

Net Valuation Losses on Securities as of December 31, 2008

Tokyo, January 15, 2009—Sony Financial Holdings Inc. (“SFH”) today announced its estimated net valuation losses on securities as of December 31, 2008 (or impairment losses on securities for the three months ended December 31, 2008), as shown below.

1. Net valuation losses as of December 31, 2008 (to be charged to the income statements for the three months from October 1, 2008 through December 31, 2008)

(Billions of yen, unless otherwise noted)

(A) Net valuation losses on securities as of December 31, 2008	18.8
(B) Net assets as of March 31, 2008	261.6
(A) / (B) x 100	(7.2%)
(C) Ordinary profit for the fiscal year ended March 31, 2008	44.5
(A) / (C) x 100	(42.4%)
(D) Net income for the fiscal year ended March 31, 2008	24.2
(A) / (D) x 100	(77.7%)

Notes:

1. Net valuation losses on securities as of December 31, 2008 (A, in the table) are based on information available to SFH's management as of January 15, 2009.
2. The amount of (A) includes ¥18.7 billion of impairment losses from Sony Life Insurance Co., Ltd.
3. Besides the amount of (A) charged to the income statements for the three months from October 1, 2008 through December 31, 2008, the net valuation losses on securities which have already been charged as impairment losses for the three months from April 1, 2008 through June 30, 2008 and from July 1, 2008 through September 30, 2008 are ¥0.7 billion and ¥3.3 billion, respectively.

2. Financial forecast

SFH' consolidated financial forecast for the fiscal year ending March 31, 2009 is under review. If we determine that revisions are necessary, we will announce any such changes promptly.

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Reference:

Difference of Accounting Treatment of Convertible Bonds and Stocks between Japanese GAAP and U.S. GAAP

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

With respect to the accounting treatment of convertible bonds ("CBs"), changes in market value are charged to income under U.S. GAAP, which Sony Corporation applies, whereas under Japanese GAAP, which SFH applies, without charging to income these amounts are recorded on the balance sheet as changes in net assets.

Stocks held by SFH group are mostly converted from CBs, and accounting treatments of stocks converted from CBs differ between Japanese GAAP and U.S. GAAP. Under U.S. GAAP the market value at the date of conversion to stocks is recognized as the book value of stocks that are converted from CBs, whereas under Japanese GAAP the book value of stocks is carried at the CB acquisition cost even after conversion. Consequently, as the book value used for computing gains/losses on sales and impairment losses of those stocks are different depending on the use of either accounting treatments, the amount of gains/losses on sales and impairment losses differ as well.