



**SONY**

# Q1 FY2008 Consolidated Results

(Quarter ended June 30, 2008)

Sony Corporation Investor Relations

Statements made in this presentation with respect to Sony's current plans, estimates, strategies and beliefs and other statements that are not historical facts are forward-looking statements about the future performance of Sony. Forward-looking statements include, but are not limited to, those statements using words such as "believe," "expect," "plans," "strategy," "prospects," "forecast," "estimate," "project," "anticipate," "aim," "may" or "might" and words of similar meaning in connection with a discussion of future operations, financial performance, events or conditions. From time to time, oral or written forward-looking statements may also be included in other materials released to the public. These statements are based on management's assumptions and beliefs in light of the information currently available to it. Sony cautions you that a number of important risks and uncertainties could cause actual results to differ materially from those discussed in the forward-looking statements, and therefore you should not place undue reliance on them. You also should not rely on any obligation of Sony to update or revise any forward-looking statements, whether as a result of new information, future events or otherwise. Sony disclaims any such obligation. Risks and uncertainties that might affect Sony include, but are not limited to (i) the global economic environment in which Sony operates, as well as the economic conditions in Sony's markets, particularly levels of consumer spending; (ii) exchange rates, particularly between the yen and the U.S. dollar, the euro and other currencies in which Sony makes significant sales or in which Sony's assets and liabilities are denominated; (iii) Sony's ability to continue to design and develop and win acceptance of, as well as achieve sufficient cost reductions for, its products and services, including newly introduced platforms within the Game segment, which are offered in highly competitive markets characterized by continual new product introductions, rapid development in technology and subjective and changing consumer preferences (particularly in the Electronics, Game and Pictures segments, and the music business); (iv) Sony's ability and timing to recoup large-scale investments required for technology development and increasing production capacity; (v) Sony's ability to implement successfully business reorganization activities in its Electronics segment; (vi) Sony's ability to implement successfully its network strategy for its Electronics, Game and Pictures segments, and All Other, including the music business, and to develop and implement successful sales and distribution strategies in its Pictures segment and the music business in light of the Internet and other technological developments; (vii) Sony's continued ability to devote sufficient resources to research and development and, with respect to capital expenditures, to correctly prioritize investments (particularly in the Electronics segment); (viii) Sony's ability to maintain product quality (particularly in the Electronics and Game segments); (ix) the success of Sony's joint ventures and alliances; (x) the outcome of pending legal and/or regulatory proceedings; (xi) shifts in customer demand for financial services such as life insurance and Sony's ability to conduct successful asset liability management in the Financial Services segment; and (xii) the impact of unfavorable conditions or developments (including market fluctuations or volatility) in the Japanese equity markets on the revenue and operating income of the Financial Services segment. Risks and uncertainties also include the impact of any future events with material adverse impacts.

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## Q1 FY08 Consolidated Results

SONY

(bln yen)

|   | Q1 FY07          | Q1 FY08          | Change        | Change (LC*) |
|---|------------------|------------------|---------------|--------------|
| <b>Sales &amp; operating revenue</b>                  | <b>1,976.5</b>   | <b>1,979.0</b>   | <b>+0.1%</b>  | <b>+8%</b>   |
| <b>Operating income**</b>                             | <b>121.3</b>     | <b>73.4</b>      | <b>-39.5%</b> | <b>-34%</b>  |
| Equity in net income of affiliates (included above)   | 22.0             | 2.2              | -89.8%        |              |
| Restructuring charges (included above)                | 3.4              | 0.6              | -83.5%        |              |
| <b>Income before income taxes**</b>                   | <b>105.7</b>     | <b>62.9</b>      | <b>-40.5%</b> |              |
| <b>Net income</b>                                     | <b>66.5</b>      | <b>35.0</b>      | <b>-47.4%</b> |              |
| <b>Net income per share of common stock (diluted)</b> | <b>63.14 yen</b> | <b>33.28 yen</b> | <b>-47.3%</b> |              |

### Foreign exchange impact

|                                       |                        |
|---------------------------------------|------------------------|
| <b>Sales &amp; operating revenue:</b> | approx. +159.2 bln yen |
| <b>Operating income:</b>              | approx. -7.0 bln yen   |

### Average Rate

|                  | Q1 FY07 | Q1 FY08         |
|------------------|---------|-----------------|
| 1 Dollar         | 120 yen | 104 yen         |
| 1 Euro           | 161 yen | 162 yen         |
| Other currencies |         | Yen 8% stronger |

\* Local currency (LC) basis: change that would have occurred with no year-on-year change in exchange rates

\*\* Sony periodically reviews the presentation of its financial information to ensure that it is consistent with the way management views its consolidated operations. Since Sony considers Sony Ericsson, S-LCD and SONY BMG (which together constitute a majority of Sony's equity investments) to be integral to Sony's operations, Sony determined the most appropriate method to report equity in net income or loss of all affiliated companies was as a component of operating income, effective from Q1 FY08. In connection with this reclassification, operating income and income before income taxes for Q1 FY07 have been reclassified to conform with the Q1 FY08 presentation.

