Presentation Materials

Results of Sony Life's Market Consistent Embedded Value (MCEV) as of March 31, 2014

Sony Financial Holdings Inc.
May 26, 2014

Content

■**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, 2014") for details.

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Highlight of MCEV

Sony Financial Holdings

(Billions of yen)		2013.3.31	**2014.3.31**	Change
MCEV		1,064.7	**1,221.3**	+156.6
	Adjusted net worth	770.8	**722.1**	(48.7)
	Value of existing business	293.9	**499.1**	+205.3

(Billions of yen)	2013.3.31	**2014.3.31**	Change
New business value	41.6	**55.2**	+13.6
New business margin*	3.5%	**5.2%**	+1.7pt

- **Sony Life's MCEV as of March 31, 2014 increased ¥156.6 billion due to the contribution of new business, the changes in actuarial assumptions, the increase in interest rates and other factors.**
- **New business margin as of March 31, 2014, was up 1.7pt from March 31, 2013, due mainly to the revision of Sony Life's Insurance premium rates and higher interest rates.**

* New business margin equals new business value divided by present value of premium income.

Risk Amount Based on Economic Value (after tax)

(Billions of yen)	2013.3.31	**2014.3.31*2**
Insurance risk	605.6	**654.5**
Market-related risk	289.9	**240.0**
*Of which, interest rate risk*1*	*234.2*	***180.9***
Operational risk	26.0	**26.3**
Counter party risk	2.3	**1.3**
Variance effect	(262.5)	**(257.8)**
The risk amount based on economic value*3,4	661.3	**664.3**

*1. Interest amount excluding the variance effect within market-related risk.

*2. Sony Life revised its method of measuring interest rate risk in Japanese yen on March 31, 2014. Please see page 25.

(Billions of yen)	2013.3.31	**2014.3.31**
MCEV	1,064.7	**1,221.3**

The risk amount based on economic value as of March 31, 2014 amounted to ¥664.3 billion. Within Sony Life's risks, insurance risk and market-related risk amounted to ¥654.5 billion and ¥240.0 billion, respectively.
The risk amount based on economic value as of March 31, 2014 was slightly up from March 31, 2013. However, Sony Life has maintained high financial soundness by keeping MCEV, which is capital based on economic value, at a higher level than the risk amount.

*3. The risk amount based on economic value refers to the total amount of Sony Life's risks, comprehensively examined and including insurance risk and market-related risk.

*4. The solvency risk capital on an economic value basis is calibrated at VaR (99.5) over one year and based on the internal model, which is a similar but modified model based on the EU Solvency II (QIS5) standard method.

Compliance with MCEV Principles

- Sony Life has calculated its MCEV in accordance with the calculation methodologies and assumptions in the MCEV Principles. Notable points regarding compliance with the MCEV Principles are as follows:

  - The reference rate used in the calculations has been defined as the government bond nominal spot rate curve rather than the swap rate curve as stipulated in the MCEV principles.
  - 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, as the calculation is for Sony Life on a standalone basis.
  - With respect to Sony Life's subsidiaries and its equity-method affiliates, Sony Life has not evaluated their life insurance business but reflected the following values in the calculation of adjusted net worth:
    - AEGON Sony Life Insurance Co., Ltd. is valued at net asset value minus intangible fixed assets and Insurance Business Law Article 113 deferred assets, multiplied by the participation rate
    - Other companies are valued at book value under Japanese GAAP
  - None of the calculated values of MCEV are presented separately by segment of subsidiary or by affiliated company.
  - Sony Life has calculated the adjusted net worth based on Japanese GAAP and not based on the International Financial Reporting Standards (IFRS).

MCEV Results
(Breakdown of Adjusted Net Worth (1))

Sony Financial Holdings

(Billions of yen)		2013.3.31	**2014.3.31**	Change
Adjusted net worth		770.8	**722.1**	(48.7)
	Total net assets	342.3	**369.2**	+26.9
	Reserve for price fluctuations	32.3	**41.6**	+9.3
	Contingency reserve	59.6	**63.7**	+4.1
	Reserve for possible loan losses	0.0	**0.0**	+0.0
	Unrealized gains or losses on held-to-maturity maturity securities	551.7	**430.3**	(121.4)
	Unrealized gains or losses on land and buildings	19.4	**19.4**	+0.0
	Unfunded pension liabilities	(5.0)	**(3.2)**	+1.8
	Intangible fixed assets	(26.1)	**(23.9)**	+2.2
	Tax effect equivalent of above seven items	(193.8)	**(162.5)**	+31.3
	Valuation gain or loss on subsidiaries and affiliated companies*	(9.6)	**(12.5)**	(2.9)

*Valuation gain or loss on subsidiaries and affiliated companies included mainly values of AEGON Sony Life Insurance Co., Ltd. in the calculation of adjusted net worth.

MCEV Results
(Breakdown of Adjusted Net Worth (2))

(Billions of yen)		2013.3.31	**2014.3.31**	Change
Adjusted net worth		770.8	**722.1**	(48.7)
	Free surplus	418.5	**566.2**	+147.7
	Required capital	352.3	**156.0**	(196.3)

- Sony Life sets its required capital as the larger of the amount of capital required for the current solvency margin ratio of 200% or the amount of capital to cover risks based on the internal model. The latter is larger as of the end of March 2014.
- The solvency risk capital on an economic value basis as of the end of March 2014 was ¥664.3 billion (after tax), reflecting the revision of risk measure for interest rate risk in Japanese yen as described on page 25. The effective tax rate used to adjust to the after tax basis is 30.78%.

