SONY

Q2 FY2007 Consolidated Results

(Quarter ended September 30, 2007)

Sony Corporation Investor Relations

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Q2 FY07 Consolidated Results

SONY

(bln yen)

	Q2 FY06	Q2 FY07	Change	Change (LC*)
Sales & operating revenue	1,854.2	2,083.0	+12.3%	+9%
Operating income	-20.8**	90.5***	-	-
Income before income taxes	-26.1	87.9	-	
Equity in net income of affiliates	19.7	21.1	+7.2%	
Net income	1.7	73.7	+4,287.8%	
Net income per share of common stock (diluted)	1.60 yen	70.09 yen	+4,280.6%	
Restructuring charges****	5.3	18.5	+13.2	

Foreign exchange impact			Average Rate	Q2 FY06	Q2 FY07
Sales & operating revenue:	approx.	+63.4 bln yen	1 Dollar	115 yen	117 yen
Operating income:	approx.	+30.3 bln yen	1 Euro	147 yen	160 yen

* Local currency (LC) basis: change that would have occurred with no year-on-year change in exchange rates
** Includes a provision of 51.2 bln yen for expenses relating to a voluntary notebook computer battery pack recall and our voluntary global replacement program
*** Includes a gain on the sale of a portion of the site of Sony's former headquarters of 60.7 bln yen
**** Restructuring charges are recorded as operating expenses

Q2 FY07 Segments and Affiliates

SONY

(bln yen)

CONSOLIDATED SEGMENTS		Q2 FY06	Q2 FY07	Change	Change (LC*)
Electronics	Sales	1,378.4	1,663.1	+20.7%	+17%
	Operating income	8.0	106.9	+1,231.6%	+910%
Game	Sales	170.3	243.4	+42.9%	+38%
	Operating income	-43.5	-96.7	-	-
Pictures	Sales	178.2	189.6	+6.4%	+5%
	Operating income	-15.3	2.7	-	-
Financial Services	Revenue	168.1	157.5	-6.3%	
	Operating income	24.6	23.1	-5.8%	
All Other	Sales	81.5	95.2	+16.8%	
	Operating income	6.5	10.8	+65.9%	

* 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).

MAJOR EQUITY METHOD AFFILIATES		7/06 – 9/06	7/07 – 9/07	Change
Sony Ericsson (mln euros)	Sales	2,913	3,108	+7%
	Income before taxes	433	384	-11%
SONY BMG (mln dollars)	Sales	948	851	-10%
	Income before taxes	-31	8	-

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.

FY07 Consolidated Results Forecast

SONY

(bln yen)

	FY06	FY07 July FCT	FY07 FCT	Change vs. July FCT
Sales & operating revenue	**8,295.7**	**8,780**	**8,980**	**+2%**
Operating income*	**71.8**	**440**	**450**	**+2%**
Restructuring charges (included above)	38.8	35	45	+29%
Income before income taxes	**102.0**	**420**	**500**	**+19%**
Equity in net income of affiliates	**78.7**	**80**	**90**	**+13%**
Net income	**126.3**	**320**	**330**	**+3%**
Capital Expenditures	**414.1**	**440**	**440**	**-**
for semiconductors (included above)	150	130	130	-
Depreciation & Amortization**	**400.0**	**430**	**430**	**-**
Research & Development	**543.9**	**550**	**550**	**-**

Foreign Exchange Rates	**FY06 Actual**	**FY07 Assumption** (Q2 onwards)	**FY07 Assumption** (Q3 onwards)
1 Dollar	**116** yen	Approx. **117** yen	Approx. **115** yen
1 Euro	**149** yen	Approx. **158** yen	Approx. **160** yen

* FY07 operating income forecast includes a gain on the sale of a portion of the site of Sony's former headquarters of 60.7 bln yen, compared to the gain recorded in FY06 of 21.7 bln yen. In addition, FY06 operating income includes a provision of 51.2 bln yen for expenses relating to a voluntary notebook computer battery pack recall and our voluntary global replacement program.

