Consolidated Financial Summary
for the Fiscal Year ended March 31, 2008

May 16, 2008

Company name: Sony Financial Holdings Inc.
(URL: http://www.sonyfh.co.jp/index_en.html/)
Stock exchange listings: Tokyo Stock Exchange (code number: 8729)
Representative: Teruhisa Tokunaka, President and Representative Director
For inquiry: Masaaki Konoo, General Manager – Corporate Communications & Investor Relations Dept.

(discarding fractional amounts of less than 1 million yen)

1. Consolidated financial results for the year ended March 31, 2008

(1) Operating results

	Ordinary Revenues		Ordinary Profit		Net Income	
	millions of yen	% change	millions of yen	% change	millions of yen	% change
For the year ended March 31, 2008	822,153	(+8.3)	44,500	(+142.5)	24,255	(+142.0)
For the year ended March 31, 2007	759,280	(+0.1)	18,354	(-27.7)	10,021	(-13.1)

	Net Income per Share	Net Income per Share (Fully Diluted)	Net Income on Stockholders' Equity	Ordinary Profit on Total Assets	Ordinary Profit on Ordinary Revenues
	yen	yen	%	%	%
For the year ended March 31, 2008	11,357.53	-	9.2	1.0	5.4
For the year ended March 31, 2007	4,772.09	-	3.8	0.4	2.4

Note: Equity in earnings of affiliates: For the year ended March 31, 2008: ¥ - million
For the year ended March 31, 2007: ¥ - million

(2) Financial conditions

	Total Assets	Total Net Assets	Net Assets Ratio	Net Assets per Share
	millions of yen	millions of yen	%	yen
As of March 31, 2008	4,977,450	261,627	5.3	120,288.66
As of March 31, 2007	4,323,780	270,179	6.1	126,549.38

Notes: 1. Stockholders' equity: As of March 31, 2008: ¥ 261,627 million
As of March 31, 2007: ¥ 265,753 million

Stockholders' equity is computed by excluding minority interests from total net assets at the end of fiscal year.

2. Net assets ratio is computed by dividing the amount of total net assets excluding minority interests by total assets at the end of the fiscal year.

(3) Cash flows

	Cash Flows from Operating Activities	Cash Flows from Investing Activities	Cash Flows from Financing Activities	Cash and Cash Equivalents at end of fiscal year
	millions of yen	millions of yen	millions of yen	millions of yen
For the year ended March 31, 2008	445,452	(605,280)	22,300	136,186
For the year ended March 31, 2007	258,171	(87,215)	(6,500)	273,760

2. Dividends

	Dividend per Share		
Fiscal year	Interim dividend	Annual dividend	Total
	yen	yen	yen
For the year ended March 31, 2007	-	3,095.24	3,095.24
For the year ended March 31, 2008	-	3,000.00	3,000.00
For the year ending March 31, 2009(projection)	-	3,000.00	3,000.00

3. Projected consolidated financial results for the year ending March 31, 2009

(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 six months ending September 30, 2008	430,000	6.3	18,000	(34.7)	10,000	(40.2)	4,597.70
For the year ending March 31, 2009	884,000	7.5	37,000	(16.9)	21,000	(13.4)	9,655.17

4. Other Information

(1) Changes in significant subsidiaries during the fiscal year (changes in specified subsidiaries accompanying changes in scope of consolidation): None

(2) Changes in significant accounting principles, policies and presentation
- (a) Changes due to revision of accounting standards : Yes
- (b) Changes due to other reason : None

(Note) Refer to "Summary of Significant Accounting Policies", on page F-5, for details.

(3) Number of shares outstanding
- (a) Number of shares outstanding (including treasury shares)
  - As of March 31, 2008: 2,175,000 shares
  - As of March 31, 2007: 2,100,000 shares
- (b) Number of treasury shares
  - As of March 31, 2008: - shares
  - As of March 31, 2007: - shares

(Note) Refer to "Per Share Information", on page F-9, for number of shares used in calculating net income per share.

I. Operating Performance

1. Analysis of Operating Performance

Ordinary revenues grew 8.3% during the fiscal year ended March 31, 2008 (April 1, 2007 through March 31, 2008), to ¥822.1 billion, owing to performance increases in all of our businesses: life insurance, non-life insurance and banking.

In the life insurance business, the amount of insurance in force remained robust, boosting income from insurance premiums, while general account investment income also increased, resulting in a 7.5% increase in ordinary revenues compared with the preceding fiscal year, to ¥741.3 billion. In the non-life insurance business, net premiums written increased in line with a steady rise in the number of policies, mainly automobile insurance policies, pushing up ordinary revenues 9.1% compared with the preceding fiscal year, to ¥55.6 billion. In the banking business, higher business volume boosted interest income, such as interest on loans. Ordinary revenues consequently increased 33.4% compared with the preceding fiscal year, to ¥25.9 billion.

Ordinary expenses increased 5.0% compared with the preceding fiscal year, to ¥777.6 billion, in line with increased expenses in all of our businesses.

In the life insurance business, ordinary expenses grew 4.0% compared with the preceding fiscal year, to ¥702.2 billion, owing to an increase in insurance claims and other payments, despite the absence of an increase in the current fiscal year of the provision for policy reserve as was incurred in the preceding fiscal year. In the non-life insurance business, net losses paid increased in line with an increase in the number of policies in force, causing ordinary expenses to grow 7.9%, to ¥52.8 billion. In the banking business, higher interest expenses in line with the increase in deposits pushed up ordinary expenses 30.1% compared with the preceding fiscal year, to ¥23.5 billion.

Ordinary profit increased 142.5% compared with the preceding fiscal year, to ¥44.5 billion, reflecting stronger performance in all of our businesses, as described above. Broken down by business, in the life insurance business ordinary profit was up 162.5% compared with the preceding fiscal year, to ¥39.0 billion; in the non-life insurance business ordinary profit was up 37.8%, to ¥2.8 billion; and in the banking business ordinary profit was up 77.4%, to ¥2.4 billion.

Sony Financial Holdings Inc. (“SFH”) posted **extraordinary losses** of ¥3.8 billion, owing mainly to an increase in the provision for reserves for price fluctuation in the life insurance business.

Net income rose 142.0% compared with the preceding fiscal year, to ¥24.2 billion, reflecting the increase in ordinary profit.

Segment Information by Business

Ordinary Revenues

(Millions of yen)

	For the year ended March 31, 2007	**For the year ended March 31, 2008**	Change (%)
Life insurance business	689,871	**741,340**	+7.5
Non-life insurance business	51,020	**55,649**	+9.1
Banking business	19,470	**25,979**	+33.4
Subtotal	760,362	**822,969**	+8.2
Corporate and eliminations	(1,081)	**(815)**	—
Consolidated	759,280	**822,153**	+8.3

Ordinary Profit

(Millions of yen)

	For the year ended March 31, 2007	**For the year ended March 31, 2008**	Change (%)
Life insurance business	14,888	**39,077**	+162.5
Non-life insurance business	2,044	**2,817**	+37.8
Banking business	1,354	**2,401**	+77.4
Subtotal	18,286	**44,296**	+142.2
Corporate and eliminations	67	**204**	—
Consolidated	18,354	**44,500**	+142.5

Financial Results Forecast for the Fiscal Year Ending March 31, 2009

SFH's consolidated financial results forecast for the fiscal year ending March 31, 2009 (April 1, 2008 through March 31, 2009) is as follows. No changes have been made to the consolidated results forecasts previously announced on May 14, 2008.

(Billions of yen)

	Ordinary revenues	Ordinary profit	Net income
For the six months ending September 30, 2008			
Current forecast announcement	430	18	10
(Reference) Actual financial results for previous period (Six months ended September 30, 2007)	404.6	27.5	16.7
For the year ending March 31, 2009			
Current forecast announcement	884	37	21
(Reference) Actual financial results for previous period (Year ended March 31, 2008)	822.1	44.5	24.2

(Reference)

Financial results forecasts (ordinary revenues and ordinary profit) of each business segment for the fiscal year ending March 31, 2009 (April 1, 2008 through March 31, 2009) are as follows.

