Presentation Materials

FY2007 Consolidated Financial Results

Sony Financial Holdings Inc.
May 16, 2008

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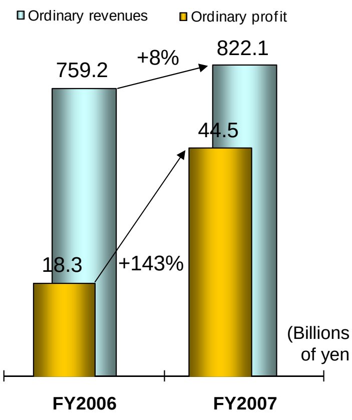
Highlights of Group Consolidated Operating Performance for FY2007



(Billions of yen)		FY2006	FY2007	Change	
Life insurance business	Ordinary revenues	689.8	**741.3**	+51.4	+8%
	Ordinary profit	14.8	**39.0**	+24.1	+163%
Non-life insurance business	Ordinary revenues	51.0	**55.6**	+4.6	+9%
	Ordinary profit	2.0	**2.8**	+0.7	+38%
Banking business	Ordinary revenues	19.4	**25.9**	+6.5	+33%
	Ordinary profit	1.3	**2.4**	+1.0	+77%
Corporate and eliminations	Ordinary revenues	(1.0)	**(0.8)**	+0.2	—
	Ordinary profit	0.0	**0.2**	+0.1	—
SFH Group, consolidated	Ordinary revenues	759.2	**822.1**	+62.8	+8%
	Ordinary profit	18.3	**44.5**	+26.1	+143%

Line item amounts are truncated below ¥100 million; percentage change figures are rounded.

Consolidated ordinary revenues for the Sony Financial Holdings Group grew 8% compared with the preceding fiscal year, to ¥822.1 billion, owing to performance increases in all businesses: life insurance, non-life insurance and banking.

Consolidated ordinary profit also increased ¥26.1 billion, to ¥44.5 billion, in line with profit increases in all businesses.

Consolidated net income grew ¥14.3 billion, to ¥24.3 billion.

Highlights of Group Consolidated Operating Performance for FY2007

Sony Financial Holdings

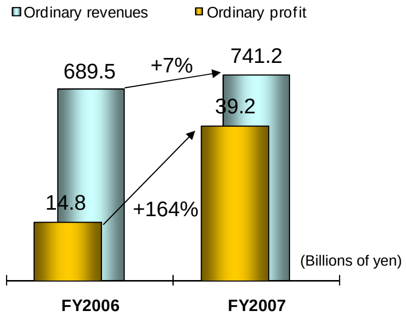
- In the life insurance business, both the policy amount in force and new insurance sales (individual life insurance + individual annuities) remained firm, and general account investment income increased. As a result, ordinary revenues and ordinary profit both increased.
- In the non-life insurance business, a steady rise in the number of policies, chiefly for automobile insurance, boosted net premiums written. The increase in net premiums written and an improvement of net loss ratios resulted in increase in both ordinary revenues and ordinary profit.
- In the banking business, owing to the steady expansion of operations, net interest income increased in line with expanded operations, and ordinary revenues and ordinary profit both increased.
- Consolidated ordinary revenues grew 8% compared with the prior fiscal year, to ¥822.1 billion. Despite a ¥9.8 billion valuation loss on securities (amount of impairment loss), ordinary profit increased ¥26.2 billion, or 143%, to ¥44.5 billion. Net income grew ¥14.2 billion, or 142%, to ¥24.2 billion.
- Owing to a downturn in the domestic stock markets, 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. Consolidated net assets consequently amounted to ¥261.6 billion, down ¥8.5 billion from March 31, 2007. As of March 31, 2008, consolidated total assets amounted to ¥4,977.4 billion, up ¥653.6 billion from March 31, 2007.

3

This is an overview of the operating performance of each business segment. From this point, I will go into more detail on the operating performance of each of the three companies that handle these businesses.

Highlights of Operating Performance: Sony Life (Non-Consolidated)

Sony Financial Holdings



Sony Life
◆Revenues and profit up compared with FY2006
◆New policy amount up 10.9% compared with FY2006
◆Income from insurance premiums increased, in line with robust growth in policy amount in force
◆General account investment income rose
◆Investment expenses increased, owing to investment losses on assets held in separate accounts, valuation loss on securities and expenses on financial derivatives
◆Net assets fell ¥33.8 billion in FY2007, to ¥182.6 billion, owing to a ¥45.9 billion decline in net unrealized gains on other securities, net of taxes.
◆The lapse and surrender rate increased 0.33 percentage point compared with FY2006, to 6.12%

(Billions of yen)	FY2006	FY2007	Change	
Ordinary revenues	689.5	**741.2**	+51.6	+7%
Income from insurance premiums	605.5	**648.4**	+42.8	+7%
Investment income	78.7	**87.4**	+8.7	+11%
Of which, interest and dividend income	34.2	**47.9**	+13.6	+40%
Of which, income from money trusts	12.1	**14.7**	+2.6	+21%
Of which, gain on sales of securities owned	11.8	**24.0**	+12.1	+102%
Of which, investment income on assets held in separate accounts	14.9	—	(14.9)	—
Ordinary expenses	674.6	**701.9**	+27.2	+4%
Insurance claims and other payments	219.3	**241.1**	+21.7	+10%
Provision for policy reserve and others	349.6	**286.2**	(63.4)	(18)%
Investment expenses	8.1	**69.8**	+61.7	+754%
Of which, separate account asset investment expenses	—	48.3	+48.3	—
Operating expenses	87.3	**94.3**	+7.0	+8%
Ordinary profit	14.8	**39.2**	+24.3	+164%
Net income	7.4	**18.5**	+11.0	+147%
Core profit	24.3	**23.5**	(0.7)	(3)%
Securities	2,217.9	**2,388.9**	+171.0	+8%
Policy reserve	3,088.8	**3,375.0**	+286.2	+9%
Total net assets	216.5	**182.6**	(33.8)	(16)%
Total assets	3,445.9	**3,659.7**	+213.8	+6%

Line item amounts are truncated below ¥100 million; percentage change figures are rounded.

Note: Each figure for policy amount in force, lapse and surrender rate, and new policy amount is calculated as the total of individual life insurance and individual annuities. The lapse and surrender rate is calculated without offsetting policies that are reinstated.

4

First, I will explain the highlights of operating performance of Sony Life on non-consolidated base.

Sony Life posted a 7% increase in ordinary revenues compared with the preceding fiscal year, to ¥741.2 billion, as the policy amount in force remained robust, boosting income from insurance premiums, and general account investment income increased.

Ordinary profit grew ¥24.3 billion, compared with the preceding fiscal year, to ¥39.2 billion, owing to such factors as the absence of an increase of the provision for policy reserve in the current fiscal year as was incurred in the preceding fiscal year, in addition to an increase in gains from general account asset investment.

Owing to higher ordinary profit, net income expanded ¥11.0 billion, to ¥18.5 billion.

The company posted extraordinary losses of ¥3.4 billion, owing mainly to an increase in the provision for reserve for price fluctuations.

Overview of Performance: Sony Life (Non-Consolidated)

Sony Financial Holdings

(Billions of yen)

	FY2006	FY2007	Percentage change
Policy amount in force[*1]	30,244.4	**31,497.3**	+ 4.1%
Annualized premiums from insurance in force[*1]	504.6	**530.0**	+ 5.0%
Of which, third-sector products	117.4	122.8	+ 4.6%
Lapse and surrender rate[*1,*2]	5.79%	**6.12%**	+ 0.33pt
New policy amount[*1]	3,429.4	**3,802.5**	+ 10.9%
Annualized premiums from new insurance sales[*1]	65.5	**63.4**	(3.2) %
Of which, third-sector products	14.4	13.3	(7.7)%
Income from insurance premiums	605.5	**648.4**	+ 7.1%
Investment profit	70.5	**17.5**	(75.1) %
Core profit	24.3	**23.5**	(3.3) %
Negative spread	37.3	**26.7**	(28.4) %
Average assumed interest rate	2.77%	**2.68%**	(0.09)pt
Solvency margin ratio	1,852.0%	**1,747.9%**	(104.1)pt
Real net assets	645.5	**612.0**	(5.2)%
Embedded value (EV)	900.5	**833.8**	(7.4)%

Line item amounts are truncated below ¥100 million; percentage change figures are rounded.

Notes:

*1 Each figure of policy amount in force, annualized premiums from insurance in force, lapse and surrender rate, new policy amount and annualized premiums from new policies is calculated as the total of individual life insurance and individual annuities.

*2 The lapse and surrender rate is calculated without offsetting policies that are reinstated.

