (0.5)   | 1.9     | +2.5                | —       |
| Corporate and elimination   | Ordinary revenues | (1.1)   | (1.7)   | (0.5)               | —       |
|                             | Ordinary profit   | 0.1     | 0.0     | (0.0)               | (7.8%)  |
| Consolidated                | Ordinary Revenues | 860.3   | 978.9   | +118.6              | +13.8%  |
|                             | Ordinary profit   | 34.2    | 84.3    | +50.1               | +146.3% |
|                             | Net income        | 30.7    | 48.1    | +17.4               | +56.7%  |
| Consolidated                | (Billions of yen) | 09.3.31 | 10.3.31 | Change from 09.3.31 |         |
|                             | Total assets      | 5,313.6 | 6,001.0 | +687.4              | +12.9%  |
|                             | Net assets        | 204.8   | 269.4   | +64.5               | +31.5%  |

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

# Highlights of Consolidated Operating Performance for the Year Ended March 31, 2010 (2)

- Life insurance: ordinary revenues increased year on year, due to higher income from insurance premiums associated with an increased policy amount in force, as well as increases in investment income boosted by a relatively favorable financial market environment. Ordinary profit increased, mainly reflecting the increase in ordinary revenues and a substantial decrease in impairment losses on securities held. Despite contingency reserve and reserve for price fluctuations partially reversed for the previous fiscal year, provisions for the both reserves were recorded for this period.
- Non-life insurance: Ordinary revenues increased year on year, owing to increases in net premiums written, reflecting a growing number of its mainstay automobile insurance policies. Ordinary profit increased due mainly to an increase in premium income and a decline in the net expense ratio which offset an increase in the net loss ratio.
- Banking business: Despite a decrease in ordinary revenues year on year, affected by globally lowering interest rates, ordinary profit increased due to increases in net interest income, bolstered primarily by decreases in interest expenses and the growing balance of mortgage loans.
- Consolidated ordinary revenues increased 13.8% year on year, to ¥978.9 billion, consolidated ordinary profit increased ¥ 50.1 billion, to ¥84.3 billion and net income grew ¥17.4 billion, to ¥48.1 billion.
- Consolidated total assets increased ¥687.4 billion year on year, to ¥6,001.0 billion, consolidated net assets increased 64.5 billion, to ¥269.4 billion, of which net unrealized gains on other securities, net of taxes increased ¥22.3 billion, to ¥17.5 billion.

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



## Sony Life

- ◆ Ordinary revenues and ordinary profit increased year on year.
- ◆ Income from insurance premiums increased due to an increased policy amount in force.
- ◆ Investment income rose.
- ◆ Ordinary profit rose due to increased in ordinary revenues and a substantial decrease in impairment losses.

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

| (Billions of yen)                               | FY08    | FY09    | Change              |          |
|---|---------|---------|---------------------|----------|
| <b>Ordinary revenues</b>                        | 765.9   | 881.7   | +115.8              | +15.1%   |
| Income from insurance premiums                  | 662.0   | 700.1   | +38.0               | +5.8%    |
| Investment income                               | 98.7    | 175.3   | +76.6               | +77.6%   |
| Interest income and dividends                   | 55.8    | 70.6    | +14.8               | +26.6%   |
| Income from monetary trusts, net                | —       | 22.8    | +22.8               | —        |
| Gains on sale of securities                     | 32.1    | 15.1    | (17.0)              | (53.0%)  |
| Gains on separate accounts, net                 | —       | 62.7    | +62.7               | —        |
| <b>Ordinary expenses</b>                        | 733.5   | 801.6   | +68.1               | +9.3%    |
| Insurance claims and other payments             | 274.7   | 274.2   | (0.5)               | (0.2%)   |
| Provision for policy reserve and others         | 219.0   | 395.5   | +176.5              | +80.6%   |
| Investment expenses                             | 133.7   | 20.5    | (113.1)             | (84.6%)  |
| Losses on sale of securities                    | 16.1    | 10.0    | (6.0)               | (37.7%)  |
| Devaluation losses on securities                | 31.8    | —       | (31.8)              | (100.0%) |
| Losses on separate accounts, net                | 72.2    | —       | (72.2)              | (100.0%) |
| Operating expenses                              | 93.9    | 96.8    | +2.9                | +3.1%    |
| <b>Ordinary profit</b>                          | 32.4    | 80.0    | +47.6               | +147.1%  |
| <b>Net income</b>                               | 33.7    | 46.1    | +12.3               | +36.6%   |
| (Billions of yen)                               | 09.3.31 | 10.3.31 | Change from 09.3.31 |          |
| <b>Securities</b>                               | 2,819.6 | 3,539.1 | +719.4              | +25.5%   |
| <b>Policy reserve</b>                           | 3,592.3 | 3,985.6 | +393.2              | +10.9%   |
| <b>Total net assets</b>                         | 140.7   | 191.3   | +50.5               | +35.9%   |
| Net unrealized gains/losses on other securities | 4.0     | 15.4    | +11.4               | +285.0%  |
| <b>Total assets</b>                             | 3,810.9 | 4,286.5 | +475.6              | +12.5%   |
| Separate account assets                         | 275.1   | 373.6   | +98.4               | +35.8%   |

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

| (Billions of yen)                                  | FY08     | FY09     | Change  |
|--|----------|----------|---------|
| <b>New policy amount</b>                           | 3,873.7  | 4,049.2  | +4.5%   |
| <b>Lapse and surrender amount</b>                  | 2,135.1  | 2,342.4  | +9.7%   |
| <b>Lapse and surrender rate</b>                    | 6.79%    | 7.21%    | +0.42pt |
| <b>Policy amount in force</b>                      | 32,517.6 | 33,470.7 | +2.9%   |
| <b>Annualized premiums from new policies</b>       | 61.6     | 68.7     | +11.5%  |
| Of which, third-sector products                    | 13.4     | 16.2     | +21.0%  |
| <b>Annualized premiums from insurance in force</b> | 547.8    | 573.3    | +4.6%   |
| Of which, third-sector products                    | 126.6    | 133.0    | +5.0%   |

## (Reasons for changes)

◆ Increased, reflecting the impact of individual customers conversion to more reasonably priced insurance products. This included a discount rider for family income insurance launched in November 2009 for nonsmokers and other people in excellent health.

◆ Increased substantially in third-sector products, owing mainly to favorable sales of cancer hospitalization insurance, launched in April 2009 and living benefit insurance.

◆ Increased due primarily to a substantial decrease in impairment losses and an increase in interest income and dividends.

◆ Rose owing primarily to increases in income from insurance premiums, increased interest income and dividends, as well as decrease of a provision of the policy reserve for minimum guarantee for variable life insurance.

◆ Rose substantially owing mainly to an increased profit, higher unrealized gains, and lower asset management risk.

| (Billions of yen)                                   | FY08 | FY09 | Change  |
|---|------|------|---------|
| <b>Gains from investment, net (General account)</b> | 37.2 | 92.0 | +147.4% |
| <b>Core profit</b>                                  | 38.0 | 64.5 | +69.8%  |
| <b>Negative spread</b>                              | 21.3 | 11.5 | (46.0%) |

|                              | 09.3.31  | 10.3.31  | Change   |
|------------------------------|----------|----------|----------|
| <b>Solvency Margin Ratio</b> | 2,060.5% | 2,637.3% | +576.8pt |

### Notes:

\*1 Figures for new policy amount, lapse and surrender amount, lapse and surrender rate, policy amount in force, annualized premiums from new policies and annualized premiums from insurance in force are 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.

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

# Sony Life Operating Performance (1)

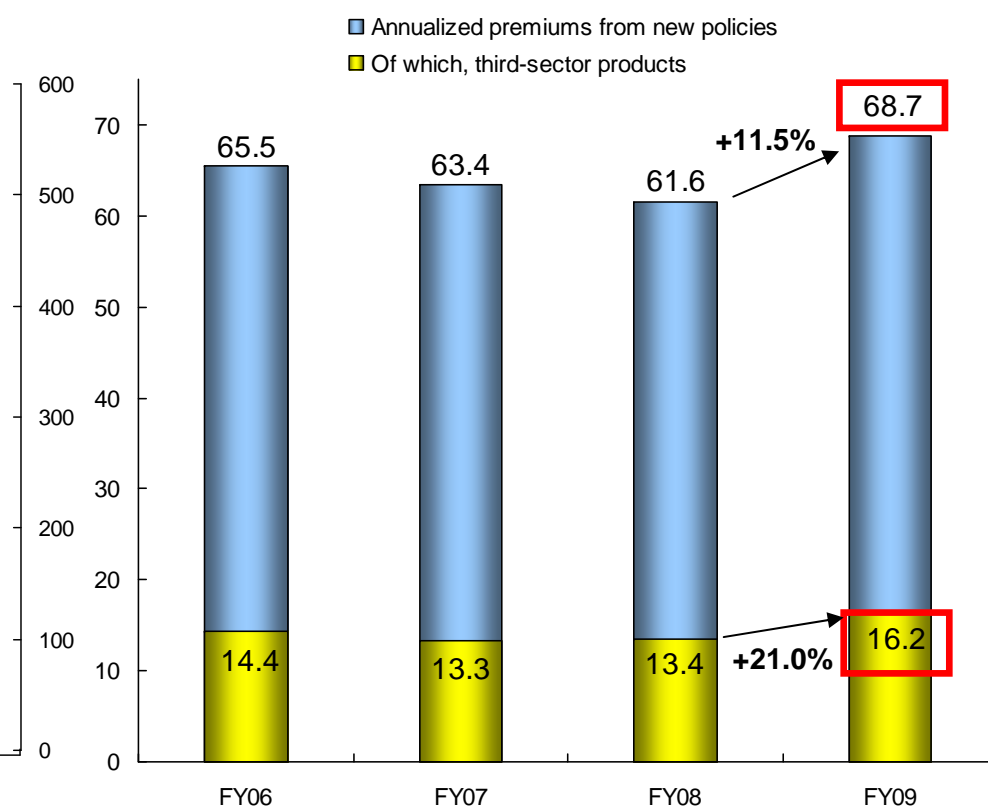
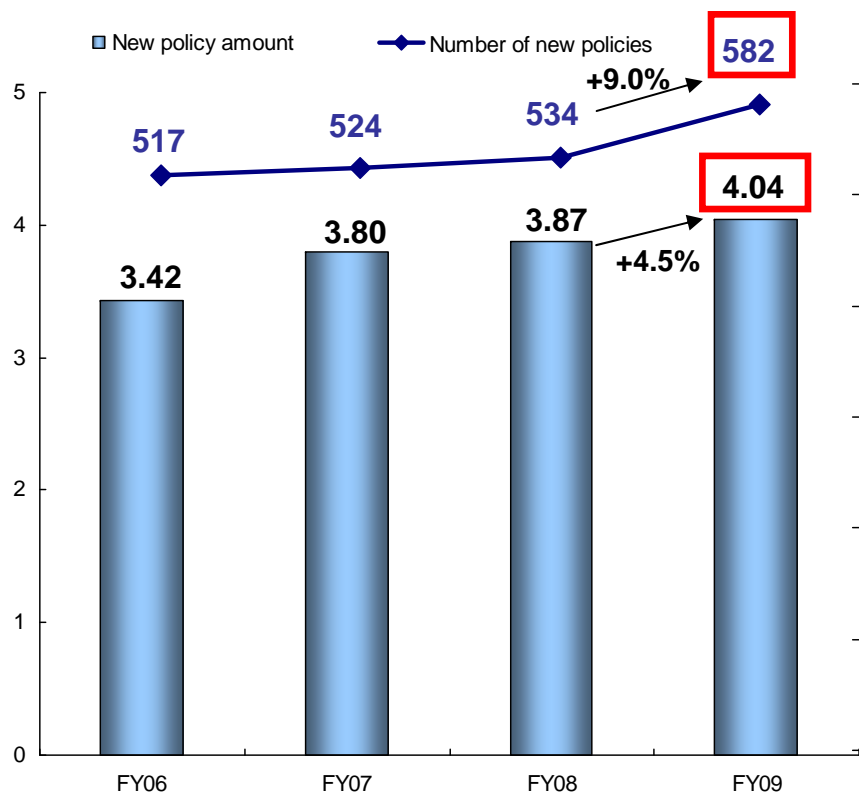
## New Policy Amount (Individual Life Insurance + Individual Annuities)

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

(Trillions of yen)

(Thousands of policies)

(Billions of yen)