<Life insurance business> (Billions of yen)

	Ordinary revenues	Ordinary profit
For the six months ending September 30, 2008		
Current forecast announcement	386	17
(Reference) Actual financial results for previous period (Six months ended September 30, 2007)	365.7	24.0
For the year ending March 31, 2009		
Current forecast announcement	793	34
(Reference) Actual financial results for previous period (Year ended March 31, 2008)	741.3	39.0

<Non-life insurance business> (Billions of yen)

	Ordinary revenues	Ordinary profit
For the six months ending September 30, 2008		
Current forecast announcement	30.0	0.6
(Reference) Actual financial results for previous period (Six months ended September 30, 2007)	27.7	2.0
For the year ending March 31, 2009		
Current forecast announcement	59.8	1.3
(Reference) Actual financial results for previous period (Year ended March 31, 2008)	55.6	2.8

<Banking business> (Billions of yen)

	Ordinary revenues	Ordinary profit
For the six months ending September 30, 2008		
Current forecast announcement	14.4	0.5
(Reference) Actual financial results for previous period (Six months ended September 30, 2007)	11.5	1.4
For the year ending March 31, 2009		
Current forecast announcement	30.7	1.3
(Reference) Actual financial results for previous period (Year ended March 31, 2008)	25.9	2.4

2. Analysis of Financial Condition

(1) Assets, Liabilities and Net Assets

As of March 31, 2008, **total assets** amounted to ¥4,977.4 billion, up 15.1% from March 31, 2007.

The principal reasons for this rise were increases to ¥2,930.4 billion in securities (up 10.6% from March 31, 2007), mostly Japanese government bonds, ¥895.6 billion in monetary trusts (up 24.7%), ¥424.8 billion in call loans and bills bought (up 27.8%) and ¥455.7 billion in loans (up 19.5%).

Total liabilities amounted to ¥4,715.8 billion, up 16.3% from March 31, 2007. One of the largest components of liabilities, policy reserve and others, increased 9.4% from the end of the previous fiscal year, to ¥3,454.1 billion. Also, deposits came to ¥1,143.4 billion, up 52.0%.

Total net assets amounted to ¥261.6 billion, down 3.2% from March 31, 2007. Of this amount, net unrealized gains on other securities, net of taxes, were ¥74.9 billion on March 31, 2008, down ¥50.1 billion from March 31, 2007, owing to a market downturn.

(2) Cash Flows

Net cash provided by operating activities was ¥445.4 billion. Major factors included inflows from a net increase in deposits and, an increase in insurance reserves which exceeded outflows from a net increase in call loans and bills bought.

Net cash used in investing activities was ¥605.2 billion. The primary reason was an increase in payments for purchases of securities, exceeding proceeds from sale and redemption of securities.

Net cash provided by financing activities was ¥22.3 billion. This amount represents ¥28.8 billion received from the issuance of common stock in line with the October 2007 listing of SFH's shares on the Tokyo Stock Exchange, less ¥6.5 billion in cash dividends paid.

As a result of the above factors, cash and cash equivalents at March 31, 2008, were ¥136.1billion, down ¥137.5 billion from March 31, 2007.

(3) Net Asset Ratio

	As of March 31, 2007	**As of March 31, 2008**
Net asset ratio	6.1%	**5.3%**
Net asset ratio based on market value	—	**17.6%**

Notes: 1. Net asset ratio: stockholder's equity/total assets x 100
2. Net asset ratio based on market value: total market capitalization/total assets x 100.
This ratio does not apply as of March 31, 2007, as SFH was not listed as of that date.

3. Basic Policy on Returns to Stockholders and Dividends for the Fiscal Years to March 31, 2008 and 2009

SFH considers the steady increase in returns to its stockholders, as well as an increasing return on equity, among its most important management tasks.

SFH's basic policy on returning profits to its stockholders is to ensure stable dividends to stockholders while ensuring the high level of financial soundness that is necessary to maintain the trust of existing customers and attract new ones, as well as securing sufficient retained earnings for future business development.

In keeping with the basic policy outlined above, we expect to pay an annual dividend of ¥3,000 per share for the fiscal year ended March 31, 2008. We also expect to pay cash dividends of ¥3,000 per share for the fiscal year ending March 31, 2009.

With regard to timing, dividend payment will proceed following resolution of the general meeting of shareholders, as in the past, with the fiscal year-end as the record date.

4. Information Concerning Significant Subsidiaries

Below, we describe the operating performance for the fiscal year ended March 31, 2008 (April 1, 2007 through March 31, 2008) of SFH's significant subsidiaries: Sony Life Insurance Co., Ltd. (Sony Life), Sony Assurance Inc. (Sony Assurance) and Sony Bank Inc. (Sony Bank). Sony Life, Sony Assurance and Sony Bank each separately announce their own results; please refer to the individual companies' websites for more detailed information.

■ Sony Life (Non-Consolidated)

On a non-consolidated basis, Sony Life posted a 7.5% increase in ordinary revenues compared with the preceding fiscal year, to ¥741.2 billion, as the amount of insurance in force remained robust, boosting income from insurance premiums, and general account investment income also increased. Ordinary profit increased 163.8% compared with the preceding fiscal year, to ¥39.2 billion, owing to such factors as the absence of an increase in the current fiscal year of the provision for policy reserve as was incurred in the preceding fiscal year, in addition to an increase in gains from general account asset investment. Net income grew 147.1%, to ¥18.5 billion. Core profit amounted to ¥23.5 billion, declining 3.3% from the preceding fiscal year, owing primarily to higher operating expenses.

Income from insurance premiums grew 7.1% compared with the preceding fiscal year, to ¥648.4 billion, as the amount of insurance in force increased. Compared with the preceding fiscal year, investment income increased 11.1%, to ¥87.4 billion. On the other hand, investment expenses rose 754.0%, to ¥69.8 billion, reflecting deterioration of market environment, owing to impairment losses in mainly domestic shares in general account and higher investment losses on assets held in separate accounts such as domestic shares, convertible bonds and foreign currency denominated marketable securities. Consequently, net investment income—the sum of the general and separate accounts—fell 75.1%, to ¥17.5 billion. Insurance claims and other payments increased 9.9% compared with the preceding fiscal year, to ¥241.1 billion. Operating expenses rose 8.1%, to ¥94.3 billion.

Policy amount in force, which is the total policy amount in force for individual life insurance and individual annuities, grew steadily during the period. Policy amount in force was up 4.1% from March 31, 2007, to ¥31,497.3 billion. The lapse and surrender rate was up 0.33 percentage point compared with the preceding fiscal year, to 6.12%. Annualized premiums from insurance in force rose 5.0% from March 31, 2007, to ¥530.0 billion. Of this amount, the amount attributable to third-sector products rose 4.6%, to ¥122.8 billion.

New insurance sales, which is the total policy amount for new sales of individual life insurance and individual annuities, rose 10.9% compared with the preceding fiscal year, to ¥3,802.5 billion. Annualized premiums from new insurance sales fell 3.2% compared with the preceding fiscal year, to ¥63.4 billion, owing primarily to slower sales of third-sector products. Of this amount, for third-sector products annualized premiums from new insurance sales fell 7.7%, to ¥13.3 billion.

Net unrealized gains on securities dropped 35.5% from March 31, 2007, to ¥127.8 billion.