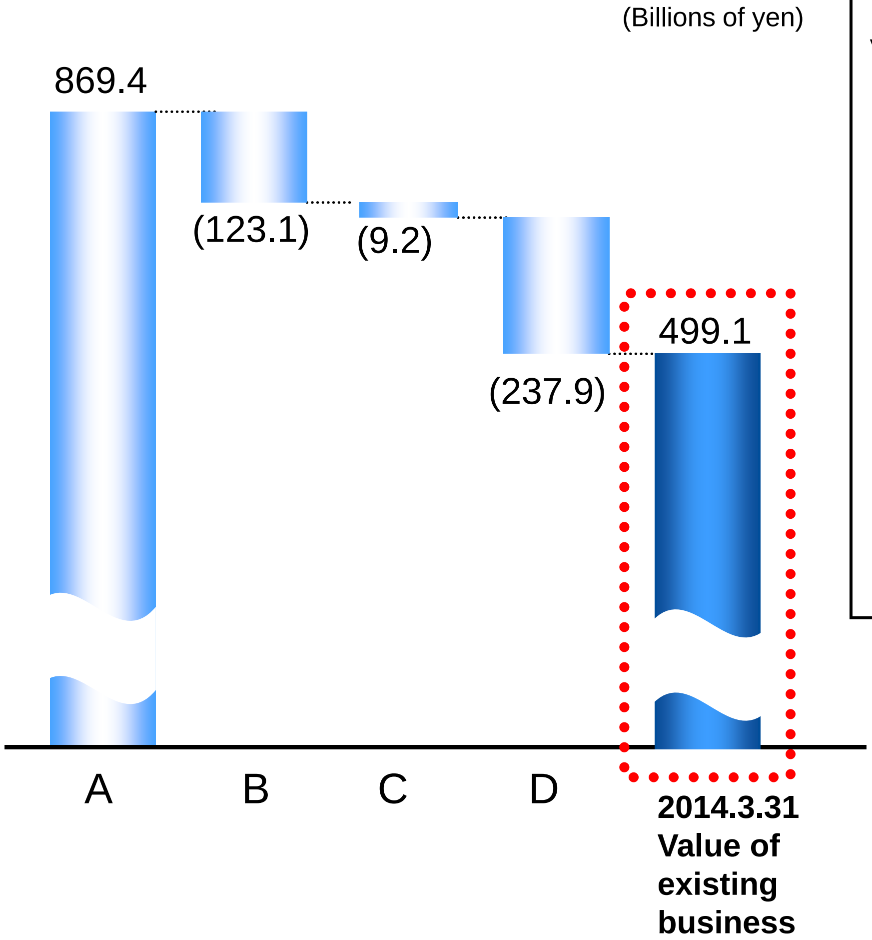
Note:

The amount of capital to cover risks based on the internal model is defined as the total amount of technical provision and solvency risk capital on an economic value basis in excess of statutory policy reserves (excluding contingency reserves).

The solvency risk capital on an economic value basis is calibrated at VaR (99.5%) over one year and based on the intern al model, which is a similar but modified model based on the EU Solvency II (QIS5) standard method.

MCEV Results (Value of Existing Business)

