June 24, 2009
Sony Financial Holdings Inc.

Additional Information from *Yuka Shoken Hokokusho* for FY08

Sony Financial Holdings ("SFH") today filed its *Yuka Shoken Hokokusho*, or Annual Report, as required under the Financial Instruments and Exchange Law of Japan, for the year ended March 31, 2009 and uploaded this report onto its Japanese website. As part of our efforts to disclose information as fairly as possible to non-Japanese shareholders and investors, Sony Financial Holdings discloses English-language summaries of information that might be informative for investors but is typically only disclosed in the *Yuka Shoken Hokokusho*.

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1. Risk Factors

Risks relating to Sony Financial Holdings and its Group companies of which investors should take note when making investment decisions are described below. This section contains forward-looking statements, which reflect our views as of June 24, 2009, with respect to future events. These views are subject to risks, uncertainties and assumptions.

Risks Related to Our Business

The sale of individual life insurance policies has historically accounted for a substantial portion of our business.

Sony Life has a longer operating history than our other operating subsidiaries and historically has accounted for a substantial portion of our revenues and net income. A variety of factors affect the market for individual life insurance generally, including:

- levels of employment and household income in Japan;
- the relative attractiveness of alternative savings and investment products;
- public perception of the financial strength, integrity or reputation of insurance companies; and
- long-term demographic trends affecting the makeup of Japan's population, such as birth-rate trends and the overall aging of Japan's population.

Changes in these and other factors could result in a decrease in new individual life insurance policies or an increase in policy surrenders or reduce the profitability of Sony Life's products and could result in an adverse effect on our results of operations and financial condition.

Differences between actual and assumed policy benefits and claims may require us to increase policy reserves in the future.

In our life insurance and non-life insurance businesses, we establish policy reserves for future benefits and claims based on regulatory guidelines and estimates of future payment obligations made by qualified actuaries. We calculate these reserves based on many assumptions and estimates, including the frequency and timing of the event covered by the policy, the amount of benefits or claims to be paid and the investment returns on the assets we purchase with the premiums received. These assumptions and estimates are inherently uncertain, and we cannot determine with precision the ultimate amounts that we will be required to pay for, or the timing of payment of, actual benefits and claims or whether the assets supporting the policy liabilities will grow at the level we assume prior to our payment of benefits or claims. The frequency and timing of the event covered by the policy and the amount of benefits or claims to be paid is subject to a number of risks and uncertainties, many of which are outside of our control, including:

- changes in trends underlying our assumptions and estimates, such as mortality and morbidity rates and automobile accident rates;
- the availability of sufficient reliable data and our ability to correctly analyze the data;
- our selection and application of appropriate rating and pricing techniques; and
- changes in legal standards, claim settlement practices, medical care expenses and automobile repair costs.

If our actual experience is less favorable than our assumptions or estimates, our policy reserves may be inadequate. In addition, any changes in regulatory guidelines or standards with respect to the required level of policy reserves may require that we establish policy reserves based on more stringent estimates or actuarial calculations. Such events could result in a need to increase provisions for policy reserves, which may have a

significant adverse effect on our financial condition and results of operations.
In addition, Sony Life and Sony Assurance utilize reinsurance from a standpoint of appropriate diversification of risks. We control risks related to reinsurance by monitoring insurance underwriting risks to determine whether excess risks are adequately covered by reinsurance policies.

Expanding the range of our products and services exposes us to various risks.
Part of our business strategy has been, and continues to be, expanding the range of our products and services. For example:

- We intend to develop new individual annuity products for the Japanese market through a joint venture that we plan to establish together with AEGON Group. In August 2007, as a 50-50 joint venture of Sony Life and AEGON Group, AEGON Sony Life Planning Co., Ltd. was established to prepare for the establishment of a new life insurance company. Pending regulatory approval, the new life insurance company is expected to commence operations in the year ending March 31, 2010.
- In June 2007, we established Sony Bank Securities Inc., as a wholly-owned subsidiary of Sony Bank with initial capital of ¥30.0 billion (¥15.0 billion of common stock and ¥15.0 billion of capital reserve). In October 2007, Sony Bank began offering securities intermediary services through Sony Bank Securities Inc., a specialized Internet securities subsidiary.
- We are developing new life insurance products to be offered by Sony Life, such as medical insurance and nursery care insurance products, new non-life insurance products to be offered by Sony Assurance, such as personal accident insurance, and new loan and asset management products and expanded settlement services for customers of Sony Bank.

Expansion of our business activities to offer new financial products and services exposes us to a number of risks and challenges, including the following:

- It may take longer than we anticipate to satisfy applicable regulatory requirements, or obtain from Japanese authorities the relevant regulatory approvals, necessary to expand our business activities, or we may not be able to satisfy such requirements or obtain such approvals at all.
- New business activities may require significant amounts of additional working capital or regulatory capital and may result in greater compliance, marketing and other costs than we originally anticipate.
- New business activities may have less growth or profit potential than we anticipate, and there is no guarantee that they will become profitable at the level we desire, or at all.
- We may fail to identify and offer appealing new services in a timely fashion, putting us at a disadvantage compared with competitors that do.
- We may face risks with which we have limited or no experience, such as the risks associated with new business activities including our online securities brokerage business, and underwriting risks associated with newly developed insurance products.
- Our competitors may have substantially greater experience and resources in relation to the business activities we plan to commence, and we may not be able to attract customers to our new products and services from competitors who have existing relationships with those customers.
- We may need to hire new employees or retrain existing employees to supervise and conduct the relevant new business activities.
- We may need to make additional investments in our information technology and other systems to support a broader range of activities.

There can be no assurance that we will be able to identify and successfully manage these risks and compete effectively in new business areas. Any failure to identify and manage these risks could have an adverse effect on our results of operations.

Sony Life may not be able to hire, train and retain a sufficient number of qualified sales employees.

Sony Life's business depends to a significant extent on its ability to hire, train and retain qualified sales employees. Because of Sony Life's in-depth consulting-based sales approach, it generally only hires as new Lifeplanner sales employees individuals who have already accumulated significant sales experience, generally outside of the life insurance industry. Because of its hiring standards, Sony Life's pool of potential sales employee candidates may be considerably more limited than the potential pool of candidates available to more conventional Japanese life insurance companies, which generally are not as selective.

In addition, the extensive training of its Lifeplanner sales employees is a key element of Sony Life's differentiation strategy, and our cross-selling initiatives require additional training in order to succeed. Training for a newly hired Lifeplanner sales employee typically takes approximately two years to complete. Sales by Lifeplanner sales employees accounted for approximately 80% of Sony Life's new policy amounts written in the fiscal year ended March 31, 2009, and maintaining high productivity is important to Sony Life's success. Because of Sony Life's hiring standards and the lengthy training required, increased turnover of Lifeplanner sales employees could result in a shortage of sales employees that could not be quickly remedied. If Sony Life is unable to retain and build on its core group of experienced sales employees, its business could be materially and adversely affected.

