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## Presentation Materials

# Management Vision of the Sony Financial Holdings Group for Fiscal Year 2009

**Sony Financial Holdings Inc.**  
**June 4, 2009**

**Disclaimers:**

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# Today's Agenda (From 3:00p.m. to 5:00p.m.)



## ■ Our Vision of Group Management for FY2009

Teruhisa Tokunaka	President and Representative Director of Sony Financial Holdings Inc.
Taro Okuda	President and Representative Director of Sony Life Insurance Co., Ltd.
Shinichi Yamamoto	President and Representative Director of Sony Assurance Inc.
Shigeru Ishii	President and CEO, Representative Director of Sony Bank Inc.

## ■ Question and Answer Session

# Sony Financial Holdings Inc.

- Consolidated financial results were highly affected by the recent financial turmoil.

Sony Life's MCEV as of Mar 31, 2009 amounted to ¥400.9 billion, down ¥415.6 billion from Mar 31, 2008.

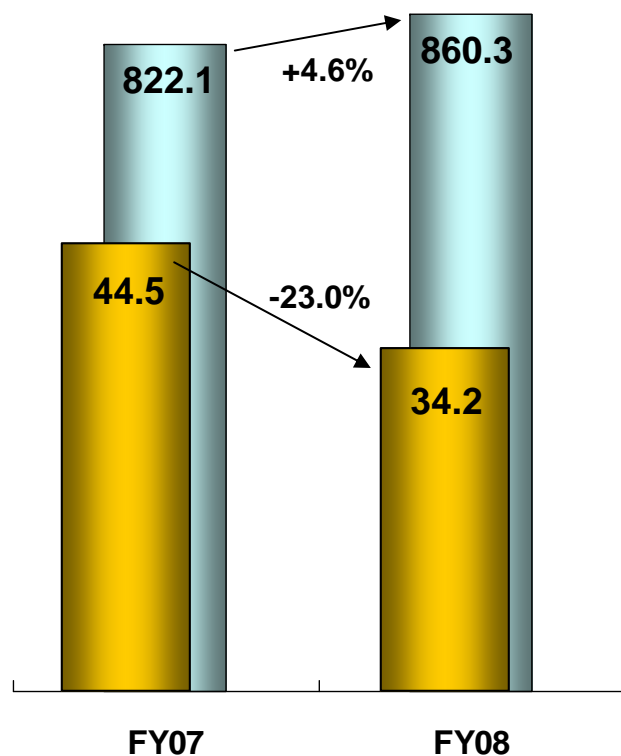
- Each subsidiary continued to increase revenues by steadily expanding business operations. They are highly evaluated for their customer satisfaction level and their customer services by independent appraisal organizations .

# FY2008 Review

## (1) Profit and loss (Consolidated)

(Billions of yen)

□ Ordinary revenue    ■ Ordinary profit



		FY07	FY08	vs PY	
(Billion yen)					
Life insurance business	Ordinary revenues	741.3	<b>766.2</b>	+24.9	+3.4%
	Ordinary profit	39.0	<b>32.5</b>	-6.5	-16.7%
Non-life insurance business	Ordinary revenues	55.6	<b>61.8</b>	+6.2	+11.2%
	Ordinary profit	2.8	<b>2.1</b>	-0.6	-22.7%
Banking business	Ordinary revenues	25.9	<b>33.3</b>	+7.3	+28.5%
	Ordinary profit	2.4	<b>-0.5</b>	-2.9	-
Corporate and elimination	Ordinary revenues	-0.8	<b>-1.1</b>	-0.3	-
	Ordinary profit	0.2	<b>0.1</b>	-0.0	-48.0%
Consolidated	Ordinary revenues	822.1	<b>860.3</b>	+38.1	+4.6%
	Ordinary profit	44.5	<b>34.2</b>	-10.2	-23.0%
	Net income	24.2	<b>30.7</b>	+6.4	+26.7%
Consolidated	(Billion yen)	08.3.31	<b>09.3.31</b>	vs PY	
	Total assets	4,977.4	<b>5,313.6</b>	+336.2	+6.8%
	Net assets	261.6	<b>204.8</b>	-56.7	-21.7%

Impairment losses:  
¥44.9 billion

Impairment losses:  
¥2.4 billion

Decrease in valuation adjustments, etc.  
Sony Life (Consolidated)  
¥80.0 billion

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

# FY2008 Review

## Sony Life's MCEV



(Billion)	As of Mar 31, 2008	As of Mar 31, 2009	Change
MCEV	816.5	<b>400.9</b>	-415.6
Adjusted net worth	248.5	<b>195.4</b>	-53.1
Value of existing business	568.0	<b>205.4</b>	-362.5
New business value	48.2	<b>15.4</b>	-32.9

- Complied with “MCEV Principles” announced by CFO forum in June 2008.
- In May 2009, CFO forum suggested that the mandatory MCEV reporting for all European member insurers is possibly deferred until 2011, considering the effects of highly volatile market conditions. (<http://www.cfoforum.nl/>)
- Taking measures to tasks obtained from MCEV valuations, including those to reduce interest rate risks, while monitoring updated information from CFO forum.

# FY2008 Review Highlights



- Steadily increased in new policy amount and insurance in force (individual insurance plus individual annuities), as well as income from insurance premiums.
- Decreased in ordinary profit, due to deteriorating investment conditions.

Weekly Economist (Aug 26, 2008)  
"Reliable Insurance Company"  
ranking: No1



- Ordinary revenues increased due to strong sales of automobile insurance policies.
- Ordinary profit decreased, owing mainly to an increase in the amount of claims paid.

J.D. Power (Jul 29, 2008)  
Customer Satisfaction Level in 2009:  
No1 (in 2008: No1)



- Ordinary revenues grew, as a higher balance of investment assets in line with the bank's business expansion
- Ordinary profit declined owing to impairment losses on securities held.

Nikkei Newspaper  
Customer Satisfaction Level in 2008:  
No1 (in 2007: No1)





# Issues the Companies Face

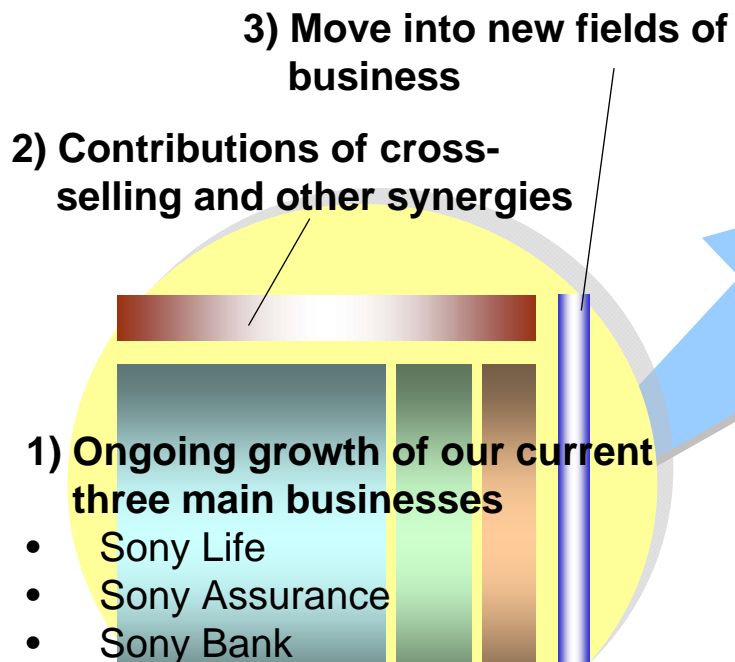
Operating Environment	Mid-term Issues
<p>Common to all</p> <ul style="list-style-type: none"> <li>• Disruption in worldwide financial markets, prompted by the subprime loan crisis</li> <li>• Management crises and restructuring at European and U.S. financial institutions</li> <li>• Shift to international financial standards</li> <li>• Demands to achieve both soundness and increases in corporate value</li> </ul>	<p>SFH</p> <ul style="list-style-type: none"> <li>■ Increased management control in light of subsidiaries' business expansion</li> <li>■ Development of capital strategies to ensure subsidiaries' soundness and future growth</li> <li>■ Synergies and new measures to maximize Group value</li> </ul>
<p>Life insurance industry</p> <ul style="list-style-type: none"> <li>• Growing importance of customer protection and accountability requirements</li> <li>• Industry restructuring gaining momentum</li> <li>• Gradual shift to a new method of calculating the solvency margin ratio</li> </ul>	<p>Sony Life</p> <ul style="list-style-type: none"> <li>■ Acceleration of growth</li> <li>■ Enhanced level of competitiveness through consulting-based sales</li> <li>■ Appropriate risk controls</li> </ul>
<p>Non-life insurance industry (individual insurance)</p> <ul style="list-style-type: none"> <li>• Industry restructuring creating non-life mega-insurers</li> <li>• Growing preference for "reasonably priced but good" products</li> <li>• Falling new car sales</li> </ul>	<p>Sony Assurance</p> <ul style="list-style-type: none"> <li>■ Acceleration of growth</li> <li>■ Reinforcement of operations (strategic marketing, enhanced Web promotion)</li> <li>■ Enhancement of revenue and profit structures</li> </ul>
<p>Banking industry (individual asset management)</p> <ul style="list-style-type: none"> <li>• Deteriorating economic environment</li> <li>• Lower tendency to invest, higher risk aversion</li> <li>• Resurgence of creditworthiness concerns about Japanese and overseas financial institutions</li> </ul>	<p>Sony Bank</p> <ul style="list-style-type: none"> <li>■ Establishment of efficient operations to achieve mid-term growth</li> <li>■ Pursuit of customer-oriented products and services</li> <li>■ Reinforcement of revenue and profit structures</li> </ul>

# Stance on Enhancing Corporate Value

- Value Creation = Raising the value of each of the three financial companies + synergy + moving into new fields of business
- In addition to raising corporate value through the steady growth of all three companies, we will foster cross-selling and other synergies within Group companies, as well as move into new fields of business. As a result, we will raise the corporate value of the SFH Group.

**Present**

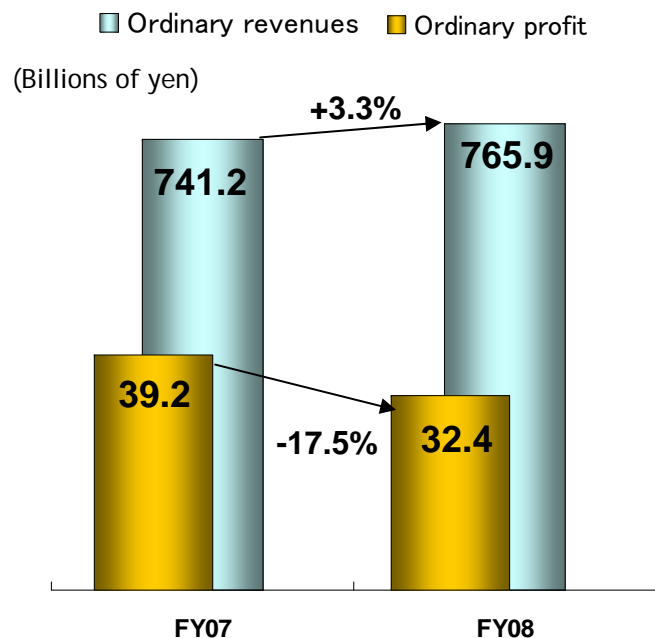
**Future**

- 3) Move into new fields of business**
- 2) Contributions of cross-selling and other synergies**
- 1) Ongoing growth of our current three main businesses**
- Sony Life
  - Sony Assurance
  - Sony Bank
- 

# **Sony Life Insurance Co., Ltd.**

# FY2008 Review

## (1) Profit and loss



### Sony Life

- ◆ Ordinary revenues up but ordinary profit down year on year.
- ◆ New policy amount up 1.9% year on year.
- ◆ Income from insurance premiums increased owing to steady growth of policy amount in force.
- ◆ Core profit amounted to ¥38.0 billion
- ◆ Lapse & surrender rate was 6.79%, up 0.67pt.
- ◆ Solvency margin ratio as of Mar. 31, 2009 was 2,060.5%, up 312.6 percentage points from that of Mar. 31, 2008.

#### Notes:

1. Figures for new policy amount, policy amount in force, lapse & surrender rate are 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 ¥0.1 billion;  
percentage change figures are rounded.

(Billion yen)	FY07	FY08	vs PY	
<b>Ordinary revenues</b>	741.2	<b>765.9</b>	+24.6	+3.3%
Income from insurance premiums	648.4	<b>662.0</b>	+13.6	+2.1%
Investment income	87.4	<b>98.7</b>	+11.2	+12.9%
Interest income and dividends	47.9	<b>55.8</b>	+7.8	+16.5%
Income from monetary trusts	14.7	–	–14.7	–100.0%
Gains on sale of securities	24.0	<b>32.1</b>	+8.0	+33.7%
<b>Ordinary expenses</b>	701.9	<b>733.5</b>	+31.5	+4.5%
Insurance claims and other payments	241.1	<b>274.7</b>	+33.6	+14.0%
Provision for policy reserve and others	286.2	<b>219.0</b>	–67.1	–23.5%
Investment expenses	69.8	<b>133.7</b>	+63.8	+91.4%
Losses on sale of securities	1.5	<b>16.1</b>	+14.5	+933.5%
Devaluation losses on securities	6.6	<b>31.8</b>	+25.2	+376.3%
Losses on separate accounts	48.3	<b>72.2</b>	+23.8	+49.5%
Operating expenses	94.3	<b>93.9</b>	–0.4	–0.5%
<b>Ordinary profit</b>	39.2	<b>32.4</b>	–6.8	–17.5%
<b>Net income</b>	18.5	<b>33.7</b>	+15.2	+82.5%

(Billion yen)	08.3.31	09.3.31	Change from 08.3.31	
<b>Securities</b>	2,388.9	<b>2,819.6</b>	+430.7	+18.0%
<b>Policy reserve</b>	3,375.0	<b>3,592.3</b>	+217.2	+6.4%
<b>Total net assets</b>	182.6	<b>140.7</b>	–41.9	–23.0%
Net unrealized gains/ losses on other securities	82.7	<b>4.0</b>	–78.7	–95.1%
<b>Total assets</b>	3,659.7	<b>3,810.9</b>	+151.1	+4.1%
Separate account assets	321.7	<b>275.1</b>	–46.6	–14.5%

# Review for FY08

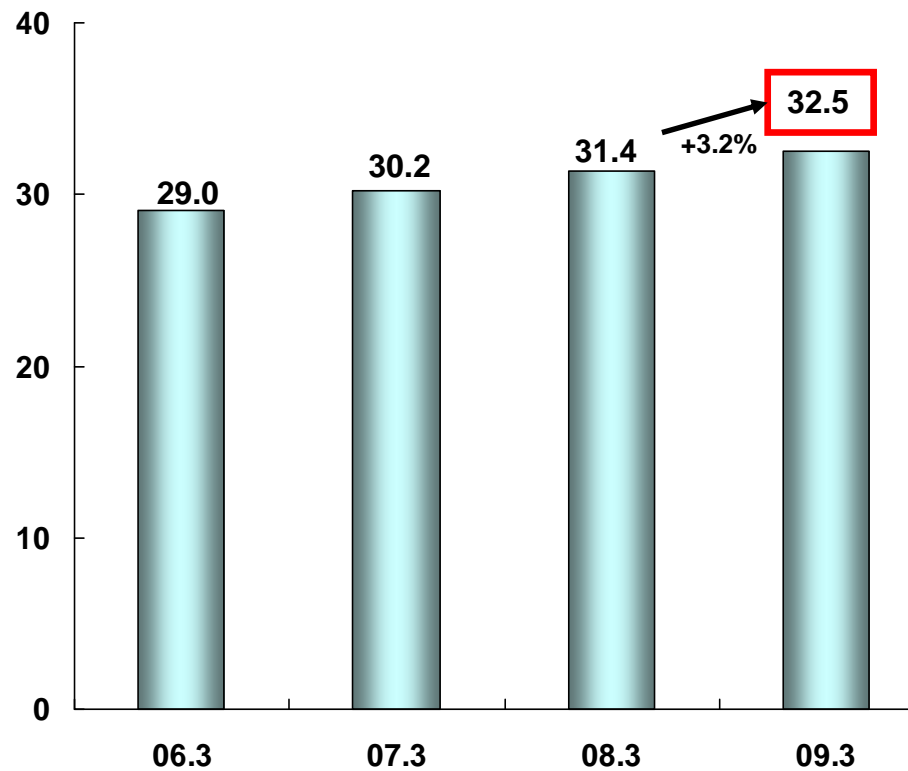
## (2) Operating Performance



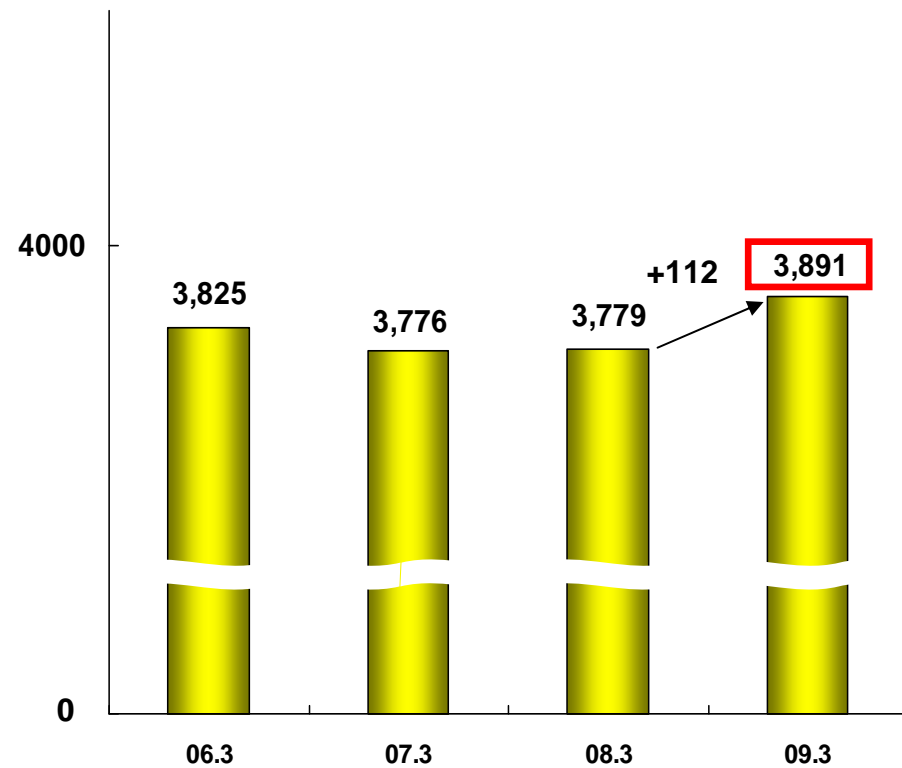
### Policy Amount in Force (Individual Life Insurance + Individual Annuities)

### Number of Lifeplanner Sales Employees

(Trillions of yen)



(persons)



Line item amounts are truncated below ¥100 billion.  
Percentage change figures are rounded.