Breakdown of value of existing business

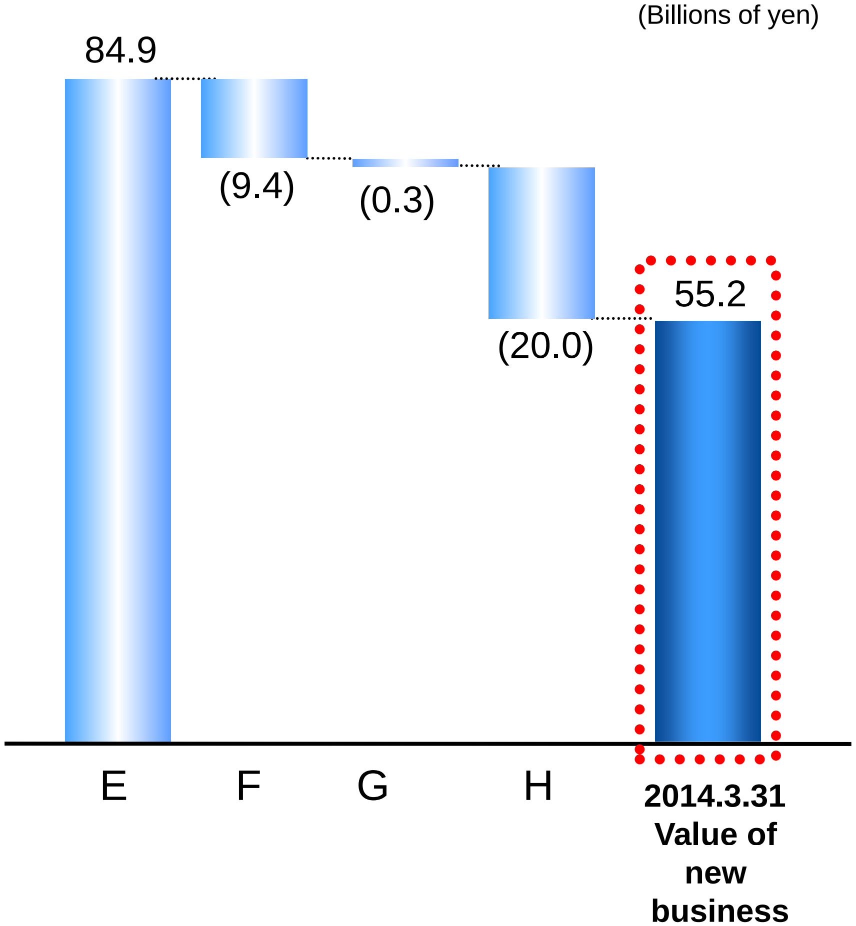


(Billions of yen)	2013.3.31	**2014.3.31**	Change
Value of existing business	293.9	**499.1**	+205.3
A) Present value of Certainty-equivalent profit	633.2	**869.4**	+236.2
B) Time value of options and guarantees	(111.2)	**(123.1)**	(11.9)
C) Frictional costs	(13.9)	**(9.2)**	+4.7
D)Cost of non-hedgeable risks	(214.2)	**(237.9)**	(23.7)

Note: QIS5 of the EU Solvency II has set a cost of capital rate at 6%, which is used for the cost of capital calculation. On the other hand, the CRO (Chief Risk Officer) Forum comprised of CROs from leading insurance companies in Europe proposed that 2.5% to 4.5% would be the appropriate level based on several trial calculations. Following the philosophy of the CRO Forum's approach, Sony Life has decided to use 2.5% for the cost of capital rate consistent with the MCEV framework considering Japanese long-term stock risk premiums, the beta of Sony Financial Holdings Inc. and the anticipated impact of the equity risk exposure of Sony Life on the beta of Sony Financial Holdings Inc., which is a hedgeable risk.

MCEV Results (Value of new Business)

Breakdown of value of new business



(Billions of yen)	2013.3.31	**2014.3.31**	Change
Value of new business	41.6	**55.2**	+13.6
E) Present value of certainty-equivalent profit	74.1	**84.9**	+10.8
F) Time value of options and guarantees	(12.4)	**(9.4)**	+3.0
G) Frictional costs	(0.2)	**(0.3)**	(0.0)
H) Cost of non-hedgeable risks	(19.9)	**(20.0)**	(0.1)

New business margin

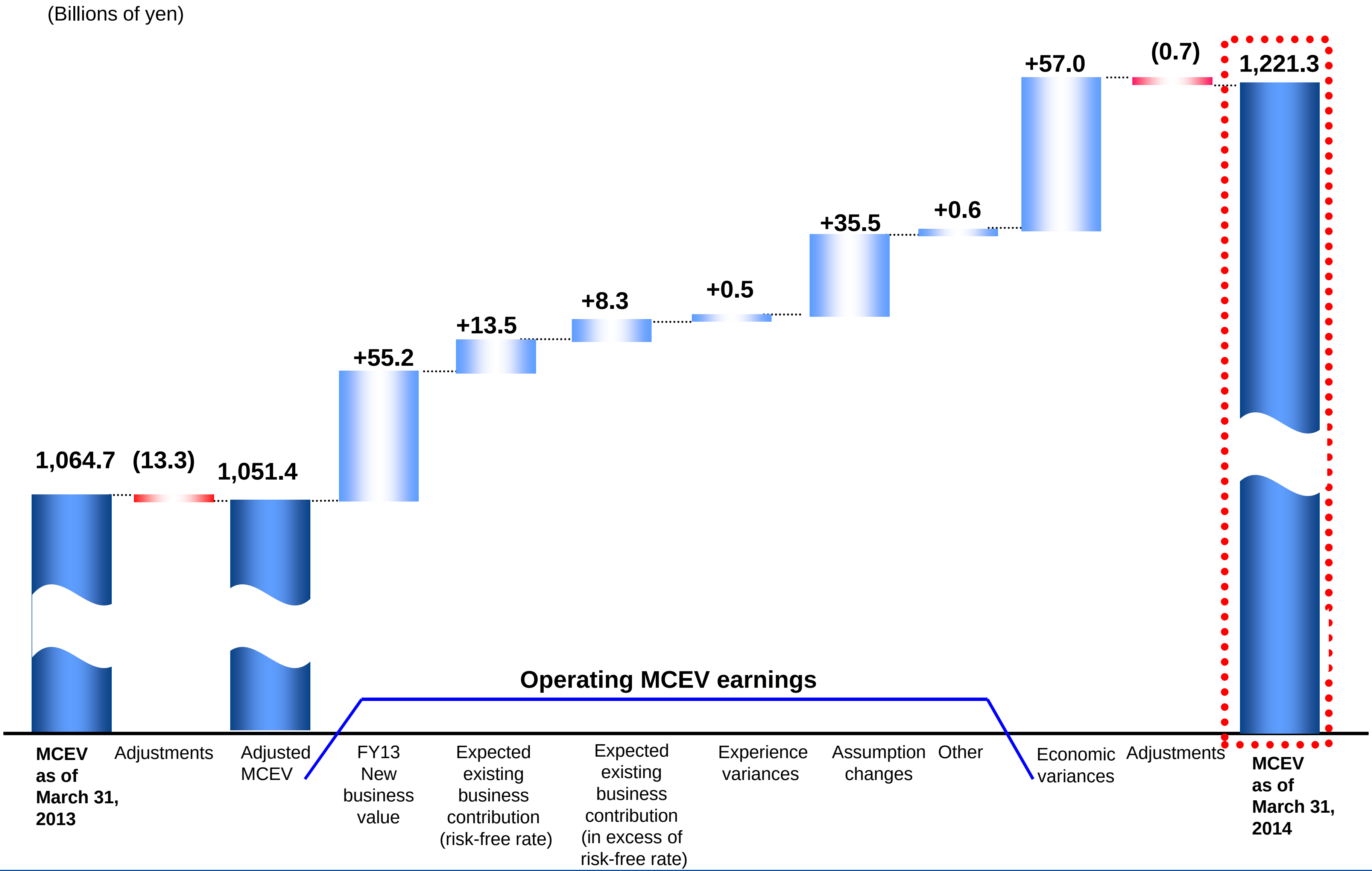
(Billions of yen)	2013.3.31	**2014.3.31**	Change
Value of new business	41.6	**55.2**	+13.6
Present value of premium income	1,187.5	**1,069.7**	(117.8)
New business margin	3.5%	**5.2%**	+1.7pt

