

# Q1 FY2011 Consolidated Results

(Three months ended June 30, 2011)

Sony Corporation

## Q1 FY11 Highlights

- Consolidated operating income of 27.5 billion yen was recorded in the current quarter, despite year-on-year declines in sales and operating income due mainly to the negative impact of the Great East Japan Earthquake as well as the deterioration of the electronics business environment.
- Business operations that had been negatively affected by the Earthquake are recovering faster than anticipated in the May forecast.
- Despite lower projected annual LCD television unit sales compared to the May forecast and a further unfavorable foreign exchange rates anticipated for the remainder of the fiscal year contributing to a lower consolidated sales forecast, the consolidated operating income forecast for the current fiscal year remains unchanged because the performance of most businesses is anticipated to exceed the May forecast.

## Q1 FY11 Consolidated Results

	(bln yen)			
	Q1 FY10	Q1 FY11	Change	Change (LC*)
Sales & operating revenue	1,661.0	<b>1,494.9</b>	-10.0%	-5%
Operating income	67.0	<b>27.5</b>	-59.0%	-72%
Income before income taxes	78.9	<b>23.1</b>	-70.7%	
Net income attributable to Sony Corporation's stockholders	25.7	<b>-15.5</b>	-	
Net income attributable to Sony Corporation's stockholders per share of common stock (diluted)	25.61 yen	<b>-15.45 yen</b>	-	
Operating income	67.0	<b>27.5</b>	-59.0%	-72%
Less: Equity in net income of affiliates	6.7	<b>-4.8</b>	-	
Add: Restructuring charges, net	7.2	<b>1.8</b>	-74.9%	
Operating income, as adjusted	67.5	<b>34.1</b>	-49.4%	

In addition to operating income, Sony's management also evaluates Sony's performance using non-U.S. GAAP adjusted operating income. Operating income, as adjusted, which excludes equity in net income of affiliated companies and restructuring charges, net, is not a presentation in accordance with U.S. GAAP, and is presented to enhance investors' understanding of Sony's operating income by providing an alternative measure that may be useful to understand Sony's historical and prospective operating performance.

	Foreign Exchange Impact	Average Rate	Q1 FY10	Q1 FY11
Sales & operating revenue:	approx. -91.2 bln yen	1 dollar	91.0 yen	80.7 yen
Operating income:	approx. +8.5 bln yen	1 euro	115.5 yen	115.9 yen
		Other currencies		Yen 5% stronger

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

## Q1 FY11 Results by Segment

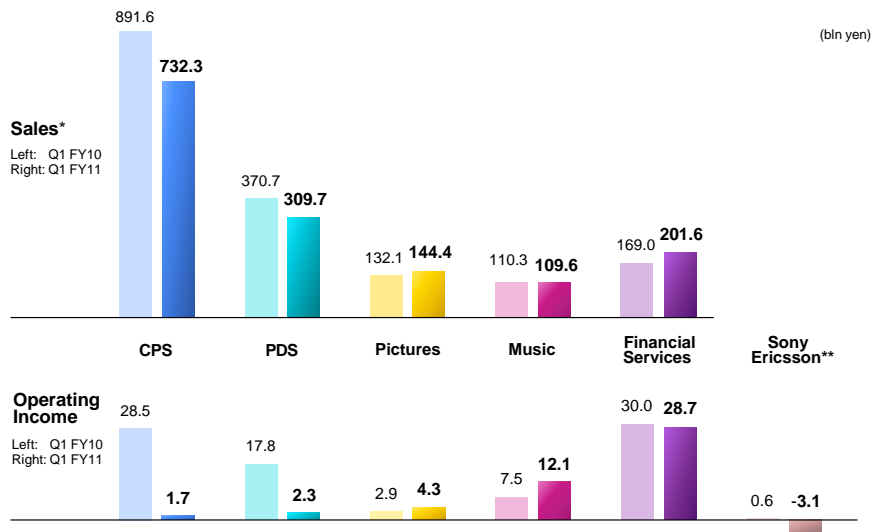
		(bln yen)				
		Q1 FY10	Q1 FY11	Change	Change (LC*)	FX Impact
<b>Consumer Products &amp; Services (CPS)</b>	Sales	891.6	<b>732.3</b>	-17.9%	-13%	-45.6 bln yen
	Operating income	28.5	<b>1.7</b>	-26.9 bln yen	-37.8 bln yen	+11.0 bln yen
<b>Professional, Device &amp; Solutions (PDS)</b>	Sales	370.7	<b>309.7</b>	-16.5%	-11%	-18.9 bln yen
	Operating income	17.8	<b>2.3</b>	-15.4 bln yen	-11.9 bln yen	-3.5 bln yen
<b>Pictures</b>	Sales	132.1	<b>144.4</b>	+9.3%	+23%	
	Operating income	2.9	<b>4.3</b>	+1.4 bln yen		
<b>Music</b>	Sales	110.3	<b>109.6</b>	-0.6%	+7%	
	Operating income	7.5	<b>12.1</b>	+4.6 bln yen		
<b>Financial Services</b>	Revenue	169.0	<b>201.6</b>	+19.3%		
	Operating income	30.0	<b>28.7</b>	-1.3 bln yen		
<b>Sony Ericsson</b>	Equity in net income	0.6	<b>-3.1</b>	-3.6 bln yen		
<b>All Other**</b>	Sales	106.8	<b>103.6</b>	-3.0%		
	Operating income	-3.9	<b>-3.0</b>	+1.0 bln yen		