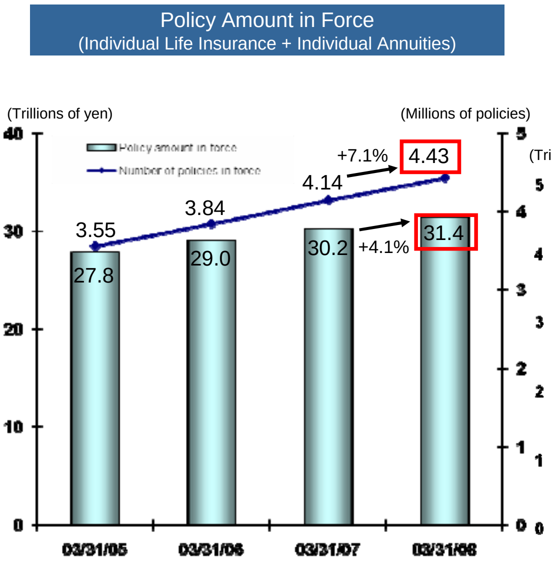
5

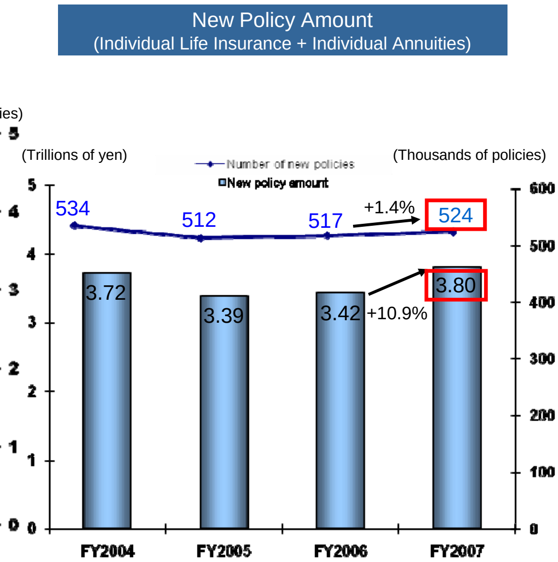
This slide shows the principal indicators of Sony Life's financial performance.

I will provide additional explanation in later slides, along with past results.

Sony Life Operating Performance (1)

Sony Financial Holdings





Line item amounts are truncated below ¥100 billion or ¥10 billion; numbers of policies are truncated below 10,000 or 1,000 policies; percentage change figures are rounded.

6

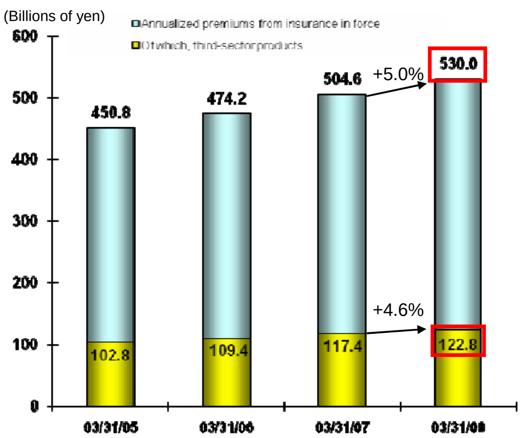
Sony Life's policy amount in force grew steadily during the term. As a result, policy amount in force was up 4.1% from March 31, 2007, to ¥ 31.4 trillion. The number of policies in force rose 7.1% during the term, to 4.43 million policies.

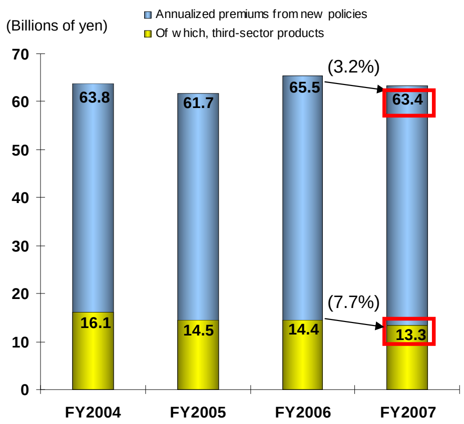
During the year, new policy amount increased 10.9%, to ¥3.8 trillion. Sales of such products as family income insurance and variable life insurance were brisk. The number of new policies expanded 1.4%, to 524 thousand policies.

Sony Life Operating Performance (2)

Sony Financial Holdings

Annualized Premiums from Insurance in Force (Individual Life Insurance + Individual Annuities)	Annualized Premiums from New Policies (Individual Life Insurance + Individual Annuities)





Line item amounts are truncated below ¥100 million; percentage change figures are rounded.

7

Annualized premiums from insurance in force rose 5.0% compared with the preceding fiscal year, to ¥530.0 billion. Of this amount, third-sector products rose 4.6%, to ¥122.8 billion.

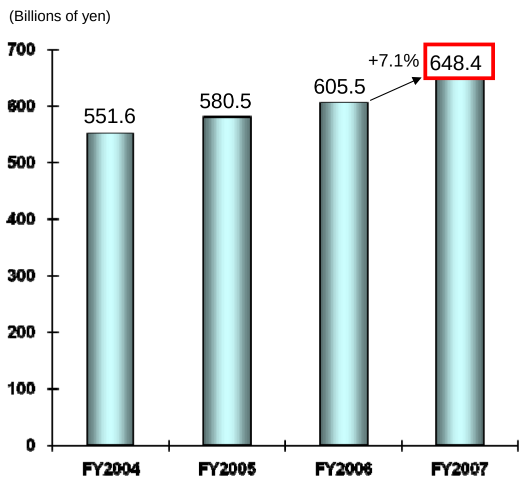
Annualized premiums from new policies fell 3.2% compared with the preceding fiscal year, to ¥63.4 billion. For third-sector products, this amount fell 7.7%, to ¥13.3 billion.

The reason that annualized premiums from new policies decreased, even though new policy amount increased, was that sales were strong for such products as term life insurance, which have relatively low premiums given their policy amounts, while sales of medical insurance, which has relatively high premiums, decreased due to increasingly stringent competition.

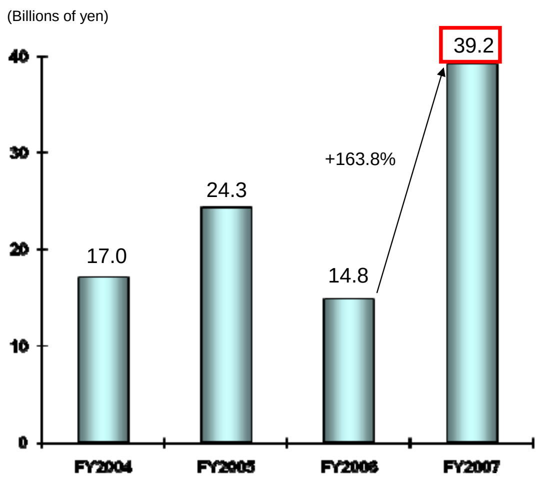
Sony Life Operating Performance (3)

Sony Financial Holdings

Income from Insurance Premiums



Ordinary Profit (Non-Consolidated)



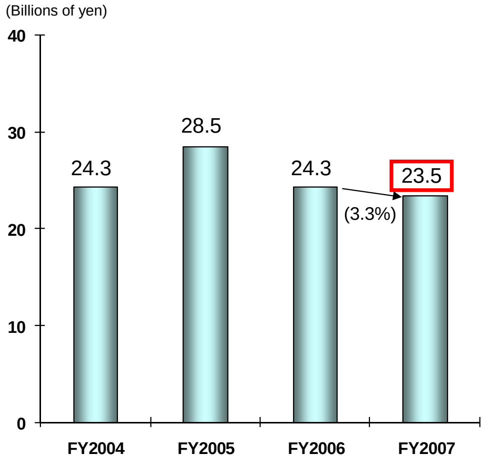
Line item amounts are truncated below ¥100 million; percentage change figures are rounded.

Income from insurance premiums grew 7.1% compared with the preceding fiscal year, to ¥648.4 billion, owing to a robust policy amount in force.

Sony Life’s ordinary profit grew ¥24.3 billion, compared with the preceding fiscal year, to ¥39.2 billion, owing to such factors as the absence of an increase of the provision for policy reserve in the current fiscal year as was incurred in the preceding fiscal year, in addition to an increase in gains from general account asset investment.

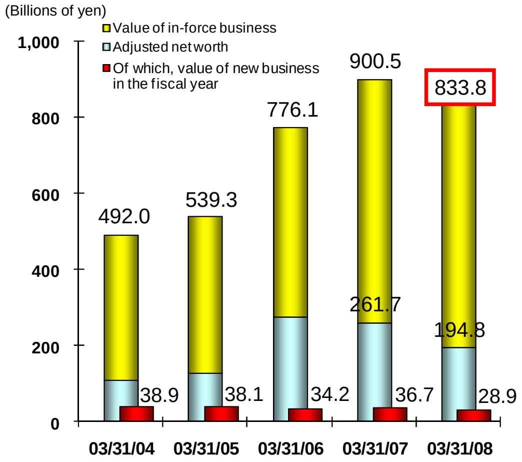
Sony Life Operating Performance (4)

Core Profit



Line item amounts are truncated below ¥100 million.

Embedded Value (EV)



Different calculation methods and assumptions are used for EV results as of March 31, 2004, 2005, 2006, 2007 and 2008.

9

Core profit declined ¥0.7 billion, to ¥23.5 billion, mainly because of the increase of operating expenses.

I will explain embedded value in more detail later in this presentation, but for now:

Adjusted net worth was down ¥66.9 billion from March 31, 2007, to ¥194.8 billion.

