

**Q&A (Summary) on the Corporate Strategy Meeting of the
Sony Financial Holdings Group for Fiscal 2012**

Date: June 4, 2012, 14:00–15:30

Respondents: Katsumi Ihara President, Representative Director of
Sony Financial Holdings Inc.

Hirotooshi Watanabe Director, Member of the Board, Sony Financial Holdings Inc.

Mitsuhiro Koizumi Director, Member of the Board, Sony Life Insurance Co., Ltd.

Shinichi Yamamoto President, Representative Director of Sony Assurance Inc.

Shigeru Ishii President, Representative Director of Sony Bank Inc.

Note: The original content has been revised and edited for ease of understanding.

Q&A

Q1. [Sony Life]

[Page 9 of the presentation material](#) shows that annualized premiums from new policies are increasing for the independent agent channel. What is the difference in operating expense ratio between the Lifeplanner channel and the independent agent channel, owing to the difference in commissions paid to Lifeplanner sales employees and independent agents? Also, what is the difference in rate of continuity between the Lifeplanner channel and the independent agent channel?

A1.

The independent agent channel incurs additional costs for running agent organization, so commissions are slightly higher than for the Lifeplanner channel, but in terms of the operating expense ratio there is hardly any difference between the channels. With regard to the rate of continuity, the expertise in consulting-based sales that exists in the Lifeplanner channel is also applicable to the independent agent channel, so there is no major difference between channels.

Q2. [Sony Life]

In view of your medium-term target of increasing the number of Lifeplanner sales employees by around 300 by fiscal 2014, what is your current recruiting status?

A2.

Several years ago, we introduced more stringent recruiting standards. As we have seen the productivity of new Lifeplanner sales employees increase, we believe that our current direction was correct. We also have initiatives in place to promote superior Lifeplanner sales employees to sales office manager positions and we have introduced other types of training to foster ongoing skills development. As a result, our recruiting activities are showing signs of improvement, both in activity volume and its results, and we plan to continue along this path.

Q3. [Sony Life]

Over the past 10 years, the policy amount in force for the existing Lifeplanner sales employees has risen. Servicing in-force policies for the existing policyholders requires more time, which leaves less time to acquire new policies. How will you raise and then maintain the productivity of the current Lifeplanner sales employees?

A3.

[As page 10 of the presentation material](#) indicates, we will employ web-based systems to communicate with customers and introduce systems so that Lifeplanner sales employees are able to respond to customers immediately, if needed. Therefore, we will work to raise the productivity of Lifeplanner sales employees by adopting measures to make the business flow more efficient.

Also, last year we introduced a policy succession program so that younger Lifeplanner sales employees can pair up with Lifeplanner sales employees who have long careers. They maintain policies together, and policies are gradually passed on to the younger employee. This process enables Lifeplanner sales employees who maintain a large number of policies to pass these on to the next generation of Lifeplanner sales employees.

Maintaining existing customers' policies also presents opportunities to obtain additional policies from those customers, so it is not necessarily true that productivity declines for Lifeplanner sales employees who are in charge of a large number of policies in force.

(Additional question: What are the trends in the sale of additional policies to the existing policyholders?)

I cannot provide a numerical answer, but there are many cases indicating that we receive more introductions and contract more additional policies as a result of more extensive consulting-based follow up.

Q4. [Sony Life]

You have disclosed the risk amount based on economic value as of March 31, 2012. What is this intended to say about Sony Life's future directions?

A4.

Sony Life calculates the risk amount using an internal model based on QIS5 of European Solvency II, and we will continue to control the risk amount based on economic value to fall within our MCEV amount. We recognize that risk amount will increase as much as we acquire more new policies. We will also continue to control this risk amount, monitoring regulatory trends in Japan and overseas.

(Additional question: Rather than according to profits based on statutory accounting requirements, couldn't you consider paying dividends on the basis of economic value, taking into account your high degree of financial soundness?)

[SFH]

At present, Sony Life provides the only source of dividends for SFH's shareholders.

However, when considering dividend SFH must balance three factors: maintaining a level of soundness that will cultivate the trust of its policyholders, securing the resources for corporate growth, and shareholder returns.

Recognizing that we have achieved a level of financial soundness that compares favorably with highly sound European insurers, as we explained in the presentation we are considering dividend policies that will increase shareholder returns. However, as we are a Japanese company we are obliged to consider the payment of dividends based on profits determined according to Japanese statutory accounting requirements.

Q5. [Sony Life]

You did not make any particular reference to Sony Life's investment of assets. Have there been any changes in your medium-term investment strategies?

A5.

In general, our strategies remain unchanged. As the number of new policies accumulates, we will continue mitigating interest rate risk.

Q6. [Sony Assurance]

Are there any synergistic effects with Sony Life in Sony Assurance's medical insurance?

A6.

We believe that certain business contributions do exist as a group in the sense that offering the suitable insurance products through different channels allows us to reach a larger market.

Q7. [Sony Assurance]

[On page 16 of the presentation material](#), you indicate that you will "cultivate other types of insurance." What exactly does this mean?

A7.