Japanese life insurance and non-life insurance companies have been subject to increasing scrutiny and regulatory actions in connection with under-payment and non-payment of claims and benefits.

As the product offerings of Japanese life and non-life insurance companies have expanded, in recent years, Japan's Financial Services Agency, or the FSA, has more closely scrutinized disclosure made to policyholders and instances in which insurers have failed to pay claims and benefits payable to insured parties.

Although we have begun implementing various preventive measures against under-payment or non-payment issues, such measures may not be effective in preventing future under-payment and non-payment or may not be satisfactory to the FSA, and this could lead to further regulatory action and reputational damage.

In addition, regardless of whether the FSA imposes sanctions on Sony Life or Sony Assurance, these and other developments relating to under-payment and non-payment of insurance claims, and related negative media attention, could have a negative impact on the public perception of life and non-life insurers in Japan, which could cause customers to avoid insurance and investment products offered by insurance companies in favor of competing products offered by banks, securities companies and other financial service providers.

Our policies and procedures to identify and manage administrative risk may not be effective.

Our business activities involve a wide range of administrative activities, including:

- administration of our insurance policies, including the issuance of premium invoices and the payment of benefits, claims and surrender and other payments;
- administration and servicing of the loans and deposits in our banking business, and the administration and execution of inter-bank transactions;
- administration of our investment portfolios, including our investments in securities and our entry into derivatives, foreign exchange and other transactions; and
- settlement of accounts.

Administrative risk, which is the risk of loss due to errors, misconduct, malfunctions and other problems with our internal administrative processes, is inherent in our businesses. As part of our efforts to identify and manage administrative risk, we must develop and implement procedures to record properly and verify large and growing numbers of transactions and events. Significant errors, misconduct, malfunctions or other problems affecting the proper execution of the administrative activities described above, whether due to failure or ineffectiveness of our risk management activities or otherwise, could lead to losses that would materially and adversely affect our financial condition and results of operations.

Changes in the value of equity securities could have a material adverse impact on our results of operations and financial condition.

As of March 31, 2009, Japanese stocks and convertible bonds held by Sony Life (including those held in monetary trusts) accounted for 10.2% of the total assets in its general account. Declines in equity prices, including, for example, worldwide declines in equity prices derived from recent problems in the United States residential mortgage market that have resulted in large fluctuations in global equity prices, may result in losses on devaluation of securities, reduced gains or losses on sale of securities or reduced unrealized gains on securities. In addition, net unrealized gains on other securities, net of taxes, constitutes a significant portion of our net assets, and net unrealized gains or losses on other securities, before taxes, constitutes a significant portion of the total solvency margin of Sony Life. Accordingly, any decline in equity prices could also have a significant adverse impact on real net assets and on the solvency margin ratio of Sony Life.

Changes in interest rates may significantly affect our profitability.

In an effort to manage our investment assets in a manner appropriate to our liabilities, we engage in asset liability management, or ALM, which considers the long-term balance between assets and liabilities in an effort to ensure stable returns.

Any failure to appropriately conduct our ALM activities, or any significant changes in market conditions beyond what our ALM could reasonably address, could have a material adverse effect on our financial condition and results of operations. In particular, because Sony Life's liabilities to policyholders generally have a longer duration than its investment assets, the inability to match the duration of Sony Life's assets to its liabilities makes ALM more challenging. Sony Life is adapting its ALM strategy to the changing interest rate environment by expanding its investment in long-term bonds. For example, Sony Life retains a portion of premiums received from policyholders as policy reserves in anticipation of future payments. The rate used is referred to as the average assumed interest rate for calculating the policy reserve. Sony Life's actual investment yield on some policies falls below the average assumed interest rate for calculating the policy reserve, in a condition referred to as "negative spread." This negative spread may increase in the event that low interest rate conditions continue and as a result of changes in the market environment. For the year ended March 31, 2009, Sony Life's negative spread was ¥21.3 billion.

In periods of increasing interest rates, while the increased investment yields should result in increased returns on our investment portfolio, surrenders of policies may tend to increase as policyholders seek investments with higher returns. In addition, a rise in interest rates will have a negative impact on our net assets in the immediate fiscal year due to a decrease in the fair value of our fixed-income investments. As of March 31, 2009, Sony Life, Sony Assurance and Sony Bank had ¥1,026.8 billion, ¥16.4 billion, and ¥575.1 billion, respectively, of marketable available-for-sale Japanese debt securities.

A large portion of Sony Bank's net interest income is attributable to interest and dividends on securities. If further increases in interest rates result in more rapid increases in rates paid on deposits than in rates earned on Sony Bank's bond investments and other interest-yielding assets, its results of operations could be adversely affected. Any unexpected change in interest rates could also adversely affect Sony Bank's interest rate derivative positions. In addition, the majority of Sony Bank's new mortgage loan borrowers in recent periods have borrowed from Sony Bank in order to refinance existing loans. An increasing interest rate environment could make such refinancing less attractive.

Our investment portfolio exposes us to a number of other risks in addition to risks related to changes in interest rates and the value of equity securities.

Generating stable investment income is important to our operations and we invest in a variety of asset classes, including Japanese government and corporate bonds, foreign government and corporate bonds, Japanese stocks, loans and real estate. In addition to risks related to changes in interest rates and the value of equity securities, our investment portfolio exposes us to a variety of risks, including the types of risks noted below, which may have an adverse effect on our results of operations and financial condition.