Reconciliation Analysis from MCEV at the End of the Prior Year (1)

Sony Financial Holdings

	(Billions of yen)	Adjusted net worth	Value of existing business	MCEV
	Opening MCEV (MCEV as of March 31, 2013)	770.8	293.9	1,064.7
(1)	Opening adjustments	(13.3)	—	(13.3)
	Adjusted opening MCEV	757.5	293.9	1,051.4
(2)	New business value	—	+55.2	+55.2
(3)	Expected existing business contribution (risk-free rate)	+0.5	+13.1	+13.5
(4)	Expected existing business contribution (in excess of risk free rate)	+1.6	+6.7	+8.3
(5)	Transfers from value of existing business and required capital to free surplus	(26.8)	+26.8	—
	Of which, on new business	*(44.7)*	*+44.7*	—
(6)	Experience variances	+2.7	(2.2)	+0.5
(7)	Assumption changes	—	+35.5	+35.5
(8)	Other operating variance	—	+0.6	+0.6
(9)	Operating MCEV earnings (2)～(8) total	(22.1)	+135.7	+113.6
(10)	Economic variances	(12.0)	+69.0	+57.0
(11)	Other non-operating variance	(1.2)	+0.6	(0.7)
	Total MCEV earnings	(35.4)	+205.3	+169.9
(12)	Closing adjustments	—	—	—
	Closing MCEV (MCEV as of March 31, 2014)	722.1	499.1	1,221.3

Reconciliation Analysis from MCEV at the End of the Prior Year (2)



Reconciliation Analysis from MCEV at the End of the Prior Year (3)

Sony Financial Holdings

	(Billions of yen)	Adjusted net worth	Value of existing business	MCEV
(1)	Opening MCEV (MCEV as of March 31, 2013)	770.8	293.9	1,064.7
	Opening adjustments	(13.3)	—	(13.3)
	Adjusted opening MCEV	757.5	293.9	1,051.4
(2)	New business value	—	+55.2	+55.2

(1) Opening adjustments

- 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 fiscal year ended March 31, 2014.

Reconciliation Analysis from MCEV at the End of the Prior Year (4)

Sony Financial Holdings

(Continue)

	(Billions of yen)	Adjusted net worth	Value of existing business	MCEV
(3)	Expected existing business contribution (risk-free rate)	+0.5	+13.1	+13.5
(4)	Expected existing business contribution (in excess of risk free rate)	+1.6	+6.7	+8.3
(5)	Transfers from value of existing business and required capital to free surplus	(26.8)	+26.8	—
	Of which, on new business	(44.7)	+44.7	—

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

- This figure includes the release of the portion for the fiscal year ended March 31, 2014 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, 2013).

(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, loans, stocks and real estates.
- The expected yield used for the fiscal year ended March 31, 2014 was 0.272%, which was developed by reflecting its 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) Transfer from value of existing business and required capital to free surplus

- This figure tracks changes in free surplus that emerge over the course of a fiscal year due to transferring profit earned during the fiscal year from existing business value to free surplus and to changes in required capital.
- The transfer of profit includes both the transfer of profit that was anticipated during the current fiscal year under the MCEV calculation performed at the prior year-end and the transfer of profit that was calculated as a component of new business value for the current fiscal year.
- 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 Prior Year (5)

Sony Financial Holdings

(Continue)

	(Billions of yen)	Adjusted Net worth	Value of existing business	MCEV
(6)	Experience variances	+2.7	(2.2)	+0.5
(7)	Assumption changes	—	+35.5	+35.5
(8)	Other operating variance	—	+0.6	+0.6

(6) Experience variances

- These variances show the impact on MCEV of the actual versus assumed differences in non-economic expected profit for the fiscal year ended March 31, 2014 under the MCEV calculation as of March 31, 2013, and of the differences between actual policies in force as of March 31, 2014, and those that were projected to be in force on March 31, 2013 using persistency assumptions.