(1) Principal Income and Expense Items

(Millions of yen, unless otherwise indicated)

	For the year ended March 31, 2007	**For the year ended March 31, 2008**	Change in amount (%) or change in percentage (pt)
Ordinary revenues	689,591	**741,250**	+7.5
Ordinary profit	14,895	**39,290**	+163.8
Core profit	24,366	**23,571**	(3.3)
Negative spread (Billions of yen)	37.3	**26.7**	(28.4)
Net income	7,494	**18,514**	+147.1
Income from insurance premiums	605,561	**648,406**	+7.1
Investment income	78,722	**87,493**	+11.1
Insurance claims and other payments	219,347	**241,106**	+9.9
Investment expenses	8,184	**69,895**	+754.0
Operating expenses	87,328	**94,367**	+8.1
Lapse and surrender rate (%) (Note)	5.79	**6.12**	+0.33pt

Note: The lapse and surrender rate is calculated without offsetting policies that are reinstated.

(Millions of yen)

	As of March 31, 2007	**As of March 31, 2008**	Change in amount (%) or change in percentage (pt)
Total assets	3,445,970	**3,659,786**	+6.2
Real net worth	645,550	**612,079**	(5.2)
Solvency margin ratio (%)	1,852.0	**1,747.9**	(104.1)pt
Net unrealized gains on securities	198,259	**127,858**	(35.5)

(2) Insurance in Force

Based on Policy Amount

(Billions of yen)

	As of March 31, 2007	**As of March 31, 2008**	Change (%)
Individual insurance products	30,038.1	**31,237.0**	+4.0
Individual annuity products	206.3	**260.2**	+26.1
Total	30,244.4	**31,497.3**	+4.1

Note: Total policy amount in force is equal to the sum of (a) the funds to be held at the time annuity payments are to commence for policies for which annuity payments have not yet commenced and (b) the amount of policy reserve for policies for which payments have commenced.

Based on Number of Policies

(Thousands of policies)

	As of March 31, 2007	**As of March 31, 2008**	Change (%)
Individual insurance products	4,109	**4,392**	+6.9
Individual annuity products	35	**45**	+26.8
Total	4,145	**4,438**	+7.4

(3) New Insurance Sales

Based on Policy Amount

(Billions of yen)

	For the year ended March 31, 2007	**For the year ended March 31, 2008**	Change (%)
Individual insurance products	3,396.8	**3,744.6**	+10.2
Individual annuity products	32.5	**57.9**	+77.7
Total	3,429.4	**3,802.5**	+10.9

Note: Amounts for individual annuity products indicate the funds to be held at the time annuity payments are to commence.

Based on Number of Policies

(Thousands of policies)

	For the year ended March 31, 2007	**For the year ended March 31, 2008**	Change (%)
Individual insurance products	510	**514**	+0.6
Individual annuity products	6	**10**	+65.8
Total	517	**524**	+1.4

(4) Annualized Premiums

Insurance in Force

(Millions of yen)

	As of March 31, 2007	**As of March 31, 2008**	Change (%)
Individual insurance products	497,570	**521,197**	+4.7
Individual annuity products	7,121	**8,814**	+23.8
Total	504,691	**530,011**	+5.0
Of which, medical protection, living benefit protection, etc.	117,466	**122,854**	+4.6

New Insurance Sales

(Millions of yen)

	For the year ended March 31, 2007	**For the year ended March 31, 2008**	Change (%)
Individual insurance products	64,204	**61,250**	(4.6)
Individual annuity products	1,337	**2,225**	+66.4
Total	65,541	**63,475**	(3.2)
Of which, medical protection, living benefit protection, etc.	14,479	**13,358**	(7.7)

Notes: 1. Annualized premiums refer to an amount that is calculated by multiplying individual premium amounts by a coefficient that differs depending on the premium payment methods, thereby converting the figure to a per-year premium. (For single-payment policies, premiums are divided by the coverage period.)

2. Medical protection and living benefit protection products include products with medical protection benefits (hospitalization benefits, surgical procedure benefits, etc.) and products with living benefit protection (benefits for specific illnesses, nursing care benefits, etc.).

■ Sony Assurance

Sony Assurance posted a 9.1% increase in ordinary revenues compared with the preceding fiscal year, to ¥55.6 billion, primarily due to favorable performance in its mainstay automobile insurance, which raised net premiums written. As a result of the increase in ordinary revenues, together with an improved net loss ratio compared with the preceding fiscal year, ordinary profit rose37.8% compared with the preceding fiscal year, to ¥2.8 billion. Net income rose 36.7% compared with the preceding fiscal year, to ¥2.1 billion.

In terms of insurance underwriting, direct premiums written grew 9.0% compared with the preceding fiscal year, to ¥54.6 billion, in line with a rise in the number of automobile insurance policies. Net premiums written grew 9.0% compared with the preceding fiscal year, to ¥55.0 billion. In tandem with the increase in number of policies, net losses paid increased 8.6%, to ¥26.2 billion. As a result, the net loss ratio improved 0.1 percentage point compared with the preceding fiscal year, to 53.5%. The net expense ratio worsened 0.4 percentage point, to 26.7%, owing to increases in system-related expenses. Consequently, underwriting profits amounted to ¥2.2 billion, and the combined ratio (the sum of the net loss ratio and the net expense ratio) worsened 0.4 percentage point compared with the preceding fiscal year, to 80.3%.

(1) Principal Income and Expense Items

(Millions of yen)

	For the year ended March 31, 2007	**For the year ended March 31, 2008**	Change in amount (%) or change in percentage (pt)
Ordinary revenues	51,020	55,649	+9.1
Ordinary profit	2,044	2,817	+37.8
Net income	1,598	2,185	+36.7
Net loss ratio (%)	53.6	53.5	(0.1)pt
Net expense ratio (%)	26.3	26.7	+0.4pt
Underwriting profits	1,610	2,277	+41.4

(Millions of yen)

	As of March 31, 2007	**As of March 31, 2008**	Change in amount (%) or change in percentage (pt)
Total assets	67,468	78,645	+16.6
Solvency margin ratio (%)	1,009.7	1,073.9	+64.2pt

(2) Direct Premiums Written

(Millions of yen)

Type of policy	For the year ended March 31, 2007	**For the year ended March 31, 2008**	Change (%)
Fire	174	**273**	+56.9
Marine	—	—	—
Personal accident	5,812	**6,315**	+8.7
Voluntary automobile	44,126	**48,053**	+8.9
Compulsory automobile liability	—	—	—
Total	50,112	**54,642**	+9.0

(3) Net Premiums Written

(Millions of yen)

Type of policy	For the year ended March 31, 2007	**For the year ended March 31, 2008**	Change (%)
Fire	12	**16**	+35.1
Marine	43	**52**	+20.3
Personal accident	5,947	**6,501**	+9.3
Voluntary automobile	43,931	**47,845**	+8.9
Compulsory automobile liability	532	**585**	+9.9
Total	50,467	**55,001**	+9.0

(4) Net Losses Paid

(Millions of yen)

Type of policy	For the year ended March 31, 2007	**For the year ended March 31, 2008**	Change (%)
Fire	0	**0**	(29.2)
Marine	21	**25**	+16.2
Personal accident	928	**1,205**	+29.7
Voluntary automobile	22,802	**24,546**	+7.7
Compulsory automobile liability	399	**447**	+12.3
Total	24,151	**26,225**	+8.6

■ Sony Bank (Non-Consolidated)

Sony Bank’s ordinary revenues increased 33.5% compared with the preceding fiscal year, to ¥25.9 billion, as a higher balance of mortgage loans resulted in increased interest on loans, leading to higher interest income, and a higher balance of deposits led to greater investment income. Owing to the rise in gross operating profit, ordinary profit increased 102.8% compared with the preceding fiscal year, to ¥2.7 billion. As a result of the above factors and an increase in deferred income taxes, Sony Bank’s net income increased substantially, to ¥4.4 billion.

Boosted by improvements in such factors as other banking activities and higher net interest income, gross operating profit grew 21.2% compared with the preceding fiscal year, to ¥10.9 billion. Breaking down gross operating profit, net interest income increased 11.3%, to ¥5.1 billion, as a result of a higher balance of invested assets through the expansion of operations. Net fees and commissions fell 27.8%, to ¥0.3 billion, owing to higher ATM fees and other service costs. Net other income increased 39.8%, to ¥5.4 billion, as market investment profit improved.