- *Foreign exchange risk*. The investment securities held by Sony Life and Sony Bank include non-yen-denominated securities. Sony Life does not hedge its non-yen-denominated investments against foreign exchange risk. Sony Bank holds non-yen-denominated securities as a means of matching the foreign currency liabilities associated with the foreign currency deposits of its accountholders, and accordingly does not hedge those non-yen-denominated investments against foreign exchange risk. Separately, Sony Bank also holds other non-yen-denominated foreign bonds as a means of diversifying its portfolio, and hedges the majority of those investments against foreign exchange risk, but there can be no assurance that its hedging activities will be effective. Because of these investments in non-yen-denominated securities, and because Sony Bank is also exposed to foreign exchange risk with respect to the derivative instruments it holds as part of its investment activities, unfavorable changes in foreign exchange rates could have an adverse effect on our results of operations and financial condition.
- *Credit risk.* We are subject to the risk that issuers of the debt securities we hold may suffer a decline in credit quality, such as a credit rating downgrade, which would adversely affect the market value of the debt securities we hold and lead to losses on devaluation of securities, reduced gains or losses on sale of securities or reduced unrealized gains on securities. We are also subject to the risk that issuers of the debt securities we hold may default on principal and interest payments due on their obligations. We also face counterparty risk with respect to the derivative instruments that we use to hedge market risk, such as interest rate swaps, cross currency swaps, foreign exchange forward contracts and stock index options. Any decline in the credit quality of an issuer of debt securities we hold or default by such issuer on payments due on its obligations, or any failure by counterparties to honor the terms of its derivatives contracts with us, could have an adverse effect on our results of operations and financial condition.
  In addition, mortgage loans accounted for 98.2% of Sony Bank's total balance of loans and 33.2% of its total assets as of March 31, 2009. If the value of real estate pledged as collateral under Sony Bank's mortgage loans declines in value, the credit quality of Sony Bank's loan portfolio may be adversely affected and we may incur related credit costs.
- *Real estate investment risk.* Real estate represented 2.3% of the total assets in the general account of Sony Life as of March 31, 2009. Real estate-related income may decrease in the future due to declines in real estate prices or market rents, the failure to lease available properties or other factors.

We are exposed to liquidity risk.

We must manage liquidity in order to maintain our ability, and confidence in our ability, to meet our obligations, including anticipated benefits, claims, and surrender and other payments in our life insurance and non-life insurance businesses as well as customer withdrawals in our banking business. We formulate risk management principles and guidelines and establish overall risk management policies, including policies for the management of liquidity risk, that are implemented by our operating subsidiaries in the management of their investment portfolios. While we maintain a significant amount of liquid assets, a certain portion of our assets, such as our loans and real estate, are generally illiquid. If one or more of our operating subsidiaries require significant amounts of cash on short notice, for example, because of unanticipated policy surrender activity, turmoil in financial markets or a natural catastrophe, such operating subsidiary or subsidiaries could exhaust its liquid assets and be forced to liquidate other assets, perhaps on unfavorable terms. Any such developments could have an adverse effect on our financial condition and results of operations.

Any actual or perceived reduction in our financial strength, or that of our operating subsidiaries, could have a negative impact on our results of operations.

Measures of financial strength are one factor in establishing the competitive position of insurance companies and banks. In particular, two important measures of financial strength that customers consider when evaluating a life insurer are the ratings it receives from credit rating agencies and its solvency margin ratio. A ratings downgrade, or the potential for such a downgrade, of Sony Life or a significant reduction in its solvency margin ratio could have an adverse effect on our business because such development may, among other things:

- have a negative impact on new sales of Sony Life insurance policies;
- increase the amount of surrenders on Sony Life insurance policies;
- adversely affect Sony Life's ability to hire and retain Lifeplanner sales employees; and
- adversely affect relationships with independent sales agents and other distributors of Sony Life's products and services and its marketing tie-ups.

Similarly, any significant reduction in Sony Assurance's solvency margin ratio could adversely affect its ability to retain its existing policyholders and attract new policyholders to its products.

Capital adequacy ratios and ratings received from credit rating agencies are important measures of financial strength for banks. Any significant decrease in Sony Bank's capital adequacy ratio or any ratings downgrade, or the potential for such a downgrade, of Sony Bank could cause its accountholders to withdraw their funds or adversely affect its ability to attract new depositors and borrowers. A ratings downgrade of Sony Bank could also trigger a requirement that it provide additional collateral in connection with derivatives transactions. In addition, worsening financial soundness at Sony Life, Sony Assurance or Sony Bank could cause reduce the creditworthiness of the SFH Group or trigger a downgrade in SFH's ratings. A ratings downgrade at SFH could adversely affect the SFH Group's overall businesses.

Changes in relationships with or performance of strategic partners could harm our operations.

We have entered into a number of alliances with other companies to promote our businesses, including the following:

- Sony Life has established a 50/50 joint venture together with AEGON Group, a Dutch life insurance and pension company, for the development of new individual annuity products for the Japanese market.
- Sony Life has formed a business alliance with Watami Co., Ltd., an operator of restaurants and other businesses in Japan, including nursing-care facilities, for the development of mutual business opportunities in the nursing care market.
- Sony Bank has entered into agreements with third-party financial institutions for the provision of ATM services to its accountholders, agreements with a number of residential developers for the referral of homebuyers to Sony Bank mortgage loans and agreements with Seven Bank, Ltd., for Seven Bank to conduct banking agency business for Sony Bank.

Our ability to realize the benefits we seek from our business alliances is subject to a number of risks, including:

- the business objectives of our strategic partners may change in a way that makes these alliances unattractive to them;
- our strategic partners may no longer perceive us as an attractive alliance partner;
- our strategic partners may perform poorly, or fail to perform at all, under our business alliances due to

financial difficulties or other reasons outside our control; and

- our strategic partners may suffer reputational damage as a result of misconduct or other reasons.

Because of these risks, we could face difficulty in implementing our business strategies, which could have an adverse effect on our financial condition and results of operations.

We operate in highly regulated industries. New rules, regulations and regulatory initiatives by government authorities could adversely affect our business.

In addition to the regulation and supervision we are subject to as an insurance holding company and as a bank holding company, our operating subsidiaries are also subject to significant regulation and regulatory supervision in their individual businesses. Compliance with multiple regulatory regimes is challenging and, due to our common branding strategy, compliance failures in any of our individual businesses could have a negative impact on our overall business reputation.

Our Life Insurance and Non-life Insurance Businesses

Our insurance subsidiaries are subject to comprehensive regulation by the FSA under the Insurance Business Law of Japan and related regulations. The primary purpose of the Insurance Business Law and related regulations is to protect policyholders, not shareholders. The Insurance Business Law specifies the types of businesses insurance companies may engage in, imposes limits on the types and amounts of investments that can be made and requires insurance companies to maintain specified reserves and a minimum solvency margin ratio. The FSA has broad regulatory powers over our insurance businesses, including the authority to grant or revoke operating licenses and to request information and conduct onsite inspections of books and records. We generally must also receive FSA approval for the sale of new insurance products and for changes to pricing terms.

In addition, the International Accounting Standards Board is currently considering changes to accounting standards for insurance policies, including fair value accounting for liabilities, which it could adopt as early as 2010. In the event the FSA eventually adopts these or similar standards in Japan, we may be required to increase our policy reserves significantly, our solvency margin could be adversely affected, and the profitability of some of our insurance products could be adversely affected. These or other changes in the accounting principles applicable to our insurance businesses, or in the tax treatment of holders of our insurance policies, could have a negative impact on our insurance businesses and an adverse effect on our financial condition and results of operations.