We are considering the development of a variety of other insurance products in addition to automobile insurance and medical insurance. I cannot comment specifically on their content, but we are considering insurance products that are in line with our characteristic business model of insurance sales through direct channels.

Q8. [Sony Assurance]

Leading non-life insurers set their medium-term targets for a combined ratio of 95%, but Sony Assurance's medium-term target for this ratio is 94%. Thus, currently there is a discrepancy between Sony Assurance and the major non-life insurers, but this gap appears to be decreasing over time.

Is this a result of your ongoing pursuit of price competitiveness as a direct non-life insurer?

A8.

Sony Assurance's medium-term target for the combined ratio is based on its earned/incurred loss ratio. Please understand that is difficult to make a direct comparison with the combined ratios for major non-life insurers, as theirs are based on the net loss ratio.

Sony Assurance's target for the combined ratio of 94% indicates significant efforts required to lower the earned/incurred loss ratio. For that reason, Sony Assurance is currently considering certain rises in its level of policy premiums.

Q9. [Sony Bank]

Does Sony Bank's entry into the credit card business represent a specific direction by the SFH Group to offer sales of financial products using card settlement?

A9.

One of our most important points regarding the scale of the credit card business is our relationship with the Sony Group. We are also pursuing a number of other possibilities, such as increasing the scale of this business by considering further alliances within the SFH Group.

In 2011, we invested in SmartLink Network, Inc. (SLN), which handles credit card settlement over the Internet, and converted this company to a consolidated subsidiary. We are thinking of expanding the credit card business, including in cooperation with SLN.

Q10. [SFH]

On page 32 of the presentation material, you indicate a “medium-term target for the dividend payout ratio.” Do you plan to begin applying this dividend policy right away from fiscal 2012? Also, with regard to the dividend amount for fiscal 2012, you indicate that this amount will be “set at an appropriate time in the future.” What exactly does this mean?

A10.

Our “medium-term target for the dividend payout ratio” is 30% to 40%, taking into overall consideration such factors as the Group’s medium-term growth potential and the industry’s dividend levels. In principle, we will consider the dividend amount based on this dividend payout target. We plan to determine the dividend amount for fiscal 2012 after we have had more confidence to forecast our consolidated operating performance.

(Additional question: Is a potential reduction in the standard assumed interest rate one of the reasons for an uncertainty at this point?)

This factor is also an uncertainty.

Q11. [SFH]

Why have you decided to enter the nursing care business? Can you provide some background on this?

A11.

We have already pursued a number of activities in preparation for this move into the nursing care business, such as Sony Life’s business alliance with Watami Co., Ltd., in the nursing care business. Sony Life’s sales of insurance products to the senior segment are currently robust, and over the medium to long term we foresee that demand for nursing care services will be strong. Therefore, entering the nursing care business is the next step in a natural progression. We aim to help our customers live fulfilled and securely throughout their lives, and to also help build a platform through which they can do so with dignity.

(Additional question: What do you see as the competitiveness of the SFH Group that will allow you to differentiate yourselves from other companies in the nursing care business?)

I cannot respond by providing specific examples, but we believe there is a high degree of affinity with the customer network of Sony Life’s Lifepanner channel.

(Additional question: On a slightly different topic, aren’t you considering development of the Internet channel in the life insurance business?)

[Sony Life]

In the past, Lifepanner sales employees have pursued life insurance sales by using a face-to-face approach. We will continue to monitor business trends, but for the moment we are not considering Internet-based sales of life insurance.

Q12. [SFH]

You mention growing the nursing care business into your “fourth pillar.” Specifically, what are your numeric targets?

A12.

Over the approximately 10 years since Sony Assurance and Sony Bank have commenced operations, they have developed into companies with annual ordinary profits of several billion yen. Our aim is for the nursing care business to expand into something along this scale.

Q13. [SFH]

Are you considering any M&A activity or business alliances in the nursing care business?

If you do become involved in M&A activity or business alliances, what sort of companies would you target?

A13.

We would like to choose as an M&A or business alliance partner a company that provided high-quality services.

Q14. [SFH]

Are you looking at the nursing care business as one that provides better capital efficiency on a stand-alone basis than your current three businesses? Or are you looking at this development as a way to generate synergy with your life insurance business?

A14.

We aim to develop this business as an independent entity, rather than relying on other operations.

Q15. [SFH]

Why have you not looked to overseas developments in any of your operations other than the banking business?

A15.

We are always considering such developments for our three businesses. We simply have not made any decisions at this point with regard to country or launch timing.

Q16. [SFH]

SFH's stock price valuation appears to be more or less at the same level as for other major life insurers.

Also, you have indicated medium-term targets for the SFH Group to achieve stable growth. Is this Sony Corporation's policy?

A16.

We cannot comment on SFH's stock price, but each of the SFH Group companies has a unique business model. We want investors to understand that ours is a company that has the potential for increases in corporate value over the medium to long term, and we will continue pursuing IR activities to this end.

The mid-term management targets that we announced today are from the viewpoint of the SFH Group itself; and these have nothing to do with Sony Corporation's policies. SFH and Sony Corporation have independent management structures.