【 Presentation Materials 】

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

Sony Financial Holdings Inc.

May 28, 2010

Contents

■Opinion of outside specialist

Sony Life requested Milliman, Inc., an external actuarial consulting firm with expert knowledge in the area of MCEV valuations, to review the methodology, assumptions and calculations and obtained an opinion from Milliman, Inc. Please refer to the press release ("Disclosure of Market Consistent Embedded Value as of March 31, 2010") for details.

Highlight of MCEV

- Sony Life's MCEV as of March 31, 2010 was ¥894.0 billion, up ¥493.1 billion from March 31, 2009.

- Adjusted net worth as of March 31, 2010, was ¥206.2 billion, up ¥10.8 billion from a year earlier, due primarily to an increased profit and an increase in unrealized gains or losses on available-for-sale securities boosted by rising prices of Japanese stocks and convertible bonds held, despite a decrease in unrealized gains or losses on held-to-maturity securities.

- Value of existing business as of March 31, 2010, was ¥687.8 billion, up ¥482.4 billion from a year earlier, due to a change in the market environment including steepening of the yield curve of interest swap rates as well as a sharp decline in the time value of options and guarantees which is an item to reduce MCEV as already announced in the press release "Impact of Asset Management Policy Changes and Other Factors on Sony Life's Market Consistent Embedded Value" on March 15, 2010.

- Value of new business as of March 31, 2010, was ¥55.6 billion, up ¥40.2 billion from March 31, 2009.

- Sony Life will continuously work to reduce the duration mismatch risk between assets and liabilities. We will also achieve a continuous growth in corporate value by increasing our new business value.

Trends surrounding MCEV and Sony Life's approaches

Sony Financial Holdings

Trends surrounding MCEV

■**Life insurers in Europe that are members of the CFO Forum**

- Mandatory EV disclosures in compliance with European Insurance CFO Forum Market Consistent Embedded Value Principles© has been scheduled <u>from the fiscal year ending Dec. 31, 2011.</u>
- 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 changes to the MCEV Principles (October 2009)**

- Announced a change to the MCEV Principles to reflect the inclusion of a liquidity premium.

Sony Life's approaches

■**Approaches in the past**

- Commenced EV disclosures, starting from Traditional Embedded Value (TEV) as of March 31, 2005
- Shift EV disclosures from TEV to Market Consistent Embedded Value (MCEV), starting from MCEV as of March 31, 2008
- Continuously invested in ultralong-term bonds to reduce the duration mismatch risk between assets and liabilities

  -Ratio of holding Japanese government and corporate bonds (excluding CBs) in general account assets

  2008.3.31: 62.9% ⇒ 2010.3.31: 84.6%

  -Assets duration

  2008.3.31: 8.7 years ⇒ 2010.3.31: 17.6 years
- Constructed a product control system and a product development system in reviewing the impact on MCEV
- Changed Sony Life's asset management policy and dividend policy in certain products

■**Approaches in the future**

- Taking measures to tasks obtained from MCEV valuation, with an aim to achieve continuous growth of corporate value
- Further reducing the duration mismatch risk between assets and liabilities
- Reviewing product details by taking liability characteristics into consideration

Compliance with MCEV Principles

- We have calculated our MCEV in accordance with the calculation methodologies and assumptions in the MCEV Principles. Points of notice regarding MCEV Principles compliance are as follows.
  - The calculated value of MCEV is the value for Sony Life only, and not the consolidated value of Sony Financial Holdings Inc.
  - Group MCEV, as prescribed in the MCEV Principles, is not considered in this report, as the report is for Sony Life on a standalone basis.
  - With respect to Sony Life's subsidiary and its equity method affiliates, we have not evaluated their life insurance business but reflected the following values to the calculation of adjusted net worth. Values of subsidiary and affiliated companies were not changed in sensitivity tests.
    - AEGON Sony Life Insurance is valued as net asset value minus intangible fixed assets and Insurance Business Law Article 113 deferred assets, multiplied by the participation rate
    - Sony Life Insurance (Philippines) is valued as book value under Japanese GAAP adjusted for unrealized gains / losses due to foreign exchange rate movement (after-tax)
    - Other companies are valued as book value under Japanese GAAP
  - Any calculated values of MCEV are not presented separately by segment of subsidiary and affiliated company.
  - We have calculated adjusted net worth based on Japanese GAAP, not on International Financial Reporting Standards (IFRS).
  - While Japanese solvency regime will be revised at the end of March 2012, the calculation is based on the current solvency margin regime, because it is expected that MCEV would not be materially different even if required capital were set to the revised regulatory minimum solvency capital from the end of March 2012. Accordingly, sensitivity to use the current regulatory minimum solvency capital is not presented.

