Q&A (Executive Summary) Following the Management Vision of the Sony Financial Holdings Group for Fiscal 2008 (for Japanese Institutional Investors)

Time and Date:	May 26, 2008, 3:00 p.m. to 4:30 p.m.
Teruhisa Tokunaka	President and Representative Director of Sony Financial Holdings Inc.
Hiromichi Fujikata	Executive Vice President and Representative Director of Sony Financial Holdings Inc.
Taro Okuda	President and Representative Director of Sony Life Insurance Co., Ltd.
Shinichi Yamamoto	President and Representative Director of Sony Assurance Inc.
Shigeru Ishii	President,CEO and Representative Director of Sony Bank Inc.

Q&A (Executive Summary)

Q1. The number of Lifeplanner sales employees seems to have bottomed out. Are you putting in place any specific measures? Could you please explain what has changed, as well as the background for those changes?

A1. (Sony Life) The environment of recruiting Lifeplanner sales employees has been still difficult so we didn’t see a sudden increase in the number of applicants. An increase in each Lifeplanner sales employee’s productivity raises his/her own level of confidence, which may have positively impacted the recruiting activities by sales managers or may have derived Lifeplanner candidate introductions. The overall age of our Lifeplanner sales employees has increased and the know-how of training Lifeplanner sales employees has been accumulated gradually. Last year we introduced a structure that will allow us to hire and train younger candidates. We believe we can keep increasing the number of Lifeplanner sales employees going forward.

Q2. I understand that your company has placed an emphasis on the first sector, but aren’t you going to increase salesof medical insurance a little, in comparison to the large insurers? What specific measures are in place for the future?

A2. (Sony Life) Our core, firstly, is death protection products, and we believe that evoking customers’ needs for death protection is our most important focus. Selling death protection products is the way of encouraging customers to envision their futures, leading to discussions of how they wish to protect their futures. As a result of such discussions, we believe we build up relationships of trust with our customers and arouse their death protection needs, which leads on discussions of needs for medical insurance and annuities. However, as we haven't introduced any new third-sector products since July 2003 (we can not deny that our product competitiveness has been weakened), we will strive to enhance the sales by envisioning the introduction of new products.

Q3. T&D has already introduced MCEV. What are your own plans for introduction?

A3. (Sony Life) In line with its growing importance as an international accounting standard, we are currently looking into disclosing MCEV.

Q4. Can you indicate the timing of this disclosure?

A4. (Sony Life) At the present, we are exploring the possibility. It would be premature to indicate a specific date for disclosure at this time.

Q5. I have a question about the holding company's capital policies. I believe that in the future, the subsidiaries will have substantial capital requirements. Do you have any plans to raise additional funds through such methods as new share issuance in the next three years?

A5. (SFH) It is true that each of the companies has substantial demand for capital and that their businesses are growing apace. Sony Bank is even considering employing subordinate (Tier 2) capital. Nevertheless, at this stage we have no specific plans to issue new shares.

Q6. Are you training Lifeplanners in preparation for the establishment of the variable annuities subsidiary? Please explain the status of preparations.

A6. (Sony Life) We are prepared to begin addressing this situation as soon as we receive approval (from the relevant authorities).

Q7. I have a question about the sale of insurance at bank counters. The megabanks are likely to make full-fledged efforts to strengthen their sales of first- and third-sector products beginning this fiscal year. Do you perceive any threat to your existing policies from the fact that megabanks are strengthening their sales?

A7. (Sony Life) In first-sector insurance, consulting is needed to uncover latent demands. As our success in consulting-based sales approach cannot be achieved in just a day, we perceive no specific threat from megabanks at this point in time since,. We are also striving to enhance our level of customer satisfaction by strengthening our after-sales service to customers.

Q8. Are you planning to increase your frequency of EV disclosure—to twice a year, for instance?