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

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



# Sony Life Operating Performance (2)

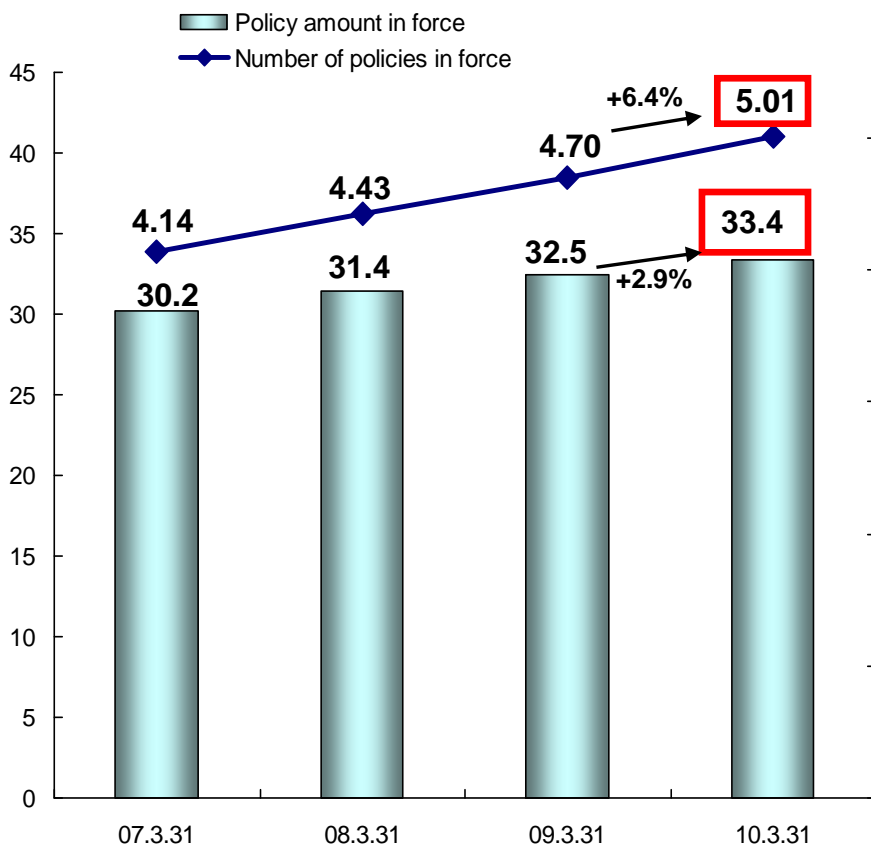
## Policy Amount in Force (Individual Life Insurance + Individual Annuities)

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

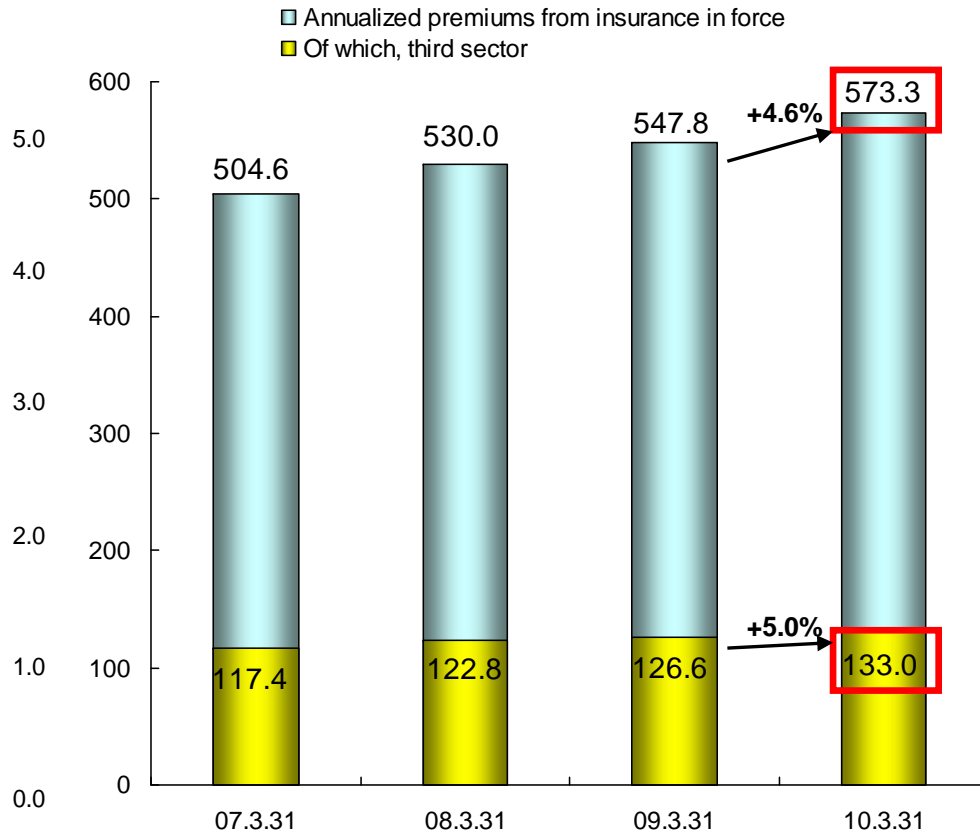
(Trillions of yen)

(Millions of policies)

(Billions of yen)



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



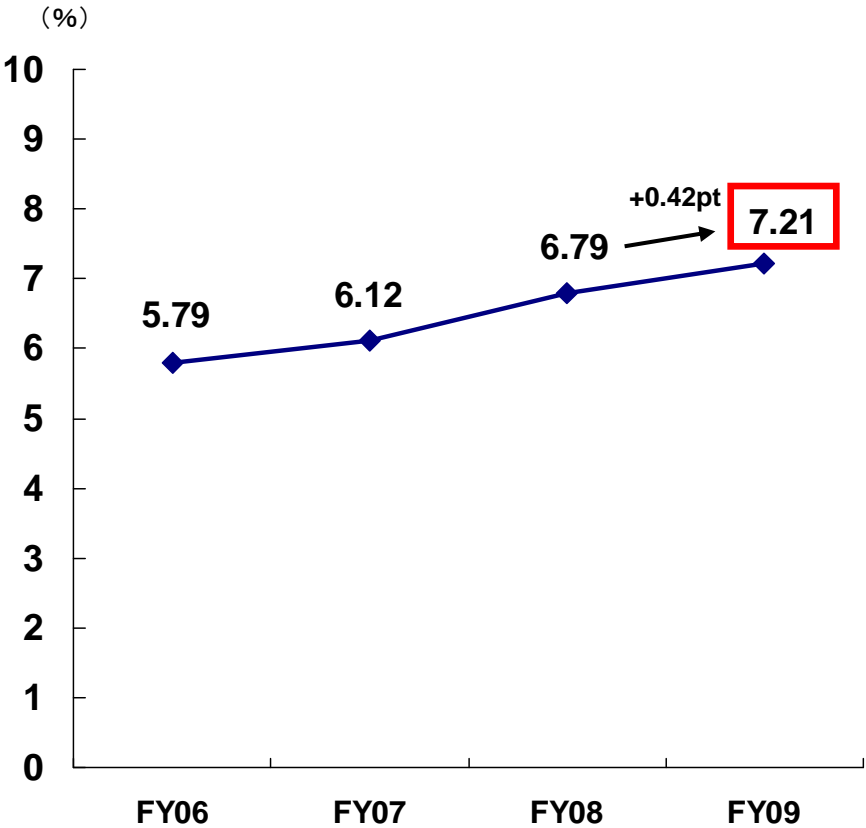
Line item amounts are truncated below ¥100 million; percentage figures are rounded.

# Sony Life Operating Performance (3)

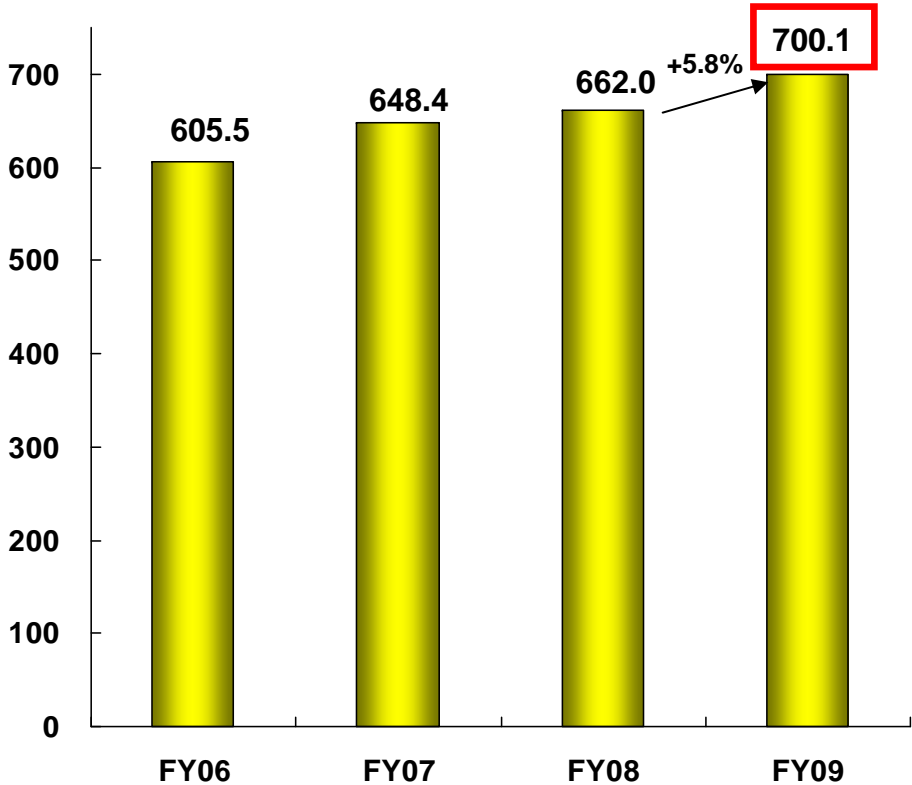


## Lapse and Surrender Rate\* (Individual Life Insurance + Individual Annuities)

## Income from Insurance Premiums



(Billions of yen)



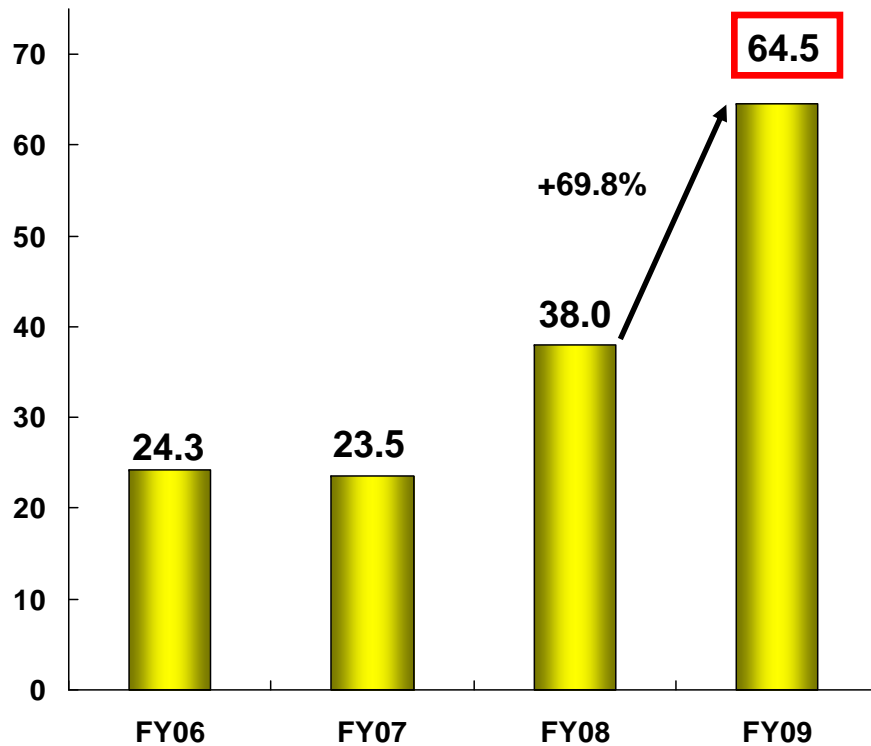
\*Figures for lapse and surrender rates are calculated without offsetting policies that are reinstated.

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

# Sony Life Operating Performance (4)

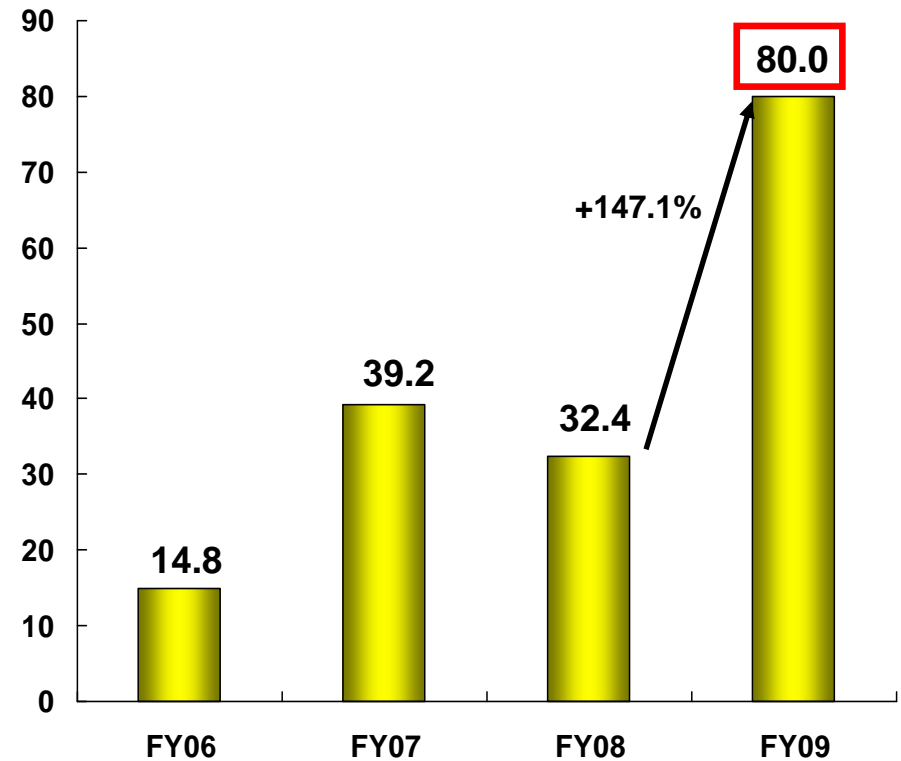
## Core Profit

(Billions of yen)