Furthermore, Sony Life is a member of the Life Insurance Policyholders Protection Corporation of Japan (“PPC”). The PPC was established based on the Insurance Business Law to provide financial support to insolvent life insurance companies. All life insurers in Japan are members of the PPC. If a life insurer enters bankruptcy, solvent life insurers, including Sony Life, are subject to assessment by the PPC based on their respective share of insurance industry premiums and policy reserves, and may be required to contribute additional financial resources.

Our Banking Business

Sony Bank is also subject to regulation by the FSA under the Banking Law of Japan, including the requirement that it maintain a minimum capital adequacy ratio in accordance with capital adequacy guidelines adopted by the FSA. Revised FSA capital adequacy guidelines adopted in connection with the new framework, commonly referred to as Basel II, agreed by the Basel Committee on Banking Supervision and Supervisory Practices, took effect as of March 31, 2007. If Sony Bank’s capital adequacy ratio falls below the required minimum, the FSA could order Sony Bank to implement a variety of corrective actions, including suspension of all or part of its operations. The FSA and other regulatory authorities have the authority to conduct regular and special inspections of Sony Bank's operations at any time. In addition, Sony Bank Securities Inc., Sony Bank's online securities brokerage subsidiary established in June 2007, is subject to regulation as a Japanese securities company, including capital adequacy requirements.

In line with its registration as an organization involved in financial product transactions, Sony Bank commenced foreign exchange margin transactions in May 2008. The bank complies with the Financial Instruments and Exchange Law, as well as related legislation and the requirements of the Financial Futures Association of Japan. The bank is prohibited from such activities as acting as a customer counterparty on foreign exchange margin transactions, acting as a customer intermediary on foreign exchange transactions or performing introductory or agency services (foreign exchange margin transaction acts), and is supervised by Japan's Financial Services Agency.

Despite ongoing deregulation to relax the barriers among Japan's financial services industries, each of our life insurance, non-life insurance, banking and online securities brokerage businesses is subject to its own separate regulatory regime that generally requires each business to be operated independently from the others. This overall regulatory structure requiring the autonomy of each business could limit our ability to implement group-wide strategies in a flexible manner designed to achieve maximum group profitability.

Future developments or changes in laws, regulations, policies, voluntary codes of practice, fiscal or other policies and their effects on our businesses are unpredictable and beyond our control. For example, as a result of the September 2007 enforcement of the Financial Instruments and Exchange Law, the Insurance Business Law and the Banking Law were amended, and a law designed to provide protection for retail investors, regulations applicable to sales of certain insurance and other financial products have become more stringent, similar to those applicable to sales of securities. In connection with expanded product offerings and associated regulatory initiatives by government authorities, we may face increasing compliance risk that could affect the implementation of our business strategies or require significant expenditures for training, improved compliance or remediation.

In addition, Sony Assurance and Sony Bank provide products and services over the Internet, and these online business operations are performed in accordance with legal requirements. The cost of these activities could increase, or limitations could be placed on them. Legal requirements cover such items as privacy, consumer protection, data storage and protection, content-related regulations, the installation of "cookies" (software installed via an Internet website to enable the recognition and the storage and management of usage data on specified users) or other software on an end-user's PC or other type of information terminal, setting of prices, advertising (targeting adults and children), taxation, copyrights and trademarks, sales promotion and collection of fees. Substantial expenses may be incurred to comply with these regulations. In addition, the failure to comply with these regulations may engender significant fines or other legal liabilities, or damage the reputation of the Group. Also, changes to or restrictions of online business operations to comply with legal requirements may have a significant negative impact on Group operating performance. Furthermore, the Group may incur an increase in legal liability in the event of changes to regulations that protect online business that form the base of the Group's operations or in the event that a court of law applies a strict interpretation to regulations on protection. In such cases, the Group could also incur additional compliance-related expenses or limitations on specific online business activities.

We pay royalty fees to Sony Corporation for use of the "Sony" trademark and trade name and we believe our identification with the Sony group has contributed to our brand awareness and our growth. Any adverse change, or any perceived adverse change, in our relationship with Sony Corporation or the Sony group, or any negative developments affecting the reputation of Sony group companies, could have an adverse effect

on our results of operations.

We and our operating subsidiaries have entered into royalty agreements with Sony Corporation pursuant to which we and our operating subsidiaries are permitted to use the Sony name. Our rights under these agreements to use the Sony name are conditioned upon, among other things, Sony Corporation's continued ownership of the majority of our voting rights and, in the case of each of our operating subsidiaries, no decrease in our percentage ownership of the voting rights of such operating subsidiary and the continuance in force of our royalty agreement with Sony Corporation. Pursuant to these agreements we pay royalties to Sony Corporation and Sony Corporation retains pre-approval rights with respect to, among other things, any use of the relevant trademarks for purposes other than those expressly provided for in the agreements. We believe our identification with the Sony group has contributed to our brand awareness and our growth. Any perception that Sony Corporation might weaken its ties with us, for example, by decreasing its equity ownership in us or otherwise terminating our rights under our royalty agreements to use the "Sony" trademark and trade name, or any actual adverse change in our relationship with Sony Corporation and the Sony group, could adversely affect our business operations, our marketing and our results of operations.

In addition, negative developments affecting the reputation of any Sony group companies, particularly Sony Corporation, could cause damage to our own corporate image or reputation and have an adverse effect on our results of operations.

Sony Corporation will continue to control a significant portion of our outstanding shares and exert significant influence over our management policies.

Sony Corporation currently owns 60.0% of the outstanding shares of our common stock. Accordingly, Sony Corporation will retain the ability to exert significant influence over all matters requiring approval by our shareholders, including the election or removal of directors and statutory auditors, the approval of mergers or other business combination transactions, the sale of material assets or businesses, amendments to our articles of incorporation, and the declaration of dividends. The interests of Sony Corporation with respect to our operations and other matters over which it may have influence may differ from the interests of our other shareholders.

Sony Corporation prepares and reports its financial results, including with respect to its financial services segment, on a different accounting basis, and this could lead to additional volatility in the trading price of our common stock.