As of March 31, 2008, the balance of customer assets (the sum of total deposits and total investment trusts) was ¥1,247.3 billion, up ¥398.4 billion, or 46.9%, from March 31, 2007, largely due to an increase in the balance of yen time deposits. Total yen and foreign currency deposits grew ¥392.0 billion, or 52.1% compared to March 31, 2007, to ¥1,144.3 billion. As of March 31, 2008, investment trusts were up ¥6.4 billion compared with March 31, 2007, or 6.7%, to ¥102.9 billion, and loans were up ¥62.3 billion, or 21.9%, to ¥347.0 billion.

On March 31, 2008, total deposit accounts numbered 610 thousand, up 118 thousand from March 31, 2007. As of March 31, 2008, the bank's capital adequacy ratio, based on domestic criteria, was 9.15%.

(1) Principal Income and Expense Items

(Millions of yen)

	For the year ended March 31, 2007	**For the year ended March 31, 2008**	Change (%)
Ordinary revenues	19,470	**25,988**	+33.5
Ordinary profit	1,354	**2,746**	+102.8
Net income	1,023	**4,492**	+338.9
Gross operating profit	9,056	**10,980**	+21.2
Net interest income	4,588	**5,105**	+11.3
Net fees and commissions	551	**398**	(27.8)
Net other operating income	3,916	**5,476**	+39.8
General and administrative expenses	7,665	**8,145**	+6.3
Net operating profit	1,366	**2,826**	+106.8

	As of March 31, 2007	**As of March 31, 2008**	Change in amount (%) or change in percentage (pt)
Total assets	806,848	**1,211,000**	+50.1
Capital adequacy ratio (domestic criteria) (%)	11.49	**9.15**	(2.34) pt

(2) Customer Assets (Total of Deposits and Investment Trusts) and Number of Accounts

(Billions of yen)

	As of March 31, 2007	**As of March 31, 2008**	Change(%)
Deposits	752.3	**1,144.3**	+52.1
Yen deposits	604.4	**892.6**	+47.7
Foreign currency deposits	147.8	**251.7**	+70.2
Investment trusts	96.5	**102.9**	+6.7
Customer assets	848.8	**1,247.3**	+46.9
Number of accounts (thousands)	491	**610**	+24.2

(3) Loans

(Billions of yen)

	As of March 31, 2007	**As of March 31, 2008**	Change (%)
Mortgage loans	278.0	**338.8**	+21.9
Other	6.6	**8.1**	+22.1
Total	284.7	**347.0**	+21.9

II. Status of the Corporate Group

On April 1, 2004, SFH was established as a financial holding company (an insurance holding company and a bank holding company) through a corporate separation from Sony Corporation. On October 11, 2007, SFH listed its common stock on the First Section of the Tokyo Stock Exchange, soliciting share purchases from Japanese and overseas investors. As of March 31, 2008, Sony Corporation owned 60% of SFH's shares.

As of March 31, 2008, the SFH Group included as direct subsidiaries Sony Life, Sony Assurance and Sony Bank, and as indirect subsidiaries Sony Life Insurance (Philippines) Corporation, a subsidiary of Sony Life, and Sony Bank Securities Inc., a subsidiary of Sony Bank. In addition, SFH acquired from Sumitomo Mitsui Banking Corporation its 12% holding of Sony Bank shares. These shares were transferred in March 2008, making SFH the sole owner of Sony Bank and turning Sony Bank into a wholly owned subsidiary of SFH.

- Sony Financial Holdings Inc. (oversees the operations of its subsidiaries and undertakes related duties)

  Directly Held and Indirectly Held Subsidiaries

  <Life insurance business>

  ■Sony Life Insurance Co., Ltd. (Wholly owned by SFH)

  ■Sony Life Insurance (Philippines) Corporation (Wholly owned by Sony Life)

  <Non-life insurance business>

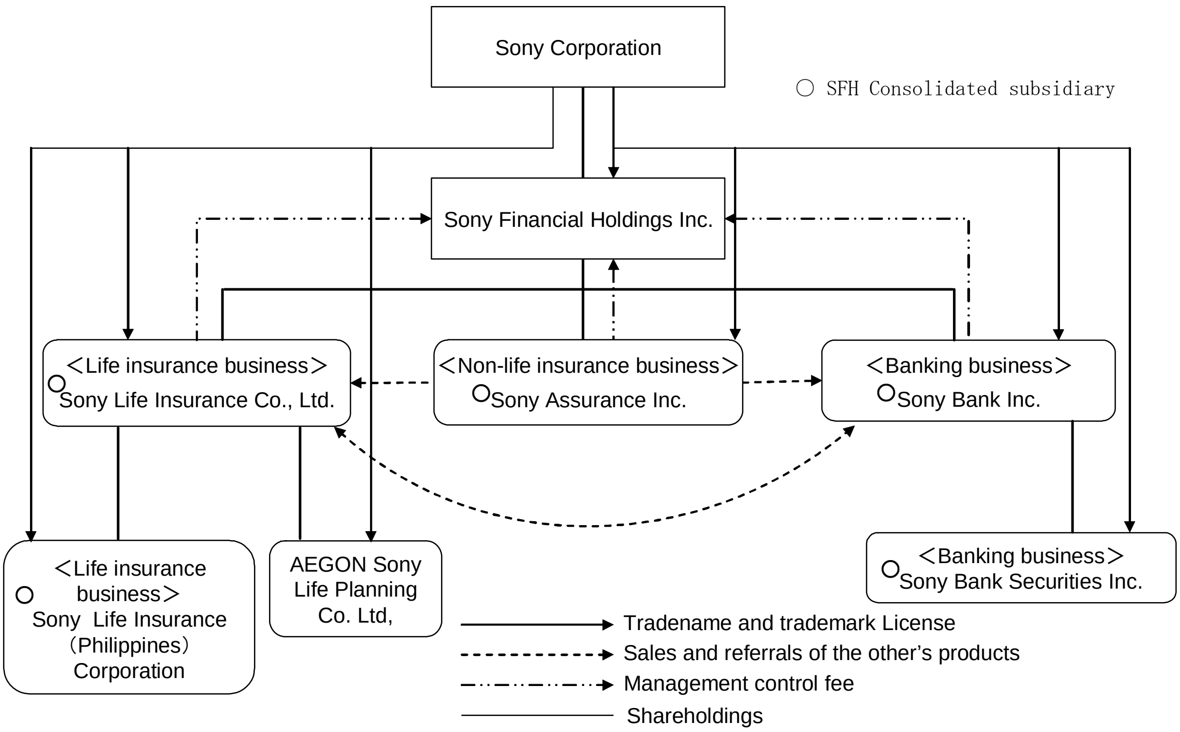
  ■Sony Assurance Inc. (Wholly owned by SFH)

  <Banking business>

  ■Sony Bank Inc. (Wholly owned by SFH)

  ■Sony Bank Securities Inc. (Wholly owned by Sony Bank)

[Organizational chart] (As of March 31, 2008)



Note: In August 2007, AEGON Sony Life Planning Co., Ltd. was established as an affiliate of Sony Life (a fifty-fifty joint venture by Sony Life of Japan and AEGON INTERNATIONAL B.V. of the Netherlands). AEGON Sony Life Planning Co., Ltd. is not included as an equity-method affiliate in the scope of consolidation in the fiscal year ended March 31, 2008.

III. Management Policies

1. Company's Basic Management Policies

Basic Management Policies

The SFH Group positions its corporate vision and philosophy as the basic policy for setting management strategy and expediting management decision-making. The Group's corporate vision and philosophies are described below.

a. Corporate Vision

The SFH Group aims to integrate the diverse functions that are inherent to financial services, offer high-value-added products and quality services that meet individual customers' economic needs, and become one of Japan's most trusted financial services groups.

b. Corporate Philosophy

(Customer-Oriented)

We consider each customer's input carefully and provide services to their satisfaction, striving to help them lead lives that are abundant and trouble-free.