Sales / Revenue include operating revenue and intersegment sales

\* Local currency (LC) basis: change that would have occurred with no year-on-year change in exchange rates  
(The Pictures segment refers to change on a U.S. dollar basis)

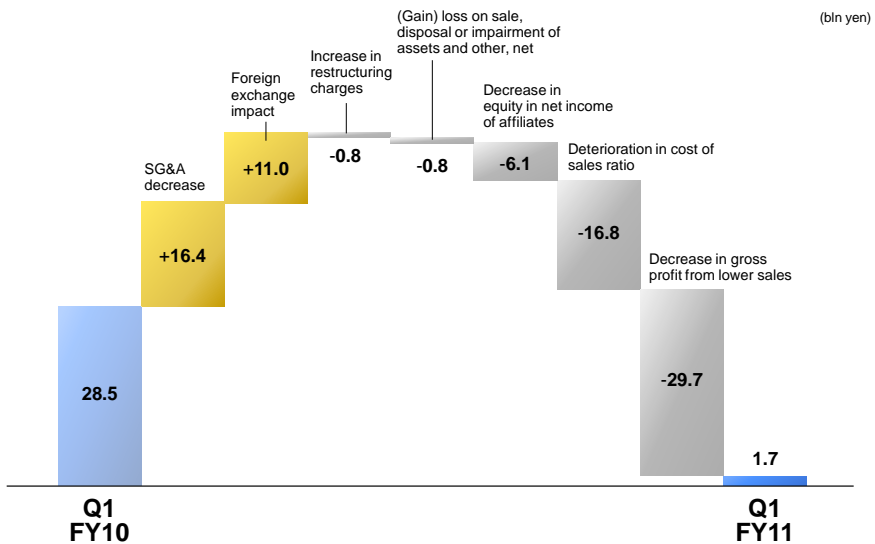
\*\* All Other consists of various businesses, including disc manufacturing, So-net Entertainment Corporation and the OEM business of Sony EMCS Corporation

## Q1 FY11 Sales and Operating Income by Segment



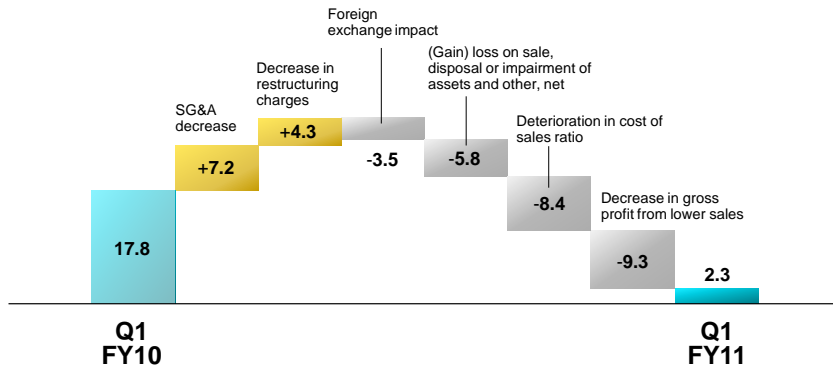
\* Includes operating revenue and intersegment sales / In Financial Services, Financial Services Revenue.  
\*\* Equity in net income