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## Q1 FY08 Segments & Affiliates

SONY

(bln yen)

| CONSOLIDATED SEGMENTS     |                         | Q1 FY07        | Q1 FY08        | Change        | Change (LC*) |
|---------------------------|-------------------------|----------------|----------------|---------------|--------------|
| <b>Electronics</b>        | <b>Sales</b>            | <b>1,429.3</b> | <b>1,439.1</b> | <b>+0.7%</b>  | <b>+9%</b>   |
|                           | <b>Operating income</b> | <b>103.5</b>   | <b>44.4</b>    | <b>-57.2%</b> | <b>-43%</b>  |
| <b>Game</b>               | <b>Sales</b>            | <b>196.6</b>   | <b>229.6</b>   | <b>+16.8%</b> | <b>+25%</b>  |
|                           | <b>Operating income</b> | <b>-29.2</b>   | <b>5.4</b>     | <b>-</b>      | <b>-</b>     |
| <b>Pictures</b>           | <b>Sales</b>            | <b>231.4</b>   | <b>159.6</b>   | <b>-31.0%</b> | <b>-20%</b>  |
|                           | <b>Operating income</b> | <b>4.6</b>     | <b>-8.3</b>    | <b>-</b>      | <b>-</b>     |
| <b>Financial Services</b> | <b>Revenue</b>          | <b>184.8</b>   | <b>183.0</b>   | <b>-1.0%</b>  |              |
|                           | <b>Operating income</b> | <b>33.8</b>    | <b>30.6</b>    | <b>-9.4%</b>  |              |
| <b>All Other</b>          | <b>Sales</b>            | <b>84.2</b>    | <b>92.1</b>    | <b>+9.5%</b>  |              |
|                           | <b>Operating income</b> | <b>8.9</b>     | <b>6.7</b>     | <b>-24.3%</b> |              |

\* Local currency (LC) basis: change that would have occurred with no year-on-year change in exchange rates (for the Pictures segment refers to change on a US\$ basis)

Sony periodically reviews the presentation of its financial information to ensure that it is consistent with the way management views its consolidated operations. Since Sony considers Sony Ericsson, S-LCD and SONY BMG (which together constitute a majority of Sony's equity investments) to be integral to Sony's operations, Sony determined the most appropriate method to report equity in net income or loss of all affiliated companies was as a component of operating income, effective from Q1 FY08. Of the above equity affiliates, the equity earnings from Sony Ericsson and S-LCD are recorded within the operating income of the Electronics segment and the equity earnings from SONY BMG are recorded within All Other. In connection with this reclassification, operating income of each segment for Q1 FY07 have been reclassified to conform with the Q1 FY08 presentation.

### MAJOR EQUITY METHOD AFFILIATES

|                                    |                            | 4/07 - 6/07  | 4/08 - 6/08  | Change      |
|------------------------------------|----------------------------|--------------|--------------|-------------|
| <b>Sony Ericsson</b><br>(mln euro) | <b>Sales</b>               | <b>3,112</b> | <b>2,820</b> | <b>-9%</b>  |
|                                    | <b>Income before taxes</b> | <b>327</b>   | <b>8</b>     | <b>-98%</b> |
| <b>SONY BMG</b><br>(mln dollars)   | <b>Sales</b>               | <b>875</b>   | <b>820</b>   | <b>-6%</b>  |
|                                    | <b>Income before taxes</b> | <b>31</b>    | <b>-42</b>   | <b>-</b>    |

Sony Ericsson Mobile Communications AB & SONY BMG MUSIC ENTERTAINMENT are 50-50 joint ventures with LM Ericsson & Bertelsmann AG, respectively, both of which are accounted for by the equity method.