A8. (SFH) Increasing the frequency of our EV disclosure would involve a number of difficult issues including a significant increase in operational burdens. For these reasons, at the present we are not planning to increase our frequency of disclosure, but if there is significant call for an increase we will take this into consideration.

Q9. Do you think ROEV would be an appropriate management benchmark for Sony Life? ROEV is affected to a large extent by externalities; wouldn't it be more useful to look at management benchmarks that made your own efforts more apparent?

A9. (Sony Life) We make comprehensive judgments that are based on multiple benchmarks, such as operating expense trends, policy persistency rates, the lapse and surrender rate, and per-product profitability.

Q10. (Slide 87) You mention that you will "continue to explore Group synergies in addition to cross-selling." What specifically does this mean?

A10. (SFH) Each of the three subsidiaries has accumulated management expertise, and they are making progress on sharing expertise in such areas as direct marketing and risk management methods. At this stage, we are still considering the further possibilities.

Questions Concerning System Investments at the Three Subsidiaries

Q11. I recall that Sony Life's system investment was one reason for the decline in EV in fiscal year 2007. Do you expect system investment to have a negative effect on future EV growth?

A11. (Sony Life) Increased costs for system investment will certainly be a negative factor in the short term. However, the reality is that we have also made a substantial investment in personnel to fulfill our obligations to conform in such areas as internal control and with the Financial Products Exchange Law. Putting these systems in place should result in higher efficiency, making a substantial improvement from the present.

Q12. Is there some underlying reason for Sony Assurance's system investment, such capacity having been reached?

A12. (Sony Assurance) Next year will be our 10th since establishment, and our current systems are ones that we put in place when we started operations and have been maintaining ever since. The current investment targets are systems relating to our call centers and website. Until now, call centers and our website used different systems, but we are planning to integrate their databases for the sake of consistency. To this end, we aim to pursue a shift towards web-based applications. Another reason for this investment is that the period of maintenance of our operating systems and other backbone systems is to expire.

Q13. I have a question about Sony Bank's system. Will system developments for the securities subsidiary and foreign exchange margin transactions involve customizing systems that have been purchased from outside?

A13. (Sony Bank) In principle, we outsource systems related to the securities subsidiary and foreign exchange margin transactions from the standpoint of efficiency. We select the vendor that is most appropriate, taking costs and time into consideration, developing systems according to our specifications.

Q14. I have a question about Sony Assurance. What are your medium-term targets and expectations for your operating expense ratio, taking system investments into account?

A14. (Sony Assurance) In fiscal year 2007, our net operating expense ratio was 26.7%. We expect this ratio to increase temporarily in fiscal year 2008, but then to revert back in fiscal year 2010. We aim to improve our operating expense ratio again during and after fiscal year 2010, as we expand our scale of business, improve operating efficiencies as a result of new system releases and further accelerate to enhance our ratio of web-based applications.

Q15. I have a question about Sony Bank. When the bank began operations, you indicated ¥1.6 million as your per-account target balance. This level is now more than ¥2 million. What is your future target for per-account customer assets balances?

A15. (Sony Bank) When the bank began operations, the average deposit balance per account for commercial banks was around ¥1.6 million, so this seemed a reasonable target. I believe the reason Sony Bank's the customer assets balances are currently higher is that we have found customers who are interested in asset management. Rather than setting a target of customer assets per account, we aim to remain aware of customer characteristics and continue to provide asset management methods that meet the needs of our customers. We believe such approach will result in an increase of the balances.

Q16. I would like to confirm your thoughts on raising capital for the purpose of growth. Is this an area where SFH should always be taking the initiative on the part of its wholly owned subsidiaries? Or rather, should outside funding be sought at the subsidiary level? Some cases, such as joint ventures, require 50:50 investment, but what about wholly owned subsidiaries?

A16. (SFH) Sony Financial Holdings handles equity-level funding, but we believe there may be a case that debt financing is conducted at the subsidiary level. If strategically necessary, we may invest in joint ventures.

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