## Ordinary Profit

(Billions of yen)

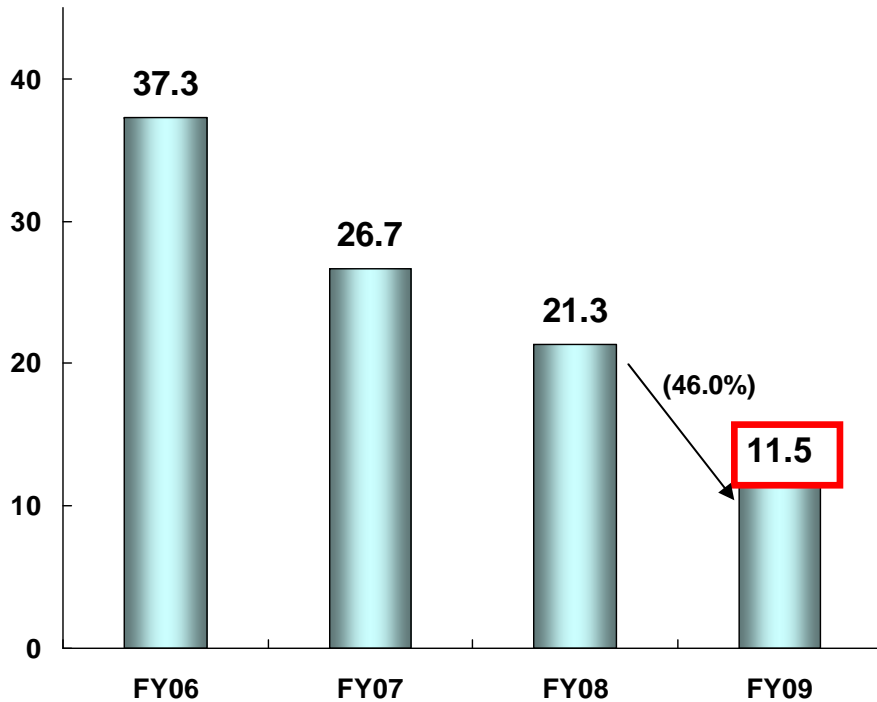


Line item amounts are truncated below ¥100 million; percentage change figures are rounded.

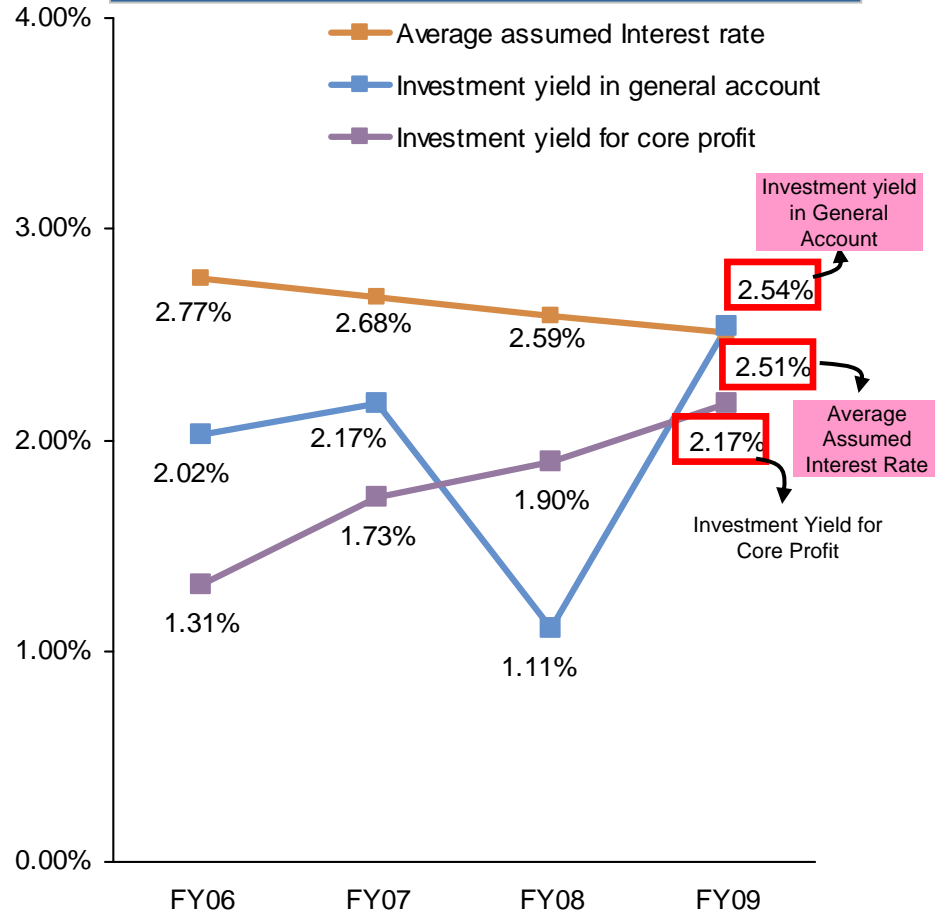
# Sony Life Operating Performance (5)

## Negative Spread

(Billions of yen)



## Average Assumed Interest Rate, Investment Yield for Core Profit and Investment yield in General Account



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

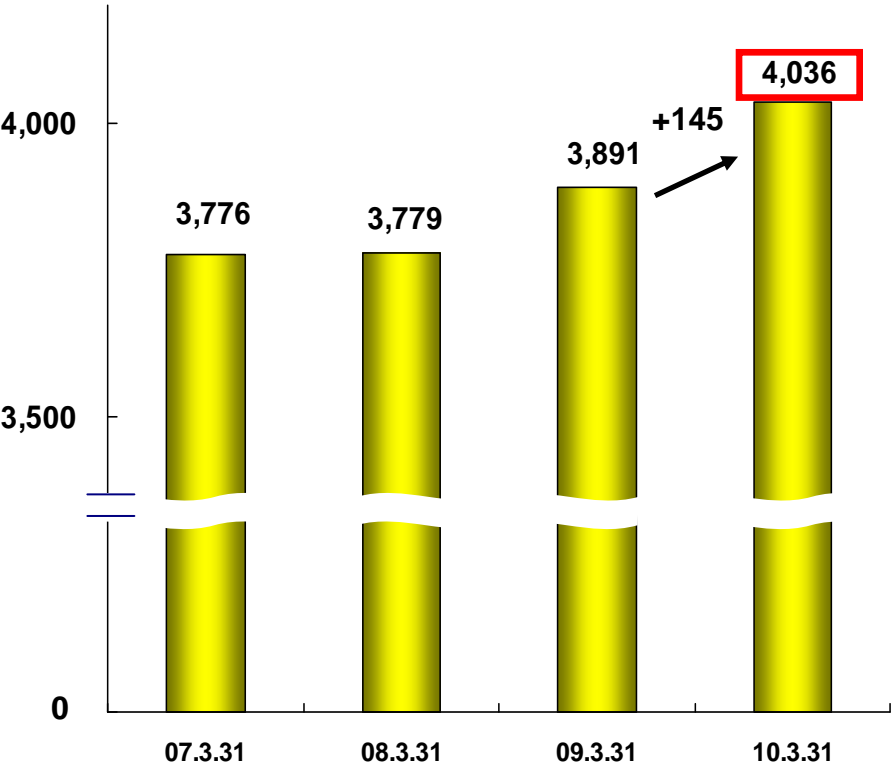
# Sony Life Operating Performance (6)



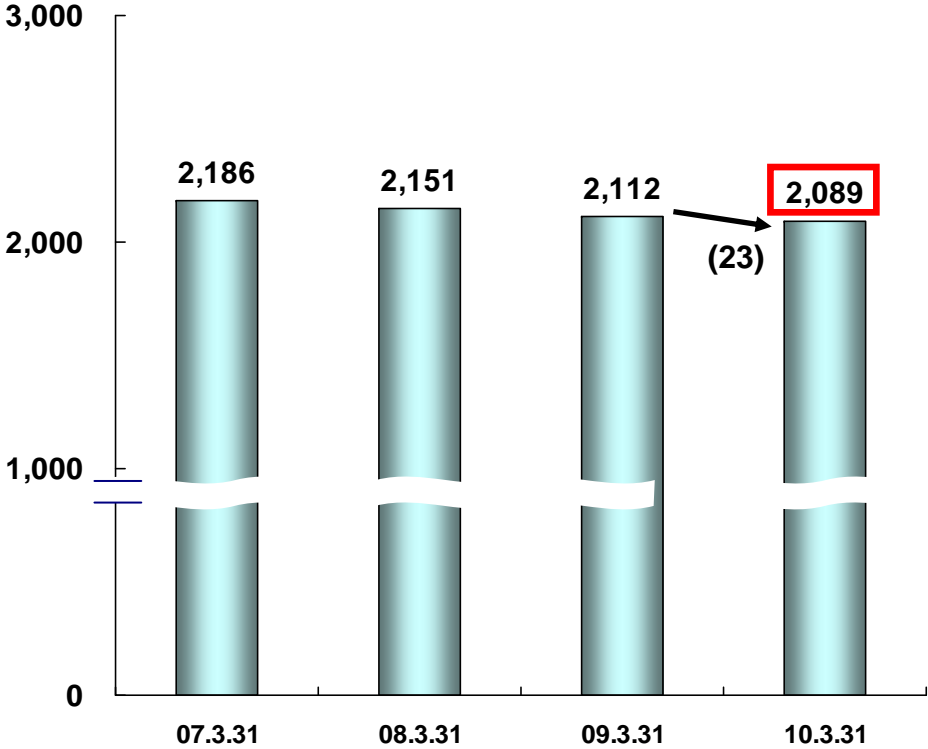
## Number of Lifeplanner Sales Employees

## Number of Independent Agents

(Employees)



(Agents)



## Breakdown of General Account Assets **(based on the real status)**

| (Billions of yen)                                   | 09.3.31        |               | 10.3.31        |               |
|---|----------------|---------------|----------------|---------------|
|   | Amount         | %             | Amount         | %             |
| Japanese government and corporate bonds (excl. CBs) | 2,655.0        | 75.1%         | <b>3,310.4</b> | <b>84.6%</b>  |
| CBs   | 298.1          | 8.4%          | <b>13.2</b>    | <b>0.3%</b>   |
| Japanese stocks                                     | 61.3           | 1.7%          | <b>72.5</b>    | <b>1.9%</b>   |
| Foreign securities                                  | 124.7          | 3.5%          | <b>75.2</b>    | <b>1.9%</b>   |
| Policyholder loans                                  | 120.4          | 3.4%          | <b>127.5</b>   | <b>3.3%</b>   |
| Real estate   | 81.7           | 2.3%          | <b>79.9</b>    | <b>2.0%</b>   |
| Cash and call loans                                 | 58.0           | 1.6%          | <b>116.4</b>   | <b>3.0%</b>   |
| Other   | 136.1          | 3.9%          | <b>117.4</b>   | <b>3.0%</b>   |
| <b>Total</b>  | <b>3,535.7</b> | <b>100.0%</b> | <b>3,912.9</b> | <b>100.0%</b> |

### <Asset management review>

■ Japanese government and corporate bonds: Continuously accumulated ultralong-term bonds for FY09.



#### <Lengthened assets duration>

**08.3.31**    **8.7 years**

**09.3.31**    **13.6 years**

**10.3.31**    **17.6 years**

**Held-to-maturity securities as of 10.3.31 amounted to ¥2,275.6 billion**

**(58.2% of general account assets)**

■ CBs: Substantially decreased the balance of CBs.

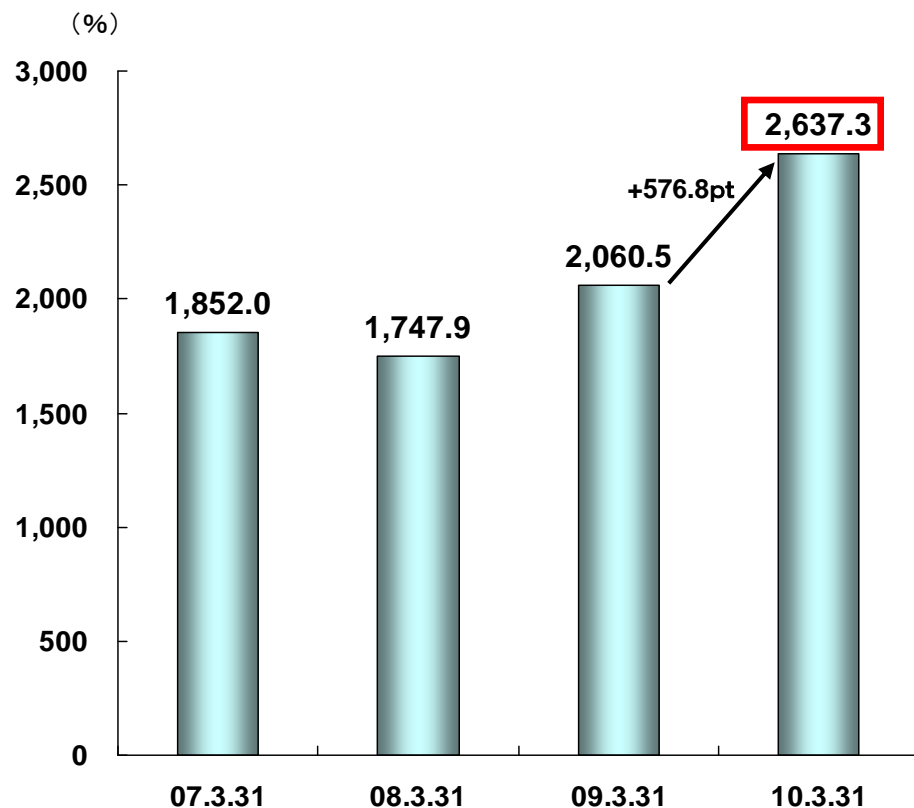
■ Japanese stocks: Maintained the ratio of stock holding at the end of March, 2009.