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**FY08 Consolidated Results Forecast**
**SONY**

|   | (bln yen)          |                        |                        |                    |
|---|--------------------|------------------------|------------------------|--------------------|
|   | FY07               | FY08 May FCT           | FY08 FCT               | Change vs. May FCT |
| <b>Sales &amp; operating revenue</b>                | <b>8,871.4</b>     | <b>9,000</b>           | <b>9,200</b>           | <b>+2%</b>         |
| <b>Operating income*</b>                            | <b>475.3</b>       | <b>520</b>             | <b>470</b>             | <b>-10%</b>        |
| Equity in net income of affiliates (included above) | 100.8              | 70                     | 10                     | -86%               |
| Restructuring charges (included above)              | 47.3               | 20                     | 20                     | -                  |
| <b>Income before income taxes*</b>                  | <b>567.1</b>       | <b>510</b>             | <b>460</b>             | <b>-10%</b>        |
| <b>Net income</b>                                   | <b>369.4</b>       | <b>290</b>             | <b>240</b>             | <b>-17%</b>        |
| <b>Capital Expenditures</b>                         | <b>335.7</b>       | <b>430</b>             | <b>430</b>             | <b>-</b>           |
| for semiconductors (included above)                 | 90                 | 110                    | 110                    | -                  |
| <b>Depreciation &amp; Amortization**</b>            | <b>428.0</b>       | <b>420</b>             | <b>420</b>             | <b>-</b>           |
| <b>Research &amp; Development</b>                   | <b>520.6</b>       | <b>540</b>             | <b>540</b>             | <b>-</b>           |
| <b>Foreign Exchange Rates</b>                       | <b>FY07 Actual</b> | <b>FY08 Assumption</b> | <b>FY08 Assumption</b> |                    |
|   |                    |                        | (Q2 onwards)           |                    |
| <b>1 Dollar</b>                                     | <b>113 yen</b>     | Approx. <b>100 yen</b> | Approx. <b>105 yen</b> |                    |
| <b>1 Euro</b>                                       | <b>160 yen</b>     | Approx. <b>158 yen</b> | Approx. <b>162 yen</b> |                    |

\* In connection with the change in reporting of equity in net income of affiliated companies as a component of operating income, the above figures for FY07 results and the FY08 May forecast are reclassified to conform with the current forecast presentation.

\*\* Including amortization expenses for intangible assets and for deferred insurance acquisition costs

**FY08 Consolidated Results Forecast – Principal Reasons for Revision**
**SONY**

|   | (bln yen)      |              |              |                    |
|---|----------------|--------------|--------------|--------------------|
|   | FY07           | FY08 May FCT | FY08 FCT     | Change vs. May FCT |
| <b>Sales &amp; operating revenue</b>                | <b>8,871.4</b> | <b>9,000</b> | <b>9,200</b> | <b>+2%</b>         |
| <b>Operating income*</b>                            | <b>475.3</b>   | <b>520</b>   | <b>470</b>   | <b>-10%</b>        |
| Equity in net income of affiliates (included above) | 100.8          | 70           | 10           | -86%               |
| Restructuring charges (included above)              | 47.3           | 20           | 20           | -                  |
| <b>Income before income taxes*</b>                  | <b>567.1</b>   | <b>510</b>   | <b>460</b>   | <b>-10%</b>        |
| <b>Net income</b>                                   | <b>369.4</b>   | <b>290</b>   | <b>240</b>   | <b>-17%</b>        |

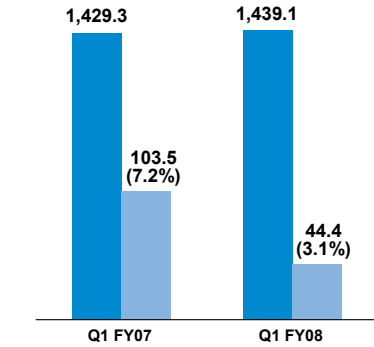
**Principal reasons for the forecast revision:**

1. With regard to equity in net income of affiliated companies recorded within operating income, we revised our outlook from 70 bln yen to 10 bln yen as the operating results for Sony Ericsson are expected to be significantly lower than the May forecast.
2. Operating income for Q1 FY08 slightly exceeded our forecast due to the yen exchange rate depreciating against the U.S. dollar and euro, more than the assumed exchange rates as of May, and favorable results in the Game segment.
3. With regard to sales and operating income for the remainder of the fiscal year, the revision of assumed foreign exchange rates to reflect a depreciating yen compared to the May forecast has a positive impact. However, a more cautious outlook about the business environment for the Electronics segment compared to the May forecast has a negative impact.

\* In connection with the change in reporting of equity in net income of affiliated companies as a component of operating income, the above figures for FY07 results and the FY08 May forecast are reclassified to conform with the current forecast presentation.