MCEV Results

(Billions of yen)

	09.3.31	10.3.31	Change
MCEV	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
Of which, new business value	15.4	55.6	+40.2

MCEV Results (Breakdown of Adjusted net worth 1)

(Billions of yen)

	09.3.31	10.3.31	Change
Adjusted net worth	195.4	206.2	+10.8
Total net assets	140.7	191.3	+50.6
Reserve for price fluctuations	3.7	9.6	+6.0
Contingency reserves	45.5	48.5	+3.0
Reserve for possible loan losses	0.0	0.0	+0.0
Unrealized gains or losses on held-to-maturity securities	26.7	(20.5)	(47.2)
Unrealized gains or losses on land and buildings	28.9	12.5	(16.4)
Unfunded pension liabilities	(6.8)	(6.6)	+0.1
Intangible fixed assets	(12.2)	(13.9)	(1.7)
Tax effect equivalent of above seven items	(31.1)	(10.7)	+20.3
Valuation gain or loss on subsidiaries and affiliated companies *	—	(4.0)	(4.0)

Valuation gain or loss on subsidiaries and affiliated companies included mainly values of AEGON Sony Life Insurance and Sony Life insurance (Philippines) to the calculation of adjusted net worth.

MCEV Results (Breakdown of Adjusted net worth 2)

Sony Financial Holdings

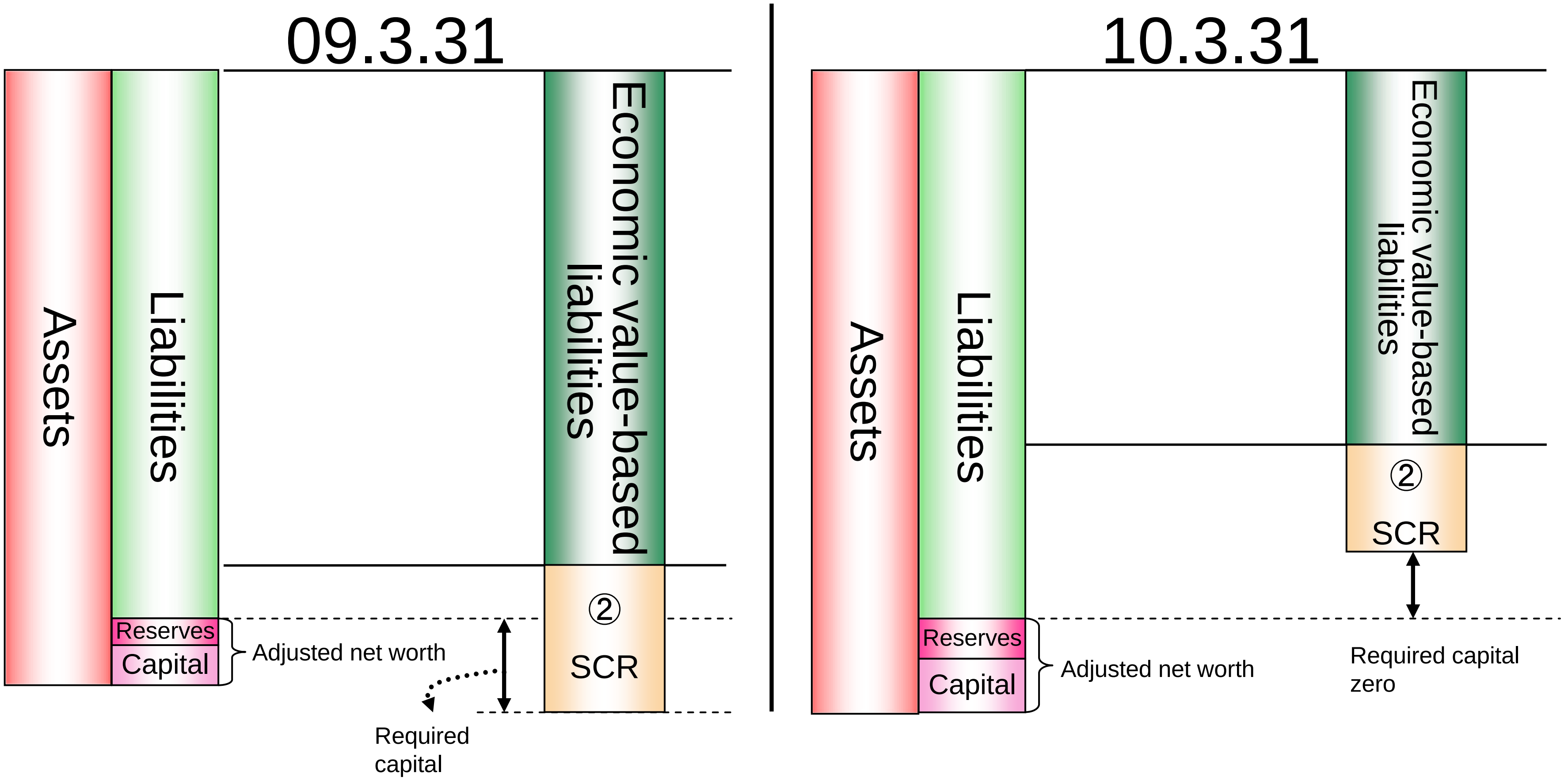
(Billions of yen)

		09.3.31	10.3.31	Change
Adjusted net worth		**195.4**	**206.2**	+10.8
	Free surplus	**(173.8)**	**206.2**	+380.0
	Required capital	**369.2**	**—**	(369.2)

- As of March 31, 2010, Free surplus turned into positive figure from a negative surplus in the previous fiscal year, which showed a substantial recovery in Sony Life's capital adequacy.
- Japanese solvency regime are to be revised at the end of March 2012. However, the calculation is based on the current solvency margin regime, because it is expected that MCEV would not be materially different even if required capital were set to the revised regulatory minimum solvency capital from the end of March 2012.

