

**Consolidated Financial Summary (Japanese GAAP)
for the Three Months Ended June 30, 2014**

August 8, 2014

Company name: Sony Financial Holdings Inc.
(URL: http://www.sonyfh.co.jp/web/index_en.html)
Stock exchange listing: Tokyo Stock Exchange (code number: 8729)
Representative: Katsumi Ihara, President and Representative Director
Inquiries: Masaaki Konoo, General Manager—Corporate Communications & Investor Relations Dept.
(Fractional amounts of less than ¥1 million are discarded.)

1. Consolidated financial results for the three months ended June 30, 2014

(1) Operating results

	Ordinary Revenues		Ordinary Profit		Net Income	
	Millions of yen	% change	Millions of yen	% change	Millions of yen	% change
For the three months ended June 30, 2014	303,250	(3.1)	21,980	29.1	14,562	50.9
For the three months ended June 30, 2013	313,008	12.9	17,025	10.4	9,647	0.4

Note: Comprehensive Income: For the three months ended June 30, 2014: ¥22,629 million: — %
For the three months ended June 30, 2013: ¥(13,343) million: — %

	Net Income per Share	Net Income per Share (Fully Diluted)
	Yen	Yen
For the three months ended June 30, 2014	33.48	—
For the three months ended June 30, 2013	22.18	—

(2) Financial conditions

	Total Assets	Total Net Assets	Net Asset Ratio
	Millions of yen	Millions of yen	%
As of June 30, 2014	8,933,605	482,595	5.4
As of March 31, 2014	8,841,382	467,050	5.3

Note: Shareholders' equity: As of June 30, 2014 : ¥481,307 million
As of March 31, 2014: ¥465,775 million

2. Dividends

	Dividend per Share				
Record date	1st quarter	2nd quarter	3rd quarter	Year-end	Annual Total
	Yen	Yen	Yen	Yen	Yen
For the year ended March 31, 2014	—	0.00	—	30.00	30.00
For the year ending March 31, 2015	—				
For the year ending March 31, 2015 (forecast)		0.00	—	40.00	40.00

Note: Changes in dividend forecast since the most recent public announcement: None

3. Forecast of consolidated financial results for the year ending March 31, 2015

(Percentage figures represent changes from the results of the previous fiscal year.)

	Ordinary Revenues		Ordinary Profit		Net Income		Net Income per Share
	Millions of yen	% change	Millions of yen	% change	Millions of yen	% change	Yen
For the year ending March 31, 2015	1,191,000	(9.8)	77,000	1.1	49,000	21.0	112.64

4. Notes

(1) Changes in scope of consolidation during the period under review (changes in specified subsidiaries accompanying changes in scope of consolidation): None

(2) Application of special accounting methods for preparing quarterly consolidated financial statements: None

(3) Changes in accounting policies, accounting estimates and restatements of the consolidated financial statements

(a) Changes in accounting policies resulting from the revision of the accounting standards and other regulations: Yes

(b) Changes in accounting policies due to other reasons: None

(c) Changes in accounting estimates: None

(d) Restatements of the consolidated financial statements: None

Note: For details, please refer to the section entitled "1.Changes in accounting policies, accounting estimates and restatements of the consolidated financial statements" under " I . Notes Regarding Summary Information" on page 2 of the attachment.

(4) Number of shares outstanding (common stock)

(a) Number of shares outstanding (including treasury shares)

As of June 30, 2014: 435,000,000 shares

As of March 31, 2014: 435,000,000 shares

(b) Number of treasury shares

As of June 30, 2014: 55 shares

As of March 31, 2014: 1 share

(c) Weighted-average number of shares

For the three months ended June 30, 2014: 434,999,945 shares

For the three months ended June 30, 2013: 434,999,999 shares

Status of quarterly review procedures

Quarterly review procedures are completed by PricewaterhouseCoopers Aarata in accordance with Article 193-2-1 of the Financial Instruments and Exchange Law of Japan. However, quarterly consolidated financial statements in this document are not subject to such quarterly review procedures.

Content of Supplemental Materials

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* The Conference Call for explaining the Sony Financial Group financial results will be held at 15:30 (Tokyo), August 8, 2014.

We are sorry for any inconvenience that our Conference Call will be held only in Japanese.

We will upload the Presentation Materials with speech text on August 8, 2014 after 15:00, and its Q&A summary at a later date on Earning Releases and Presentation Materials page on our website:

http://www.sonyfh.co.jp/en/financial_info/results/

* On August 8, 2014, SFH's significant subsidiaries: Sony Life Insurance Co., Ltd. (Sony Life), Sony Assurance Inc. (Sony Assurance) and Sony Bank Inc. (Sony Bank) will announce their financial results for the three months ended June 30, 2014. SFH prepared an English-language summary of those Japanese announcements made by the above subsidiaries, solely for convenience of non-Japanese readers.

I. Notes Regarding Summary Information

1. Changes in accounting policies, accounting estimates and restatements of the consolidated financial statements

Changes in accounting policies

(Application of Accounting Standards for Retirement Benefits)

The Sony Financial Group has applied Clause 35 of the “Accounting Standards for Retirement Benefits” (ASBJ Statement No. 26, May 17, 2012) and Clause 67 of the “Guidance on Accounting Standards for Retirement Benefits” (ASBJ Guidance No. 25, May 17, 2012) from the first quarter of the fiscal year under review. Accordingly, the Company has reviewed its calculation method of retirement benefit obligations and service costs, changed the method of attributing expected benefit to periods from the point basis and straight-line basis to the benefit formula basis, and changed the method of determination of the discount rate. Primarily, this change was from a discount rate based on a number of years approximately equal to the average remaining service period to a weighted average discount rate for expected retirement benefit payment periods and the expected payment amount for each expected payment period.

Following Clause 37 of the “Accounting Standards for Retirement Benefits,” which stipulates transitional treatment of the new standard, the effect of the change in the calculation method of retirement benefit obligations and service costs is adjusted in retained earnings at the beginning of the three months ended June 30, 2014.

As a result, at the beginning of the first three months of the fiscal year under review, net defined benefit liability decreased ¥8,341 million, deferred tax assets fell ¥2,651 million, net defined benefit asset increased ¥274 million, and retained earnings grew ¥5,965 million. Ordinary profit and income before income taxes for the three months ended June 30, 2014, declined ¥57 million.

2. Additional Information

(Changes in presentation method)

In the past, the Sony Financial Group included amounts of interest on interest rate swaps and the like, which are hedging instrument gains (losses) resulting from interest rate risk hedging on available-for-sale securities, within “Other operating income” and “Other operating expenses” for the Banking Business. From the first quarter of the fiscal year under review, the Group has instead included these amounts in “Interest income” and “Interest expenses.”

The Sony Financial Group made this change to clarify hedging effectiveness by correlating the gains (losses) of hedged assets with the losses (gains) of the hedging instrument. The Group made this change because of the growing importance of hedge transactions following an increase in the bond investment balance that is hedged.

As a result, ¥318 million presented as “Other operating expenses” in the consolidated statements of income for the three months of the previous fiscal year has been restated to ¥198 million for “Other operating income” and ¥516 million for “Interest expenses”.

II. Consolidated Financial Statements

1. Consolidated Balance Sheets

(Millions of yen)

	As of March 31, 2014	As of June 30, 2014
Assets		
Cash and due from banks	¥204,546	¥129,695
Call loans and bills bought	40,628	46,619
Monetary trusts	325,831	327,157
Securities	6,822,151	6,959,437
Loans	1,211,638	1,226,939
Tangible fixed assets	71,565	71,257
Intangible fixed assets	36,774	35,808
Goodwill	179	159
Others	36,595	35,649
Due from reinsurers	158	105
Foreign exchanges	7,752	7,528
Other assets	100,503	115,405
Net defined benefit asset	1,730	2,066
Deferred tax assets	19,872	13,247
Reserve for possible loan losses	(1,769)	(1,663)
Total Assets	¥8,841,382	¥8,933,605

(Millions of yen)

	As of March 31, 2014	As of June 30, 2014
Liabilities		
Policy reserves and others	¥6,263,315	¥6,409,287
Reserve for outstanding claims	57,400	58,480
Policy reserves	6,201,676	6,346,551
Reserve for policyholders' dividends	4,237	4,256
Due to agencies	2,169	1,720
Due to reinsurers	650	512
Deposits	1,889,970	1,829,697
Call money and bills sold	6,000	6,000
Borrowed money	20,000	20,000
Foreign exchanges	40	119
Bonds payable	20,000	20,000
Other liabilities	95,725	96,505
Reserve for employees' bonuses	3,204	1,511
Net defined benefit liability	30,272	22,305
Reserve for directors' retirement benefits	250	269
Special reserves	41,657	41,965
Reserve for price fluctuations	41,657	41,965
Deferred tax liabilities	539	577
Deferred tax liabilities on land revaluation	536	536
Total Liabilities	8,374,332	8,451,010
Net Assets		
Common stock	19,900	19,900
Capital surplus	195,277	195,277
Retained earnings	164,790	172,267
Treasury stock	(0)	(0)
Total shareholders' equity	379,967	387,444
Net unrealized gains(losses) on other securities, net of taxes	92,002	99,810
Net deferred gains(losses) on hedging instruments, net of taxes	(2,388)	(2,371)
Land revaluation, net of taxes	(1,513)	(1,513)
Foreign currency translation adjustments	0	0
Remeasurements of defined benefit plans, net of taxes	(2,292)	(2,062)
Total accumulated other comprehensive income	85,807	93,862
Minority interests	1,275	1,288
Total Net Assets	467,050	482,595
Total Liabilities and Net Assets	¥8,841,382	¥8,933,605

2. Consolidated Statements of Income and Consolidated Statements of Comprehensive Income (Consolidated Statements of Income)

(Millions of yen)

	For the three months ended June 30, 2013	For the three months ended June 30, 2014
Ordinary Revenues	¥313,008	¥303,250
Ordinary Revenues from the Life Insurance Business	280,351	269,855
Income from insurance premiums	221,133	220,371
Investment income	55,757	48,039
(Interest income and dividends)	28,803	32,444
(Income from monetary trusts, net)	1,322	1,322
(Gains on sale of securities)	1	195
(Gains on derivatives, net)	11	9
(Gains on separate accounts, net)	25,608	14,065
Other ordinary income	3,460	1,444
Ordinary Revenues from the Non-life Insurance Business	23,091	24,116
Underwriting income	22,803	23,803
(Net premiums written)	22,741	23,434
(Interest and dividends on deposits of premiums)	8	11
(Reversal of reserve for outstanding claims)	52	357
Investment income	283	303
(Interest income and dividends)	292	310
(Gains on sale of securities)	—	3
(Transfer to interest and dividends on deposits of premiums)	(8)	(11)
Other ordinary income	4	9
Ordinary Revenues from the Banking Business	9,565	9,278
Interest income	6,589	6,535
(Interest income on loans)	3,514	3,477
(Interest income and dividends on securities)	3,054	3,029
Fees and commissions	1,201	1,198
Other operating income	1,735	1,394
(Gains on foreign exchange transactions, net)	778	565
Other ordinary income	39	150

(Continued)

(Millions of yen)