## Q1 FY11 CPS: Change in Operating Income



## Q1 FY11 PDS: Change in Operating Income

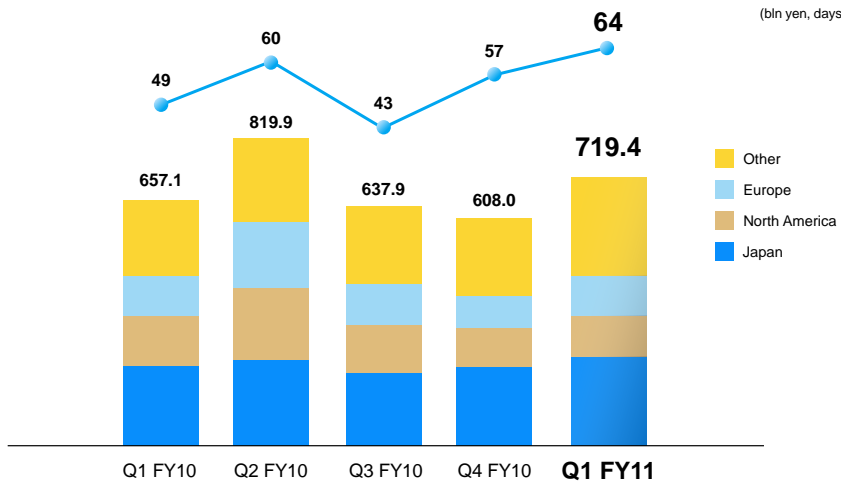
(bln yen)



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## Q1 FY11 CPS, PDS: Total Inventory by Area

(bln yen, days)



719.4 bln yen – a 62.2 bln yen increase from the end of Q1 FY10, and a 111.4 bln yen increase from the end of Q4 FY10.

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)

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## FY11 Consolidated Results Forecast

	FY10	FY11 May FCT	FY11 July FCT	(bln yen) Change from May FCT
Sales & operating revenue	7,181.3	7,500	<b>7,200</b>	-4.0%
Operating income	199.8	200	<b>200</b>	-
Income before income taxes	205.0	180	<b>180</b>	-
Net income attributable to Sony Corporation's stockholders	-259.6	80	<b>60</b>	-25.0%
Operating income	199.8	200	<b>200</b>	-
Less: Equity in net income of affiliates	14.1	15	<b>15</b>	-
Add: Restructuring charges, net	67.1	25	<b>25</b>	-
Operating income, as adjusted	252.8	210	<b>210</b>	-
Capital Expenditures	204.9	330	<b>330</b>	-
Depreciation & Amortization*	325.4	340	<b>340</b>	-
[for property, plant and equipment (included above)]	213.4	230	<b>230</b>	- ]
Research & Development	426.8	460	<b>460</b>	-
Foreign Exchange Rates	Actual	Assumption	Assumption (Q2 - Q4 FY11)	
1 dollar	84.7 yen	Approx.83 yen	Approx.80 yen	
1 euro	111.6 yen	Approx.115 yen	Approx.115 yen	

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

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## FY11 Consolidated Results Forecast

	FY10	FY11 May FCT	FY11 July FCT	(bln yen) Change from May FCT
Sales & operating revenue	7,181.3	7,500	<b>7,200</b>	-4.0%
Operating income	199.8	200	<b>200</b>	-
Income before income taxes	205.0	180	<b>180</b>	-
Net income attributable to Sony Corporation's stockholders	-259.6	80	<b>60</b>	-25.0%

Sony has revised its consolidated sales forecast downward for the fiscal year by 300.0 billion yen. This is due to a lower unit sales forecast for LCD televisions for the full fiscal year compared to the May forecast, as well as an updated foreign exchange assumption, namely the further appreciation of the yen against the U.S. dollar for the remainder of the fiscal year.