Image of Required capital and free surplus

Sony Financial Holdings



<u>Required Capital: the excess potion of statutory policy reserve (excluding contingency reserves) in the larger amount of the following (1) or (2)</u>

(1) Statutory liabilities + the amount of capital required for a solvency margin ratio of 600% (the portion in excess of margin included in statutory liabilities)

(2) Economic value-based liabilities + SCR (the amount of solvency risk capital to cover risks based on the internal model stipulated by QIS4 of the EU Solvency II)

*As of march 31, 2009 and 2010, each amount of (1) did not exceed the statutory liabilities.

Standard Methodologies described in QIS4 of EU Solvency II (Excerpt)

Sony Financial Holdings

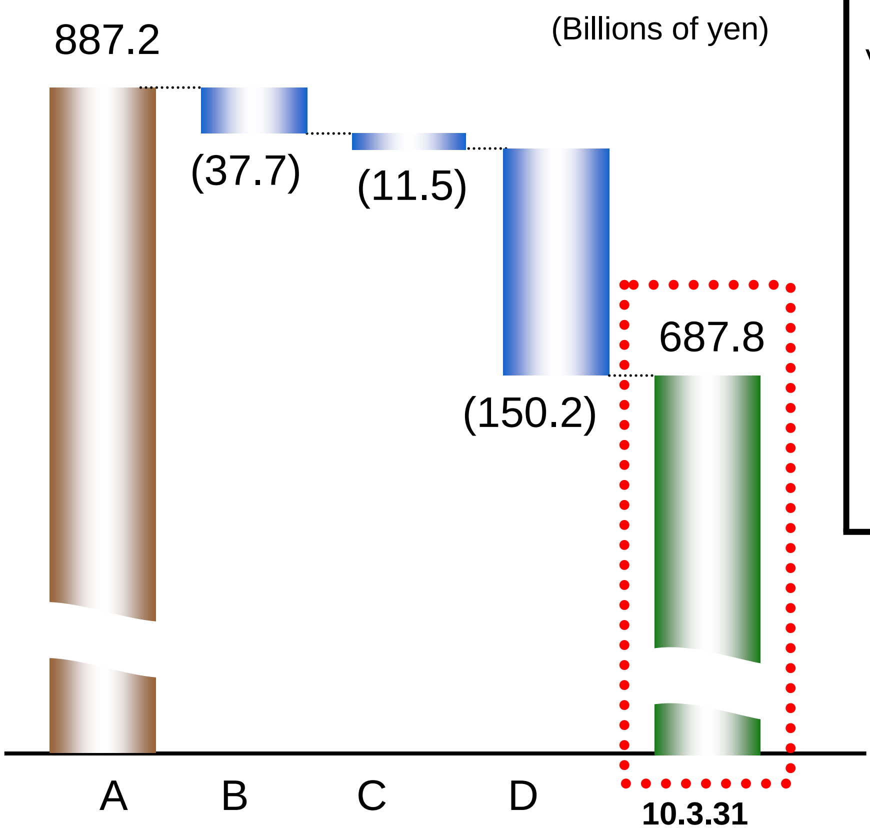
- Market Risk
  - For equity risk, using a shock of 32% fall in the value
  - For currency risk, using a downward shock of 20%
  - For interest rate risk, using the interest rate movements pre-defined by each maturity
    - Interest rate up (from 1.37 times to 1.94 times), Interest rate down (from -0.31 times to -0.51 times)
  - Combined the above results by using a correlation matrix
- Life Underwriting Risk
  - For mortality risk, using a shock of a (permanent) 10% increase in mortality rates for each age.
  - For longevity risk, using a shock of a (permanent) 25% decrease in mortality rates for each age.
  - For lapse risk
    - Increase by 50% in the assumed rates of lapsation in all future years
    - Decrease by 50% in the assumed rates of lapsation in all future years
    - 30% of the sum of surrender as a mass lapse event

    Maximum amount of these
  - For expense risk, using a shock of a 10% increase in future expenses compared to best estimate anticipations, and increasing 1% per annum of the expense inflation rate compared to anticipations
  - For disability risk, using a shock of a 35% increase in disability rates for the next year, together with a (permanent) 25% increase (over best estimate) in disability rates at each age in following years.