	For the three months ended June 30, 2013	For the three months ended June 30, 2014
Ordinary Expenses	¥295,983	¥281,269
Ordinary Expenses from the Life Insurance Business	267,405	252,940
Insurance claims and other payments	81,778	74,460
(Insurance claims)	18,767	18,123
(Annuity payments)	2,371	2,524
(Insurance benefits)	10,076	10,400
(Surrender payments)	49,184	42,288
(Other payments)	929	655
Provision for policy reserves and others	150,394	143,462
Provision for reserve for outstanding claims	—	1,437
Provision for policy reserves	150,391	142,024
Interest portion of reserve for policyholders' dividends	3	0
Investment expenses	1,872	1,900
(Interest expenses)	9	6
Operating expenses	27,946	27,474
Other ordinary expenses	5,414	5,643
Ordinary Expenses from the Non-life Insurance Business	21,585	21,242
Underwriting expenses	16,623	15,940
(Net losses paid)	11,745	11,170
(Loss adjustment expenses)	1,490	1,656
(Net commission and brokerage fees)	311	262
(Provision for underwriting reserves)	3,075	2,850
Investment expenses	1	0
(Losses on sale of securities)	—	0
Operating, general and administrative expenses	4,958	5,300
Other ordinary expenses	1	1

(Continued)

(Millions of yen)

	For the three months ended June 30, 2013	For the three months ended June 30, 2014
Ordinary Expenses from the Banking Business	¥6,991	¥7,086
Interest expenses	2,071	2,367
(Interest expenses on deposits)	1,258	1,225
Fees and commissions	406	451
Other operating expenses	305	27
General and administrative expenses	4,180	4,229
Other ordinary expenses	28	10
Ordinary Profit	17,025	21,980
Extraordinary Losses	1,906	331
Losses on disposal of fixed assets	14	23
Impairment losses	—	0
Provision for special reserves	1,891	308
Provision for reserve for price fluctuations	1,891	308
Provision for Reserve for Policyholders' Dividends	138	146
Income Before Income Taxes	14,981	21,502
Income Taxes	5,339	6,927
- Current	2,707	6,339
- Deferred	2,631	588
Income Before Minority Interests	9,641	14,574
Minority interests in income(losses)	(6)	12
Net Income	¥9,647	¥14,562

(Consolidated Statements of Comprehensive Income)

(Millions of yen)

	For the three months ended June 30, 2013	For the three months ended June 30, 2014
Income Before Minority Interests	¥9,641	¥14,574
Other comprehensive income		
Net unrealized gains(losses) on other securities, net of taxes	(23,519)	7,807
Net deferred gains(losses) on hedging instruments, net of taxes	535	17
Foreign currency translation adjustments	—	(0)
Remeasurements of defined benefit plans, net of taxes	—	229
Share of other comprehensive income of affiliates accounted for using equity method	0	0
Total other comprehensive income	(22,984)	8,054
Comprehensive income	¥(13,343)	¥22,629
(Details)		
Comprehensive income attributable to parent company	(13,337)	22,617
Comprehensive income attributable to minority interests	(6)	12

3. Segment Information

(1) Segment Information by reporting segment

For the three months ended June 30, 2013

	Millions of yen			
	Life insurance business	Non-life insurance business	Banking business	Total
Ordinary revenues				
External customers	¥280,351	¥23,091	¥9,565	¥313,008
Intersegment	594	0	49	644
Total	280,945	23,091	9,615	313,652
Segment profit	¥13,370	¥1,342	¥2,252	¥16,965

(Note) These figures are presented following restatement in accordance with the changes in financial presentation for the first quarter of the fiscal year under review, described in “2. Additional Information” to the “I. Notes Regarding Summary Information.”

For the three months ended June 30, 2014

	Millions of yen			
	Life insurance business	Non-life insurance business	Banking business	Total
Ordinary revenues				
External customers	¥269,855	¥24,116	¥9,278	¥303,250
Intersegment	713	0	45	758
Total	270,568	24,116	9,324	304,009
Segment profit	¥17,481	¥2,711	¥1,739	¥21,931

(2) Reconciliations of the totals of reportable segments' profit to quarterly consolidated statement of income

	Millions of yen	
	For the three months ended June 30, 2013	For the three months ended June 30, 2014
Totals of reporting segments	¥16,965	¥21,931
Adjustments for intersegment transactions	1	1
Amount not allocated to reporting segments	57	47
Ordinary profit in quarterly consolidated statement of income	¥17,025	¥21,980

(3) Information on impairment loss on fixed assets and goodwill by reporting segment

None

4. Subsequent Events

(Acquisition of fixed assets)

At a Board of Directors meeting on July 24, 2014, the life insurance subsidiary ("Sony Life") resolved to acquire the fixed assets described below and entered into a real estate sale/purchase agreement on July 28, 2014. The transaction price was determined after giving ample consideration to evaluations of its appropriateness upon reviewing valuations from multiple third-party real estate assessors.

(1) Reason for the acquisition

Acquired as one of the company's asset investments

(2) Details of the acquired asset

Asset Details and Location	Acquisition Price	Site Area	Current Status
Asset details: Sony Corporation headquarters site Location: 7-1, Konan 1-chome, Minato-ku, Tokyo	¥52.8 billion	18,165.30 m ²	Leased to Sony Life Location of the Sony City building owned by Sony Life

(3) Name of current owner

Sony Corporation ("Sony")

(4) Transaction schedule

July 24, 2014 Sony Life Board of Directors resolution

July 28, 2014 Conclusion of real estate sale/purchase agreement

September 2014 Transfer of property and change of ownership (expected)

In accordance with information stated above, Sony Life and Sony will conclude a site rental agreement for the property (expected).

The current leasing agreement with Sony for the Sony City building owned by Sony Life is to remain in place.

(5) Impact on the fiscal year under review

Increase in fixed assets: ¥52.8 billion

Decrease in site leasing payable: ¥1.2 billion

Acquisition costs: ¥1.1 billion

SFH's consolidated results* are prepared in accordance with Japanese GAAP. As such, these figures differ in significant respects from the financial information reported by Sony Corporation, the SFH's parent company, which prepares its financial statements in accordance with U.S. GAAP.

* SFH's scope of consolidation includes Sony Financial Holdings Inc., Sony Life Insurance Co. Ltd., Sony Assurance Inc., Sony Bank Inc., SmartLink Network, Inc. and SmartLink Network Hong Kong Limited.^{*1} It also includes AEGON Sony Life Insurance Co., Ltd. and SA Reinsurance Ltd., as affiliated companies accounted for under the equity method.

^{*1} SmartLink Network Hong Kong Limited was not included in the scope of consolidation for the three months ended June 30, 2013.

Statements made in this press release with respect to Sony Financial Holdings' current plans, estimates, strategies and beliefs and other statements that are not historical facts are forward-looking statements about the future performance of Sony Financial Holdings. Forward-looking statements include, but are not limited to, those statements using words such as "believe," "expect," "plans," "strategy," "prospects," "forecast," "estimate," "project," "anticipate," "aim," "intend," "seek," "may," "might," "could" or "should," and words of similar meaning in connection with a discussion of future operations, financial performance, events or conditions. From time to time, oral or written forward-looking statements may also be included in other materials released to the public. These statements are based on management's assumptions, judgments and beliefs in light of the information currently available to it. Sony Financial Holdings cautions investors that a number of important risks and uncertainties could cause actual results to differ materially from those discussed in the forward-looking statements, and therefore investors should not place undue reliance on them. Investors also should not rely on any obligation of Sony Financial Holdings to update or revise any forward-looking statements, whether as a result of new information, future events or otherwise. Sony Financial Holdings disclaims any such obligation. The information contained in this statements does not constitute or form part of any offer for sale or subscription of or solicitation or invitation of any offer to buy or subscribe for any securities, nor shall it or any part of it from the basis of or be relied on in connection with any contract or commitment whatsoever.

For inquiries:

Masaaki Konoo or Hiroko Hanakura

Corporate Communications & Investor Relations Dept.

Sony Financial Holdings Inc.

Telephone: +81-3-5785-1074

E-mail: press@sonyfh.co.jp

Website of Sony Financial Holdings Inc.

http://www.sonyfh.co.jp/index_en.html

III. Attachment

Content of Presentation Material

**Consolidated Financial Results for the Three Months Ended June 30, 2014 and
Sony Life’s Market Consistent Embedded Value as of June 30, 2014**

- Consolidated Operating Results for the Three Months Ended June 30, 2014 3
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Presentation Material

Consolidated Financial Results for the Three Months Ended June 30, 2014 and Sony Life's Market Consistent Embedded Value as of June 30, 2014

Sony Financial Holdings Inc.
August 8, 2014

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Disclaimers:

This presentation material contains statements concerning the current plans, expectations, strategies and beliefs of the Sony Financial Group. Any statements contained herein that pertain to future operating performance and that are not historic facts are forward-looking statements. Forward-looking statements may include—but are not limited to—words such as “believe,” “anticipate,” “plan,” “strategy,” “expect,” “forecast,” “predict,” and “possibility” that describe future operating activities, business performance, events or conditions. Forward-looking statements, whether spoken or written, are based on judgments made by the management of the Sony Financial Group, based on information that is currently available to it. As such, these forward-looking statements are subject to various risks and uncertainties, and actual business results may vary substantially from the forecasts expressed or implied in forward-looking statements. Consequently, investors are cautioned not to place undue reliance on forward-looking statements. The Sony Financial Group disclaims any obligation to revise forward-looking statements in light of new information, future events or other findings. The information contained in this presentation does not constitute or form part of any offer for sale or subscription of or solicitation or invitation of any offer to buy or subscribe for any securities, nor shall it or any part of it from the basis of or be relied on in connection with any contract or commitment whatsoever.

Consolidated Operating Results for the Three Months Ended June 30, 2014

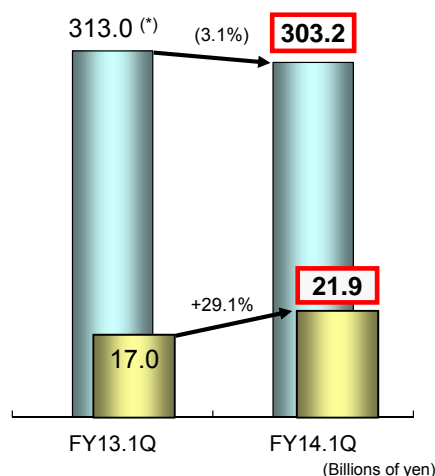
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Highlights of Consolidated Operating Performance for the Three Months Ended June 30, 2014 (1)



■ Consolidated ordinary revenues
■ Consolidated ordinary profit



(*) Banking business revised its method of recording ordinary revenues and ordinary expenses on hedge transactions for FY14.1Q. Ordinary revenues for FY13.1Q have been retroactively adjusted to reflect the change. Consequently, consolidated ordinary revenues for FY13.1Q have been revised from ¥312.8 billion to ¥313.0 billion. As adjustments to ordinary revenues were accompanied by adjustments in the same amount to ordinary expenses, ordinary profit and net income were unaffected.

(Billions of yen)		FY13.1Q	FY14.1Q	Change	
Life Insurance business	Ordinary revenues	280.9	270.5	(10.3)	(3.7%)
	Ordinary profit	13.3	17.4	+4.1	+30.7%
Non-life Insurance business	Ordinary revenues	23.0	24.1	+1.0	+4.4%
	Ordinary profit	1.3	2.7	+1.3	+102.0%
Banking business	Ordinary revenues	9.6	9.3	(0.2)	(3.0%)
	Ordinary profit	2.2	1.7	(0.5)	(22.8%)
Intersegment adjustments*	Ordinary revenues	(0.6)	(0.7)	(0.1)	-
	Ordinary profit	0.0	0.0	(0.0)	(18.1%)
Consolidated	Ordinary revenues	313.0	303.2	(9.7)	(3.1%)
	Ordinary profit	17.0	21.9	+4.9	+29.1%
	Net income	9.6	14.5	+4.9	+50.9%

(Billions of yen)		14.3.31	14.6.30	Change from 14.3.31	
Consolidated	Total assets	8,841.3	8,933.6	+92.2	+1.0%
	Net assets	467.0	482.5	+15.5	+3.3%

*Ordinary profit in "Intersegment adjustments" is mainly from SFH.