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

FY07 Consolidated Results Forecast – Reasons for Revision

SONY

(bln yen)

	FY06	FY07 July FCT	FY07 FCT	Change vs. July FCT
Sales & operating revenue	**8,295.7**	**8,780**	**8,980**	**+2%**
Operating income*	**71.8**	**440**	**450**	**+2%**
Restructuring charges (included above)	38.8	35	45	+29%
Income before income taxes	**102.0**	**420**	**500**	**+19%**
Equity in net income of affiliates	**78.7**	**80**	**90**	**+13%**
Net income	**126.3**	**320**	**330**	**+3%**

Principal reasons for the forecast revision:

- Second quarter results as a whole exceeded our previous July forecast.
- Sales are expected to slightly exceed the July forecast for the second half. Regarding the operating income forecast for the second half, we expect lower income in the Game segment as compared to our July forecast and certain additional one-time gains that were not incorporated in our July forecast.
- A 10 bln yen increase in the forecast for restructuring charges compared to the July forecast mainly attributed to additional impairment charges for manufacturing facilities for rear-projection televisions.
- In connection with the initial public offering of SFH and its concurrent listing on the Tokyo Stock Exchange discussed above, we expect to record a gain in income before income taxes of approx. 75 bln yen and net income of approx. 11 bln yen in the third quarter. However, we also expect consolidated net income to be offset by the expected increase in minority interest arising from the initial public offering of SFH.
- A 10 bln yen increase in the forecast of equity in net income of affiliated companies mainly due to better than anticipated results during the start-up period of production of 8th generation LCD panels at S-LCD.

* FY07 operating income forecast includes a gain on the sale of a portion of the site of Sony's former headquarters of 60.7 bln yen, compared to the gain recorded in FY06 of 21.7 bln yen. In addition, FY06 operating income includes a provision of 51.2 bln yen for expenses relating to a voluntary notebook computer battery pack recall and our voluntary global replacement program.

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

Q2 FY07 Structural Reform Progress Report

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	Goal (By end of FY07)	Achievements				
		FY05	FY06	H1 FY07	FY05 + FY06 + H1 FY07	
Consolidated Operating Income Margin *	5%	2.0%	0.9%	4.7%	-	**
		3.9%	1.9%	5.2%	-	***
Electronics Operating Income Margin *	4%	-1.1%	2.6%	6.2%	-	**
		1.4%	4.1%	6.9%	-	***
Cost Reductions (bln yen) ****	200	38	137	20	195	
Manufacturing Sites	11 out of 65	9	0	0	9	

On Track to the Original Plan

Goals achieved by the end of FY06

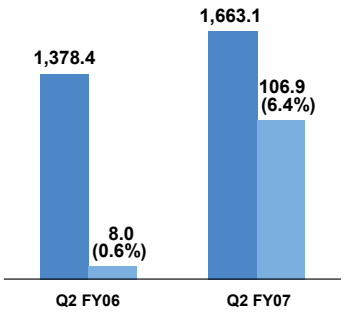
Model count reduction (-20% vs. FY05), Headcount reduction (10,000), Asset sales (120 bln yen)

* Operating income margin, excluding pension return benefits and the provision for expenses relating to a voluntary notebook computer battery pack recall and our voluntary global replacement program
** Operating income margin, including restructuring charges
*** Operating income margin, excluding restructuring charges
**** Cost reductions are cumulative

Q2 FY07 Electronics

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Sales & Operating Income (bln yen)



	Change	(LC)
Sales	+20.7%	+17%
Operating Income	+1,231.6%	+910%

Q2 FY07 Results

Sales: Increased by 20.7%
(sales to outside customers increased by 11.7%)

- Increase: BRAVIA™ LCD TVs, VAIO™ PCs, Cyber-shot™ digital cameras
- Decrease: LCD rear-projection TVs

Operating income: Increased by 1,231.6%
- (+) factors: Sales increase, SGA decrease, Foreign exchange rates impact
- (-) factors: Cost of sales deterioration, Increase in loss on sale, disposal or impairment of assets

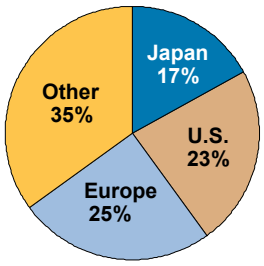
By product category:
- Increase: System LSIs, VAIO PCs, Cyber-shot digital cameras
- Decrease: LCD rear-projection TVs

Restructuring charges: 18.6 bln yen (Q2 FY06: 5.2 bln yen)

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

Q2 FY07 Electronics Sales by Area

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Sales to outside customers excluding operating revenue 1,418.8 bln yen, +12% (LC +8%)

