



**SONY**

## **FY2008 Consolidated Results Forecast Revision**

October 23, 2008

Sony Corporation Investor Relations

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## Q2 FY08 Consolidated Results (Preliminary)

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(bln yen)

	Q2 FY07	Q2 FY08	Change
<b>Sales &amp; operating revenue</b>	<b>2,083.0</b>	<b>2,070</b>	<b>-1%</b>
<b>Operating income</b>	<b>111.6</b>	<b>11</b>	<b>-90%</b>
Equity in net income of affiliates (included above)	21.1	1	-95%
<b>Income before income taxes</b>	<b>109.1</b>	<b>7</b>	<b>-94%</b>
<b>Net income</b>	<b>73.7</b>	<b>21</b>	<b>-72%</b>
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<b>Foreign Exchange Rates:</b>			
1 Dollar	117 yen	107 yen	
1 Euro	160 yen	160 yen	

The year-on-year decrease in operating income in Q2 FY08 currently reflects a more than 40 bln yen negative impact from the decline in the Japanese stock market on the Financial Services segment. Operating income for Q2 FY07 included a 60.7 bln yen gain on the sale of a portion of the site of Sony's former headquarters.

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## FY08 Consolidated Results Forecast

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(bln yen)

	FY07	FY08 July FCT	FY08 FCT	Change vs. July FCT
<b>Sales &amp; operating revenue</b>	<b>8,871.4</b>	<b>9,200</b>	<b>9,000</b>	<b>-2%</b>
<b>Operating income</b>	<b>475.3</b>	<b>470</b>	<b>200</b>	<b>-57%</b>
Equity in net income of affiliates (included above)	100.8	10	0	-100%
<b>Income before income taxes</b>	<b>567.1</b>	<b>460</b>	<b>210</b>	<b>-54%</b>
<b>Net income</b>	<b>369.4</b>	<b>240</b>	<b>150</b>	<b>-38%</b>
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<b>Foreign Exchange Rates</b>	<b>FY07 Actual</b>	<b>FY08 Assumption</b>	<b>FY08 Assumption</b>	
		(Q2 onwards)	(Q3 onwards)	
1 Dollar	113 yen	Approx. 105 yen	Approx. 100 yen	
1 Euro	160 yen	Approx. 162 yen	Approx. 140 yen	

(mln units)

Revised Unit Sales Forecasts	FY07	FY08 July FCT	FY08 FCT
Handycam® Video Cameras	7.7	7.7	7.0
Cyber-shot™ Compact Digital Cameras	23.5	26.0	24.0
BRAVIA™ LCD TVs	10.6	17.0	16.0
PSP®	13.89	15.0	16.0

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**FY08 Consolidated Results Forecast – Principal Reasons for Revision**
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(bln yen)

	FY07	FY08 July FCT	FY08 FCT	Change vs. July FCT
<b>Sales &amp; operating revenue</b>	<b>8,871.4</b>	<b>9,200</b>	<b>9,000</b>	<b>-2%</b>
<b>Operating income</b>	<b>475.3</b>	<b>470</b>	<b>200</b>	<b>-57%</b>
Equity in net income of affiliates (included above)	100.8	10	0	-100%
<b>Income before income taxes</b>	<b>567.1</b>	<b>460</b>	<b>210</b>	<b>-54%</b>
<b>Net income</b>	<b>369.4</b>	<b>240</b>	<b>150</b>	<b>-38%</b>