*Comprehensive income (loss): FY13.1Q: (¥13.3 billion), FY14.1Q: ¥22.6 billion

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

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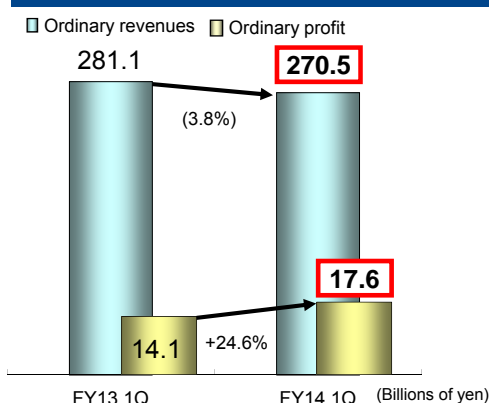
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Highlights of Consolidated Operating Performance for the Three Months Ended June 30, 2014 (2)

- **Life Insurance Business:** Ordinary revenues decreased compared with the same period of the previous fiscal year. Behind this drop was the fact that income from insurance premiums remained at the same level as in the same period of the preceding year, because sales of interest rate-sensitive whole life insurance rose due to temporarily strong demand led by the revision of insurance premium rates. Also contributing to the decline in ordinary revenues was the drop in investment income due to lower gains on separate accounts, net compared with the same period of the previous fiscal year, which benefited from a market recovery. Ordinary profit increased year on year, due mainly to the absence of the negative impact from the revision of the discount rate used for calculating policy reserves on the above-mentioned interest rate-sensitive whole life insurance that was present in the same period of the preceding fiscal year.
- **Non-life Insurance Business:** Ordinary revenues expanded year on year, owing to an increase in net premiums written primarily for mainstay automobile insurance. Ordinary profit grew year on year due to a decline in the loss ratio mainly led by a lower car accident ratio, as well as the rise in ordinary revenues.
- **Banking Business:** Ordinary revenues and ordinary profit decreased year on year, due to lower gains on foreign exchange transactions stemming from passive foreign currency trading by customers compared with the same period of the previous fiscal year when foreign currency exchange rates fluctuated wildly.
- Consolidated ordinary revenues decreased 3.1% compared with the same period of the previous fiscal year, to ¥303.2 billion. By business segment, ordinary revenues from the life insurance and the banking businesses decreased, whereas ordinary revenues from the non-life insurance business increased. Consolidated ordinary profit increased 29.1% year on year, to ¥21.9 billion. By business segment, ordinary profit from the life insurance and the non-life insurance businesses increased, whereas ordinary profit from the banking business decreased. Consolidated net income was up 50.9% year on year, to ¥14.5 billion, reflecting the rise in ordinary profit, and the change of the calculation policy of the reserve for price fluctuations in the life insurance business. The change was to accumulate the reserve up to required levels from FY14 while it had accumulated the reserve in excess of the required levels until FY13.

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

Highlights of Operating Performance: Sony Life (Non-consolidated)



- ◆ Ordinary profit decreased while ordinary profit increased year on year.
- ◆ Income from insurance premiums remained at the same level, owing to the absence of positive impact from the temporarily strong sale of interest rate-sensitive whole life insurance led by the revision of insurance premium rates despite steady growth in policy amount in force.
- ◆ Investment income decreased due to lower gains on separate accounts, net compared with the same period of the previous fiscal year, which benefited from a market recovery.
- ◆ Ordinary profit increased year on year, due mainly to the absence of the negative impact from the revision of the discount rate used for calculating policy reserves on the above-mentioned interest rate-sensitive whole life insurance that was present in the same period of the preceding fiscal year.
- ◆ Net income was up year on year reflecting the rise in ordinary profit, and the change of the calculation policy of the reserve for price fluctuations. The change was to accumulate the reserve up to required levels from FY14 while it had accumulated the reserve in excess of the required levels until FY13.

(Billions of yen)	FY13.1Q	FY14.1Q	Change	
Ordinary revenues	281.1	270.5	(10.6)	(3.8%)
Income from insurance premiums	221.3	220.7	(0.6)	(0.3%)
Investment income	55.8	48.1	(7.7)	(13.8%)
Interest income and dividends	28.9	32.5	+3.6	+12.6%
Income from monetary trusts, net	1.3	1.3	(0.0)	(0.0%)
Gains on sale of securities	0.0	0.1	+0.1	-
Gains on separate accounts, net	25.6	14.0	(11.5)	(45.1%)
Ordinary expenses	266.9	252.8	(14.1)	(5.3%)
Insurance claims and other payments	81.7	74.4	(7.3)	(8.9%)
Provision for policy reserves and others	150.3	143.4	(6.9)	(4.6%)
Investment expenses	1.9	1.9	+0.0	+0.6%
Operating expenses	28.0	27.5	(0.4)	(1.7%)
Ordinary profit	14.1	17.6	+3.4	+24.6%
Net income	8.0	11.7	+3.7	+46.2%

(Billions of yen)	14.3.31	14.6.30	Change from 14.3.31	
Securities	5,954.7	6,081.0	+126.3	+2.1%
Policy reserves	6,123.6	6,265.6	+142.0	+2.3%
Total net assets	369.2	381.8	+12.5	+3.4%
Net unrealized gains on other securities	83.4	91.5	+8.1	+9.7%
Total assets	6,624.9	6,773.9	+149.0	+2.2%
Separate account assets	640.5	666.9	+26.3	+4.1%

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

Overview of Operating Performance: Sony Life (Non-consolidated)

(Billions of yen)	FY13.1Q	FY14.1Q	Change
New policy amount	1,033.3	1,135.8	+9.9%
Lapse and surrender amount	456.4	449.4	(1.5%)
Lapse and surrender rate	1.21%	1.15%	(0.06pt)
Policy amount in force	38,160.2	39,559.7	+3.7%
Annualized premiums from new policies	16.8	18.9	+12.0%
Of which, third-sector products	3.9	3.7	(5.1%)
Annualized premiums from insurance in force	677.2	706.5	+4.3%
Of which, third-sector products	164.1	168.9	+2.9%
(Billions of yen)	FY13.1Q	FY14.1Q	Change
Gains from investment, net (General account)	28.3	32.1	+13.4%
Core profit	15.3	18.7	+22.1%
Positive spread	1.2	3.0	+150.0%
	14.3.31	14.6.30	Change from 14.3.31
Non-consolidated solvency margin ratio	2,358.7%	2,463.3%	+104.6pt

<Reasons for changes>

◆ Increased due to higher sales of U.S. dollar denominated insurance, variable life insurance and term-life insurance.

◆ Lapse and surrender rate decreased in each product.

◆ Increased due to higher sales of term-life insurance, endowment insurance, U.S. dollar denominated insurance, variable life insurance and educational endowment insurance.

◆ Increased year on year, due mainly to the absence of the negative impact from the revision of the discount rate used for calculating policy reserves on interest rate-sensitive whole life insurance that was present in the same period of the preceding fiscal year.

Notes:

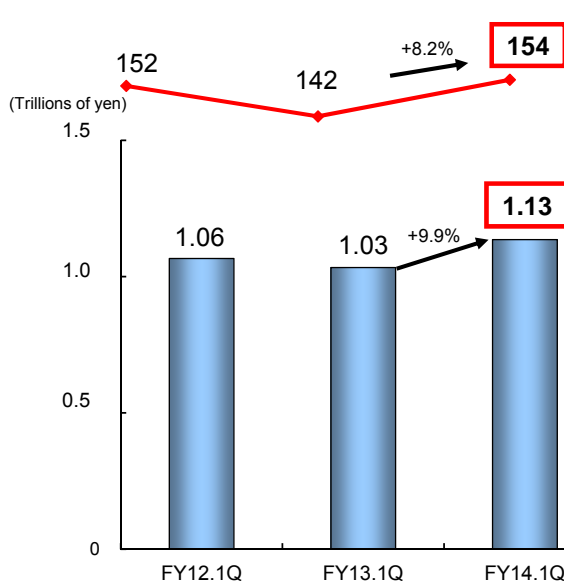
- Figures for new policy amount, lapse and surrender amount, lapse and surrender rate, policy amount in force, annualized premiums from new policies and annualized premiums from insurance in force are calculated as the total of individual life insurance and individual annuities.
- The lapse and surrender rate shows the ratio derived by dividing the amount of lapses and surrenders, not adjusted for policy amount decreases, increases, and reinstatements, by the policy amount in force at the beginning of the fiscal year

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

Operating Performance : Sony Life (Non-consolidated) (1)

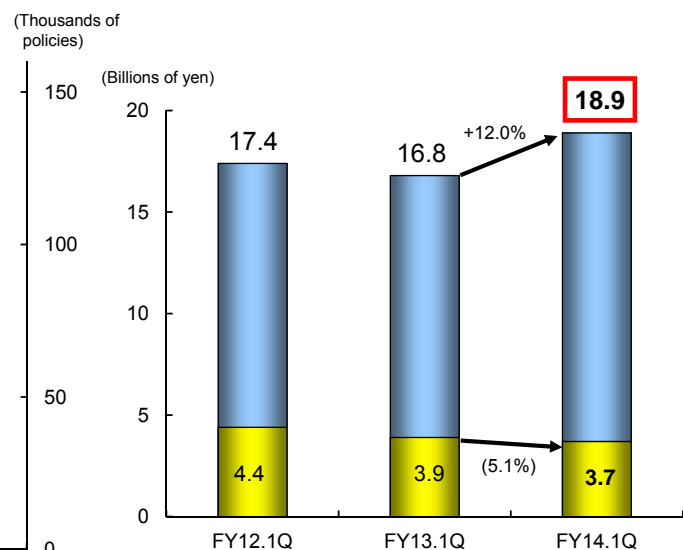
Number and Amount of New Policies (Individual Life Insurance + Individual Annuities)

■ New policy amount — Number of new policies



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

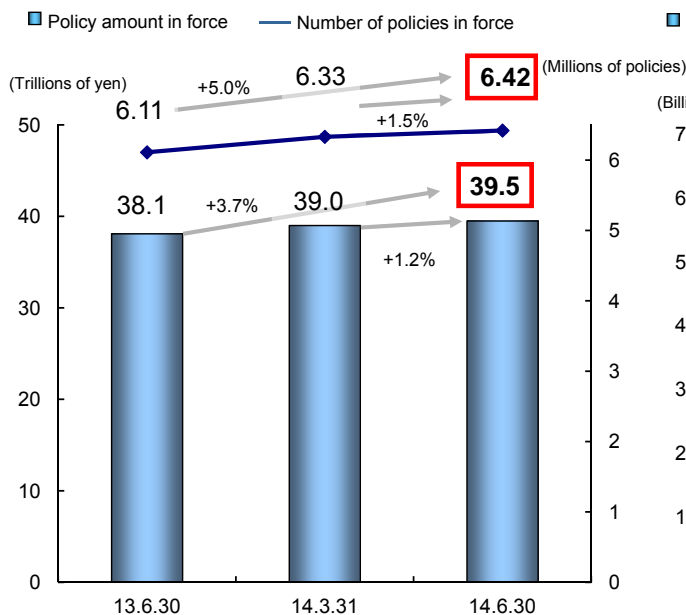
■ Annualized premiums from new policies ■ Of which, third-sector



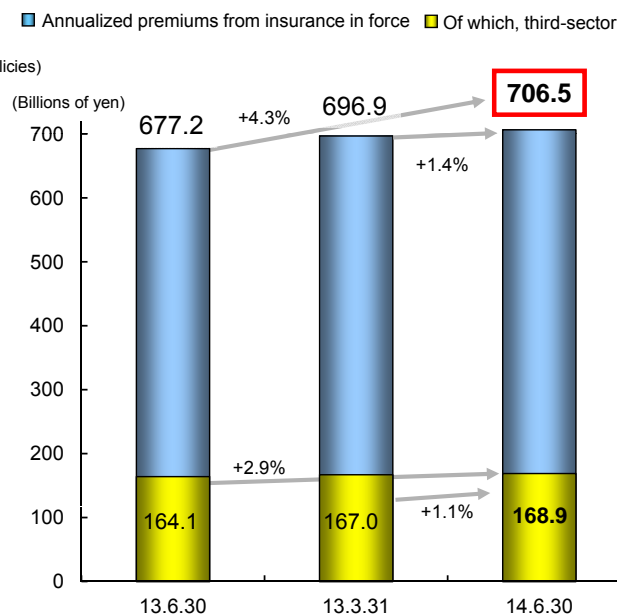
New policy amounts are truncated below ¥10 billion; numbers of policies are truncated below 1,000 policies; Amounts of annualized premiums from new policies are truncated below ¥100 million; percentage change figures are rounded.