# Market Overview

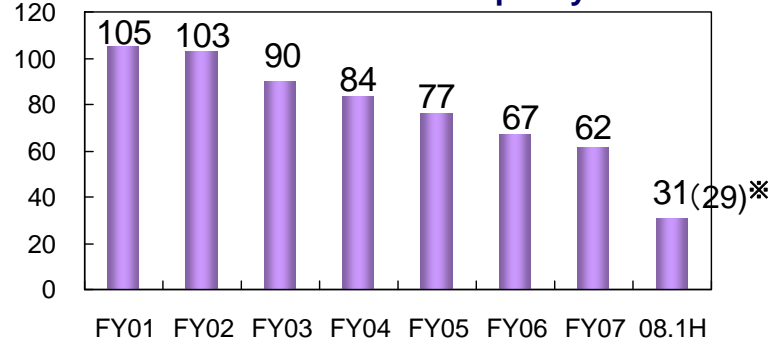
## (1) Life Insurance Market



### Death-protection insurance

- Whole life insurance
- Term life insurance
- Endowment insurance

(Trillions of yen) **Individual insurance : New policy amount**

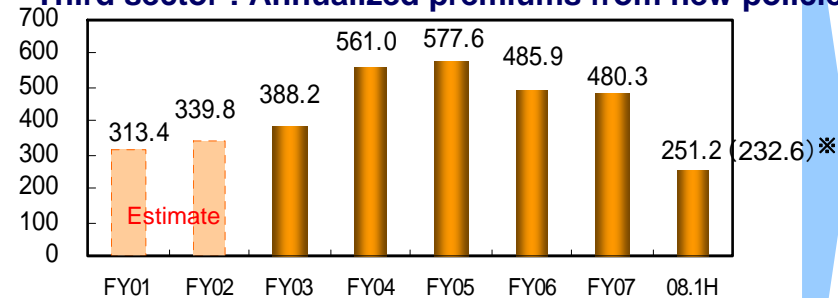


### Third sector insurance

- Health insurance
- Living benefit protection insurance
- Injury benefit insurance
- Nursing care insurance

(Billions of yen)

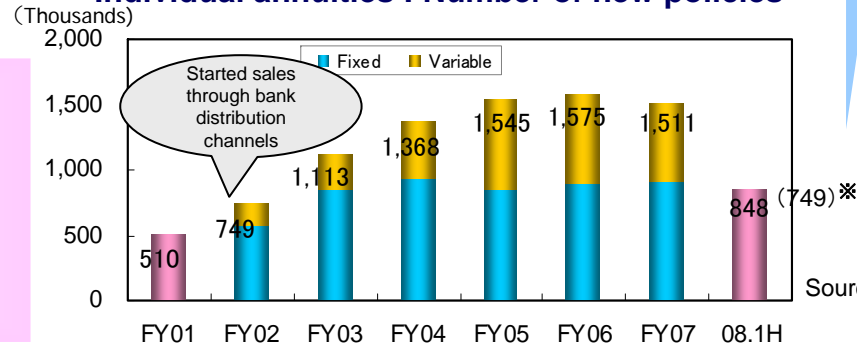
**Third sector : Annualized premiums from new policies**



### Individual annuities

- Variable annuities
- Fixed annuities
- Foreign currency denominated annuities

(Thousands) **Individual annuities : Number of new policies**



**The field of death protection continues to shrink, and rapid expansion of the markets for third-sector products and individual annuities topped out in FY2006.**

※Excluding the effect of Japan Post Insurance

Source: Statistics of Life Insurance Business in Japan

Materials officially disclosed by individual insurers

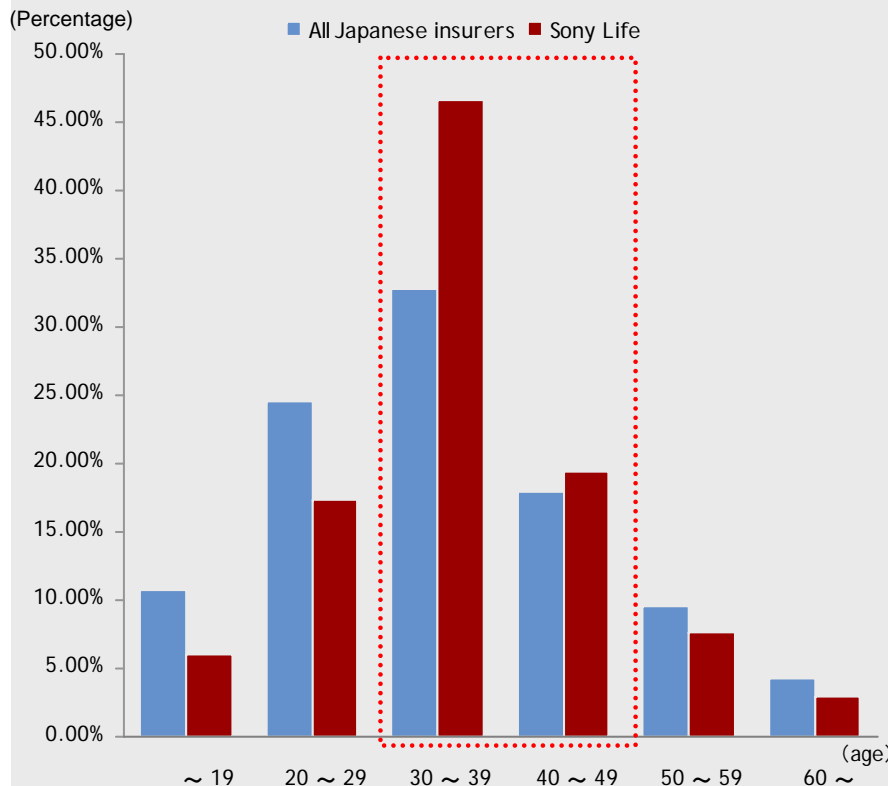
# Market Overview



## (2) Mid-term Outlook for Life Insurance Market

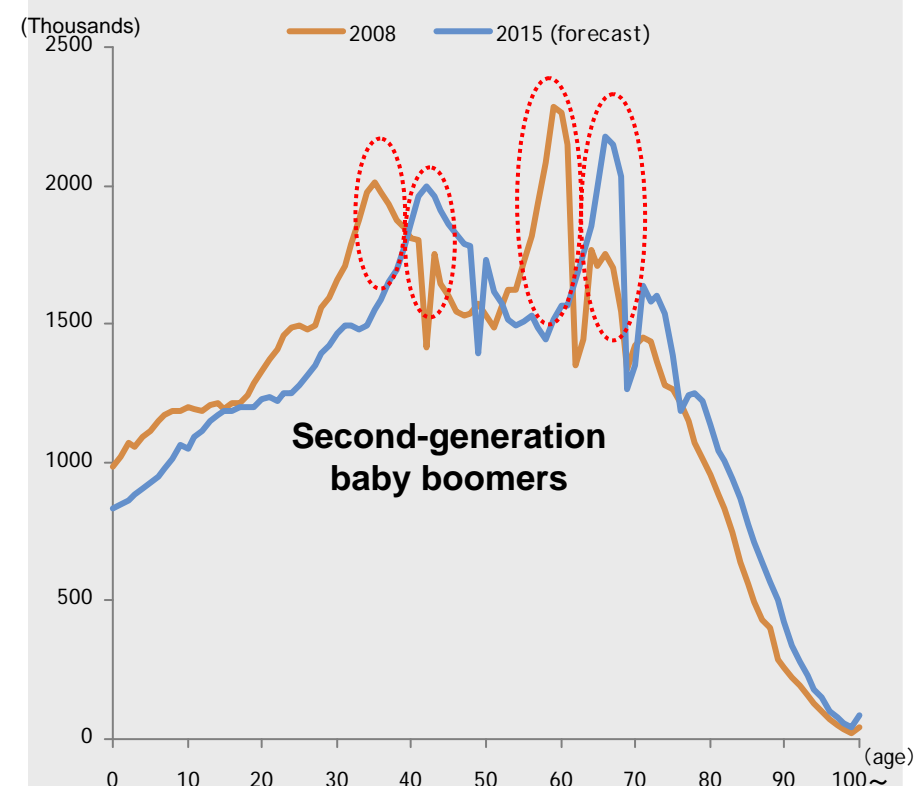
- People in their 30s and 40s, Sony Life's primary target customer base, are expected to continue to account for a large portion of Japan's population, offering high growth potential.
- However, the senior market will expand as the baby boomer generation moves into retirement, and Japan's low birthrate means that our main customer segment will become smaller. We will need to respond to these upcoming changes in market composition.

Demographic Composition and Percentage of New Policies by Age of Insured (Individual Annuities)



Source: Prepared by Sony Life based on the *Life Insurance Business Overview*, fiscal 2007

Changes in Population Composition



Sources: *Annual Report on Current Population Estimates* (Statistics Bureau, Ministry of Internal Affairs and Communications) and *Population Projections for Japan* (National Institute of Population and Social Security Research)

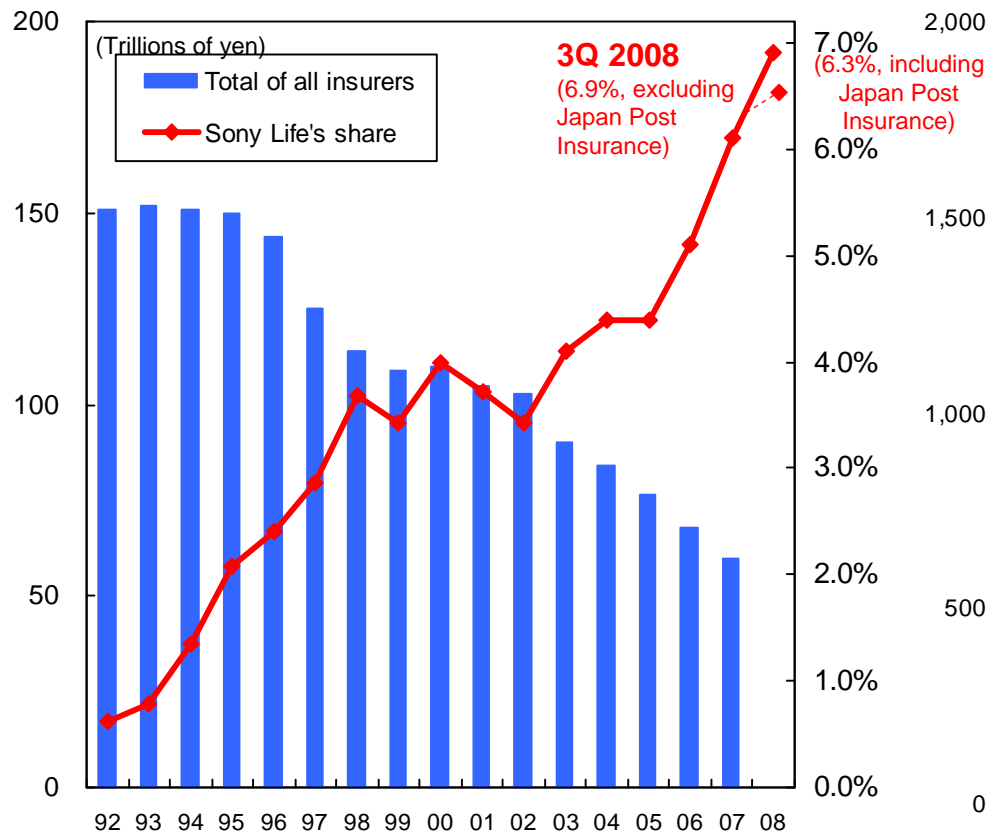
# Market Overview

## (3) Sony Life's Market Position



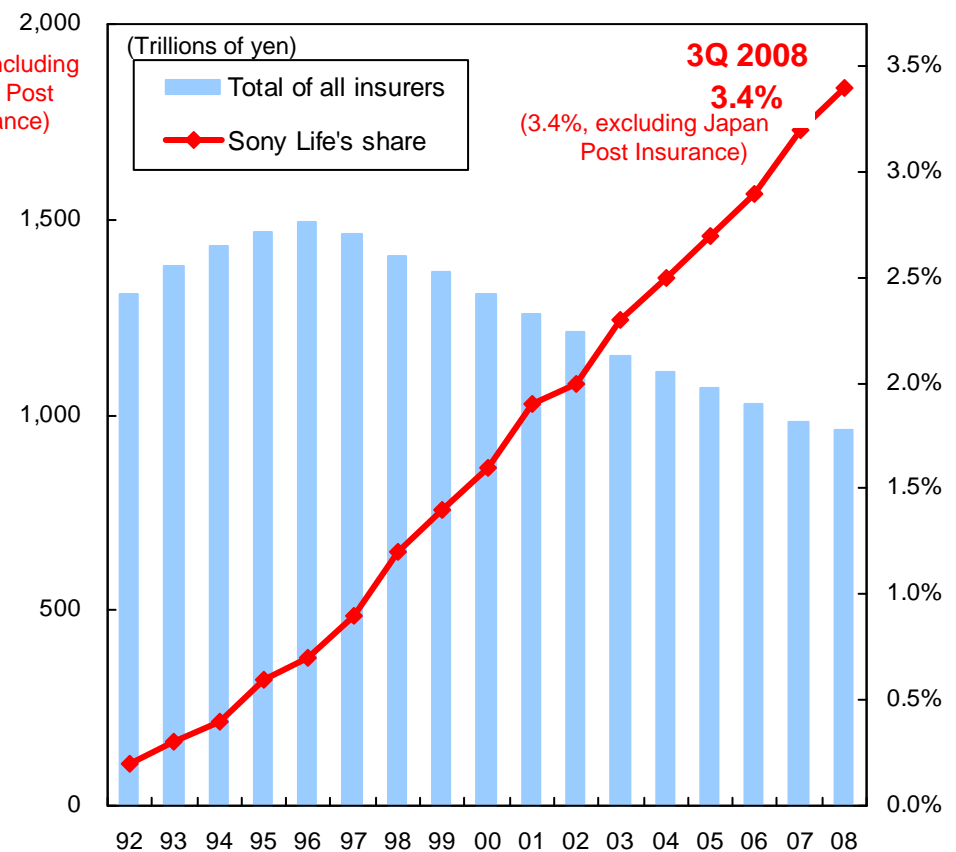
- Although the overall market continues to shrink, Sony Life's new policy amount and policy amount in force are gaining a steadily growing share of the market.
- We expect to deploy our strength in consulting-based sales to effectively cultivate the market in the future, as well.

New Policy Amount\* (Individual Life Insurance)



Source: Statistics of Life Insurance Business in Japan  
 Materials officially disclosed by individual insurers  
 \* New policy amount is calculated without adjusting for the impact of conversion.

Policy Amount in Force (Individual Life Insurance)



Source: Statistics of Life Insurance Business in Japan  
 Materials officially disclosed by individual insurers



# Market Overview

## (3) Sony Life's Market Position



- Sony Life ranks sixth in new policy amount, and is closing in on the top five insurers
- Sony Life maintains its high ranking for its net increase, catching up with insurer ranked from the fifth to the seventh in policy amount in force

### ◆New Policy Amount\* Ranking

Ranking	Insurer	Result	Share (YoY increase/ decrease)
1(2)	A	5,736.9	12.2(+0.2)
2(1)	B	5,318.9	11.3(-1.0)
3(3)	C	4,072.2	8.6(-1.1)
4(12)	D	3,985.5	8.5(+5.8)
5(4)	E	3,023.1	6.4(-1.0)
6(6)	Sony Life	2,961.3	6.3(+0.2)
7(5)	F	2,810.3	6.0(-1.2)
8(7)	G	2,107.7	4.5(-0.3)
9(8)	H	1,997.7	4.2(-0.3)
10(9)	I	1,690.4	3.6(+0.3)

### ◆Policy Amount in Force

Ranking	Insurer	Result	Share (YoY increase/ decrease)
1(1)	α	195,945.8	20.6(-0.4)
2(2)	β	161,32.58	17.0(-0.1)
3(3)	γ	126,239.8	13.3(-0.2)
4(4)	δ	108,417.2	11.4(-0.4)
5(6)	ε	37,966.7	4.0(+0.1)
6(5)	ξ	37,671.3	4.0(-0.1)
7(7)	η	33,937.1	3.6(-0.2)
8(9)	Sony Life	32,121.2	3.4(+0.2)
9(8)	θ	30,651.6	3.2(-0.0)
10(10)	ι	25,901.4	2.7(-0.1)

### ◆Net Increase

Ranking	Insurer	Result
1(1)	A	3,877.8
2(-)	Б	2,555.8
3(2)	Sony Life	884.2
4(3)	Д	792.9
5(5)	E	383.8
6(6)	Ж	345.7
7(8)	И	340.5
8(32)	К	331.9
9(9)	Л	318.6
10(7)	Ю	258.0

( ): Ranking as of Dec 31, 07

Notes: Comparisons as of Dec 31, 08

Individual insurance (Units in billions of yen, %)

Source: *Statistics of Life Insurance Business in Japan*

Materials officially disclosed by individual insurers

\* Calculated without adjusting for the impact of conversion

# Market Overview

## (4) Sony Life's Growth Potential and Issues



Disruption in bank sales of variable annuities arising from the financial crisis

Ongoing price competition, owing to emergence of Internet-based life insurance sales and shift toward inexpensive third-sector products

Growing accountability requirements

Increasingly stringent price competition

- Sony Life offers reasonably priced, high-quality products centering on death protection via consulting-based sales, as well as one of the industry's highest levels of financial soundness. The company has the opportunity to extend its lead by leveraging these advantages.
- It is essential that we remain solidly competitive, in order to respond to changes in the operating environment.

Growing selectiveness when choosing life insurers

Demonstrated superiority of channel positioning

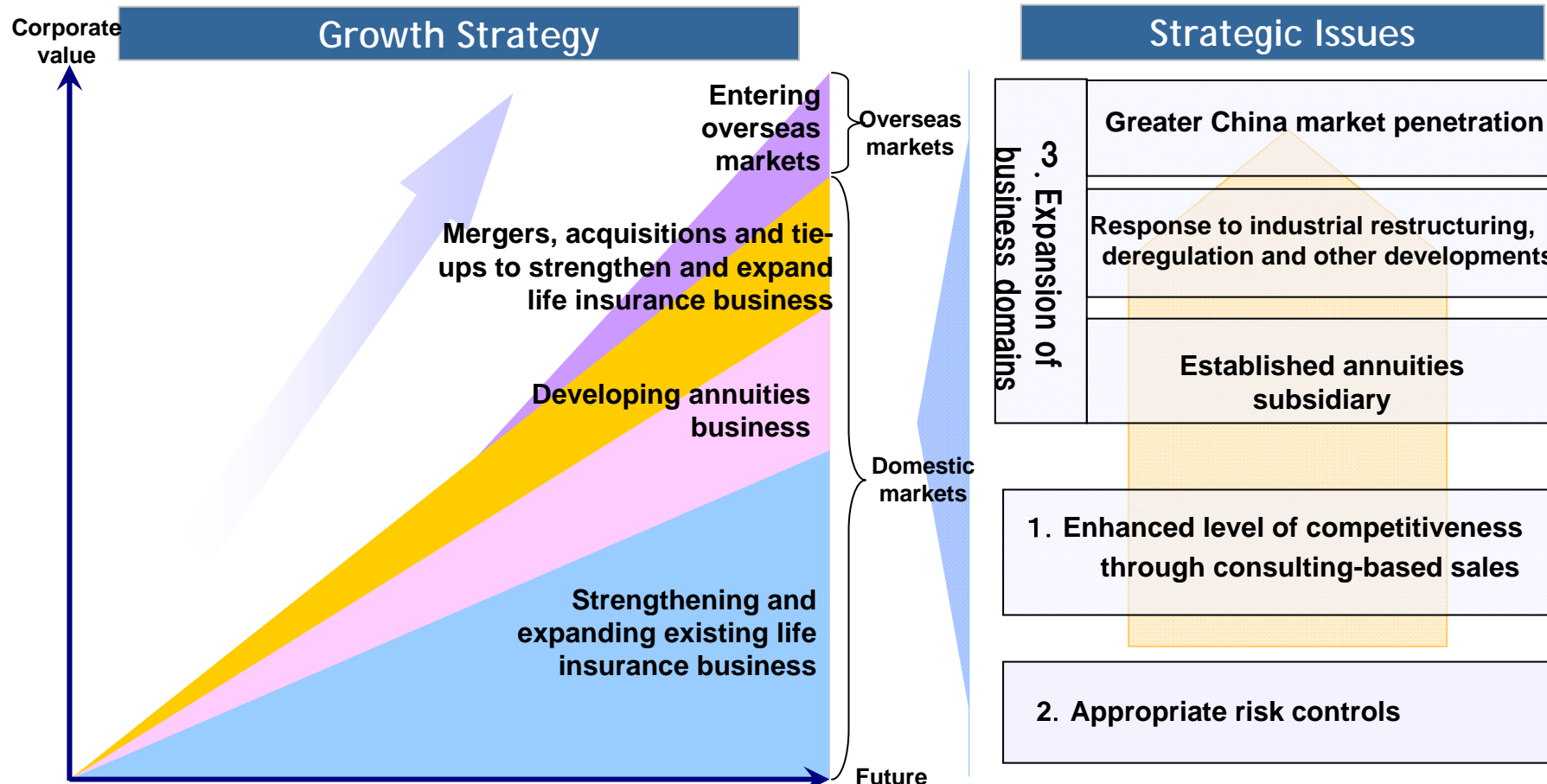
Industry restructuring gaining momentum triggered by sales and Management crises of other insurers

Falloff in sales of protection-type products though liberalized bank distribution channels

# Mid-term Strategic Focuses

## Mid-term Strategy

- ➔ By reinforcing our competitiveness through consulting-based sales centered on life planning and after-sale follow-up activities, we aim to further entrench our position in the Japanese life insurance market.
- ➔ Maintain or promote sustainable growth through the expansion of our business domain.
- ➔ Aim for ongoing increases in corporate value, using MCEV as the criterion.



