

**Announcement regarding Issuance of New Shares as Restricted Stock Compensation**

Tokyo, July 13, 2017—Sony Financial Holdings Inc. (“SFH”) hereby announces that the Board of Directors, at its meeting held today, resolved to issue new shares (the “Issuance of New Shares”) of restricted stock as compensation, as follows:

**1. Outline of the Issuance**

(1) Payment date	August 7, 2017
(2) Class and number of shares to be issued	27,513 shares of common stock of SFH
(3) Issue price	2,020 yen per share
(4) Total issue price of shares to be issued	55,576,260 yen
(5) Method of offer or allotment	Allotment of Restricted Stock, as defined in Article 84, paragraph 1 of Order for Enforcement of the Income Tax Act
(6) Method of contribution	In-kind contribution of monetary compensation receivables
(7) Allottees, number thereof and number of shares to be allotted	3 executive directors of SFH: 2,973 shares in total 4 executive officers of SFH: 1,984 shares in total 7 executive directors of subsidiaries of SFH: 6,441 shares in total 30 executive officers of subsidiaries of SFH: 16,115 shares in total
(8) Other	In connection with the Issuance of New Shares, a securities notice has been filed in accordance with the Financial Instruments and Exchange Act.

**2. Purpose of and Reasons for the Issuance**

SFH has resolved at the meeting of the Board of Directors held on April 28, 2017 to introduce, for the purpose of further providing executive directors and executive officers of SFH and its subsidiaries (collectively, the “Qualified Directors”) with medium- to long-term incentives for the continuous improvement in corporate value of the SFH group and further advancing the sharing of value between the Qualified Directors and shareholders of SFH, a new compensation plan (the “Plan”) to grant restricted stocks to the Qualified Directors. In addition, at the Thirteenth Ordinary General Meeting of Shareholders of SFH held on June 21, 2017, an approval was granted to the effect that (i) the total amount of monetary compensation receivables to be granted to executive directors of SFH under the Plan shall not exceed 50,000,000 yen per year (excluding salaries for non-director related services paid to directors who concurrently serve as employees) and (ii) the transfer restriction period for restricted stocks shall be a period of three (3) to five (5) years, which period will be determined by the Board of Directors of SFH.

The outline of the Plan is as described below.

<Outline of the Plan>

Each Qualified Director will receive shares of common stock of SFH through making an in-kind contribution of (a) all monetary compensation receivables to be granted by SFH under the Plan (if the Qualified Director is an executive director or an executive officer of SFH) or (b) all monetary compensation receivables to be granted by subsidiaries of SFH under the Plan (if the Qualified Director is an executive director or an executive officer of subsidiaries of SFH) (SFH will cumulatively assume its subsidiaries’ debt obligations owed to executive directors and executive officers of such subsidiaries in relation to the relevant monetary compensation receivables). The amount to be paid per share of common stock of SFH to be issued or disposed of by SFH under the Plan shall be determined by the Board of Directors of SFH; the basis of such amount shall be

the closing price of shares of common stock of SFH on the Tokyo Stock Exchange, Inc. on the business day immediately preceding the date of the resolution of the Board of Directors for the issuance or disposal of shares of common stock of SFH (or, if there is no closing price on such business day, the closing price on the trading day immediately prior thereto). In addition, for the purpose of the issuance or disposal of shares of common stock of SFH under the Plan, a restricted stock allotment agreement that includes mainly the provisions set forth in 3. below (the "Allotment Agreement") shall be concluded between SFH and the relevant Qualified Director.

This time, after considering the objectives of the Plan, the business performance of SFH and its subsidiaries, the scope of the duties of each Qualified Director, and other various factors, SFH and its subsidiaries will grant to forty-four (44) Qualified Directors (i) monetary compensation receivables in a total amount of 55,576,260 yen, as investment assets to acquire restricted stocks (of which, the total amount of monetary compensation receivables which SFH will grant to three (3) executive directors of SFH shall be 6,005,460 yen) and, thereafter, (ii) 27,513 shares of common stock of SFH in total, which are to be issued by SFH (of which, the number of shares of common stock of SFH which SFH will grant to three (3) executive directors of SFH shall be 2,973 shares). In order to realize the purpose of introducing the Plan, the transfer restriction period for restricted stocks has been set at three (3) years.

### **3. Outline of the Allotment Agreement**

#### **(1) Transfer Restriction Period**

During the period from August 7, 2017 to August 7, 2020 (the "Transfer Restriction Period"), the Qualified Directors shall not transfer, create any security interest on, or otherwise dispose of the shares of common stock of SFH allotted pursuant to the Allotment Agreement (the "Allotted Shares") (the "Transfer Restriction").