(7) Assumption changes

- This figure primarily indicates the impact of changes in the assumptions based on experience data in mortality and morbidity rates, lapse and surrender rates, and operating expense rates.
- The improvements in mortality rates, lapse and surrender rates, and operating expense rates increased the value of existing business.

(8) Other operating variance

- This represents the impact of improvements and corrections of the model used in calculating MCEV, including the impact from the revision of risk measure for interest rate risk in Japanese yen. Please see page 25 for the revision of risk measure for interest rate risk in Japanese yen.

Reconciliation Analysis from MCEV at the End of the Prior Year (6)

(Continue)

	(Billions of yen)	Adjusted Net worth	Value of existing business	MCEV
(9)	Operating MCEV earnings (2) ～(8) total	(22.1)	+135.7	+113.6
(10)	Economic variances	(12.0)	+69.0	+57.0
(11)	Other non-operating variance	(1.2)	+0.6	(0.7)
	Total MCEV earnings	(35.4)	+205.3	+169.9
(12)	Closing adjustments	—	—	—
	Closing MCEV (MCEV as of March 31, 2014)	722.1	499.1	1,221.3

(9) Operating MCEV earnings ････(2)～(8) total

(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, 2013 on future values, and the impact of the actual to assumed difference in expected asset investment income that were assumed to be realized during the year ended March 31, 2014 under MCEV as of March 31, 2013.
- The major reasons for increases in the value of existing business include an update of economic scenarios due to the change in the market environment such as the changes in interest rates and volatilities, accounting for an increase in the present value of certainly-equivalent profit by ¥65.4 billion, a decrease in the time value of options and guarantees by ¥17.0 billion, a decrease in the frictional cost by ¥5.2 billion and a decrease in the cost of non-hedgeable risks by ¥1.3 billion. Another factor is an increase in expenses tied to the increase in inflation swap rates, accounting for a decrease in the value of existing business by ¥20.0 billion.
- The major reason for the decrease in the adjusted net worth was the decrease in prices of government bonds caused by the increase in interest rates.
- Overall MCEV changes are disaggregated into an increase by ¥76.9 billion as a result of the increase in interest rates and a decrease by ¥20.0 billion as a result of the increase in inflation rates.

(11) Other non operating variance

- This figure shows the effect of the abolition of the reconstruction special corporate tax.

(12) Closing adjustments

- No items were included in closing adjustments.

Sensitivity Analysis

Sony Financial Holdings

<2014.3.31> (Billions of yen) **<2013.3.31>** (Billions of yen)

Assumption	Change in Assumption	MCEV (2014.3.31)	Change in Amount (2014.3.31)	Rate of Change (2014.3.31)	MCEV (2013.3.31)	Change in Amount (2013.3.31)	Rate of Change (2013.3.31)
Base	No change	1,221.3	—	—	1,064.7	—	—
Interest rates	100bp decrease	1,003.4	(217.9)	(18%)	829.6	(235.1)	(22%)
	100bp increase	1,256.2	+34.9	+3%	1,121.4	+56.7	+5%
	Swap rates	1,393.8	+172.5	+14%	1,231.8	+167.1	+16%
Stock / Real estate market value	10% decrease	1,204.8	(16.5)	(1%)	1,047.7	(16.9)	(2%)
Stock / Real estate implied volatility	25% increase	1,209.7	(11.6)	(1%)	1,053.0	(11.6)	(1%)
Interest swaption Implied volatility	25% increase	1,202.7	(18.6)	(2%)	1,049.9	(14.8)	(1%)
Maintenance expenses	10% decrease	1,240.7	+19.4	+2%	1,082.3	+17.6	+2%
Lapse and surrender rates	x 0.9	1,236.4	+15.1	+1%	1,070.1	+5.5	+1%
Mortality rates	Death protection products x0.95	1,264.5	+43.2	+4%	1,104.7	+40.0	+4%
	Third-sector and annuity products x0.95	1,216.0	(5.3)	(0%)	1,059.8	(4.9)	(0%)
Morbidity rate	x 0.95	1,259.6	+38.3	+3%	1,100.2	+35.5	+3%
Required capital	Regulatory minimum	1,225.3	+4.0	+0%	1,074.2	+9.5	+1%

■ **Changes in adjusted net worth and value of existing business within the amount of change in MCEV are shown in the table below.**

(Billions of yen)

Assumption	Change in Assumption	Change in Amount (adjusted net worth)	Change in Amount (value of existing business)
Interest rates	100bp decrease	+957.1	(1,175.0)
	100bp increase	(754.9)	+789.8
Stock / Real estate market value	10% decrease	(10.7)	(5.8)
Stock / Real estate implied volatility	25% increase	(0.9)	(10.7)