Amounts for individual items included in monetary trusts (Japanese government and corporate bonds, CBs, Japanese stocks and other) have been broken down into their original investment categories.

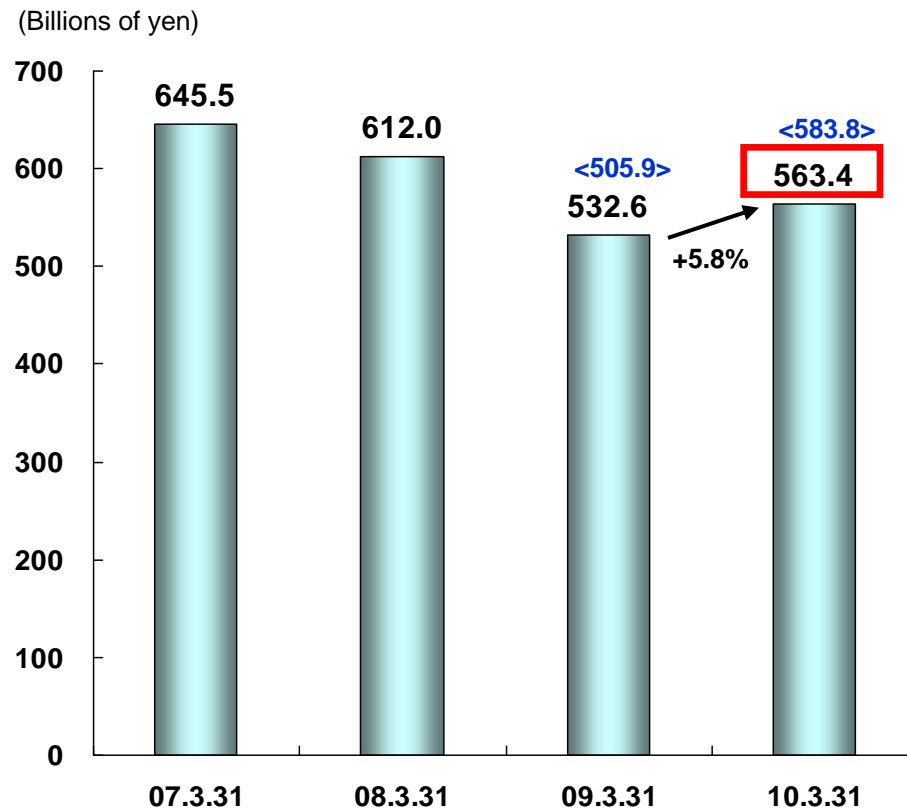
\* The breakdowns shown at left are different from those shown in Chapter 2, "Status of Investment of Assets (General Account Assets)" on page 3 of the "Summary Information on Sony Life's Financial Results for the year Ended March 31, 2010," announced by Sony Life.

# Sony Life Operating Performance (8)

## Solvency Margin Ratio



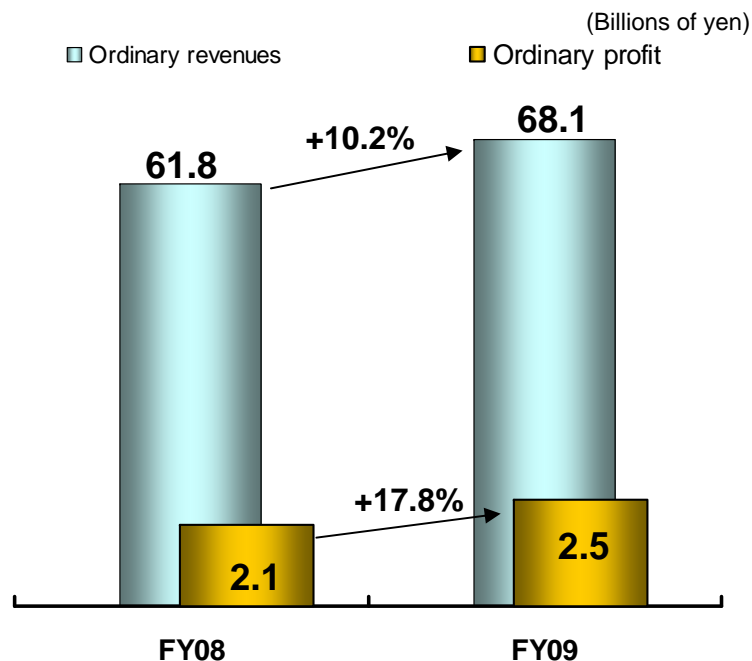
## Adjusted Net Assets



※Amount in <> excludes unrealized gains/losses on held-to-maturity securities and on policy reserve matching bonds.

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

# Highlights of Operating Performance: Sony Assurance



## Sony Assurance

- ◆ Ordinary revenues and ordinary profit increased, year on year.
- ◆ Ordinary revenues amounted to ¥68.1 billion, up 10.2% year on year. Net premiums written increased, owing to an increase in the number of policies in force for mainstay automobile insurance.
- ◆ Ordinary profit amounted to ¥2.5 billion, up 17.8% year on year, due mainly to the increase in ordinary revenues and a decline in the net expense ratio.

| (Billions of yen)                              | FY08  | FY09        | Change |         |
|--|-------|-------------|--------|---------|
| <b>Ordinary revenues</b>                       | 61.8  | <b>68.1</b> | +6.2   | +10.2%  |
| Underwriting income                            | 61.1  | <b>67.4</b> | +6.3   | +10.4%  |
| Investment income                              | 0.7   | <b>0.6</b>  | (0.0)  | (5.0%)  |
| <b>Ordinary expenses</b>                       | 59.7  | <b>65.6</b> | +5.9   | +9.9%   |
| Underwriting expenses                          | 44.2  | <b>49.1</b> | +4.9   | +11.3%  |
| Investment expenses                            | 0.1   | <b>0.0</b>  | (0.1)  | (92.6%) |
| Operating, general and administrative expenses | 15.3  | <b>16.3</b> | +1.0   | +7.1%   |
| <b>Ordinary profit</b>                         | 2.1   | <b>2.5</b>  | +0.3   | +17.8%  |
| <b>Net income (loss)</b>                       | (1.5) | <b>1.6</b>  | +3.1   | —       |

| (Billions of yen)  | 09.3.31 | <b>10.3.31</b> | Change from 09.3.31 |        |
|--|---------|----------------|---------------------|--------|
| Underwriting reserves  | 50.7    | <b>58.1</b>    | +7.3                | +14.4% |
| Total net assets   | 13.6    | <b>15.4</b>    | +1.8                | +13.2% |
| Net unrealized gains/losses on other securities (net of taxes) | (0.1)   | <b>0.0</b>     | +0.1                | —      |
| Total assets   | 86.6    | <b>98.3</b>    | +11.6               | +13.4% |

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



# Overview of Performance: Sony Assurance

(Billions of yen)

|                         | FY08  | FY09         | Change  |
|-------------------------|-------|--------------|---------|
| Direct premiums written | 60.8  | <b>67.0</b>  | +10.2%  |
| Net premiums written    | 61.1  | <b>67.4</b>  | +10.4%  |
| Net losses paid         | 29.9  | <b>34.5</b>  | +15.4%  |
| Underwriting profit     | 1.6   | <b>1.9</b>   | +18.9%  |
| Net loss ratio          | 55.0% | <b>57.2%</b> | +2.2pt  |
| Net expense ratio       | 26.7% | <b>26.1%</b> | (0.6pt) |
| Combined ratio          | 81.7% | <b>83.3%</b> | +1.6pt  |

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.

|                             | 09.3.31      | <b>10.3.31</b>      | Change from 09.3.31 |        |
|-----------------------------|--------------|---------------------|---------------------|--------|
|                             |              |                     | Number              | %      |
| Number of policies in force | 1.15 million | <b>1.27 million</b> | +0.12 million       | +10.6% |
| Solvency margin ratio       | 993.0%       | <b>1,018.5%</b>     | +25.5pt             |        |

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.

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

# Sony Assurance's Underwriting Performance by Type of Policy

## Direct Premiums Written

| (Millions of yen)               | FY08          | FY09          | Change        |
|---------------------------------|---------------|---------------|---------------|
| Fire                            | 379           | 278           | (26.6%)       |
| Marine                          | —             | —             | —             |
| Personal accident               | 6,653         | 6,941         | +4.3%         |
| Voluntary automobile            | 53,835        | 59,849        | +11.2%        |
| Compulsory automobile liability | —             | —             | —             |
| <b>Total</b>                    | <b>60,868</b> | <b>67,069</b> | <b>+10.2%</b> |

## Net Premiums Written

| (Millions of yen)               | FY08          | FY09          | Change        |
|---------------------------------|---------------|---------------|---------------|
| Fire                            | 18            | 12            | (32.9%)       |
| Marine                          | 41            | 2             | (94.2%)       |
| Personal accident               | 6,932         | 7,168         | +3.4%         |
| Voluntary automobile            | 53,619        | 59,604        | +11.2%        |
| Compulsory automobile liability | 493           | 651           | +32.0%        |
| <b>Total</b>                    | <b>61,106</b> | <b>67,440</b> | <b>+10.4%</b> |

## Net losses paid

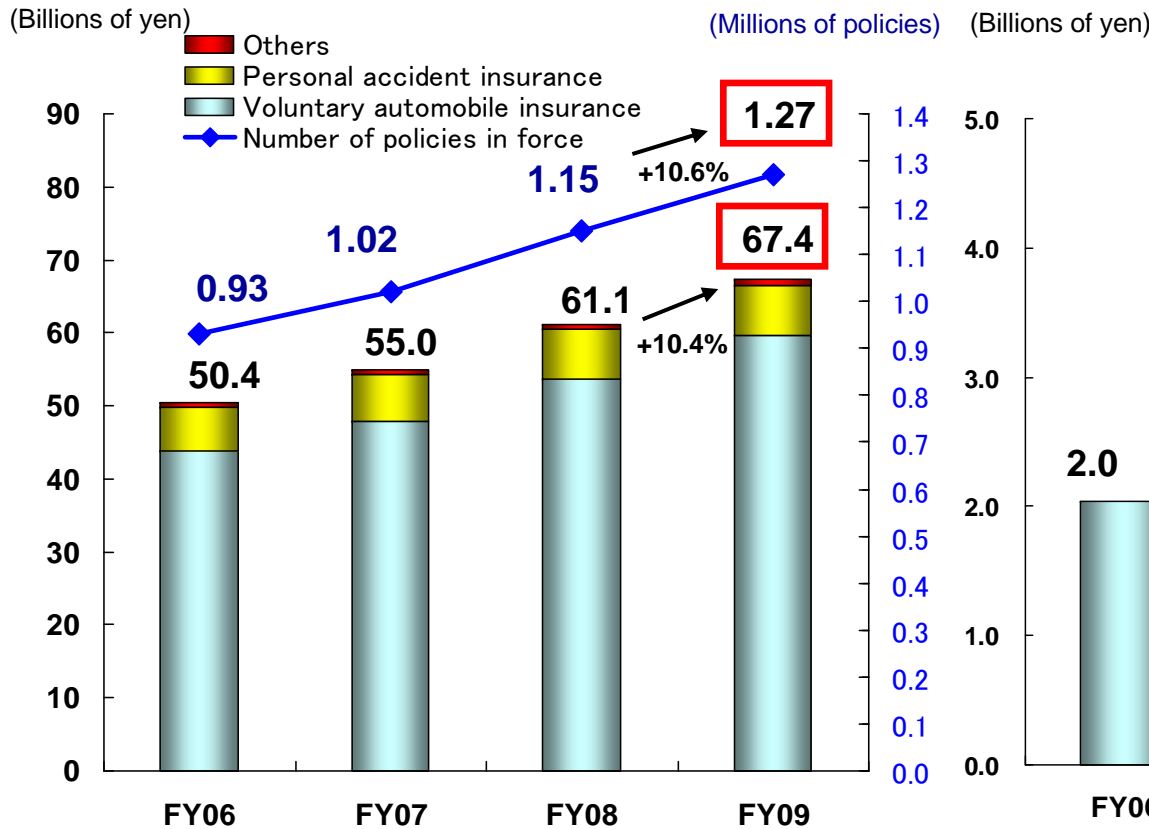
| (Millions of yen)               | FY08          | FY09          | Change        |
|---------------------------------|---------------|---------------|---------------|
| Fire                            | 0             | 0             | +45.9%        |
| Marine                          | 12            | 2             | ▲76.6%        |
| Personal accident               | 1,368         | 1,479         | +8.1%         |
| Voluntary automobile            | 28,088        | 32,555        | +15.9%        |
| Compulsory automobile liability | 484           | 535           | +10.5%        |
| <b>Total</b>                    | <b>29,952</b> | <b>34,573</b> | <b>+15.4%</b> |

Line item amounts are truncated below ¥ 1 million;  
Percentage change figures are rounded.