# MCEV

## (1) Management Positioning



### Sony Life's approaches

- Approaches in the past
  - Nov. 2005: Commencement of disclosures of Traditional Embedded Value (TEV), starting from TEV as of March 31, 2005
  - Nov. 2008: Shift of EV disclosures from TEV to Market Consistent Embedded Value (MCEV), starting from MCEV as of March 31, 2008
    - Started MCEV disclosure as its EV information at fiscal year end
- Management positioning
  - An important indicator of our corporate value
  - Understanding the cause of changes in corporate value enables us to reflect the continuous improvement of our corporate value in management strategy.
  - Oriented towards a market-consistent evaluation of assets, liabilities and risk management.
- Approaches in the future
  - With an aim to achieve continuous growth of corporate value, taking measures to tasks obtained from MCEV valuations.
  - Major tasks currently recognized by Sony Life is to reduce interest rate risks
  - Specific actions to be taken in the future are
    - Further reduction of the duration mismatch risk between assets and liabilities
    - Review product details by taking liability characteristics into consideration

### Trends surrounding MCEV

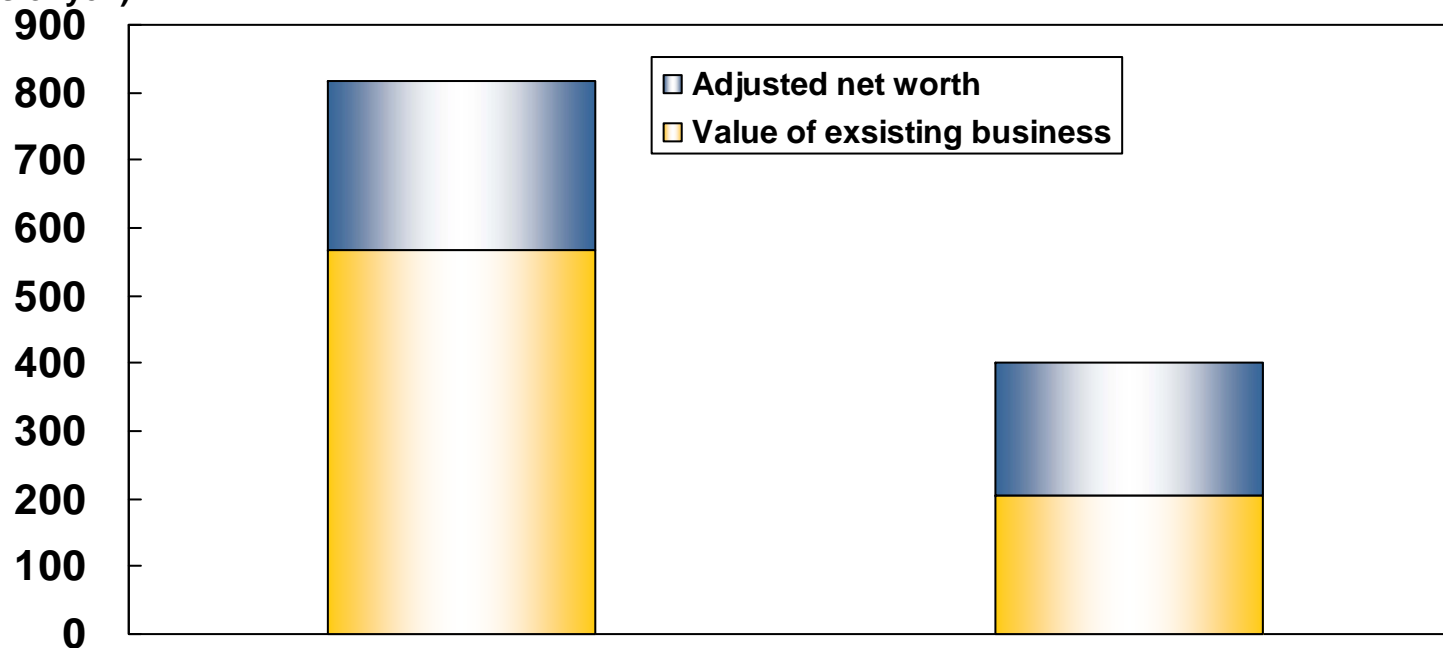
- Life insurers in Europe that are members of the CFO Forum
  - Mandatory EV disclosures in compliance with MCEV Principles has been scheduled.
  - Disclosures in compliance with MCEV Principles is expected to spread, particularly in Europe.
- CFO Forum (December 2008)
  - Decided to conduct a review of the impact of turbulent market conditions on the MCEV Principles, as their application could, in such market conditions, lead to misleading results.
  - Expressed possibilities of partial changes of the published MCEV Principles or of the guidance issues based on the review results.
  - Declared its continuous commitment to MCEV Principles
- CFO Forum announced an update on progress (May 2009)
  - Announced press release on their first-phase collaborative work on the application of its MCEV Principles in turbulent market conditions. For more details, please see the HP of the CFO Forum (<http://www.cfoforum.nl/>)

# MCEV

## (2) Results as of Mar31, 2009



(Billions of yen)



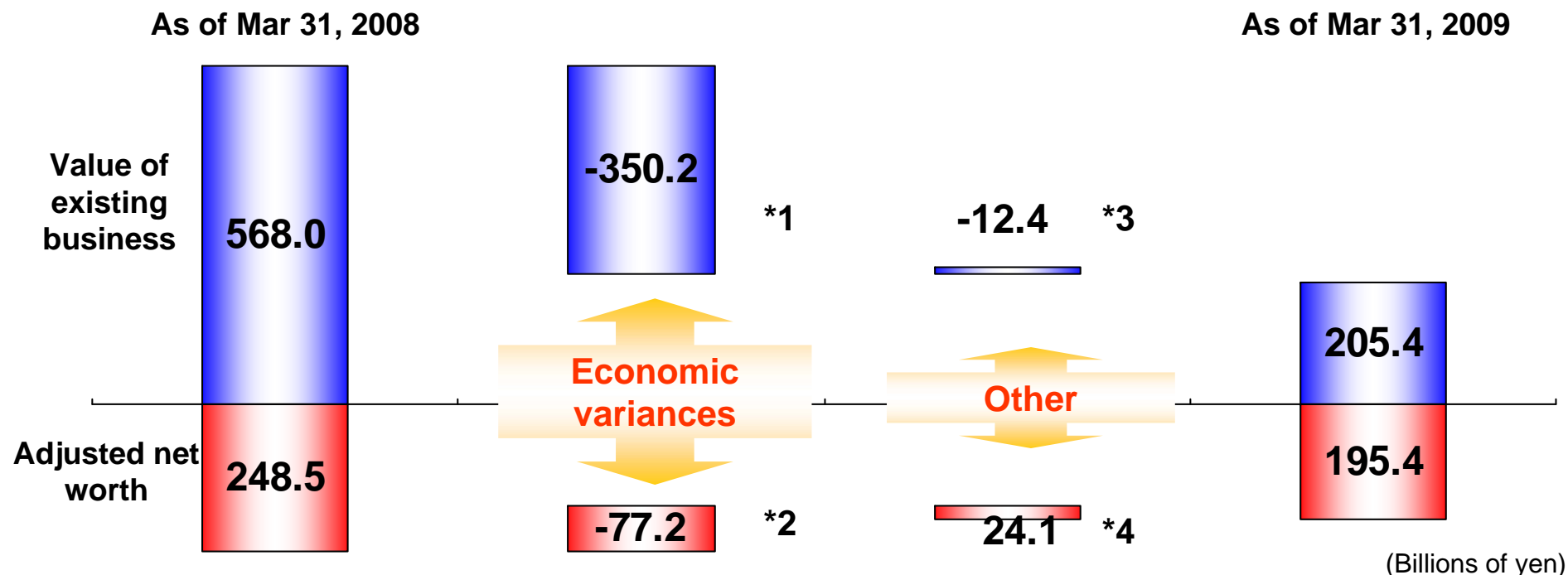
(Billions of yen)

	As of Mar 31, 2008	Change	As of Mar 31, 2009
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Adjusted net worth	248.5	-53.1	<b>195.4</b>
Value of existing business	568.0	-362.6	<b>205.4</b>
New business value	48.2	-32.8	<b>15.4</b>

# MCEV



## (3) Reconciliation analysis from MCEV at the end of the prior year



- \*1: Including decreases in interest swap rates and a flattening of the term structure, and increases in the implied volatilities of equity options and interest swaptions (¥276.6billion)  
an increase in the allowance for non-hedgeable risks(¥40.1billion) and an increase in the frictional costs(¥33.4billion)
- \*2: Decline in the prices of stocks and convertible bonds held and an increase in unrealized gains on maturity-held securities and other factors
- \*3: Increases in operating MCEV earnings, including new business value, expected business contribution and effects of changes in dynamic surrender rates, etc.
- \*4: Net realized gains, unfunded pension liabilities, intangible fixed assets, tax effect, reversal of statutory reserves, dividends paid(¥7.0billion) and capital injection(¥10.0billion), etc.

# Major Initiatives (1) Enhance Competitiveness in Consulting-Based Sales



- Establish “offering the world’s best life planning” and “building lifelong customer relationships” as unique core competencies of Sony Life to enhance the company’s competitive advantage.

## Priority Measures

- Strengthen sales channels
  - Raise quality levels and expand business volume in both the Lifeplanner and Partner channels

- Enhance products
  - Continuously introduce products that contribute to consulting

- Create sales support structure
  - Upgrade IT systems in areas related to sales planning and customer management
  - Use structure to support after-sale follow-up services
  - Expand value-added service network

## Future Initiatives

- Lifeplanner channel
  - Promote life planning
  - Regularize customer visits
  - Raise quality and expand number of Lifeplanner sales employee recruits
  - Promote marketing

- Partner channel
  - Foster large-scale independent agencies
  - Cultivate customers via the customer bases of marketing support partners
  - Introduce structural response to large-scale regional agencies
  - Develop and establish sales through banking agencies

- Recent initiatives
  - Whole-life cancer insurance (April 2008)
  - Level-premium term life insurance with no surrender value (October 2008)
  - Cancer hospitalization insurance (April 2009)

- Planned for introduction
  - Discount rider on family income insurance (November 2009)
  - Thereafter, continue to introduce two new products each year

- Recent initiatives
  - Developed new system for policy maintenance (September 2007)
  - Developed claim payment support system (July 2008)
  - Developed monthly “Notice of Protection” reporting and after-sale follow-up system (April 2009)

- Future plans
  - Steadily develop new customer management system
  - Expand life planning support services
  - Start offering services related to wills and inheritances



# Major Initiatives (2) Ensure Appropriate Risk and Cost Controls



- Evaluate corporate value on an economic basis, respond appropriately to solvency standards and the shift toward international accounting standards, and ensure that corporate governance is unassailable. Through such efforts, seek to raise the level of trust and reliability felt toward the company by customers, the market and society as a whole.

Priority Measures	Future Initiatives
<ul style="list-style-type: none"> <li>■ Strengthen asset management and the financial base</li> </ul>	<ul style="list-style-type: none"> <li>■ Asset management policy                             <ul style="list-style-type: none"> <li>■ Gradually increase (ultra) long-term bonds, in principal for holding to maturity, to reduce the mismatch between assets and liabilities from an ALM standpoint</li> </ul> </li> <li>■ Policy for expanding internal reserves                             <ul style="list-style-type: none"> <li>■ To protect ourselves against risk, give top priority to ensuring sufficient ability to make insurance claim and other payments</li> <li>■ Increase soundness to remain at the top level in the industry                                     <ul style="list-style-type: none"> <li>■ Maintain or improve the solvency margin ratio, real net asset ratio and ratings</li> </ul> </li> </ul> </li> </ul>
<ul style="list-style-type: none"> <li>■ Enhance risk management and revenue management</li> </ul>	<ul style="list-style-type: none"> <li>■ Develop comprehensive risk management                             <ul style="list-style-type: none"> <li>■ Raise the level of risk management by introducing international accounting standards, shifting to solvency margin standards on the basis of economic value and responding appropriately to MCEV requirements</li> </ul> </li> <li>■ Improve operating and administrative cost efficiencies                             <ul style="list-style-type: none"> <li>■ Set profitability standards for product development (pricing) and review inefficient products</li> <li>■ Promote a project led by an internal task force to improve administrative cost efficiencies</li> <li>■ Promote structural improvements via thorough reviews of operating processes and conditions</li> </ul> </li> </ul>
<ul style="list-style-type: none"> <li>■ Ensure thorough internal controls</li> </ul>	<ul style="list-style-type: none"> <li>■ Strengthen initiatives to ensure compliance and protection of personal information                             <ul style="list-style-type: none"> <li>■ Thoroughly counter operating and other risks</li> </ul> </li> </ul>



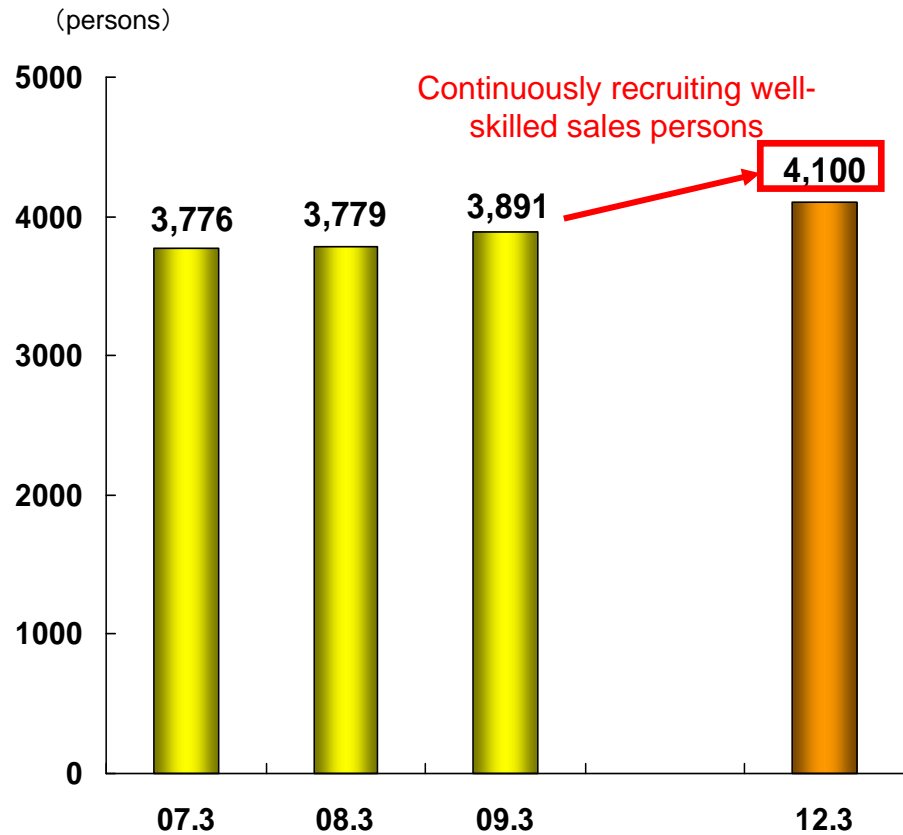
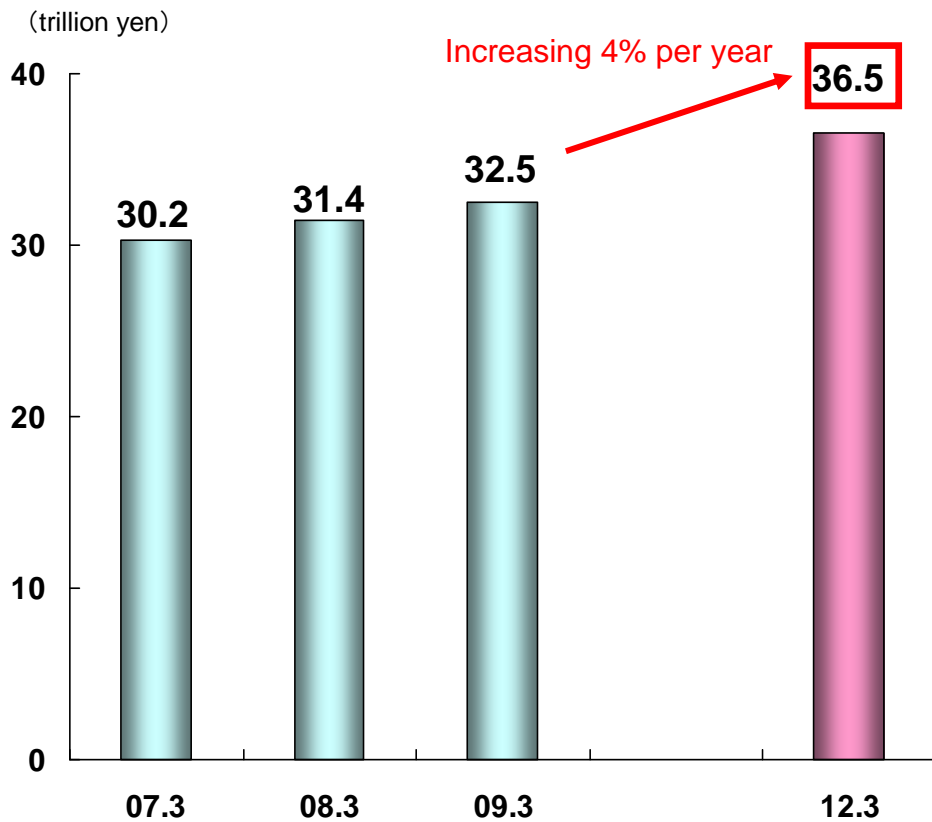
# Mid-term Targets

## (1) Operating Performance Index



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

**Number of Lifeplanner Sales Employees**



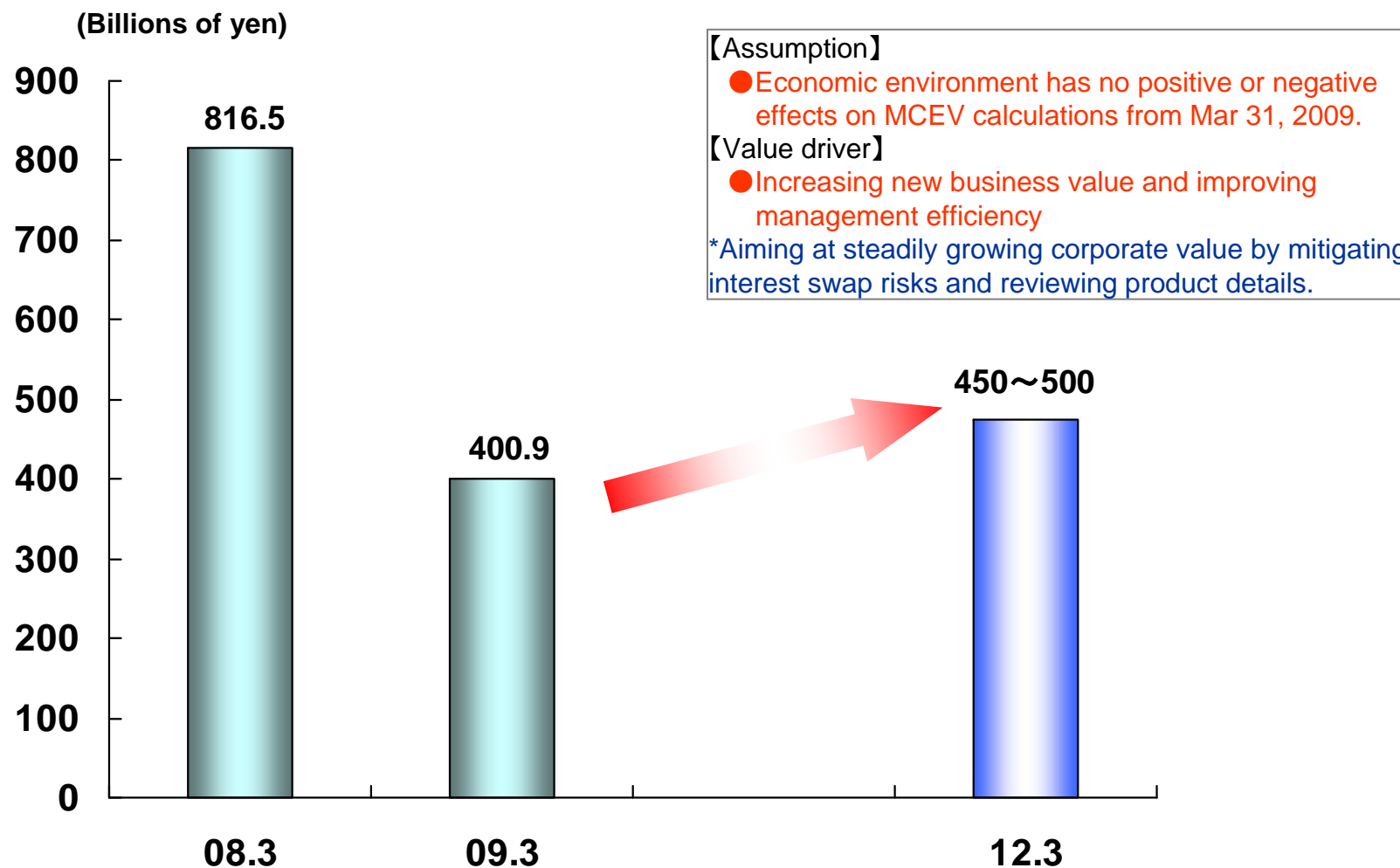
Line item amounts are truncated below ¥100 billion.