Sensitivity of New Business Value

		<2014.3.31> (Billions of yen)			<2013.3.31> (Billions of yen)		
Assumption	Change in Assumption	New Business Value	Change in Amount	Rate of Change	New Business Value	Change in Amount	Rate of Change
Base	No change	55.2	—	—	41.6	—	—
Interest rates	100bp decrease	(21.6)	(76.8)	(139%)	(54.0)	(95.6)	(230%)
	100bp increase	98.6	+43.4	+79%	94.9	+53.3	+128%
	Swap rates	65.1	+10.0	+18%	54.7	+13.1	+32%
Stock / Real estate market value	10% decrease	55.2	(0.0)	(0%)	41.5	(0.0)	(0%)
Stock / Real estate implied volatility	25% increase	54.7	(0.5)	(1%)	41.0	(0.6)	(1%)
Interest swaption Implied volatility	25% increase	53.4	(1.7)	(3%)	39.5	(2.0)	(5%)
Maintenance expenses	10% decrease	56.8	+1.6	+3%	43.3	+1.8	+4%
Lapse and surrender rates	x 0.9	60.5	+5.3	+10%	45.5	+3.9	+9%
Mortality rates	Death protection products x 0.95	58.5	+3.3	+6%	45.1	+3.6	+9%
	Third sector and annuity products x 0.95	54.9	(0.2)	(0%)	41.3	(0.3)	(1%)
Morbidity rates	x 0.95	56.9	+1.7	+3%	43.9	+2.4	+6%
Required capital	Regulatory minimum	55.2	+0.0	+0%	41.6	+0.0	+0%

Sensitivity and Others

<Sensibility>

- This sensitivity represents the impact of an immediate parallel shift of the Japanese and foreign government bond yield curves as of the end of March 2014, and the impact if swap rates were used instead of government bond yields.
- In each parallel shift sensitivity, adjusted net worth changes as the market value of bonds and other assets changes; this is not applicable to the case where swap rates are used. In each of the interest rates sensitivities, the value of existing business changes as interest rates, the discount rate, yields of new bonds to be purchased in the future as the existing bonds mature, and the investment return on stocks, real estate, and other assets change.
- Here, the sensitivity scenarios were made so that the parameters related to interest rate volatility were equal to those derived for the base case.
- Only the parameters related to the interest rate term structure were altered when scenarios were developed using the interest rate model. The floor for downward changes in interest rates was set at 0%.

<Others>

- Frictional costs and the cost of non-hedgeable risks do not change in the sensitivity tests, with the exception of frictional costs, which are changed in terms of required capital.
- Values of subsidiaries and affiliated companies are not changed except in the case of the stock market value sensitivity, where the stock value of subsidiaries and affiliated companies are altered.
- The impact of changing more than one assumption at a time is not equal to the sum of impacts for each assumption.

Appendix

Assumptions (1)

Assumptions are described in the press release on and after page 15. Of the assumptions, a part of economic assumptions are shown below.

Sony Life uses U.S. treasury yields for risk-free rates in U.S. dollars that were applied to U.S. dollar-denominated products, which were launched in May 2013.

<Risk-free rate*1>

Government bond yields*2			
Term	Japanese yen		U.S. dollar
	As of the end of Mar. 2013	As of the end of Mar. 2014	As of the end of Mar. 2014
1 year	0.06%	0.08%	0.11%
5 year	0.13%	0.20%	1.72%
10 year	0.55%	0.64%	2.72%
20 year	1.40%	1.50%	3.37%
30 year	1.54%	1.70%	3.56%
40 year	1.64%	1.78%	—

Swap rates*3			
Term	Japanese yen		U.S. dollar
	As of the end of Mar. 2013	As of the end of Mar. 2014	As of the end of Mar. 2014
1 year	0.24%	0.18%	0.27%
5 year	0.30%	0.33%	1.80%
10 year	0.69%	0.83%	2.84%
20 year	1.47%	1.61%	3.43%
30 year	1.71%	1.84%	3.54%
40 year	1.84%	1.96%	3.56%
50 year	—	—	3.54%

Notes:
1. Sony Life has used the government bond yields as risk-free rates.
2. It is assumed that forward rates in the 41st year and beyond were equal to those in the 40th year for JGB yields and forward rates in the 31st year and beyond were equal to those in the 30th year for U.S. Treasury yields.
3. It is assumed that forward rates in 41st year and beyond were equal to those in the 40th year for swap rates in Japanese yen and forward rates in the 51st year and beyond were equal to those in the 50th year for swap rates in U.S. dollars.

Assumptions (2)

Assumptions are described in the press release on and after P15. Of the assumptions, consumption tax rate and inflation rate in “Other assumptions” are shown below.