***The latest Quantitative Impact Study following the QIS4, is expected to be executed between August and November 2010. The European Commission has published its draft on April 15, 2010.**

MCEV Results (Value of existing business)

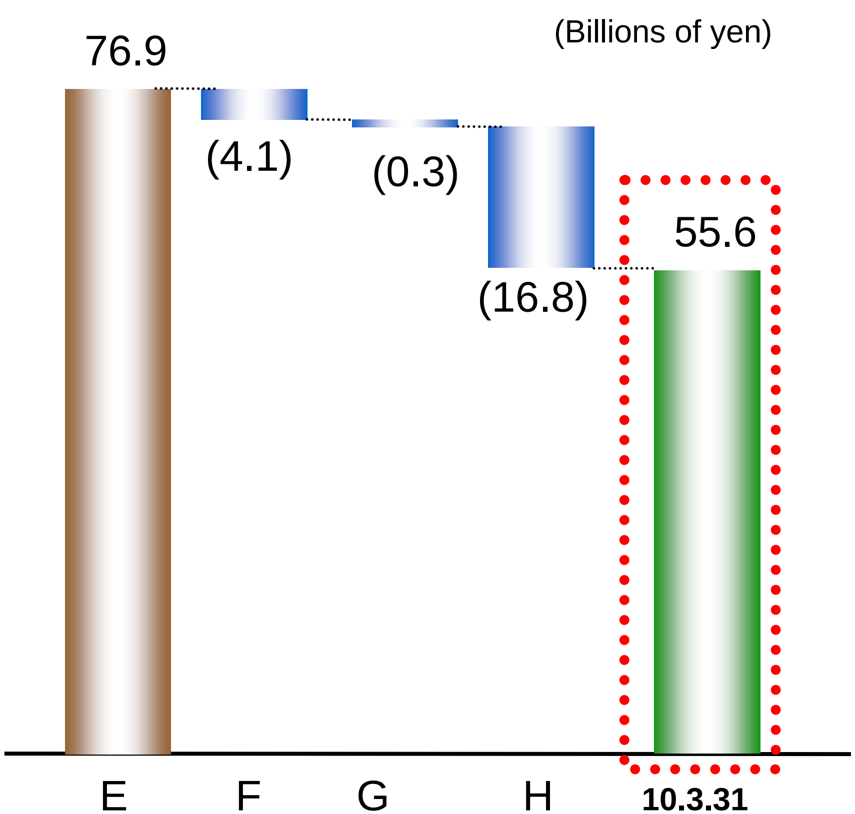
Value of existing business



(Billion of yen)	09.3.31	10.3.31	Change
Value of existing business	205.4	**687.8**	+482.4
A) Present value of certainty-equivalent profit	673.1	**887.2**	+214.0
B) Time value of options and guarantees	(228.7)	**(37.7)**	+191.1
C) Frictional costs	(58.5)	**(11.5)**	+47.0
D) Cost of non-hedgeable risks	(180.5)	**(150.2)**	+30.3

MCEV Results (New business value)

Breakdown of new business value



(Billions of yen)	09.3.31	10.3.31	Change
New business value	15.4	**55.6**	+40.2
E) Present value of certainty-equivalent profit	62.8	**76.9**	+14.1
F) Time value of options and guarantees	(28.1)	**(4.1)**	+23.9
G) Frictional costs	(1.7)	**(0.3)**	+1.3
H) Cost of non-hedgeable risks	(17.7)	**(16.8)**	+0.9

