

Issuance of Stock Acquisition Rights as Stock-Type Compensation Stock Options

Tokyo, July 13, 2017—Sony Financial Holdings Inc. (“SFH”) hereby announces that the Board of Directors, at its meeting held today, resolved to issue stock acquisition rights, as set forth below, as stock-type compensation stock options to executive directors of SFH and its subsidiaries, in accordance with the provisions of Articles 236, 238 and 240 of the Companies Act.

1. Reason for Issuance of Stock Acquisition Rights as Stock-Type Compensation Stock Options

SFH will issue stock acquisition rights as stock-type compensation stock options to executive directors of SFH and its subsidiaries, for the purpose of enhancing motivation to contribute to the continuous growth in corporate value of the group through sharing the benefits and risks of share price fluctuations with its shareholders.

2. Terms and Conditions of Stock Acquisition Rights
(1) Name of Stock Acquisition Rights

The Second Series of Stock Acquisition Rights of Sony Financial Holdings Inc.

(2) Total Number of Stock Acquisition Rights

The total number of the stock acquisition rights shall be 417.

The total number shown above is the intended number to be allotted. If the total number of the allotted stock acquisition rights decreases due to a shortage of subscriptions or otherwise, the total number of the stock acquisition rights to be issued shall be the total number actually allotted.

(3) Persons to whom Stock Acquisition Rights are to be Allotted, Number of such Persons, and Number of Stock Acquisition Rights to be Allotted

	Number of persons (Number of Stock Acquisition Rights)
Executive directors of SFH	3 (187)
Executive directors of the subsidiaries of SFH	7 (230)

(4) Class and Number of Shares to be Issued upon Exercise of Stock Acquisition Rights

The class of shares to be issued upon exercise of the stock acquisition rights shall be common stock of SFH, and the number of shares to be issued upon exercise of each stock acquisition right (the “Number of Shares Granted”) shall be 100 shares; provided, however, that in the case where SFH conducts a stock split (including an allotment without consideration (*musho-wariate*) of shares of common stock of SFH; the same shall apply to all references to the stock split herein) or a stock consolidation of shares of common stock of SFH after the date on which the stock acquisition rights are to be allotted (the “Allotment Date”), the Number of Shares Granted shall be adjusted in accordance with the following formula, with respect to the stock acquisition rights remaining unexercised at the time of such stock split or stock consolidation. Any fraction of less than one (1) share resulting from such adjustment shall be rounded down.

$$\begin{array}{rcccl}
 \text{Number of Shares} & & & & \\
 \text{Granted after} & & & & \\
 \text{adjustment} & = & \text{Number of Shares} & \times & \text{Ratio of split or} \\
 & & \text{Granted before} & & \text{consolidation} \\
 & & \text{adjustment} & &
 \end{array}$$

The Number of Shares Granted after adjustment shall become effective, in the case of a stock split, on and after the day immediately following the record date of the relevant stock split (if the record date is not set forth, on and after its effective date) or, in the case of a stock consolidation, on and after its effective date.

In addition to the above, upon the occurrence of any unavoidable event that makes it necessary to adjust the Number of Shares Granted, SFH may adjust the Number of Shares Granted as deemed necessary by the Board of Directors of SFH.

When the Number of Shares Granted is adjusted, SFH shall give notice of necessary matters to each holder of the stock acquisition rights registered in the register of stock acquisition rights (the "Holder"), by no later than the day immediately preceding the date on which the Number of Shares Granted after adjustment are to become effective; provided, however, that, if SFH is unable to give such notice by no later than the day immediately preceding such applicable date, SFH shall thereafter promptly give such notice.

(5) Value of Assets to be Contributed upon Exercise of Stock Acquisition Rights

The value of assets to be contributed upon exercise of each stock acquisition right shall be one (1) yen per share to be acquired upon exercise of the relevant stock acquisition right, multiplied by the Number of Shares Granted.

