



November 28, 2005
Sony Life Insurance Co., Ltd.

Disclosure of Embedded Value as of March 31, 2005

Tokyo, November 28, 2005 -- Sony Life Insurance Co., Ltd. (“Sony Life”), a wholly-owned subsidiary of Sony Financial Holdings Inc., today announced Sony Life’s Embedded Value (“EV”) calculations as of March 31, 2005 as attached. Sony Life discloses the EV as one of the indices used to evaluate its corporate value of the life insurance business within the Sony Financial Holdings Group and the Sony Group.

Sony Life maintains its accounting records and prepares its financial statements in Japanese yen in accordance with the Commercial Code of Japan and the Insurance Business Law of Japan and in conformity with generally accepted accounting principles and practices in Japan. Therefore statements made in this press release are based on the Japanese statutory accounting standards. Sony Financial Holdings Inc.'s parent company, Sony Corporation, otherwise reports its financial statements in accordance with generally accepted accounting principles and practices in the United States.

Summary

Sony Life’s EV as of March 31, 2005 and the amount of changes from the end of the previous fiscal year are as follows:

(Unit: Billions of Yen)

	As of March 31, 2005	As of March 31, 2004	Change in Yen
EV	539.3	492.0	47.3
Value of in-force business	409.6	381.7	27.9
Adjusted net worth	129.7	110.2	19.4
Value of new business in the fiscal year	38.1	38.9	(0.8)

Value of in-force business

= Present value of future after-tax profits on existing business – present value of cost of capital.

Cost of capital is the spread between the investment yield and the discount rate applied to the amounts of capital and surplus that will be required to maintain the assumed level of solvency margin ratio.

Adjusted net worth is calculated as follows:

Adjusted net worth = Total equity in the Balance Sheets (excluding net unrealized gains on bonds) + Reserve for price fluctuations + Contingency reserve - Deferred tax assets for the abovementioned two reserves.

Investment gains on bonds are basically assumed to be held to maturity in calculating the value of in-force business.

Value of new business in EV represents the value generated by the sale of new policies during the fiscal year.

“Future after-tax profits on existing business”, the Balance Sheets and the reserves quoted in the formula of “Adjusted net worth” are based on Japanese Statutory Accounting standards.

Going forward, Sony Life plans to disclose its EV at the end of each fiscal year immediately after the announcement of its financial results for the fiscal year.

1. Sony Life's EV Results

The EV results of Sony Life as of March 31, 2005 are as follows:

(Unit: Billions of Yen)

	As of March 31, 2005	As of March 31, 2004	Change in Yen
EV	539.3	492.0	47.3
Value of in-force business	409.6	381.7	27.9
Adjusted net worth	129.7	110.2	19.4
Value of new business in the fiscal year	38.1	38.9	(0.8)

EV (Embedded Value) is the sum of the "value of in-force business" and "adjusted net worth". In Europe and Canada it is regarded as a valuable source of information for assessing the corporate value of a life insurance company.

Value of in-force business is calculated by subtracting the cost of capital (the difference between the discount rate and the investment yield applied to the amounts of capital and surplus), which is required to maintain a certain level of solvency margin ratio, from the present value of future after-tax profits on in-force business.

Adjusted net worth is calculated by subtracting deferred tax assets for reserve for price fluctuations and contingency reserves from the sum of total equity as found in Sony Life's balance sheets (excluding net unrealized gains on bonds), reserve for price fluctuations and contingency reserves.

The above mentioned future after-tax profits, the Balance Sheets, and the reserves quoted in "Adjusted net worth" are based on Japanese Statutory Accounting standards.

Under the current statutory accounting practices applicable to life insurance companies in Japan, balance sheets do not include future profits on existing business, while EV indicates the present value of future profits on existing business, together with the company's adjusted net worth. Therefore, EV serves as a valuable supplement to statutory financial information and a helpful index used to evaluate corporate value. EV, however, covers only the existing in-force business as of the date of valuation, and does not include the potential value of the new business in the future which is to be considered as a constituent element of an economic value of an insurance company.