The current year's forecast for equity in net income of affiliated companies and restructuring charges, net, remains unchanged from that announced on May 26, 2011.

Sony's forecast for consolidated operating income for the fiscal year remains unchanged. Notable changes to the fiscal year operating income forecast for each major segment are as follows:

Anticipated operating results of the CPS segment for the fiscal year were revised downward significantly compared to the May forecast. Although operating results for the first quarter ended June 30, 2011 exceeded expectations, the television business, in which LCD TV unit sales for the fiscal year are anticipated to be below expectations, is expected to have a negative impact on overall segment operating results. As a result, Sony is viewing more cautiously the CPS segment operating results for the fiscal year, as compared to the May forecast. The positive impact of a faster than anticipated recovery in business operations that had been negatively affected by the Earthquake is expected to partially offset the deterioration of the segment's operating results. In the May forecast, the CPS segment operating income for the current fiscal year was expected to increase compared to that of the previous fiscal year.

Anticipated operating results of the PDS segment for the fiscal year were revised upward compared to the May forecast, due to reasons including the positive impact of faster than expected progress in reducing costs and of a faster than anticipated recovery in business operations that had been negatively affected by the Earthquake. In the May forecast, the PDS segment operating income was expected to be lower than that of the previous fiscal year.

In the Music segment, operating results for the fiscal year are expected to exceed the May forecast.

In the Pictures and Financial Services segments, operating results for the fiscal year are expected to moderately exceed the May forecast.

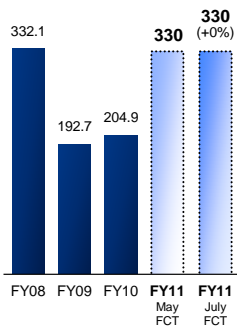
In addition, net income attributable to Sony Corporation's stockholders has been revised downward primarily due to a higher than originally forecasted effective income tax rate, resulting from the latest estimated annual income tax expense which reflects both the operating results for the first quarter ended June 30, 2011 and the forecast for the remainder of the fiscal year.

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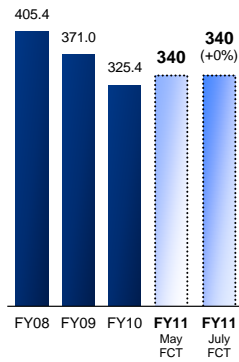
## CAPEX, Depreciation & Amortization, R&D

(bln yen)

### Capital Expenditures

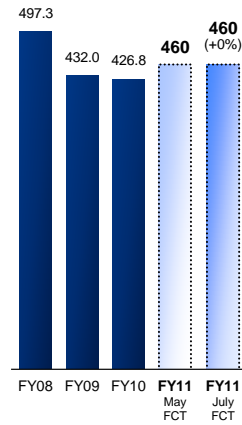


### Depreciation & Amortization\*



FY11 (July FCT) includes 230 bln yen for depreciation of tangible assets, compared to 213.4 bln yen in FY10

### Research & Development



\* Includes amortization expenses for intangible assets and for deferred insurance acquisition costs  
Percentages are changes from the May forecast

## Unit Sales of Key Consumer Electronics & Game Products

(Quarterly & Annual)

(mln units)

	FY10					FY11	
	Q1	Q2	Q3	Q4	FY	Q1	July FCT
<b>Consumer Electronics</b>							
LCD TVs	5.1	4.9	7.9	4.5	22.4	4.9	22.0
Video Cameras	1.4	1.2	1.6	1.0	5.2	1.0	5.0
Compact Digital Cameras	6.0	6.2	7.5	4.3	24.0	5.3	24.0
PCs	1.9	2.3	2.7	1.8	8.7	1.8	10.0
<b>Game</b>							
<Hardware>							
PlayStation 3	2.4	3.5	6.3	2.1	14.3	1.8	15.0
PSP (PlayStation Portable)	1.2	1.5	3.6	1.7	8.0	1.8	6.0
PlayStation 2	1.6	1.5	2.1	1.2	6.4	1.4	4.0
<Software>							
PlayStation 3	24.8	35.3	57.6	30.2	147.9	26.1	Approx. same as FY10
PSP (PlayStation Portable)	9.2	11.0	16.5	9.9	46.6	6.6	
PlayStation 2	3.4	5.6	5.3	2.1	16.4	1.5	