Sales & Operating Income

(bln yen)



|                  | Change | (LC) |
|------------------|--------|------|
| Sales            | +0.7%  | +9%  |
| Operating Income | -57.2% | -43% |

Q1 FY08 Results

Sales: Increased by 0.7%  
(sales to outside customers increased by 2.6%)

- Increase: BRAVIA™ LCD TVs
- Decrease: Negative impact from foreign exchange rates impact

Operating income: Decreased by 57.2%

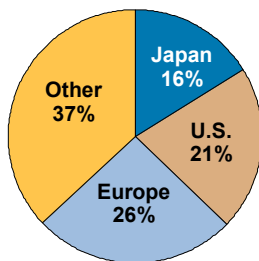
- (-) factors: Cost of sales deterioration primarily due to increased price competition, Decrease in equity in net income from affiliates, Foreign exchange rates impact, SGA increase
- (+) factors: Sales increase

By product category:

- Decrease: Cyber-shot™ compact digital cameras, Handycam® video cameras, VAIO PCs
- Increase: BRAVIA LCD TVs

In connection with the change in reporting of equity in net income of affiliated companies as a component of operating income from Q1 FY08, operating income for Q1 FY07 has been reclassified to conform with the Q1 FY08 presentation. Additionally, of the major equity affiliates, the equity earnings from Sony Ericsson and S-LCD are recorded within the operating income of the Electronics segment.

Includes intersegment transactions; "LC" is local currency comparison; % under operating income is operating margin



Sales to outside customers excluding operating revenue  
1,332.6 bln yen, +3% (LC +12%)

Japan: -3%

- Increase: Blu-ray Disc™ recorders
- Decrease: VAIO™ PCs, Image sensors

U.S.: -3% (LC +13%)

- Increase: BRAVIA LCD TVs
- Decrease: LCD rear-projection TVs, Handycam® video cameras, Cyber-shot compact digital cameras

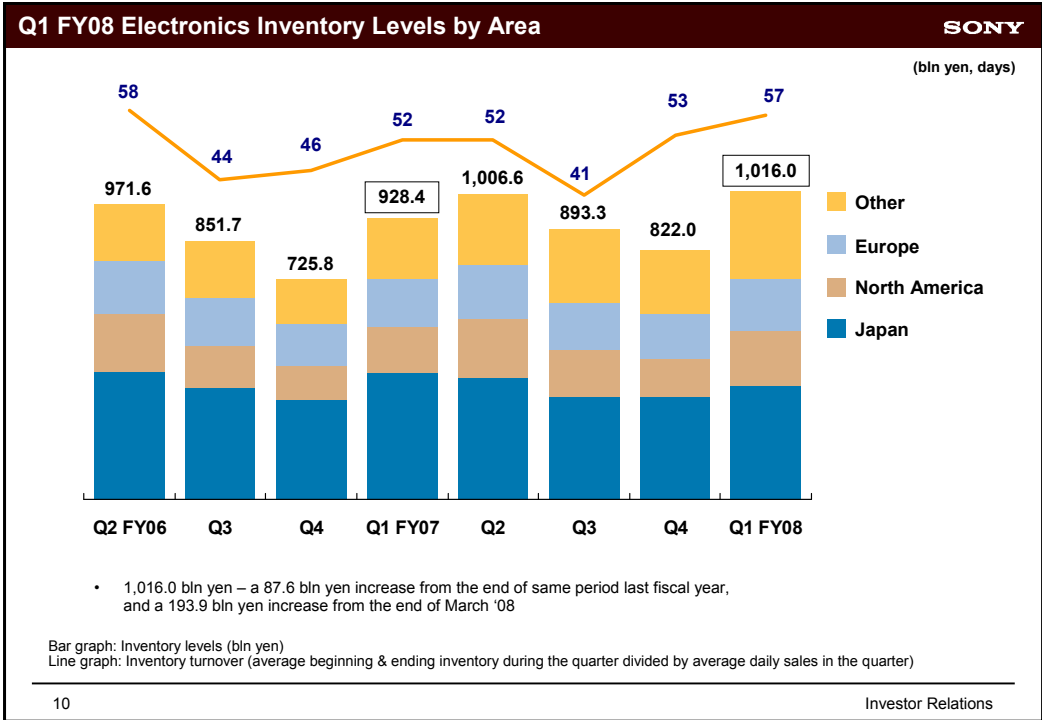
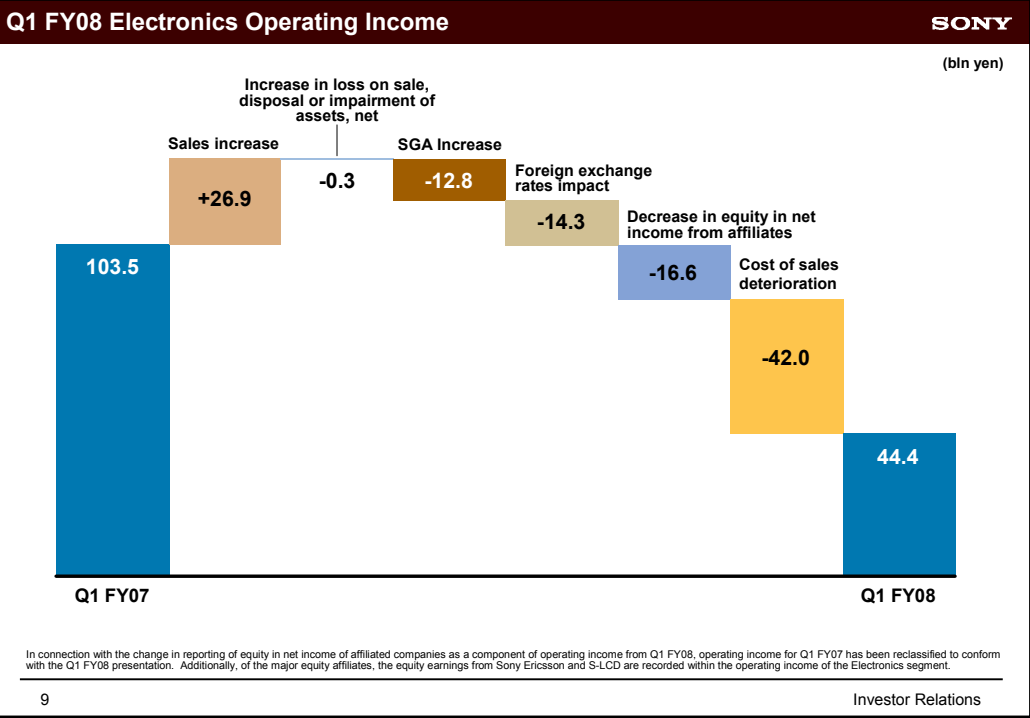
Europe: +/-0% (LC +4%)

