

**Preliminary Consolidated Financial Results for  
the Three Months Ended June 30, 2011  
(Prepared in Accordance with Japanese GAAP)**

Tokyo, July 28, 2011—Today, the parent company of Sony Financial Holdings Inc. (“SFH”), Sony Corporation, is expected to announce its consolidated financial results for the first quarter ended June 30, 2011, prepared in accordance with generally accepted accounting principles and practices in the United States (“U.S. GAAP”). Sony Corporation’s U.S. GAAP results are expected to include financial results for Sony Group’s Financial Services segment, which includes SFH and the SFH Group.

Although our preparation of financial results for SFH and the SFH Group, in accordance with generally accepted accounting principles and practices in Japan (“Japanese GAAP”), is not yet complete, preliminary consolidated financial results for the three months ended June 30, 2011 (April 1, 2011, to June 30, 2011), are provided below as part of our efforts to disclose information to our shareholders and investors in a timely and appropriate manner.

We plan to announce our final consolidated financial results for the three months ended June 30, 2011, on August 12, 2011.

**1. Preliminary Consolidated Financial Results for the Three Months Ended June 30, 2011  
(April 1, 2011 to June 30, 2011)**

	Ordinary revenues	Ordinary profit	Net income	Net income per share (Yen)
For the Three Months Ended June 30, 2011 (Preliminary)	256.8	19.3	10.8	25
(Reference) For the Three Months Ended June 30, 2010 (Actual)	240.5	19.5	10.3	23.84

Notes: 1. Fractional amounts of less than ¥ 0.1 billion are discarded except net income per share.

2. The Company conducted a 200-for-1 stock split, with an effective date of April 1, 2011. The figure for the net income per share for the three months ended June 30, 2010 reflects the stock split.

**2. Principal Reasons for Changes in Consolidated Financial Results**

During the three months ended June 30, 2011 (April 1, 2011, to June 30, 2011), consolidated ordinary revenues increased compared with the same period of the previous fiscal year, due mainly to an increase in income from insurance premiums in the life insurance business. However, consolidated ordinary profit remained nearly at the same level as the same period of the previous fiscal year owing primarily to lower gains on sale of securities in the life insurance business, reflecting the process of shifting its bond holdings to ultralong-term bonds to reduce interest rate risk

. Consolidated net income also remained almost at the same level as a year earlier.

Segment information is as follows.

**Life Insurance Business**

Ordinary revenues increased year on year due to higher income from insurance premiums associated with a steady increase in the policy amount in force. Ordinary income decreased slightly due mainly to lower gains on sale of securities, which offset the positive impact of a partial reversal of reserve for outstanding claims, which was accumulated after the Great East Japan Earthquake of March 2011, a

decrease in provision of policy reserve for minimum guarantee for variable life insurance, and higher interest income and dividends led by a growing balance of ultralong-term bonds.

#### **Non-life Insurance Business**

Ordinary revenues increased year on year, owing to an increase in net premiums written primarily for automobile insurance. Ordinary profit increased due to a rise in ordinary revenues and a lower provision of reserve for outstanding losses.

#### **Banking Business**

Ordinary revenues decreased year on year, owing mainly to a decrease in gains on foreign exchange transactions. Ordinary profit increased due primarily to a decrease in interest expenses on yen deposits and an increase in interest income on loans led by the growing balance of mortgage loans.

SFH's forecast of consolidated financial results for the six months ending September 30, 2011 and for the fiscal year ending March 31, 2012, is unchanged from the forecast announced on May 20, 2011.

These preliminary results are based on information available to SFH's management as of this date, and may differ substantially from actual results expected to be announced on August 12, 2011 for a variety of reasons.

SFH's consolidated results\* are prepared in accordance with accounting principles and practices generally accepted in Japan. As such, these figures differ in significant respects from financial information reported by SFH's parent company, Sony Corporation, which prepares its financial statements in accordance with accounting principles and practices generally accepted in the United States.

\*SFH's scope of consolidation for the three months ended June 30, 2011, includes Sony Financial Holdings Inc., Sony Life Insurance Co. Ltd., Sony Assurance Inc., Sony Bank Inc., Sony Life Insurance (Philippines) Corporation, and Sony Bank Securities Inc. It also includes AEGON Sony Life Insurance Co., Ltd. and SA Reinsurance Ltd., as affiliated companies accounted for under the equity method.

On July 28, 2011, Sony Corporation will announce its consolidated financial results for the first quarter ended June 30, 2011. SFH Group companies constitute the majority of Sony Group's Financial Services segment. However, the scope of Sony Group's Financial Services segment differs from the scope of SFH's consolidated results. For the scope of Sony Group's Financial Services segment, please refer to the July 28, 2011, news release by Sony Corporation.

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**Reference:****Significant Differences between Japanese GAAP and U.S. GAAP**

SFH's consolidated results are prepared in accordance with accounting principles and practices generally accepted in Japan ("Japanese GAAP") and provisions of the Insurance Business Law. As such, these figures differ in significant respects from financial information reported by SFH's parent company, Sony Corporation, which prepares its financial statements in accordance with U.S. GAAP. Some significant differences between Japanese GAAP and U.S. GAAP are described below.

