

SONY

Q2 FY2018 Consolidated Financial Results

(Three months ended September 30, 2018)

October 30, 2018

Sony Corporation

Q2 FY2018 Consolidated Results

	Q2 FY17	Q2 FY18	Change	Q2 FY18 USD Amount ^{*1}
	(Bln Yen, Mln US dollars)			
Sales & operating revenue	2,062.5	2,182.8	+120.2 bln yen (+6%)	\$19,576
Operating income	204.2	239.5	+35.3 bln yen (+17%)	2,148
Income before income taxes	198.6	246.4	+47.8 bln yen (+24%)	2,210
Net income attributable to Sony Corporation's stockholders	130.9	173.0	+42.1 bln yen (+32%)	1,552
Net income attributable to Sony Corporation's stockholders per share of common stock (diluted)	101.35 yen	133.43 yen	+32.08 yen	1.20 USD
Restructuring charges ^{*2}	1.6	3.7	+131%	33
Additions to long-lived assets ^{*3}	75.8	69.3	-9%	622
Depreciation and amortization ^{*4}	86.7	85.6	-1%	768
Research and development expenses	108.8	116.5	+7%	1,045
Average rate				
1 US dollar	111.0 yen	111.5 yen		
1 Euro	130.4 yen	129.7 yen		

^{*1} US dollar amounts have been translated from yen, for convenience only, using the average rate listed on this slide.

^{*2} Restructuring charges are included in operating income as operating expenses (applies to all following pages).

^{*3} Does not include the increase in intangible assets resulting from acquisitions (applies to all following pages).

^{*4} Includes amortization expenses for intangible assets and for deferred insurance acquisition costs (applies to all following pages).

Q2 FY2018 Consolidated Results: Year-on-year Change

	Year-on-year Change	Contributing Factors (+) Better / (-) Worse
Sales & operating revenue	+120.2 bln yen +6 %	<ul style="list-style-type: none"> · (+) Significant increases in G&NS and Financial Services segment sales · (-) Significant decrease in MC segment sales <p>On a constant currency basis*, sales increased 6%</p>
Operating income	+35.3 bln yen +17 %	<ul style="list-style-type: none"> · (+) Significant increases in operating income in the G&NS and Pictures segments · (-) Significant increase in operating losses in the MC segment, including impairment charge against long-lived assets
Net effect of other income and expenses	12.6 bln yen improvement (5.7 bln yen expense → 6.9 bln yen income)	<ul style="list-style-type: none"> · (+) Increase in gain on equity securities, net
Income tax expense	+3.5 bln yen (Effective tax rate 28% → 24%)	<ul style="list-style-type: none"> · (+) Increase in income before income taxes of Sony Corporation and its national tax filing group in Japan, and the U.S. consolidated tax filing group, both of which have established valuation allowances for deferred tax assets, resulting in effective tax rates lower than the statutory tax rates

* See page 23 for information about the impact of foreign exchange rate fluctuations on sales and operating income (loss) (applies to all following pages).

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Adjusted Operating Income (Q2)

	Operating Income	Adjusted Operating Income	Adjusted Operating Income excludes the following items*
Q2 FY17	204.2 bln yen	204.2 bln yen	—
Q2 FY18	239.5 bln yen	255.7 bln yen	<ul style="list-style-type: none"> ■ Recording of an impairment charge against long-lived assets in the MC segment (-16.2 bln yen)
Change from FY17	+35.3 bln yen	+51.5 bln yen (+25%)	

* These monetary amounts are disclosed in the Quarterly Financial Statements, the Presentation Slides and the Quarterly Securities Reports for the relevant quarters.

Adjusted operating income is not a measure in accordance with U.S. GAAP. However, Sony believes that this disclosure may be useful information to investors.