# Mid-term Targets

## (2) Corporate Value Indicator



### MCEV

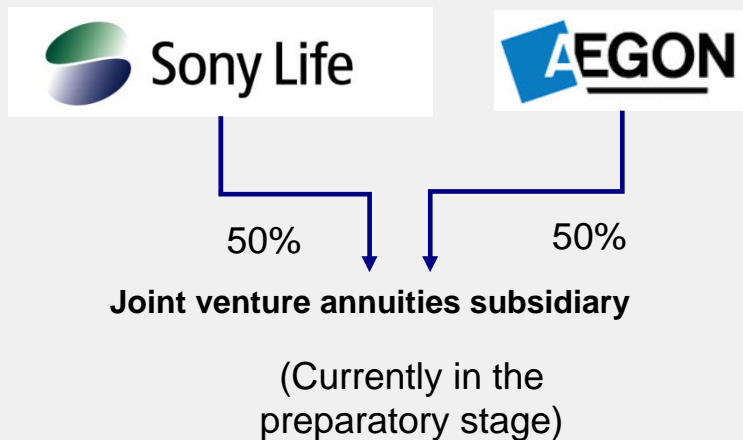


# Major Initiatives (3) Expand Business Domain (Annuities, Overseas Business)



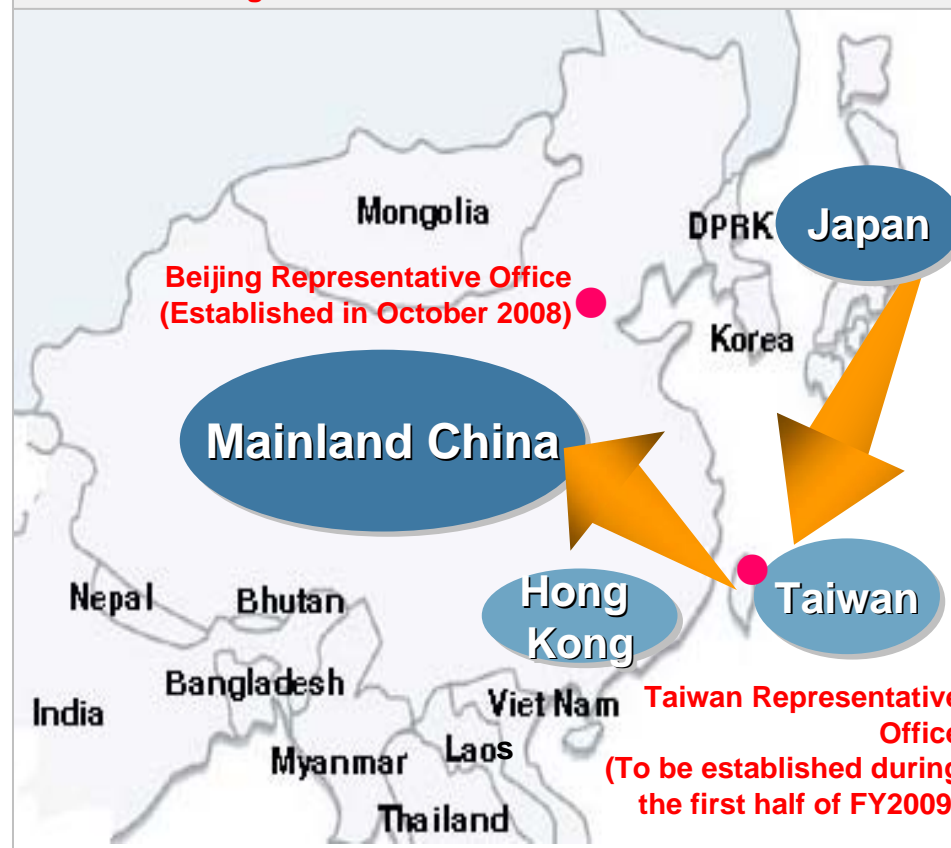
## Develop Annuities Business

- Basic stance
  - Use life planning to position individual annuities along with death protection as survivor protection products  
→ **Expand the sphere of life planning**
  - Develop consulting-based sales at bank counters, drawing a line between these and current investment products, to foster the use of annuities for their true purpose of ensuring security and a sense of safety in old age  
→ **Change the world of Japanese annuities**
- Establish new company
  - Realize plans to establish a joint venture annuities subsidiary through a 50:50 joint venture with the AEGON Group of the Netherlands



## Expand Overseas Business (Mainland China)

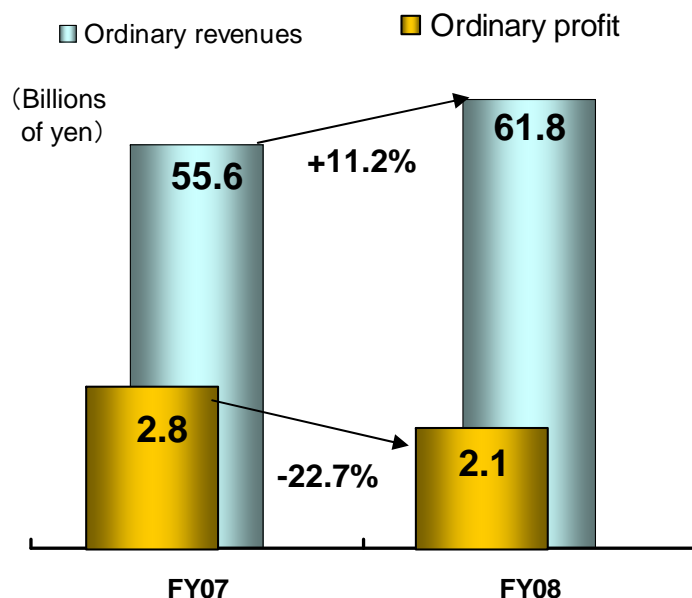
- Development policy
  - First expand operations into Taiwan, using this as a foothold to extent business into mainland China  
→ **Transmit the Sony Life spirit and set steppingstones for future growth**



# Sony Assurance

# FY2008 Review

## (1) Profit and loss



### Sony Assurance

- ◆ Ordinary revenues up, but ordinary profit down year on year
- ◆ Sales of automobile insurance policies were strong, resulting in ordinary revenues up 11.2% to ¥61.8 billion
- ◆ Ordinary profit down 22.7% to ¥2.1 billion owing mainly to higher claims paid
- ◆ Net loss of ¥1.5 billion was recorded as a result of extraordinary loss\*

\*Disposal of intangible fixed assets (software in progress)

(Billion yen)	FY07	FY08	vs PY	
			Change	% Change
Ordinary revenues	55.6	61.8	+6.2	+11.2%
Underwriting income	55.0	61.1	+6.1	+11.1%
Investment income	0.5	0.7	+0.1	+26.5%
Ordinary expenses	52.8	59.7	+6.8	+13.0%
Underwriting expenses	38.9	44.2	+5.2	+13.4%
Investment expenses	0.0	0.1	+0.1	+2,958.1%
Operating, general and administrative expenses	13.8	15.3	+1.4	+10.6%
Ordinary profit	2.8	2.1	-0.6	-22.7%
Net income (loss)	2.1	-1.5	-3.7	—

(Billion yen)	08.3.31	09.3.31	vs PY	
			Change	% Change
Underwriting reserves	42.7	50.7	+8.0	+18.9%
Total net assets	15.3	13.6	-1.7	-11.1%
Net unrealized gains/losses on other securities (net of taxes)	-0.0	-0.1	-0.1	—
Total assets	78.6	86.6	+8.0	+10.2%

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

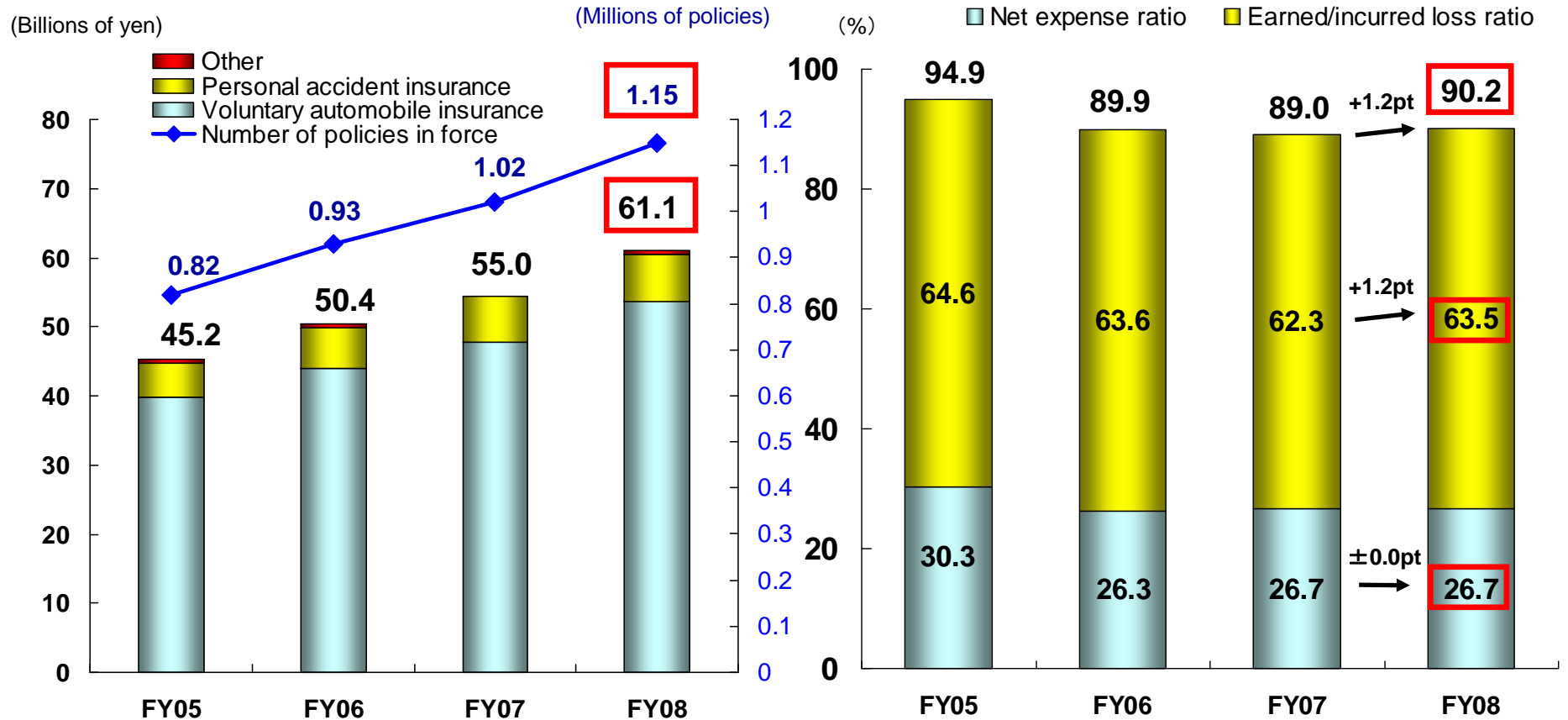
# FY2008 Review

## (2) Operating performance



### Net Premiums Written and Number of Policies in Force

### Net expense ratio + Earned/Incurred loss ratio



The number of policies in force is the total of automobile insurance and medical and cancer insurance, which accounts for more than 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.

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 premium.

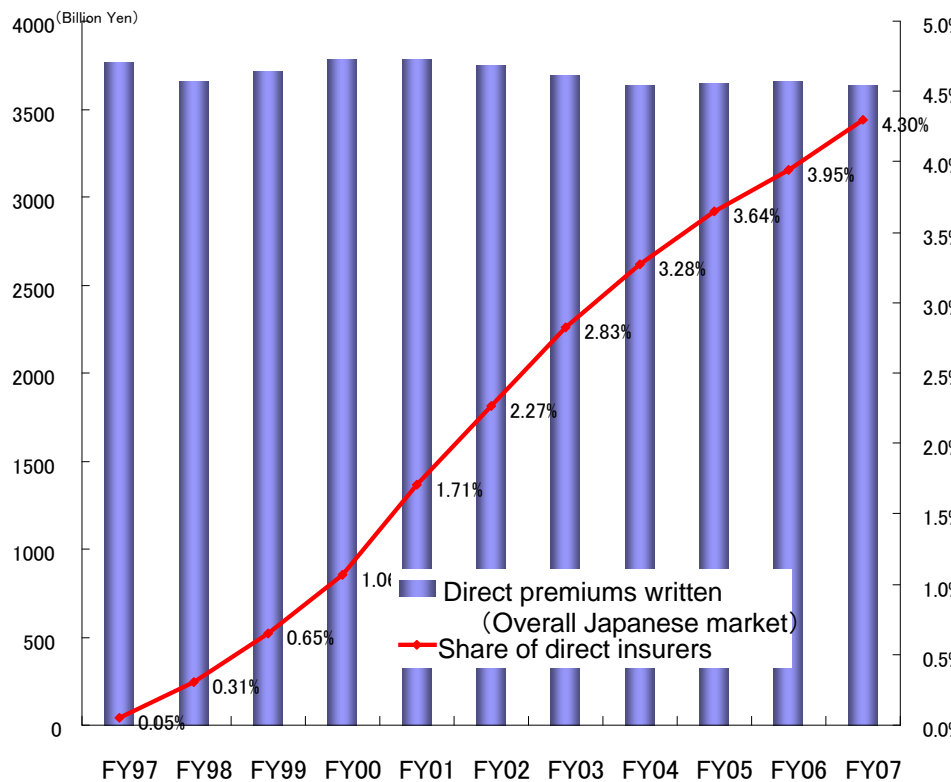
\*Note that earthquake insurance and compulsory automobile liability insurance are excluded from the above calculation.

# Market overview

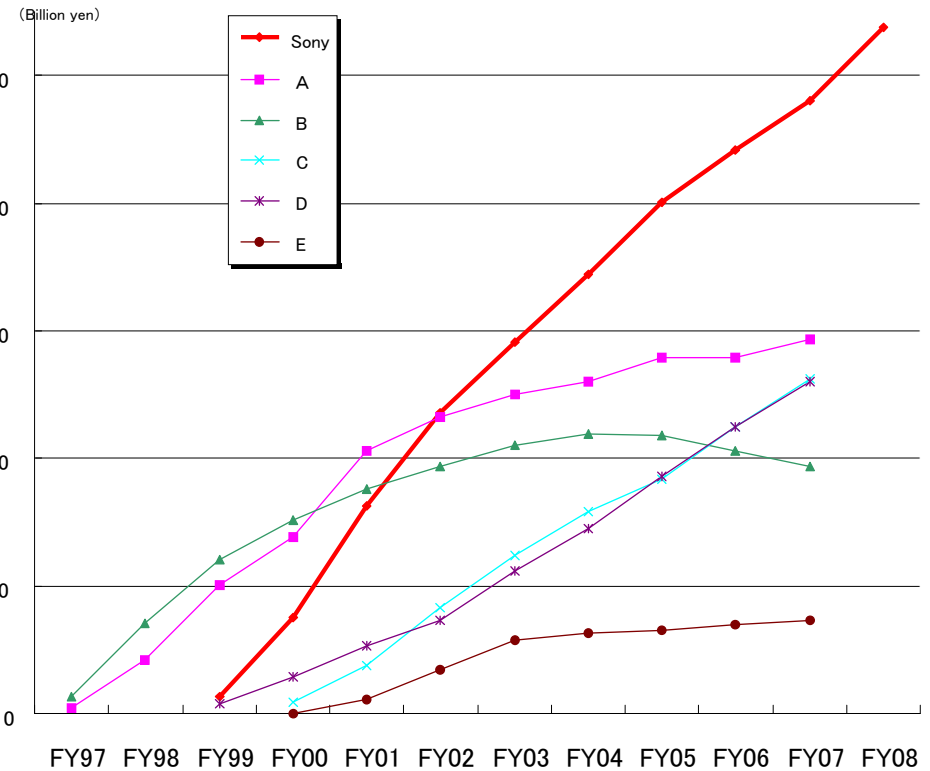
## (1) Auto insurance market



Auto insurance market & Share of Direct insurers



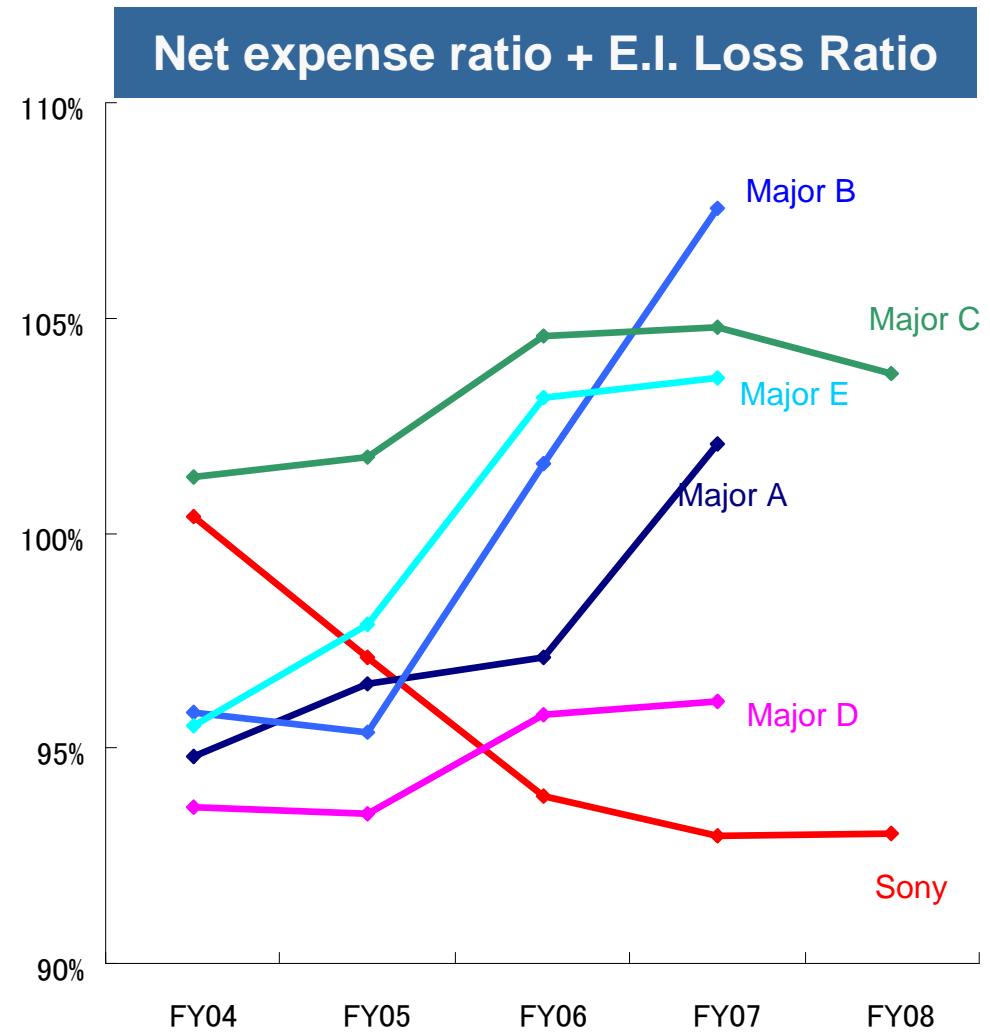
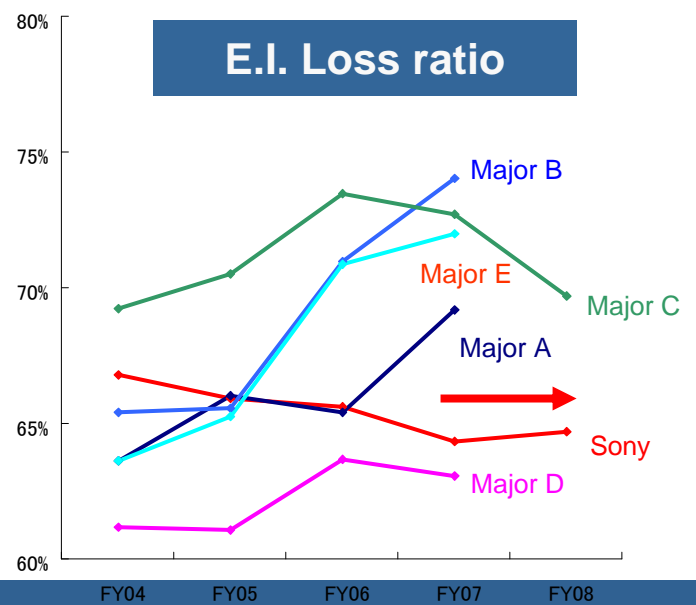
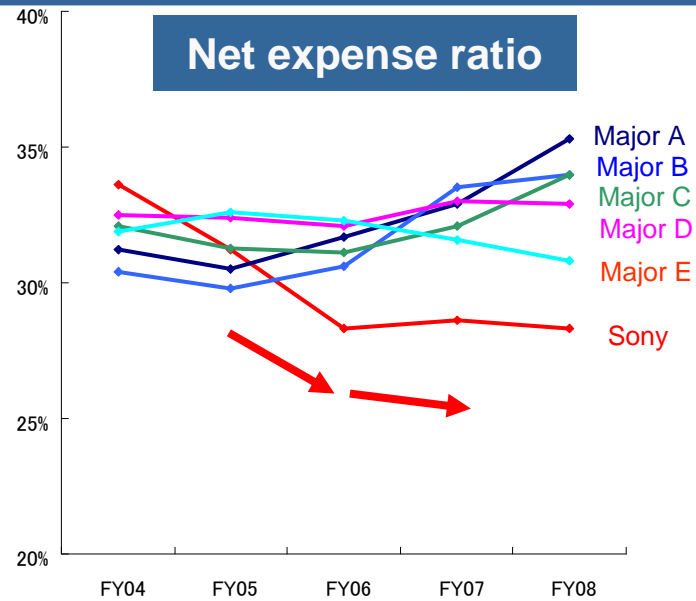
Direct premiums written by direct insurer