(6) Exercise Period of Stock Acquisition Rights

From August 8, 2017 to August 7, 2047

(7) Conditions for Exercise of Stock Acquisition Rights

- (i) During the period mentioned in (6) above, a Holder may exercise all (but not part) of the stock acquisition rights held by him/her only during the period from the day immediately following the date on which such Holder loses any and all of his/her office(s) as executive director of SFH and its subsidiaries until ten (10) days (in the event that the tenth day is a holiday, the following business day) have passed; provided, however, that this shall not apply if he/she is expected to assume an office as executive director of SFH or its subsidiaries within thirty (30) days from the day immediately following the date on which such Holder loses any and all of his/her such office(s).
- (ii) In the event of the death of the Holder, his/her heir may exercise all (but not part) of the stock acquisition rights that he/she succeeded to by inheritance only during the period mentioned in (6) above. Item (i) above shall not be applied to heirs who succeeded to the stock acquisition rights by inheritance.
- (iii) Any other conditions shall be stipulated in the relevant stock acquisition rights allotment agreement to be entered into between SFH and each Holder.

(8) Matters concerning Capital and Capital Reserve to be Increased due to Issuance of Shares upon Exercise of Stock Acquisition Rights

- (i) The amount of capital to be increased due to the issuance of shares upon exercise of the stock acquisition rights shall be half of the maximum limit of capital increase, as calculated in accordance with Article 17, Paragraph 1 of the Ordinance on Company Accounting, and any fraction less than one (1) yen arising therefrom shall be rounded up to the nearest one (1) yen.
- (ii) The amount of capital reserve to be increased due to the issuance of shares upon exercise of the stock acquisition rights shall be the amount determined by deducting the amount of capital to be increased, as provided for in (i) above, from the maximum limit of capital increase, as also provided for in (i) above.

(9) Matters concerning Acquisition of Stock Acquisition Rights

If any of the proposals set forth in (a), (b), (c), (d) or (e) below is approved at a general meeting of shareholders of SFH (or, if a resolution of a general meeting of shareholders is not required, is approved by the Board of Directors of SFH), SFH may acquire the stock acquisition rights without consideration on the date to be separately determined by the Board of Directors of SFH:

- (a) Proposal for the approval of a merger agreement under which SFH shall become a dissolving company;
- (b) Proposal for the approval of a company split agreement or company split plan under which SFH shall be split;

- (c) Proposal for the approval of a share exchange agreement or share transfer plan under which SFH shall become a wholly-owned subsidiary;
- (d) Proposal for the approval of an amendment to the Articles of Incorporation in order to establish a provision providing that an acquisition by way of transfer of any shares issued or to be issued by SFH shall require the approval of SFH; and
- (e) Proposal for the approval of an amendment to the Articles of Incorporation in order to establish a provision providing that an acquisition by way of transfer of a class of shares to be acquired upon exercise of the stock acquisition rights shall require the approval of SFH or that SFH may acquire all of such class of shares upon a resolution of a general meeting of shareholders.

(10) Restrictions on Acquisition of Stock Acquisition Rights through Transfer

The stock acquisition rights cannot be acquired through transfer, unless such acquisition is approved by a resolution of the Board of Directors of SFH.

(11) Handling of Stock Acquisition Rights at the time of Structural Reorganization