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Q2 FY2018 Results by Segment

(Bln Yen)

		Q2 FY17	Q2 FY18	Change	FX Impact
Game & Network Services (G&NS)	Sales	433.2	550.1	+116.9	+0.2
	Operating income	54.8	90.6	+35.9	-0.6
Music	Sales	206.6	203.9	-2.7	+0.5
	Operating income	32.5	31.5	-1.0	
Pictures	Sales	244.0	240.9	-3.1	+0.9
	Operating income	7.7	23.5	+15.8	
Home Entertainment & Sound (HE&S)	Sales	300.9	274.9	-26.0	-5.9
	Operating income	24.4	24.5	+0.1	-6.0
Imaging Products & Solutions (IP&S)	Sales	156.7	163.9	+7.2	-0.6
	Operating income	18.9	21.8	+2.9	-0.6
Mobile Communications (MC)	Sales	172.0	117.8	-54.2	-1.5
	Operating income	-2.5	-29.8	-27.4	+1.2
Semiconductors	Sales	228.4	254.4	+26.1	+0.9
	Operating income	49.4	47.9	-1.4	+0.6
Financial Services	Revenue	279.2	353.5	+74.2	
	Operating income	36.6	39.2	+2.6	
All Other	Sales	112.8	89.1	-23.7	
	Operating income	-0.0	5.0	+5.1	
Corporate and elimination	Sales	-71.3	-65.7	+5.6	
	Operating income	-17.5	-14.7	+2.7	
Consolidated total	Sales	2,062.5	2,182.8	+120.2	
	Operating income	204.2	239.5	+35.3	

· Sales and Revenue in each business segment represents sales and revenue recorded before intersegment transactions are eliminated. Operating income in each business segment represents operating income reported before intersegment transactions are eliminated and excludes unallocated corporate expenses (applies to all following pages).
 · Both Sales and Revenue include operating revenue and intersegment sales (applies to all following pages).
 · For further details about the impact of foreign exchange rate fluctuations on sales and operating income (loss), see Notes on page 23 (applies to all following pages).

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1H FY2018 Consolidated Results

(Bln Yen, Mln US dollars)

	1H FY17	1H FY18	Change	1H FY18 USD Amount*
Sales & operating revenue	3,920.6	4,136.4	+215.7 bln yen (+6%)	\$37,501
Operating income	361.8	434.5	+72.7 bln yen (+20%)	3,939
Income before income taxes	347.5	558.5	+211.0 bln yen (+61%)	5,063
Net income attributable to Sony Corporation's stockholders	211.7	399.4	+187.7 bln yen (+89%)	3,621
Net income attributable to Sony Corporation's stockholders per share of common stock (diluted)	164.06 yen	308.17 yen	+144.11 yen	2.79 USD
Restructuring charges	4.0	5.0	+24%	45
Additions to long-lived assets	143.2	132.3	-8%	1,199
Depreciation and amortization	170.0	171.8	+1%	1,558
Research and development expenses	210.6	224.0	+6%	2,031
Average rate				
1 US dollar	111.1 yen	110.3 yen		
1 Euro	126.3 yen	129.9 yen		

* US dollar amounts have been translated from yen, for convenience only, using the average rate listed on this slide.

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Adjusted Operating Income (1H)

	Operating Income	Adjusted Operating Income	Adjusted Operating Income excludes the following items*
1H FY17	361.8 bln yen	325.0 bln yen	<ul style="list-style-type: none"> Gain resulting from the sale of an equity interest in a manufacturing subsidiary in the camera modules business (+27.5 bln yen) Insurance recoveries related to the 2016 Kumamoto Earthquakes (+9.3 bln yen)
1H FY18	434.5 bln yen	450.7 bln yen	<ul style="list-style-type: none"> Recording of an impairment charge against long-lived assets in the MC segment (-16.2 bln yen)
Change from FY17	+72.7 bln yen	+125.7 bln yen (+39%)	

* These monetary amounts are disclosed in the Quarterly Financial Statements, the Presentation Slides and the Quarterly Securities Reports for the relevant quarters.

Adjusted operating income is not a measure in accordance with U.S. GAAP. However, Sony believes that this disclosure may be useful information to investors.

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Adjusted Income Before Income Taxes (1H)

	Income Before Income Taxes	Adjusted Income Before Income Taxes	Adjusted Income Before Income Taxes excludes the following items*
1H FY17	347.5 bln yen	310.7 bln yen	<ul style="list-style-type: none"> Gain resulting from the sale of an equity interest in a manufacturing subsidiary in the camera modules business (+27.5 bln yen) Insurance recoveries related to the 2016 Kumamoto Earthquakes (+9.3 bln yen)
1H FY18	558.5 bln yen	456.9 bln yen	<ul style="list-style-type: none"> Unrealized and realized gains on shares of Spotify (+117.8 bln yen, net) Recording of an impairment charge against long-lived assets in the MC segment (-16.2 bln yen)
Change from FY17	+211.0 bln yen	+146.2 bln yen (+47%)	

* These monetary amounts are disclosed in the Quarterly Financial Statements, the Presentation Slides and the Quarterly Securities Reports for the relevant quarters.