The value of in-force business was up ¥0.1 billion from March 31, 2007, to ¥638.9 billion.

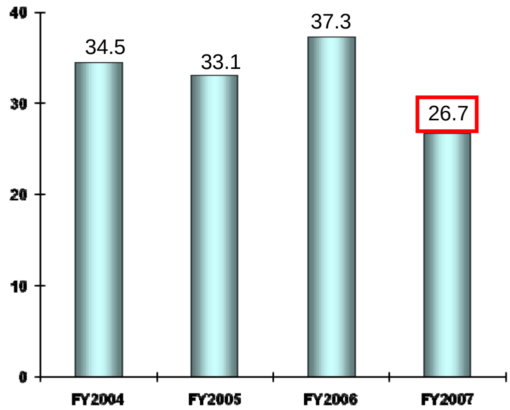
Of this amount, the value of new policies was down ¥7.8 billion compared with March 31, 2007, to ¥28.9 billion.

Overall, embedded value was down ¥66.7 billion, to ¥833.8 billion.

Sony Life Operating Performance (5)

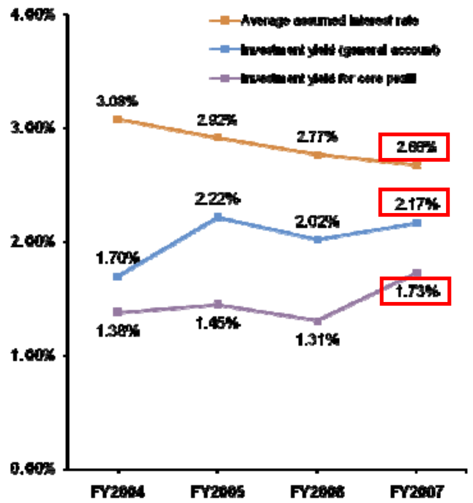
Sony Financial Holdings

Negative Spread



Line item amounts are truncated below ¥100 million.

Investment Yield for Core Profit and Investment Yield (General Account) versus Average Assumed Interest Rate



10

The negative spread improved ¥10.6 billion compared with the preceding fiscal year, to ¥26.7 billion.

As for the investment yield for core profit and the investment yield in the general account with the average assumed interest rate,

The investment yield for core profit was 1.73%,

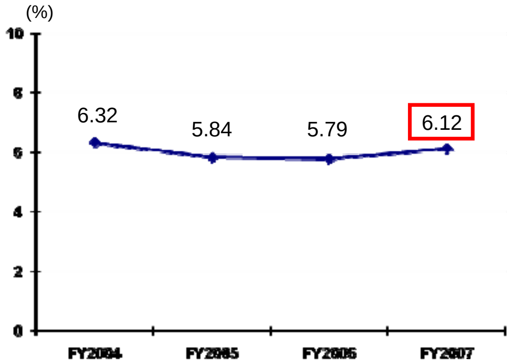
The investment yield for the general account was 2.17%, and

The average assumed interest rate was 2.68%.

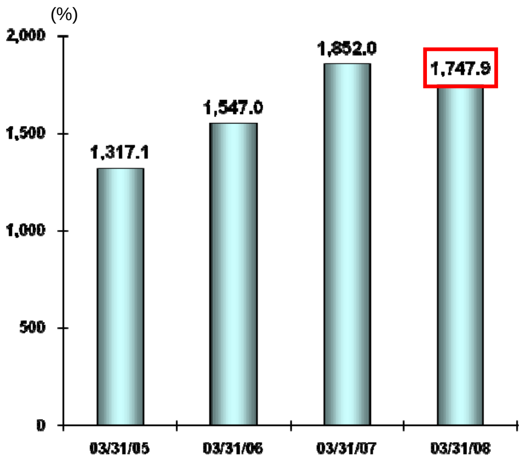
Sony Life Operating Performance (6)

Sony Financial Holdings

Lapse and Surrender Rate*
(Individual Life Insurance + Individual Annuities)



Solvency Margin Ratio



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

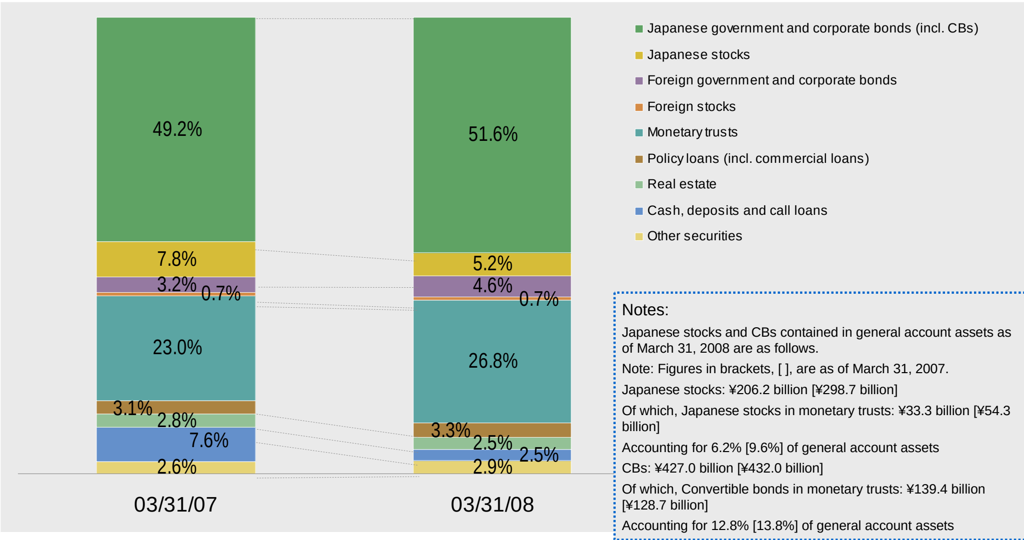
The lapse and surrender rate was up 0.33 percentage point compared with the preceding fiscal year, to 6.12%, maintaining low level.

The solvency margin ratio remained high, at 1,747.9%.

Sony Life Operating Performance (7)

Sony Financial Holdings

Breakdown of General Account Assets (March 31, 2008 vs. March 31, 2007)



Notes:

Japanese stocks and CBs contained in general account assets as of March 31, 2008 are as follows.

Note: Figures in brackets, [ ], are as of March 31, 2007.

Japanese stocks: ¥206.2 billion [¥298.7 billion]

Of which, Japanese stocks in monetary trusts: ¥33.3 billion [¥54.3 billion]

Accounting for 6.2% [9.6%] of general account assets

CBs: ¥427.0 billion [¥432.0 billion]

Of which, Convertible bonds in monetary trusts: ¥139.4 billion [¥128.7 billion]

Accounting for 12.8% [13.8%] of general account assets

12

This is a breakdown of Sony Life's general account assets as of March 31, 2008, compared with March 31, 2007.

Looking in real terms at Japanese stocks and convertible bonds included within Japanese government and corporate bonds, as well as Japanese stocks and convertible bonds included within monetary trusts and convertible bonds, Japanese stocks make up 6.2% of general account assets, while convertible bonds account for 12.8%.

Sony Life Operating Performance (8)

Sony Financial Holdings

Valuation Gains or Losses on General Account Assets (March 31, 2008 vs. March 31, 2007)

(Billions of yen)

	03/31/07	03/31/08	Change
Japanese government and corporate bonds	57.1	83.4	26.3
Japanese stocks	130.0	50.8	(79.1)
Foreign securities	4.2	(95)	(13.7)
Other securities	6.8	3.0	(3.8)
Total	198.2	127.8	(70.4)

Line item amounts are truncated below ¥100 million.

Additional Information Concerning Major Fluctuations

■ Lower interest rates caused an increase in valuation gains on Japanese government and corporate bonds. However, a downturn in the Japanese stock markets resulted in declines in the market value of Japanese stocks held, resulting in a substantial decline in valuation gains.

■ The company holds no securitized products backed by U.S. subprime loans.

13

Sony Life's valuation gains on securities at market value amounted to ¥127.8 billion, down ¥70.4 billion from March 31, 2007.

Lower interest rates caused an increase in valuation gains on Japanese government and corporate bonds. However, a downturn in the Japanese stock markets resulted in a decline in the market value of Japanese stocks held.

The company does not invest in securitized products backed by U.S. subprime loans, so as far as we are aware the company is experiencing no direct impact of the subprime loan issue.

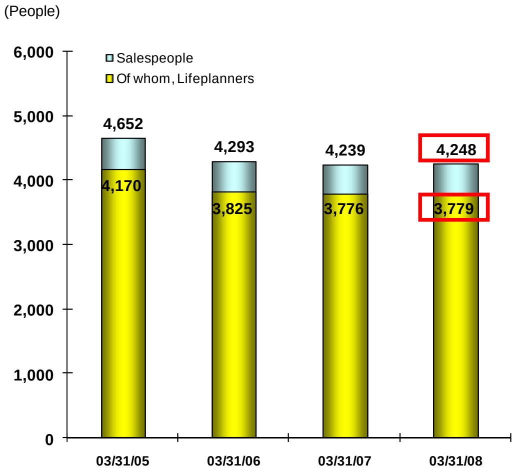
A press release dated April 24 announced that the total amount of impairment losses on securities for the Sony Financial Holdings Group at the end of the fiscal year ended March 31, 2008, was ¥9.8 billion. Sony Life's valuation gains on general account assets* are reflected in this amount.