(Contributing to Society)

We understand that financial services businesses have a certain public nature. As we pursue our vision, we contribute to society by maintaining high ethical standards and levels of responsibility. We also fulfill our other obligations as a member of society and a good corporate citizen.

(Pursuing Originality)

We always generate ideas from the fundamentals, and pursue originality and innovation while remaining unfettered by convention.

(Corporate Culture with a Spirit of Freedom and Open-Mindedness)

Our ideal for the financial services business recognizes the importance of each employee's contribution. Our corporate culture features a spirit of freedom and open-mindedness and takes full advantage of individuality and ability.

2. Key Management Benchmarks

In addition to such key accounting indicators as consolidated ordinary revenues, consolidated ordinary profit and consolidated net income, SFH closely follows consolidated adjusted ROE as one of its management benchmarks.

SFH's consolidated adjusted ROE for the year ended March 31, 2008, was -5.7%, down 20.9 percentage points from the preceding fiscal year.

(Reference)

Adjusted ROE for SFH's principal subsidiaries were as follows.

Adjusted ROE for Sony Life (non-consolidated):

-6.9% (down 22.6 percentage points from the preceding fiscal year)

Adjusted ROE for Sony Assurance:

17.2% (up 1.1 percentage points from the preceding fiscal year)

ROE for Sony Bank (non-consolidated):

12.4% (up 9.5 percentage points from the preceding fiscal year)

Consolidated adjusted ROE is calculated as follows.

■ Consolidated adjusted ROE = consolidated adjusted profit ÷ consolidated adjusted capital

Consolidated adjusted profit is calculated as the sum of the following:

1) Sony Life: The amount of increase in Sony Life's embedded value (adjusted net worth plus value of in force business) during the fiscal year plus dividends paid by Sony Life with respect to that fiscal year;
2) Sony Assurance: The net income of Sony Assurance plus its provision for special catastrophe reserve and its provision for reserve for price fluctuations, in each case after taxes; and
3) Sony Bank: Net income of Sony Bank.

Consolidated adjusted capital is calculated as the sum of the following:

1) Sony Life: The embedded value of Sony Life as of the beginning of the fiscal year less dividends paid by Sony Life with respect to that fiscal year plus the embedded value of Sony Life as of the end of the fiscal year, divided by two;
2) Sony Assurance: The net assets of Sony Assurance as of the beginning of the fiscal year plus the sum of its special catastrophe reserve and its reserve for price fluctuations, in each case after taxes, plus the net assets of Sony Assurance as of the end of the fiscal year plus the sum of its special catastrophe reserve and its reserve for price fluctuations, in each case after taxes, divided by two; and
3) Sony Bank: The net assets of Sony Bank as of the beginning of the fiscal year plus the net assets of Sony Bank as of the end of the fiscal year, divided by two.

Consolidated adjusted profit and consolidated adjusted capital take into consideration dividends from the group subsidiaries and other special factors.

3. Medium- to Long-Term Management Strategies

The SFH Group aims to maximize the corporate value of the Group over the medium to long term by implementing the management strategies outlined below.

(a) Sustainable and Stable Growth of Group Companies

Sony Life: Sony Life provides detailed tailored consulting and follow-up services through life insurance professionals—Lifeplanner sales employees and Partners (independent agencies)—who have broad-ranging expertise and extensive experience in such areas as economics, finance and taxation. Sony Life strives to strengthen its capabilities and hone its competitive edge in the individual life insurance market by providing value in a way that only Sony Life can.

Sony Assurance: Drawing on the strengths of its position as a direct insurance provider that communicates with customers primarily via the telephone and the Internet, Sony Assurance strives to interact directly with each of its customers. By precisely understanding customer opinions and needs, and providing products and services from a customer from a customer viewpoint, the company is increasing its income from insurance premiums through focused activity and by offering reasonably priced insurance premiums.

Sony Bank: Sony Bank is an Internet bank focused on the needs of individual customers. By maximizing information technologies, the bank works to provide fair and highly convenient financial products and services. By ensuring its trustworthiness in such ways, the bank is working to expand its operations further.

(b) Fostering Synergy among Group Companies

In addition to the growth of each company within the Group, we seek to enhance synergies among the companies of the SFH Group. Such efforts include the joint offering of products and services, the sharing of distribution channels and infrastructure and other forms of collaboration. By increasing intra-group synergies, SFH aims to offer customers attractive and high-value-added products and services that are unmatched by conventional financial institutions.

(c) Expanding into New Business Fields, Outside the Existing Framework

Through the growth of Group companies and increased synergies within the Group, we aim to move beyond the existing framework of the SFH Group. We are examining active advancements into new business fields that will raise our corporate value even further.

4. Tasks Ahead for the Company

The SFH Group aims to realize its corporate vision and ensure stable growth in corporate value by aggressively addressing the following issues.

(a) Growing the three major businesses

Sony Life, Sony Assurance and Sony Bank have differentiated themselves from their competitors by following business models that are clearly distinct and providing individual customers with highly rational and convenient products and services. We will promote the ongoing growth of each of these companies by emphasizing their individual advantages, thereby further entrenching their presence in their respective markets.

(b) Fostering cross-selling and other Group synergies

The easing of financial market restrictions has encouraged various companies to forge alliances that aim to market financial products targeting individuals. In the past, SFH has encouraged intra-Group liaisons, such as through the sale of Sony Assurance’s automobile insurance and Sony Bank’s mortgage loans by Sony Life’s Lifeplanner sales employees. In the future we will encourage even greater business cooperation by promoting efficient cultivation of new customers and cross-selling, to enhance the SFH Group’s corporate value.

(c) Expanding into new fields of business

In the event that providing financial products and services outside our current scope of business proves necessary to realize the SFH Group’s corporate vision, we will consider aggressive moves to expand into new fields of business. We will pursue such new business to diversify and expand our sources of revenues and profits, as well as to heighten the SFH Group’s market presence.

Consolidated Financial Statements

1. Consolidated Balance Sheets

(Yen in millions)

	As of March 31, 2007	As of March 31, 2008	Increase(Decrease)
Assets:			
Cash and due from banks	40,996	60,058	19,062
Call loans and bills bought	332,459	424,868	92,409
Monetary trusts	718,492	895,672	177,179
Securities	2,649,768	2,930,441	280,673
Loans	381,522	455,763	74,240
Tangible fixed assets	88,574	84,451	(4,122)
Intangible fixed assets	8,593	16,412	7,818
Due from agencies	0	-	(0)
Due from reinsurers	496	256	(239)
Foreign exchanges	4,156	1,683	(2,472)
Other assets	95,351	101,229	5,878
Deferred tax assets	3,599	6,937	3,338
Reserve for possible loan losses	(230)	(327)	(96)
Total assets	4,323,780	4,977,450	653,669
Liabilities:			
Reserve for outstanding claims	29,920	31,653	1,733
Policy reserve	3,125,118	3,418,006	292,888
Reserve for policyholders' dividends	2,597	4,506	1,909
Due to agencies	1,415	1,308	(106)
Due to reinsurers	934	926	(8)
Deposits	752,366	1,143,476	391,110
Call money and bills sold	10,000	10,000	-
Foreign exchanges	0	0	0
Other liabilities	75,367	62,530	(12,837)
Reserve for employees' bonuses	1,906	2,240	333
Reserve for employees' retirement benefits	11,212	11,920	708
Reserve for directors' retirement benefits	241	252	10
Reserve for price fluctuations and others	20,908	24,136	3,228
Deferred tax liabilities	20,904	4,156	(16,748)
Deferred tax liabilities on land revaluation	706	706	-
Total liabilities	4,053,601	4,715,822	662,221
Net assets:			
Common stock	5,500	19,900	14,400
Capital surplus	180,877	195,277	14,400
Retained deficits	(44,173)	(26,417)	17,755
Total shareholders' equity	142,203	188,759	46,555
Net unrealized gains on other securities, net of taxes	125,043	74,902	(50,140)
Net deferred losses on hedging instruments, net of taxes	(408)	(1,345)	(937)
Land revaluation, net of taxes	(1,475)	(1,475)	-
Foreign currency translation adjustments	390	786	396
Total valuation and translation adjustments	123,549	72,868	(50,681)
Minority interests	4,425	-	(4,425)
Total net assets	270,179	261,627	(8,551)
Total liabilities and net assets	4,323,780	4,977,450	653,669