Our financial statements are prepared in accordance with accounting principles generally accepted in Japan, or Japanese GAAP, which differ in certain significant respects from accounting principles generally accepted in other countries, as well as International Financial Reporting Standards (IFRS). Although we are a consolidated subsidiary of Sony Corporation, whose financial statements are prepared in accordance with accounting principles generally accepted in the United States, or U.S. GAAP, we have never prepared U.S. GAAP financial statements on a stand-alone basis and we have no current intention to prepare any quantitative reconciliation of our Japanese GAAP results to U.S. GAAP or any other accounting principles. There are significant differences between Japanese GAAP and U.S. GAAP, including with respect to recognition of insurance acquisition costs, establishment of policy reserves and accounting for convertible bonds, among others. Sony Corporation generally publishes its financial results before we publish our corresponding financial results. Because our results of operations represent a significant portion of the results of operations of Sony Corporation's financial services segment, the release of results of operations of Sony Corporation could impact trading in our shares. The differences between U.S. GAAP and Japanese GAAP and any delay between Sony Corporation's release of its financial results and our release of our financial results could result in additional volatility in the trading price of our common stock.

We have relied on Sony Corporation and its affiliates for the provision of other services and any changes in these arrangements could have an adverse effect on our results of operations.

We have a number of additional agreements with Sony Corporation and its affiliates, including agreements with an advertising agency that is a consolidated subsidiary of Sony Corporation for advertising services in order to benefit from bulk media purchasing on behalf of other Sony group companies. We have also entered into agreements with a number of other Sony group companies for the provision of services including leasing of office equipment and office space, loan processing and guarantee services and others. Also, although none of our senior management personnel or the senior management personnel of our subsidiaries are secondees, we and our subsidiaries had seconded employees from other Sony group companies. In addition, several of our directors and statutory auditors also serve as directors, officers and statutory auditors of other Sony group companies. Any adverse change to these arrangements or inability to continue to rely on these services or our relationships with Sony group companies could have an adverse effect on our results of operations. See "Relationships and Related Party Transactions with Sony Group Companies" for a description of our relationships with other Sony group companies.

We rely heavily on computers and other electronic systems, including the internet, in our businesses and any failure of these systems could harm our business.

Our information technology and other systems, including those of our third-party service providers, consist of internet marketing and sales channels, portfolio management tools and related back office systems, such as systems for the management of insurance policies, deposits and loans and maintenance of statistical data and customer information. Any damage to or interruption in the functioning of the internet or these systems, including as a result of the failure to properly process customer applications, payments and other transactions, would seriously disrupt our operations. Any delays could create dissatisfaction among our customers, lead to regulatory sanctions or claims for compensation, harm our reputation and result in lost sales, commissions or other business opportunities. Our information technology and other systems, and those of our third-party service providers and business partners, are vulnerable to damage, interruption or delay due to various causes, including:

- hardware or software defects and malfunctions, including defects and malfunctions in our network and other systems architecture;
- unexpectedly high user volume;
- accidents, fires or natural disasters;
- power loss;
- human error, sabotage, hacking or vandalism; and
- computer viruses.

In addition, because our operations and information technology and other systems, as well as those of our third-party service providers and business partners, are concentrated in and around the Tokyo area, an earthquake or other disaster affecting the Tokyo area could significantly disrupt our operations. There can be no assurance that we or our third-party service providers and business partners would be able to resume service in a timely fashion, or at all, in the event of any such earthquake or other disaster.

Loss of third-party suppliers of key services would adversely affect our operations.

We contract with a number of third-parties for services that are key to our operations. We rely on third parties for services including:

- maintenance and development of our primary information technology systems;

- design and maintenance of the telephone and information management systems at our customer call centers;
- printing and mailing of invoices, notices and other communications sent to our customers and shareholders;
- roadside service and damage appraisal services for Sony Assurance policyholders who experience automobile accidents or break-downs;
- ATM services for Sony Bank accountholders;
- credit evaluation and loan guarantee services for borrowers under Sony Bank's card loan services;
- design and maintenance of administrative and information systems relating to securities intermediary transactions at Sony Bank Securities Inc.;
- document storage; and
- other miscellaneous back-office operations.

There is no assurance that any of these providers will be able to continue to provide us with these services in an efficient, cost-effective manner or that they will be able to adequately expand their services to meet our needs. Any interruption in or cessation of these services by any of these third-party service providers, whether as a result of systems failures, capacity constraints or any other reason, could lead to an interruption in our ability to provide services to our customers, which could damage our reputation. In addition, we may not be able to make alternative arrangements for such services in a timely and cost-effective manner, which could lead to increased operating costs. For these reasons, any such interruption or cessation could have an adverse effect on our businesses and our results of operations.

Our reputation and business could be harmed and we could be subject to legal claims if there is unintentional loss, disclosure or misappropriation of our customers' personal information or other breaches of our security.

We make extensive use of online services and centralized data processing, including through the use of third-party service providers, so the secure maintenance and transmission of confidential information is a critical element of our operations. There can be no assurance that customer information has not been and will not be lost or disclosed or taken without consent or that our information technology and other systems, or those of our third-party service providers or strategic business partners, will not be compromised. If we lose customers' personal information or if a third party is able to penetrate our or our business partners' or service providers' network security or otherwise misappropriate our customers' personal information, we could be subject to claims, and our reputation could be damaged. Inadvertent loss, disclosure or misappropriation of customer information by our own employees would subject us to similar risks. Any loss, disclosure or misappropriation of customer information or other breach of our security would likely have a serious impact on our reputation and could have a significant adverse effect on our businesses and our results of operations.

Misconduct by our employees, independent sales agents, third-party suppliers or customers could subject us to losses.

We are exposed to potential losses resulting from fraud and other misconduct by our employees, independent sales agents, third-party suppliers and customers. In particular, Sony Life's Lifeplanner sales employees and our independent sales agents operate with considerable autonomy. Sales employees and independent sales agents have direct contact with customers and knowledge of their personal and financial information. In addition, some of our third-party suppliers also have knowledge of personal and financial information relating to our customers. Misconduct can include, among other things, illegal sales practices, fraud, identity theft and loss of personal information.

Customers may also engage in fraudulent activities, including fraudulent use of customer accounts or the use of false identities to open accounts. Such fraud may be difficult to prevent or detect, and we may not be able to recover the losses caused by such activities. Our reputation may also be damaged by such activities. In particular, if customers fraudulently use our accounts for money-laundering or other illegal activities, our reputation could be seriously damaged and we could become subject to significant legal liabilities and regulatory sanctions.

Our risk management policies and procedures may not adequately protect us from unidentified or unanticipated risks.

Our risk management is meant to address a range of risks, encompassing administrative risk, systems risk, insurance underwriting risk, legal risk, reputational risk and business continuity risk, in addition to liquidity risk and other risks relating to our investment activities. As we expand our product and service offerings and our customer base, we may have difficulty achieving the administrative, systems and risk management improvements necessary to manage the risks associated with new business activities and increased scale. The risk management policies and procedures we adopt may not be effective in preventing losses related to the various types of risks that we face in our businesses. Failure or ineffectiveness of these policies and procedures could materially and adversely affect our business or result in losses.