* Valuation gains on general account assets are calculated by subtracting their book value on March 31, 2007, from their market value on March 31, 2008.

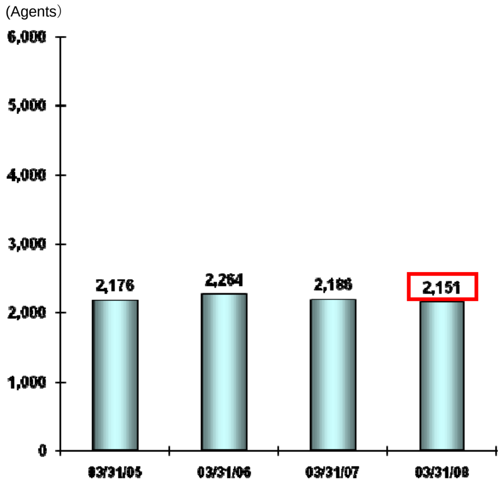
Sony Life Operating Performance (9)

Sony Financial Holdings

Number of Lifeplanners and Salespeople



Number of Partner Sales Agents

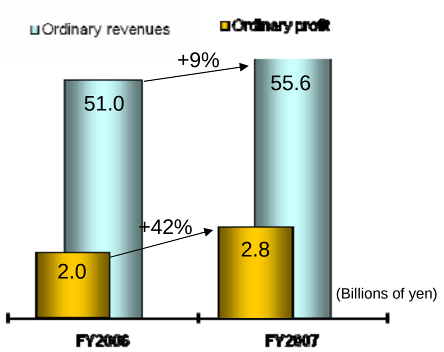


As of March 31, 2008, Sony Life's salespeople numbered 4,248, nine more than as of March 31, 2007. This total included 3,779 Lifeplanners, an increase of three Lifeplanners.

In addition, partner sales agents numbered 2,151, down 35.

Highlights of Operating Performance: Sony Assurance

Sony Financial Holdings



Sony Assurance

- ◆Revenues and profit up compared with FY2006
- ◆Net premiums written up 9%, to ¥55.0 billion, owing to increase in number of policies for mainstay automobile insurance
- ◆In addition to an increase in net premiums written, the loss ratio was stable, resulting in ordinary profit of ¥2.8 billion
- ◆Combined ratio rose 0.4 percentage point, to 80.3%

(Billions of yen)	FY2006	FY2007	Change	
Ordinary revenues	51.0	**55.6**	+4.6	+9%
Underwriting income	50.4	**55.0**	+4.5	+9%
Investment income	0.4	**0.5**	+0.1	+22%
Ordinary expenses	48.9	**52.8**	+3.8	+8%
Underwriting expenses	36.4	**38.9**	+2.5	+7%
Investment expenses	0.0	**0.0**	+0.0	+82%
Operating, general and administrative expenses	12.4	**13.8**	+1.3	+11%
Ordinary profit	2.0	**2.8**	+0.7	+38%
Net income	1.5	**2.1**	+0.5	+37%
Securities	51.1	**56.2**	5.0	+10%
Underwriting reserves	36.1	**42.7**	6.6	+18%
Total net assets	13.3	**15.3**	+2.0	+15%
Total assets	67.4	**78.6**	+11.1	+17%

Line item amounts are truncated below ¥100 million; percentage change figures are rounded.

15

Next, I will explain the highlights of Sony Assurance's operating performance.

Sony Assurance posted a 9% increase in ordinary revenues compared with the preceding fiscal year, to ¥55.6 billion, owing chiefly to favorable performance in mainstay automobile insurance, which raised net premiums written.

Ordinary profit rose ¥0.7 billion, to ¥2.8 billion due to the increase in ordinary revenues and the stable loss ratio.

Net income rose ¥0.5 billion, to ¥2.1 billion.

Overview of Performance: Sony Assurance

Sony Financial Holdings

(Billions of yen)

	FY2006	FY2007	Change
Direct premiums written	50.1	**54.6**	+9%
Net premiums written	50.4	**55.0**	+9%
Net losses paid	24.1	**26.2**	+9%
Underwriting profits	1.6	**2.2**	+41%
Net loss ratio	53.6%	**53.5%**	0.1 pt improvement
Net expense ratio	26.3%	**26.7%**	0.4 pt up
Combined ratio	79.9%	**80.3%**	0.4 pt up
Solvency margin ratio	1,009.7%	**1,073.9%**	64.2 pt up
Number of policies in force	0.93 million	**1.02 million**	+ 10%

Line item amounts are truncated below ¥100 million; percentage change figures are rounded.

Net expense ratio is equal to the ratio of total underwriting costs to net premiums written

Net loss ratio is equal to the ratio of net losses paid an loss adjustment expenses to net premiums written.

The number of policies in force is the total of automobile insurance and medical and cancer insurance, which accounts for 99% of net premiums written. These numbers are rounded below 10,000 policies.

16

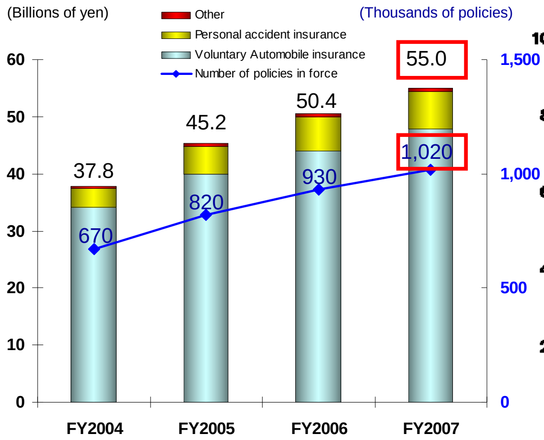
This slide shows the principal indicators of Sony Assurance's financial performance.

I will provide additional explanation in later slides, along with past results.

Sony Assurance Operating Performance (1)

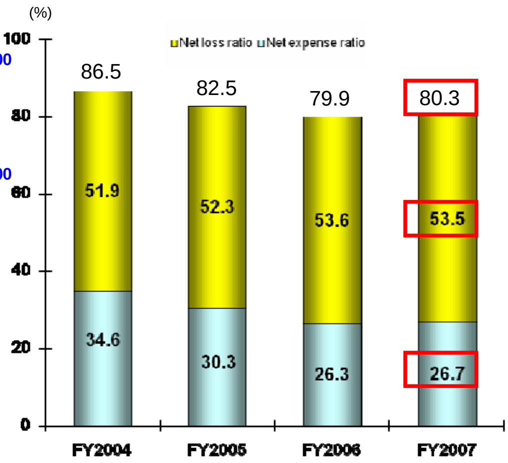
Sony Financial Holdings

Net Premiums Written and Number of Policies in Force



The number of policies in force is the total of automobile insurance and medical and cancer insurance, which accounts for 99% of net premiums written. Most personal accident insurance is medical and cancer insurance.
Line item amounts are truncated below ¥100 million for net premiums written and truncated below 10,000 for the number of policies in force.

Combined Ratio



Net expense ratio is equal to the ratio of total underwriting costs to net premiums written

Net loss ratio is equal to the ratio of net losses paid an loss adjustment expenses to net premiums written.

In terms of insurance underwriting, as you see here the number of policies in force increased steadily. The number of policies in force as of March 31, 2008—the total number of automobile insurance and medical and cancer insurance policies—was up 10% compared with March 31, 2007, to 1.02 million policies. Net premiums written grew 9% compared with the preceding fiscal year, to ¥55.0 billion.

The net loss ratio improved 0.1 percentage point, to 53.5%.

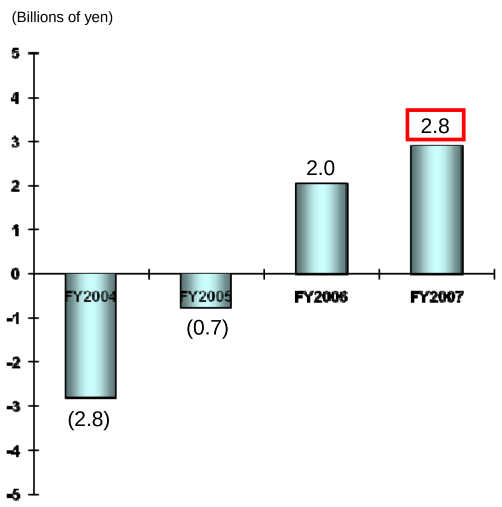
The net expense ratio rose 0.4 percentage point, to 26.7%. Although the company pursued increases in operating efficiency, system-related expenses increased.