Japan: +1%
- Increase: Image sensors
- Decrease: Cellular phones

U.S.: +6% (LC +5%)
- Increase: BRAVIA LCD TVs, VAIO PCs
- Decrease: LCD rear-projection TVs

Europe: +14% (LC +5%)
- Increase: BRAVIA LCD TVs, VAIO PCs
- Decrease: Cellular phones, Optical disc drives

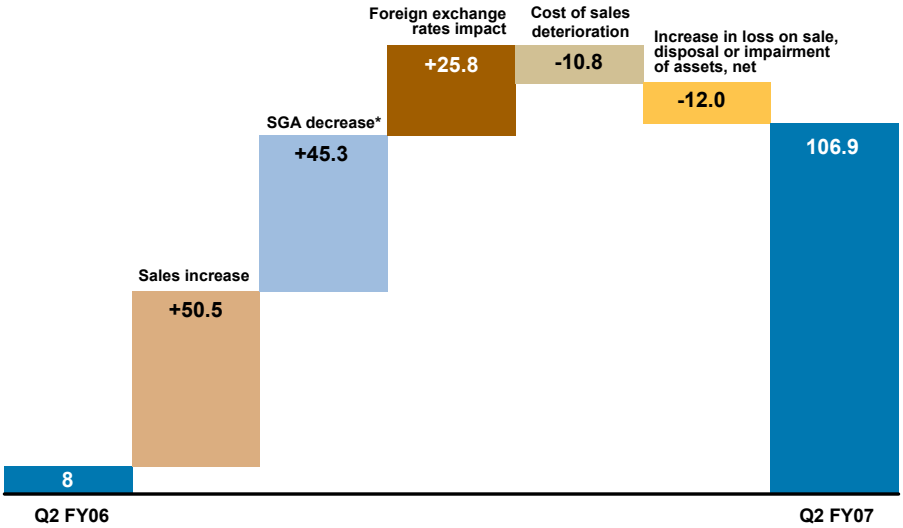
Other Areas: +21% (LC +15%)
- Increase: BRAVIA LCD TVs, Cyber-shot digital cameras, VAIO PCs
- Decrease: CRT TVs

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

Q2 FY07 Electronics Operating Income

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(bln yen)

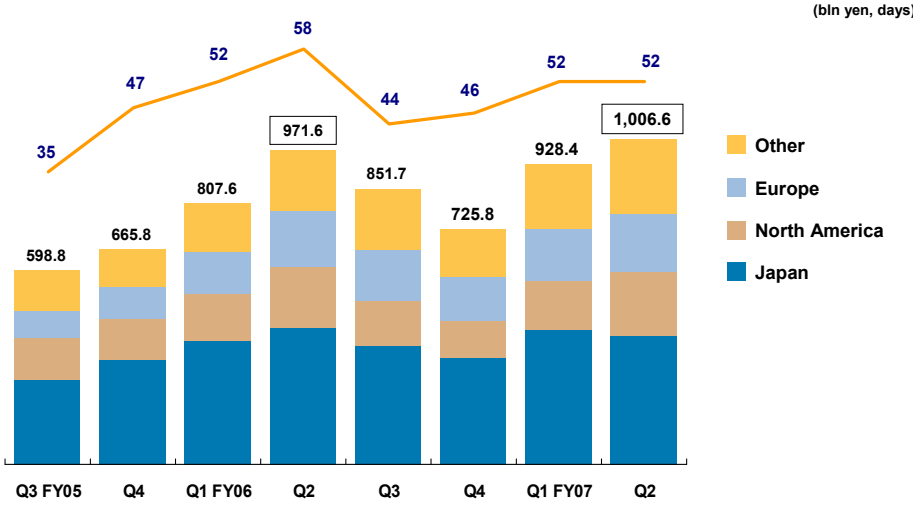


* Q2 FY06 SGA includes a provision of 51.2 bln yen for expenses relating to a voluntary notebook computer battery pack recall and our voluntary global replacement program

Q2 FY07 Electronics Inventory Levels by Area

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(bln yen, days)



- 1,006.6 bln yen – a 35 bln yen increase from the end of same period last year, and a 280.8 bln yen increase from the end of March '07