Source: Insurance

# Market overview

## (2) Profitability (Automobile insurance)



Source: Prepared by Sony Assurance, using the data disclosed by each companies



## Mid-term Targets

### Growth:

Keep growth with an aim to achieve  
¥100.0 billion of direct premiums written

### Profitability:

Establish profitability to maintain  
more than 10% of adjusted ROE

# Mid-term Strategic Focuses

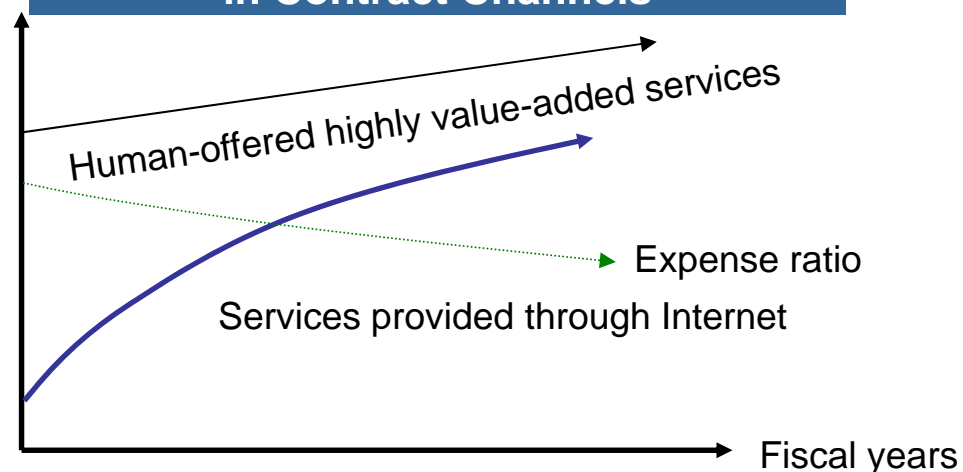
## Growth of Automobile Insurance



## Marketing channel



## Shift to Internet in Contract Channels



# Major Initiatives

## (1) Sales strategy: Marketing channels (Automobile insurance)



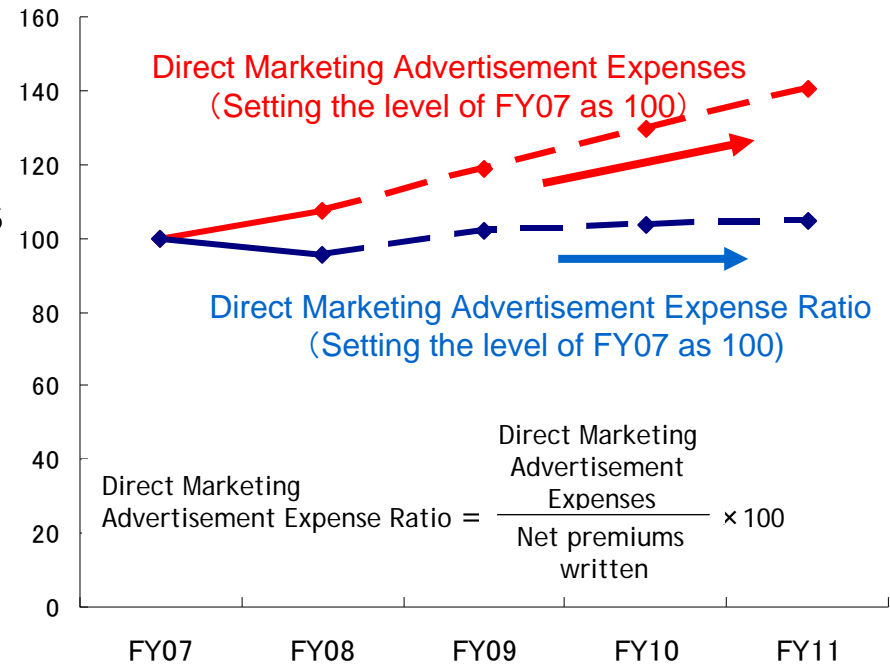
### Direct channels

- Strategic investment in marketing costs

### Tie-up channels

- Cultivating new channels
- Cultivating new closed markets

Investment in Direct Channels Advertisement



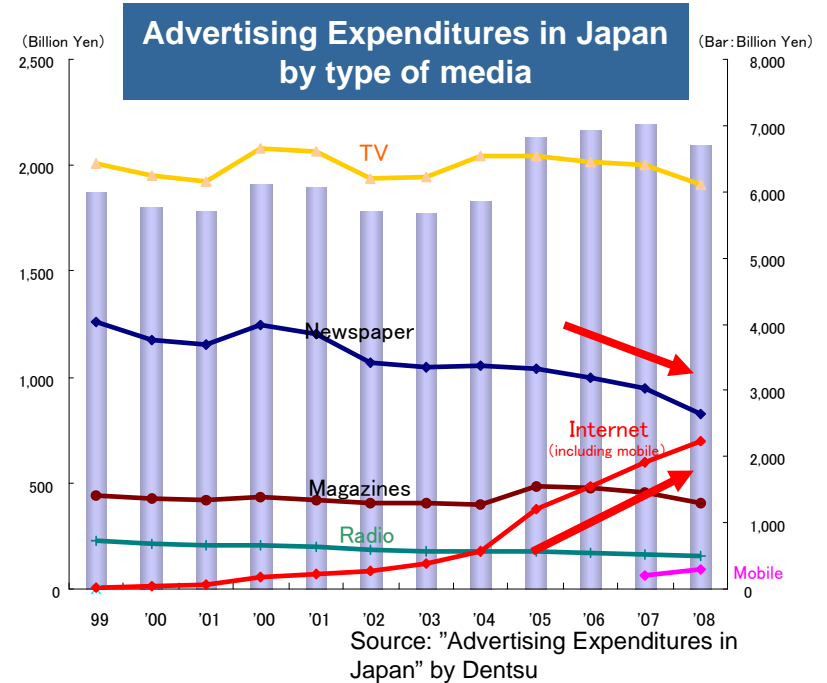
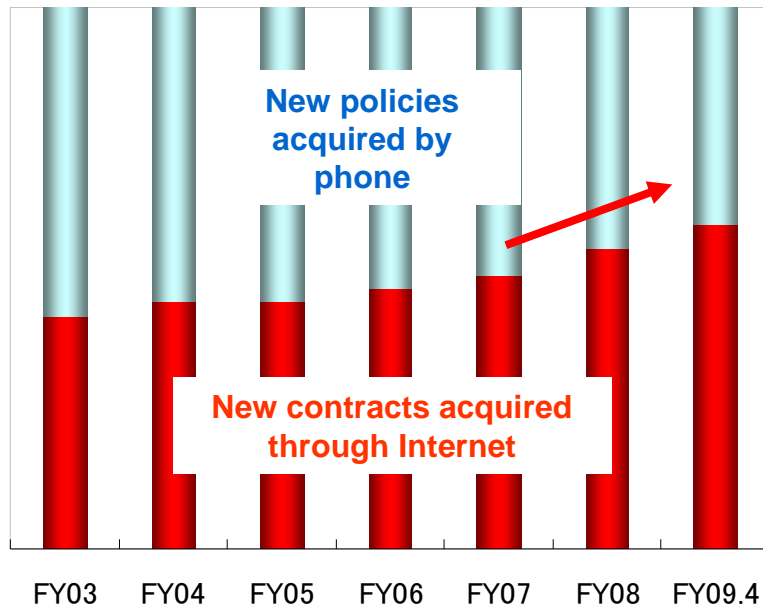
# Major Initiatives

## (1) Sales strategy: Contract channels (Automobile insurance)

### Increasing Internet channels

- Increase discount on online contract (February 2009)
- Strengthening web promotion
- Enhancing responses to mobile phone users

**New policies by contract channels**



# Major Initiatives

## (2) Services strategy (Automobile insurance)



### Accident resolution services delivering strong customer satisfaction

Sony Assurance's Quality Accident Resolution "On the Day, Any Day, Response" Service\*

- Accident reports accepted 24 hours a day, 365 days a year
- If an accident occurs on a holiday, rather than simply "receiving" the report, a response is initiated, resulting in quick, same-day response.
- By the end of the day, response results are reported in a "same-day report."
- Provide a sense of security by quickly determining the person in charge of responding, and that person responding within three hours
- Private settlements, with one person in charge of handling one accident
- Informed consent through repetition of the explanation/consent process
- Method of communication can be selected

### Customer Satisfaction with Accident Resolution

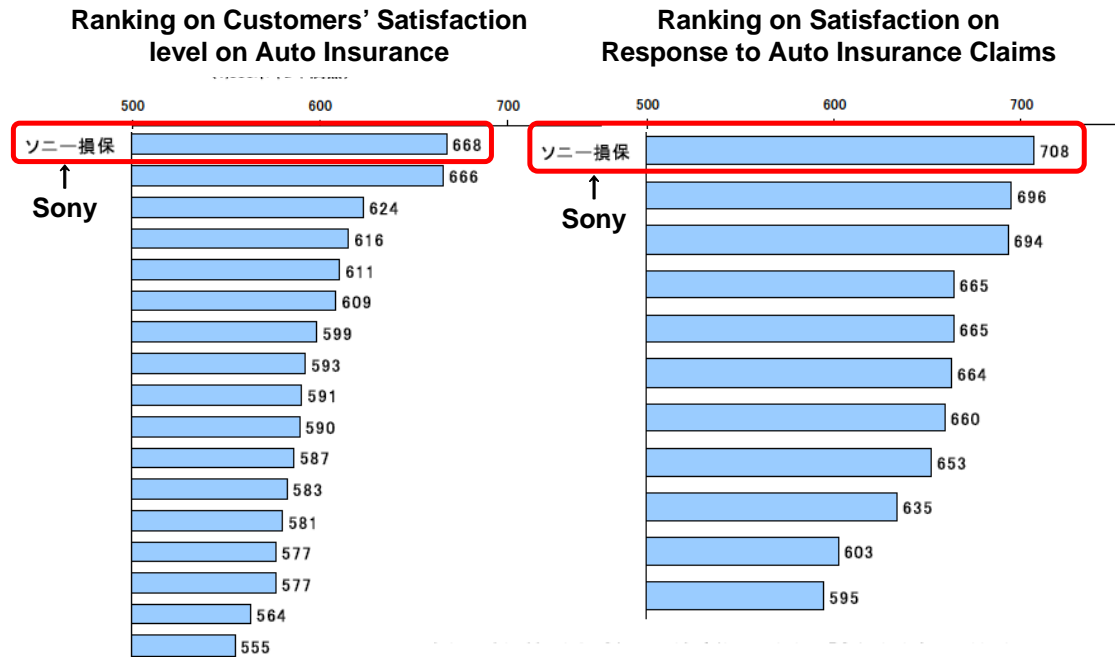
#### FY2007 Results

Out of 58,058 questionnaires distributed, received 15,878 response (Response rate: 27.3%)

#### Respondents' opinions:

Satisfied: 78.2%    Somewhat satisfied: 12.1%  
 No strong feeling either way: 5.7%  
 Somewhat dissatisfied: 2.4%    Dissatisfied: 1.6%

### High evaluations from outside institutions



J.D. Power Asia Pacific: 2008 Japan Auto insurance customer satisfaction study

### ●Evaluation of "Satisfaction Level"

JD Power Response to auto insurance claims and at the time of contracting FY08 No.1 (see above)

GOMEZ Website satisfaction level FY07 No.1

HDI Japan Customer Center Phone Response FY08 No.1

# Major Initiatives

## (3) Strategy to enhance profitability



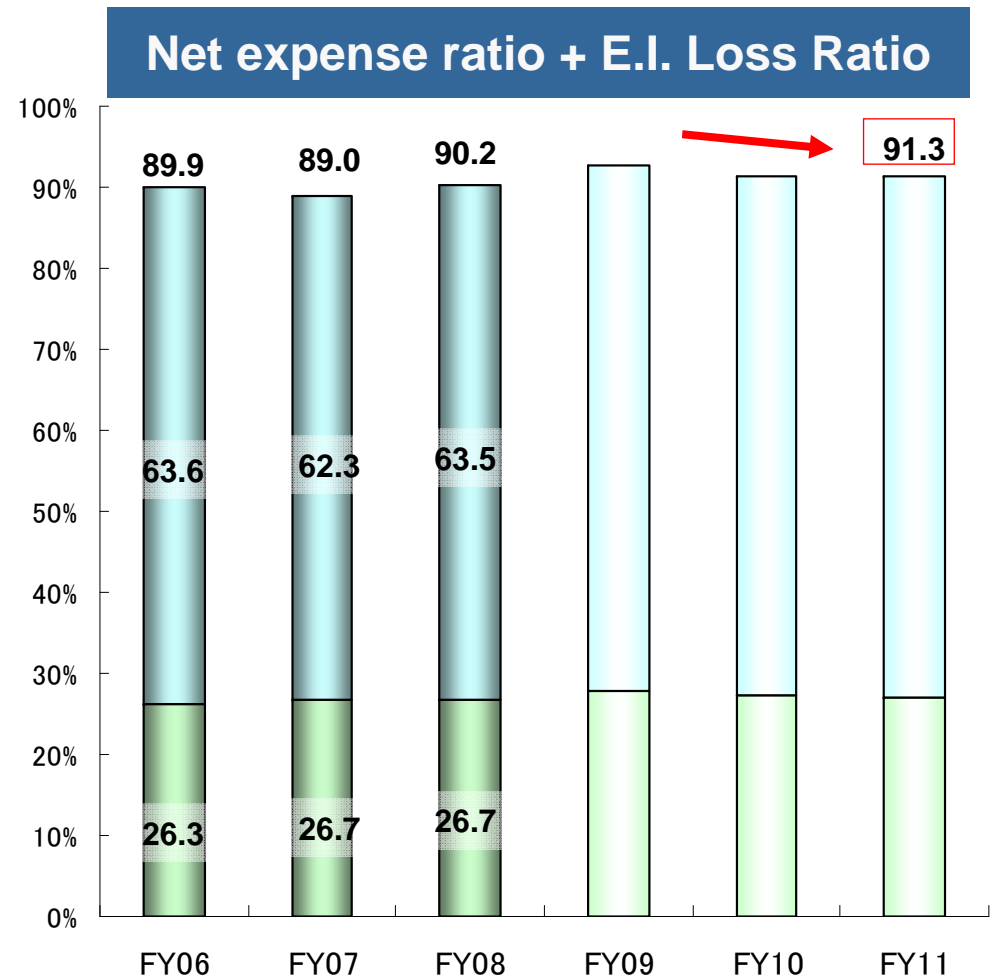
<Total of types of insurances>

<Improvement in expense ratio>

- Expand business scale
- Expand Internet channels (for new policies)
- Improve operational efficiency

<Expansion of product line-ups>

- Medical and cancer insurance (SURE)
- Overseas travel personal insurance
- Pet insurance (offering as agent)



E.I. loss ratio = 
$$\frac{\text{Net losses paid} + \text{Loss adjustment expenses} + \text{accumulation in provision for reserve for outstanding losses}}{\text{Earned premiums}}$$

Excluding earthquake insurance and compulsory automobile liability insurance

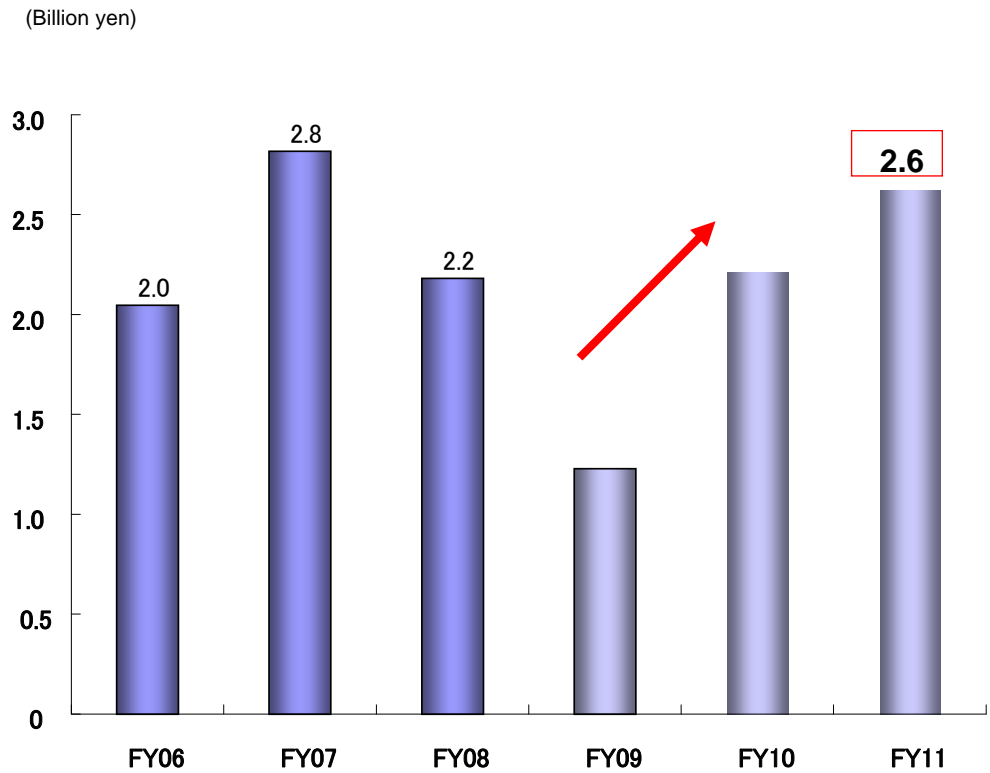
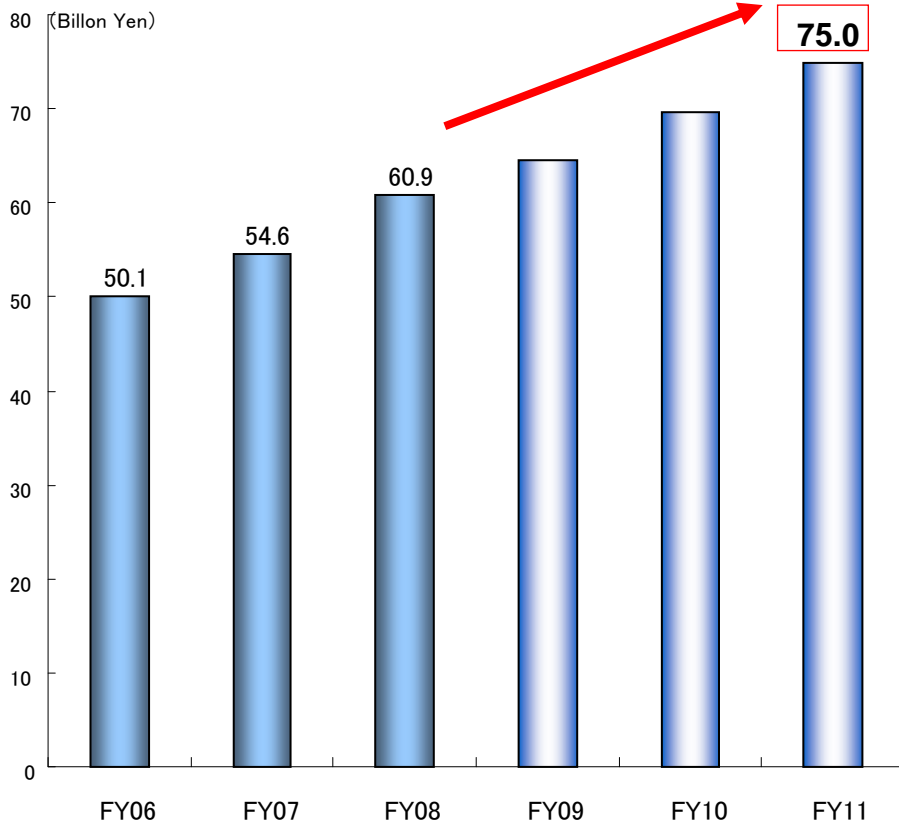
# Mid-term targets

## (1) Operating performance index



### Direct premiums written

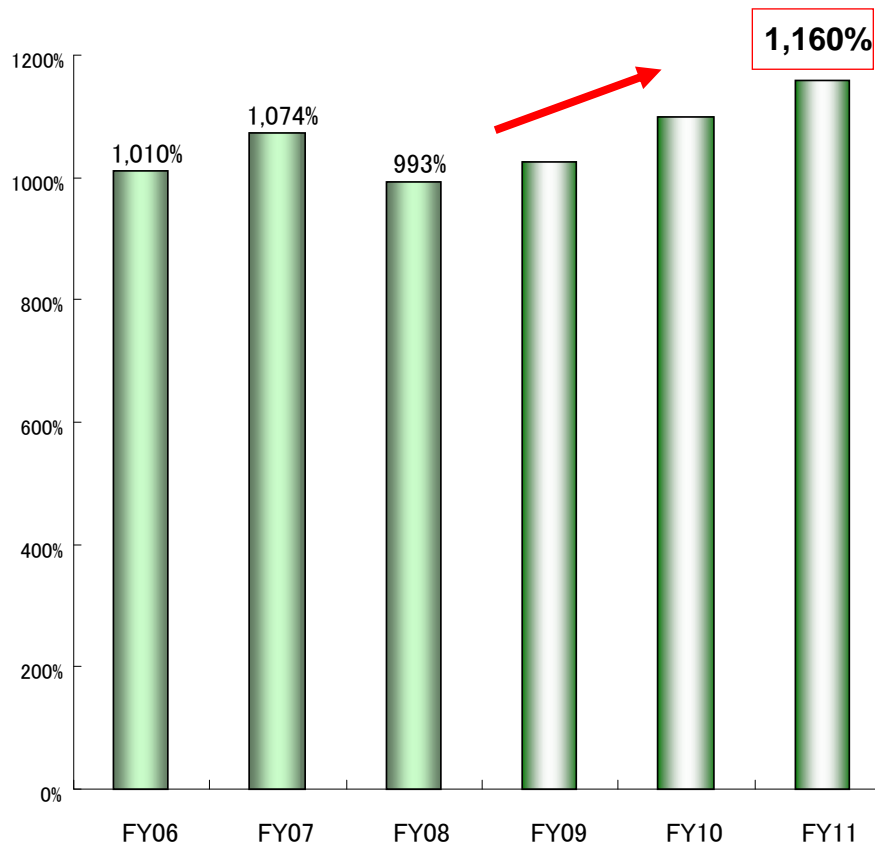
### Ordinary profit



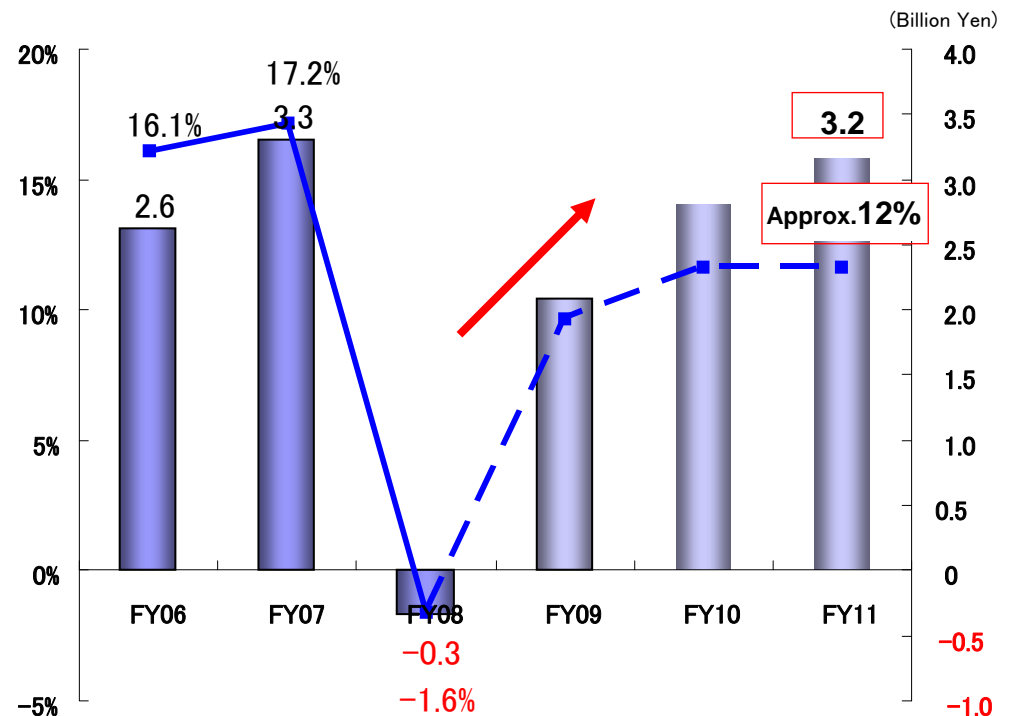
# Mid-term targets (2) Profitability index



## Solvency margin ratio



## Adjusted profit & Adjusted ROE



Adjusted ROE = Adjusted profit / Adjusted capital  
 Adjusted profit = The net income plus provision for special catastrophe reserve and its provision for reserve for price fluctuations, in each case after taxes.  
 Adjusted capital = The average amount of net assets plus the sum of special catastrophe reserve and its reserve for price fluctuations, in each case after taxes.