Operating Performance : Sony Life (Non-consolidated) (2)

Number and Amount of Policies in Force (Individual Life Insurance + Individual Annuities)



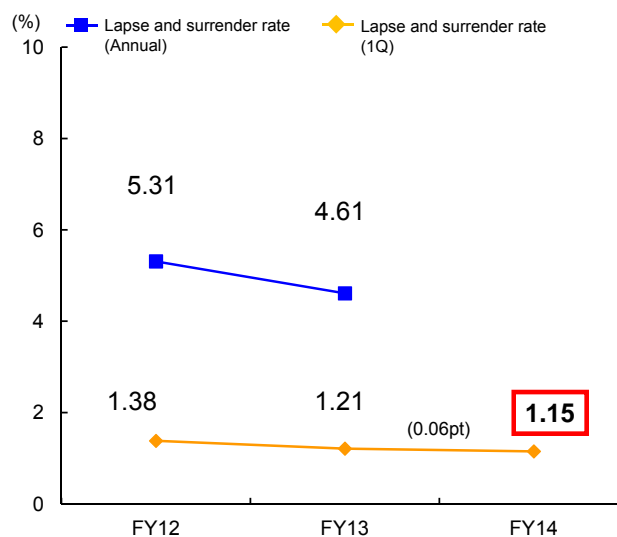
Annualized Premiums from Insurance in Force (Individual Life Insurance + Individual Annuities)



Amounts of policy amount in force are truncated below ¥100 billion; numbers of policies are truncated below 10,000 policies; Amounts of annualized premiums from insurance in force are truncated below ¥100 million; percentage change figures are rounded.

Operating Performance : Sony Life (Non-consolidated) (3)

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

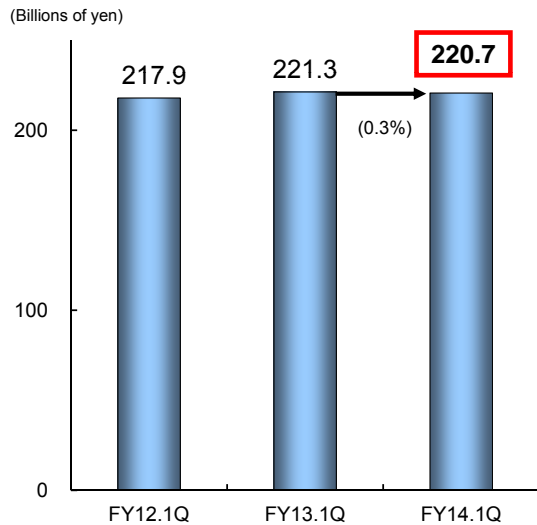


*The lapse and surrender rate shows the ratio derived by dividing the amount of lapses and surrenders, not adjusted for policy amount decreases, increases, and reinstatements, by the policy amount in force at the beginning of the fiscal year.

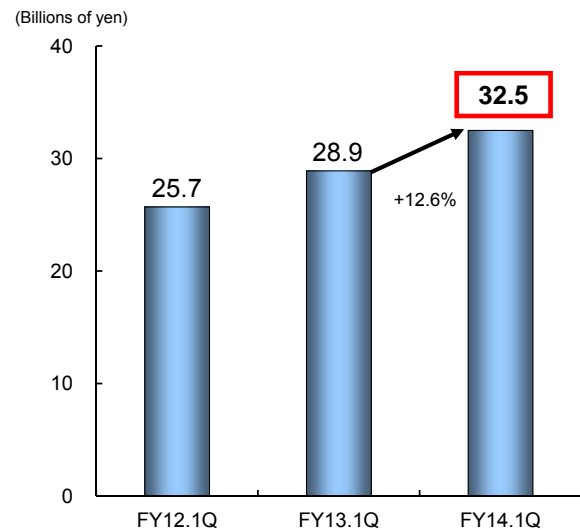
Operating Performance : Sony Life (Non-consolidated) (4)



Income from Insurance Premiums



Interest Income and Dividends



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

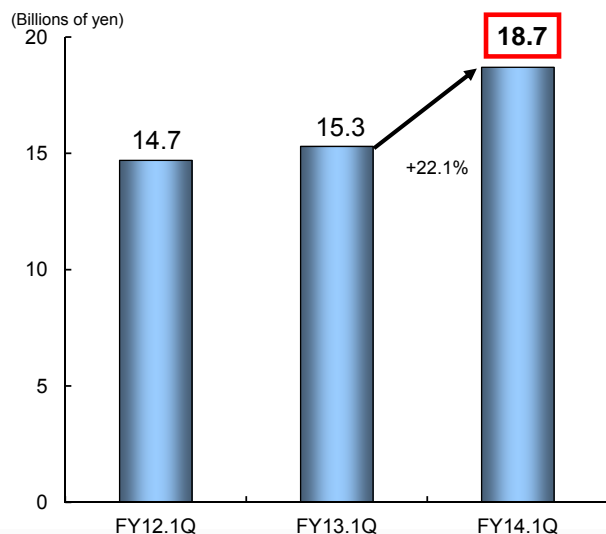
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Operating Performance : Sony Life (Non-consolidated) (5)



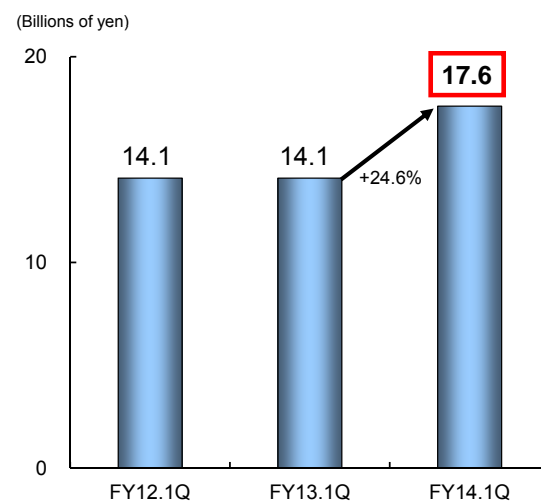
Core Profit



(Reference) Impact on core profit		(Billions of yen)		
		FY12.1Q	FY13.1Q	FY14.1Q
Positive (Negative) spread (*1)		(0.5)	1.2	3.0
Provision of policy reserves for minimum guarantees for variable life insurance (*2)		(4.0)	(0.9)	(2.1)
Effects by the revision of policy reserve discount rate (Interest rate-sensitive whole life insurance) (*3)		-	(5.7)	-

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

Ordinary Profit



(Reference) Main differences from Core Profit		(Billions of yen)		
		FY12.1Q	FY13.1Q	FY14.1Q
Capital gains		0.4	0.0	0.2
Provision of contingency reserve (*2)		(0.9)	(1.0)	(1.2)

*1: The minus amount in positive spread indicates negative spread.

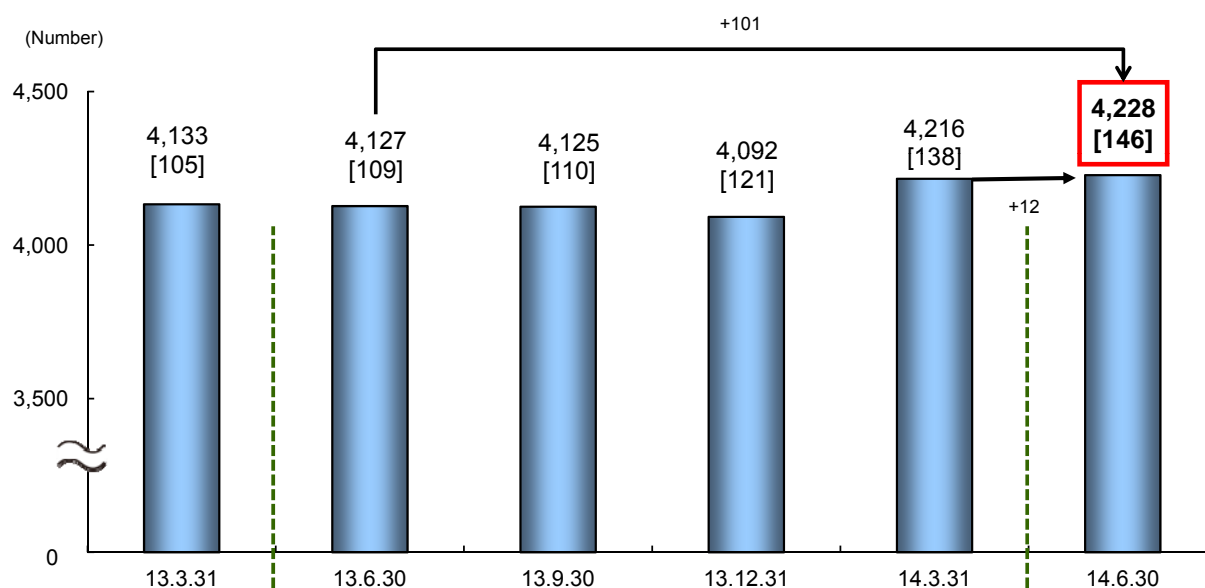
*2: "Provision of policy reserves for minimum guarantees for variable life insurance" and "Provision of contingency reserve" are described as negative amount.

*3: The effect of the revision of policy reserve discount rate on interest rate-sensitive whole life insurance.

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Operating Performance : Sony Life (Non-consolidated) (6)



Note: Figures in [] show the numbers of Lifeplanner sales employees (rehired on a fixed-term contract basis after retirement) included in the overall numbers, those who have reached retirement age but who continue to work as Lifeplanner sales employees that meet certain sales conditions and other requirement.

* "Lifeplanner" is a registered trademark of Sony Life.

Operating Performance : Sony Life (Non-consolidated) (7)

Breakdown of General Account Assets

(Billions of yen)	14.3.31		14.6.30	
	Amount	%	Amount	%
Japanese government and corporate bonds	5,190.0	86.7%	5,289.0	86.6%
Japanese stocks	33.2	0.6%	34.2	0.6%
Foreign bonds	79.8	1.3%	84.1	1.4%
Foreign stocks	26.9	0.4%	25.7	0.4%
Monetary trusts	305.3	5.1%	306.6	5.0%
Policy loans	154.1	2.6%	155.2	2.5%
Real estate	66.5	1.1%	66.0	1.1%
Cash and call loans	32.6	0.5%	36.7	0.6%
Others	95.6	1.6%	109.1	1.8%
Total	5,984.3	100.0%	6,107.0	100.0%

<Asset management review>

We have continued to accumulate ultralong-term bonds to match the liability characteristics of insurance policies with long-term maturities with the aim of reducing interest rate risk.