2. Major Assumptions

The major assumptions employed in the calculation of EV are as follows:

Item	Assumptions
Discount rate	6.0%
Investment yield on new investments	The investment yield is based on the implied forward rates assuming Sony Life makes all new investments only in Japanese government bonds.
Mortality and morbidity rates	Based on the company's experience over the three most recent fiscal years (fiscal 2002 – fiscal 2004).
Surrender and lapse rate	Based on the company's experience over the three most recent fiscal years (fiscal 2002 – fiscal 2004).

Attachment

Operating expenses	The unit cost for the maintenance and administration of policies and for payments of claims is based on Sony Life's experience over the most recent fiscal year (fiscal 2004).
Effective tax rate	Based on the most recent effective tax rate (based on the rate for fiscal 2004).
Required solvency margin ratio	600% For the purpose of calculating the cost of capital, the solvency margin ratio required to be maintained was assumed.

Discount rate

Discount rate is set by adding the company's assumed risk premium (4.5%) to the risk free rate (the yield on 10-year Japanese government bonds, which is approximately 1.34%) as of the end of the fiscal year.

Investment yield

(1) Investment yield on new investments

Investment yield on new investments is calculated based on the implied forward rates computed from the yield curve of Japanese government bonds as of March 31, 2005, and assumes that the company invests only in Japanese government bonds every year.

Sony Life sets the assumed investment yield on new investments at the end of each fiscal year under neutral assumptions toward future market conditions. This is done in order to avoid complications that may arise due to the fact that the more Sony Life invests in assets with higher expected rates of return, the higher the EV is evaluated, as Sony Life believes such assets contain higher risks and should be adjusted by discount rates in calculating EV.

(2) Investment yield on existing assets

Investment yield on existing assets is calculated with the assumption that Sony Life holds existing bonds to maturity, maintains the balance of stocks and other assets at the same level as of the date of valuation, and reinvests interests, dividends and proceeds from redemptions into Japanese government bonds.

3. Movement analysis of EV

The change in EV from March 31, 2004 to March 31, 2005 is split into the components as follows:

(Unit: Billions of Yen)	
Item	Amount
(1) EV as of March 31, 2004	492.0
(2) Shareholder dividends	(6.5)
(3) Release from the value of the existing policies in force*	22.9
(4) EV of new policies for the year ended March 31, 2005	38.1
(5) Difference between assumptions and actual experience for the year ended March 31, 2005	(1.1)
(6) Difference from changes in the assumptions	(6.0)
(7) EV as of March 31, 2005	539.3

(* Reversal of discount rate on the value of in-force business for the year.

4. Impact of Changing Assumptions (Sensitivities)

The impact of changing the underlying assumptions on EV is as follows:

(Unit: Billions of Yen)

		Amount of Increase (Decrease)	EV amount
Discount rate	6.0% -> 5.0%	47.2	586.5
	6.0% -> 7.0%	(39.0)	500.3
Solvency margin ratio	600% -> 500%	6.9	546.2
	600% -> 700%	(7.8)	531.5
Investment yield : +0.25% (*)	On Total Assets	46.2	585.5
	On New Assets	31.5	570.8
Investment yield : -0.25% (*)	On Total Assets	(47.8)	491.5
	On New Assets	(32.4)	506.9
Mortality and morbidity	Assumption x 1.1	(48.2)	491.1
Surrender and lapse rate	Assumption x 1.1	(15.9)	523.4
Operating expenses	Assumption x 1.1	(3.7)	535.6

(*) The impact of changes in investment yield assumptions is also reflected in policyholders' dividends.

5. Notes

It is required by regulation that certain reserves for guaranteed benefit features of variable life insurance and annuity contracts issued in 2005 fiscal year and thereafter, should be set aside. In calculating EV as of March 31, 2005, Sony Life has evaluated the liability for guaranteed minimum death benefits ("GMDB") for all existing variable life insurance policies, which is equivalent to the amount of the present value of the average cost relevant to GMDB determined by using the stochastic method. This impact on EV was (¥7.3) billion.