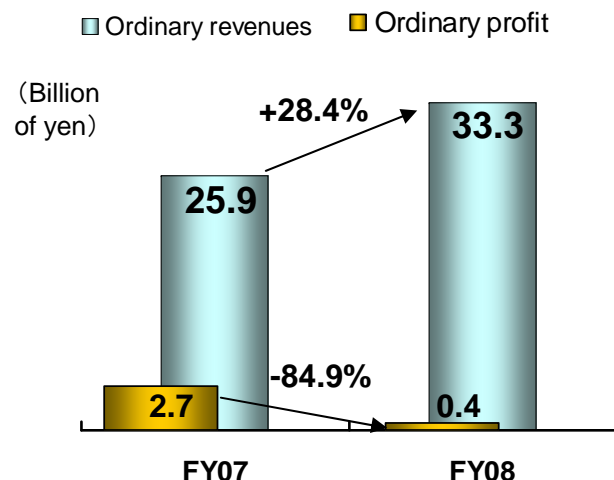
# Sony Bank

# FY2008 Review

## (1) Profit and loss



(Non-consolidated basis)



### Sony Bank

- ◆ Ordinary revenues up, but ordinary profit down year on year
- ◆ Ordinary revenues up due to higher interest income as investment assets increased in line with business expansion
- ◆ Ordinary profit decreased as impairment losses on available-for-sale securities was recorded due to decline in the fiscal year-end market value of securities
- ◆ Net loss was recorded, caused by an increased income taxes (deferred) by applying to the tax effect accounting
- ◆ Customer assets increased ¥156.2 billion year on year to ¥1,403.6 billion.

(Billion yen)	FY07	FY08	vs PY	
			Change	% Change
Ordinary revenues	25.9	33.3	+7.3	+28.4%
Gross operating profit	10.9	10.8	-0.0	-0.8%
Net interest income	5.1	6.6	+1.5	+30.2%
Net fees and commissions	0.3	0.3	-0.0	-21.3%
Net other operating income	5.4	3.9	-1.5	-28.3%
General and administrative expenses	8.1	10.3	+2.1	+26.6%
Ordinary profit	2.7	0.4	-2.3	-84.9%
Net income (loss)	4.4	-0.7	-5.2	—

(Billion yen)	08.3.31	09.3.31	vs PY	
			Change	% Change
Securities	488.7	823.1	+334.3	+68.4%
Loans	347.0	477.0	+130.0	+37.5%
Deposits	1,144.3	1,326.3	+181.9	+15.9%
Net assets	35.7	46.2	+10.5	+29.5%
Net unrealized gains/losses on other securities (net of taxes)	-9.0	-9.6	-0.6	-
Total assets	1,211.0	1,411.9	+200.9	+16.6%

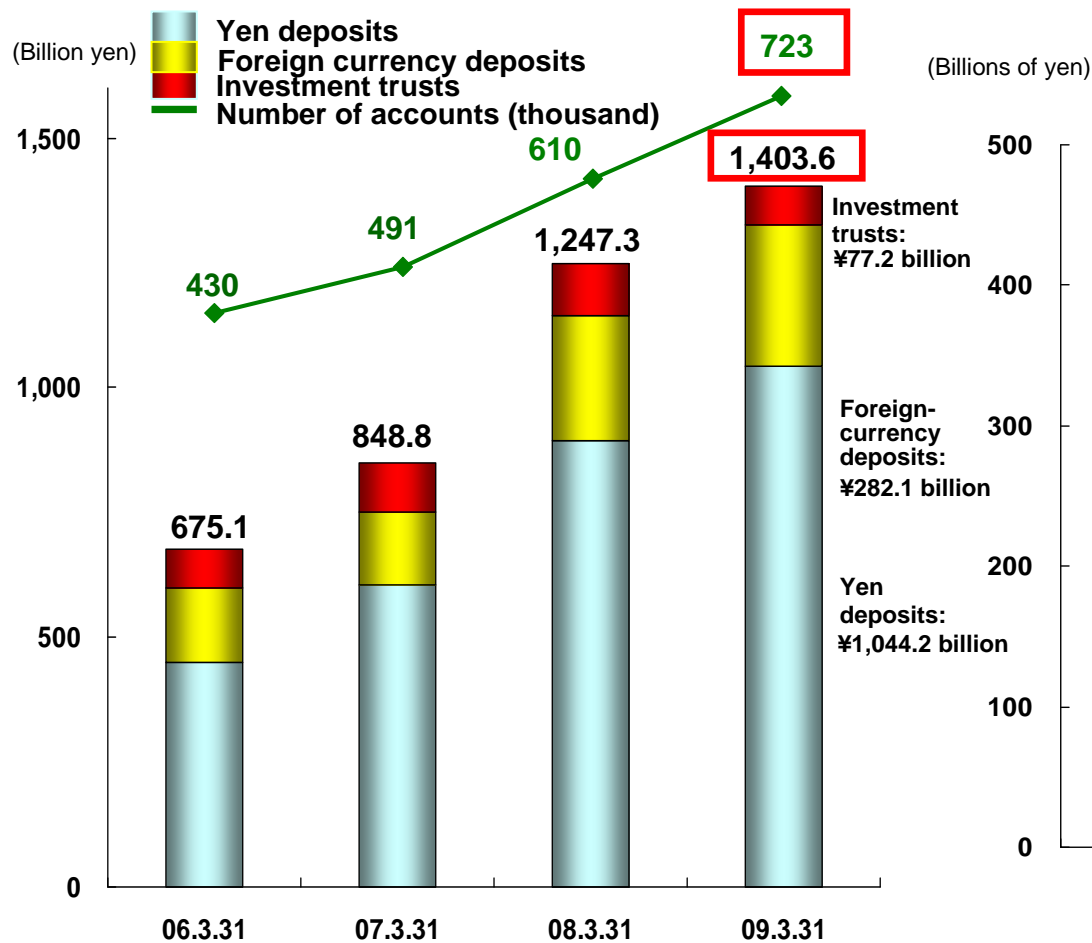
Line item amounts are truncated below ¥100 million. Percentage figures are rounded.

# FY2008 Review

## (2) Operating performance

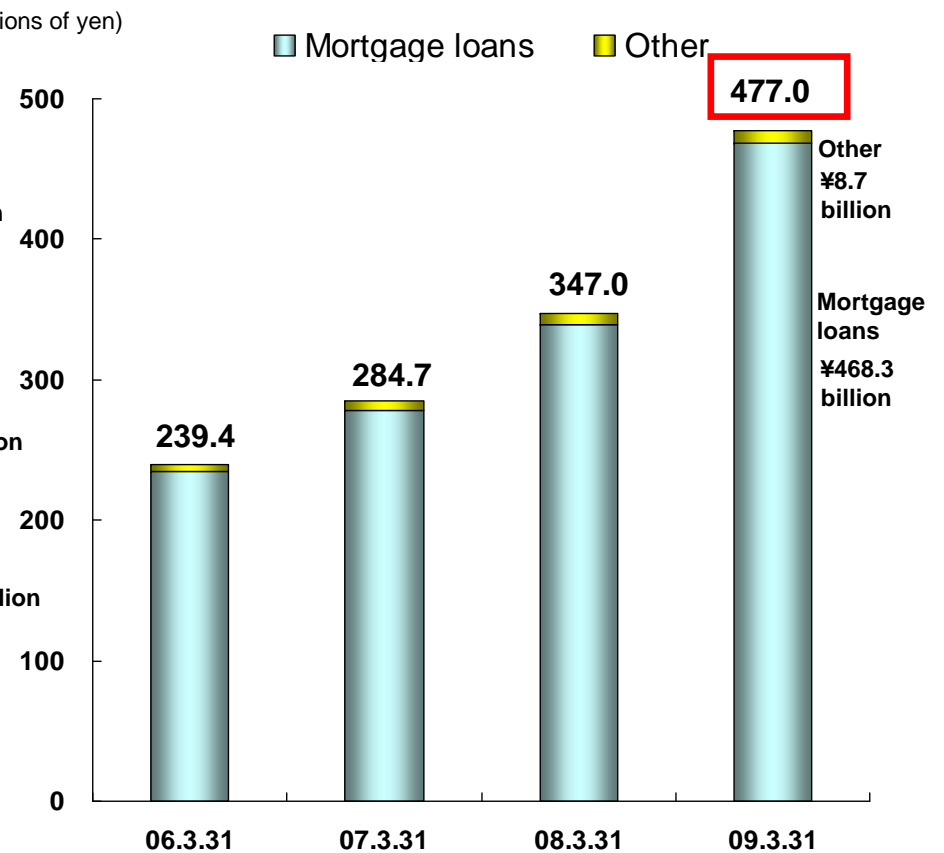


### Customer Assets (Deposits + Investment Trusts) and Number of Accounts



Amounts are truncated below ¥100 million; numbers of accounts are truncated below 1 thousand.

### Loans



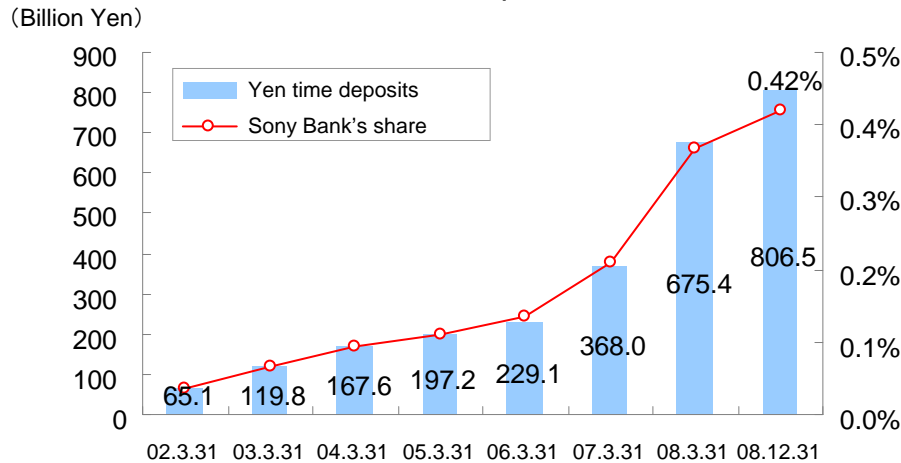
Amounts are truncated below ¥100 million.

# Market Overview

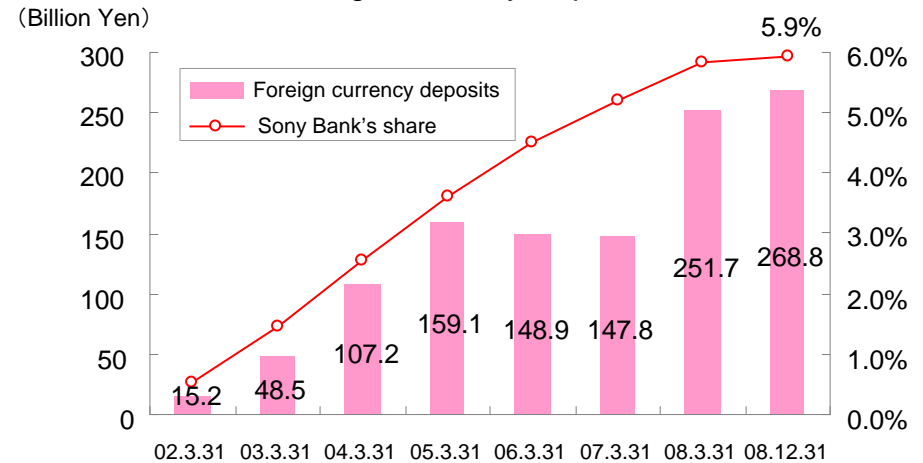
## (1) Sony Bank's Share



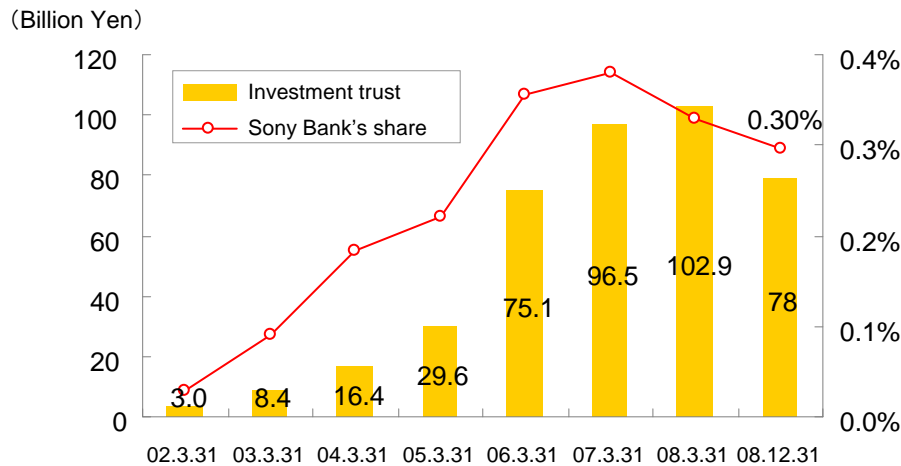
### Yen Time Deposits



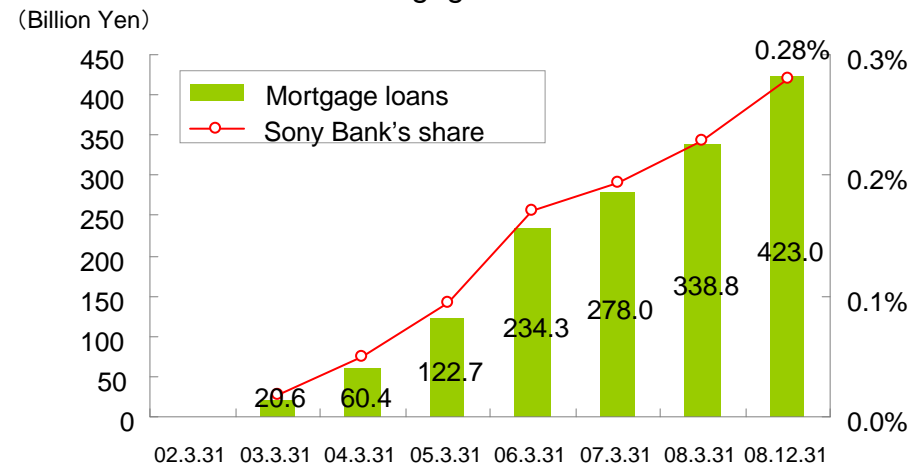
### Foreign Currency Deposits



### Investment Trust



### Mortgage Loans



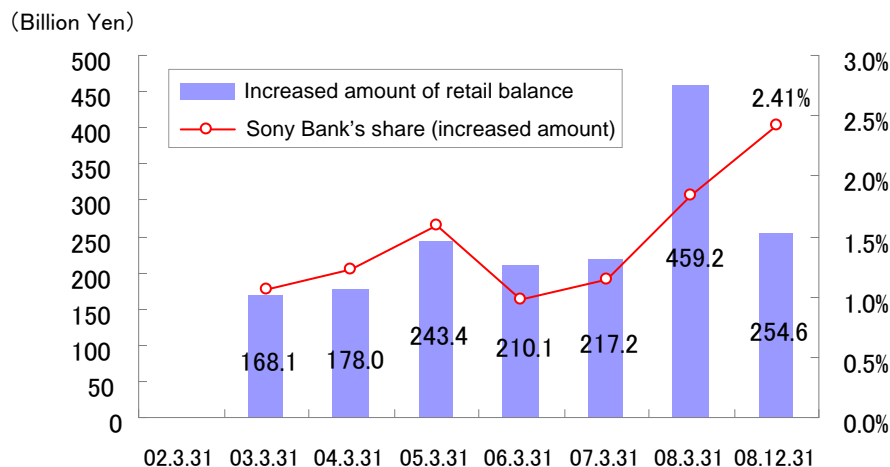
※Industry figures are derived from "domestic bank account" of Bank of Japan.

# Market Overview

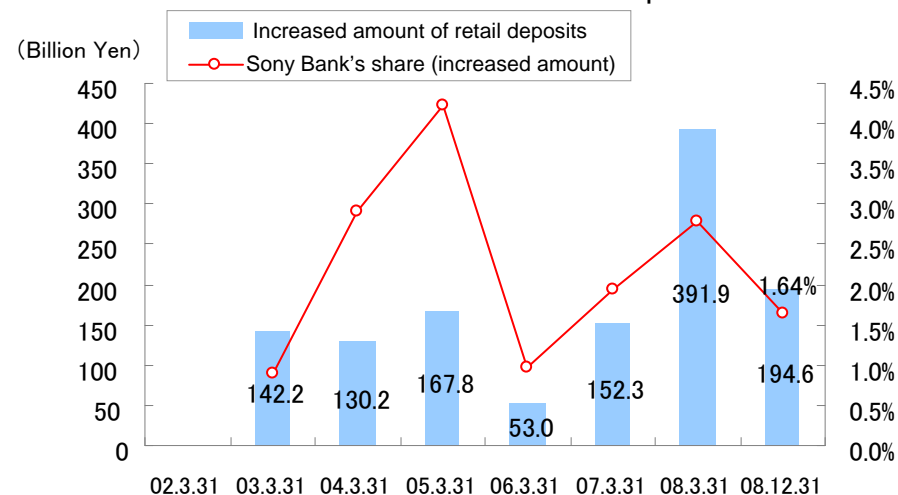
## (2) Sony Bank's Share (Increased amount)