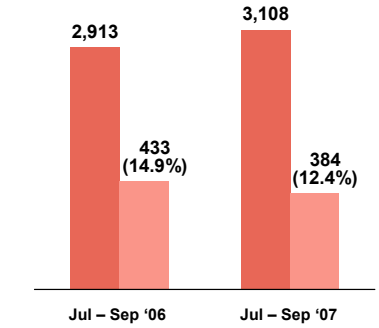
Bar graph: Inventory levels (bln yen)
Line graph: Inventory turnover (average beginning & ending inventory during the quarter divided by average daily sales in the quarter)

Jul – Sep '07 Sony Ericsson Mobile Communications (Equity Method Affiliate)

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Sales & Income Before Taxes

(mln euro)



	Change
Sales	+7%
Income Before Taxes	-11%

% under income before taxes is BT margin

Jul – Sep '07 Results

Continues strong sales growth

- Sales increased 7% to 3,108 mln euro.
- Unit shipments up 31% YoY to 25.9 mln units.
- Income before taxes decreased 11% to 384 mln euro, reflecting the exceptionally high level of profit recorded on year prior.
- Contributors to earnings included Walkman® phones and Cyber-shot phones.

Sony recorded equity in net income of 21.1 bln yen, a decrease of 0.7 bln yen

Impact To Sony

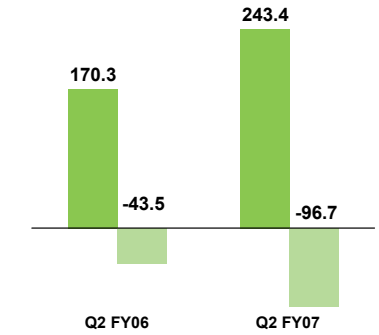
	Jul - Sep '06	Jul - Sep '07	Change
Net income (mln euro)	298	267	-10%
Equity in net income recorded by Sony (bln yen)	21.8	21.1	-3%

Q2 FY07 Game

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Sales & Operating Income

(bln yen)



	Change	(LC)
Sales	+42.9%	+38%
Operating Income	-	-

Q2 FY07 Results

Sales:
- Overall segment sales increased mainly as a result of the contribution to sales from PS3.
- Hardware sales increased, while software sales decreased.

Operating loss:
- Segment losses increased primarily due to the loss arising from the strategic pricing of PS3 at points lower than its production cost, as well as an increase in write-downs of PS3-related inventory.

Inventory:
- 247.8 bln yen.
- Finished good inventory increased YoY due to the introduction of PS3 in all major regions. Increased QoQ in preparation for year-end holiday sales.

Unit Sales*

		Q2 FY06	Q2 FY07	Change
Hardware (mln units)	PS2	3.41	3.28	-4%
	PSP	2.02	2.58	+28%
	PS3	-	1.31	-
Software (mln units)	PS2	47.2	38.0	-19%
	PSP	13.2	12.6	-5%
	PS3	-	10.3	-

* Beginning with Q1 FY07, the method of reporting hardware and software unit sales has been changed from production shipments to recorded sales.

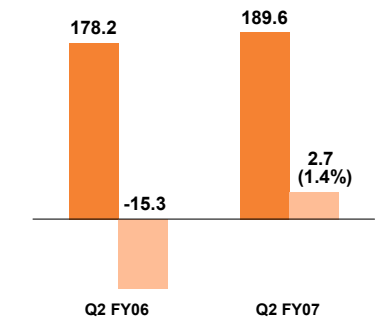
Includes intersegment transactions; "LC" is local currency comparison; % under operating income is operating margin

Q2 FY07 Pictures

SONY

Sales & Operating Income

(bln yen)



	Change	(US$)
Sales	+6.4%	+5%
Operating Income	-	-

Q2 FY07 Results

Sales: 6.4% increase, 5% increase on a US$ basis
- Sales increased primarily due to higher sales of theatrically released and made-for-television movies in the television market, as well as higher advertising and subscription revenues from several of SPE's international channels.
- *Superbad* was the film that contributed the most to revenue.

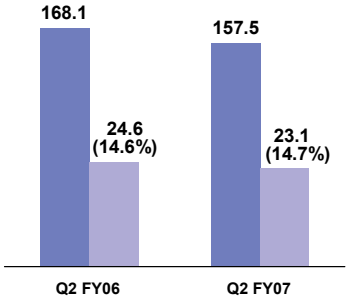
Operating income: 2.7 bln yen compared to a 15.3 bln yen operating loss recorded in the previous year
- Improvement mainly due to lower marketing expenses, resulting from the fewer number of theatrical releases in the current quarter.