2. Consolidated Statements of Income

(Yen in millions)

	For the year ended March 31, 2007	For the year ended March 31, 2008	Increase(Decrease)
Ordinary revenues	759,280	822,153	62,872
Ordinary revenues from the life insurance business:			
Income from insurance premiums	605,051	648,178	43,126
Investment income	78,928	87,542	8,613
Other ordinary income	4,874	4,875	1
Ordinary revenues from the non-life insurance business:			
Underwriting income	50,495	55,036	4,540
Investment income	464	572	107
Other ordinary income	27	16	(11)
Ordinary revenues from the banking business:			
Interest income	12,763	17,162	4,398
Fees and commissions	1,587	1,753	166
Other operating income	5,065	7,001	1,935
Other ordinary income	21	15	(6)
Ordinary expenses	740,926	777,653	36,726
Ordinary expenses from the life insurance business:			
Insurance claims and other payments	219,352	241,114	21,761
Provision for policy reserve and others	349,666	286,271	(63,395)
Investment expenses	8,231	69,903	61,671
Operating expenses	87,270	94,189	6,919
Other ordinary expenses	10,300	10,578	277
Ordinary expenses from the non-life insurance business:			
Underwriting expenses	36,166	38,634	2,468
Investment losses	3	5	2
Operating, general and administrative expenses	12,392	13,763	1,371
Other ordinary expenses	48	16	(31)
Ordinary expenses from the banking business:			
Interest expenses	8,174	12,045	3,870
Fees and commissions	445	1,049	603
Other operating expenses	1,149	1,524	375
General and administrative expenses	7,665	8,411	746
Other ordinary expenses	58	144	85
Ordinary profit	18,354	44,500	26,146
Extraordinary gains	334	2	(332)
Extraordinary losses	1,146	3,820	2,674
Provision for reserve for policyholders’ dividends	2,057	3,159	1,102
Income before income taxes	15,485	37,522	22,037
Income taxes - Current	20,270	6,690	(13,579)
- Deferred	(14,929)	6,078	21,007
Minority interests	(123)	(497)	(374)
Net income	10,021	24,255	14,234

3. Consolidated Statements of Changes in Net Assets

For the year ended March 31, 2007 (Yen in millions)

	Shareholder's equity				
	Common stock	Capital surplus	Retained deficits	Treasury stock	Total shareholder's equity
Balance as of March 31, 2006	5,500	180,877	(47,694)	-	138,682
Changes during the period					
Dividends from surplus	-	-	(6,500)	-	(6,500)
Net income	-	-	10,021	-	10,021
Net changes other than shareholder's equity	-	-	-	-	-
Total changes during the period	-	-	3,521	-	3,521
Balance as of March 31, 2007	5,500	180,877	(44,173)	-	142,203

	Valuation and translation adjustments					Minority interests	Total net assets
	Net unrealized gains on other securities, net of taxes	Net deferred losses on hedging instruments, net of taxes	Land revaluation, net of taxes	Foreign currency translation adjustments	Total valuation and translation adjustments		
Balance as of March 31, 2006	125,720	-	(1,475)	113	124,358	4,165	267,206
Changes during the period							
Dividends from surplus	-	-	-	-	-	-	(6,500)
Net income	-	-	-	-	-	-	10,021
Net changes other than shareholder's equity	(676)	(408)	-	276	(808)	259	(548)
Total changes during the period	(676)	(408)	-	276	(808)	259	2,972
Balance as of March 31, 2007	125,043	(408)	(1,475)	390	123,549	4,425	270,179

For the year ended March 31, 2008 (Yen in millions)

	Shareholders' equity				
	Common stock	Capital surplus	Retained deficits	Treasury stock	Total shareholders' equity
Balance as of March 31, 2007	5,500	180,877	(44,173)	-	142,203
Changes during the period					
Issuance of common stock	14,400	14,400	-	-	28,800
Dividends from surplus	-	-	(6,500)	-	(6,500)
Net income	-	-	24,255	-	24,255
Net changes other than shareholders' equity	-	-	-	-	-
Total changes during the period	14,400	14,400	17,755	-	46,555
Balance as of March 31, 2008	19,900	195,277	(26,417)	-	188,759

	Valuation and translation adjustments					Minority interests	Total net assets
	Net unrealized gains on other securities, net of taxes	Net deferred losses on hedging instruments, net of taxes	Land revaluation, net of taxes	Foreign currency translation adjustments	Total valuation and translation adjustments		
Balance as of March 31, 2007	125,043	(408)	(1,475)	390	123,549	4,425	270,179
Changes during the period							
Issuance of common stock	-	-	-	-	-	-	28,800
Dividends from surplus	-	-	-	-	-	-	(6,500)
Net income	-	-	-	-	-	-	24,255
Net changes other than shareholders' equity	(50,140)	(937)	-	396	(50,681)	(4,425)	(55,106)
Total changes during the period	(50,140)	(937)	-	396	(50,681)	(4,425)	(8,551)
Balance as of March 31, 2008	74,902	(1,345)	(1,475)	786	72,868	-	261,627

4. Consolidated Statements of Cash Flows

(Yen in millions)

	For the year ended March 31, 2007	For the year ended March 31, 2008	Increase(Decrease)
Cash flows from operating activities:			
Income before income taxes	15,485	37,522	22,037
Depreciation and amortization	4,683	5,512	829
Impairment losses	0	125	125
Increase in policy reserve and others	359,544	297,771	(61,772)
Interest income and dividends	(47,714)	(65,973)	(18,259)
(Gains) losses on securities	(31,972)	31,615	63,588
Interest expenses	8,182	12,061	3,879
Net (increase) decrease in loans	(45,245)	(62,352)	(17,107)
Net increase (decrease) in deposits	152,587	390,559	237,972
Net (increase) decrease in call loans and bills bought	(82,885)	(249,509)	(166,624)
Net increase (decrease) in call money and bills sold	(100,700)	-	100,700
Others, net	(1,653)	14,076	15,729
Subtotal	230,312	411,410	181,097
Interest and dividends received	52,737	64,653	11,915
Interest paid	(7,105)	(9,947)	(2,841)
Policyholders’ dividends paid	(1,048)	(1,264)	(215)
Income taxes paid	(16,724)	(19,398)	(2,674)
Net cash provided by operating activities	258,171	445,452	187,281
Cash flows from investing activities:			
Investments in monetary trusts	(127,015)	(177,263)	(50,248)
Proceeds from sale of monetary trusts	61,700	-	(61,700)
Purchases of securities	(659,994)	(1,544,414)	(884,420)
Proceeds from sale and redemption of securities	661,927	1,152,322	490,394
Investments in loans	(49,602)	(44,140)	5,461
Collections of loans	40,002	32,673	(7,329)
Others, net	(500)	(6,364)	(5,864)
Subtotal	(73,482)	(587,187)	(513,705)
Purchases of tangible fixed assets	(10,148)	(4,981)	5,166
Proceeds from sale of tangible fixed assets	1	0	(0)
Purchases of intangible fixed assets	(3,586)	(6,361)	(2,774)
Purchase of securities of a consolidated subsidiary	-	(6,750)	(6,750)
Net cash used in investing activities	(87,215)	(605,280)	(518,064)
Cash flows from financing activities:			
Proceeds from issuance of stock	-	28,800	28,800
Cash dividends paid	(6,500)	(6,500)	-
Net cash provided by (used in) financing activities	(6,500)	22,300	28,800
Effect of exchange rate changes on cash and cash equivalents	41	(45)	(87)
Net increase (decrease) in cash and cash equivalents	164,496	(137,573)	(302,070)
Cash and cash equivalents at beginning of the fiscal year	109,263	273,760	164,496
Cash and cash equivalents at end of the fiscal year	273,760	136,186	(137,573)

Note:
Cash flows from investing activities include cash flows from lending operations of the insurance business.