New business margin

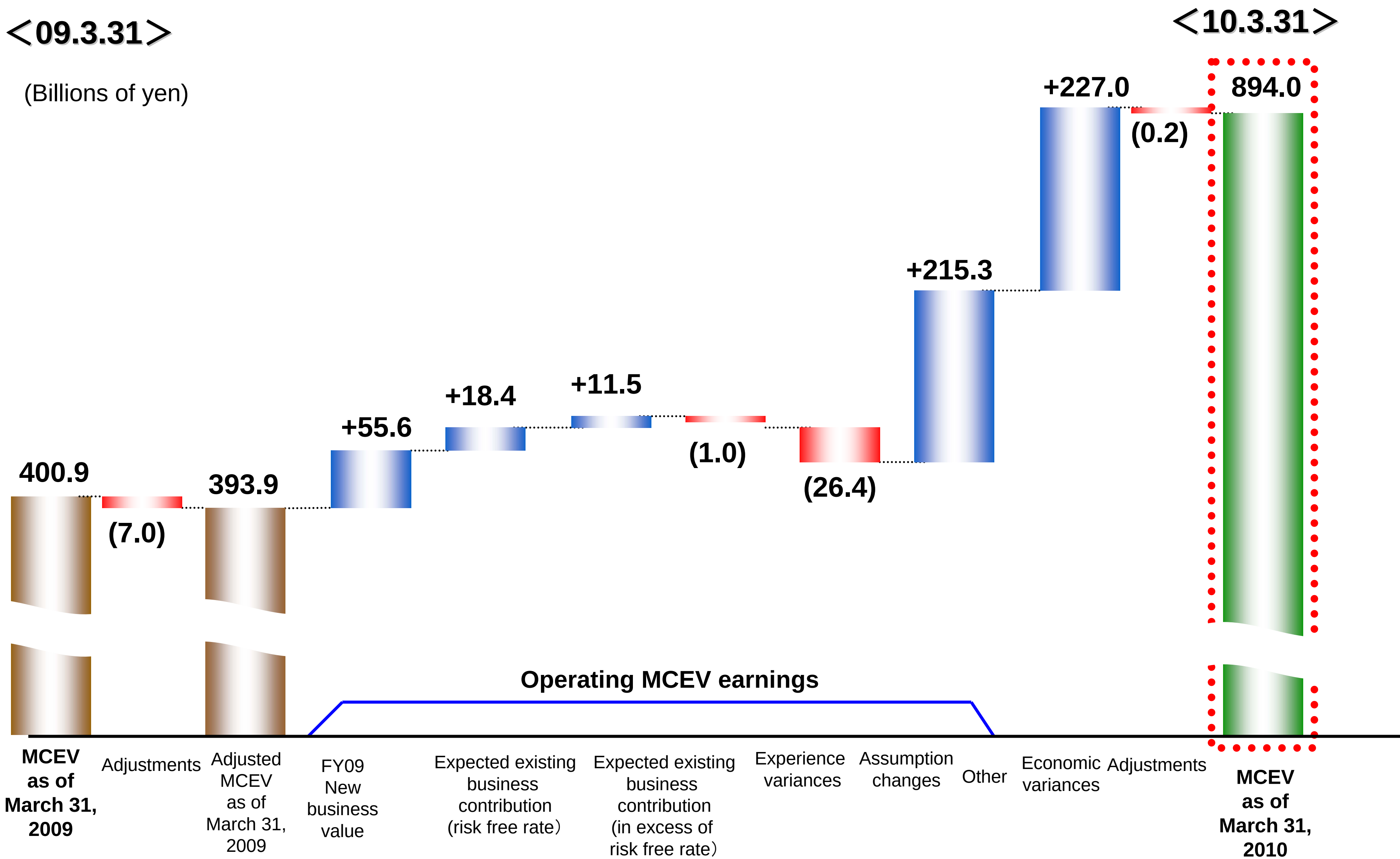
(Billions of yen)	09.3.31	10.3.31	Change
New business value	15.4	**55.6**	+40.2
Present value of premium income	866.9	**875.4**	+8.5
New business margin	1.8%	**6.4%**	+4.6pt

*The present value of premium income is calculated applying the same assumptions as those for the calculation of new business value.

Reconciliation analysis from MCEV at the end of the previous fiscal year (1)

(Billions of yen)	Free surplus (a)	Required capital (b)	Value of existing business (c)	MCEV (a)-(c) Total
MCEV as of March 31, 2009	(173.8)	369.2	205.4	400.9
(1) Adjustments to MCEV as of March 31, 2009	(7.0)	―	―	(7.0)
Adjusted MCEV as of March 31, 2009	(180.8)	369.2	205.4	393.9
(2) New business value	―	―	55.6	55.6
(3) Expected existing business contribution (risk free rate)	(1.5)	2.9	17.0	18.4
(4) Expected existing business contribution (in excess of risk free rate)	(1.0)	1.9	10.5	11.5
(5) Transfers from value of existing business and required capital to free surplus	36.0	(23.3)	(12.7)	―
Of which, transfer from new business value	*(31.3)*	―	*31.3*	―
(6) Experience variances	0.0	―	(1.1)	(1.0)
(7) Assumption changes	22.5	(22.5)	(26.4)	(26.4)
(8) Other operating variance	245.7	(245.7)	215.3	215.3
(9) Operating MCEV earnings (2)～(8) total	301.7	(286.6)	258.2	273.3
(10) Economic variances	85.4	(82.6)	224.1	227.0
(11) Other non operating variance	―	―	―	―
Total MCEV earnings	387.1	(369.2)	482.4	500.3
Closing adjustments	(0.2)	―	―	(0.2)
MCEV as of March 31, 2010	206.2	―	687.8	894.0

Reconciliation analysis from MCEV at the end of the previous fiscal year (2)



Reconciliation analysis from MCEV at the end of the previous fiscal year (3)

(Billions of yen)	Free surplus (a)	Required capital (b)	Value of existing business (c)	MCEV (a)-(c) Total
MCEV as of March 31, 2009	(173.8)	369.2	205.4	400.9
(1) Adjustments to MCEV as of March 31, 2009	(7.0)	—	—	(7.0)
Adjusted MCEV as of March 31, 2009	(180.8)	369.2	205.4	393.9
（2）New business value	—	—	55.6	55.6

(1) Adjustment to MCEV as of March 31, 2009

These adjustments reflect changes in dividends paid to shareholders.

(2) New business value

This figure reflects increases resulting from the acquisition of new business during the year ended March 31, 2010.