<Bond duration>

Mar. 31, 2013: 19.9 years

Mar. 31, 2014: 19.7 years

Jun. 30, 2014: 19.5 years

■ Investment in the monetary trusts is mainly into Japanese government and corporate bonds.

■ The holding ratio on the real status of Japanese government and corporate bonds including those invested in monetary trusts in the general account assets: As of Jun. 30, 2014: 91.7% (As of Mar. 31, 2014: 91.8%)

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

(Reference)

Sony Life Acquires Sony Corporation's Headquarters Site

On July 28, 2014, Sony Life entered into an agreement to acquire Sony Corporation's headquarters site.

【Overview of Acquired Property】

Property acquired: Sony Corporation headquarters site

- Location: Konan, Minato-ku, Tokyo, Japan
- Area: 18,165.3 m²
- Acquisition price: ¥52.8 billion (¥2.91 million/m²)
- Expected acquisition date: By the end of September 2014

Current leasing agreement on building owned by Sony Life and leased to Sony Corporation:

- Lease income receivable: ¥7.7 billion/year (building)
- Rental income payable: ¥2.0 billion/year (land)
- Book value of building: ¥28.1 billion (as of March 31, 2014)
- Floor space: 162,887.57 m²



As one element of investment income in its general account, Sony Life believes that this investment is fully appropriate from the standpoint of economical rationality. Sony Life has for some time owned the Sony Corporation headquarters building. Believing that combining the site with the building would be beneficial in terms of generating stable investment income, Sony Life resolved to acquire the site.

As this transaction is between a parent company and an entity in its corporate group, Sony Life recognizes the need to ensure full transparency in its decision-making, and has accordingly obtained valuations from multiple third-party real estate assessors to determine an appropriate price.

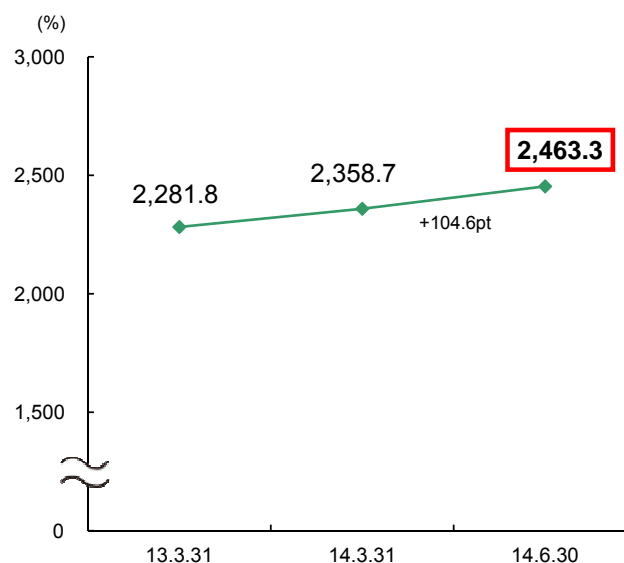
*Leasing agreement on building between Sony Corporation and Sony Life is to remain in place.

Note: For reference, nearby land is publicly assessed at ¥3.34 million/m² (As of January 1, 2014)

Line item amounts are truncated below ¥100 million

Operating Performance : Sony Life (Non-consolidated) (8)

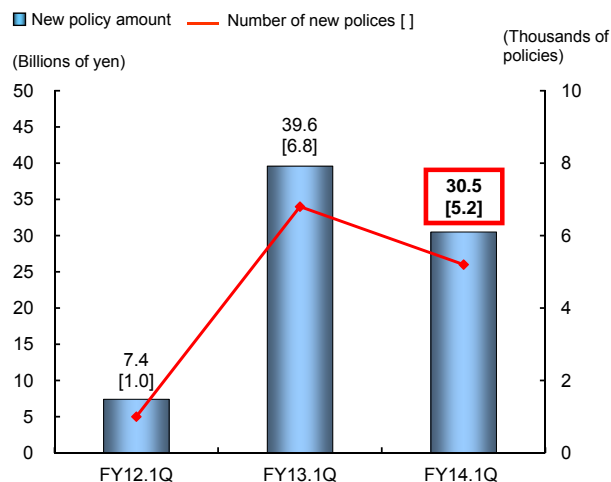
Non-consolidated Solvency Margin Ratio



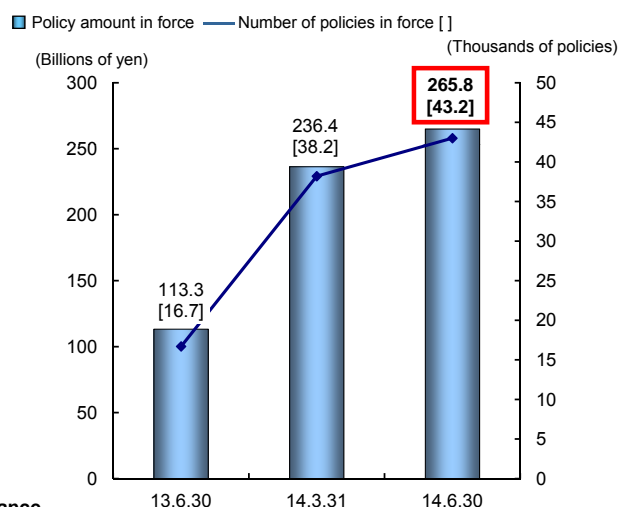
Operating Performance : AEGON Sony Life Insurance

*AEGON Sony Life Insurance sells individual variable annuities.

Number and Amount of New Policies



Number and Amount of Policies in Force



Net income (losses) for AEGON Sony Life Insurance and SA Reinsurance

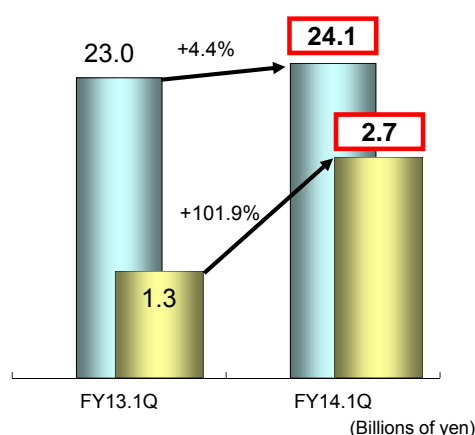
(Billions of yen)	FY13.1Q	FY14.1Q	Change
AEGON Sony Life Insurance	(0.9)	(1.2)	(0.3)
SA Reinsurance	(0.3)	0.7	+1.0

AEGON Sony Life Insurance and SA Reinsurance are equity method companies, 50-50 joint venture established by Sony Life and AEGON Group.
SA Reinsurance prepares its financial statements in accordance with U.S. GAAP. 50% of the net income (losses) for AEGON Sony Life Insurance and SA Reinsurance are recognized as investment profit (losses) on equity method in the SFH's consolidated net income.

Line item amounts are truncated below ¥100 million; numbers of policies are truncated below 100 policies.

Highlights of Operating Performance: Sony Assurance

■ Ordinary revenues ■ Ordinary profit



- ◆ Ordinary revenues and ordinary profit increased year on year.
- ◆ Ordinary revenues increased year on year, due to an increase in net premiums written primarily for its mainstay automobile insurance.
- ◆ Ordinary profit grew year on year due to a decline in the loss ratio mainly led by a lower car accident ratio, as well as the rise in ordinary revenues.

(Billions of yen)	FY13.1Q	FY14.1Q	Change	
Ordinary revenues	23.0	24.1	+1.0	+4.4%
Underwriting income	22.8	23.8	+0.9	+4.4%
Investment income	0.2	0.3	+0.0	+7.2%
Ordinary expenses	21.7	21.4	(0.3)	(1.6%)
Underwriting expenses	16.7	16.0	(0.6)	(4.1%)
Investment expenses	0.0	0.0	(0.0)	(99.7%)
Operating general and administrative expenses	5.0	5.3	+0.3	+6.7%
Ordinary profit	1.3	2.7	+1.3	+101.9%
Net income	0.8	1.8	+0.9	+113.2%

(Billions of yen)	14.3.31	14.6.30	Change from 14.3.31	
Underwriting reserves	78.0	80.8	+2.8	+3.7%
Total net assets	21.4	23.3	+1.9	+9.0%
Total assets	142.7	144.4	+1.7	+1.2%

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

Overview of Operating Performance: Sony Assurance

(Billions of yen)	FY13.1Q	FY14.1Q	Change	<Reasons for changes>
Direct premiums written	22.4	23.1	+3.1%	
Net premiums written	22.7	23.4	+3.0%	
Net losses paid	11.7	11.1	(4.9%)	
Underwriting profit	1.0	2.4	+123.7%	
Net loss ratio	58.2%	54.7%	(3.5pt)	
Net expense ratio	23.8%	24.4%	+0.6pt	
Combined ratio	82.0%	79.1%	(2.9pt)	

◆ Increased mainly in its mainstay automobile insurance.

◆ Declined due mainly to a lower car accident ratio.

◆ Increased due mainly to higher system-related expenses.

Notes:

Net loss ratio = (Net losses paid + Loss adjustment expenses) / Net premiums written.
Net expense ratio = Expenses related to underwriting / Net premiums written

	14.3.31	14.6.30	Change from 14.3.31	
Number of policies in force	1.61 million	1.63 million	+0.02 million	+1.4%
Non-consolidated solvency margin ratio	527.6%	569.6%	+42.0pt	

Note: The number of policies in force is the total of automobile insurance and medical and cancer insurance, which accounts for 99% of net premiums written.

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

Sony Assurance's Underwriting Performance by Type of Policy

Direct Premiums Written

(Millions of yen)	FY13.1Q	FY14.1Q	Change
Fire	55	62	+13.2%
Marine	—	—	—
Personal accident	2,044	2,134	+4.4%
Voluntary automobile	20,321	20,920	+2.9%
Compulsory automobile liability	—	—	—
Total	22,420	23,117	+3.1%

Net Premiums Written

(Millions of yen)	FY13.1Q	FY14.1Q	Change
Fire	74	8	(88.4%)
Marine	44	50	+13.5%
Personal accident	2,124	2,218	+4.4%
Voluntary automobile	20,257	20,868	+3.0%
Compulsory automobile liability	241	289	+19.9%
Total	22,741	23,434	+3.0%

*SURE, medical and cancer insurance is included in personal accident.