## Unit Sales of Key Consumer Electronics & Game Products

(Annual)

(mln units)

	FY10	FY11	
	ACT	May FCT	July FCT
<b>Consumer Electronics</b>			
LCD TVs	22.4	27.0	<b>22.0</b>
Video Cameras	5.2	5.0	<b>5.0</b>
Compact Digital Cameras	24.0	24.0	<b>24.0</b>
Blu-ray Disc Players/Recorders	5.6	9.0	<b>9.4</b>
PCs	8.7	10.0	<b>10.0</b>
Digital Music Players	8.4	7.7	<b>7.7</b>
<b>Game</b>			
PlayStation 3 Hardware	14.3	15.0	<b>15.0</b>
PSP (PlayStation Portable) Hardware	8.0	6.0	<b>6.0</b>
PlayStation 2 Hardware	6.4	4.0	<b>4.0</b>
PlayStation Software (total)	210.9	Approx. same as FY10	<b>Approx. same as FY10</b>

## Sales and Capital Expenditures for Semiconductors and LCD

(bln yen)

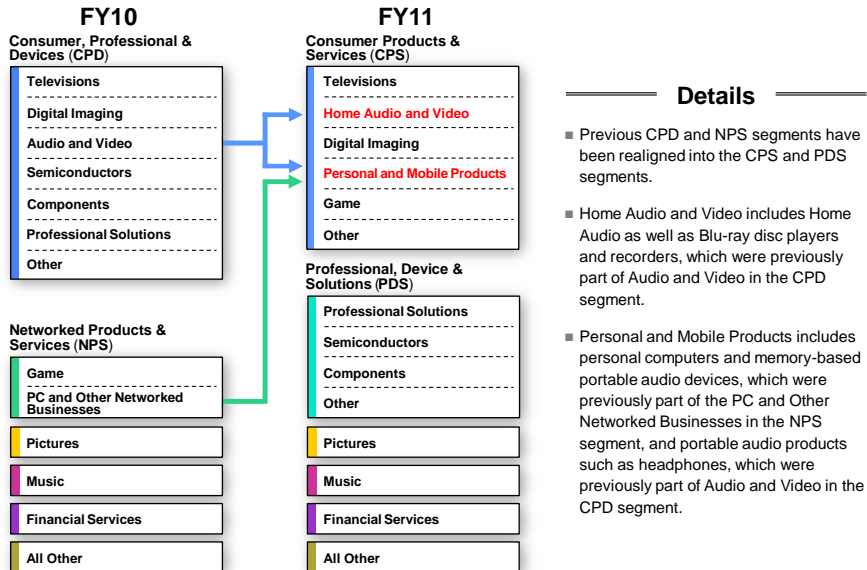
		FY06	FY07	FY08	FY09	FY10	FY11	
							May FCT	July FCT
<b>Semiconductors</b>	Sales	780	850	580	490	500	570	<b>550</b>
	Capital Expenditures	150	90	80	27	50	160	<b>160</b>
<b>LCD</b>	Sales	140	130	90	90	150	200	<b>180</b>
	Capital Expenditures	18	5	5	3	7	10	<b>10</b>

## Exchange Rates Trends

		FY10					FY11
		Q1	Q2	Q3	Q4	FY	Q1
US\$	Market rate (simple average)	91	87*	84*	83*	85*	83*
	Market rate (weighted average)	91	87*	83*	83*	84*	83*
	Forward contract rate	92	86*	82*	83*	83*	82*
Euro	Market rate (simple average)	115	109	111	111	112	116
	Market rate (weighted average)	115	109	111	111	111	116
	Forward contract rate	122	113	111	111	114	116

Market rate (weighted average): Weighted average market rates in each month based upon the exports or imports amount of corresponding period  
 Forward contract rate: Weighted average forward contract rates in each month based upon the exports or imports amount of corresponding period  
 \* Net imports amount : TTS is applied to the calculation of market rate