Reconciliation analysis from MCEV at the end of the previous fiscal year (4)

Sony Financial Holdings

(Continue)

(Billions of yen)	Free surplus (a)	Required capital (b)	Value of existing business (c)	MCEV (a)-(c) Total
(3) Expected existing business contribution (risk free rate)	(1.5)	2.9	17.0	18.4
(4) Expected existing business contribution (in excess of risk free rate)	(1.0)	1.9	10.5	11.5
(5) Transfers from value of existing business and required capital to free surplus	36.0	(23.3)	(12.7)	－

(3) Expected existing business contribution (risk-free rate)

This figure includes the release of the portion for the year ended March 31, 2010, of the time value of options and guarantees and the cost of non-hedgeable risks, in addition to the release of the expected existing business contributions at a risk-free rate from the opening MCEV (as of March 31, 2009).

(4) Expected existing business contribution (in excess of risk-free rate)

This figure reflects the profit expected in excess of the risk-free rate generated by holding assets such as ordinary corporate bonds, convertible bonds, loans, stocks and real estate. The expected yield used to calculate the expected existing business contribution in excess of the risk-free rate for the year ended March 31, 2010, was 1.245%, which was developed by reflecting our view of the market environment and annual investment plans for the year against the asset balance at the end of the previous fiscal year.

(5) Transfers from value of existing business and required capital to free surplus

This figure indicates changes in the free surplus by transferring the profit for the year ended March 31, 2010, from the existing business value to the free surplus and from changes in the required capital. The transfer of profit, the first item, includes the transfer of expected profit that it was assumed would be realized during the year ended March 31, 2010, under the MCEV calculation as of March 31, 2009, and the transfer of profit for the year ended March 31, 2010, calculated under the new business value for the year ended March 31, 2010, which is added in (2) above.

The value of MCEV itself does not change as a result of this transfer as the transfer merely constitutes an internal shift among MCEV components.

Reconciliation analysis from MCEV at the end of the previous fiscal year (5)

Sony Financial Holdings

(Continue)

(Billions of yen)

(Billions of yen)	Free surplus (a)	Required capital (b)	Value of existing business (c)	MCEV (a)-(c) Total
(6) Experience variances	0.0	–	(1.1)	(1.0)
(7) Assumption changes	22.5	(22.5)	(26.4)	(26.4)
(8) Other operating variance	245.7	(245.7)	215.3	215.3

(6) Experience variances

These variances show the impact on MCEV of the actual versus assumed differences in non-economic expected profit for the year ended March 31, 2010, under the MCEV calculation as of March 31, 2009, and of the differences between actual policies in force as of March 31, 2010, and those that were projected to be in force on March 31, 2009, using persistency assumptions. The primary causes are changes in unfunded pension liabilities and intangible fixed assets reflected in adjusted net worth.

These variances reflect the impact of one-time expenses incurred during the year ended March 31, 2010, if applicable.

(7) Assumption changes

This figure indicates the impact of changes in the assumptions, mainly on mortality and morbidity rates, lapse and surrender rates and operating expense rates. In addition to the impact of regular annual update of the assumptions, the figure also includes impact of update of mortality and other rates of accidental and health (A&H) products as announced by press release "Impact of Asset Management Policy Changes and Other Factors on Sony Life's Market Consistent Embedded Value" on March 15, 2010. It is to change mortality rates for A&H products from those based on the company's own experience of life insurance products to those based on the company's own experience of A&H products. It also includes to reflect morbidity deterioration trend to those products for which such trends are observed.

(8) Other operating variance

In addition to the impact of improvements and corrections of the model used in calculating MCEV, the figure also includes impact of the following two changes as announced by press release "Impact of Asset Management Policy Changes and Other Factors on Sony Life's Market Consistent Embedded Value" on March 15, 2010, which resulted in an increase of ¥225.3 billion in MCEV.

①Change to interest rate sensitive whole life insurance
Sony Life has decided no investments will be made in stocks or other risk assets, but only in bonds, aiming at a stable asset management regarding this product.

②Change to semi-participating products
Sony Life has decided it will invest in no stocks or other risk assets, and rather, it will aim to achieve stable asset management by investing only in bonds.
In accordance with this change, Sony Life changed its calculation method of dividends to policyholders from its method of adding gains/losses on sale of securities to interest income and dividends as dividend resources, to a method of providing dividends based on interest income, which is unaffected by fluctuations in asset market value.

Reconciliation analysis from MCEV at the end of the previous fiscal year (6)

Sony Financial Holdings

(Continue)

(Billions of yen)	Free surplus (a)	Required capital (b)	Value of existing business (c)	MCEV (a)-(c) total
(9) Operating MCEV earnings (2)-(8) total	301.7	(286.6)	258.2	273.3
(10) Economic variances	85.4	(82.6)	224.1	227.0
(11) Other non operating variance	—	—	—	—
Total MCEV earnings	387.1	(369.2)	(482.4)	500.3
Adjusted MCEV as of March 31, 2010	(0.2)	—	—	(0.2)
MCEV as of March 31, 2010	206.2	—	687.8	894.0

(9) Operating MCEV earnings

This figure shows the aggregate amount of items (2) through (8).