#### **(2) Conditions for Removing the Transfer Restriction**

SFH shall remove the Transfer Restriction on all of the Allotted Shares upon expiration of the Transfer Restriction Period, on the condition that the relevant Qualified Director has held any of the positions of director, executive officer who does not concurrently serve as director, statutory auditor, employee or other positions equivalent thereto of SFH or any of its subsidiaries throughout the Transfer Restriction Period. However, in the case where, during the Transfer Restriction Period, the relevant Qualified Director ceases to hold any of the positions of director, executive officer who does not concurrently serve as director, statutory auditor, employee or any other position equivalent thereto of SFH or any of its subsidiaries due to the expiry of his or her term of office, his or her retirement, his or her death, or any other reason that the Board of Directors of SFH deems justifiable, SFH shall (i) remove the Transfer Restriction on the number of the shares, which is the amount obtained by dividing the number of months passed from the month in which a Qualified Director has come into office to the month in which such Qualified Director ceases to hold any of the positions above by 12 (However, when the resulting number is more than 1, the number shall be set at 1.) and then multiplying this amount by the number of the Allotted Shares which such Qualified Person has, and (ii) make reasonable adjustments to the timing of the removal of the Transfer Restriction as necessary. In addition, any Allotted Shares that are outside the scope of the removal of the Transfer Restriction will be acquired by SFH without consideration after the relevant removal without delay.

#### **(3) Grounds for the Acquisition without Consideration**

If certain events occur, including, but not limited to, cases where, during the Transfer Restriction Period, a Qualified Director ceases to hold any of the positions of director, executive officer who does not concurrently serve as director, statutory auditor, employee or any other position equivalent thereto of SFH or any of its subsidiaries, SFH will acquire, in principle upon the occurrence of the relevant event, the Allotted Shares without consideration, except where the Qualified Director ceases to hold such positions due to the expiry of his or her term of office, his or her retirement, his or her death, or any other reason that the Board of Directors of SFH deems justifiable.

#### **(4) Management of Shares**

In order to prevent the Allotted Shares from being transferred, having any security interest created thereon or otherwise being disposed of during the Transfer Restriction Period, the Allotted Shares will be managed using a dedicated account that has been opened at Nomura Securities Co., Ltd. by the Qualified Directors.

#### **(5) Treatment in Case of Organizational Restructuring**

During the Transfer Restriction Period, if a matter relating to a merger agreement under which SFH will become the dissolving company, a share exchange agreement or a share transfer plan under which SFH will become a wholly-owned subsidiary, or any other organizational restructuring is approved at a General Meeting of Shareholders of SFH (or, if an approval at a General Meeting of Shareholders of SFH is not required regarding the above-mentioned organizational restructuring, then the approval of the Board of Directors of SFH), the Transfer Restriction shall, at

the time immediately prior to the business day immediately preceding the effective date of such organizational restructuring, be removed in respect of the number of the shares, which is the amount obtained by dividing the number of months passed from the month in which a Qualified Director has come into office to the month in which the organizational restructuring is approved by 12 (However, when the resulting number is more than 1, the number shall be set at 1.) and then multiplying this amount by the number of the Allotted Shares which such Qualified Person has. In addition, the Allotted Shares for which the Transfer Restriction has not been removed as of the time immediately after the removal of the Transfer Restriction under the above provisions will be acquired by SFH without consideration on the business day immediately preceding the effective date of the organizational restructuring.

#### **4. Basis of Calculation of the Payment Amount and Specific Details thereof**

The Issuance of New Shares to each Qualified Director shall be carried out by having such Qualified Director make an in-kind contribution to SFH of the monetary compensation receivables granted, as restricted stock compensation for the fiscal year ending March 31, 2018, to such Qualified Director by SFH and its subsidiaries under the Plan. In order to eliminate any arbitrariness in the determination of the issue price, the issue price shall be 2,020 yen, which is the closing price of the shares of common stock of SFH on the Tokyo Stock Exchange, Inc. on July 12, 2017 (the business day immediately preceding the date of the resolution of the Board of Directors). We believe that this amount is reasonable on the basis that it is the market stock price immediately prior to the date on which the Board of Directors of SFH adopted a resolution for the Issuance of New Shares, and we also believe that the issue price does not represent a price that is particularly favorable to the Qualified Directors.

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