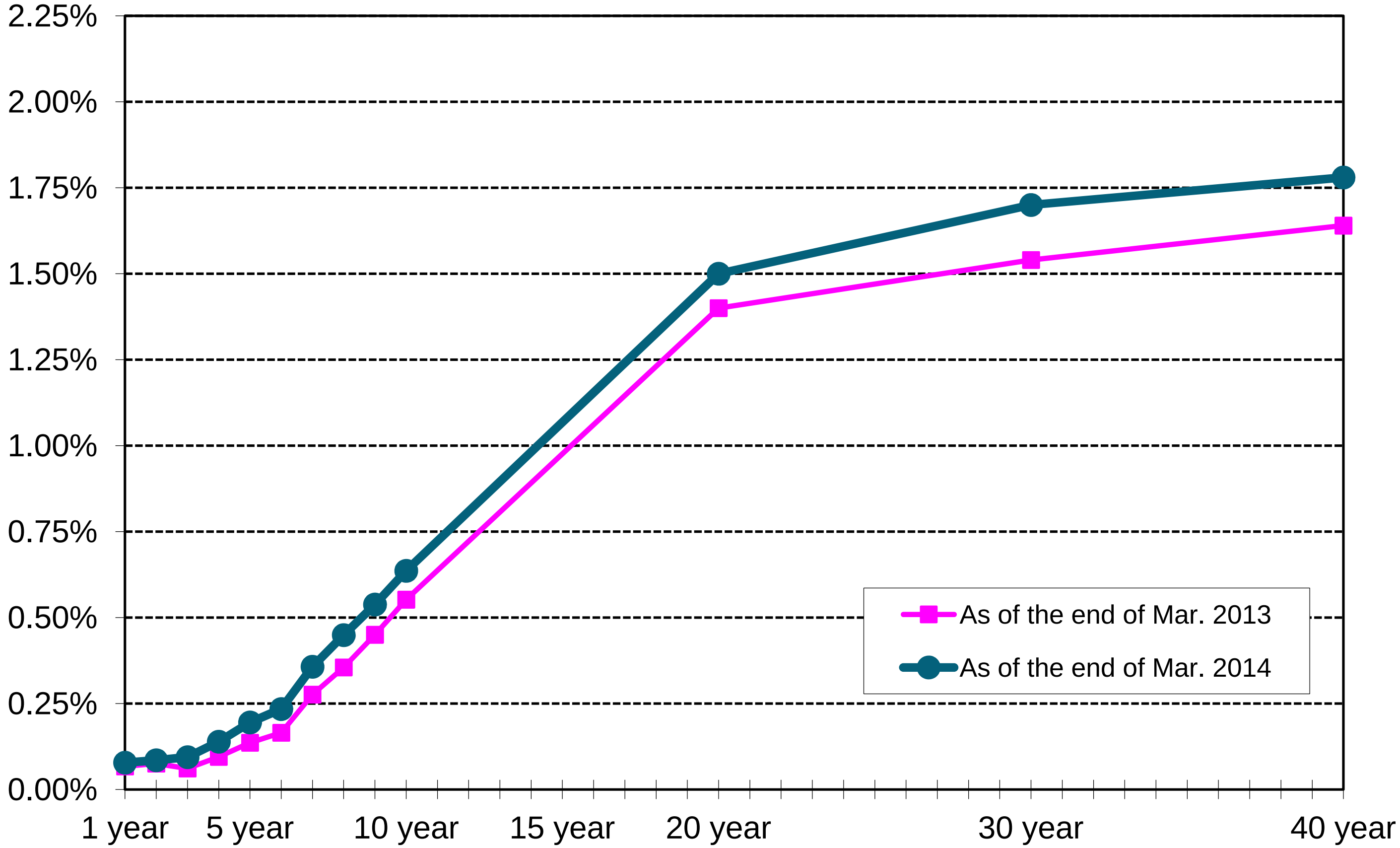
< Consumption tax rate and Inflation rate >

- Based on “The Bill to Amend the Consumption Tax Law for Reforming Tax System to Secure Revenue to Fund the Cost of Social Security,” promulgated on August 22, 2012, future expenses increased, reflecting the increase in the consumption tax rate to 8% at April, 2014 and 10% at October 1, 2015.
- Inflation rates were set as in the table below by referring to inflation swap rates and removing the effect of the increase in the consumption tax rate.
- If the inflation rate had been set at 0%, MCEV as of March 31, 2014, would have increased by ¥62.3 billion.

< Inflation rate by projection year >

Projection year	Inflation rate
2014	0.86%
2015	0.60%
2016	0.17%
2017	0.59%
2018	0.71%
2019	0.74%
2020	0.85%
2021	2.12%
2022	1.33%
2023 and later	1.45%

Year on Year Comparison of JGB Yields



(Data Source: Bloomberg)

Method of Measuring Risk Amount Based on Economic Value (1)

Sony Financial Holdings

Market-related Risk*1

	Sony Life	(Reference) EU Solvency II (QIS5)
Interest rate risk*3 Fluctuations in net asset value based on economic value in response to the shocks in the right columns. The same applies below.	Percentage increases or decreases differ for each currency and term. As for measuring interest rate risk in Japanese yen, introduced principal component analysis, where yield curve changes are disaggregated into three components, parallel shift, twist and butterfly, and the yield curve is shocked by each component. (Example) For Yen 30-year, 34% decrease (parallel shift), 28% decrease (twist), 7% decrease (butterfly))	Percentage increases or decreases differ for each currency and term but <u>no lower than 1%</u> (Example) For Yen 30-year, 30% decrease
Equity risk	Listed equities 45%, Other securities 70%	Global 30%, Others 40%*2
Real estate risk	Actual real estate 25%	Real estate 25%
Credit risk	Credit risk = (market value) x (risk coefficient for each credit rating) x duration Note that durations have caps and floors, depending on credit ratings. (Example) Rating A: Risk coefficient (1.4%), cap (23), floor (1)	Same as on the left
Currency risk	30% downside fluctuation	25% downside fluctuation

Notes
1. Principal items as of March 31, 2014.
2. Standard risk coefficients are global: 39%/other: 49%. Symmetric adjustment (an adjustment of±10% of the average value of the stock price index during a defined period in the past) is applied; as of the QIS5 trial introduction (December 31, 2009), these were 30%/40%.
3. Sony Life revised its method of measuring interest rate risk in Japanese yen on March 31, 2014. Please see page 25 for details.