(10) Economic variances

These variances show the impact of actual to assumed differences in economic assumptions, such as market interest rates and implied volatilities, that were reflected in the market environment when calculating MCEV as of March 31, 2009, on future values and the impact of the actual to assumed difference in expected asset investment income that were assumed would be realized during the year ended March 31, 2010, under MCEV as of March 31, 2009. Most of the difference is created by the former factor, of which major reasons for increases in the value of existing business include update of economic scenarios <u>due to the change in the market environment such as steepening of the yield curve of interest swap rates and a change of the implied volatilities, accounting for an increase in the present value of certainty-equivalent profit by ¥182.0 billion, as well as decreases in the time value of options and guarantees, in the cost of non-hedgeable risks, and in the frictional costs by ¥3.8 billion, ¥23.3 billion and ¥17.5 billion.</u>

(11) Other non operating variance

There are no differences based on other factors.

(12) Closing adjustments

It reflects the impact of valuation gains or losses by the foreign exchange rate on Sony Life Insurance (Philippines).

Sensitivity Analysis

(Billions of yen)

Assumption	Change in Assumption	<10. 3.31> MCEV	<10. 3.31> Amount Change	<10. 3.31> % Change	<09.3.31> MCEV	<09.3.31> Amount Change	<09.3.31> % Change
Base	No change	894.0	—	—	400.9	—	—
Interest rates	100bp decrease	782.9	(111.1)	(12%)	107.3	(293.6)	(73%)
	100bp increase	918.5	+24.5	+3%	573.2	+172.3	+43%
Stock / Real estate market value	10% decrease	878.2	(15.8)	(2%)	385.1	(15.7)	(4%)
Stock / Real estate implied volatility	25% increase	890.0	(4.1)	(0%)	398.8	(2.1)	(1%)
Interest swaption implied volatility	25% increase	888.5	(5.5)	(1%)	331.3	(69.5)	(17%)
Maintenance expenses	10% decrease	904.8	+10.8	+1%	411.3	+ 10.5	+ 3%
Lapse & surrender rates	x 0.9	919.9	+25.8	+3%	393.1	(7.7)	(2%)
Mortality rates	Death protection products: x 0.95	925.4	+31.3	+4%	435.6	+34.7	+9%
	Third-sector and annuity products X 0.95	890.9	(3.1)	(0%)	396.5	(4.4)	(1%)
Morbidity rates	x 0.95	920.5	+26.5	+3%	428.6	+27.7	+7%

■Changes in adjusted net worth within the amount of change in MCEV are shown in the table below. Of items not specified in this table, only the value of existing business has been changed while adjusted net worth remains the same.

Assumption	Change in Assumption	<10. 3.31> Amount Change	<09.3.31> Amount Change
Interest rates	100bp decrease	391.0	274.8
	100bp increase	(326.3)	(242.5)
Stock / Real estate market value	10% decrease	(13.3)	(14.0)
Stock / Real estate implied volatility	25% increase	(0.1)	+2.8

Sensitivity of new business value

(Billions of yen)

Assumption	Change in Assumption	<10. 3.31> New Business Value	<10. 3.31> Amount Change	<10. 3.31> % Change	<09.3.31> New Business Value	<09.3.31> Amount Change	<09.3.31> % Change
Base	No change	55.6	—	—	15.4	—	—
Interest rates	100bp decrease	25.8	(29.8)	(54%)	(24.6)	(39.9)	(260%)
	100bp increase	70.1	+14.5	+26%	40.5	+25.1	+164%
Stock / Real estate market value	10% decrease	55.6	(0.0)	(0%)	15.3	(0.0)	(0%)
Stock / Real estate implied volatility	25% increase	55.4	(0.2)	(0%)	14.6	(0.7)	(5%)
Interest swaption implied volatility	25% increase	54.3	(1.3)	(2%)	7.1	(8.3)	(54%)
Maintenance expenses	10% decrease	56.8	+1.2	+2%	16.5	+1.2	+8%
Lapse & surrender rates	x 0.9	60.4	+4.8	+9%	16.0	+0.6	+4%
Mortality rates	Death protection products: x 0.95	57.9	+2.3	+4%	18.0	+2.6	+17%
	Third-sector and annuity products X 0.95	55.4	(0.2)	(0%)	15.0	(0.3)	(2%)
Morbidity rates	x 0.95	58.4	+2.8	+5%	18.3	+2.9	+19%

Appendix

Assumptions

Assumptions are described in the press release on page 16. Of the assumptions, some of economic assumptions are shown below.

<Risk-free rate>

Term	09.3.31	10.3.31
1 year	0.75%	0.45%
5 year	0.97%	0.76%
10 year	1.31%	1.46%
20 year	1.79%	2.19%
30 year	1.88%	2.32%
40 year	1.89%	2.37%
50 year	1.92%	2.42%

*The interest swap rate of Japanese yen is used as a risk-free rate.