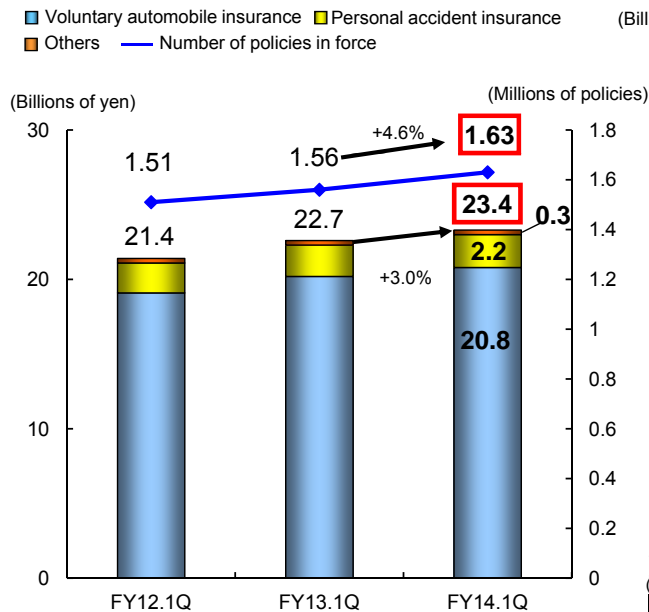
Net losses paid

(Millions of yen)	FY13.1Q	FY14.1Q	Change
Fire	0	1	—
Marine	32	47	+46.3%
Personal accident	463	541	+16.8%
Voluntary automobile	10,994	10,288	(6.4%)
Compulsory automobile liability	255	291	+14.3%
Total	11,745	11,170	(4.9%)

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

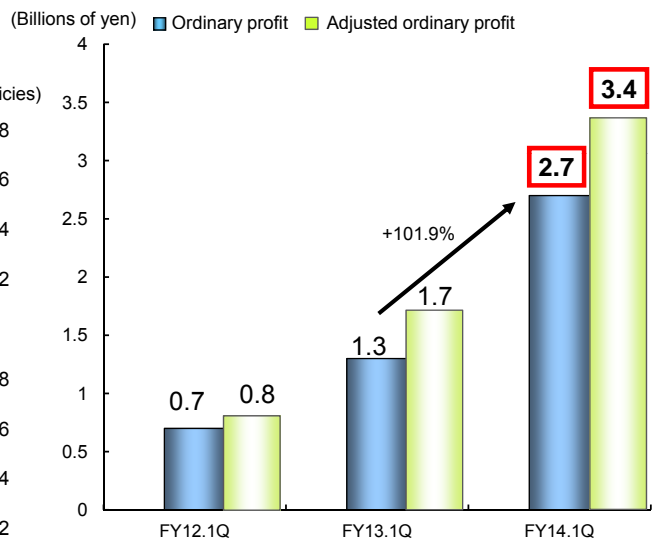
Operating Performance: Sony Assurance (1)

Net Premiums Written and Number of Policies in Force



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

Ordinary Profit and Adjusted Ordinary Profit



*Adjusted ordinary profit = Ordinary profit + Provision for catastrophe reserve

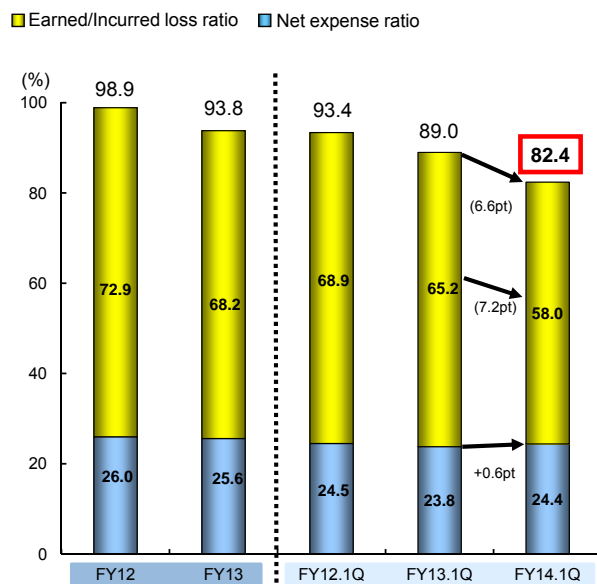
(Reference) Provision for catastrophe reserve (Billions of yen)			
	FY12.1Q	FY13.1Q	FY14.1Q
Provision for catastrophe reserve	+0.1	+0.4	+0.7

*Provision for catastrophe reserve is described as positive amount

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

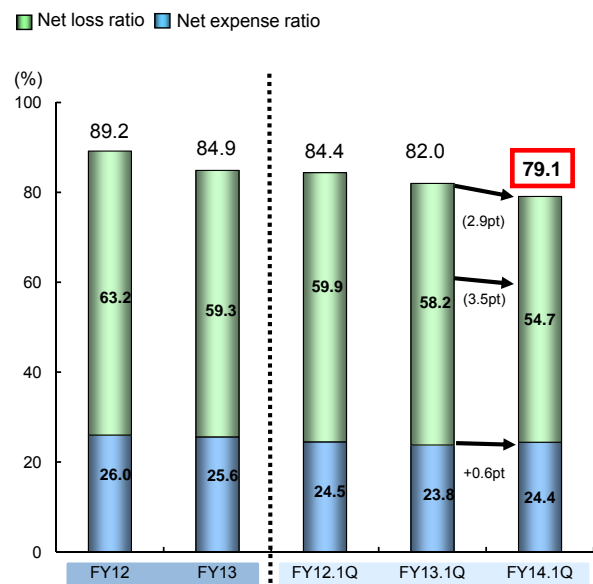
Operating Performance: Sony Assurance (2)

Earned/Incurred Loss Ratio + Net Expense Ratio



Notes:
Earned/Incurred loss ratio = (Net losses paid + Provision for reserve for outstanding losses + Loss adjustment expenses) / Earned premiums
[Earthquake insurance and compulsory automobile liability insurance are excluded from the above calculation.]

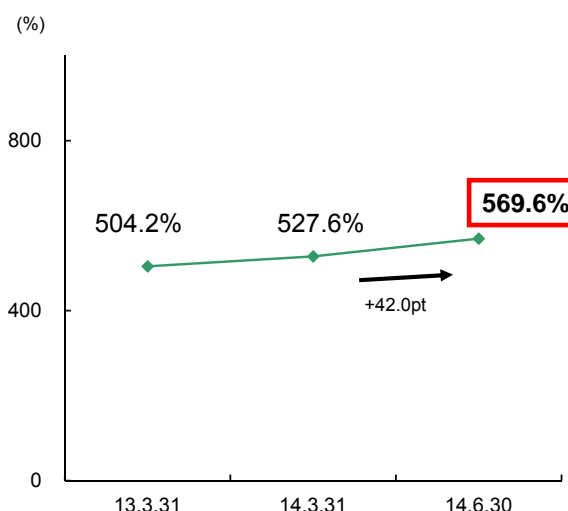
(Reference) Combined Ratio (Net Loss Ratio + Net Expense Ratio)



Notes:
Net loss ratio = (Net losses paid + Loss adjustment expenses) / Net premiums written
Net expense ratio = Expenses related to underwriting / Net premiums written

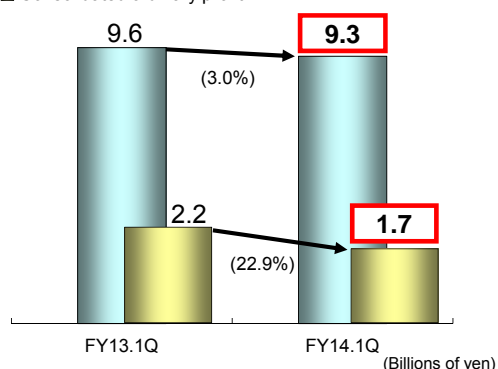
Operating Performance: Sony Assurance (3)

Non-consolidated Solvency Margin Ratio



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

■ Consolidated ordinary revenues
■ Consolidated ordinary profit



<Consolidated>

(Billions of yen)	FY13.1Q	FY14.1Q	Change	
Consolidated ordinary revenues	9.6	9.3	(0.2)	(3.0%)
Consolidated ordinary profit	2.2	1.7	(0.5)	(22.9%)
Consolidated net income	1.4	1.1	(0.3)	(22.7%)

<Non-consolidated>

(Billions of yen)	FY13.1Q	FY14.1Q	Change	
Ordinary revenues	8.9	8.6	(0.3)	(3.8%)
Gross operating profit	5.9	5.2	(0.6)	(10.5%)
Net interest income	4.5	4.1	(0.3)	(7.8%)
Net fees and commissions	(0.0)	(0.2)	(0.2)	—
Net other operating income	1.4	1.3	(0.0)	(4.5%)
General and administrative expenses	3.6	3.7	+0.0	+2.5%
Net operating profit	2.2	1.5	(0.7)	(31.0%)
Ordinary profit	2.2	1.7	(0.5)	(25.4%)
Net income	1.4	1.1	(0.3)	(23.9%)

<Consolidated>

◆ Both ordinary revenues and ordinary profit decreased year on year, due to lower gains on foreign exchange transactions stemming from passive foreign currency trading by customers compared with the same period of the previous fiscal year when foreign currency exchange rates fluctuated wildly.

<Non-consolidated>

◆ Both gross operating profit and net operating profit decreased year on year, due to lower gains on foreign exchange transactions as the same reason as in the consolidated results.

- Net interest income decreased year on year. Behind this drop was lower interest income on securities under the lowering interest rates.
- Net fees and commissions decreased year on year due to higher expenses on a growing balance of mortgage loans.
- Net other operating income decreased year on year due to lower gains on foreign exchange transaction despite an improvement in net gains on bond-dealing transaction.

(Billions of yen)	14.3.31	14.6.30	Change from 14.3.31	
Total net assets	72.7	73.4	+0.7	+1.0%
Net unrealized gains on other securities, net of taxes	7.2	6.8	(0.4)	(5.5%)
Total assets	2,056.7	1,998.1	(58.5)	(2.8%)

(*) Sony Bank revised its method of recording ordinary revenues and ordinary expenses on hedge transactions for FY14.1Q. Ordinary revenues for FY13.1Q have been retroactively adjusted to reflect the change.

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

Overview of Operating Performance: Sony Bank (Non-consolidated) (1)

(Billions of yen)	13.6.30	14.3.31	14.6.30	Change from 14.3.31	
Customer assets	1,965.6	2,007.5	1,950.0	(57.5)	(2.9%)
Deposits	1,849.0	1,890.0	1,829.7	(60.3)	(3.2%)
Yen	1,466.9	1,526.4	1,462.8	(63.6)	(4.2%)
Foreign currency	382.1	363.5	366.9	+3.3	+0.9%
Investment trusts	116.5	117.4	120.2	+2.8	+2.4%
Loans outstanding	989.1	1,057.4	1,071.6	+14.2	+1.3%
Mortgage loans	878.1	949.3	962.7	+13.4	+1.4%
Others	111.0	108.1	108.9 ^{*1}	+0.7	+0.7%
Capital adequacy ratio^{*2} (domestic criteria)	11.89%	11.72%	11.68%	(0.04pt)	

<Reasons for changes>

◆ Yen deposit balance decreased under persistently low interest rates.

◆ Foreign currency deposit balance slightly increased as the volume of customers' purchase of foreign currencies was larger than that of their sales under a narrow range of exchange rates.

◆ Loan balance steadily increased mainly in mortgage loans.

^{*1} Loans in others include corporate loans of ¥103.2 billion

^{*2} Please refer to the graph of the non-consolidated capital adequacy ratio (domestic criteria) on P28

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

Overview of Operating Performance: Sony Bank (Non-consolidated) (2)

<Reference> On Managerial Accounting Basis

(Billions of yen)	FY13.1Q	FY14.1Q	Change	
Gross operating profit	5.9	5.2	(0.6)	(10.6%)
Net interest income ^{*1} ①	4.5	4.4	(0.0)	(2.1%)
Net fees and commissions ^{*2} ②	0.4	(0.0)	(0.5)	(119.5%)
Net other operating income ^{*3} ③	0.8	0.8	(0.0)	(1.4%)
Gross operating profit (core profit) (A)=①+②	5.0	4.4	(0.6)	(12.2%)
Operating expenses and other expenses ③	3.5	3.6	+0.0	+1.1%
Net operating profit (core profit) = (A) - ③	1.4	0.7	(0.6)	(45.0%)

■ Managerial accounting basis

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

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

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

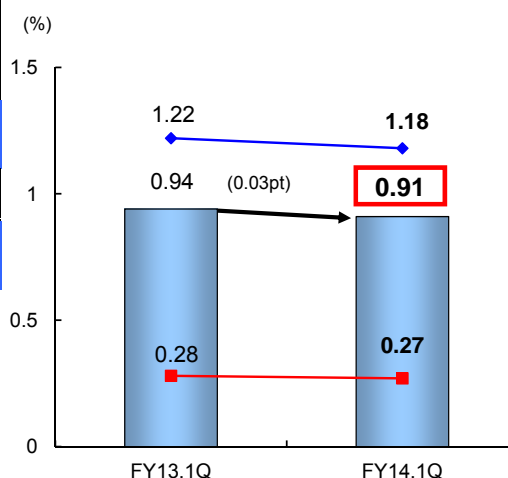
^{*3} Net other operating income: After the above adjustments (^{*1} and ^{*2}), consists of profits and losses for bond and derivative dealing transactions.