# Sony Assurance Operating Performance (1)

## Net Premiums Written and Number of Policies in Force

## Ordinary Profit

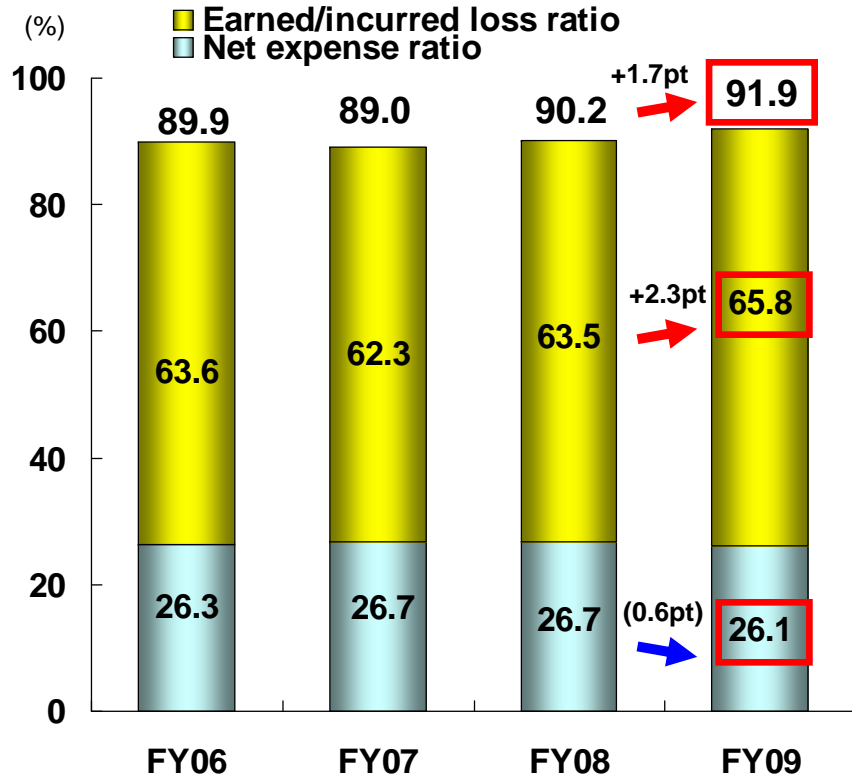


The number of policies in force is the total of automobile insurance and medical and cancer insurance policies, which account for 99% of net premiums written. More than 90% of personal accident insurance is medical and cancer insurance.

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

# Sony Assurance Operating Performance (2)

## Net Expense Ratio + Earned/Incurred Loss Ratio

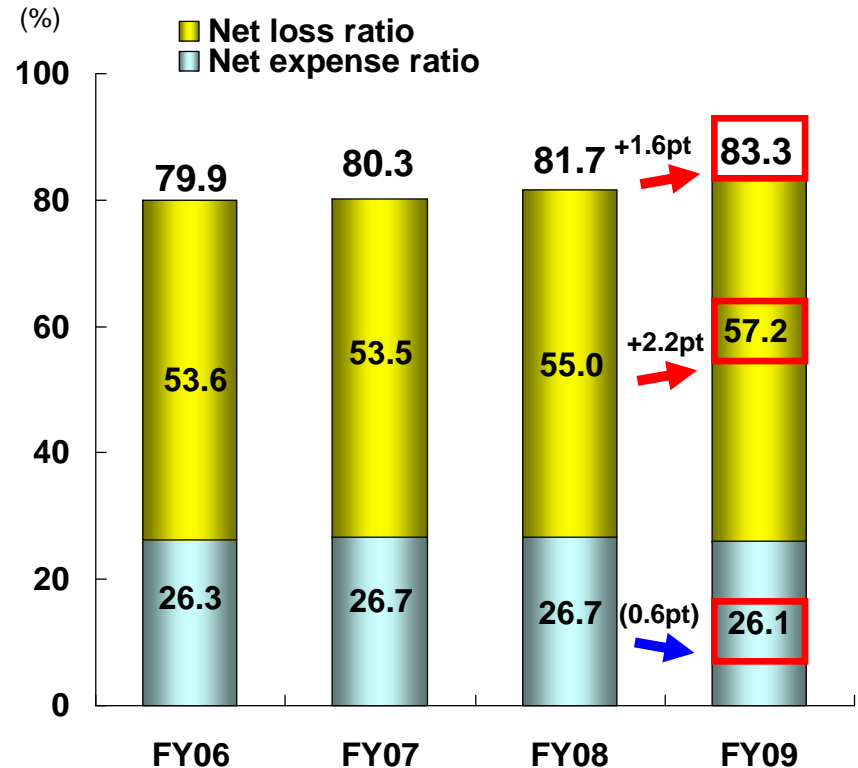


Earned/incurred loss ratio is equal to the ratio of the sum of net losses paid, loss adjustment expenses and accumulation in provision for reserve for outstanding losses to earned premiums.

\*Note that earthquake insurance and compulsory automobile liability insurance are excluded from the above calculation.

## Reference

## Combined Ratio (Net Expense Ratio + Net Loss Ratio)

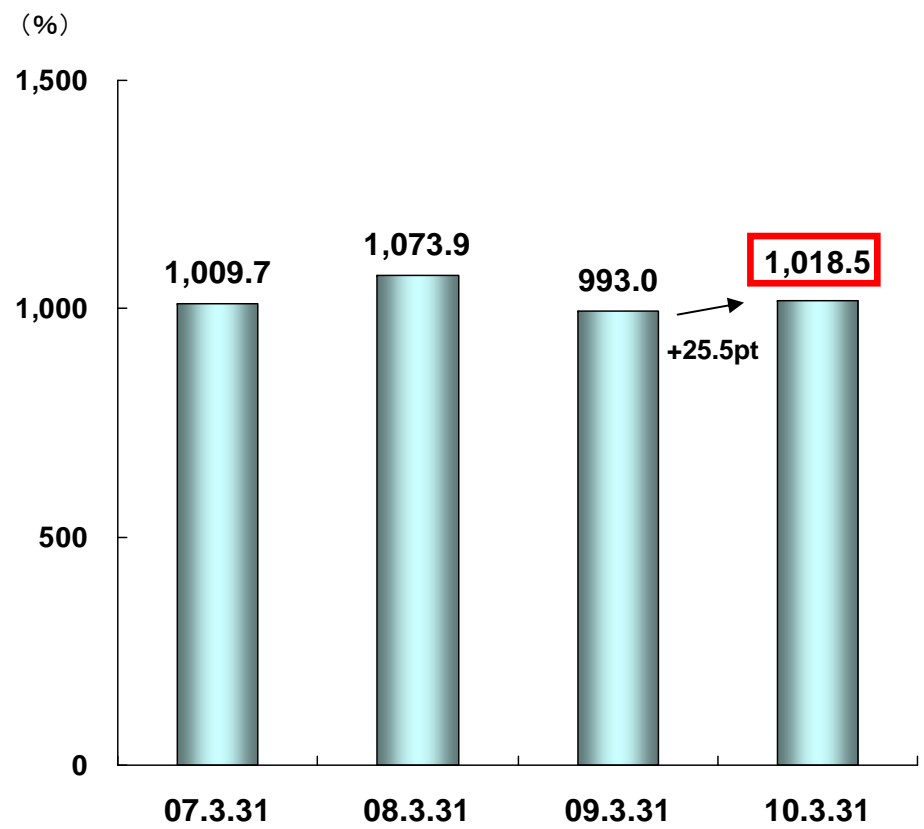


Net expense ratio is equal to the ratio of total underwriting costs to net premiums written. Net loss ratio is equal to the ratio of net losses paid and loss adjustment expenses to net premiums written.

# Sony Assurance Operating Performance (3)

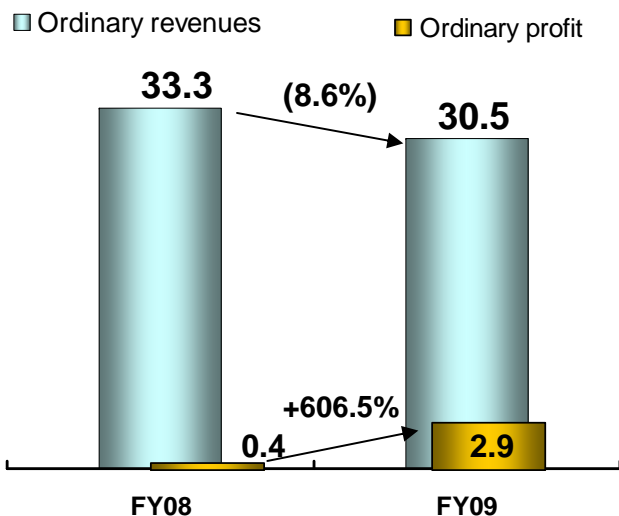


## Solvency Margin Ratio



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

(Billions of yen)



| (Billions of yen)                          | FY08  | FY09         | Change |         |
|--|-------|--------------|--------|---------|
| <b>Ordinary revenues</b>                   | 33.3  | <b>30.5</b>  | (2.8)  | (8.6%)  |
| <b>Gross operating profit</b>              | 10.8  | <b>14.9</b>  | +4.0   | +37.6%  |
| Net interest income                        | 6.6   | <b>13.0</b>  | +6.3   | +96.1%  |
| Net fees and commissions                   | 0.3   | <b>(0.1)</b> | (0.5)  | —       |
| Net other operating income                 | 3.9   | <b>2.1</b>   | (1.7)  | (45.6%) |
| <b>General and administrative expenses</b> | 10.3  | <b>11.6</b>  | +1.3   | +13.3%  |
| <b>Ordinary profit</b>                     | 0.4   | <b>2.9</b>   | +2.5   | +606.5% |
| <b>Net income</b>                          | (0.7) | <b>1.6</b>   | +2.3   | —       |
| <b>Net operating profit</b>                | 0.5   | <b>3.2</b>   | +2.6   | +506.1% |

## Sony Bank

- ◆ Despite a decrease in ordinary revenues, ordinary profit increased year on year.
- ◆ Gross operating profit increased ¥4.0 billion year on year due to an increase in net interest income.
  - Net interest income increased ¥6.3 billion due mainly to a decline in interest on deposits in the lowering of interest rates and higher interest on loans.
  - Net other operating income decreased ¥1.7 billion, mainly because foreign exchange gains on investment in foreign currency deposits decreased owing to the lowering interest rates, and gains from derivatives, net, which were held for hedging purposes, turned into losses.
- ◆ Net income amounted to ¥1.6 billion, from a net loss of ¥0.7 billion in the previous fiscal year.
- ◆ Customer assets increased ¥206.4 billion from March 31, 2009.

|  | 09.3.31 | 10.3.31        | Change from 09.3.31 |        |
|--|---------|----------------|---------------------|--------|
| <b>Securities</b>  | 823.1   | <b>880.1</b>   | +56.9               | +6.9%  |
| <b>Loans</b>   | 477.0   | <b>586.6</b>   | +109.5              | +23.0% |
| <b>Deposits</b>  | 1,326.3 | <b>1,510.0</b> | +183.6              | +13.8% |
| <b>Customer assets</b>   | 1,403.6 | <b>1,610.0</b> | +206.4              | +14.7% |
| <b>Total net assets</b>  | 46.2    | <b>58.9</b>    | +12.7               | +27.5% |
| Net unrealized gains/losses on other securities (net of taxes) | (9.6)   | <b>0.9</b>     | +10.5               | —      |
| <b>Total assets</b>  | 1,411.9 | <b>1,612.1</b> | +200.2              | +14.2% |

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

# Overview of Performance: Sony Bank (Non-Consolidated) (1)

(Billions of yen)

|   | 09.3.31 | 10.3.31          | Change        |         |
|---|---------|------------------|---------------|---------|
|   |         |                  | Amount/Number | %       |
| <b>Customer assets</b>                                    | 1,403.6 | <b>1,610.0</b>   | +206.4        | +14.7%  |
| <b>Deposits</b>   | 1,326.3 | <b>1,510.0</b>   | +183.6        | +13.8%  |
| <b>Yen</b>  | 1,044.2 | <b>1,184.9</b>   | +140.7        | +13.5%  |
| <b>Foreign currency</b>                                   | 282.1   | <b>325.0</b>     | +42.9         | +15.2%  |
| <b>Investment trusts</b>                                  | 77.2    | <b>100.0</b>     | +22.7         | +29.4%  |
| <b>Loans</b>  | 477.0   | <b>586.6</b>     | +109.5        | +23.0%  |
| <b>Mortgage loans</b>                                     | 468.3   | <b>555.1</b>     | +86.7         | +18.5%  |
| <b>Others</b>   | 8.7     | <b>31.5(* 1)</b> | +22.7         | +260.0% |
| <b>Number of accounts<br/>(thousands)</b>                 | 723     | <b>796</b>       | +72           | +10.0%  |
| <b>Capital adequacy ratio(*2)<br/>(domestic criteria)</b> | 13.37%  | <b>12.09%</b>    | (1.28 pt)     |         |

\*1 Loans in others include syndicated loans of ¥23.3 billion.

\*2 Please refer to the graph of the non-consolidated capital adequacy ratio (domestic criteria) on P26.

Line item amounts are truncated below ¥100 million; numbers of accounts are truncated below 1,000 accounts; percentage change figures are rounded.