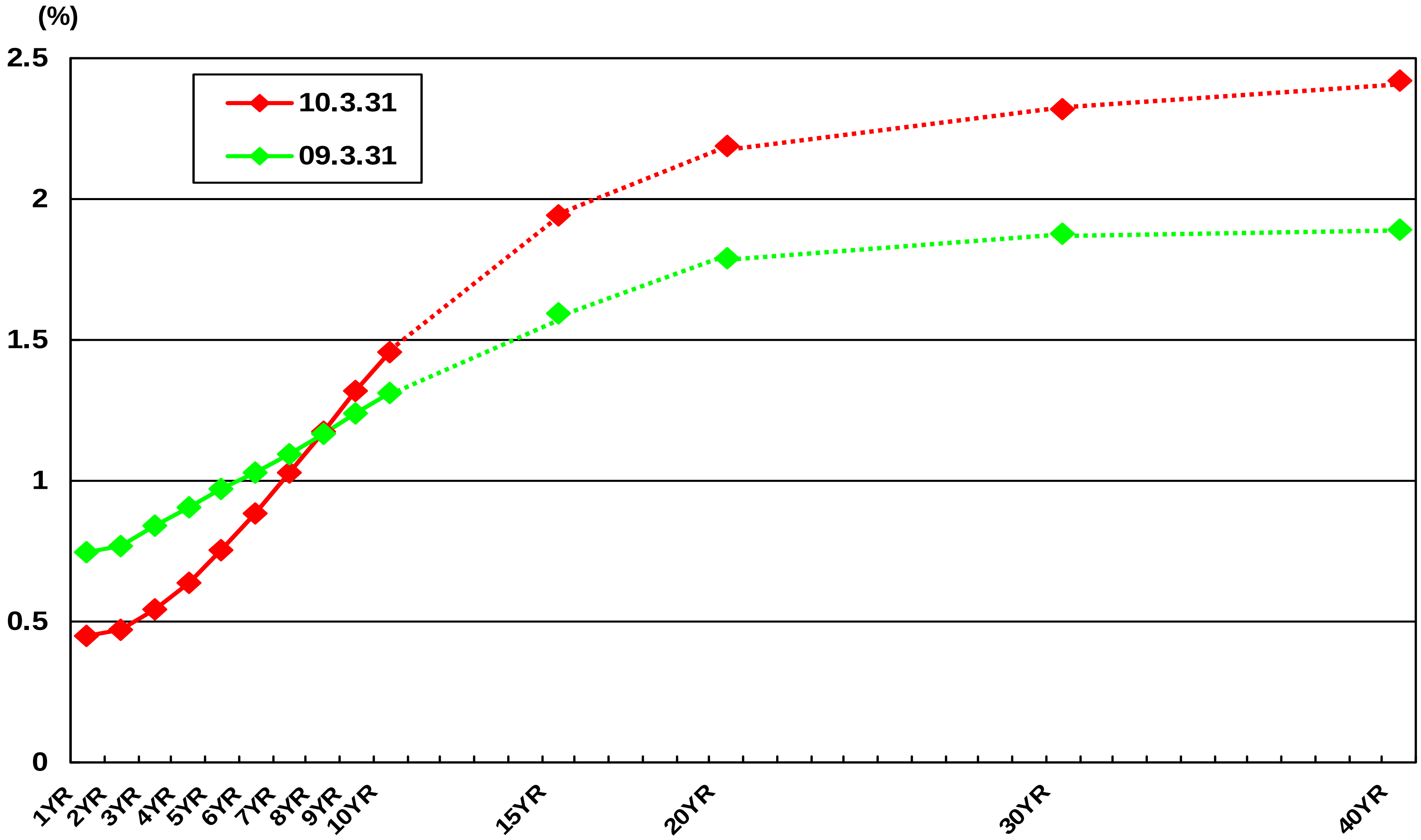
<Implied volatilities of stocks>

Term	09.3.31		10.3.31	
	Japan TOPIX	U.S. S&P	Japan TOPIX	U.S. S&P
1 year	34.0%	37.0%	18.5%	19.4%
5 year	31.6%	34.8%	20.5%	22.1%
10 year	31.5%	34.7%	22.2%	28.4%

<Implied volatilities of interest swaptions>

Term of swap	Term of option	09.3.31 (JPY)	10.3.31 (JPY)
1 year	1 year	38.4%	40.3%
5 year	1 year	42.2%	41.8%
5 year	5 year	29.7%	27.1%
5 year	7 year	25.1%	23.4%
5 year	10 year	22.0%	20.9%
10 year	1 year	35.4%	30.3%
10 year	5 year	25.2%	23.6%
10 year	7 year	22.3%	21.4%
10 year	10 year	20.0%	20.4%
15 year	1 year	31.3%	25.2%
15 year	5 year	23.0%	22.2%
15 year	7 year	21.3%	21.4%
15 year	10 year	20.2%	21.0%

Comparison of Interest Swap Rates



(Data Source: Bloomberg)

Sony Financial Holdings

For inquiries:

Sony Financial Holdings Inc.
Corporate Communications & Investor Relations Department
TEL：+81-(0)3-5785-1074