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

Q2 FY07 Financial Services

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Financial Service Revenue & Operating Income (bln yen)



	Change
Revenue	-6.3%
Operating Income	-5.8%

Q2 FY07 Results

Financial service revenue: Decreased 6.3% due to lower revenue at Sony Life

- Sony Life revenue: 14% decrease
  - (-) factor: Decrease in net gains from investments in the separate account and net valuation gains from convertible bonds in the general account.
  - (+) factor: Increase in insurance premium revenue.

Operating income: Decreased 5.8% due to decreased income at Sony Life

- Sony Life operating income: 31% decrease
  - (-) factor: Decrease in net valuation gains from convertible bonds in the general account.
  - (+) factor: Increase in insurance premium revenue.
- Sony Assurance and Sony Bank continued to perform well

Sony Life Results

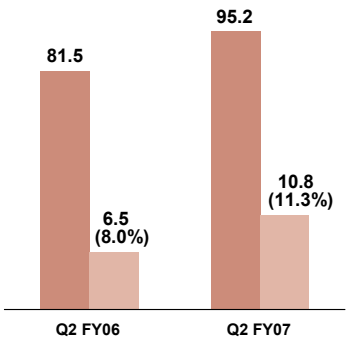
	Q2 FY06	Q2 FY07	Change
Revenue (bln yen)	144.2	124.5	-14%
Operating income (bln yen)	25.6	17.7	-31%

Includes intersegment transactions; % under operating income is operating margin

Q2 FY07 All Other

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Sales & Operating Income (bln yen)



	Change
Sales	+16.8%
Operating Income	+65.9%

Q2 FY07 Results

Includes SMEI's music publishing business & SMEJ

Sales: 16.8% increase

- Primarily due to a YoY increase in album sales at SMEJ, as well as the consolidation of Famous Music, the U.S. music publishing company that was acquired by Sony's U.S.-based music publishing subsidiary, Sony/ATV Music Publishing LLC.
- SMEJ
  - Best-selling albums included *ORANGE* and *RANGE* by ORANGE RANGE, *five-star* by YUKI and *TODAY* by Angela Aki.

Operating income: 10.8 bln yen, increase of 65.9%

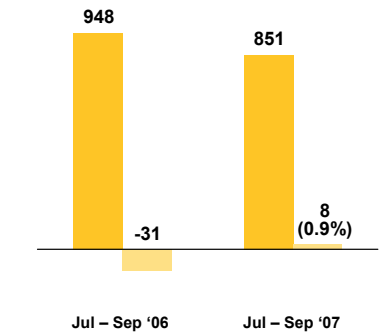
- Primarily a result of the increased sales at SMEJ, an increase in trademark royalty income from Sony Ericsson, and higher fee revenue from new subscribers at So-net Entertainment Corporation.

Includes intersegment transactions; % under operating income is operating margin

Jul – Sep '07 SONY BMG MUSIC ENTERTAINMENT (Equity Method Affiliate)

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Sales & Income Before Taxes (mln dollar)



	Change
Sales	-10%
Income Before Taxes	-

% under income before taxes is BT margin

Jul – Sep '07 Results

Sales decreased 10%. Recorded $8 mln of income before taxes, compared to a loss before income taxes of $31 mln recorded in the previous year

- Sales: Decreased due to the continuing decline in the worldwide physical music market, as well as fewer major artist releases.
- Best selling albums included Bruce Springsteen's *Magic*, Foo Fighters' *Echoes, Silence, Patience & Grace*, and Kenny Chesney's *Just Who I Am: Poets & Pirates*.
- Income before taxes: Improved primarily due to lower marketing, overhead and restructuring costs.
- Net loss of $8 mln recorded as a result of a number of discrete items, including a reduction of deferred tax assets in Germany, stemming from a recent tax rate change, and a number of return-to-provision adjustments.
- On October 3, 2007, the European Commission completed its re-examination of the merger between Sony and Bertelsmann's recorded music businesses and announced that it was reaffirming its 2004 decision that the merger of the two companies does not pose a threat to competition in the market.