6. Disclosure policy

Going forward, Sony Life plans to disclose its EV at the end of each fiscal year immediately after the announcement of its financial results for the fiscal year.

7. Opinion of outside specialist

Sony Life has obtained an opinion letter from ChuoAoyama PricewaterhouseCoopers, an independent accounting firm which possesses insurance actuarial professionals, as attached.

8. Disclaimer

Statements made in this press release contain the calculations based on assumptions regarding future projections that are subject to risks and uncertainties. It should be noted that actual future results might materially differ from the assumptions used in the EV calculations. Therefore readers are advised to be cautious and not to place undue reliance on EV calculations.

**Report of Independent Accounting Firm on Applying Agreed-Upon
Procedures regarding the embedded value and embedded value earnings**

November 28, 2005

**To the Board of Directors of
Sony Life Insurance Company, Ltd.**

We have performed the procedures described below, which were agreed to by the management of Sony Life Insurance Company, Ltd. (the "Company"), to ensure that, in the preparation of the information provided in the document entitled "Disclosure of Embedded Value as of March 31, 2005" dated November 28, 2005 by the Company as of March 31, 2005 and 2004, (the "Embedded Value Information"), the Company prepared the Embedded Value Information in conformity with the policies and assumptions set out by management as described in the attachment of the Embedded Value Information. The management of the Company is responsible for the Embedded Value Information. We conducted our agreed upon procedures in accordance with attestation standards established by the American Institute of Certified Public Accountants. The sufficiency of these procedures is solely the responsibility of the Company. Consequently, we make no representation regarding the sufficiency of the procedures described below either for the purpose for which this report has been requested or for any other purpose.

The procedures we performed and results of our procedures are described below

Agreed upon procedures performed

1. Confirmation of Embedded Value ("EV") methodology

Regarding the EV methodology described in the documents provided by the Company, we will confirm as to whether the approach taken by the Company is within the range of methods stated in the general actuarial literature of leading international actuarial associations and disclosed in a manner consistent with general practices concerning EV in Japan and other countries. The literature and disclosed practices will include the "Interim Draft Paper on the Considerations in the Determination of Embedded Value for Public Disclosure in Canada" issued in August 2000 by Canadian Institute of Actuaries, the guidance of the Association of British Insurers entitled "Supplementary Reporting for Long Term Insurance Business (The Achieved Profits Method)" published in December 2001, and the European Embedded Value (EEV) Principles published in May 2004 by the CFO Forum in Europe.

Results

We confirmed that the approach taken by the Company for the embedded value calculation is within the range of acceptable practices in the Japanese or international markets for EV reporting.

2. Confirmation of the process in developing the actuarial assumptions and the methodology employed in the process

We will confirm whether or not the actuarial assumptions used by the Company were developed as described in the Embedded Value Information.

a. We will confirm whether or not the process taken by the Company for obtaining the underlying data for setting the actuarial assumptions that are listed below is within the range of the general actuarial practices.

b. We will confirm that the final actuarial assumptions used in EV calculation are developed using the underlying data confirmed in a. above and in accordance with the documents provided by the Company regarding any smoothing procedures.

The actuarial assumptions will be as follows:

- ① Demographic assumptions
 - Lapse rates
 - Mortality rates
 - Morbidity rates
 - Renewal rates
- ② Economic assumptions
 - Discount rates
 - Investment yield on new investments
 - Inflation rates
- ③ Expense assumptions
 - Acquisition expense rates
 - Maintenance expense rates
- ④ Effective tax rates

Results

a. We confirmed that the process taken by the Company for obtaining the underlying data used in setting the actuarial assumptions that are listed in section b. are within the range of the general actuarial practices.

b. We confirmed that the final actuarial assumptions used in the EV calculation were developed using the underlying data confirmed in a. above and were in accordance with the documents provided by the Company regarding any smoothing procedures.