Risks Related to Our Industry

We may not be able to compete effectively, especially against established competitors with greater financial, marketing and other resources.

Japan's financial services markets are highly competitive. In recent years, the regulatory barriers between the life insurance and non-life insurance industries as well as among the insurance, banking and securities industries have been relaxed, resulting in new competitive pressures.

Our Life Insurance and Non-life Insurance Businesses

In the Japanese life insurance industry, we compete not only with traditional insurance companies but also with Japan's largest financial services providers that either have their own insurance subsidiaries or enter into cooperative arrangements with major insurance companies. We also compete with life insurers which sell life insurance over the Internet, foreign-owned life insurance companies and a number of Japanese cooperative associations such as the Japan Agricultural Cooperatives, the National Federation of Workers and Consumers Insurance Cooperatives and the Japanese Consumer Co-operative Union, all of which offer competing life insurance products.

In the Japanese non-life insurance industry, we compete against insurers that sell their policies through sales agents as well as insurers that, like Sony Assurance, primarily sell their policies through direct marketing via the telephone and the internet. Competition in Japan's non-life insurance industry has intensified in recent years, due in part to a number of new market entrants, including foreign-owned insurers, as well as to the entry of traditional insurance companies into the direct insurance market.

Some of our competitors in the life insurance and non-life insurance business have advantages over us including:

- greater financial resources and financial strength ratings;
- greater brand awareness;
- more extensive marketing and sales networks, including through tie-ups with other types of financial institutions;
- more competitive pricing;

- larger customer bases; and
- a wider range of products and services.

Our Banking Business

Sony Bank faces significant competition in Japan's retail financial services market. Sony Bank generally has not sought to be its customers' primary settlement bank but has instead focused on providing retail asset management and lending services for individuals. In recent years Japan's traditional banking institutions, including "city" banks, regional banks and trust banks, have placed greater emphasis on serving the Japanese retail financial services market. Many traditional Japanese banking institutions have expanded their online banking services and broadened their retail asset management and retail lending services, including through the sale of investment trust and individual annuity products and the extension of individual loans, including mortgage loans. Sony Bank also competes with non-bank companies offering long-term fixed rate mortgage loans in coordination with Japan Housing Finance Agency, generally at interest rates lower than those offered by most Japanese banks. Sony Bank also faces competition in the provision of retail financial services from Japan's full-service and online brokerage firms and foreign currency margin transaction service providers. Because Sony Bank's primary interface with its customers is through the internet and it does not maintain physical branches, it may face difficulty attracting customers who prefer financial institutions that offer the ability to complete transactions at physical branches.

We also face competition from the Japan Post Group, a public corporation engaged in mail, postal savings and other retail banking services, as well as life insurance activities. The Japan Post Group has a number of branches located throughout Japan, and has been expanding its life insurance and retail banking services in recent years. Japan Post Holdings Co., Ltd. is expected to be fully privatized after a ten-year transitional period beginning in 2007, after which it plans to offer a wider range of life insurance, retail asset management and other financial products and services, potentially leading to greater competition in Japan's financial services markets.

Relaxation of the regulatory barriers between the banking and securities industries are currently further progressing. For example, banks and securities brokerages are permitted to operate under a common holding company to share customer information in order to enable them to offer a broader array of services. Future deregulatory measures that favor large, established financial conglomerates could result in additional consolidation in Japan's financial services industry. As the regulatory barriers between different financial services industries continue to be relaxed, we expect competition within these industries to continue to intensify, as various domestic and overseas financial institutions seek to take advantage of expanding business opportunities. Any increase in the level of competition in the Japanese financial services markets could have an adverse effect on our businesses and our results of operations.

Consumer and demographic trends in Japan could cause demand for our products and services to be lower than we anticipate.

Our Life Insurance Business

Due to factors such as the aging of the Japanese population and prolonged economic weakness in Japan, the Japanese life insurance industry as a whole has suffered from increasing policy surrenders and declining new insurance sales in recent years. If our product development and marketing efforts, particularly our strategy of targeting customers in their 30s and 40s, the population of which is expected to remain relatively stable over the medium-term, are not successful in offsetting these factors, our business and results of operations will be adversely affected.

Our Non-life Insurance Business
The overall market in Japan for automobile insurance, Sony Assurance's main product, has been declining in recent periods. This decline has been caused by a number of factors, including the total number of vehicles registered in Japan remaining relatively flat in recent years and a downward trend in average premiums per vehicle as less expensive mini-vehicles account for an increasing share of insured vehicles, as well as a downward trend in average premiums as insured parties with good driving records become eligible for preferential premium rates upon renewal of their policies. Sony Assurance and other direct marketers have been increasing their market share in recent periods and Sony Assurance's business strategy is premised on further increases in the market share of direct marketers. We face the risk that expected growth in the market share of direct marketers may not materialize if, for example, Japanese consumers associate direct marketers with a lower level of dependability or service than non-direct marketer competitors. If the growth in acceptance by Japanese consumers of the direct marketing channel weakens, our growth prospects and results of operations could be adversely affected.

Our Banking Business
Sony Bank's primary interface with its customers is through the internet. Our ability to sustain growth in our banking business, including in the online securities brokerage business of Sony Bank Securities Inc., will depend on continued growth in demand for online banking and securities brokerage services provided by internet-only financial institutions. If internet usage rates in Japan decline or if Japanese consumers exhibit a preference for financial institutions that maintain physical branches, whether because of information security concerns or other reasons, expected growth in the demand for online banking and securities brokerage services may not be realized. A lack of continued growth, or a drop in the rate of growth, in the demand for online banking and securities brokerage services could adversely affect our growth prospects and results of operations.

We must continue to adapt to rapid technological and other changes in the retail financial services industry in order to remain competitive.
The retail financial services industry in Japan is currently characterized by rapid technological change, changes in customer requirements, frequent service and product introductions and evolving industry standards. We believe our effective use of the internet and direct marketing channels has contributed to our growth, and our future success will depend in part on our ability to enhance our existing services or develop new services in a timely and cost-effective manner. Failure to adapt to technological change, changes in customer requirements and evolving industry standards, or investment in initiatives that do not prove cost-effective, could have an adverse effect on our business, growth prospects and operating results.