Adjusted income before income taxes is not a measure in accordance with U.S. GAAP. However, Sony believes that this disclosure may be useful information to investors.

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1H FY2018 Results by Segment

(Bln Yen)

		1H FY17	1H FY18	Change	FX Impact
Game & Network Services (G&NS)	Sales	781.3	1,022.2	+240.9	+6.1
	Operating income	72.5	174.1	+101.6	+3.9
Music	Sales	375.1	385.3	+10.2	-1.3
	Operating income	57.5	63.6	+6.1	
Pictures	Sales	449.8	416.0	-33.9	-2.4
	Operating income	-1.8	15.9	+17.7	
Home Entertainment & Sound (HE&S)	Sales	557.8	547.0	-10.8	-5.0
	Operating income	47.0	41.8	-5.1	-4.8
Imaging Products & Solutions (IP&S)	Sales	312.4	328.1	+15.7	+1.7
	Operating income	42.1	47.9	+5.8	+0.9
Mobile Communications (MC)	Sales	353.2	250.3	-102.9	-1.7
	Operating income	1.2	-40.6	-41.7	+3.0
Semiconductors	Sales	432.6	456.7	+24.1	-2.0
	Operating income	104.8	77.1	-27.7	-1.7
Financial Services	Revenue	582.4	688.7	+106.3	
	Operating income	82.8	79.7	-3.1	
All Other	Sales	222.1	172.0	-50.0	
	Operating income	-8.3	5.3	+13.6	
Corporate and elimination	Sales	-146.0	-129.9	+16.1	
	Operating income	-36.0	-30.4	+5.6	
Consolidated total	Sales	3,920.6	4,136.4	+215.7	
	Operating income	361.8	434.5	+72.7	

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FY2018 Consolidated Results Forecast

(Bln Yen)

	FY17	FY18 July FCT	FY18 October FCT	Change from July FCT
Sales & operating revenue	8,544.0	8,600	8,700	+100 bln yen (+1%)
Operating income	734.9	670	870	+200 bln yen (+30%)
Income before income taxes	699.0	760	975	+215 bln yen (+28%)
Net income attributable to Sony Corporation's stockholders ^{*1}	490.8	500	705	+205 bln yen (+41%)
Restructuring charges	22.4	22	27	+23%
Additions to long-lived assets	332.1	360	360	-
Depreciation and amortization	361.4	360	360	-
Research and development expenses	458.5	470	470	-
Operating Cash Flow ^{*2} (Sony without Financial Services)	770.6	-	830	-
Average rate	Actual	Assumption (2Q-4Q FY18)	Assumption (2H FY18)	Dividend per Share
1 US dollar	110.9 yen	Approx.110 yen	Approx. 112 yen	Interim 15 yen
1 Euro	129.7 yen	Approx.127 yen	Approx. 132 yen	Year-end Undecided

^{*1} Income tax resulting from the consolidation of EMI and its impact on the forecast for net income attributable to Sony Corporation's stockholders is currently being evaluated.

^{*2} Operating cash flow (Sony without Financial Services) is not a measure in accordance with U.S. GAAP. However, Sony believes that this disclosure may be useful information to investors.
Please refer to F-11 in "Q2 FY18 Financial Statements" for Condensed Statements of Cash Flows for Sony without Financial Services.