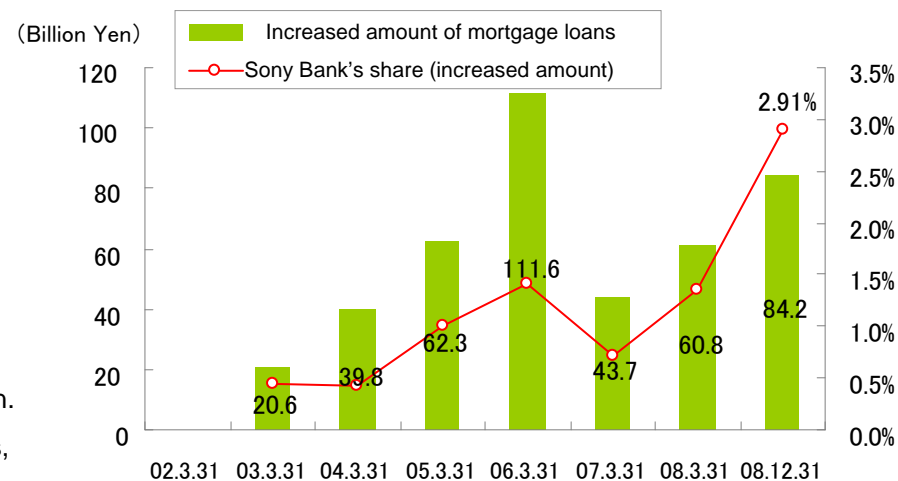
Increased amount of Retail Balance



Increased amount of retail deposits



Increased amount of mortgage loans

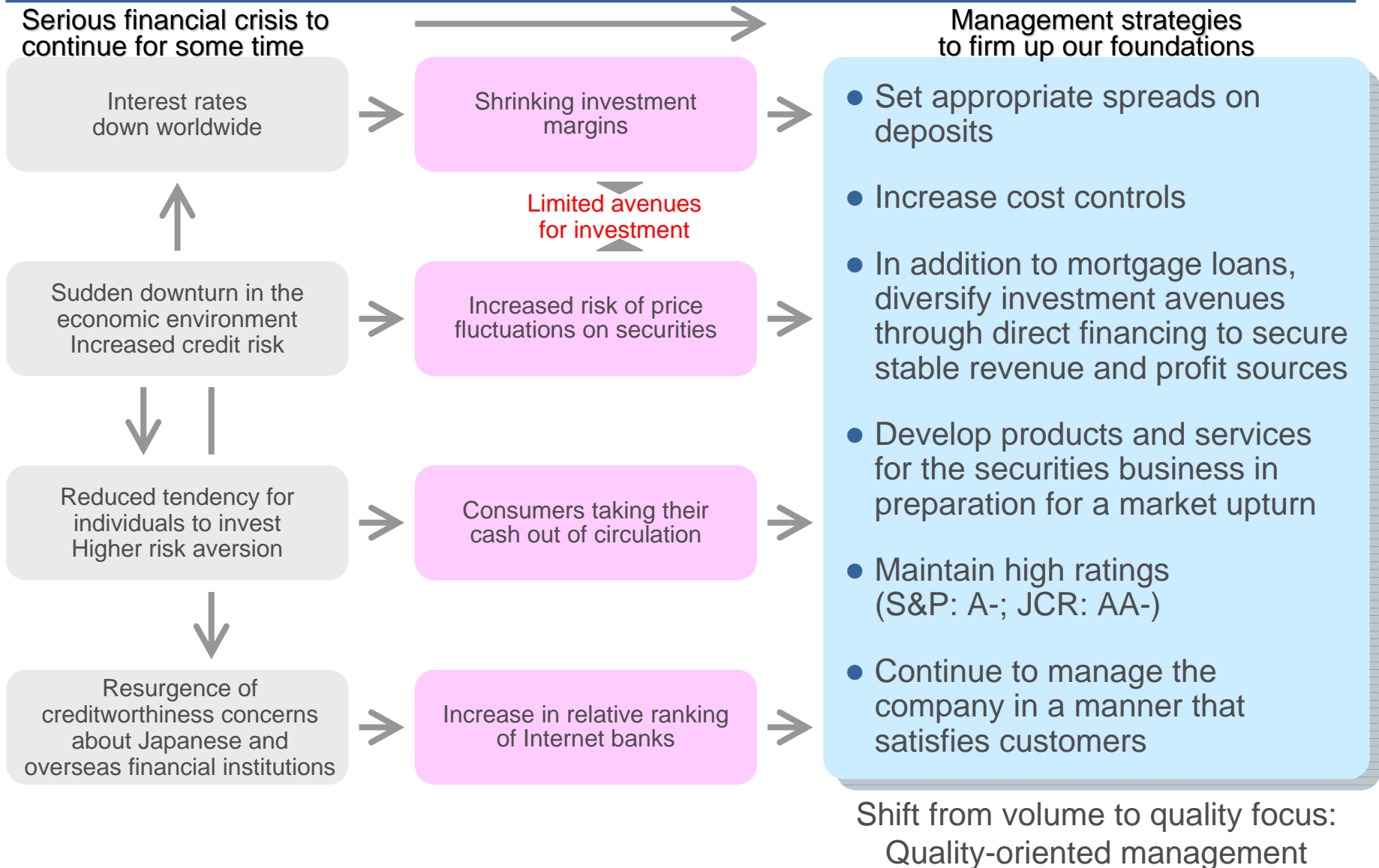


- ※ Industry figures are derived from “domestic bank account” of Bank of Japan.
- ※ Retail balance indicates the sum of yen deposits, foreign currency deposits, investment trust and mortgage loans.
- ※ Retail deposits indicates the sum of yen deposits and foreign currency deposits.

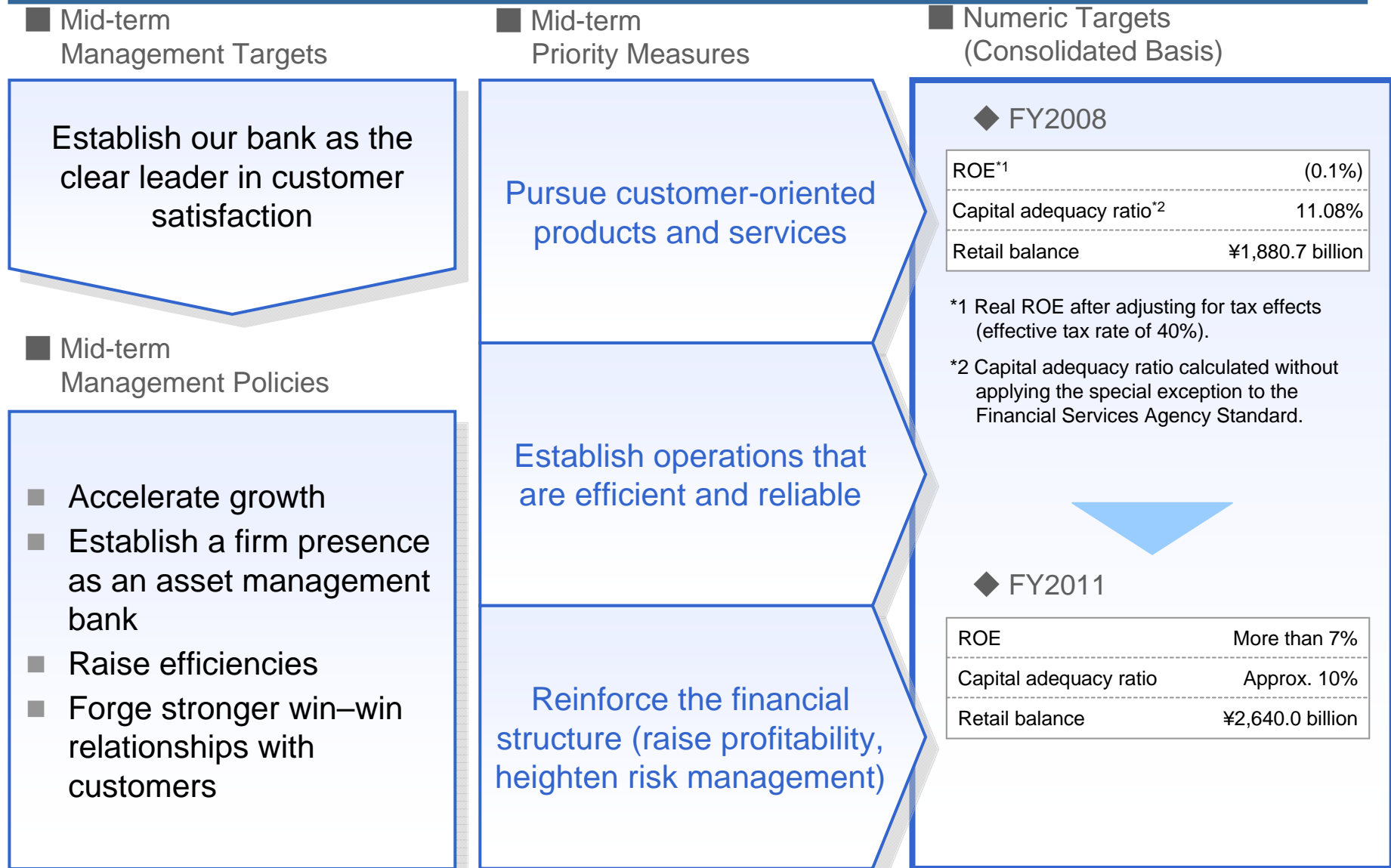
# Market Overview



## (2) External Environmental Factors and Management strategies

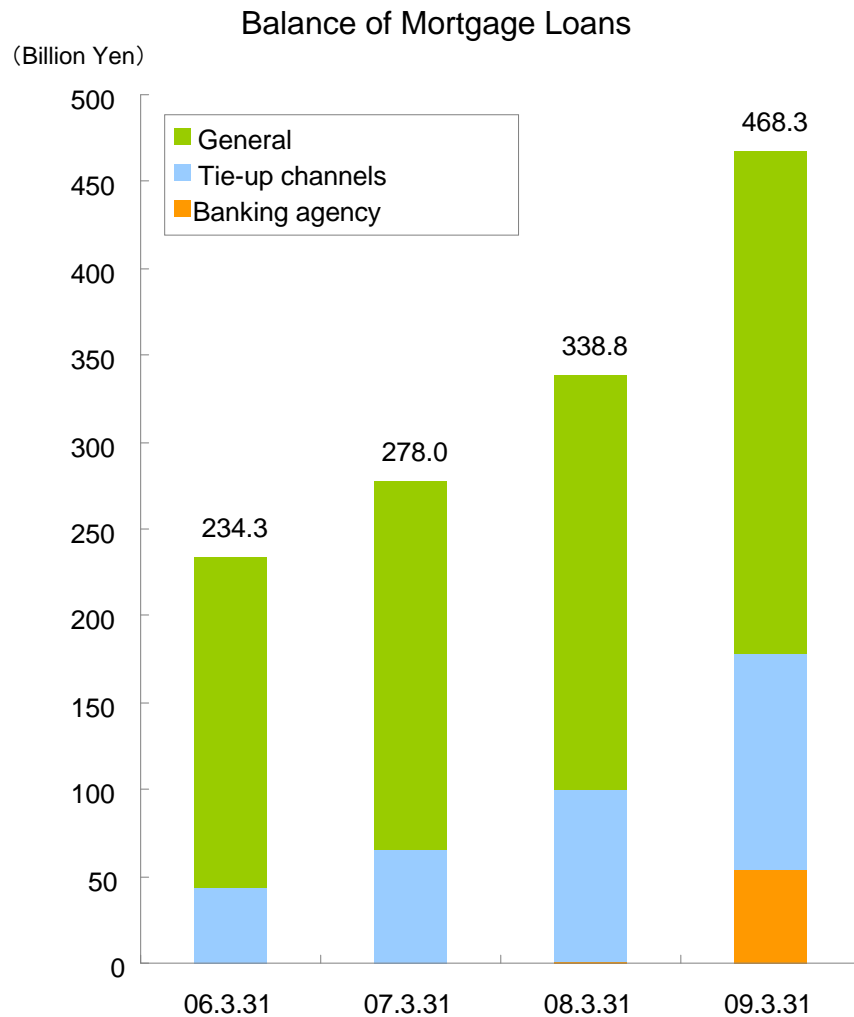


# Mid-term Strategic Focuses



# Major Initiatives (1) Sales strategy

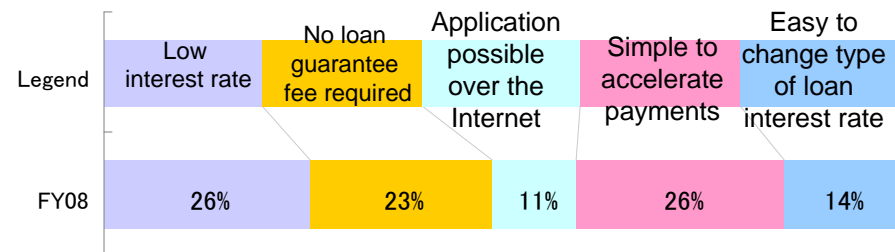
~ Providing total solutions from competitive interest rates~



- ### Features of Sony Bank's Mortgage Loans
- No need to go to a bank branch
  - No loan guarantee fee required
  - Simple to accelerate payments
  - Easy to change type of loan interest rate

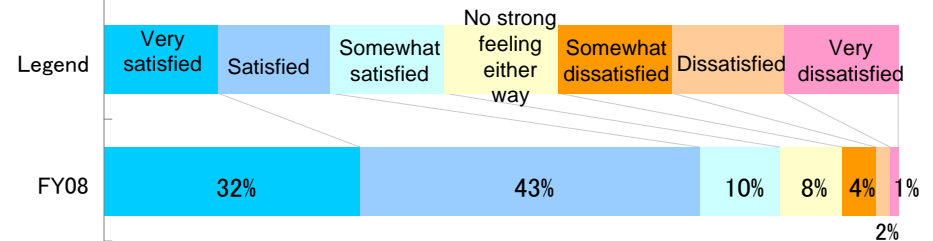
### Reasons for Choosing a Mortgage Loan

※ Source: Sony Bank Survey



### Loan Advisor Response

※ Source: Sony Bank Survey



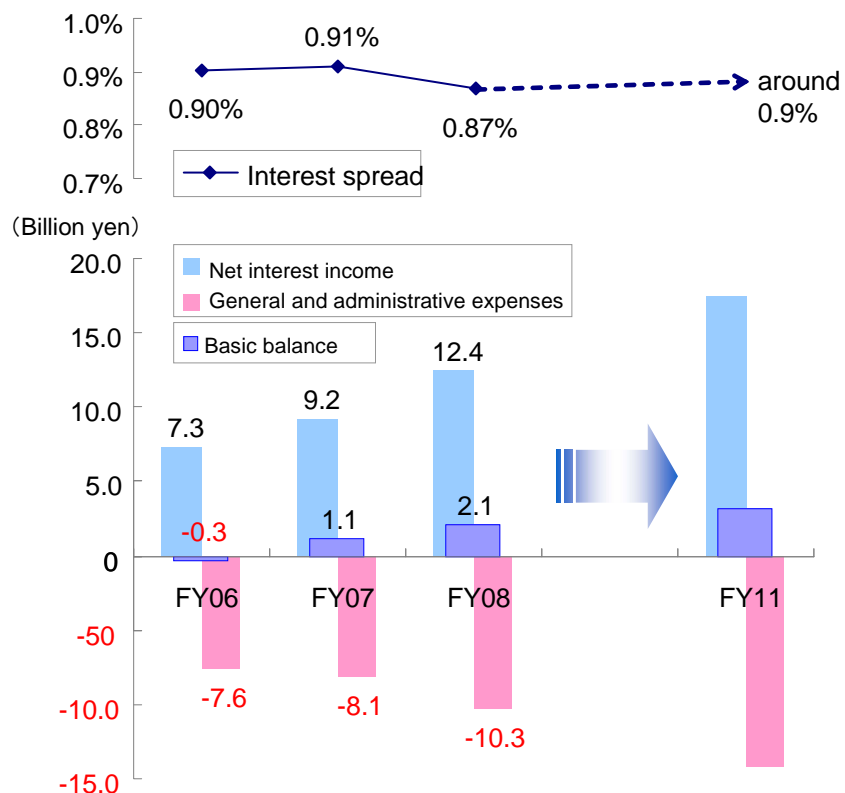


# Major Initiatives

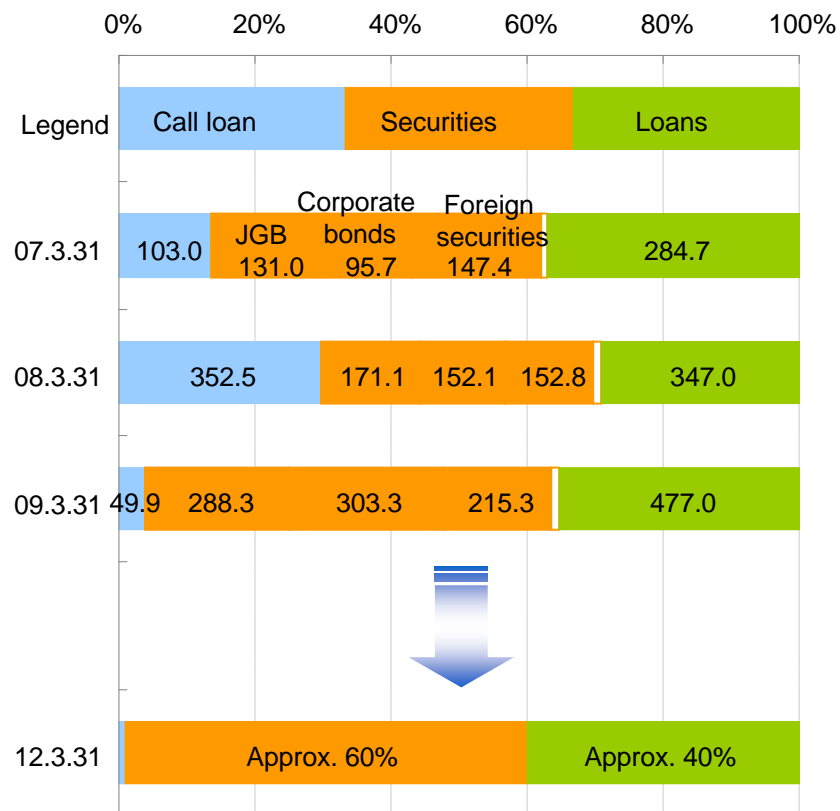
## (2) Asset management & cost control strategy



Basic Balance & Interest Spread (Non-consolidated basis)  
\*Internal management basis

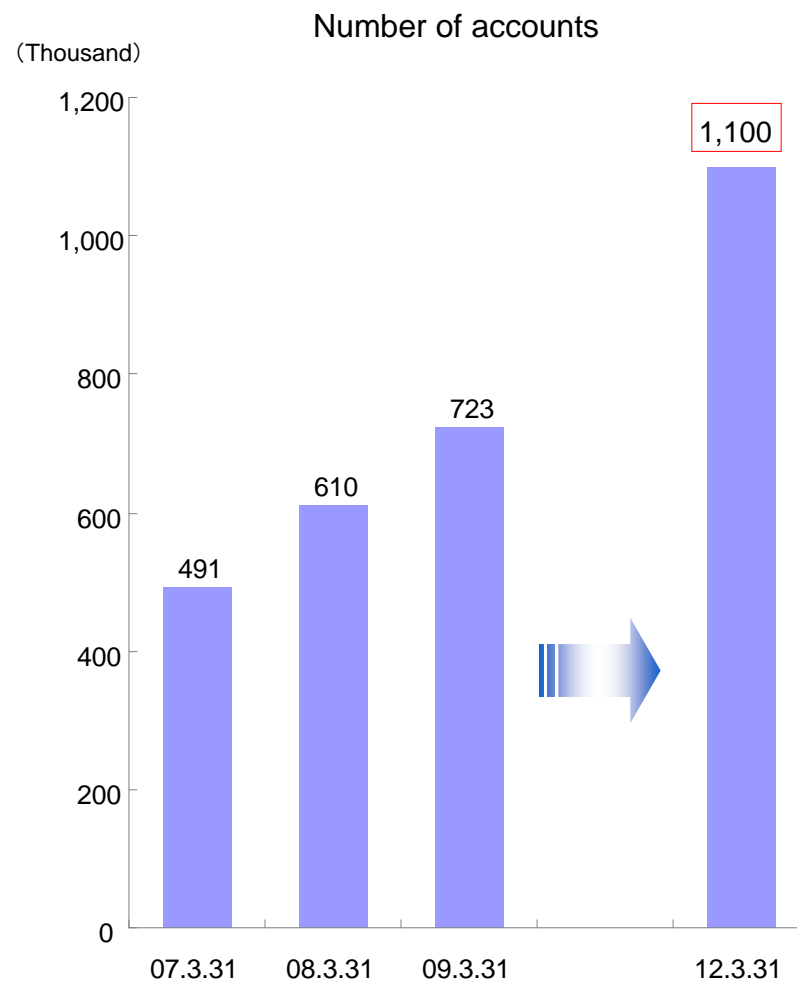
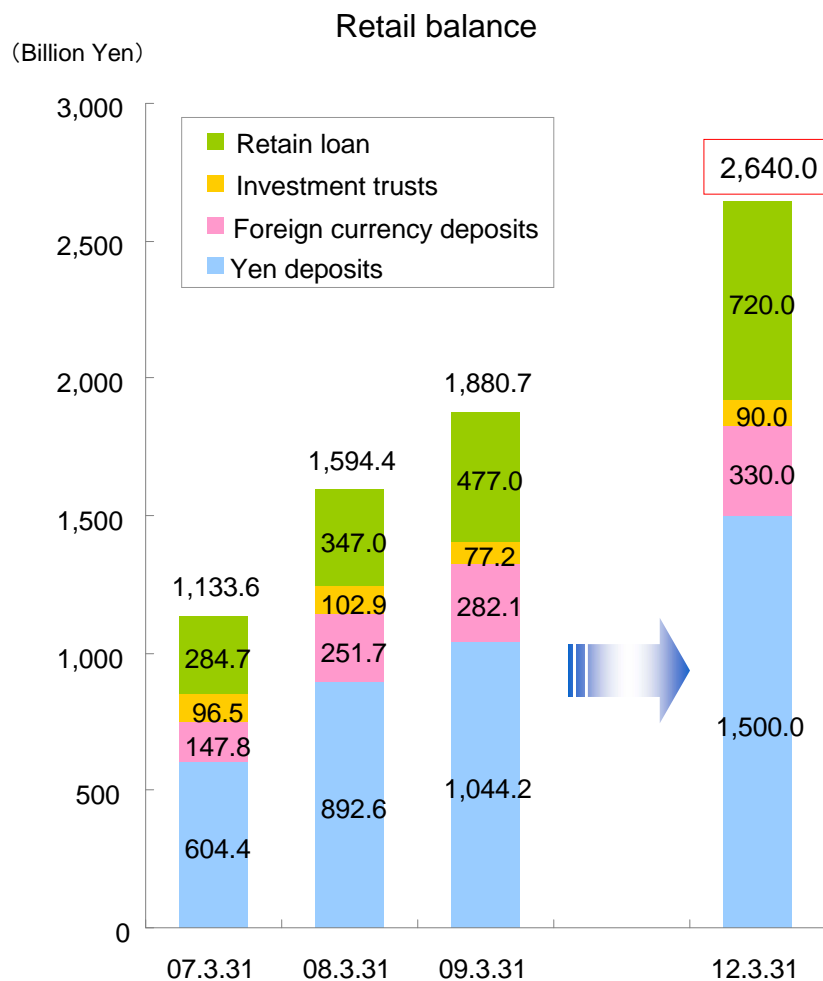


Asset management (Non-consolidated basis)



\* Internal management basis: Of transactions treated as “net other income (loss)” and “net fees and commissions” from a financial accounting standpoint, real investment gains or losses are recognized as “investment of assets” from a managerial accounting standpoint.