Catastrophes could result in significant losses and disruptions to our business operations.
Sony Assurance may experience unpredictable losses on its automobile insurance policies due to severe weather events and losses on the marine insurance and other policies that it reinsures due to catastrophic events or accidents affecting insured parties.
In addition, Sony Life is exposed to the risk of unpredictable liabilities for insurance claim payments in the event of catastrophic mortality in Japan due to a pandemic, such as avian flu, or catastrophic events, such as earthquakes, tsunamis and other more localized disasters affecting Tokyo or other densely populated areas in Japan.
Although Sony Life maintains a contingency reserve and Sony Assurance maintains a special catastrophe reserve consistent with industry practice and accounting standards, there can be no assurance that such reserves

will be adequate to cover actual claim liabilities. In addition, physical damage and other effects of such catastrophes could also result in significant disruptions to our business operations.

Risks Related to Holding Company

We are a financial holding company, and the majority of our revenues consist of dividends paid by our direct subsidiaries. Under certain circumstances, the amount of dividends paid by our direct subsidiaries could be restricted by stipulations under the Insurance Business Law, the Banking Law, the Companies Act and other laws and regulations. In the event that subsidiaries are unable to pay dividends to us due to insufficient profits, it is possible that we may be unable to pay dividends to shareholders.

2. Material Contracts

Each of Sony Life, Sony Assurance and Sony Bank, as well as Sony Life Insurance (Philippines) Corporation and Sony Bank Securities Inc., has entered into a separate royalty agreement with Sony Corporation under which it is required to pay Sony Corporation a fee, calculated according to the formula set forth in each separate royalty agreement, as compensation for its use of the "Sony" trademark and trade name. Although we have also entered into a separate royalty agreement with Sony Corporation, as the pure holding company of the Sony Financial Holdings group we are not required to pay any fee to Sony Corporation for the use of the "Sony"trademark and trade name.

Under the terms of each royalty agreement, the rights of each counterparty Sony Financial Holdings group company remain valid, in principle, for as long as such entity remains in existence. Our rights under these agreements to use the Sony name are conditioned upon, among other things, Sony Corporation's continued ownership of the majority of our voting rights and, in the case of each of our operating subsidiaries, no decrease in our percentage ownership of the voting rights of such operating subsidiary and the continuance in force of our royalty agreement with Sony Corporation. If these conditions are not met, Sony Corporation has the right to terminate the relevant royalty agreement. Sony Corporation also has the right to terminate a royalty agreement under certain other conditions, including:

- any action by a counterparty Sony Financial Holdings group company that, in the judgment of Sony Corporation, has a significant adverse effect on Sony Corporation's brand value or reputation; and
- any dissolution, merger, corporate split, share exchange, share transfer by, or any transfer of all or a significant portion of the business of, a counterparty Sony Financial Holdings group company.

The terms of these royalty agreements are similar to royalty agreements entered into between Sony Corporation and other members of the Sony group.

3. Analysis of Financial Conditions and Operating Performance

(1) Consolidated capital adequacy ratio (domestic criteria)

The Company's consolidated capital adequacy ratio (domestic criteria) is the basis used to determine the capital adequacy reflected by bank holding company assets held in the bank holding company, as well as in the bank holding company's subsidiary, in accordance with Article 52-25 of the Banking Law of Japan. The standards used to determine the capital adequacy ratio are based on the March 27, 2006, Financial Services Agency Public Announcement No. 20 of 2006 (hereinafter, the "Consolidated Capital Adequacy Ratio Public Announcement"). Factors positively affecting the amount of total capital were ¥2.0 billion in debt capital raised by Sony Bank through the issuance of subordinated bonds and an improvement of ¥8.4 billion owing to the application of special treatment of the Consolidated Capital Adequacy Ratio Public Announcement on bank holding company assets held in the bank holding company, as well as in the bank holding company's subsidiary, in accordance with Article 52-25 of the Banking Law of Japan, FSA public ministerial announcement No. 79 of 2008. However, owing to an increase in deduction items, owing mainly to the ¥10.0 billion capital injection to Sony Life implemented during the year, total capital as of March 31, 2009 was down ¥0.8 billion year on year, to ¥61.4 billion. Owing to the expansion of operations, risk-adjusted assets increased ¥35.6 billion during the year, to ¥461.3 billion, due to increased assets associated with business expansion. As a result, SFH's capital adequacy ratio (domestic criteria) on a consolidated basis was 13.32% as of March 31, 2009, down 1.30 percentage points from one year earlier.

(2) Adjusted ROE

In addition to such key accounting indicators as non-consolidated ordinary revenues, non-consolidated ordinary profit and non-consolidated net income, the SFH Group closely follows consolidated adjusted ROE as a management benchmark, as well as adjusted ROE for the insurance business and ROE for the banking business.

	FY2007	FY2008
Consolidated Adjusted ROE	-5.7%	-61.4%
Sony Life Adjusted ROE	-6.9%	-67.5%
Sony Assurance Adjusted ROE	17.2%	-1.6%
Sony Bank Adjusted ROE	12.4%	-1.7%

Consolidated adjusted ROE is calculated as follows.

(Numerator)

Sony Life: The amount of increase in embedded value ("EV*", adjusted net worth plus value of existing business) during the fiscal year plus dividends paid;

Sony Assurance: The net income (loss) plus provision for special catastrophe reserve and its provision for reserve for price fluctuations, in each case after taxes; and

Sony Bank: Net income (loss).

(Denominator)

Sony Life: EV as of the beginning of the fiscal year less dividends paid plus EV* as of the end of the fiscal year, divided by two;

Sony Assurance: The average amount of net assets plus the sum of special catastrophe reserve and its reserve for price fluctuations, in each case after taxes; and

Sony Bank: The average amount of net assets.

Note: Consolidated adjusted ROE for Sony Life is calculated as follows.

(Numerator)

The amount of increase in Sony Life's EV* (adjusted net worth plus value of existing business) during the fiscal year plus dividends paid by Sony Life with respect to that fiscal year;

(Denominator)
The EV* 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 EV* of Sony Life as of the end of the fiscal year, divided by two;

Consolidated adjusted ROE for Sony Assurance is calculated as follows.
(Numerator)
The net income (loss) of Sony Assurance plus its provision for special catastrophe reserve and its provision for reserve for price fluctuations, in each case after taxes
(Denominator)
The net income (loss) of Sony Assurance plus its provision for special catastrophe reserve and its provision for reserve for price fluctuations, in each case after taxes

Consolidated adjusted ROE for Sony Bank is calculated as follows.
(Numerator)
Net income (loss) of Sony Bank
(Denominator)
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.

Note: Sony Life changed its EV calculation from the Traditional Embedded Value ("TEV") to Market Consistent Embedded Value ("MCEV") in the year ended March 31, 2009, disclosing its MCEV as of March 31, 2008. Sony Life's MCEV is calculated in compliance with the European Insurance Chief Financial Officer (CFO) Forum Market Consistent Embedded Value Principles ("MCEV Principles"), the international standard in disclosing MCEV published by the CFO Forum comprised of CFOs from major insurance companies in Europe.