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FY2018 Consolidated Results Forecast

	Change from July FCT	Contributing Factors (+) Better / (-) Worse
Sales & operating revenue	+100 bln yen +1 %	<ul style="list-style-type: none"> · (+) Higher-than-expected sales primarily in the G&NS and Music segments · (-) Lower-than-expected sales in the MC segment
Operating income	+200 bln yen +30 %	<ul style="list-style-type: none"> · (+) Increases in operating income primarily in the Music and G&NS segments · (+) Reduction in allocations for contingencies incorporated into the July forecast for All Other, Corporate and elimination · (-) Increases in operating loss in the MC segment
Net income attributable to Sony Corporation's stockholders	+205 bln yen +41 %	<ul style="list-style-type: none"> · (+) Increase in operating income · (+) Higher-than-expected gain on equity securities, net, in Q2 FY18 · (+) Lower-than-expected effective tax rates

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FY2018 Results Forecast by Segment

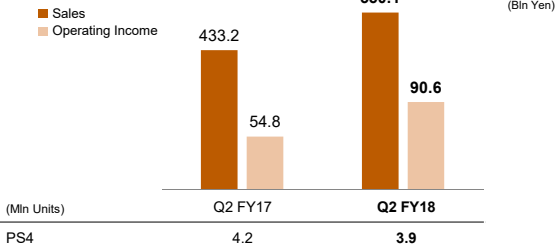
(Bln Yen)

		FY17	FY18 July FCT	FY18 October FCT	Change from July FCT
Game & Network Services (G&NS)	Sales	1,943.8	2,180	2,350	+170
	Operating income	177.5	250	310	+60
Music	Sales	800.0	760	820	+60
	Operating income	127.8	115	230	+115
Pictures	Sales	1,011.1	990	1,000	+10
	Operating income	41.1	44	50	+6
Home Entertainment & Sound (HE&S)	Sales	1,222.7	1,150	1,150	-
	Operating income	85.8	86	86	-
Imaging Products & Solutions (IP&S)	Sales	655.9	670	680	+10
	Operating income	74.9	78	81	+3
Mobile Communications (MC)	Sales	723.7	610	510	-100
	Operating income	-27.6	-30	-95	-65
Semiconductors	Sales	850.0	890	910	+20
	Operating income	164.0	120	140	+20
Financial Services	Revenue	1,228.4	1,270	1,270	-
	Operating income	178.9	170	170	-
All Other, Corporate and elimination	Operating income	-87.6	-163	-102	+61
Consolidated total	Sales	8,544.0	8,600	8,700	+100
	Operating income	734.9	670	870	+200

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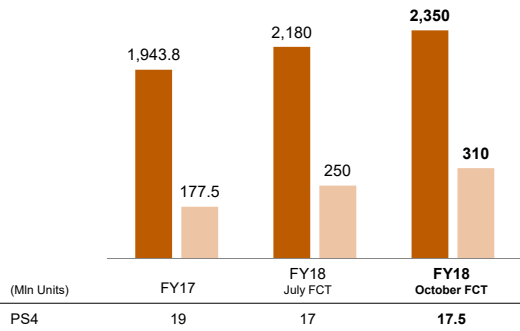
Game & Network Services Segment

Sales and Operating Income



Q2 FY2018 (year-on-year)

- Sales: 116.9 bln yen (27%) significant increase (FX Impact: +0.2 bln yen)
 - (+)
- Ol: 35.9 bln yen significant increase (FX Impact: -0.6 bln yen)
 - (+)



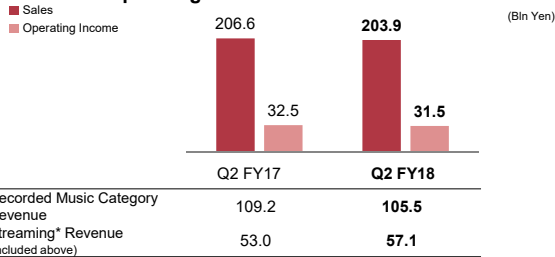
FY2018 Forecast (change from July forecast)

- Sales: 170 bln yen (8%) upward revision
 - (+)
 - (+)
 - (+)
 - (+)
- Ol: 60 bln yen upward revision
 - (+)
 - (+)

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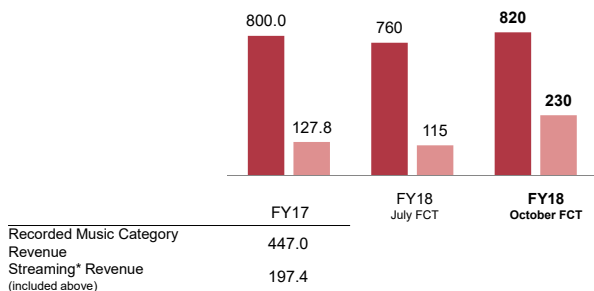
Music Segment