■ Core profit

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

<Reference> Interest Spread (Managerial Accounting Basis)

◆ Yield on investment ◆ Yield on financing
■ Interest spread



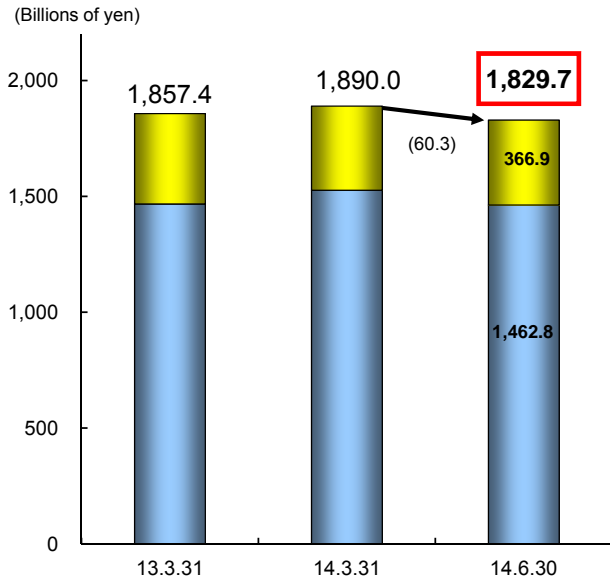
Note: Interest spread=(Yield on investment)-(Yield on financing)

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

Operating Performance: Sony Bank (Non-consolidated) (1)

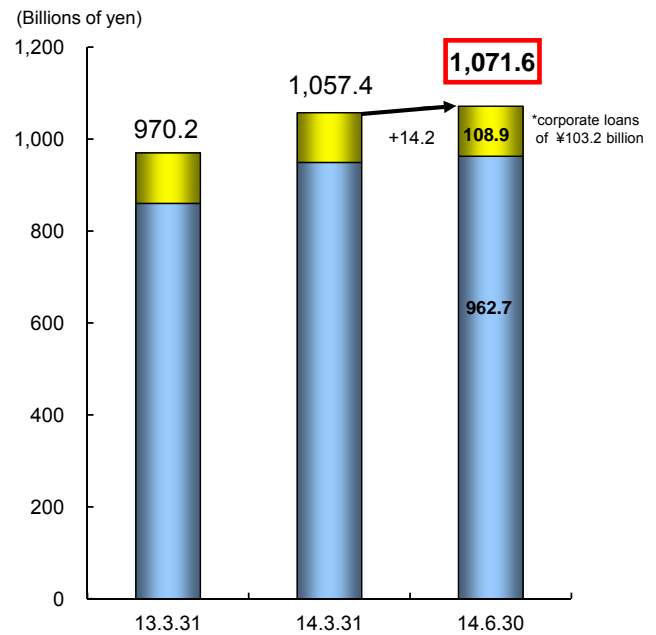
Deposits

■ Yen deposits ■ Foreign currency deposits



Loans

■ Mortgage loans ■ Others

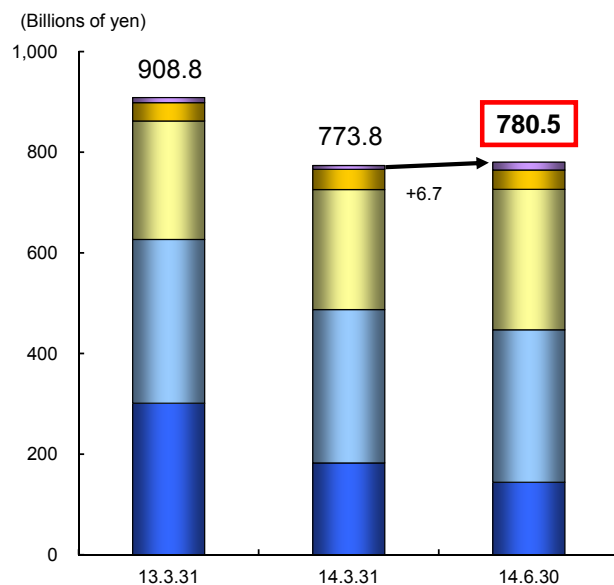


Line item amounts are truncated below ¥100 million.

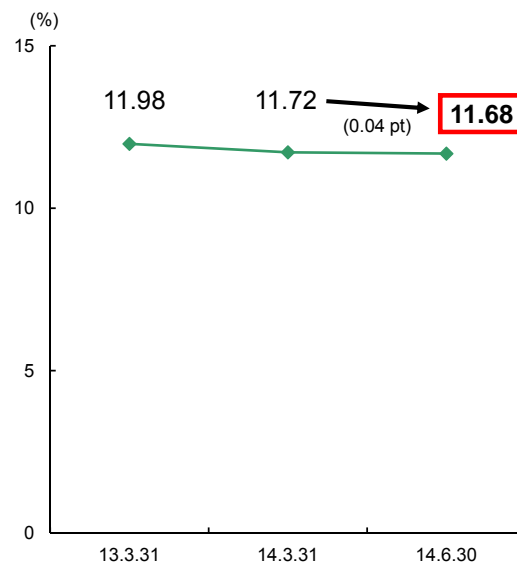
Operating Performance: Sony Bank (Non-consolidated) (2)

Balance of Securities by Credit Rating

■ AAA ■ AA ■ A
■ BBB ■ Others



Non-Consolidated Capital Adequacy Ratio (Domestic Criteria)



*Calculated based on the standard FSA Notification No. 19 (2006), which establishes standards based on Article 14-2 of the Banking Act of Japan for determining the capital adequacy of a bank in light of the assets held by the bank.
Sony bank calculates this ratio based on Basel III from March 31, 2014

Line item amounts are truncated below ¥100 million.

Consolidated Financial Forecast for the Year Ending March 31, 2015

Consolidated Financial Forecast for the Year Ending March 31, 2015

Consolidated Financial Forecast for the Year Ending March 31, 2015 is unchanged from the forecast announced on May 14, 2014

(Billions of yen)	FY2013 (Actual)	FY2014 (Forecast)	Change
Consolidated ordinary revenues	1,320.4*	1,191.0	(9.8%)
Life insurance business	1,196.6	1,061.9	(11.3%)
Non-life insurance business	89.8	92.4	+2.8%
Banking business	36.4*	36.6	+0.3%
Consolidated ordinary profit	76.1	77.0	+1.1%
Life insurance business	67.2	67.4	+0.2%
Non-life insurance business	3.0	3.9	+29.8%
Banking business	5.6	5.3	(6.0%)
Consolidated net income	40.5	49.0	+21.0%

<Segment information for ordinary revenues and ordinary profit>

■ Life Insurance Business

Ordinary revenues are expected to decrease because we do not expect such increases in lump-sum payment insurance premiums and investment income on separate account due to market recovery as recorded in FY13. However, we expect steady growth in policy amount in force. Ordinary profit is expected to be nearly at the same level as in FY13. This is because we expect a higher provision for policy reserves related to minimum guarantees for variable life insurance policies, as well as an increase in operating expenses due to the consumption tax rate rise. We do not expect any negative impact from a rise in provision of policy reserves resulting from the revision of the discount rate used for calculating policy reserves in FY13.

■ Non-life Insurance Business

Ordinary revenues are expected to increase in line with growth in net premiums written, primarily for mainstay automobile insurance. Ordinary profit is expected to increase from FY13. We do not revise upward ordinary profit although the loss ratio for FY14.1Q was lower than we had expected. This is because we expect some negative effects from a fluctuating car accident ratio and natural disasters which might increase provision of reserve for outstanding losses. We also expect operating expenses to possibly increase from FY14.2Q onward.

■ Banking Business

Ordinary revenues are expected to be stable, because we anticipate stable business growth even in persistently low interest rates. Ordinary profit is expected to decrease because we do not believe that foreign exchange transactions will be as vigorous as FY13, and we expect higher operating expenses due to our initiatives designed to strengthen our settlement function for future growth. However, we expect gross operating profit to stably increase.

<Consolidated net income>

Net income is expected to grow significantly year on year. This is because Sony Life changed its calculation policy of the reserve for price fluctuations to accumulate the reserve up to required levels from FY14 while it had accumulated the reserve in excess of the required levels until FY13.

(*) Since the banking business revised its method of recording ordinary revenues and ordinary expenses on hedge transactions for FY14.1Q, ordinary revenues for FY13 have been retroactively adjusted to reflect the change. Consequently, consolidated ordinary revenues and ordinary revenues of the banking business for FY13 have been revised.

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

Sony Life's MCEV and Risk Amount Based on Economic Value as of June 30, 2014

Please keep in mind that the validity of these calculations of MCEV as of June 30, 2014, has not been verified by outside specialists.
A part of the calculations of MCEV as of June 30, 2014, adopted simplified method.

Sony Life's MCEV as of June 30, 2014

(Billions of yen)	14.3.31	14.6.30	Change from 14.3.31
MCEV	1,221.3	1,260.0	+38.7
Adjusted net worth	722.1	758.4	+36.2
Value of existing business	499.1	501.7	+2.5
	14.3.31	14.6.30	
New business value (Billions of yen)	55.2 (12M)	16.9 (3M)	
New business margin	5.2%	5.5%	

Notes:

1. New business margin equals new business value divided by present value of premium income.
2. Calculated MCEV as of June 30, 2014 by using updated economic assumptions and lapse and surrender rate as of March 31, 2014.

◆ **Reasons for changes in MCEV**

- MCEV as of June 30, 2014, increased ¥38.7 billion from March 31, 2014, due mainly to an acquisition of new policies and yield curve changes in Japanese yen. (lowering interest rates under 40 years)

◆ **New business value and new business margin**

- New business value as of June 30, 2014 was ¥16.9 billion, (¥67.6 billion / annualized) reflecting brisk sales of new policies.
- New business margin as of June 30, 2014, was up 0.3% from March 31, 2014, due mainly to the absence of the FY13 negative impact of a substantial increase in sale of lump-sum payment endowment insurance and the strong sale led by the revision of insurance premium rates on interest rate-sensitive whole life insurance.

*Please see page 43 for trend on JGB yields.

Sony Life's Risk Amount Based on Economic Value as of June 30, 2014

(Billions of yen)	14.3.31	14.6.30
Insurance risk	654.5	663.9
Market-related risk	240.0	265.0
<i>Of which, interest rate risk*</i>	180.9	202.8
Operational risk	26.3	26.1
Counter party risk	1.3	1.7
Variance effect	(257.8)	(269.3)
The risk amount based on economic value	664.3	687.3

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

(Billions of yen)	14.3.31	14.6.30
MCEV	1,221.3	1,260.0

◆ Maintained capital adequacy by controlling market-related risk.

Notes:

1. 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.
2. 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.
3. Calculated MCEV as of June 30, 2014 by using updated economic assumptions and lapse and surrender rate as of March 31, 2014.