# Overview of Performance: Sony Bank (Non-Consolidated) (2)

## ■ <Reference> On an Internal Control Basis (Billions of yen)

|  | FY08  | FY09        | Change |         |
|--|-------|-------------|--------|---------|
| <b>Gross operating profit</b>                            | 10.8  | <b>14.9</b> | +4.0   | +37.6%  |
| Net interest income *1 ①                                 | 12.1  | <b>13.7</b> | +1.5   | +12.7%  |
| Net fees and commissions *2 ②                            | 1.8   | <b>0.9</b>  | (0.9)  | (48.9%) |
| Net other operating income *3                            | (3.1) | <b>0.2</b>  | +3.4   | —       |
| <b>Gross operating profit (core profit) (A)</b><br>= ①+② | 14.0  | <b>14.6</b> | +0.6   | +4.4%   |
| <b>Operating expenses and other expenses ③</b>           | 10.3  | <b>11.7</b> | +1.4   | +13.8%  |
| <b>Net operating profit (core profit)</b><br>= (A)−③     | 3.7   | <b>2.9</b>  | (0.8)  | (21.7%) |

### ● On an Internal Control Basis

The following adjustments are made to the figures on a financial accounting basis to account for profits and losses more appropriately.

\*1: Net interest income: Includes profits and losses associated with fund investment recorded in net other operating income, including gains or losses from currency swap transactions.

\*2: Net fees and commissions: Includes profits and losses for customer dealings in foreign currency transactions recorded in net other operating income.

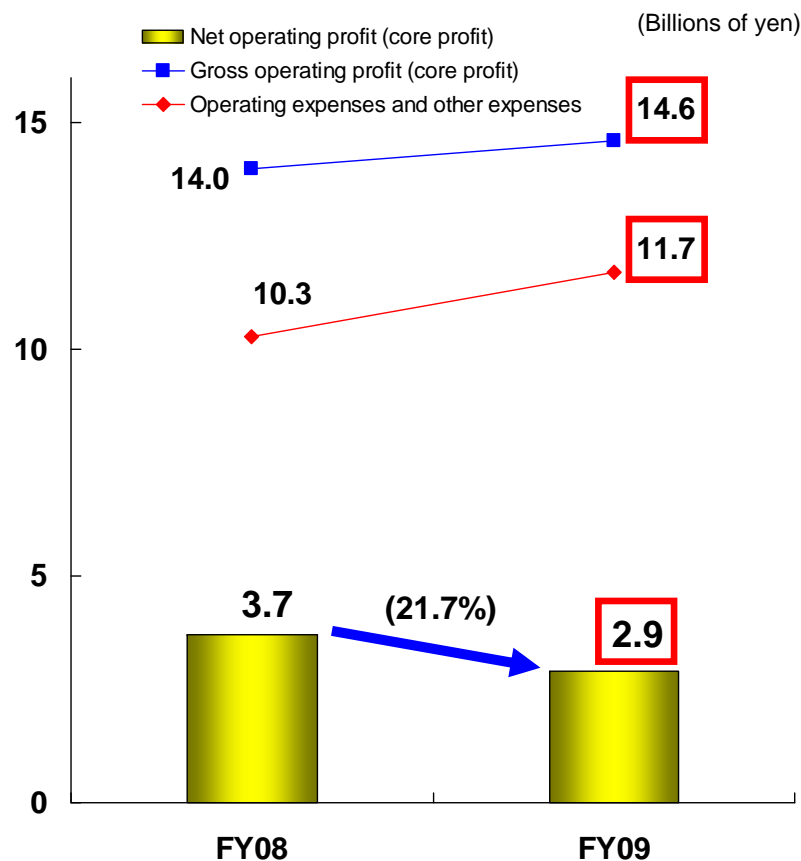
\*3: Net other operating income: After the above adjustment (\*1 and \*2), consists of profits and losses for bond and derivative dealing transactions.

### ● Core profit

Profits and losses exclude net other operating income, including those for bond and derivative dealing transactions, and stands for Sony Bank's basic profits.

## <Reference>

### Net Operating Profit (Core Profit), Operating Expenses and Other Expenses & Gross Operating Profit (Core Profit)

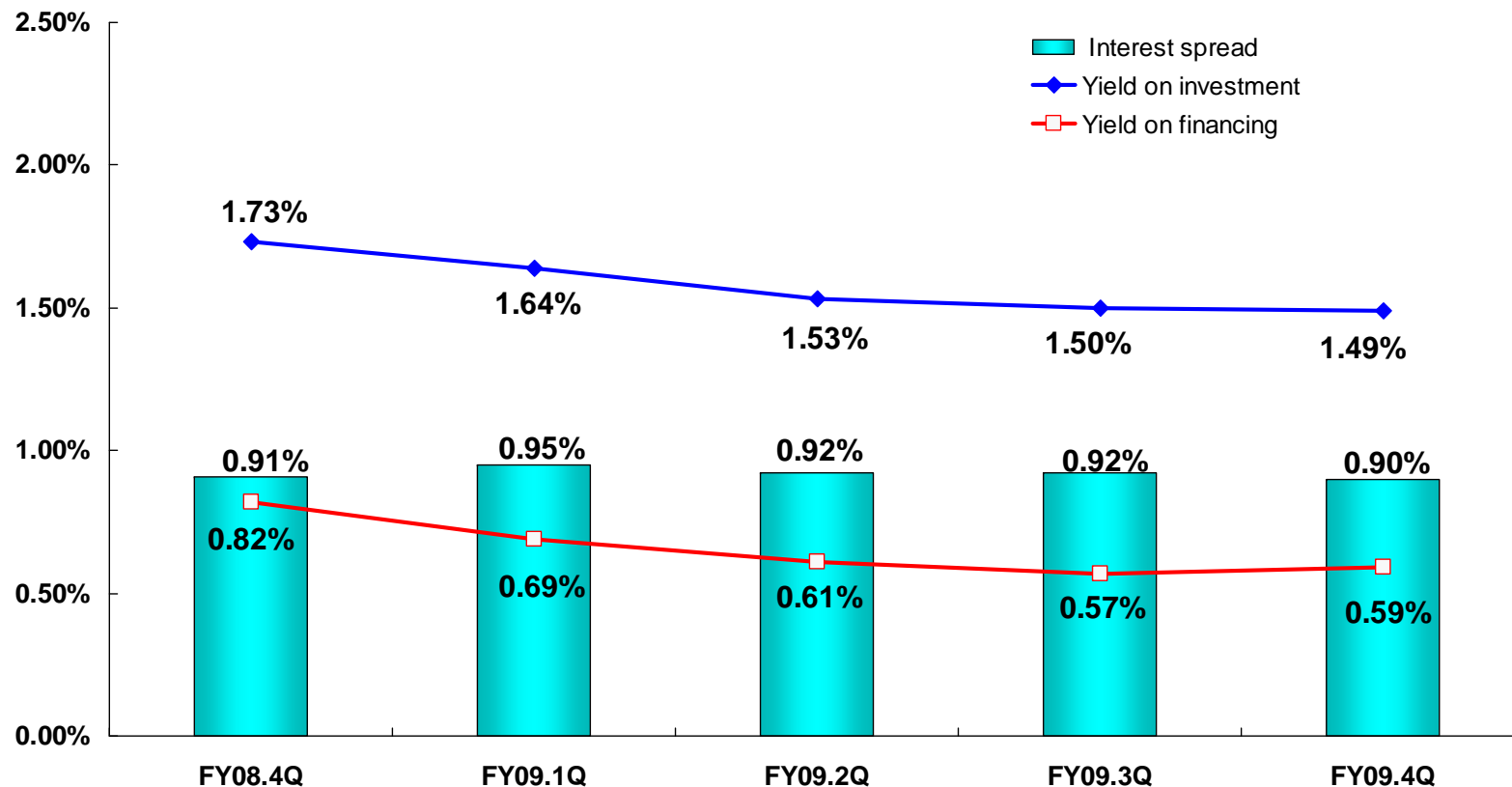


Line item amounts are truncated below ¥100 million; percentage change figures are rounded.



# Sony Bank Operating Performance (1)

## <Reference> Interest Spread (Internal Control Basis)



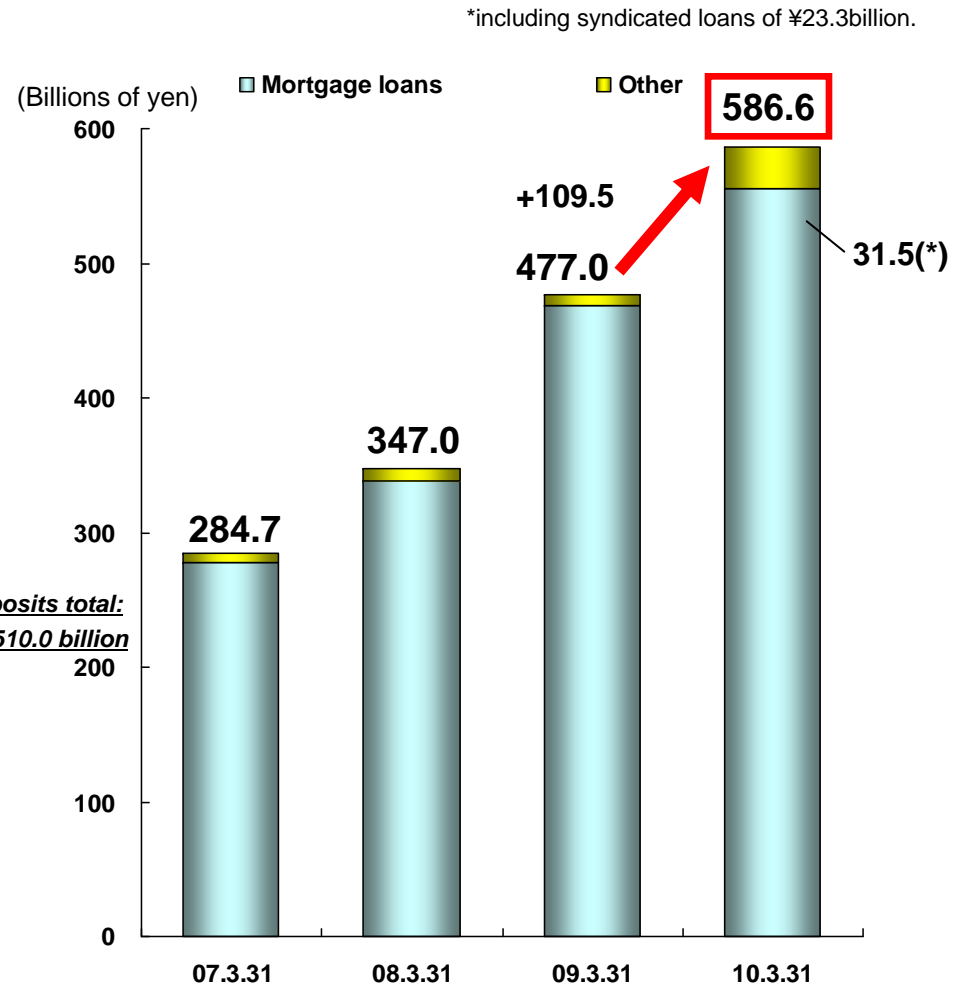
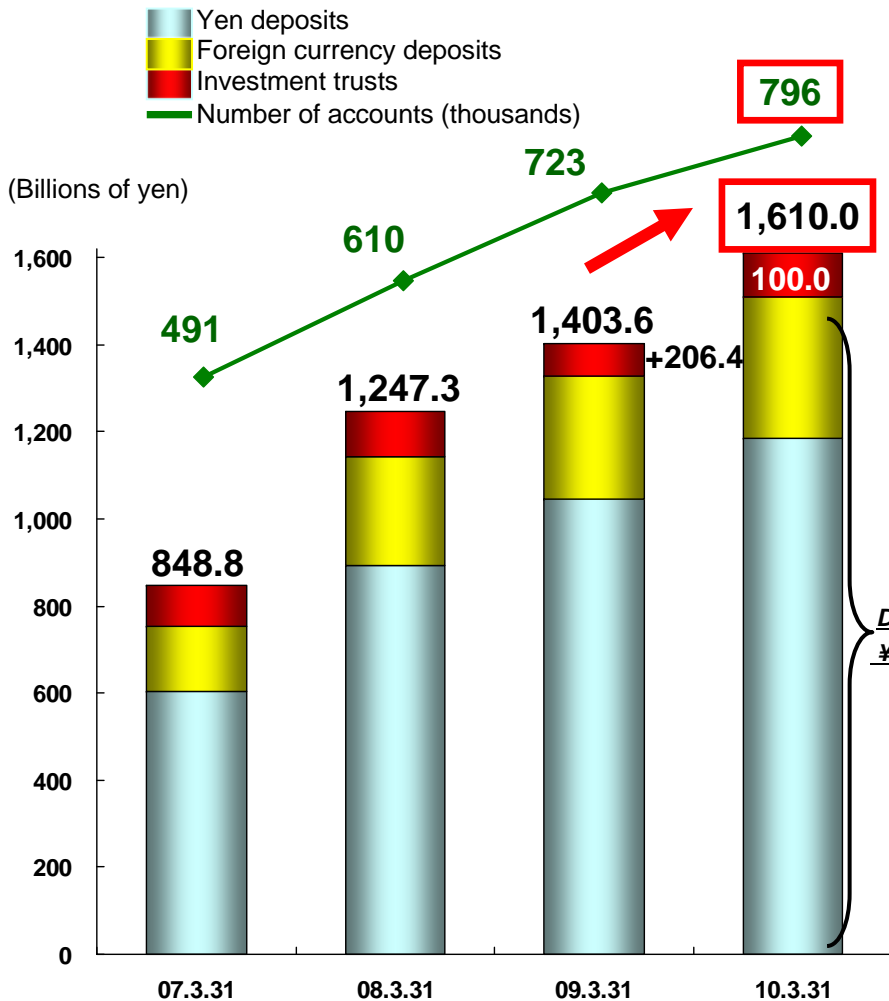
Notes: Interest spread = Yield on investment – Yield on financing

Yield on investment includes primarily gains or losses from currency swap transactions in net other operating income.