3. Confirmation of the completeness of the in-force data

In order to confirm the completeness of the contract information subject to the Company's embedded value calculations, we will compare the amount in-force of the policies extracted from the contract masters with those output from the system which calculates EV (EV calculation system) and ensure the difference is within $\pm 1.0\%$.

Results

We found no exception as a result of the procedures.

4. Confirmation of accuracy of the model

The Company performs the sample checking of the actuarial software that generates the cash flows used for the calculation of the present value of the future profits after tax by recalculating them on the spreadsheet and comparing the spreadsheet results with the output of the actuarial software. We will recalculate the same samples and compare them with the Company's sample checking results.

Results

We found no exception as a result of the procedures.

5. Confirm fit of model points

If grouping of the in-force policies (the model points approach) is utilized in the calculation by the Company, we will review the fit of the model based upon the documents prepared by the Company and confirm that the differences of premiums, reserves, and cash surrender values calculated between the model point approach and the seriatim basis fall within $\pm 1.0\%$.

Results

We found no exception as a result of the procedures.

6. Analysis and confirmation of the EV results and other disclosed items

We will perform the following procedures for items disclosed in Embedded Value Information.

Regarding "1. Sony Life's EV Results"

a. Regarding the "adjusted net worth", we will confirm that the calculation is performed as described in the Embedded Value Information by adjusting the statutory net worth using the Japanese statutory accounting entries.

b. Regarding the "Value of in-force business", we will confirm that the calculation is performed using the results generated from the EV Calculation System according to the method specified in the Embedded Value Information.

c. We will confirm that the calculation of the cost of capital is performed accurately using the target solvency margin ratio and a discount rate specified by the Company.

d. We will confirm the "Value of the new business in the fiscal year" using the same approach as described in b. above.

Regarding "3. Movement analysis of EV"

e. Reconcile “stock dividends to shareholders” with the Japanese statutory accounting figures;

f. Confirm that the calculation of “Release from the value of the existing policies in-force” are performed based on the method specified in the Embedded Value Information

g. Confirm that the “EV of new policies for the year ended March 31, 2005”, “Differences between assumptions and actual experience for the year ended March 31, 2005”, and “Differences from changes in the assumptions” are performed using the results generated from the EV Calculation System.

Regarding “4. Impact of Changing Assumptions (Sensitivities)”

h. We will confirm that amounts impacted by changes in assumptions are being calculated using the results generated from the Embedded Value System.

Regarding “5. Notes”

i. We will confirm that the impact of the minimum guarantee cost of variable life insurance on the embedded value is calculated using the results stochastically generated from the Embedded Value Calculation System.

Results

We found no exception as a result of the procedures.

Our work was led by Hideyuki Yoshida who is a Fellow member of both The Institute of Actuaries of Japan and the Society of Actuaries of the United States of America and a member of the American Academy of Actuaries. He is subject to the code of conduct of the Institute of Actuaries of Japan as well as the code of professional conduct of the American Academy of Actuaries.

We were not engaged to and did not conduct an audit in accordance with generally accepted auditing standards, the objective of which would be the expression of an opinion on the “Embedded Value Information” of Sony Life Insurance Company, Ltd. Accordingly, we do not express such an opinion. Our procedures relied on the materials and information provided by the Company. We did not perform any independent confirmation regarding the accuracy of the materials or information provided. Had we performed additional procedures, other matters might have come to our attention that would have been reported to you.

This report has been prepared for and only for the Company in accordance with our letter of engagement and for no other purpose. We do not, in preparing this report, accept or assume responsibility for any other purpose or to any other person to whom this report is shown or in whose hands it may come save where expressly agreed by our prior consent in writing.

The embedded value information is not intended to give any indication of the market value of the Company and should not be interpreted as such.

ChuoAoyama PricewaterhouseCoopers
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