Method of Measuring Risk Amount Based on Economic Value (2)

Sony Financial Holdings

■ Insurance Risk*1

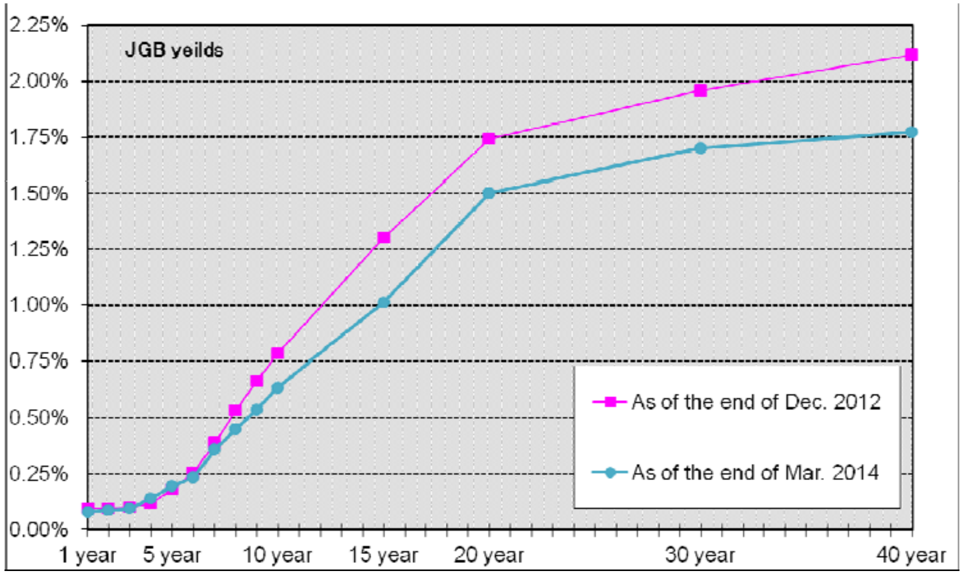
	Sony Life	(Reference) EU Solvency II (QIS5)
Mortality risk	Mortality rate increases by 15% for each year elapsed	Same as on the left
Longevity risk	Mortality rate decreases by 20% for each year elapsed	Same as on the left
Lapse risk	The largest amount of these; *2 •Lapse rate increases by 50% for each year elapsed •Lapse rate decreases by 50% for each year elapsed •30% of policies on which surrender value is in excess of best estimate liability are immediately surrendered	The largest amount of these; •Increases by 50% in the assumed rates of lapsation for Life module, 20% for Health module •Decreases by 50% in the assumed rates of lapsation for Life module, 20% for Health module •30% of policies (70% for group annuities, etc.) on which surrender value is in excess of best estimate liability are immediately surrendered
Expense risk	Operating expenses increase by 10% for each year elapsed Rate of inflation rises by 1%	Same as on the left
Disability risk	Rate of occurrence increases by 35% in the first fiscal year, rising by 25% for each year thereafter	Rate of occurrence increases by 35% in the first fiscal year, rising by 25% for each year thereafter. Recovery rate decreases by 20%.

Notes
1. Principal items as of March 31, 2014.
2. At Sony Life, lapse risk is calculated by computing and adding together the largest amount of three options for each insurance policy

Sony Life: Revision of Method of Measuring Interest Rate Risk in Japanese Yen

- For interest rate risk in Japanese yen, Sony Life revised the risk measure at the end of March 2014, having observed significant changes in ultra-long term interest rates during the year 2013. More specifically, Sony Life revised the previous methodology which measured the shock by dropping interest rates by at least 1% for all maturities (parallel shift) and introduced principal component analysis, where yield curve changes are disaggregated into three components, parallel shift, twist and butterfly, and the yield curve is shocked by each component, to capture the risk of yield curve changes more precisely. The risk amount would be larger than the previous risk measure when ultra-long term interest rates are high and there is room for yield curve flattening (such as on December 31, 2012), while the risk amount would be smaller than the previous risk measure when ultra-long term interest rates are sufficiently low and there is little room for further decline in yield curve (such as on March 31, 2014). Interest rate risk at the end of March 31, 2014, prior to revising the risk measure was ¥233.6 billion (post-revision: ¥180.9 billion) and the solvency risk capital on an economic value basis was ¥697.5 billion (post-revision: ¥664.3 billion).

- Sony Life confirms its risk measure at least once a year. Not only the above risk measure revision for interest rate risk, Sony Life modified risk factors specified in QIS5 standard methodology appropriately to make them more suitable in light of the market risk attribute to which Sony Life is exposed, where risk factors specified in QIS5 or its previous risk measure are considered unable to capture enough risk amount at a 99.5% confidence level.



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