Appendix

Recent Topics 1

AEGON Sony Life Insurance

Launch of sales: December 1, 2009

Common stock: ¥24 billion (including capital surplus of ¥12 billion)

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

Marketing products: Individual Variable Annuities

Sales Channels: Lifeplanner sales employees and partner Banks (20*) *As of Aug. 8, 2014



SA Reinsurance Ltd

Established: October 29, 2009

Common stock: ¥8 billion

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

Business: Reinsurance business

*AEGON Sony Life Insurance and SA Reinsurance are equity method companies, 50-50 joint ventures established by Sony Life and AEGON Group.

Sony Bank's Mortgage Loans through Sony Life

■ Sony Life accounts for 24% of the balance of mortgage loans as of Jun. 30, 2014

Sony Life accounts for 17% of the amount of new mortgage loans for FY14.1Q

*Sony Life started handling banking agency business in January 2008.



Sony Assurance's Auto Insurance Sold by Sony Life

■ Sony Life accounts for approx. 5% of new automobile policies for FY14.1Q

*Sony Life started handling automobile insurance in May 2001.



* "Lifeplanner" is a registered trademark of Sony Life.

Recent Topics 2

<Highlights for FY2014.1Q>

2014-04-01	"Sony Lifecare Inc." was established as a holding company to oversee the Group's operations in the nursing care business.
2014-04-21	Sony Assurance Began Offering "Policyholders' Apps" for smart-phone.
2014-05-02	Sony Life commenced sale of a new product: "Specialty Endowment Insurance."
2014-06-18	Sony Bank began offering "Omakase Money Receiving Service"
2014-07-09	Sony Life closed its representative office in Beijing.
2014-08-01	Sony Bank entered tie-up with "Sony Real Estate" in mortgage loans

Sony Life: Fair Value Information on Securities (General Account Assets)

Fair Value Information on Securities

Fair Value Information on Securities

(Billions of yen)

	13.3.31			14.3.31			14.6.30		
	Carrying amount	Fair value	Net unrealized gains (losses)	Carrying amount	Fair value	Net unrealized gains (losses)	Carrying amount	Fair value	Net unrealized gains (losses)
Held-to-maturity securities	3,074.2	4,425.9	551.7	4,409.0	4,839.9	430.3	4,464.2	4,940.5	402.3
Available-for-sale securities	955.9	1,079.2	123.2	1,065.5	1,189.8	124.3	1,085.3	1,222.0	136.7
Japanese government and corporate bonds	925.3	1,036.9	111.6	1,035.9	1,146.7	110.8	1,055.1	1,177.1	121.9
Japanese stocks	14.7	20.9	6.2	12.2	21.2	8.9	12.2	22.2	9.9
Foreign securities	14.4	18.6	4.2	15.8	19.4	3.5	16.4	20.0	3.5
Other securities	1.4	2.6	1.1	1.4	2.5	1.0	1.4	2.7	1.2
Total	4,830.2	5,505.2	675.0	5,475.1	6,029.8	554.7	5,569.5	6,168.6	599.0

Note: Derivative financial products such as principal protected 30 year notes with Nikkei 225 index-linked coupons are included in the "Held-to-maturity-securities" above.

Principal protected 30 year notes with Nikkei 225 index-linked coupons

As of March 31, 2013; Carrying amount: ¥43.3 billion, Fair market value: ¥52.2 billion, Net unrealized gain (losses): ¥8.8 billion

As of March 31, 2014; Carrying amount: ¥43.8 billion, Fair market value: ¥56.0 billion, Net unrealized gain (losses): ¥12.2 billion

As of June 30, 2014 ; Carrying amount: ¥43.9 billion, Fair market value: ¥57.3 billion, Net unrealized gain (losses): ¥13.4 billion

Valuation gains (losses) on trading-purpose securities

(Billions of yen)

13.3.31		14.3.31		14.6.30	
Balance sheet amount	Net valuation gains (losses) recorded in income	Balance sheet amount	Net valuation gains (losses) recorded in income	Balance sheet amount	Net valuation gains (losses) recorded in income
—	—	—	—	—	—

Notes: Amounts above include those categorized as "monetary trusts."

Line item amounts are truncated below ¥100 million.

Sony Life's Interest Income and Dividends (Details)

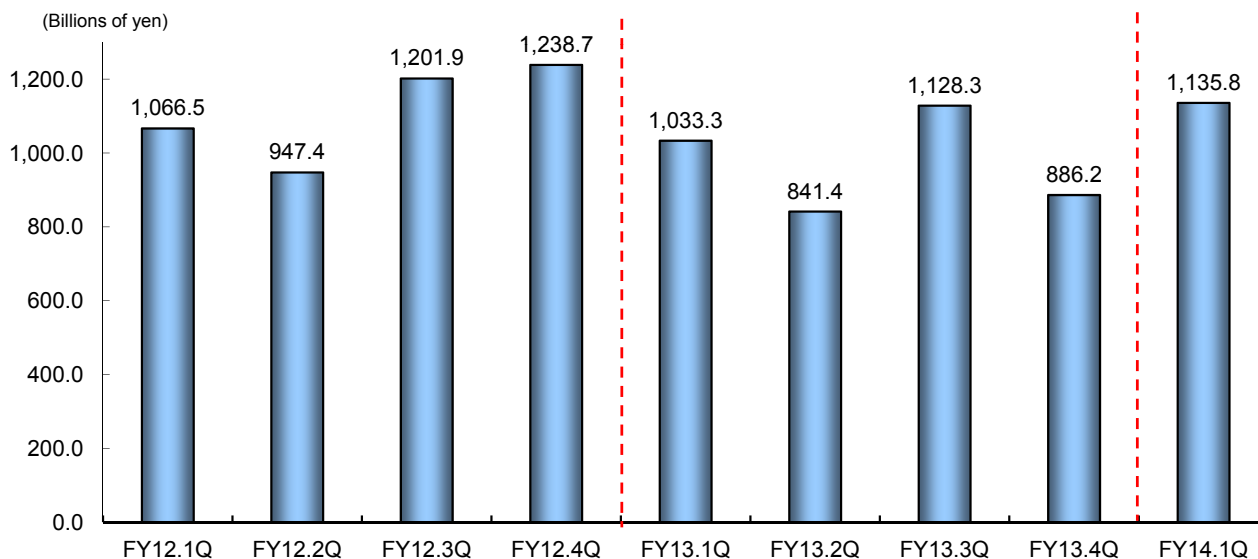
(Millions of yen)

	FY13.1Q	FY14.1Q	Change
Cash and deposits	0	0	+88.9%
Japanese government and corporate bonds	23,649	26,173	+10.7%
Japanese stocks	48	63	+32.2%
Foreign securities	1,253	2,230	+77.9%
Other securities	11	56	+401.9%
Loans	1,394	1,457	+4.5%
Real estate	2,560	2,570	+0.4%
Others	10	5	(41.1%)
Total	28,926	32,557	+12.6%

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

Sony Life's Quarterly Trend on New Policies Amount

Quarterly Trend on New Policy Amount

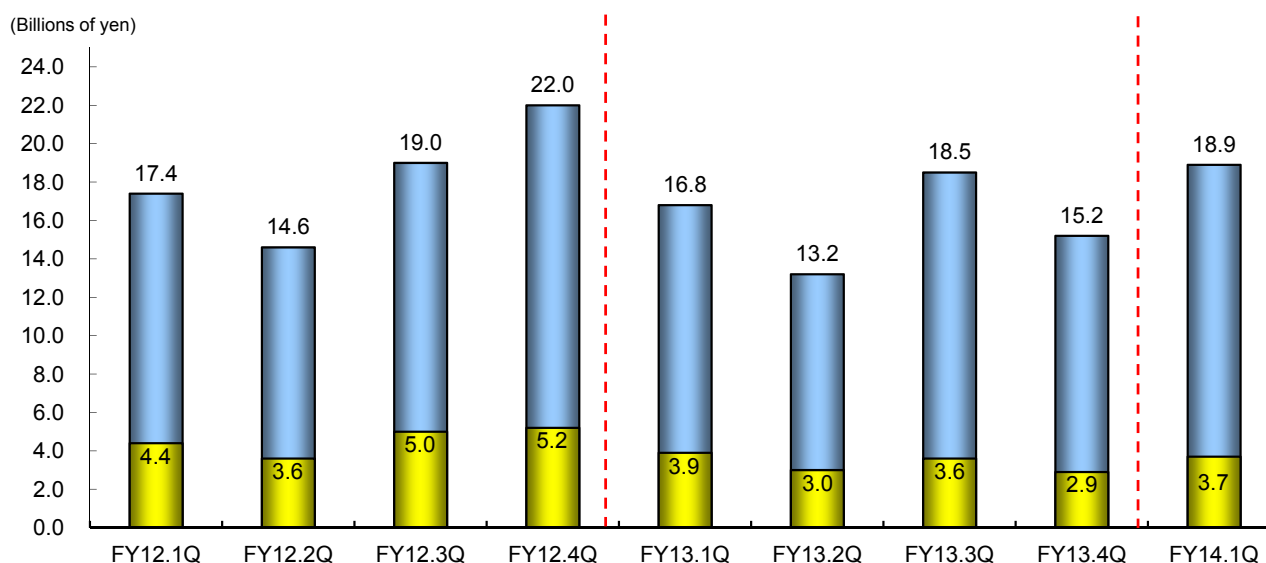


Line item amounts are truncated below ¥100 million.

Sony Life's Quarterly Trend on Annualized Premiums from New Policies

Quarterly Trend on Annualized Premiums from New Policies

■ Annualized premiums from new policies ■ Of which, third-sector



Line item amounts are truncated below ¥100 million.

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

■ Market-related Risk¹

	Sony Life	(Reference) EU Solvency II (QIS5)
Interest rate risk <small>Fluctuations in net asset value based on economic value in response to the shocks in the right columns. The same applies below.</small>	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 June 30, 2014.

2. Standard risk coefficients are global: 39%/other: 49%. Symmetric adjustment (an adjustment of $\pm 10\%$ 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%.

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

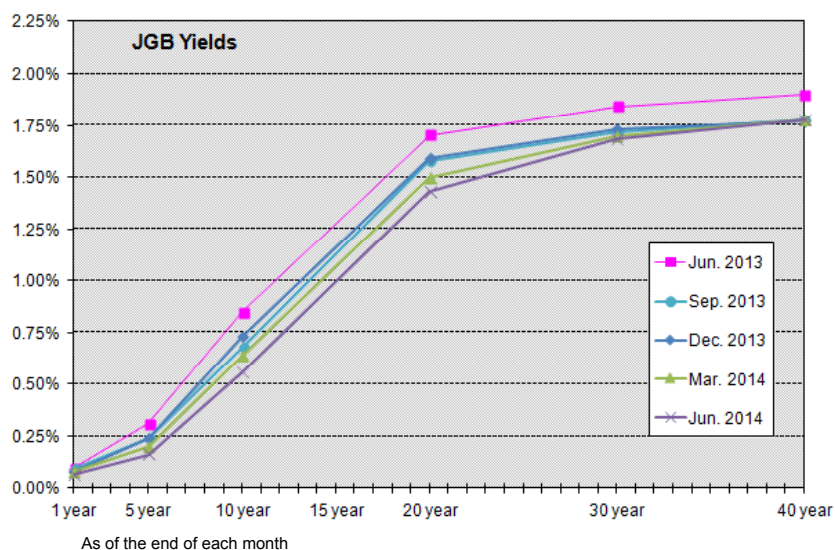
■ Insurance Risk¹

	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 <ul style="list-style-type: none"> • 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; <ul style="list-style-type: none"> • 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 June 30, 2014.

2. At Sony Life, lapse risk is calculated by computing and adding together the largest amount of three options for each insurance policy



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