- Increase: BRAVIA LCD TVs, α™ Digital SLR cameras
- Decrease: Handycam® video cameras, Cellular phones

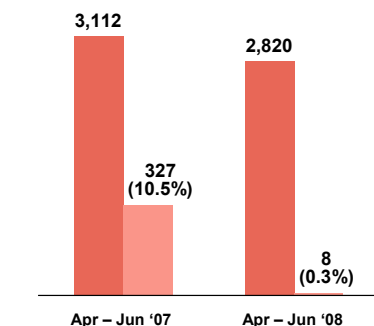
Other Areas: +12% (LC +26%)

- Increase: BRAVIA LCD TVs, VAIO PCs, Image sensors
- Decrease: CRT TVs

Sales composition is based on customer location (yen basis); Sales are to outside customers and exclude operating revenue; "LC" is local currency comparison



**Sales & Income Before Taxes** (mln euro)



|                     | Change |
|---------------------|--------|
| Sales               | -9%    |
| Income Before Taxes | -98%   |

**Apr – Jun '08 Results**

**Sales:**

- Decreased 9% due to unfavorable exchange rate fluctuations, continued slowing market growth in mid- to high-end phones, and increased competition
- Unit shipments decreased 2% YoY to 24.4 mln units

**Income before taxes:**

- Income before taxes decreased significantly, due to the above reasons as well as an increase in R&D expenses as a percentage of sales

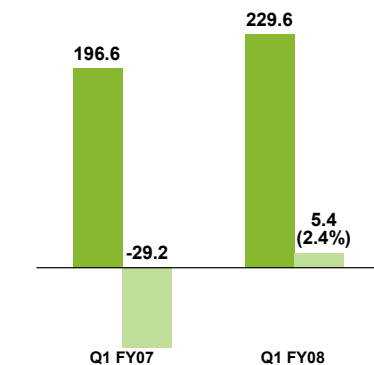
Sony recorded equity in net income of 0.6 bln yen

**Impact To Sony**

|   | 4/07 – 6/07 | 4/08 – 6/08 | Change |
|---|-------------|-------------|--------|
| Net income (mln euro)                           | 220         | 6           | -97%   |
| Equity in net income recorded by Sony (bln yen) | 17.7        | 0.6         | -97%   |

% under income before taxes is BT margin

**Sales & Operating Income** (bln yen)



|                  | Change | (LC) |
|------------------|--------|------|
| Sales            | +16.8% | +25% |
| Operating Income | -      | -    |

**Q1 FY08 Results**

**Sales:**

- Overall segment sales increased as a result of an increase in PS3 and PSP sales
- Hardware sales increased while software sales decreased

**Operating income:**

- Primarily due to improved operating performance of the PS3 business as a result of hardware cost reductions and increased software sales, as well as strong sales of PSP hardware
- PS2 hardware and software both contributed to profit