Sales and Operating Income



Q2 FY2018 (year-on-year)

- Sales: 2.7 bln yen (1%) decrease (FX Impact: +0.5 bln yen)
 - (-)
 - (-)
 - (-)
 - (+)
- Ol: 1.0 bln yen decrease
 - (-)



FY2018 Forecast (change from July forecast)

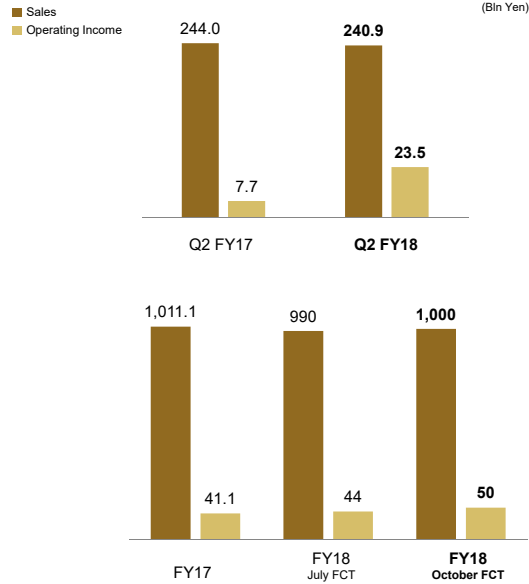
- Sales: 60 bln yen (8%) upward revision
 - (+)
 - (+)
 - Ol: 115 bln yen upward revision
 - (+)
 - (+)
 - (+)
- } Approximately 110 bln yen

* Streaming includes digital audio, digital video and digital radio, and includes revenue from both subscription and ad-supported services.

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Pictures Segment

Sales and Operating Income



Q2 FY2018 (year-on-year)

The following analysis is on a U.S. dollar basis

- Sales: 3.1 bln yen (1%) decrease (U.S. dollar basis: -35 mil USD / -2%)
 - (-) Decrease in sales for Motion Pictures
 - (-) Decrease in worldwide theatrical revenues due to the strong performance of *Spider-Man: Homecoming* in Q2 FY17
 - (+) Higher television licensing revenues for titles released in FY17 including *Jumanji: Welcome to the Jungle* and *Peter Rabbit*
 - (+) Increase in sales for Motion Pictures and Television Productions due to the impact of the new accounting standard
- OI: 15.8 bln yen increase
 - (+) Impact of the new accounting standard (+8.3 bln yen)
 - (+) Impact of higher television licensing revenues for Motion Pictures
 - (+) Lower theatrical marketing expenses
 - (-) Impact of lower worldwide theatrical revenues

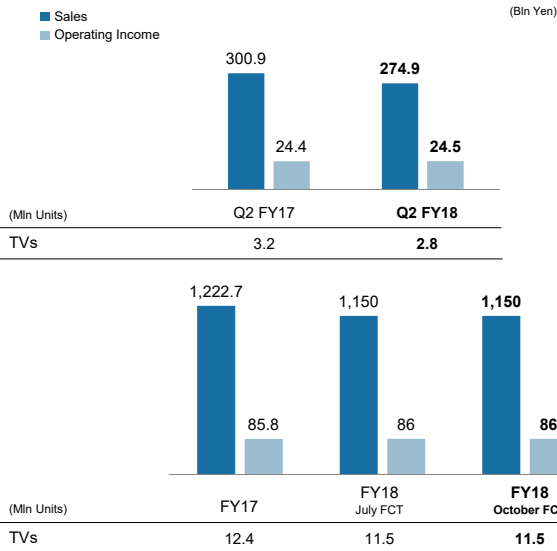
FY2018 Forecast (change from July forecast)

- Sales: 10 bln yen (1%) upward revision
 - (+) Higher-than-expected revenue for Motion Pictures
 - (+) Strong theatrical performance of titles released in the current fiscal year
 - (+) Higher television licensing revenues for titles released in the previous fiscal year
 - (+) Impact of foreign exchange rates
 - (-) Decrease in sales for Media Networks
- OI: 6 bln yen upward revision
 - (+) Increase in sales

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Home Entertainment & Sound Segment