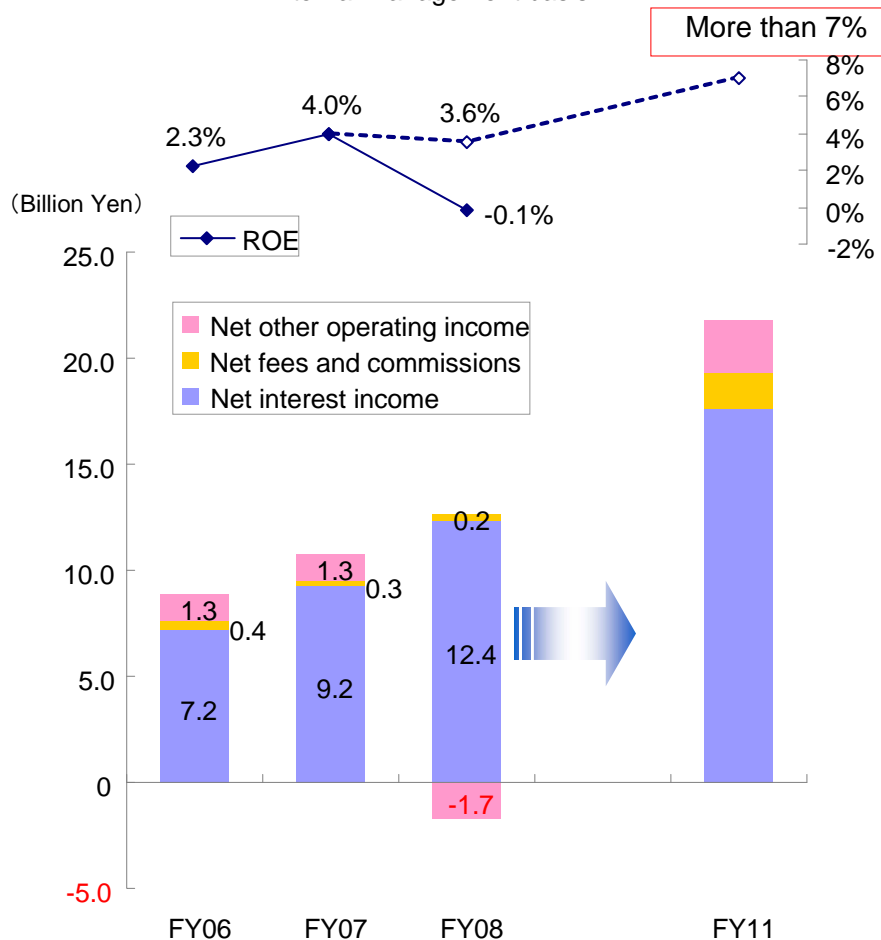
# Mid-term Targets (1) Operating performance index



# Mid-term targets (2) Profitability index

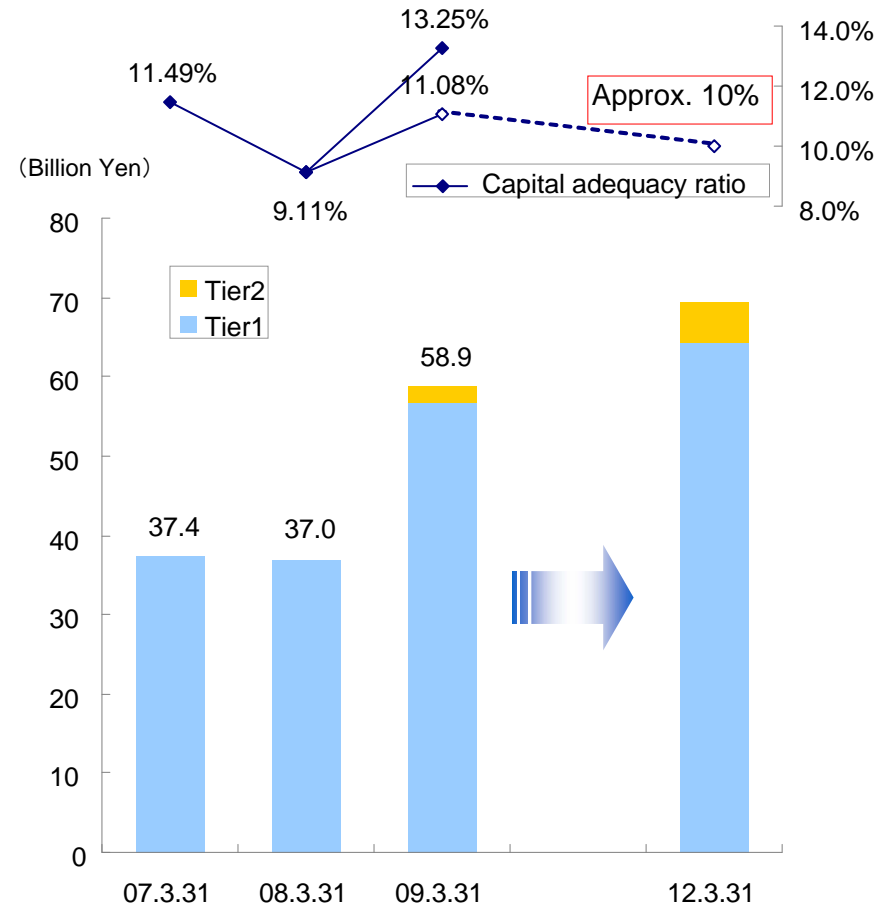


Gross operating profit & ROE (after adjustment for tax effects)  
\*Internal management basis



※ Realistic ROE after adjusting tax effects (effective tax rate of 40%) ROE of 3.6% in FY08 is the level excluding the effect of impairment losses

Capital adequacy ratio



※ Capital adequacy ratio of 11.08% as of March 31, 2009 was calculated without applying the special exception of the standard mentioned above, in accordance with the FSA public ministerial announcement No. 79 of 2008.

# Sony Financial Holdings Inc.

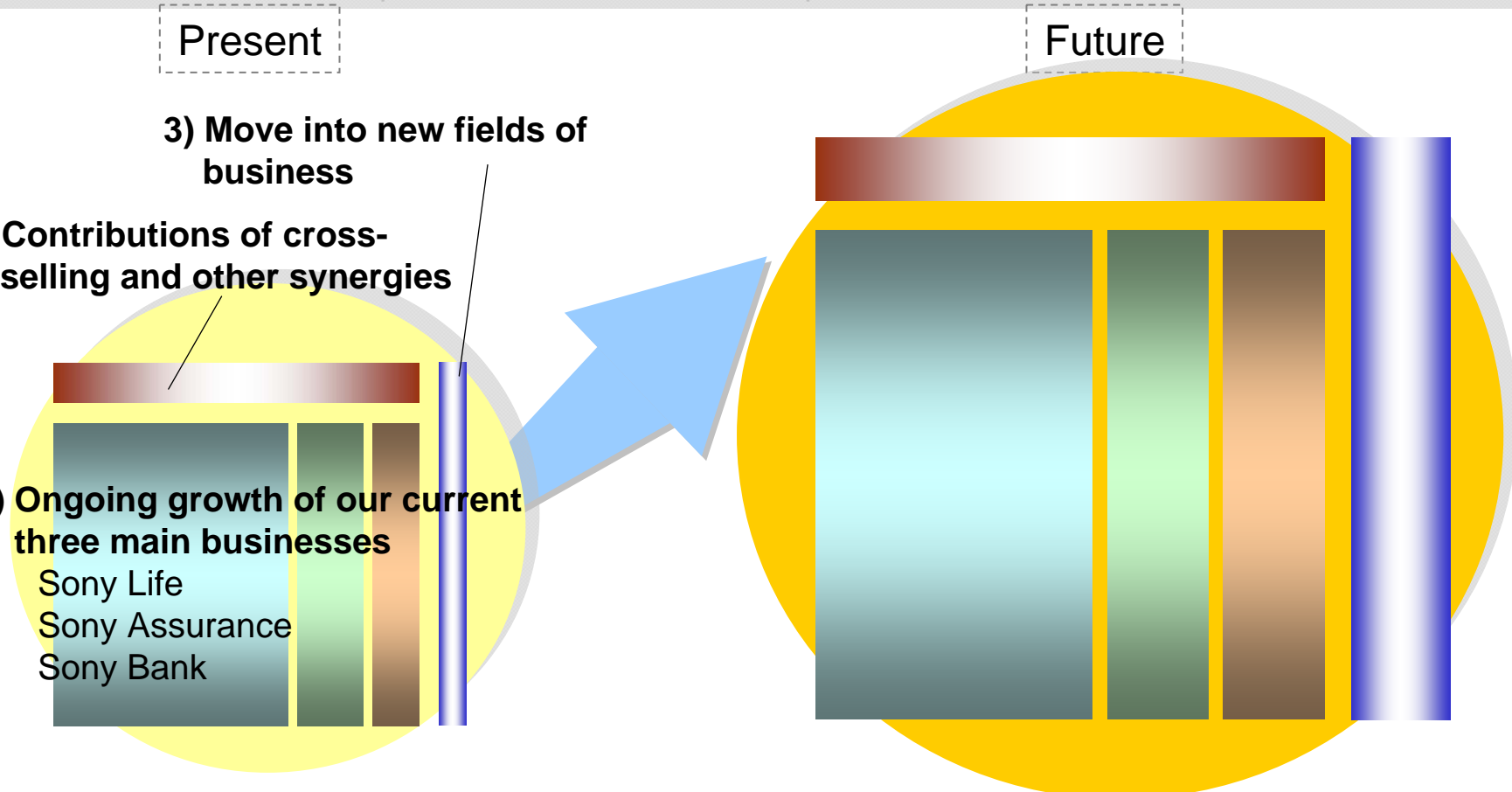
# Stance on Enhancing Corporate Value

(This page is the same as P.9)

- Value Creation = Raising the value of each of the three financial companies + synergy + moving into new fields of business
- In addition to raising corporate value through the steady growth of all three companies, we will foster cross-selling and other synergies within Group companies, as well as move into new fields of business. As a result, we will raise the corporate value of the SFH Group.

Present

Future

- 3) Move into new fields of business
- 2) Contributions of cross-selling and other synergies
- 1) Ongoing growth of our current three main businesses
- Sony Life
  - Sony Assurance
  - Sony Bank
- 

# Capital and Dividend Policies




# Capital and Dividend Policies

## Basic Idea of Capital and Dividend Policies

Maintaining our ongoing soundness as a financial institution

Monitoring each of statutory risks, risks on our internal management model and equity capital for our three subsidiaries.

Each of financial soundness indicator is expected to exceed the required level based on the current regulations in the future.

Financial Soundness Indicator (As of Mar31, 2009)	 Sony Life	 Sony Assurance	 Sony Bank
		Solvency Margin Ratio <b>2,060.5%</b>	Solvency Margin Ratio <b>993.0%</b>

\* calculated without applying the special exception to the Financial Services Agency Standard

<b>Estimated changes in business environment</b>	<ul style="list-style-type: none"> <li>■ Introducing International accounting standards           <ul style="list-style-type: none"> <li>▪ Time valuation of insurance liabilities</li> <li>▪ Comprehensive income statements</li> </ul> </li> <li>■ (Insurance) Introducing Solvency II and other indices</li> <li>■ (Bank) Attracting more attention on the core capital adequacy ratio</li> </ul>
--	--

<b>Dividend policies</b>	<p>Ensuring stable ongoing dividends to shareholders for a long term period, considering the Group's operating performance</p> <p><b>FY07(results): ¥3,000 per share</b>    <b>FY08(outlook): ¥3,000 per share</b></p>
--------------------------	--

# **Consolidated Operating Performance Forecast & Mid-Term Management Targets**



# Consolidated Financial Forecast for the Year Ending March 31, 2010



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

	FY08	FY09.1H (Forecast)	FY09 (Forecast)	Change FY09 forecast vs FY08 actual
<b>Consolidated ordinary revenues</b>	<b>860.3</b>	<b>437.0</b>	<b>900.0</b>	<b>+4.6%</b>
<u>Life insurance business</u>	766.2	392.1	808.7	+5.5%
<u>Non-life insurance business</u>	61.8	32.9	65.3	+5.5%
<u>Banking business</u>	33.3	12.7	26.1	- 21.8%
<b>Consolidated ordinary profit</b>	<b>34.2</b>	<b>20.0</b>	<b>46.0</b>	<b>+34.3%</b>
<u>Life insurance business</u>	32.5	19.8	43.5	+33.7%
<u>Non-life insurance business</u>	2.1	0.4	1.2	- 44.9%
<u>Banking business</u>	-0.5	0.3	1.3	—
<b>Consolidated net income</b>	<b>30.7</b>	<b>10.0</b>	<b>24.0</b>	<b>- 21.9%</b>

## Life insurance business

Higher ordinary revenues are expected due to an increase of income from insurance premiums, in line with the steady growth of policy amount in force. Higher ordinary profit is expected owing to an improvement in gains and losses from investment.

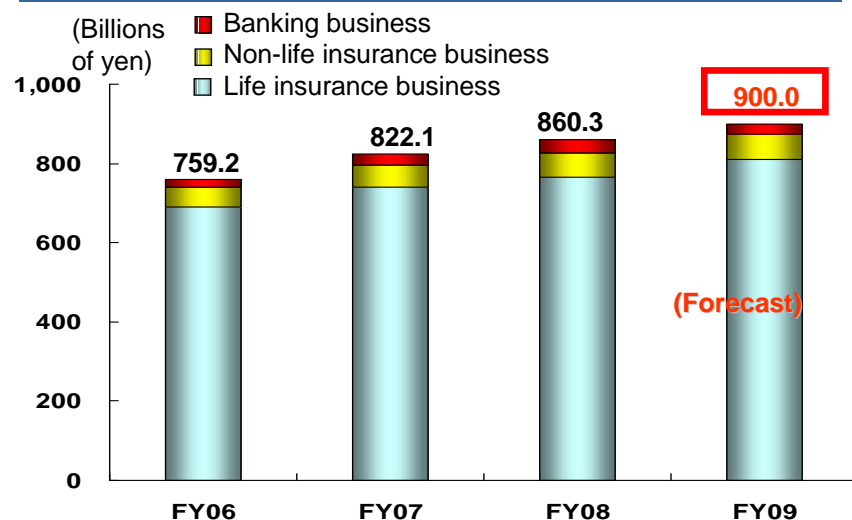
## Non-life insurance business

Higher ordinary revenues are expected caused by steady business expansion, mainly in its mainstay automobile insurance. Lower ordinary profit is expected due to a rise in the loss ratio and in the expense ratio resulting from higher system-related expenses.

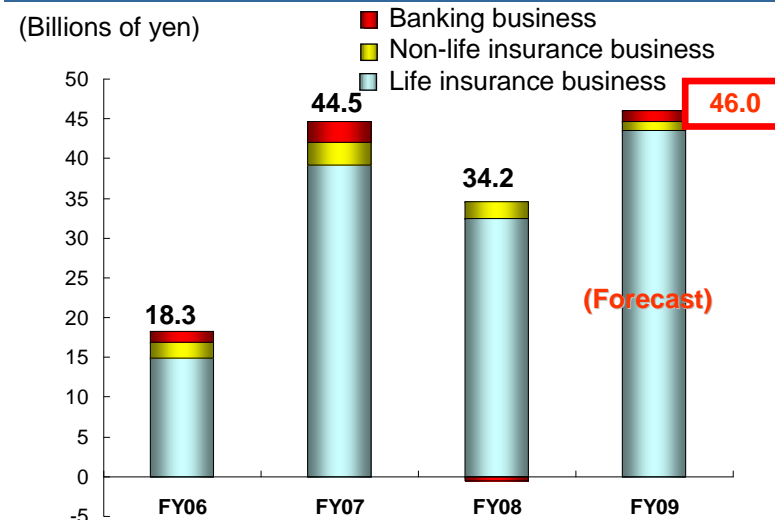
## Banking business

Lower ordinary revenues are expected, as interest income is expected to decrease, affected by worldwide reductions in interest rates, although the business is expected to expand in line with a growing balance of deposits and loans. Higher ordinary profit is expected resulting from a growth in gross operating profit due to a decrease in interest expenses.

## Consolidated Ordinary Revenues



## Consolidated Ordinary Profit



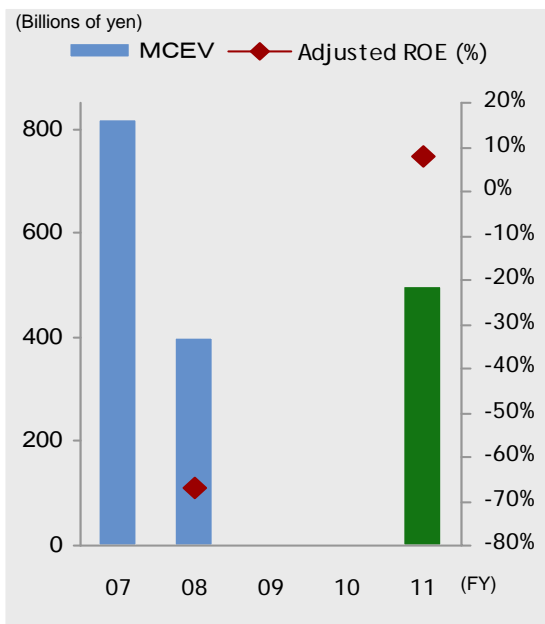
# Mid-term Management Targets (FY2011)

## Key Management Benchmarks

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

### Sony Life Market Consistent Embedded Value (MCEV)

Target adjusted ROE of 7%+



Source: Sony Life

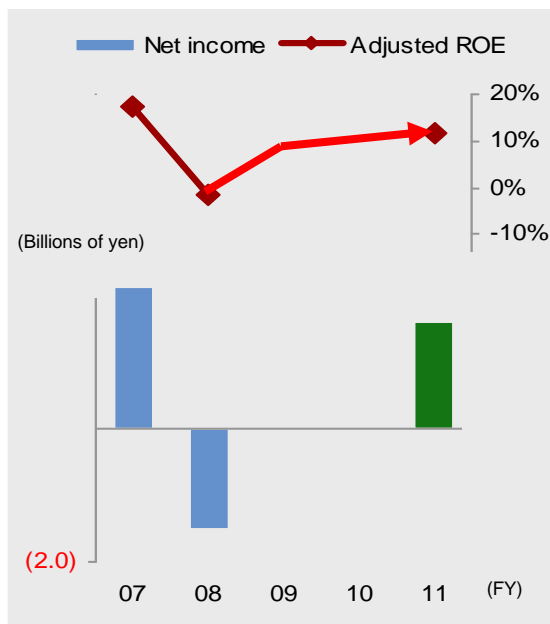
Notes: Calculation of Adjusted ROE

Numerator: Net increase in MCEV plus dividend

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

### Sony Assurance Net Income and Adjusted ROE

Aim to Maintain Adjusted ROE of 10%+



Source: Sony Assurance

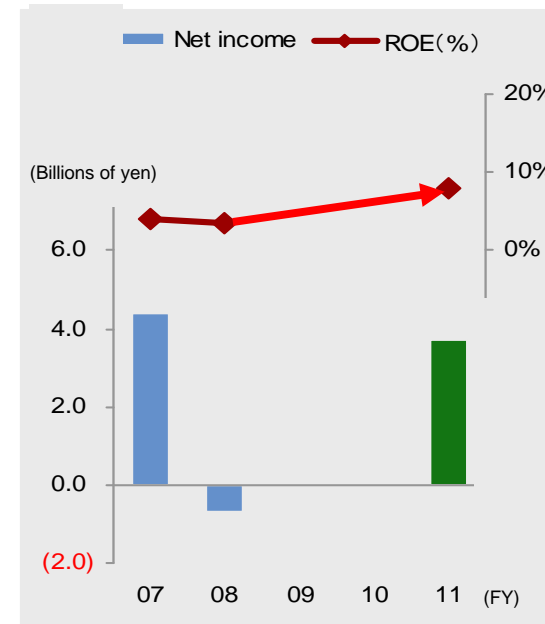
Notes: Calculation of Adjusted ROE

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 (net assets + special catastrophe reserve (after-tax) 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

Target ROE of 7%+



Source: Sony Bank

Notes: Calculation of ROE:

Numerator: Net income

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

ROE after adjusting tax effect (tax percentage: 40%)

ROE for FY08 is calculated, excluding the effects of impairment losses.

# APPENDIX

# Key Management Benchmarks

- 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	Net increase in MCEV plus dividend	+	Net income + Increase in provision for special catastrophe reserves (after tax) + Increase in reserve for price fluctuations (after tax)	+	Net income
Denominator	The average of (MCEV at previous fiscal year-end minus dividend plus MCEV at current fiscal year-end)	+	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	+	The average of net assets as of the previous fiscal year-end and the current fiscal year-end

Note: Calculations take dividends and taxes into consideration.

**Thank you!**



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