Notes to the Consolidated Financial Statements

1. Summary of Significant Accounting Policies

Principles of Consolidation -

(1) Scope of consolidation

Number of consolidated subsidiaries: 5

Consolidated subsidiaries: Sony Life Insurance Co., Ltd., Sony Life Insurance (Philippines) Corporation, Sony Assurance Inc., Sony Bank Inc., Sony Bank Securities Inc.

(2) Application of the equity method

Unconsolidated subsidiaries and affiliates accounted for by the equity method: Not applicable
Unconsolidated subsidiaries and affiliates that are not accounted for by the equity method:
AEGON Sony Life Planning Co., Ltd. is excluded from the scope of equity method because its net income and retained earnings are so immaterial that excluding it from the scope of equity method does not hinder a rational judgment of SFH's financial position and results of operations.

(3) Fiscal year-end of consolidated subsidiaries

The financial statements of Sony Life Insurance (Philippines) Corporation are prepared with a fiscal year-end of December 31. Appropriate adjustments are made for material transactions between December 31 and March 31, the date of the consolidated financial statements of SFH. All other subsidiaries prepare their respective financial statements as of March 31, the same date as the consolidated financial statements of SFH.

(4) Valuation of assets and liabilities of consolidated subsidiaries

Certain assets and liabilities of consolidated subsidiaries are computed at fair value as of the respective dates when the subsidiaries were initially consolidated.

(5) Amortization of goodwill

Goodwill is amortized using the straight-line method over five years.

Securities -

Securities are stated in the following manner: Securities held for trading purposes (”trading securities”) are stated at fair value with unrealized gains and losses charged to income. The cost of such securities sold is determined by the moving-average method. Held-to-maturity securities are stated at amortized cost (straight-line method) using the moving-average method. Investment in affiliates that are not accounted for by the equity method are stated at acquisition cost calculated using the moving-average method. Other securities designated as available-for-sale securities whose fair value is readily determinable are stated at fair value in the consolidated balance sheets based on market prices prevailing at each balance sheet date, with unrealized gains (losses), net of income taxes, included in net assets and acquisition costs calculated using the moving-average method. Other securities designated as available-for-sale securities whose fair value is not readily determinable are stated at amortized cost (straight-line method) or at acquisition cost based on the moving-average method.

Derivative financial instruments -

Derivative financial instruments are stated at fair value, with changes in fair value included in income for the period in which they arise, except for derivatives that are designated by SFH and its domestic subsidiaries (the “Companies”) as “hedging instruments”.

Hedge accounting -

SFH's banking subsidiary applies either deferred hedge accounting or fair value hedge accounting to account for transactions it enters into to hedge interest rate risks on financial assets and liabilities. SFH's banking subsidiary uses interest rate swaps to offset fluctuations in interest rates on fixed-rate loans by identifying the hedged items that are grouped based on their maturity, in accordance with “Accounting and Auditing Treatments on Application of Accounting Standard for Financial Instruments in the Banking Industry” (Industry Audit Committee of Japanese Institute of Certified Public Accountants No. 24). Interest rate swaps and others are used as hedging instruments to offset fluctuations in the fair value of fixed-rate bonds which are classified as other securities. Both of the above-mentioned hedging instruments are identified so that their significant terms are nearly identical to those of the hedged items. Accordingly, such hedges are considered as highly effective, resulting in a substitution for evaluating the effectiveness of the hedging transactions.

Tangible fixed assets -

All tangible fixed assets, including real estate for lease, are initially recorded at cost. Subsequent expenses related to asset improvements are capitalized or are recognized as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Companies and the cost of the item can be measured reliably.

All other repairs and maintenance charges are charged to income when incurred.
Depreciation is generally computed by the straight-line method for buildings and by the declining-balance method for other property and equipment over the estimated useful lives of the assets, as follows:

Buildings	4 to 45 years
Other property and equipment	2 to 20 years

In accordance with revisions to the Japanese corporation tax law, the depreciation method for tangible fixed assets has been changed. Starting from April 1, 2007, tangible fixed assets acquired on and after April 1, 2007 are depreciated fully to their memorandum values, or ¥1. This change has had only a minor impact on SFH's results of operations.

In accordance with the revised Japanese corporation tax law, depreciation of the remaining book value of tangible fixed assets acquired on and before March 31, 2007 and depreciated up to the depreciable amount is computed using the straight-line method over a period of 5 years. This change has had only a minor impact on SFH's results of operations.

Software for internal use -

Software for internal use is amortized using the straight-line method mainly over 5 years, its estimated useful life.

Reserve for possible loan losses -

The reserve for possible loan losses is calculated by the Companies in accordance with self-assessment guidelines and write-off and reserve guidelines established at each subsidiary. With respect to loans to borrowers subject to bankruptcy, court-guided rehabilitation or similar legal or formal proceedings, the Companies provide a specific reserve in the amount of the loan balance less amounts collectable from collateral, guarantees and other means. For other loans, the Companies provide a general reserve by applying the historical loan loss ratio determined over certain periods. Each loan is subject to asset assessment by the operational department of the relevant company in accordance with its self-assessment guidelines, and the results of the assessment are reviewed by the respective internal audit departments, which are independent from the operational departments, before the amount of reserve is finalized.

Reserve for employees' bonuses -

The reserve for employees' bonuses is provided for the estimated amount of bonuses the Companies are required to pay for services provided during the current fiscal year.

Reserve for employees' retirement benefits -

The reserve for employees' retirement benefits is provided for the payment of retirement benefits to employees, in the amount deemed accrued at the fiscal year-end, based on the projected retirement benefit obligation and the fair value of plan assets at the fiscal year-end. Unrecognized prior service cost is amortized using the straight-line method over 10 years within the employees' average remaining service period at incurrence. Unrecognized net actuarial gain (loss) is amortized using the straight-line method over 7 to 10 years within the employees' average remaining service period, commencing from the fiscal year immediately following incurrence. Unrecognized net obligation at transition is amortized using the straight-line method over 15 years.

Reserve for directors' retirement benefits -

The reserve for directors' and statutory auditors' retirement benefits is provided based on the internal regulations of SFH and its domestic subsidiaries and calculated at the amount that would be payable if all eligible directors and statutory auditors were to resign at the fiscal year-end.

Policy reserve -

Pursuant to the Insurance Business Law, SFH's domestic life insurance subsidiary maintains a policy reserve for the fulfillment of future obligations under life insurance contracts. The policy reserve is established by the net level premium method, which assumes a constant or level amount of net insurance premiums over the term of the relevant policy in calculating the amount of the reserve required to fund all future policy benefits. The net insurance premium is a portion of the premium covering insurance underwriting risk, which is estimated based on factors such as mortality rates, investment yield, surrender rates and other factors. The net level premium reserve for individual insurance contracts underwritten from fiscal year 1996 is calculated using mortality and interest rates set by the Financial Services Agency as standard policy reserve. Additionally, the net level premium reserve for individual insurance contracts underwritten before fiscal year 1996 is calculated using mortality and interest rates approved by the supervisor of insurance business in Japan.

Reserve for price fluctuations -

Pursuant to requirements under the Insurance Business Law, the reserve for price fluctuations is provided for price fluctuations primarily related to stocks, bonds and foreign currency-denominated assets which are exposed to losses due to market price fluctuations. This reserve may only be used to reduce deficits arising from price fluctuations on those assets.