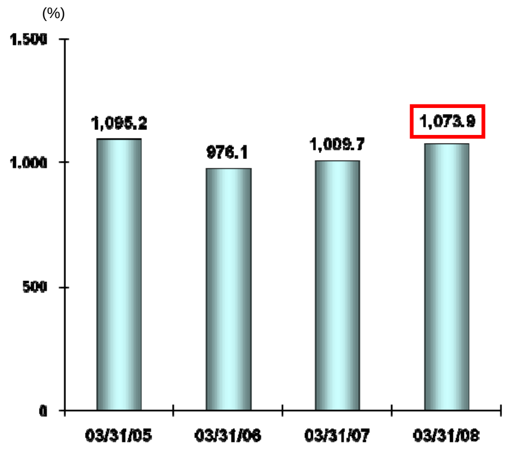
As a result, the combined ratio, which is the sum of the net loss ratio and the net expense ratio, rose 0.4 percentage point, to 80.3%.

Sony Assurance Operating Performance (2)

Sony Financial Holdings

Ordinary Profit (Loss)	Solvency Margin Ratio





Line item amounts are truncated below ¥100 million.

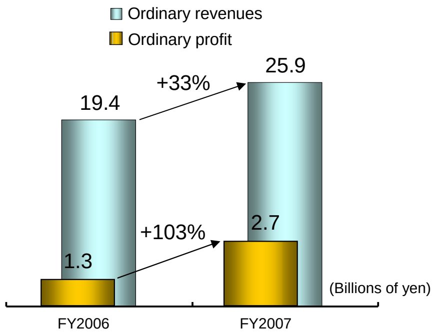
The steady increase in the number of policies that I mentioned earlier, as well as a stable loss ratio, enabled Sony Assurance to raise its profitability during the fiscal year ended March 31, 2008, after having moved into the black in the preceding fiscal year.

The expense ratio rose from the preceding fiscal year, but remained favorable in comparison with other companies in the industry.

The solvency margin ratio remained at a sound level, amounting to 1,073.9% as of March 31, 2008.

Highlights of Operating Performance: Sony Bank (Non-Consolidated)

Sony Financial Holdings



Sony Bank

- Revenues and profit were both up, compared with FY2006
- Net interest income and net other operating income increased, owing mainly to higher interest on loans—stemming from a higher mortgage loan balance—and higher market investment income
- Net income amounted to ¥4.4 billion, owing to an increase in deferred income taxes
- Gross operating profit totaled ¥10.9 billion; the sum of net interest income of ¥5.1 billion, net fees and commissions of ¥0.3 billion and net other operating income of ¥5.4 billion. General and administrative expenses were up slightly, to ¥8.1 billion
- Customer assets were up ¥398.4 billion, compared with March 31, 2007, to ¥1,247.3 billion

(Billions of yen)	FY2006	FY2007	Change	
Ordinary revenues	19.4	**25.9**	+6.5	+33%
Gross operating profit	9.0	**10.9**	+1.9	+21%
Net interest income	4.5	**5.1**	+0.5	+11%
Net fees and commissions	0.5	**0.3**	(0.1)	(28)%
Net other operating income	3.9	**5.4**	+1.5	+40%
General and administrative expenses	7.6	**8.1**	+0.4	+6%
Ordinary profit	1.3	**2.7**	+1.3	+103%
Net income	1.0	**4.4**	+3.4	+339%
Securities	381.2	**488.7**	+107.5	+28%
Loans	284.7	**347.0**	+62.3	+22%
Deposits	752.3	**1,144.3**	+392.0	+52%
Customer assets	848.8	**1,247.3**	+398.4	+47%
Total net assets	36.8	**35.7**	(1.1)	(3)%
Total assets	806.8	**1,211.0**	+404.1	+50%

Line item amounts are truncated below ¥100 million; percentage change figures are rounded.

19

Now I will explain the highlights of Sony Bank's operating performance on a non-consolidated base.

Sony Bank's ordinary revenues increased 33% 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 ¥1.3 billion compared with the preceding fiscal year, to ¥2.7 billion.

Owing to an increase in deferred income taxes, Sony Bank's net income increased substantially, to ¥4.4 billion.

Overview of Performance: Sony Bank (Non-Consolidated)

Sony Financial Holdings

(Billions of yen)

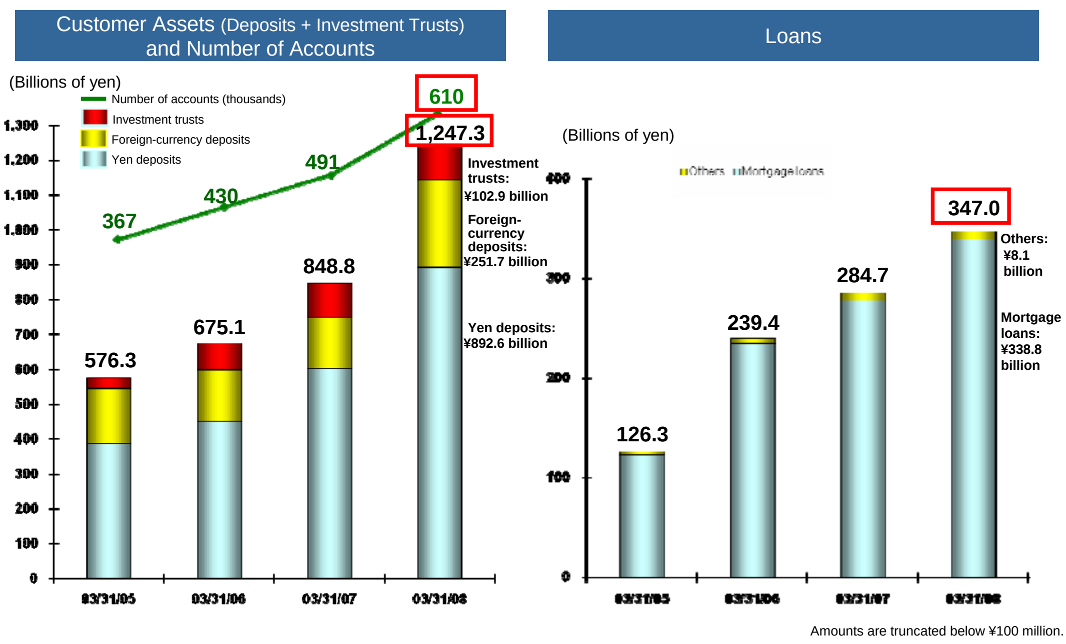
	FY2006	FY2007	Change
Gross operating profit	9.0	**10.9**	+ 21%
General and administrative expenses	7.6	**8.1**	+ 6%
Net operating profit	1.3	**2.8**	+ 107%
Ordinary profit	1.3	**2.7**	+ 103%
Customer assets	848.8	**1,247.3**	+ 47%
Of which, FY2007 increase	173.7	**398.4**	+ 129%
Loans	284.7	**347.0**	+ 22%
Of which, FY2007 increase	45.2	**62.3**	+ 38%
Capital adequacy ratio (domestic criteria)	11.49%	**9.15%**	(2.34)pt
Number of accounts	491 thousand	**610 thousand**	+ 24%
Of which, FY2007 increase	61 thousand	**118 thousand**	+ 57 thousand

Line item amounts are truncated below ¥100 million; percentage change figures are rounded.

This slide shows the principal indicators of Sony Bank's financial performance.

I will provide additional explanation in later slides, along with past results.

Sony Bank Operating Performance (1)

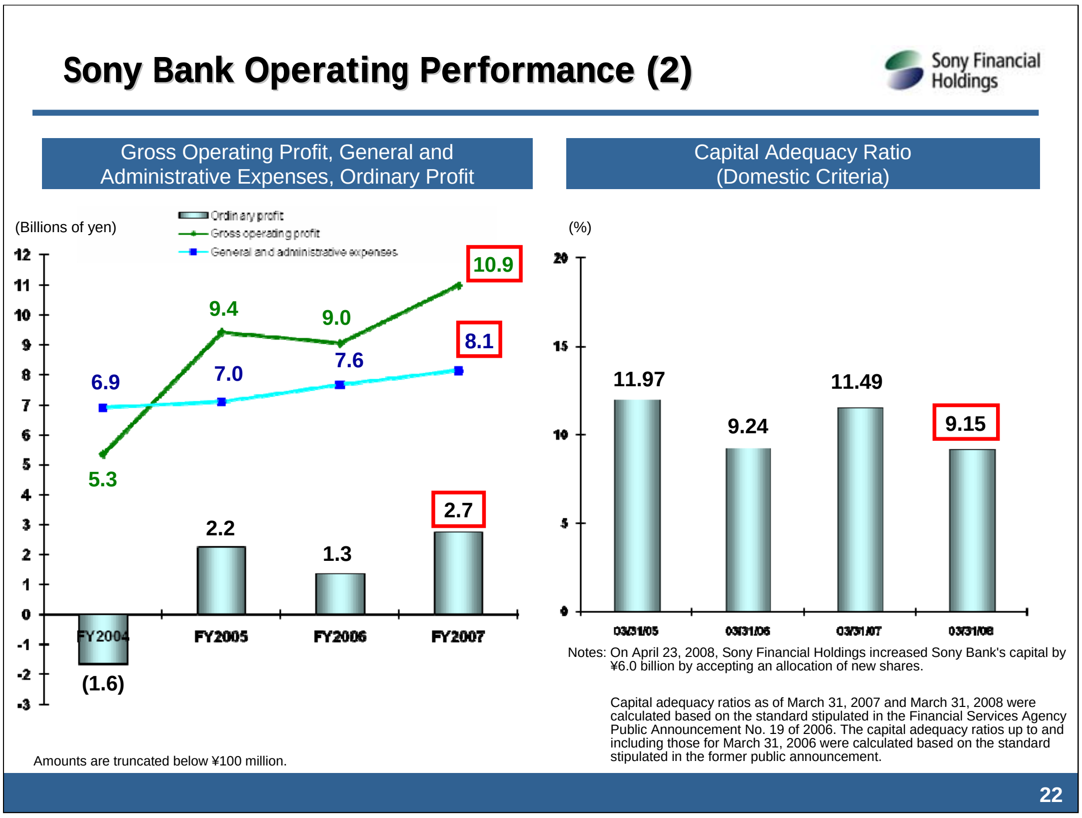


As of March 31, 2008, the balance of customer assets (the total of deposits and investment trusts) expanded, largely due to the contribution of increased deposits and amounted to ¥1,247.3 billion, up ¥398.5 billion, or 46.9%, from March 31, 2007.