**Inventory:**

- 159.5 bln yen, a 67.5 bln yen (30%) decrease YoY

**Unit Sales**

|                      |     | Q1 FY07 | Q1 FY08 | Change |
|----------------------|-----|---------|---------|--------|
| Hardware (mln units) | PS2 | 2.66    | 1.51    | -43%   |
|                      | PSP | 2.13    | 3.72    | +75%   |
|                      | PS3 | 0.70    | 1.56    | +123%  |
| Software (mln units) | PS2 | 31.1    | 19.3    | -38%   |
|                      | PSP | 9.8     | 11.8    | +20%   |
|                      | PS3 | 4.7     | 22.8    | +385%  |

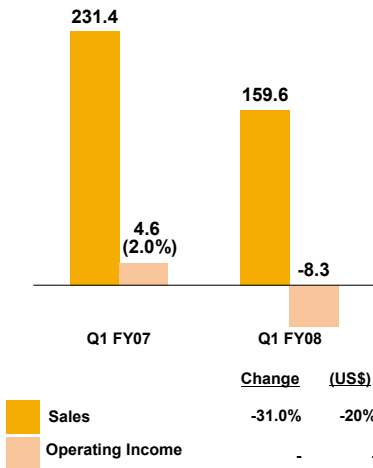
Includes intersegment transactions; "LC" is local currency comparison; % under operating income is operating margin

## Q1 FY08 Pictures

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### Sales & Operating Income

(bln yen)



### Q1 FY08 Results

#### Sales: 31.0% decrease, 20% decrease on a US\$ basis

- Decrease was primarily due to the strong worldwide theatrical performance of *Spider-Man 3* in the previous year, and the absence of any comparable theatrical film release in the current quarter
- However, television revenues increased due to higher advertising revenues from several international channels
- The major film released during the quarter that contributed the most to motion picture revenue was *You Don't Mess with the Zohan*

#### Operating income: Recorded operating loss of 8.3 bln yen

- Change was due to the decrease in motion picture revenue as well as the recording of significantly higher theatrical marketing expenses for upcoming film releases than was the case in the previous year
- Television operating income due to the factors listed above

In connection with the change in reporting of equity in net income of affiliated companies as a component of operating income from Q1 FY08, operating income for Q1 FY07 has been reclassified to conform with the Q1 FY08 presentation.

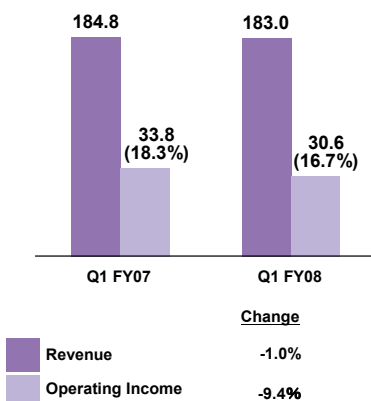
Includes intersegment transactions; "US\$" is a comparison of SPE's US dollar consolidated results; % under operating income is operating margin

## Q1 FY08 Financial Services

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### Financial Service Revenue & Operating Income

(bln yen)



### Q1 FY08 Results

#### Financial service revenue: Decreased 1.0% due to lower revenue at Sony Life

- Sony Life revenue: 4% decrease
- (-) factor: A decrease in net valuation gains from convertible bonds in the general account and lower net gains from investments in the separate account
- (+) factor: An increase in insurance premium revenue reflecting an increase in policy-in-force

#### Operating income: 9.4% decrease due to a deterioration in profitability at Sony Life

- Sony Life operating income: 20% decrease
- (-) factor: A decline in net valuation gains from convertible bonds in the general account, among others
- (+) factor: An increase in insurance premium revenue mentioned above

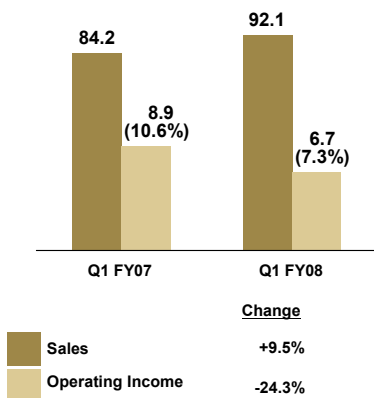
### Sony Life Results

|                            | Q1 FY07 | Q1 FY08 | Change |
|----------------------------|---------|---------|--------|
| Revenue (bln yen)          | 161.8   | 155.2   | -4.1%  |
| Operating income (bln yen) | 34.6    | 27.6    | -20.3% |

Includes intersegment transactions; % under operating income is operating margin

**Sales & Operating Income**

(bln yen)



**Q1 FY08 Results**

Includes SMEI's music publishing business & SMEJ

**Sales: 9.5% increase**

- Primarily due to:
  - the recognition of revenue from a settlement payment related to copyright infringement claims in the music business;
  - higher revenue at So-net Entertainment Corporation and an increase in sales at SMEJ
- SMEJ
  - Sales increased mainly due to an increase in music download sales and animation DVD sales
  - Best-selling albums included *I LOVED YESTERDAY* by YUI and *TOKYO STAR* by Miliyah Kato