# Sony Bank Operating Performance (2)

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

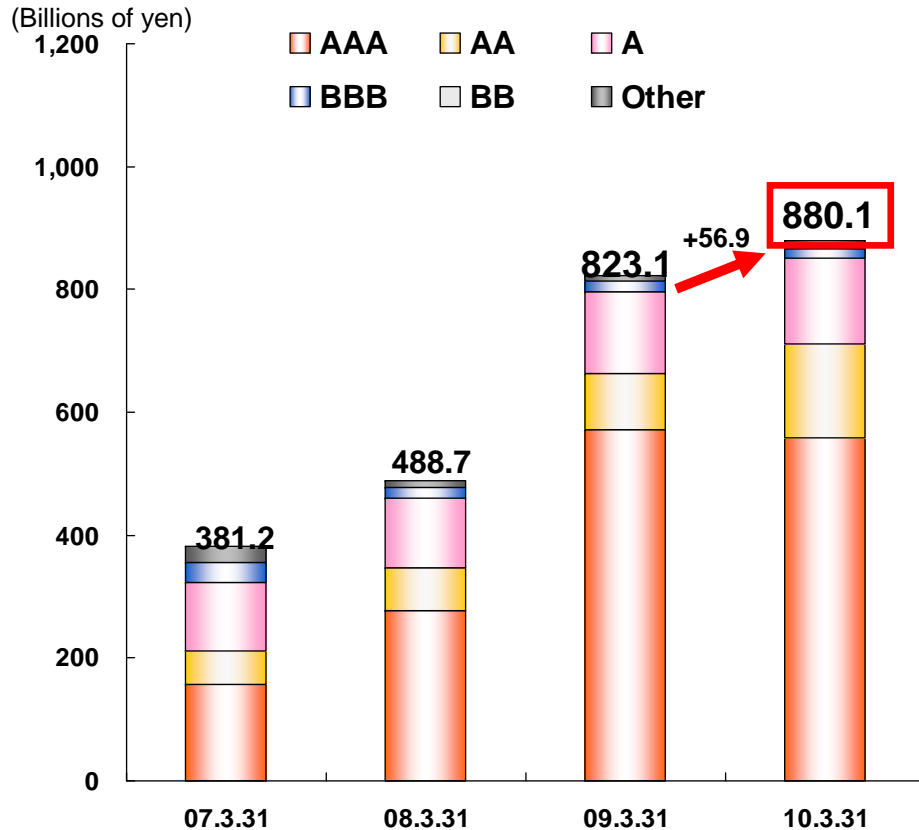
## Loans



Line item amounts are truncated below ¥100 million; number of accounts are truncated below 1,000 accounts.

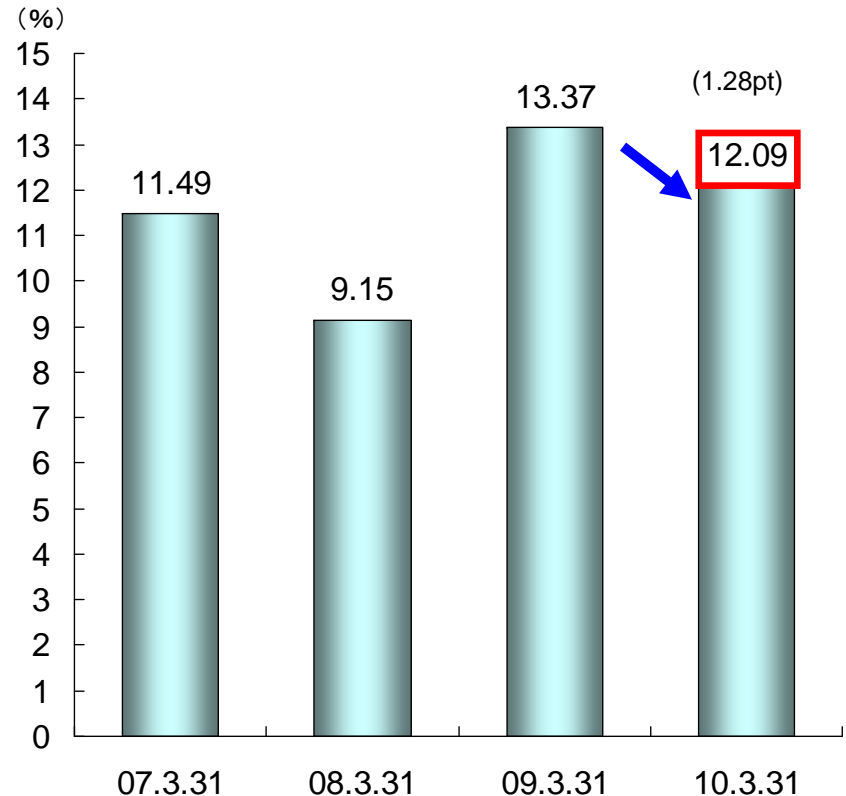
# Sony Bank Operating Performance (3)

## Balance of Securities by Credit Ratings



Amounts are truncated below ¥100 million.

## Non-Consolidated Capital Adequacy Ratio (Domestic Criteria)



Note: During the fiscal year ended March 31, 2009, Sony Bank raised its capital by ¥12.0 billion by allocating its shares to Sony Financial Holdings.

\* Sony Bank's non-consolidated capital adequacy ratio was calculated based on the standard stipulated by Article 14-2 of the Banking Law of Japan, in accordance with Financial Services Agency of Japan ("FSA") public ministerial announcement No. 19 of 2006. The capital adequacy ratio as of and after March 31, 2009, newly adopted the special exception of the standard mentioned above, in accordance with the FSA public ministerial announcement No. 79 of 2008.

# Consolidated Financial Forecast for the Year Ending March 31, 2011

(Billions of yen; amounts are truncated below ¥100 million; percentage changes are rounded.)

|                                       | FY09         | FY10.1H<br>(Forecast) | FY10<br>(Forecast) | Change<br>FY10 forecast<br>vs FY09 actual |
|---------------------------------------|--------------|-----------------------|--------------------|---|
| <b>Consolidated ordinary revenues</b> | <b>978.9</b> | <b>483.0</b>          | <b>974.0</b>       | <b>(0.5%)</b>                             |
| <u>Life insurance business</u>        | 882.0        | 432.1                 | 871.3              | (1.2%)                                    |
| <u>Non-life insurance business</u>    | 68.1         | 36.5                  | 72.7               | + 6.6 %                                   |
| <u>Banking business</u>               | 30.5         | 14.8                  | 30.6               | + 0.3%                                    |
| <b>Consolidated ordinary profit</b>   | <b>84.3</b>  | <b>41.0</b>           | <b>74.0</b>        | <b>(12.3%)</b>                            |
| <u>Life insurance business</u>        | 79.7         | 39.6                  | 69.6               | (12.8%)                                   |
| <u>Non-life insurance business</u>    | 2.5          | 0.7                   | 2.2                | (14.2%)                                   |
| <u>Banking business</u>               | 1.9          | 1.2                   | 2.8                | + 45.2%                                   |
| <b>Consolidated net income</b>        | <b>48.1</b>  | <b>23.0</b>           | <b>40.0</b>        | <b>(16.9%)</b>                            |

## ■ Life insurance business

Ordinary revenues for FY10 are expected to slightly decrease, as we expect a decrease in investment income compared with that of FY09 which reflected a recovery in the financial market conditions, though we expect an increase in income from insurance premiums in line with the steady growth of policy amount in force. We expect ordinary profit to decrease, due mainly to a decrease in gains on sale of securities held and an increase in insurance claims and other payments.

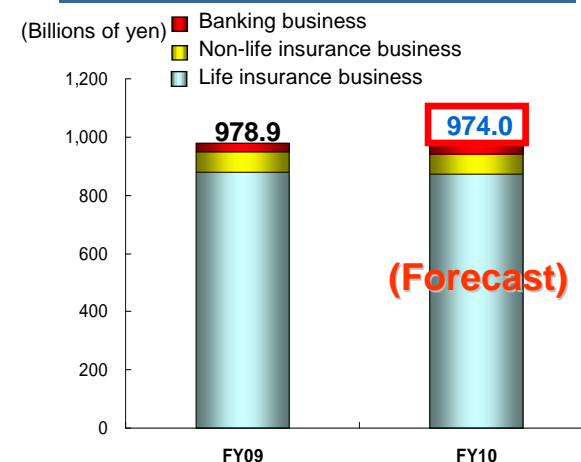
## ■ Non-life insurance business

Ordinary revenues for FY10 are expected to rise, as we expect steady business expansion, mainly in its mainstay automobile insurance. Despite an expected increase in ordinary revenues, ordinary profit is expected to decrease due mainly to an expected rise in the loss ratio, as well as an expense ratio in line with the planned reinforcement of the corporate system and infrastructure based on the expected expansion of its business operations.

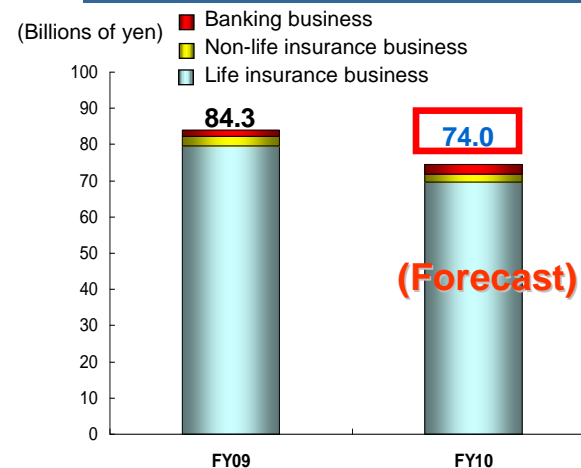
## ■ Banking Business

Ordinary revenues for FY10 are expected to slightly increase, as interest income is expected to rise due to expanding business operations, although an influence of the worldwide reductions in interest rates still remains. Ordinary profit is expected to grow, as gross operating profit, especially net interest income, is expected to grow.

## Consolidated Ordinary Revenues



## Consolidated Ordinary Profit



# **Preliminary Sony Life's Market Consistent Embedded Value**

# Preliminary Sony Life's Market Consistent Embedded Value as of March 31, 2010

## □ MCEV results [Preliminary]

(Billions of yen)

|                                     | 09.3.31 | 10.3.31 | Change |
|-------------------------------------|---------|---------|--------|
| <b>MCEV</b>                         | 400.9   | 894.0   | +493.1 |
| Adjusted net worth                  | 195.4   | 206.2   | +10.8  |
| Value of existing business          | 205.4   | 687.8   | +482.4 |
| <b>Of which, new business value</b> | 15.4    | 55.6    | +40.2  |

The rise in MCEV is because value of existing business has largely increased due to a change in the market environment including steepening of the yield curve of interest swap rates. The reason is also regarded MCEV as of March 31, 2010 increased compared with those as of March 31, 2009 due to steepening of the yield curve of interest swap rates. The reason of the increase in MCEV is also regarded as a substantial decrease in time value of options and guarantees, the MCEV subtractive component, as a result of the changes to its asset management policy and other factors, which impact was announced in the March 15, 2010 press release, "Impact of Asset Management Policy Changes and Other Factors on Sony Life's Market Consistent Embedded Value".

Please keep in mind that the validity of these calculation has not been verified by outside specialists. Sony Life's MCEV as of March 31, 2010 calculated in accordance with the European Insurance CFO Forum Market Consistent Embedded Value Principles©(MCEV principles) is scheduled to be announced on May 28, 2010.