Sony recorded loss in net income of 0.5 bln yen

Impact To Sony

	Jul - Sep '06	Jul - Sep '07	Change
Net income (mln dollar)	-39	-8	-
Equity in net income recorded by Sony (bln yen)	-2.2	-0.5	-

FY07 Electronics & Game Unit Sales Forecast

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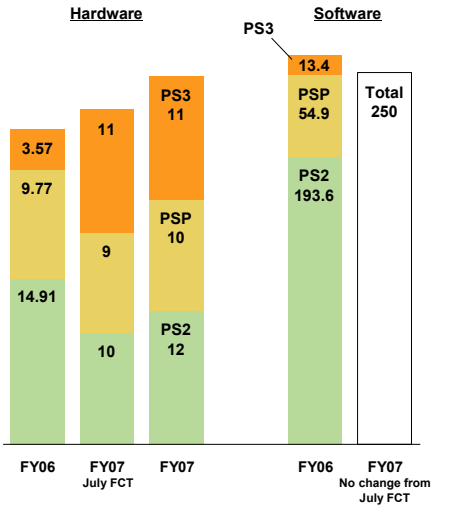
(mln units)

Electronics

	FY06	FY07	
		July Fct	Fct
Walkman® Digital Music Players	4.50	5.00	**5.00**
Handycam® Video Cameras	7.45	7.50	**7.50**
Cyber-shot Digital Cameras	17.00	20.00	**22.00**
DVD Players	7.90	7.00	**7.00**
DVD Recorders	1.85	1.70	**1.70**
BRAVIA LCD TVs	6.30	10.00	**10.00**
LCD Rear-Projection TVs	1.10	0.70	**0.40**
CRT Televisions	4.70	2.80	**2.80**
VAIO PCs	4.00	4.60	**5.00**

(mln units)

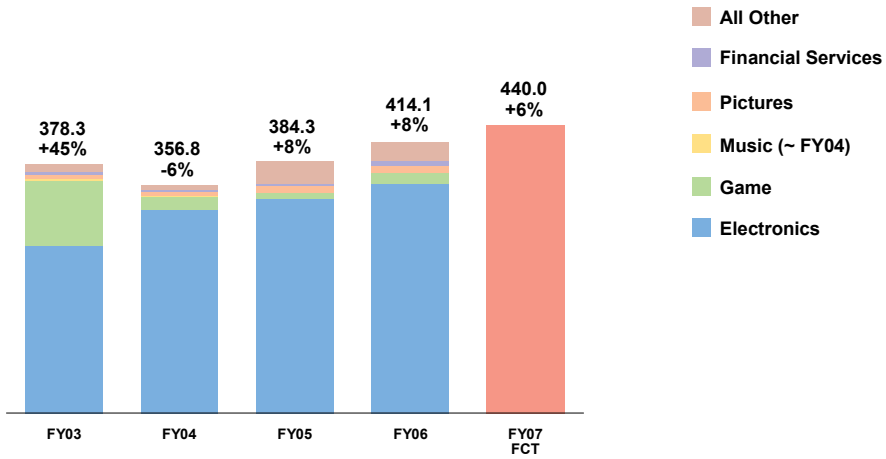
Game



FY07 Capital Expenditures Forecast

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(bln yen)



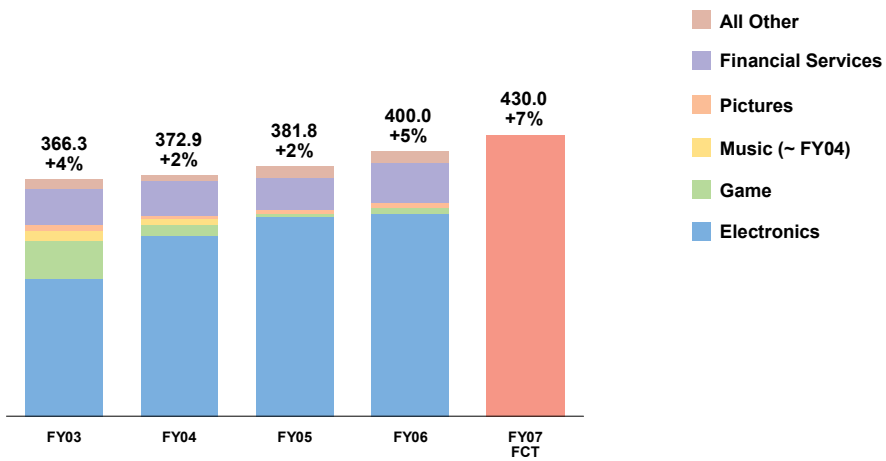
- FY07 (FCT) includes 130.0 bln yen for semiconductors, compared to 150.0 bln in FY06
- No change from July forecast