Sales and Operating Income



Q2 FY2018 (year-on-year)

- Sales: 26.0 bln yen (9%) decrease (FX impact: -5.9 bln yen)
 - (-) Decrease in television unit sales resulting from a strategic decision not to pursue scale in order to focus on profitability
- OI: 0.1 bln yen increase (FX Impact: -6.0 bln yen)
 - (+) Improvement in the product mix reflecting a shift to high value-added models
 - (-) Negative impact of foreign exchange rates
 - (-) Decrease in sales

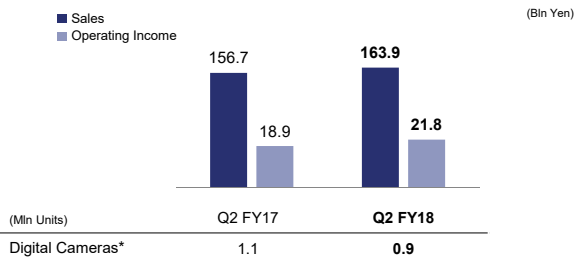
FY2018 Forecast

- Sales / OI : Remain unchanged from July forecast

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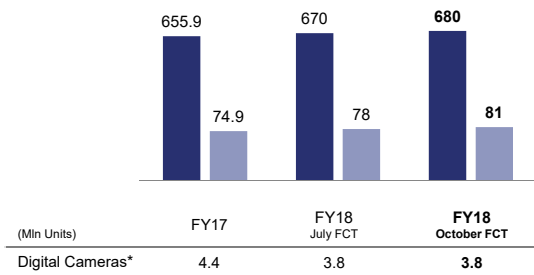
Imaging Products & Solutions Segment

Sales and Operating Income



Q2 FY2018 (year-on-year)

- Sales: 7.2 bln yen (5%) increase (FX Impact: -0.6 bln yen)
 - (+) Improvement in the product mix of Still and Video Cameras reflecting a shift to high value-added models
 - (-) Decrease in unit sales
- OI: 2.9 bln yen increase (FX Impact: -0.6 bln yen)
 - (+) Increase in sales



FY2018 Forecast (change from July forecast)

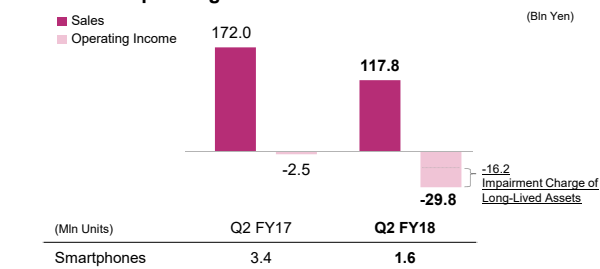
- Sales: 10 bln yen (1%) upward revision
 - (+) Improvement in the product mix of Still and Video Cameras reflecting a shift to high value-added models
 - (+) Impact of foreign exchange rates
- OI: 3 bln yen upward revision
 - (+) Increase in sales

* Includes compact digital cameras and interchangeable single-lens cameras / Excludes interchangeable lenses.

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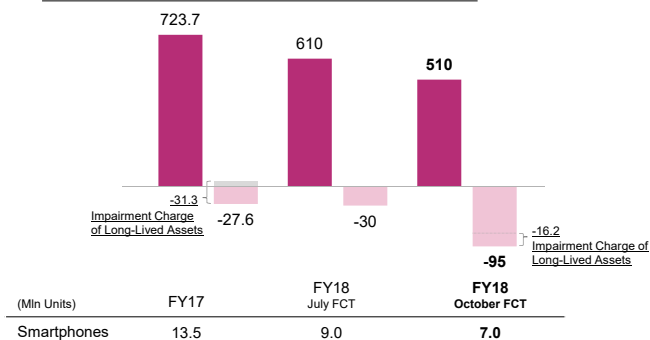
Mobile Communications Segment

Sales and Operating Income



Q2 FY2018 (year-on-year)

- Sales: 54.2 bln yen (32%) significant decrease (FX Impact: -1.5 bln yen)
 - (-) Decrease in smartphone unit sales mainly in Europe, Latin America, and the Middle East
- OI: 27.4 bln yen significant increase in loss (FX Impact: +1.2 bln yen)
 - (-) Decrease in sales
 - (-) Recording of impairment charge against long-lived assets (-16.2 billion yen)
 - (+) Reductions in operating costs