Total yen and foreign currency deposits amounted to ¥1,144.3 billion, up ¥392.0 billion, or 52.1%, from March 31, 2007.

Investment trusts were up ¥6.4 billion compared with March 31, 2007, or 6.7%, to ¥102.9 billion. Loans were up ¥62.3 billion, or 21.9%, to ¥347.0 billion.

On March 31, 2008, accounts numbered 610 thousand, up 118 thousand from March 31, 2007.



Looking next at profitability, boosted by such factors as higher net interest income, gross operating profit grew ¥1.9 billion compared with preceding fiscal year, to ¥10.9 billion.

Breaking down gross operating profit, net interest income increased ¥0.5 billion, to ¥5.1 billion, as a result of a higher balance of invested assets through the expansion of operations. Net fees and commissions fell ¥0.1 billion, to ¥0.3 billion, owing to higher ATM fees and other service costs. Net other income increased ¥1.5 billion, to ¥5.4 billion, as market investment profit improved.

The capital adequacy ratio remained healthy, at 9.15%, although it was down from the March 31, 2007, figure, primarily as a result of a substantial increase in assets.

Key Management Benchmarks (1)

- Consolidated ordinary revenues, consolidated ordinary profit and consolidated net income
- Consolidated adjusted ROE

<u>Perspective on Consolidated Adjusted ROE</u>

Sony Financial Holdings Group

	Sony Life		Sony Assurance		Sony Bank
Numerator	Net increase in EV plus dividend (**Note: Changes in provision for contingency reserves and the future value of existing policies are added to net income.**)	+	Net income **+ Increase in provision for special catastrophe reserves (after tax) + Increase in reserve for price fluctuations (after tax)**	+	Net income
Denominator	The average of (EV at previous fiscal year-end minus dividend plus EV at current fiscal year-end) (**Note: The contingency reserve and the future value of existing policies are added to net assets.**)	+	The average of (net assets + special catastrophe reserve and reserve (after-tax) for price fluctuations (after-tax)) as of the previous fiscal year-end and the current fiscal year-end	+	The average of net assets as of the previous fiscal year-end and the current fiscal year-end

Note: Calculations take dividends and taxes into consideration.

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.

Consolidated adjusted ROE is calculated as you see here.

Key Management Benchmarks (2)

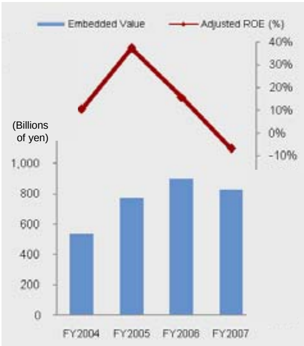
Sony Financial Holdings

Key Management Benchmarks

- Consolidated ordinary revenues, consolidated ordinary profit and consolidated net income
- Consolidated adjusted ROE

(Millions of yen, %)	FY2004	FY2005	FY2006	FY2007
Consolidated ordinary revenues	653,259	758,711	759,280	**822,153**
Consolidated ordinary profit	12,269	25,377	18,354	**44,500**
Consolidated net income	6,375	11,537	10,021	**24,255**
Consolidated adjusted ROE	8.0%	35.1%	15.2%	**(5.7%)**

Sony Life Embedded Value and Adjusted ROE

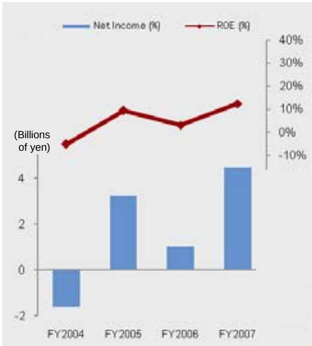


Source: Sony Life
Notes: Calculation of Adjusted ROE
Numerator: Net increase in EV plus dividend
Denominator: The average of (EV at previous fiscal year-end — dividend + EV at current fiscal year-end)

Sony Assurance Net Income and Adjusted ROE

Source: Sony Assurance
Notes: Calculation of Adjusted ROE
Numerator: Net income plus an increase in provision for special catastrophe reserves (after-tax) and an increase in reserve for price fluctuations (after-tax)
Denominator: The average of (shareholders' equity or net assets + special catastrophe reserve and reserve for price fluctuations (after-tax)) as of the previous fiscal year-end and the current fiscal year-end

Sony Bank Net Income and ROE



Source: Sony Bank
Notes: Calculation of ROE:
Numerator: Net income
Denominator: The average of shareholders' equity or net assets as of the previous fiscal year-end and the current fiscal year-end

24

As the chart to the upper right shows, SFH's key management benchmarks on a consolidated basis—ordinary revenues, ordinary profit and net income—remain steady.

Looking at consolidated adjusted ROE, Sony Life's EV decreased, causing consolidated adjusted ROE for FY2007 to fall, but Sony Assurance and Sony Bank both posted year-on-year increases in ROE.

(For reference)	**FY2004**	**FY2005**	**FY2006**	**FY2007**
Consolidated adjusted ROE	8.0%	35.1%	15.2%	(5.7%)
Sony Life	10.5%	37.2%	15.7%	(6.9%)
Sony Assurance	(8.1%)	3.3%	16.1%	17.2%
Sony Bank	(5.3%)	9.3%	2.9%	12.4%

Consolidated Operating Performance Forecast for FY2008

Sony Financial Holdings

(Billions of yen; line item amounts are truncated below ¥100 million; changes are rounded)

	FY2004	FY2005	FY2006	FY2007	FY2008 (Interim forecast)	FY2008 (Full-year forecast)	Percentage change
Consolidated ordinary revenues	653.2	758.7	759.2	822.1	430.0	884.0	+ 7.5%
Of which, life insurance business	604.0	696.4	689.5	741.3	386.0	793.0	+ 7.0%
Of which, non-life insurance business	38.1	45.7	51.0	55.6	30.0	59.8	+ 7.5%
Of which, banking business	11.3	17.2	19.4	25.9	14.4	30.7	+ 18.5%
Consolidated ordinary profit	12.2	25.3	18.3	44.5	18.0	37.0	(16.9%)
Of which, life insurance business	17.0	24.3	14.8	39.0	17.0	34.0	(13.0%)
Of which, non-life insurance business	(2.8)	(0.7)	2.0	2.8	0.6	1.3	(53.9%)
Of which, banking business	(1.6)	2.2	1.3	2.4	0.5	1.3	(45.9%)
Consolidated net income	6.3	11.5	10.0	24.2	10.0	21.0	(13.4%)

Additional Information

We expect ordinary revenues to continue increasing, owing to the robust expansion of each business. However, ordinary profit is expected to decrease, for the reasons described below.

■ **Life insurance business**

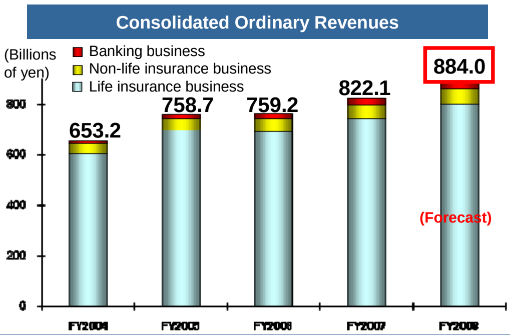
The yield on general account investments is expected to fall, compared with FY2008.

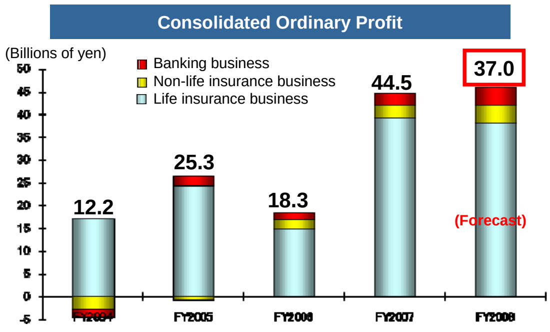
■ **Non-life insurance business**

The operating expense ratio is expected to rise slightly, owing to higher system-related expenses.

■ **Banking business**

Expenses are expected to increase: system-related and other expenses are expected to increase, Sony Bank Securities is expected to operate in the red initially, and goodwill will be amortized, among other factors.