% is over prior year

FY07 Depreciation & Amortization Forecast

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(bln yen)



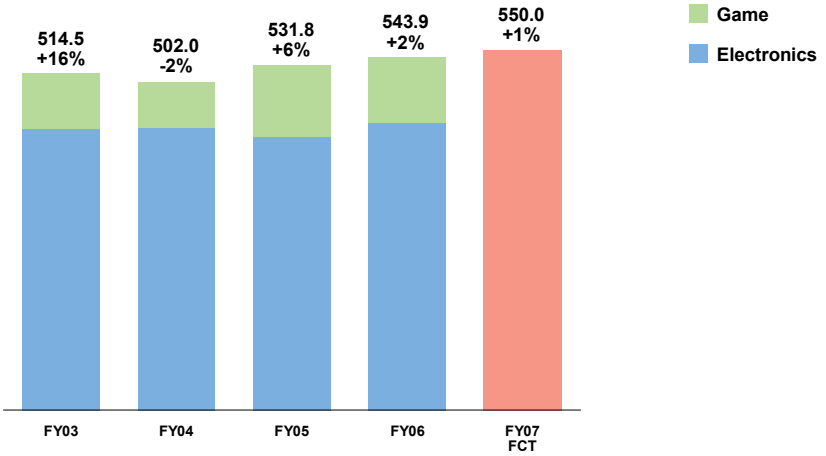
- FY07 (FCT) includes 350 bln yen for depreciation of tangible assets, compared to 315.8 bln in FY06
- No change from July forecast

% is over prior year

FY07 Research & Development Forecast

SONY

(bln yen)



- No change from July forecast

% is over prior year

H1 FY07 Consolidated Results

SONY

(bln yen)

	H1 FY06	H1 FY07	Change	Change (LC*)
Sales & operating revenue	3,598.4	4,059.5	+12.8%	+8%
Operating income	6.2**	189.8***	+2,953.8%	+2,054%
Income before income taxes	27.9	171.7	+515.2%	
Equity in net income of affiliates	23.3	43.1	+84.7%	
Net income	34.0	140.2	+312.6%	
Net income per share of common stock (diluted)	32.36 yen	133.22 yen	+311.7%	
Restructuring charges****	16.0	22.0	+6.0	

Foreign exchange impact			Average Rate	H1 FY06	H1 FY07
Sales & operating revenue:	approx.	+178.8 bln yen	1 Dollar	114 yen	118 yen
Operating income:	approx.	+56.0 bln yen	1 Euro	144 yen	161 yen

* Local currency (LC) basis: change that would have occurred with no year-on-year change in exchange rates
** Includes a provision of 51.2 bln yen for expenses relating to a voluntary notebook computer battery pack recall and our voluntary global replacement program
*** Includes a gain on the sale of a portion of the site of Sony's former headquarters of 60.7 bln yen
**** Restructuring charges are recorded as operating expenses

H1 FY07 Segments and Affiliates

SONY

(bln yen)

CONSOLIDATED SEGMENTS		H1 FY06	H1 FY07	Change	Change (LC*)
Electronics	Sales	2,659.3	3,092.4	+16.3%	+11%
	Operating income	55.4	191.0	+244.4%	+151%
Game	Sales	292.8	440.0	+50.3%	+42%
	Operating income	-70.3	-125.9	-	-
Pictures	Sales	382.9	421.0	+9.9%	+6%
	Operating income	-16.4	5.9	-	-
Financial Services	Revenue	292.2	342.3	+17.2%	
	Operating income	29.1	56.9	+95.2%	
All Other	Sales	169.6	179.4	+5.7%	
	Operating income	11.2	18.5	+65.1%	

* 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).

MAJOR EQUITY METHOD AFFILIATES		4/06 – 9/06	4/07 – 9/07	Change
Sony Ericsson (mln euros)	Sales	5,185	6,220	+20%
	Income before taxes	644	711	+10%
SONY BMG (mln dollars)	Sales	1,820	1,726	-5%
	Income before taxes	-104	39	-

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.