

FY2008 Conference Call for Domestic Institutional Investors and Analysts

Q&A (Summary)

Date: May 14, 2009, 17:30–18:30

Respondents: Hironichi Fujikata, Executive Vice President, Representative Director,

Sony Financial Holdings Inc.

Mitsuhiro Koizumi, Senior Executive Vice President and Director,

Sony Life Insurance Co., Ltd.

Masayoshi Fukuya, Executive Officer, Sony Assurance Inc.

Hidehiko Nakamura, Director, Chief Financial Officer, Sony Bank Inc.

Q&A (Summary)

Q1) I believe that the market for convertible bonds (CBs) has picked up since April. Could you give some indication of how much unrealized losses on CBs have improved since March 31, 2009?

(We are unable to follow the financial conditions of the issuers of CBs with low ratings for which you have recorded impairment losses)

A1) (Sony Life) In Q4 of FY2008, credit risk increased on some CBs, and we recorded impairment losses mostly on CBs. At this point, the market seems to be in a recovery phase. However, we do not disclose information on individual issues.

Q2) Couldn't you simply give a collective figure?

A2) (Sony Life) Because we have been busy in preparing for FY2008 financial results, we haven't actually calculated this figure.

Q3) What are your FY2009 forecasts for core profit and negative spread, and your estimated provisions for contingency reserves and reserves for price fluctuations?

A3) (Sony Life) As in FY2008, we expect core profit to continue increasing steadily in FY2009. As new policies are expected to continue expanding robustly in FY2009, we expect the negative spread to decrease. We reversed contingency reserves and reserves for price fluctuations in FY2008, but if no major economic upheaval occurs we will accumulate provisions for those reserves in FY2009.

Q4) Will you make additional provisions for contingency reserves? Will you accumulate provisions for reserves for price fluctuations higher than the legal standards? Will you add such provisions at the rate you did in the past through FY2007?

A4) (Sony Life) As for provisions for contingency reserves, we plan to accumulate as stipulated, while we plan to accumulate provisions for reserves for price fluctuations more than required. However, please understand that this will depend on the impact of economic changes. As reversal of or provisions for reserves for price fluctuations are recorded in the statements of income as extraordinary gains or losses, you can guess this amount from our consolidated forecasts for FY2009 (the difference between ordinary profit and net income).

Q5) Sony Life's new policy amount increased year on year in FY2008, but annualized premiums for new policies fell. You mentioned that this is because sales of variable life insurance decreased. What is your forecast on new policy amount and product mix for FY2009?

A5) (Sony Life) This depends on the market, but we expect sales of variable life insurance will continue to fall.

Q6) What products are taking the place of variable life insurance in terms of increasing sales ratio?

A6) (Sony Life) Our Lifeplanner sales employees conduct sales based on customers' needs, so I believe that the percentage will increase basically for protection-oriented term insurance products. As in FY2008, I believe this trend will grow more pronounced in FY2009.

Q7) Looking at Sony Assurance's performance forecasts, your top line is solid, but your loss ratio and expense ratios are increasing, which are holding down ordinary profit. Please be specific about the background for these forecasts.

A7) (Sony Assurance) Our loss ratio was relatively low and stable in FY2007 and FY2008, but taking into consideration the decrease in unit price of insurance premiums we have had to set our loss ratio slightly higher. In terms of the expense ratio, efficiency is improving as our scale of business increases, but we have forecast a high level of operating expenses to take into account that we changed over our data center systems.

Q8) As of March 31, 2009, Sony Life's Lifeplanner sales employees numbered 112 more than one year earlier. In particular, their number was approximately 80 higher on March 31, 2009, than on December 31, 2008. What was the reason for the increase?

A8) (Sony Life) Our employment of Lifeplanner sales employees tends to be seasonal, with hiring levels higher in April, October and January.

Q9) Will this upward tendency continue in FY2009?

A9) (Sony Life) Several years ago, the number of Lifeplanner sales employees hired was on a downward trend, but this has increased over the past year or two. We believe this change reflects the effectiveness of our (candidate) recruiting and employment methods. The trend also appears to be upward in FY2009.

Q10) Sony Life's number of Lifeplanner sales employees is increasing, but can you maintain quality? How many people are MDRT members? Also, why is the number of agents decreasing?

A10) (Sony Life) I believe your mention on the number of MDRT members indicates sales productivity. Productivity is increasing on a new policy amount basis, which against the background of a worsening economic climate I believe indicates that Lifeplanner sales employees are better skilled. In terms of the decrease in the number of agencies, the number of small-scale agencies going out of business is increasing as competition among agencies grows stronger.

Q11) In your recruiting of Lifeplanner sales employees, have you seen any changes in attributes or characteristics? What is their market share in terms of insurance sales?

A11) (Sony Life) We have not seen any change in terms of Lifeplanner sales employee attributes. These people tend to be mostly in their 30s and be mid-career hires who have sales experience, and still there is no major tendency toward any particular sector. In terms of market share, Sony Life accounts for 6% to 7% on new policy amount basis, and around 3% in terms of policy amount in force.