**Principal reasons for the forecast revision:**

1. Due to a change in our assumptions for foreign currency exchange rates in the second half of FY08 to reflect the significant appreciation of the yen above the rates assumed in July, we expect our results to be lower than the July forecast with operating income decreasing by approx. 130 bln yen, mainly within the Electronics and the Game segments (assumed foreign currency exchange rates in July were approx. 105 yen/dollar and approx. 165 yen/euro for Q2 FY08 and approx. 105 yen/dollar and approx. 160 yen/euro for the second half of FY08).
2. We expect the results of certain businesses in the Electronics segment, such as the LCD television, compact digital camera and video camera businesses, to be lower than the previous forecast due to a deterioration in the market environment brought on by the slowing global economy and an intensification of price competition. Sony anticipates this will negatively impact operating income by approx. 90 bln yen compared to the July forecast.
3. Preliminary results in the Financial Services segment for Q2 FY08 are lower than the July forecast due to such factors as a deterioration in net valuation gains from convertible bonds and an impairment loss on equity securities, brought on by a significant decline in the Japanese stock market. Based on the assumption that the equity markets will remain at the level of September 30, 2008 until March 31, 2009, operating income for FY08 is expected to be approx. 60 bln yen lower than the July forecast. As is our policy, the effects of gains and losses on such investments due to market fluctuations since October 1, 2008 are not incorporated within our forecasts for FY08. Accordingly, the market fluctuations could further negatively impact the revised forecast.
4. On October 1, 2008, Sony completed the previously announced acquisition of Bertelsmann AG's 50% stake in SONY BMG. Accordingly, the operating results of SONY BMG, previously an equity affiliate of Sony, will be recorded on a consolidated basis from October 1, due to it becoming a wholly owned subsidiary of Sony. While equity in net income of SONY BMG was previously recorded in Sony's consolidated operating income, all of its operating income will be recorded in Sony's consolidated operating income from October 1. As a result, operating income is expected to be increased by approx. 10 bln yen compared to the July forecast.

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**FY08 Consolidated Results Forecast – Principal Reasons for OP Revision**
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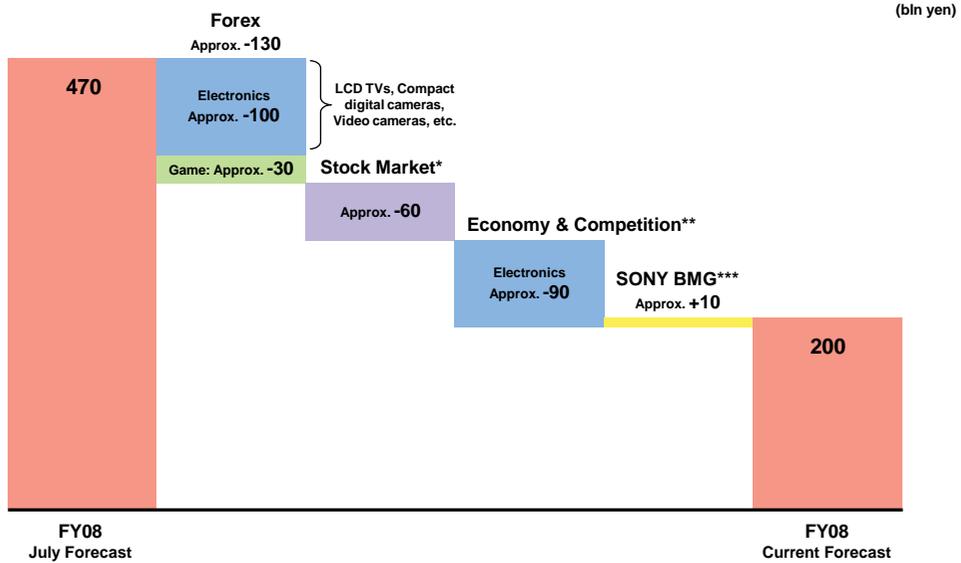
Foreign exchange rates impact:	approx. -130 bln yen
Stock market decline:	approx. - 60 bln yen
SONY BMG becoming wholly owned:	approx. + 10 bln yen
Slowing economy & intensification of price competition:	approx. - 90 bln yen
<b>Total</b>	<b>approx. - 270 bln yen</b>

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# FY08 Consolidated Results Forecast – Principal Reasons for OP Revision

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- \* Impact to the Financial Services segment caused by the decline in the stock market
- \*\* Impact of slowing economy & intensification of price competition
- \*\*\* Impact of SONY BMG becoming a wholly owned subsidiary