# Appendix

## Fair value information on securities

### ● Fair value information on securities with market value (except trading-purpose securities)

(Billions of yen)

|                             | 09.3.31                              |            |                             | 09.6.30                              |            |                             | 09.9.30                              |            |                             | 09.12.31                             |            |                             | 10.3.31                              |            |                             |
|-----------------------------|--------------------------------------|------------|-----------------------------|--------------------------------------|------------|-----------------------------|--------------------------------------|------------|-----------------------------|--------------------------------------|------------|-----------------------------|--------------------------------------|------------|-----------------------------|
|                             | Carrying value before mark-to-market | Fair value | Net unrealized gains/losses | Carrying value before mark-to-market | Fair value | Net unrealized gains/losses | Carrying value before mark-to-market | Fair value | Net unrealized gains/losses | Carrying value before mark-to-market | Fair value | Net unrealized gains/losses | Carrying value before mark-to-market | Fair value | Net unrealized gains/losses |
| Held-to-maturity securities | 1,399.0                              | 1,425.7    | 26.7                        | 1,641.3                              | 1,643.7    | 2.4                         | 1,777.8                              | 1,782.4    | 4.6                         | 2,007.4                              | 1,999.5    | (7.9)                       | 2,275.6                              | 2,255.1    | (20.4)                      |
| Other securities            | 1,675.5                              | 1,699.7    | 24.2                        | 1,472.2                              | 1,516.8    | 44.5                        | 1,418.4                              | 1,470.6    | 52.1                        | 1,305.9                              | 1,358.2    | 52.3                        | 1,126.5                              | 1,166.9    | 40.4                        |
| Domestic bonds              | 1,546.9                              | 1,573.9    | 26.9                        | 1,352.9                              | 1,387.2    | 34.2                        | 1,325.0                              | 1,369.9    | 44.8                        | 1,216.8                              | 1,262.0    | 45.2                        | 1,061.5                              | 1,090.0    | 28.4                        |
| (CBs)                       | 297.7                                | 276.5      | (21.2)                      | 210.4                                | 202.3      | (8.0)                       | 159.6                                | 156.8      | (2.7)                       | 77.5                                 | 78.4       | 0.9                         | 13.6                                 | 13.2       | (0.3)                       |
| Domestic stocks             | 56.9                                 | 58.3       | 1.4                         | 56.9                                 | 68.4       | 11.5                        | 40.7                                 | 48.4       | 7.7                         | 51.6                                 | 58.1       | 6.5                         | 51.7                                 | 62.1       | 10.4                        |
| Foreign securities          | 64.2                                 | 60.5       | (3.6)                       | 54.9                                 | 52.8       | (2.0)                       | 47.4                                 | 46.0       | (1.4)                       | 32.3                                 | 31.6       | (0.7)                       | 8.0                                  | 8.0        | (0.0)                       |
| Other securities            | 7.4                                  | 6.8        | (0.5)                       | 7.4                                  | 8.3        | 0.9                         | 5.1                                  | 6.1        | 0.9                         | 5.1                                  | 6.3        | 1.2                         | 5.1                                  | 6.7        | 1.5                         |
| Total                       | 3,074.5                              | 3,125.4    | 50.9                        | 3,113.5                              | 3,160.5    | 47.0                        | 3,196.2                              | 3,253.0    | 56.8                        | 3,313.4                              | 3,357.8    | 44.3                        | 3,402.1                              | 3,422.1    | 19.9                        |

### ● Valuation gains/losses of trading-purpose securities

(Billions of yen)

| 09.3.31              |   | 09.6.30              |   | 09.9.30              |   | 09.12.31             |   | 10.3.31              |   |
|----------------------|---|----------------------|---|----------------------|---|----------------------|---|----------------------|---|
| Balance sheet amount | Net valuation gains/losses recorded in income | Balance sheet amount | Net valuation gains/losses recorded in income | Balance sheet amount | Net valuation gains/losses recorded in income | Balance sheet amount | Net valuation gains/losses recorded in income | Balance sheet amount | Net valuation gains/losses recorded in income |
| 22.8                 | (4.3)   | 4.7                  | 5.3   | 0.7                  | 5.6   | 0.3                  | 5.6   | -                    | 5.7   |

Notes:

- 1) Line item amounts are truncated below ¥100 million.
- 2) Amounts above include those categorized as "monetary trusts"
- 3) As of March 31, 2010, the weighted-average fair value of convertible bonds held by Sony Life was ¥98.6. The average remaining period was 3.6 years. (In the event that Sony Life executes put options, the average remaining period would be 1.8 years).



# Sony Life's Breakdown of Net Assets

## Net Assets on BS, Adjusted Net Assets and Solvency Margin

| (Billions of yen)   | ①Net Assets (B/S) |              | ②Adjusted Net Assets |              | ③Solvency Margin |              | Notes  |
|---|-------------------|--------------|----------------------|--------------|------------------|--------------|--|
|   | 09.3.30           | 10.3.31      | 09.3.31              | 10.3.31      | 09.3.31          | 10.3.31      |  |
| <b>Total shareholder's equity</b>   | 138.1             | 177.3        | 138.1                | 177.3        | 131.1            | 170.3        | ③After estimated distributed income deducted                                       |
| <b>Net unrealized gains on other securities, net of taxes</b>                 | 4.0               | 15.4         | 4.0                  | 15.4         | –                | –            |  |
| <b>Net unrealized gains/ losses on available-for-sale securities</b>          | –                 | –            | –                    | –            | 17.6             | 33.0         | ③Before tax x 90%  |
| <b>Land revaluation, net of taxes</b>   | (1.4)             | (1.4)        | (1.4)                | (1.4)        | –                | –            |  |
| <b>Reserve for price fluctuations</b>   | –                 | –            | 3.6                  | 9.6          | 3.6              | 9.6          |  |
| <b>Contingency reserve</b>  | –                 | –            | 45.4                 | 48.4         | 45.4             | 48.4         |  |
| <b>Reserve for possible loan losses</b>                                       | –                 | –            | –                    | –            | 0.0              | 0.0          |  |
| <b>Net unrealized gains on real estate</b>                                    | –                 | –            | 6.5                  | 2.6          | 4.8              | 1.6          | ②Before taxes (after revaluation)<br>③Amount before tax (before revaluation) X 85% |
| <b>Excess of the amount equivalent to policy reserve under Zillmer method</b> | –                 | –            | 302.2                | 316.5        | 302.2            | 316.5        |  |
| <b>Unallotted portion of reserve for policyholders' dividends</b>             | –                 | –            | 0.3                  | 2.3          | 0.3              | 2.3          |  |
| <b>Future profits</b>   | –                 | –            | –                    | –            | –                | 1.0          |  |
| <b>Deferred tax assets</b>  | –                 | –            | –                    | –            | 25.7             | 47.2         |  |
| <b>Net unrealized gains/ losses on held-to-maturity bonds</b>                 | –                 | –            | 26.7                 | (20.4)       | –                | –            | ②Before taxes  |
| <b>Deferred tax liabilities for available-for-sale securities</b>             | –                 | –            | 6.9                  | 12.8         | –                | –            |  |
| <b>Total</b>  | <b>140.7</b>      | <b>191.3</b> | <b>532.6</b>         | <b>563.4</b> | <b>531.3</b>     | <b>630.2</b> |  |

※Adjusted net assets excluding net unrealized gains/losses on held-to-maturity securities and on policy reserve matching bonds, are ¥505.9 billion as of March 31, 2009, and ¥583.8 billion as of March 31, 2010.

Amounts are truncated below ¥100 million.

# Sony Life's Changes in Solvency Margin ratio

(Billions of yen)

| Category   | 09.3.31  | 09.6.30 | 09.9.30 | 09.12.31 | 10.3.31  |
|--|----------|---------|---------|----------|----------|
| Total solvency margin (A)  | 531.3    | 572.4   | 600.7   | 625.8    | 630.2    |
| Net assets (less certain items)  | 131.1    | 143.0   | 152.9   | 163.3    | 170.3    |
| Reserve for price fluctuations   | 3.6      | 5.0     | 6.3     | 7.9      | 9.6      |
| Contingency reserve  | 45.4     | 46.2    | 46.9    | 47.8     | 48.4     |
| Reserve for possible loan losses   | 0.0      | 0.0     | 0.0     | 0.0      | 0.0      |
| Net unrealized gains on other securities (before taxes) multiplied by 90% if gains or 100% if losses | 17.6     | 34.7    | 41.6    | 43.0     | 33.0     |
| Net unrealized gains on real estate multiplied by 85% if gains or 100% if losses                     | 4.8      | 4.8     | 4.8     | 4.8      | 1.6      |
| Excess of the amount equivalent to policy reserve under Zillmer method                               | 302.2    | 305.5   | 309.4   | 312.8    | 316.5    |
| Unallotted portion of reserve for policyholders' dividends   | 0.3      | 0.3     | 0.3     | 1.7      | 2.3      |
| Future profits   | -        | -       | -       | -        | 1.0      |
| Subordinated debt  | -        | -       | -       | -        | -        |
| Deferred tax assets  | 25.7     | 32.5    | 38.1    | 44.0     | 47.2     |
| Deductible items   | -        | -       | -       | -        | -        |
| Total risk $\sqrt{(R_1 + R_6)^2 + (R_2 + R_3 + R_4)^2} + R_5$ (B)                                    | 51.5     | 50.5    | 49.3    | 48.6     | 47.7     |
| Insurance risk R1  | 18.5     | 18.7    | 18.8    | 19.0     | 19.1     |
| Third-sector insurance risk R8   | 7.0      | 7.0     | 7.1     | 7.1      | 7.0      |
| Assumed interest rate risk R2  | 11.2     | 11.2    | 11.2    | 11.3     | 11.3     |
| Asset management risk R3   | 24.6     | 23.1    | 21.4    | 20.2     | 18.9     |
| Business management risk R4  | 1.3      | 1.3     | 1.3     | 1.3      | 1.2      |
| Minimum guarantee risk R7  | 7.2      | 7.4     | 7.6     | 7.8      | 8.0      |
| Solvency margin ratio (A)/(1/2×(B))×100  | 2,060.5% | 2264.3% | 2433.8% | 2,570.9% | 2,637.3% |

Amounts are truncated below ¥100 million.

## AEGON SONY LIFE INSURANCE Commenced Sales

Launch of sales: December 1, 2009

Common stock: ¥20 billion (including capital surplus of ¥10 billion)

Equity ownership: Sony Life insurance Co., Ltd. 50%, AEGON-international B.V. 50%



Marketing products:

- 1) Winning Road (Variable Individual Annuity - Guaranteed Lifetime Withdrawal Benefit (GLWB) type)
- 2) My History (Variable Individual Annuity - Guaranteed Lifetime Withdrawal Benefit (GLWB) type)
- 3) Victory Run (Variable Individual Annuity - Guaranteed Minimum Accumulation Benefit (GMAB) type)

Sales channels: Life Planner and Banks (The Tokyo star bank, SMBC, Minato bank, Fukushima bank) \*As of May 20, 2010

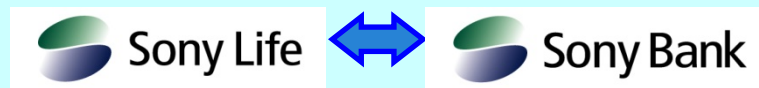
Sales results: Number of policies: 467, Premiums from new policies: ¥7,441 million

\*From December 1, 2009 to March 31, 2010

## Sony Bank's Mortgage Loans through Sony Life

Sony Life accounts for approx. 37% of the amount of new mortgage loans.

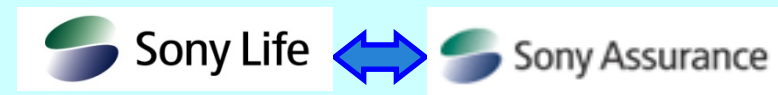
\* Sony Life started handling banking agency business in Jan. 2008.



## Sony Assurance's Auto Insurance Sold by Sony Life

Sony Life accounts for approx. 5% of new automobile policies.

\* Sony Life started handling automobile insurance in May 2001.



## <Recent Topics for FY09>

|            |  |
|------------|--|
| 2009-4-2   | Sony Life commenced sales of cancer hospitalization insurance, advanced medical treatment rider and hospitalization surgical benefits rider                              |
| 2009-4-10  | SFH announced a shelf registration arrangement for corporate bond issues   |
| 2009-5-11  | Sony Assurance launched an overseas travel insurance policy on its websites  |
| 2009-7-1   | Sony Life opened representative office in Taipei   |
| 2009-7- 1  | Sony Assurance launched a Mobile GPS Service for automobile insurance policyholders  |
| 2009-8-24  | Sony Bank Securities commenced offering margin trading   |
| 2009-10    | Sony Bank entered syndicated loan business   |
| 2009-10- 1 | Sony Assurance commenced committing e-mail response within three hours (if responding between 9 am and 5 pm on weekdays)   |
| 2009-10-13 | Sony Assurance launched automobile insurance sales via the Jibun Bank mobile phone website   |
| 2009-11    | Sony Assurance partially revised automobile insurance and medical and cancer insurance policies, effective on February 1, 2010   |
| 2009-11-2  | Sony Life began offering Discount Rider for Nonsmokers and Others in Excellent Health  |
| 2009-12-1  | Sony Life commenced sales of ASLIC's variable individual annuity products through its Lifeplanner sales channels   |
| 2009-12-7  | Sony Bank and F&M tied up in conducting banking agency business for mortgage loans   |
| 2009-12-8  | ASLIC's variable individual annuity product commenced to be offered at Tokyo Star Bank   |
| 2009-12-14 | Sony Bank Securities commenced contract for difference (CFD) services  |
| 2010-1-18  | Sony Bank commenced to offer stock trading service on its mobile phone banking service site through the financial products intermediary services of Sony Bank Securities |
| 2010-1-21  | Sony Life and AEGON International B.V. established a joint venture life reinsurance company and completed the license registration                                       |
| 2010-2-22  | ASLIC's variable individual annuity product commenced to be offered at SMBC  |
| 2010-3-31  | Sony Assurance launched automobile insurance sales via Fukuoka Bank  |
| 2010-4-1   | ASLIC's variable individual annuity product commenced to be offered at Minato Bank   |
| 2010-4-12  | Sony Assurance launched automobile insurance sales via Bank of Yokohama  |
| 2010-4-19  | ASLIC's variable individual annuity product commenced to be offered at Fukushima Bank  |
| 2010-5-1   | Sony Life opened the first one-stop insurance shop, "LIPLA"  |
| 2010-5-1   | Sony Assurance launched automobile insurance sales via Tama Shinkin Bank   |

(Note) ASLIC is an abbreviated name of AEGON Sony Life Insurance Co., Ltd.



**Contact:** Corporate Communications & Investor Relations Department  
Sony Financial Holdings Inc.  
TEL: +81-3-5785-1074