Translation of foreign currencies -

Assets and liabilities denominated in foreign currencies are translated into Japanese yen at the foreign exchange rates in effect at each balance sheet date, whereas components of net assets denominated in foreign currencies are translated at historical rates. The current year's profit and loss accounts are translated into yen using the average exchange rate for the fiscal year.

Lease transactions -

Finance leases that do not transfer ownership of the leased property to the lessee are accounted for as operating leases.

Land revaluation -

On March 31, 2002, SFH's domestic life insurance subsidiary revalued its land for operating purposes, as permitted by the Land Revaluation Law (Law No. 34, enacted March 31, 1998—the "Law"). The tax effect of the revaluation difference is accounted for differently, depending on whether there are gains or losses; when there is a loss, a valuation allowance is fully provided for the tax effect of the loss, and when there is a gain, the tax effect is recorded in "deferred tax liabilities on land revaluation." After excluding these amounts, the net revaluation difference is reported as "land revaluation" in net assets. The revaluation method stipulated by Article 3-3 of the Law was based on the land appraisal in conformity with Article 2-5 of the Law Enforcement Order related to the Law (Government Ordinance No. 119, effective from March 31, 1998).

Accounting for consumption taxes -

The consumption taxes received and paid by SFH and its domestic subsidiaries, excluding loss adjustment expenses and operating, general and administrative expenses of SFH's non-life insurance subsidiary, are not included in income and expenses. Under the Consumption Tax Law of Japan, the consumption taxes paid on property and equipment are not deductible from the consumption taxes received; they are recorded as "other assets" and amortized on a straight-line basis over 5 years. Other non-deductible consumption taxes are charged to income as incurred.

Application of consolidated tax provision -

Prior to the listing of SFH's shares on the Tokyo Stock Exchange, the consolidated tax provision, under which Sony Corporation is the parent company, was applied to SFH and its domestic subsidiaries wholly owned by Sony Corporation. As a listing of SFH's shares on the Tokyo Stock Exchange, SFH and its domestic subsidiaries ceased to be wholly-owned subsidiaries of Sony Corporation. As a result, starting from April 1, 2007, SFH and its domestic subsidiaries calculate their tax provision (benefit) based on the assumption that they are excluded from the consolidated tax system.

Cash and cash equivalents -

Cash equivalents consist of highly liquid investments without significant market risks, such as demand deposits and short-term investments with an original maturity of three months or less.

2. Segment Information

	Yen in millions					
	As of for the year ended March 31, 2008					
	Life insurance business	Non-life insurance business	Banking business	Total	Elimination	Consolidated
Ordinary revenues:						
External customers	740,596	55,625	25,931	822,153	-	822,153
Intersegment	744	23	47	815	(815)	-
Total	741,340	55,649	25,979	822,969	(815)	822,153
Ordinary expenses	702,263	52,831	23,577	778,673	(1,020)	777,653
Ordinary profit	39,077	2,817	2,401	44,296	204	44,500
Assets, depreciation and capital expenditure:						
Assets	3,660,554	78,645	1,210,555	4,949,755	27,695	4,977,450
Depreciation	4,195	576	672	5,444	8	5,452
Capital expenditure	4,223	2,599	1,234	8,057	27	8,085

The life insurance business consists of Sony Life Insurance Co., Ltd. and Sony Life Insurance (Philippines) Corporation, the non-life insurance business consists of Sony Assurance Inc., and the banking business consists of Sony Bank Inc. and Sony Bank Securities Inc.
The amount of unallocated ordinary expenses that are included in “elimination” for the year ended March 31, 2008 is ¥1,297 million, most of which are ordinary expenses of SFH.
The amount of unallocated corporate assets that are included in “elimination” for the year ended March 31, 2008 is ¥25,473 million, most of which are deposits of SFH.

3. Investments in Securities

The following provides fair value information on securities.

Trading securities:

Yen in millions	
March 31, 2008	
Consolidated balance sheet amount	Net valuation losses recorded in income
302,375	(55,462)

Held-to-maturity securities with fair values:

	Yen in millions			
	March 31, 2008			
	Consolidated balance sheet amount	Gross unrealized gains	Gross unrealized losses	Fair value
Bonds:				
Japanese government and municipal bonds	50,932	659	(36)	51,555
Japanese corporate bonds	4,996	83	(0)	5,079
Others	807	33	-	841
Total	56,737	776	(37)	57,476

Other securities with fair values:

	Yen in millions			
	March 31, 2008			
	Acquisition cost	Gross unrealized gains	Gross unrealized losses	Consolidated balance sheet amount
Bonds:				
Japanese government and municipal bonds	1,511,519	51,130	(7,092)	1,555,557
Japanese corporate bonds	476,018	17,168	(7,001)	486,184
Equity securities	126,286	49,364	(3,744)	171,906
Others	335,423	5,676	(14,620)	326,480
Total	2,449,248	123,339	(32,459)	2,540,128

Other securities sold during the period:

	Yen in millions
	For the year ended March 31, 2008
Sales	672,761
Gains on sales	24,826
Losses on sales	(2,765)

Other securities with no available fair values:

	Yen in millions
	March 31, 2008
Investment in affiates	1,000
Equity securities	4
Others	30,195
Total	31,199

The future redemption schedule of other securities with maturities and held-to-maturity securities as of March 31, 2008 is as follows:

	Yen in millions			
	1 year or less	More than 1 year to 5 years	More than 5 years to 10 years	Over 10 years
Bonds				
Japanese government and municipal bonds	38,797	138,283	992,668	436,739
Japanese corporate bonds	84,930	304,025	75,091	27,132
Others	48,958	149,190	88,047	47,250
Total	172,687	591,500	1,155,807	511,123

4. Investments in Monetary Trusts

The fair value information on monetary trusts is as follows:

Monetary trusts for trading purposes:

Yen in millions	
March 31, 2008	
Consolidated balance sheet amount	Net valuation gains recorded in income
63,203	(2,831)

Other monetary trusts:

	Yen in millions			
	March 31, 2008			
	Acquisition cost	Gross unrealized gains	Gross unrealized losses	Consolidated balance sheet amount
Other monetary trusts	804,405	31,990	(3,926)	832,469

Note: Jointly invested monetary trusts of ¥50 million are included in the table above.

5. Per Share Information

Net income per share is calculated based on the weighted-average number of shares of common stock outstanding during the fiscal year. For the year ended March 31, 2008, the net income per share was 11,357.53 yen. There were no potential dilutive securities. Net assets per share, calculated based on the number of shares of common stock outstanding as of March 31, 2008, was 120,288.66 yen.

The basis for this calculation is net income of 24,255 million yen, of which the entire portion is applicable to common shares. The weighted-average number of shares outstanding for the year ended March 31, 2008 was 2,135,655.

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.

* The scope of consolidation for SFH's consolidated results for the fiscal year ended March 31, 2007 includes Sony Financial Holdings, Sony Life Insurance Co., Ltd., Sony Assurance Inc., Sony Bank Inc., and Sony Life Insurance (Philippines) Corporation. The scope of consolidation for SFH's consolidated results for the fiscal year ended March 31, 2008 also includes Sony Bank Securities Inc.

On May 14, 2008, Sony Corporation announced its consolidated financial results for the fiscal year ended March 31, 2008. 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 May 14, 2008, news release by Sony Corporation.

Forward-looking statements may include—but are not limited to—statements using words such as "believe," "anticipate," "plan," "strategy," "expect," "forecast," "predict," "possibility" and similar words that describe future operating activities, financial performance, events or conditions. Forward-looking statements, whether spoken or written, are based on judgments made by the management of the SFH Group based on information that is currently available to it. As such, forward-looking statements are subject to various risks and uncertainties, and actual results may vary substantially from those expressed or implied in forward-looking statements. Consequently, investors are cautioned not to place undue reliance on forward-looking statements. The SFH Group disclaims any obligation to revise forward-looking statements in light of new information, future events or other findings.

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