If SFH conducts a merger (limited to the case where SFH is dissolved due to the merger), an absorption-type or incorporation-type company split (in both cases, limited to the case where SFH is split), or a share exchange or transfer (in both cases, limited to the case where SFH becomes a wholly-owned subsidiary) (collectively, the “Reorganization”), SFH shall, in each of the above cases, allot stock acquisition rights of the relevant company from among those listed in “a” through “e” of Article 236, Paragraph 1, Item 8 of the Companies Act (the “Reorganized Company”) to the Holders of the stock acquisition rights remaining unexercised immediately before the effective date of the relevant Reorganization (the “Remaining Stock Acquisition Rights”) (the effective date of the relevant Reorganization shall mean, in the case of an absorption-type merger, the date on which the merger becomes effective; in the case of a consolidation-type merger, the date of the establishment of a newly-incorporated company through such consolidation-type merger; in the case of an absorption-type company split, the date on which the absorption-type company split becomes effective; in the case of an incorporation-type company split, the date of the establishment of a newly-incorporated company through such incorporation-type company split; in the case of a share exchange, the date on which the share exchange becomes effective; and in the case of a share transfer, the date of the establishment of a wholly-owning parent company through such share transfer; hereinafter the same shall apply); provided, however, that the foregoing shall be on the condition that the allotment of such stock acquisition rights by the Reorganized Company in accordance with each of the following items is stipulated in an absorption-type merger agreement, a consolidation-type merger agreement, an absorption-type company split agreement, an incorporation-type company split plan, a share exchange agreement or a share transfer plan.

- (i) Number of stock acquisition rights of the Reorganized Company to be allotted

A number equal to the number of the Remaining Stock Acquisition Rights held by the Holder shall be allotted to such Holder.

- (ii) Class of shares of the Reorganized Company to be issued upon exercise of stock acquisition rights

Common stock of the Reorganized Company

- (iii) Number of shares of the Reorganized Company to be issued upon exercise of stock acquisition rights

To be determined in accordance with (4) above, taking into consideration, among other matters, the terms and conditions of the Reorganization.

- (iv) Value of assets to be contributed upon exercise of each stock acquisition right

The value of assets to be contributed upon exercise of each stock acquisition right to be allotted shall be the amount obtained by multiplying (x) the exercise price after Reorganization set forth below by (y) the number of shares of the Reorganized Company to be issued upon exercise of each of such stock acquisition rights as determined in accordance with (iii) above. The exercise price after Reorganization shall be one (1) yen per share of the Reorganized Company to be acquired upon exercise of each of the allotted stock acquisition rights.

(v) Exercise period of stock acquisition rights

From and including the later of (x) the commencement date of the period during which the stock acquisition rights may be exercised as provided for in (6) above or (y) the effective date of the Reorganization, to and including the expiration date of the period during which the stock acquisition rights may be exercised as provided for in (6) above.

(vi) Matters concerning capital and capital reserve to be increased due to issuance of shares upon exercise of stock acquisition rights

To be determined in accordance with (8) above.

(vii) Restrictions on acquisition of stock acquisition rights through transfer

The stock acquisition rights cannot be acquired through transfer, unless such acquisition is approved by a resolution of the Board of Directors of the Reorganized Company.

(viii) Conditions for exercise of stock acquisition rights

To be determined in accordance with (7) above.

(ix) Provisions concerning acquisition of stock acquisition rights

To be determined in accordance with (9) above.

(12) Handling of Fractions less than One (1) Share resulting from Exercise of Stock Acquisition Rights

In the case where the number of shares to be acquired by the Holders who have exercised their stock acquisition rights includes any fraction less than one (1) share, such fraction shall be rounded down.

(13) Amount to be Paid for Stock Acquisition Right

The amount to be paid for each stock acquisition right shall be the fair valuation stock option per share price as calculated through the Black-Scholes model on the Allotment Date of the stock acquisition rights, multiplied by the Number of Shares Granted. Such amount shall be considered the fair price of the stock acquisition rights, and therefore, the issuance of the stock acquisition rights shall not be deemed to be made on favorable terms to the Holders.

The Holders shall, in lieu of paying such amount, offset such amount with their remuneration owed by SFH, and shall not be required to make any monetary payment.

(14) Allotment Date of Stock Acquisition Rights

August 7, 2017

(15) Issuance of Certificate of Stock Acquisition Rights

No certificate of stock acquisition rights representing the stock acquisition rights shall be issued.

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