## Segment Realignment



Sony realigned its reportable segments effective from the first quarter of the fiscal year ending March 31, 2012 to reflect the Company's modification to the organizational structure as of April 1, 2011



## FY10 Business Segment Information (Restated)

(mln yen)

		FY10				
		Q1	Q2	Q3	Q4	FY
<b>CPS</b>	Sales	891,632	888,953	1,318,597	750,651	3,849,833
	Operating income	28,543	953	63,528	-82,207	10,817
<b>PDS</b>	Sales	370,695	419,092	383,392	330,085	1,503,264
	Operating income	17,755	22,835	9,003	-21,943	27,650
<b>Pictures</b>	Sales	132,085	144,785	149,016	174,080	599,966
	Operating income	2,860	-4,824	4,697	35,936	38,669
<b>Music</b>	Sales	110,272	110,987	139,832	109,652	470,743
	Operating income	7,493	8,103	19,485	3,846	38,927
<b>Financial Services</b>	Revenue	168,995	221,872	209,123	206,536	806,526
	Operating income	29,976	43,009	32,734	13,099	118,818
<b>Sony Ericsson</b>	Equity in net income	582	2,642	409	522	4,155
<b>All Other</b>	Sales	106,825	111,874	137,408	91,719	447,826
	Operating income	-3,931	1,109	9,013	925	7,116
<b>Corporate</b>	Sales	-119,455	-164,411	-131,122	-81,897	-496,885
	Operating income	-16,262	-5,176	-1,347	-23,546	-46,331
<b>Consolidated total</b>	Sales	1,661,049	1,733,152	2,206,246	1,580,826	7,181,273
	Operating income	67,016	68,651	137,522	-73,368	199,821

\* There are no changes in Pictures, Music, Financial Services segments, or in Sony Ericsson

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## FY10 CPS and PDS Sales by Product Category (Restated)

(mln yen)

		FY10				
		Q1	Q2	Q3	Q4	FY
<b>CPS</b>	Televisions	291,935	260,820	416,914	230,822	1,200,491
	Home Audio and Video	62,374	58,741	110,888	53,294	285,297
	Digital Imaging	172,231	162,492	188,477	119,370	642,570
	Personal and Mobile Products	198,475	203,890	257,125	168,885	828,375
	Game	142,102	171,332	323,078	161,893	798,405
	Other	5,055	5,696	2,665	3,056	16,472
	<b>Total</b>	<b>872,172</b>	<b>862,971</b>	<b>1,299,147</b>	<b>737,320</b>	<b>3,771,610</b>
<b>PDS</b>	Professional Solutions	67,759	73,601	73,398	72,636	287,394
	Semiconductors	90,233	93,494	93,187	81,482	358,396
	Components	107,204	103,647	104,060	95,179	410,090
	Other	2,540	2,385	1,985	3,784	10,694
	<b>Total</b>	<b>267,736</b>	<b>273,127</b>	<b>272,630</b>	<b>253,081</b>	<b>1,066,574</b>

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## Cautionary Statement

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," "intend," "seek," "may," "might," "could" or "should," 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, judgments 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 and 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 and incurs production costs, 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 LCD televisions and game platforms, which are offered in highly competitive markets characterized by continual new product and service introductions, rapid development in technology and subjective and changing consumer preferences; (iv) Sony's ability and timing to recoup large-scale investments required for technology development and production capacity; (v) Sony's ability to implement successful business restructuring and transformation efforts under changing market conditions; (vi) Sony's ability to implement successful hardware, software, and content integration strategies for all segments excluding the Financial Services segment, and to develop and implement successful sales and distribution strategies 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 prioritize investments correctly (particularly in the Consumer Products & Services and the Professional, Device & Solutions segments); (viii) Sony's ability to maintain product quality; (ix) the effectiveness of Sony's strategies and their execution, including but not limited to the success of Sony's acquisitions, joint ventures and other strategic investments; (x) Sony's ability to forecast demands, manage timely procurement and control inventories; (xi) the outcome of pending legal and/or regulatory proceedings; (xii) 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; (xiii) 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; and (xiv) risks related to catastrophic disasters or similar events, including the Great East Japan Earthquake and its aftermath. Risks and uncertainties also include the impact of any future events with material adverse impacts.