25

Next, I will explain the Sony Financial Holdings Group's consolidated results forecast for the fiscal year ending March 31, 2009, which were announced on May 14.

For the fiscal year ending March 31, 2009, we expect consolidated ordinary revenues of ¥884.0 billion, up 7.5% from the preceding fiscal year, owing to the steady expansion of each business.

In the life insurance business, we assume that the yield on investment of general account assets will be lower than for the preceding fiscal year, and that system-related expenses will increase in the non-life insurance and banking businesses. For such reasons as these, we expect consolidated ordinary profit to decrease 16.9%, to ¥37.0 billion, and forecast a 13.4% decline in consolidated net income, to ¥21.0 billion.

New Business Progress Update (1)

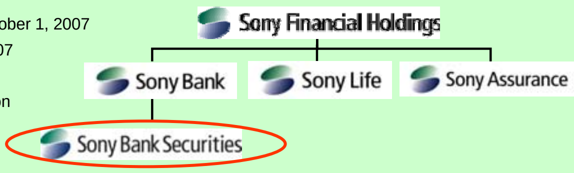
Sony Financial Holdings

AEGON Sony Life Planning Co., Ltd.

- On August 29, 2007, this company was formed to prepare for the establishment of an individual annuities joint venture with AEGON to sell unique individual annuities via bank teller windows and Lifeplanner sales employees.
- Initial capitalization of new insurance company: Approx. ¥20.0 billion (anticipated)
- Ownership: Sony Life Insurance co., Ltd. 50%; AEGON INTERNATIONAL B.V. 50%

Sony Bank Securities

- Began accepting applications to open accounts: October 1, 2007
- Began Japanese stock transactions: October 15, 2007
- Number of accounts as of March 31, 2008: 11,883
- Customer assets as of March 31, 2008: ¥3,899 million



Note: Sony Bank Securities Inc. is a consolidated subsidiary. AEGON Sony Life Planning Co., Ltd., although an affiliated company of Sony Life, is not included in SFH's scope of consolidation as an equity-method affiliate.

26

I will explain new business developments during the fiscal year ended March 31, 2008.

Sony Life plans to establish a joint venture with AEGON, of the Netherlands, to plan individual annuities. In August 2007, we set up a 50–50 business planning company with AEGON. The planning company is working toward an operational startup of the new joint venture company in the fiscal year ending March 31, 2009.

Today, Sony Financial Holdings resolved to accept an allocation of new shares from Sony Life, raising the company's capital ¥10.0 billion. Please refer to this press release, along with today's materials.

Sony Bank Securities was established in June 2007 with the aim of offering its own highly convenient financial commodity intermediary services to Sony Bank customers. Sony Bank Securities commenced operations in October 2007. As of March 31, 2008, the company had 11,000 securities accounts and customer assets of ¥3.8 billion. In line with its efforts to expand its product and service offerings, in January 2008 Sony Bank Securities began handling exchange traded funds, or ETFs, and real estate investment trusts, or REITs.

New Business Progress Update (2)

Sony Financial Holdings

Sony Life Receives Permission to Handle Banking Agency Business on Behalf of Sony Bank

Sony Life ⇔ Sony Bank

- Began handling banking agency business: January 16, 2008
- Products and services
  1. Lifeplanner sales employees: Conduct product explanations and accept applications for mortgage loans on behalf of Sony Bank
  2. Life Planning SQUARE (Ginza Sony Building): Handle Sony Bank mortgage loan and account opening procedures
- In FY2007, percentage of new Sony Bank mortgage loans handled by Lifeplanner sales employees: Approx. 15%

Meanwhile, Sony Life received permission to handle banking agency business on behalf of Sony Bank and began offering these services on January 16. Primarily, Sony Life handles Sony Bank's mortgage loans. Sony Life's Lifeplanner sales employees explain these products and deliver applications on behalf of Sony Bank. At Life Planning SQUARE (Ginza Sony Building), they also handle Sony Bank mortgage loan and account opening procedures. Life Planning SQUARE is the first physical location to handle products offered by Sony Bank, which is an Internet bank.

Sony Life's Embedded Value (EV)

28

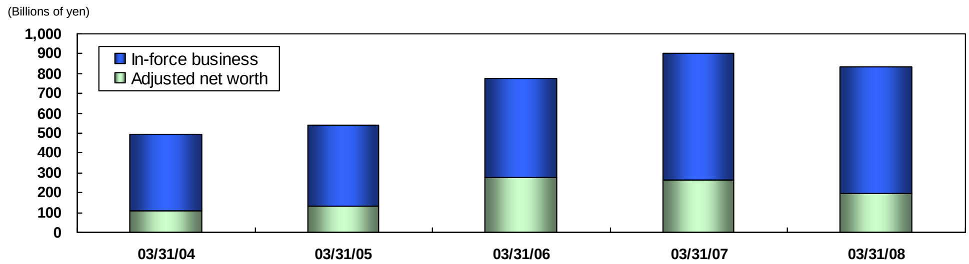
Next I'd like to explain Sony Life's embedded value, or EV

Overview of Embedded Value in FY2007

Sony Financial Holdings

- EV came to ¥833.8 billion, down ¥66.7 billion from March 31, 2007.
- The value of in-force business was ¥638.9 billion, up ¥0.1 billion from March 31, 2007, and adjusted net worth was ¥194.8 billion, down ¥66.9 billion.
- EV of new policies during FY2007 amounted to ¥28.9 billion, down ¥7.8 billion from March 31, 2007.

Embedded Value



(Billions of yen)

	03/31/04	03/31/05	03/31/06	03/31/07	03/31/08
Total EV	492.0	539.3	776.1	900.5	833.8
In-force business	381.7	409.6	499.8	638.8	638.9
Adjusted net worth	110.2	129.7	276.3	261.7	194.8
Of which, EV of new policies	38.9	38.1	34.2	36.7	28.9

Source: Sony Life
Note: Assumptions and calculation methods differ for EV calculated as of March 31, 2004, March 31, 2005, March 31, 2006, March 31, 2007, and March 31, 2008.

29

Sony Life has disclosed EV, beginning with the fiscal year ended March 31, 2004, as one of the important indices used to evaluate the corporate value of its life insurance business.

Overall, EV as of March 31, 2008, was ¥833.8 billion, down ¥66.9 billion from the end of the preceding fiscal year. The value of in-force business was nearly flat, but adjusted net worth declined ¥66.9 billion, to ¥194.8 billion, owing to such factors as an ¥82.7 billion decline in net unrealized gains.

EV of new policies during the fiscal year declined ¥7.8 billion, to ¥28.9 billion. We analyze the principal reasons for the year-on-year decline in the value of new policies to include a rise in operating expenses—centered on system-related expenses—which had a ¥3.5 billion negative effect. Also, such factors as a revision in insurance rates and lower annualized premiums from new policies on medical insurance had a ¥3.6 billion negative effect, and lower market interest rates had a ¥1.1 billion negative effect.

EV: Assumptions and Movement Analysis

Sony Financial Holdings

Major Assumptions Employed in Calculating EV at March 31, 2008

Discount rate	6.0%
Investment yield on new investments	Investment yield on new investments is based on implied forward rates, assuming Sony Life makes all new investments only in Japanese government bonds.
Mortality and morbidity rates	Based on Sony Life's experience over the three most recent fiscal years (FY2005–FY2007)
Lapse and surrender rate	Based on Sony Life's experience over the three most recent fiscal years (FY2005–FY2007)
Operating expenses (unit costs)	Calculated using the cost (unit cost) for the maintenance and administration of policies and for payments of claims based on Sony Life's experience during the most recent fiscal year (FY2007)
Effective tax rate	Based on the most recent effective tax rate (based on the rate for FY2007)
Solvency margin ratio	For the purpose of calculating the cost of capital, maintenance of a solvency margin ratio of 600% was assumed.

Movement Analysis of EV from March 31, 2007

(Billions of yen)

EV as of March 31, 2007	900.5
Shareholder dividends	(6.5)
Release from the value of in-force business*	38.1
EV of new policies for the year ended March 31, 2008	28.9
Difference between assumptions and actual results for the year ended March 31, 2008	(113.2)
Difference from changes in the assumptions	(14.1)
EV as of March 31, 2008	833.8

* This item corresponds to unwinding of the amount of discount for one year made as of March 31, 2007, on the value of in-force business.

30

Next, I will explain the movement analysis of EV from March 31, 2007.

The table on the right shows the factors for the increases and decreases in EV since March 31, 2007.

First, EV decreased ¥6.5 billion from March 31, 2007, owing to the payment of shareholder dividends, but the release from the value of in-force business and the value of new policies acquired during the year caused a ¥67.0 billion increase.

However, the difference between assumptions and actual results for the year ended March 31, 2008, came to ¥113.2 billion, and difference from changes in the assumptions such as revised investment yields resulted in a ¥14.1 billion negative affect. As a result, EV as of March 31, 2008, was ¥833.8 billion.

Of the ¥113.2 billion difference between assumptions and actual results for the year ended March 31, 2008, ¥82.7 billion was due to decreases in valuation gains on owned stocks and convertible and certain other bonds caused by the downturn in stock prices during the fiscal year ended March 31, 2008.