**(1) Policy reserves (future insurance policy benefit) in the insurance business**

As the calculation standards differ between the Japanese regulations and U.S. GAAP, profits and losses during the period differ as well. Under the Insurance Business Law of Japan, insurance companies in Japan are required to accumulate a policy reserve for the fulfillment of future obligations such as payment of insurance benefits based on the accumulation method and actuarial assumptions approved by the authorities of the supervisory administrative agencies in Japan, whereas under U.S. GAAP, liabilities for future insurance policy benefits are primarily composed of the present value of estimated future payments to policyholders. Under U.S. GAAP, liabilities for future insurance policy benefits are computed based upon actuarial assumptions, such as future investment yield, and other factors. These assumptions are reviewed on a periodic basis. Liabilities for future insurance policy benefits also include liabilities for minimum guaranteed benefits related to certain insurance products such as variable insurance policies. With respect to liabilities for minimum guaranteed benefits, the relevant insurance policies differ between the Japanese regulations and U.S. GAAP.

**(2) Accounting treatment of insurance acquisition costs**

Under Japanese GAAP, insurance acquisition costs in the life insurance and the non-life insurance businesses are charged as costs when incurred, whereas under U.S. GAAP insurance acquisition costs are deferred and amortized, in general, equally over the premium-paying period of the related insurance policies by using the same calculation basis used in computing future insurance policy benefit. The deferred insurance acquisition costs for variable insurance and other non-traditional life insurance policies are amortized over the expected life span of policies in proportion to the estimated gross profits. The estimated gross profits are reviewed in case the assumptions for calculations change materially due to significant fluctuations in stock market and other factors. Under U.S. GAAP, insurance acquisition costs include such items as commission, medical examination and inspection report fees that vary with and are primarily related to acquiring new insurance policies as long as they are recoverable.

**(3) Contingency reserve**

Pursuant to provisions of the Insurance Business Law, to ensure the fulfillment of future obligations, insurance companies in Japan are required to accumulate a contingency reserve to account for the risk of insurance payment events occurring at a higher-than-expected rate due to higher-than-expected mortality and morbidity rates (insurance risks), the risk of actual investment yields being lower than the assumed investment yields related to outstanding policies (assumed interest rate risk), the risk of actual investment results being lower than the amount guaranteed related to minimum guaranteed portion of variable life insurance or variable annuities (minimum guarantee risks) and other risks. The Insurance Business Law establishes the accumulation standard and a maximum amount of reserve for each risk to provide and to reverse the contingency reserve. Contingency reserve is recorded as a component of policy reserve in the balance sheets. Under U.S. GAAP, there is no requirement for the provision of such legal reserve.

**(4) Catastrophe reserve**

Pursuant to the provisions of the Insurance Business Law, non-life insurance companies in Japan are required to accumulate an amount calculated based on premium income to cover losses due to catastrophic events. The catastrophe reserve acts as a provision against risks to which the law of large numbers is not applicable on a single-year basis, in consideration of the special characteristics of non-life insurance business to cover a wide range of risks including disasters. The catastrophe reserve shall be reversed during the fiscal year in which a catastrophe occurs. Furthermore, the catastrophe reserve is accounted for as part of underwriting reserves on the balance sheet. There is no requirement for the accumulation of such a legal reserve under U.S. GAAP.

(5) Reserve for price fluctuations

Pursuant to provisions of the Insurance Business Law, insurance companies in Japan are required to accumulate a reserve to cover losses due to price fluctuations in assets subject to market price volatility, particularly investments in stocks, bonds and foreign currency-denominated investments. The Insurance Business Law establishes the accumulation standard and a minimum amount of reserve for each asset to provide and to reverse the reserve for price fluctuations. The reserve for price fluctuations may be reversed to reduce deficits arising from price fluctuations of those assets. Under U.S. GAAP, there is no requirement for the provision of such legal reserve.

(6) Foreign currency transactions

Under Japanese GAAP, transactions involving assets and liabilities denominated in foreign currencies are in principal translated to yen at the exchange rate prevailing on the date of the settlement of accounts, and any translation adjustments are recorded in the statements of income as foreign exchange gains or losses. For that reason, in the banking business translation adjustments on those investments coming from foreign currency deposits (liabilities) are offset partially in the statements of income by ones from investments in available-for-sale bonds denominated in foreign currency (assets) for the purpose of covering those foreign currency deposits. However, under U.S. GAAP, although translation adjustments on foreign currency deposits (liabilities) are recorded in the statements of income, translation adjustments on available-for-sale bonds denominated in foreign currency (assets) are posted directly to net assets in accordance with fluctuations in the fair market value of securities held, and are therefore not recorded in the statements of income until maturity or sale. In other words, under U.S. GAAP, asset-side translation adjustments and liability-side translation adjustments are handled differently. Therefore, foreign exchange gains or losses resulting from liability-side exchange rate fluctuations have a larger impact on net income than is the case under Japanese GAAP.