**Operating income: 6.7 bln yen, decrease of 24.3%**

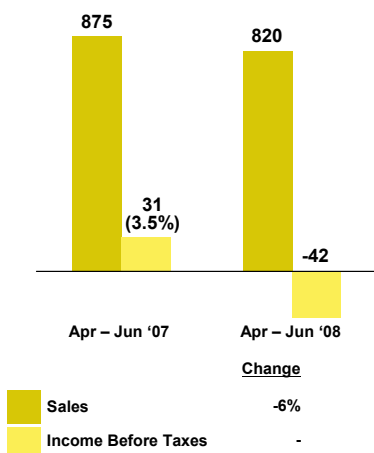
- Primarily due to a deterioration in equity in net income for SONY BMG. Partially offsetting this decrease was the recognition of revenue from the settlement payment related to copyright infringement claims in the music business

In connection with the change in reporting of equity in net income of affiliated companies as a component of operating income from Q1 FY08, operating income for Q1 FY07 has been reclassified to conform with the Q1 FY08 presentation. Additionally, of the major equity affiliates, the equity earnings from SONY BMG are recorded within All Other.

Includes intersegment transactions; % under operating income is operating margin

**Sales & Income Before Taxes**

(mln dollar)



**Apr – Jun '08 Results**

**Sales: 6% decrease**

- Sales: Decreased primarily due to the continued decline in the physical music market worldwide not being fully offset by growth in digital product sales
- Best selling albums included Usher's *Here I Stand*, Leona Lewis' *Spirit* and Neil Diamond's *Home Before Dark*
- Income before taxes: Loss before taxes recorded, mainly due to the sales decrease, a year-on-year restructuring costs increase of \$46 million, and recording of a gain in the prior year of a gain on sale of an interest in a joint venture of SONY BMG

**Sony recorded equity in net income of 2.5 bln yen**

**Impact To Sony**

|   | 4/07 – 6/07 | 4/08 – 6/08 | Change |
|---|-------------|-------------|--------|
| Net income (mln dollar)                         | 21          | -49         | -      |
| Equity in net income recorded by Sony (bln yen) | 1.2         | -2.5        | -      |

% under income before taxes is BT margin



## FY08 Electronics & Game Unit Sales Forecast

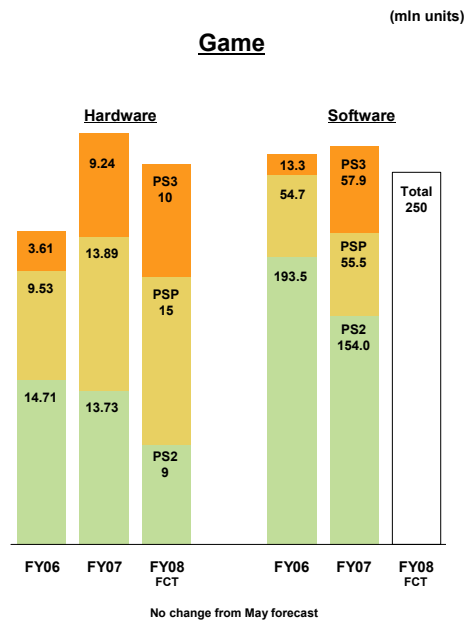
SONY

(mln units)

### Electronics

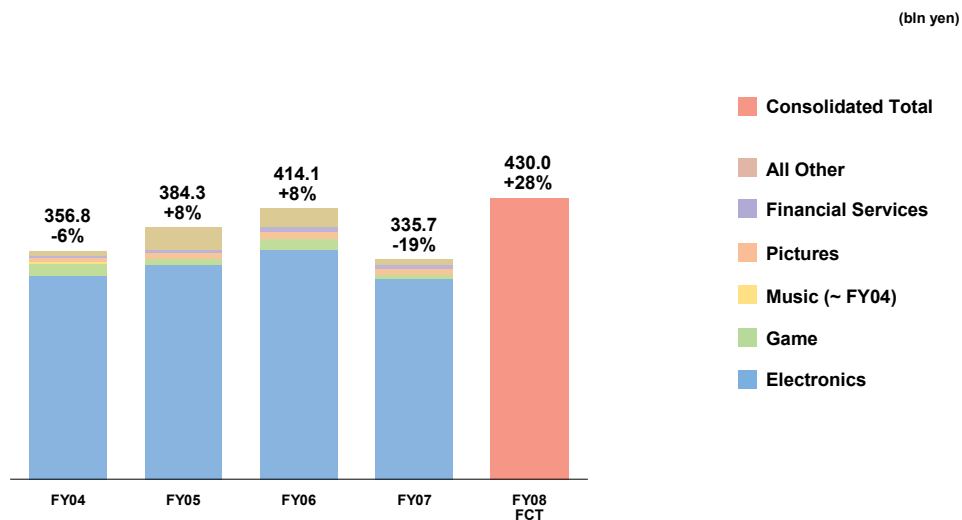
|                                | FY07  | FY08    |       |
|--------------------------------|-------|---------|-------|
|                                |       | May Fct | Fct   |
| Walkman® Digital Music Players | 5.80  | 7.00    | 7.00  |
| Handycam® Video Cameras        | 7.70  | 7.70    | 7.70  |
| Cyber-shot Digital Cameras     | 23.50 | 26.00   | 26.00 |
| Blu-ray Disc Recorders         | -     | -       | 0.60  |
| Blu-ray Disc Players           | -     | -       | 2.50  |
| DVD Players*                   | 8.50  | 9.00    | 9.00  |
| DVD Recorders                  | 1.70  | 1.80    | 1.80  |
| BRAVIA LCD TVs                 | 10.60 | 17.00   | 17.00 |
| VAIO PCs                       | 5.20  | 6.80    | 6.80  |