4. Liquidity and Capital Resources

The Sony Financial Holdings Group recognizes the importance of maintaining a high level of financial soundness to acquire and maintain the trust of its customers, as well as securing sufficient liquidity to cover the payment obligations that we take on during the ordinary course of our business.

During the year ended March 31, 2009, by using a part of proceeds received through SFH's initial public offering, Sony Financial Holdings injected capital of ¥12.0 billion to Sony Bank for the purpose of strengthening the financial base in view of Sony Bank's further sustainable growth and ¥10.0 billion to Sony Life as a necessary financing to develop new business (individual annuity products) through Sony Life's joint venture.

Sony Financial Holdings has obtained an AA- issuer rating (outlook: stable) from Rating and Investment Information, Inc. ("R&I"). SFH obtained a rating to establish a structure to respond expeditiously in case financing needs arise.

The credit ratings of SFH's subsidiaries as of June 24, 2009 are as follows.
Sony Life currently holds ratings from four rating agencies:

A+ from Standard & Poor's Corp. ("S&P") for long-term counterparty and insurer financial strength,
Aa3 from Moody's Investors Service, Inc. for insurance financial strength,

AA from R&I for insurance claims paying ability, and

AA from Japan Credit Rating Agency, Ltd. (“JCR”), for the ability to pay insurance claims.

Sony Bank currently holds rating from two rating agencies:

A-/A-2 from S&P as a long-term/short-term local/foreign currency issuer and

AA- from JCR for long-term senior debt.

We abide by the regulations imposed by regulatory authorities and establish and operate under company guidelines that comply with these regulations. We aim to maintain sufficient cash and cash equivalents and secure sufficient means to pay our obligations.

5. Property, Plant and Equipment

(1) Capital Expenditures

The capital expenditures made during the year ended March 31, 2009, are described below. Major breakdown of the capital expenditures are investment in software of ¥5.6 billion at Sony Life, ¥2.0 billion at Sony Assurance and ¥1.4 billion at Sony Bank.

For the purpose of enhancing system and operational efficiency, Sony Assurance began developing new systems in the fiscal year ended March 31, 2007. However, during the year ended March 31, 2009, the company decided to suspend this development and to overhaul its development policy. Accordingly, some software assets that were previously recorded as intangible fixed assets (software in progress) and for which future use is uncertain were disposed of, resulting in losses on disposal of fixed assets of ¥3,756 million.

Capital expenditures by each business segment are as follows;

(Millions of yen)

Segment	Amount of capital expenditure
Life insurance business	7,612
Non-life insurance business	2,176
Banking business	2,084
Other	12
Total	11,885

(2) The Status of Property, Plant and Equipment

The status of property, plant and equipment as of March 31, 2009, are described below.

In Japan:

(Millions of yen)

Company	Name (Location)	Purpose	Book value					
			Tangible fixed assets			Intangible fixed assets		Total
			Buildings	Land (Square meters)	Other	Software	Other	
Sony Life	Head Office (Minato-ku, Tokyo)	Business	—	—	—	12,136	50	12,187
	Training Center (Setagaya-ku, Tokyo)	Business	—	1,404 (3,684)	—	—	—	1,404
	Hitotsubashi SI Building (Chiyoda-ku, Tokyo)	Investment	3,104	7,951 (3,121)	76	—	—	11,131
	Aoyama Oval Building (Shibuya-ku, Tokyo)	Investment	4,119	20,692 (4,577)	—	—	—	24,811
	Sony City Building (Minato-ku, Tokyo)	Investment	36,639	—	272	—	—	36,912
	Honcho Plaza Building (Aoba-ku, Sendai)-	Investment	1,610	1,421 (1,754)	—	—	—	3,031
	Yotsu-bashi SI Building (Nishi-ku, Osaka)	Investment	1,201	1,607 (975)	—	—	—	2,808
Sony Assurance	Head Office (Ota-ku, Tokyo)	Business	220	—	50	1,878	20	2,168
Sony Bank	Head Office (Minato-ku, Tokyo)	Business	53	—	451	2,321	3	2,829

(Note) Annual rent related to the real estate above are ¥661 million (HQ) and ¥1,623 million (Sony City) at Sony Life, ¥636 million at Sony Assurance, and ¥354 million at Sony Bank. In addition to this Sony Life recorded annual rent expenses of ¥433 million, for its head office at Nakano-ku, Tokyo.

Overseas:

(Millions of yen)

Company	Name (Location)	Purpose	Book value	
			Buildings	Total
Sony Life Insurance (Philippines) Corporation	HQ (Makati City, Philippines)	Office (Rent)	1	1

(3) Plans to Acquire or Dispose of Property, Plant and Equipment

Our plans to acquire or dispose of major property, plant and equipment as of March 31, 2009, for the fiscal year ending in March 31, 2010, are described below

(Millions of yen)

	Planned investment	Facilities	Financing method
Life-insurance business	7,100	System-related facilities, rehabilitation of the training center and other facilities	Fund on hand
Non-life insurance business	1,300	System-related facilities and other facilities	Fund on hand
Banking business	1,500	System-related facilities and other facilities	Fund on hand
Total	9,900		

We have no plans to dispose of any major property, plant and equipment.

6. Corporate Governance-related Information

(1) Executive Compensation

Compensation and other payments to directors and statutory auditors during the fiscal year ended March 31, 2009, were as follows:

To directors (other than outside directors): ¥144 million

(of which, ¥23 million constituted payment other than compensation)

To outside directors: ¥6 million

To statutory auditors (other than outside statutory auditors): ¥— million

To outside statutory auditors: ¥21 million (of which ¥1 million constituted payment other than compensation)

Note: Three directors (other than outside directors) hold positions as Representative Director and President of subsidiaries Sony Life, Sony Assurance and Sony Bank. These directors did not receive compensation from SFH. Rather, compensation was paid by the respective subsidiaries, in an aggregate amount of ¥130 million. Of the statutory auditors, three are standing statutory auditors at Sony Life, Sony Assurance or Sony Bank. These statutory auditors did not receive compensation from SFH. Rather, compensation was paid by the respective subsidiaries, in aggregate amount of ¥62 million.

(2) Compensation for Independent Accountants

(Millions of yen)

	For the year ended March 31, 2008		For the year ended March 31, 2009	
	Compensation for attestation work	Other	Compensation for attestation work	Other
SFH	-	-	40	7
Consolidated subsidiaries	-	-	277	2
Total	-	-	317	7