

**Summary of Q&A at 1H FY2007 Teleconference for  
Domestic Institutional Investors and Analysts**

Time/date: November 16, 2007, 17:30–18:10

Respondents: Hiromichi Fujikata, Executive Vice President and Representative Director of SFH  
Masamitsu Shimaoka, Director of Sony Life  
Yuro Fujiyama, Director of Sony Assurance  
Hidehiko Nakamura, Director of Sony Bank

Q&A (Summary)

Q) Looking at Sony Life's investment income, rental income on real estate rose substantially compared with the first half of the prior fiscal year. What was the reason? Recognizing that there is likely to be a corresponding increase in investment expenses to depreciate the rental property, is this trend expected to continue?

A) (Sony Life) In the first half of the previous year, Sony City in Shinagawa (Sony Corporation's headquarters building) was not yet operational, so the revenue/expense balance was negative. During the first half of the current year, the building became operational, so rental income improved significantly. We expect the trend from the first half of this term to continue.

Q) Why did Sony Bank's foreign currency deposits increase?

The level of these deposits has remained flat for the past two years. Was the increase due to yen appreciation during the term?

A) (Sony Bank) As you noted, yen appreciation (from August onward) caused demand for foreign currency deposits to increase.

Q) I understand that Sony Bank's general and administrative expenses are high because they include the costs of interest rate swaps and other derivatives transactions. Is the recent market environment affecting the bank negatively?

A) (Sony Bank) Derivatives transactions are included in other operating income and other operating expenses, but the results of bond trading and related derivatives were poor in the preceding term. Net other operating income improved ¥0.3 billion compared with the first half of the prior fiscal year, because trading investment income improved significantly.

Q) Will Sony Assurance's expenses increase in the second half because of system-related investments?

A) (Sony Assurance) We recognize strengthening IT as an important issue. System-related

investments will continue into the future, but rather than in the second half we expect these costs to emerge in the next fiscal year and beyond.

Q) Do you not disclose non-consolidated operating performance forecasts for principal subsidiaries?

A) (SFH) We do not disclose these figures.

Q) In your operating performance forecasts, can you disclose approximate increases for each company?

A) (SFH) We have disclosed segment information (related to performance figures) for the first half, but we have not provided a breakdown by amount in our forecasts for the full year.

Q) What are Sony Life's plans for disclosing European embedded value (EEV)? T&D Holdings began disclosing EEV this period, and this figure was slightly lower than for traditional embedded value. Would EEV be higher than traditional EV for Sony Life, as its new policy amount is high?

A) (Sony Life) We are still considering how to disclose EEV from FY2008 onward, so we will refrain from making comments on the impact of shifting to EEV.

Q) How is the recruiting situation for Sony Life's Lifeplanner sales employees, and how is retention?

A) (Sony Life) The number of people is down 1.6% compared with the first half of the prior fiscal year. As a sales organization, though, their overall performance is measured by multiplying quality (productivity) by quantity (number of people). The number of people increases in line with higher productivity. Rather than merely increasing the number of people, leading to deterioration in quality in a vicious cycle, we recruit judiciously and focus on raising individual productivity.

Q) Please comment qualitatively on the new policy amount (regarding the fact that the new policy amount is up but annualized premiums for new policies are down).

A) (Sony Life) Death protection insurance was up, but medical protection and other third-sector products were down. The new policy amount was up compared with the first half of the prior fiscal year, but annualized premiums were nearly flat. The new policy amount increased for death protection insurance, which is a pivotal product for Sony Life. We see this as a positive development.

- Q) In the second half of FY2006, Sony Life core profit calculation included other one-time losses of ¥31.1 billion as a provision for policy reserve. What are the company's future plans for such provisions?
- A) (Sony Life) This provision in FY2006 related to the risk that actual policyholder premiums could be insufficient to cover future payments (on specific policies, not corresponding to profitability issues on any specific product category), This one-time provision for policy reserve relates to all future liabilities for payment under the relevant policies. We have no plans to make major provisions in the policy reserve in the future.
- Q) What specific other factors are contributing to Sony Life's increase in costs in the second half?
- A) (Sony Life) We do not necessarily anticipate an increase in costs. Rather, our expectations for the asset investment environment are conservative.
- Q) Sony Life's lapse and surrender rate is up compared with the first half of the prior fiscal year. Is this because the number of Lifeplanner sales employees has decreased?
- A) (Sony Life) Although the lapse and surrender rate was up on a policy amount basis, it was actually down in comparison with the number of policies. The increase on a policy amount basis simply reflects the reality of lapses and cancellations of some high-value policies. On the other hand, persistency rates were up for individual life insurance. These shifts are within the expected scope of fluctuation, and increases in the lapse and surrender rate on a half-year basis do not necessarily represent an upward trend.
- Q) Did Sony Life disclose its average assumed interest rate and negative spread amount for the first half?
- A) (Sony Life) We did not disclose our average assumed interest rate on a half-year basis. The negative spread amount in the first half was ¥14.4 billion, down ¥3.3 billion compared with the ¥17.7 billion recorded in the first half of FY2006.
- Q) What is the share of stocks and convertible bonds in Sony Life's general account? (Monetary trusts include stocks and convertible bonds within Sony Life's general account breakdown, which makes the net amounts difficult to understand.)
- A) (Sony Life) Stocks represent under 10%, and convertible bonds make up more than 10%. This represented no significant change from the March 31, 2007, level.

End