\* From FY08 DVD Players include portable DVD players (FY07 numbers reclassified accordingly)



## FY08 Capital Expenditures Forecast

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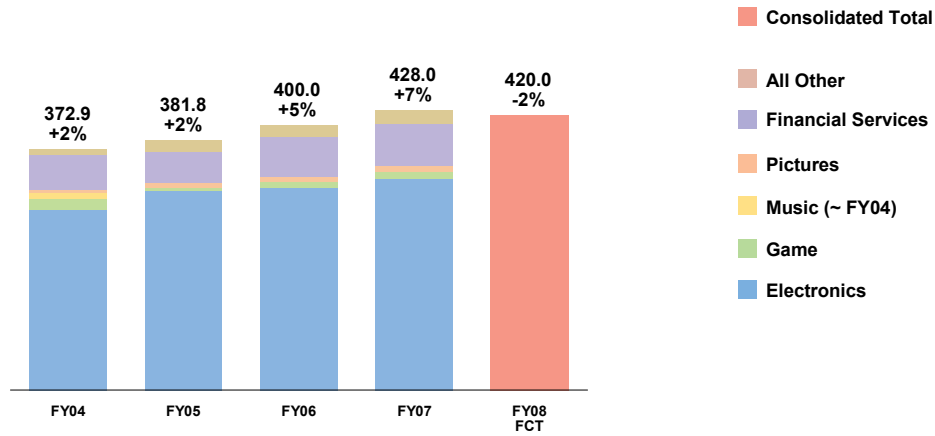
- FY08 (FCT) includes 110.0 bln yen for semiconductors, compared to 90.0 bln in FY07
- No change from May forecast

% is over prior year

## FY08 Depreciation & Amortization Forecast

SONY

(bln yen)



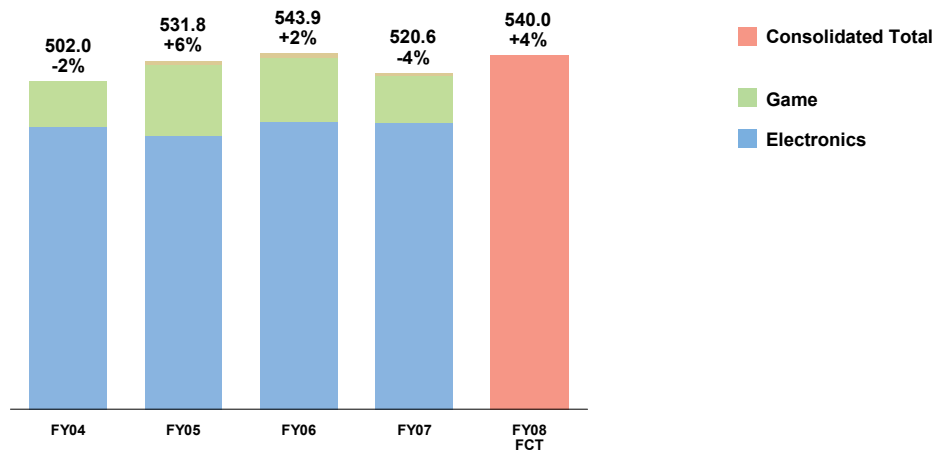
- FY08 (FCT) includes 330 bln yen for depreciation of tangible assets, compared to 328.9 bln in FY07
- No change from May forecast

% is over prior year

## FY08 Research & Development Forecast

SONY

(bln yen)



- No change from May forecast

% is over prior year