The fluctuations in market conditions influenced both the difference between assumptions and actual results and the difference from changes in the assumptions.

Within the difference from changes in the assumptions and actual results, an increase in the minimum guarantee cost on variable life insurance accounted for ¥9.1 billion, and increased capital costs on investments in ultralong-term bond investments accounted for a ¥5.9 billion decline. With regard to the impact of operating expenses, an internal survey conducted during working hours suggested that increases in the percentage of time spent on ongoing policy maintenance should be reflected in the EV calculations, which brought EV down ¥8.4 billion. Of the ¥14.1 billion decrease caused by the difference from changes in the assumptions, ¥13.7 billion arose from the decrease in expected future investment yields on securities other than bonds.

During the year ended March 31, 2008, EV decreased owing mainly to market-related factors. In the fiscal year ending March 31, 2009, we expect the release from the value of in-force business to remain stable and EV of new policies to increase at the same level.

EV: Sensitivity

Sony Financial Holdings

EV Sensitivity at March 31, 2008

(Billions of yen)

		Amount of Increase (Decrease)	EV Amount
Discount rate	From 6.0% to 5.0%	83.1	916.9
	From 6.0% to 7.0%	(67.5)	766.3
Solvency margin ratio	From 600% to 500%	7.7	841.5
	From 600% to 700%	(8.6)	825.2
Investment yield: +0.25%*	On total investments	59.1	892.8
	On new investments	34.8	868.6
Investment yield: –0.25%*	On total investments	(61.2)	772.5
	On new investments	(35.0)	798.7
Mortality and morbidity	Assumption x 1.1	(65.3)	768.5
Lapse and surrender rate	Assumption x 1.1	(16.1)	817.7
Operating expenses (unit cost to maintain policy)	Assumption x 1.1	(6.5)	827.2

* The impact of changes in investment yield assumptions is shown after taking into account the impact on policyholders' dividends.

31

Here we show the effects of changing the assumptions, along with their sensitivities. Please use this as a reference.

EV: Breakdown of Adjusted Net Worth

Sony Financial Holdings

Breakdown of Adjusted Net Worth

(Billions of yen)

	As of March 31, 2008	As of March 31, 2007	Change
Adjusted net worth	**194.8**	261.7	(66.9)
Total net assets*	**136.9**	207.6	(70.7)
Reserve for price fluctuations	**24.1**	20.9	3.2
Contingency reserve	**61.8**	59.0	2.8
Reserve for possible loan losses	**0.0**	0.0	0.0
Net unrealized gains on land	**8.4**	6.8	1.6
Unfunded employees' retirement benefits liability	**(3.5)**	(1.9)	(1.6)
Deferred tax assets corresponding to preceding five items	**(32.9)**	(30.7)	(2.2)

* Excluding net unrealized gain on bonds except for convertible and certain other bonds

EV: Breakdown of adjusted net worth

EV: Major Assumptions (Investment Yield)

Sony Financial Holdings

Investment Yield on New Investments

The implied forward rates that were used are as follows.

FY	Investment Yield
2008	0.57%
2009	0.61%
2010	0.81%
2011	0.98%
2012	0.98%
2017	2.78%
2022	3.18%
2027	3.50%
2032	3.40%
2037	3.51%

Investment Yield on Existing Assets

The weighted average investment yields on new investments and existing assets that were used are as follows.

FY	Investment Yield
2008	1.92%
2009	1.88%
2010	1.89%
2011	1.91%
2012	1.88%
2017	2.90%
2022	3.24%
2027	3.66%
2032	3.63%
2037	3.77%

33

EV: Major assumptions (investment yields)

APPENDIX

Appendix

Comparison with Sony Corporation's Consolidated Financial Services Segment
(Principal Differences between Japan GAAP and U.S. GAAP)

Sony Financial Holdings

* "SFH" refers to "Sony Financial Holdings Inc."

	Financial Services Segment of Sony Corporation, Consolidated (U.S. GAAP)	SFH* Consolidated (Japan GAAP)
Treatment of new policy acquisition costs (Concerns the life insurance business and the medical care insurance portion of the non-life insurance business)	The portion of costs related to acquiring new policies or changes in these costs that is deemed recoverable is deferred.	Costs are treated as expenses during the period in which they are incurred.
Method of calculating policy reserves (insurance policy liabilities) (Concerns the life insurance business and the medical care insurance portion of the non-life insurance business)	Under U.S. GAAP, calculated according to the net level premium method using insurance actuarial figures.	Calculated according to methods approved by regulatory bodies. Computed with an emphasis on the early accumulation of policy reserves from the standpoint of protecting policyholders.
Treatment of the market value of convertible bonds held (Concerns the life insurance business)	Changes in the fair value (changes in the market value) of so-called "hybrid financial products," which include derivatives, are posted to the income statement as profits or losses.	Changes in fair value are posted to the balance sheets as increases or decreases in net assets.

Notes:
1. The above-mentioned differences between U.S. GAAP and Japan GAAP are deemed material to SFH's consolidated ordinary profit for FY2007.
2. The scope of Sony Corporation's consolidated Financial Services segment and SFH's consolidation differ, as follows:
   - Sony Corporation's consolidated Financial Services segment: Sony Life Insurance Co., Ltd., Sony Assurance Inc., Sony Bank Inc., Sony Finance International Inc., others
   - SFH consolidated: Sony Life Insurance Co., Ltd., Sony Assurance Inc., Sony Bank Inc., Sony Bank Securities Inc., Sony Life Insurance (Philippines) Corporation

3.Under U.S. GAAP, the book value at the date of conversion to shares is used as the market value of shares converted from convertible bonds (CBs), whereas under Japanese accounting principles the book value is carried as the CB acquisition price even after conversion. Consequently, total gains or losses on the sales of shares converted from CBs (differences between selling prices and book values), and total impairment losses (differences between market value and book value)—of stocks included in the scope of impairment loss accounting—differ depending on the use of U.S. or Japanese GAAP.

35

I will explain the major differences between the accounting standards employed by the SFH Group and those employed by Sony Corporation, our parent company, when accounting for the Financial Services segment in its consolidated accounts.

First, as Note 2 indicates, the scope of consolidation used by Sony Corporation's consolidated Financial Services segment and SFH's consolidation are different.

Next, we consider there to be three significant differences mainly in the life insurance business at SFH's consolidated ordinary profit level for the year ended March 31, 2008.

The first involves the treatment of costs to acquire new policies. Under U.S. GAAP, these costs are deferred as long as they are recoverable generally over the premium-paying period of the related insurance policies, whereas under Japan GAAP these costs are charged to income when incurred.

The second involves the method of calculating policy reserves. Under U.S. GAAP, these reserves are calculated according to the net level premium method with certain adjustments of actuarial assumptions for U.S. GAAP purposes. Under Japan GAAP, however, policy reserves are calculated according to methods approved by Japan's Financial Services Agency, which place an emphasis on the early accumulation of policy reserves from the standpoint of protecting policy holders.

In these two areas, the Japanese statutory requirements are more conservative than the U.S. accounting standards, in terms of profits and losses, for cases that have an upward-trending policy amount in force like our life insurance business.

The third area concerns the treatment of convertible bonds, or CBs, held by our life insurance business. Under U.S. accounting standards, changes in market value are charged to income, whereas under Japanese accounting standards without charging to income these amounts are recorded on the balance sheet as changes in net assets.

Let me add supplemental explanation on accounting treatments of shares converted from CBs. As Note 3 indicates, under U.S. accounting treatments the book value at the date of conversion to shares is recognized as the market value of shares that are converted from CBs, whereas under Japanese accounting treatments the book value is carried at the CB acquisition price even after conversion. Consequently, as the book value used for computing gains/losses on sales and impairment losses of those shares are different depending on the use of either accounting treatments, the amount of gains/losses on sales and impairment losses differ as well.

In general, U.S. accounting treatments tend to record higher book value of shares as a result of recording valuation gains when stock markets are rising, comparing to Japanese accounting treatments.
Conversely, when stock markets are declining, I understand that gains on sales of the shares are lesser and losses on sales or impairment losses are larger under U.S. accounting treatments.
These are the principal differences between the two accounting standards, and I encourage you to take these differences into consideration for your analysis.

Highlights of FY2007

Apr. 2007	Sony Bank Begins Offering Mortgage Loan Group Credit Life Insurance Rider to Cover Three Major Diseases
Jun. 2007	Sony Bank Establishes Sony Bank Securities Inc. Companies to Launch Securities Intermediary Services from October
Aug. 2007	Sony Assurance Revises SURE Medical and Cancer Insurance Policy Offerings
Aug. 2007	Sony Life Establishes AEGON Sony Life Planning Co., Ltd.
Oct. 2007	Sony Financial Holdings Lists on First Section of Tokyo Stock Exchange
Oct. 2007	Sony Assurance Launches "On the Day, Any Day, Response" Service
Dec. 2007	Sony Life Receives Permission to Handle Banking Agency Business for Sony Bank
Jan. 2008	Sony Bank and Sony Bank Securities Start Handling ETFs and REITs
Mar. 2008	Sony Bank Becomes Wholly Owned Subsidiary of Sony Financial Holdings

Highlights of the fiscal year ended March 31, 2008

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