FY2018 Forecast (change from July forecast)

- Sales: 100 bln yen (16%) downward revision
 - (-) Decrease in smartphone unit sales mainly in Europe and Japan
- OI: 65 bln yen downward revision
 - (-) Decrease in sales
 - (-) Recording of impairment charge against long-lived assets (-16.2 billion yen)
 - (-) Negative impact of foreign exchange rates
 - (+) Reductions in operating costs

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Semiconductors Segment

Sales and Operating Income

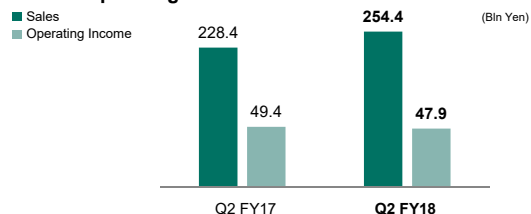


Image Sensors Sales	176.8	205.8
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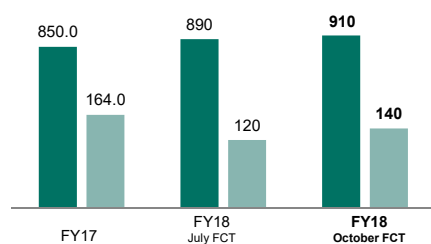


Image Sensors Sales	649.4	720	740
Additions to long-lived assets for Semiconductors Segment	128.1	160	160
for Image Sensors (included above)	106.6	130	130

Q2 FY2018 (year-on-year)

- Sales: 26.1 bln yen (+11%) significant increase (FX Impact: +0.9 bln yen)
 - (+) Significant increase in sales of image sensors for mobile products
 - (+) Significant increase in unit sales
 - (+) Improvement in the product mix reflecting a focus on high value-added models
 - (-) Significant decrease in sales of camera modules, a business which was downsized
- OI: 1.4 bln yen decrease (FX Impact: +0.6 bln yen)
 - (-) Increase in research and development expenses as well as in depreciation and amortization expenses
 - (+) Increase in sales of image sensors for mobile products

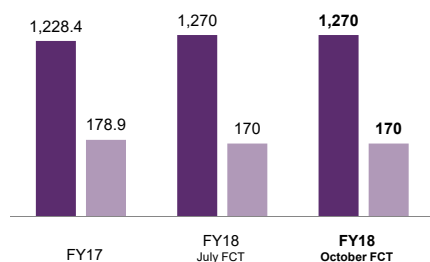
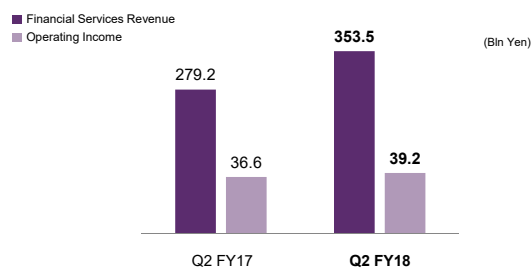
FY2018 Forecast (change from July forecast)

- Sales: 20 bln yen (2%) upward revision
 - (+) Higher-than-expected sales of image sensors for mobile products
 - (+) Impact of foreign exchange rates
- OI: 20 bln yen upward revision
 - (+) Increase in sales
 - (+) Positive impact of foreign exchange rates

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Financial Services Segment

Financial Services Revenue and Operating Income



Q2 FY2018 (year-on-year)

- Revenue: 74.2 bln yen (27%) significant increase
 - (+) Significant increase in revenue at Sony Life (71.8 bln yen increase, revenue: 317.7 bln yen)
 - (+) Improvement in investment performance in the separate accounts
 - (+) Higher insurance premium revenue reflecting an increase in the policy amount in force
- OI: 2.6 bln yen increase
 - (+) Increase in OI at Sony Life (2.1 bln yen increase, OI: 34.3 bln yen)
 - (+) Higher insurance premium revenue reflecting an increase in the policy amount in force
 - (-) Rise in the loss ratio due to the impact of natural disasters at Sony Assurance

FY2018 Forecast

- Revenue / OI : Remain unchanged from July forecast

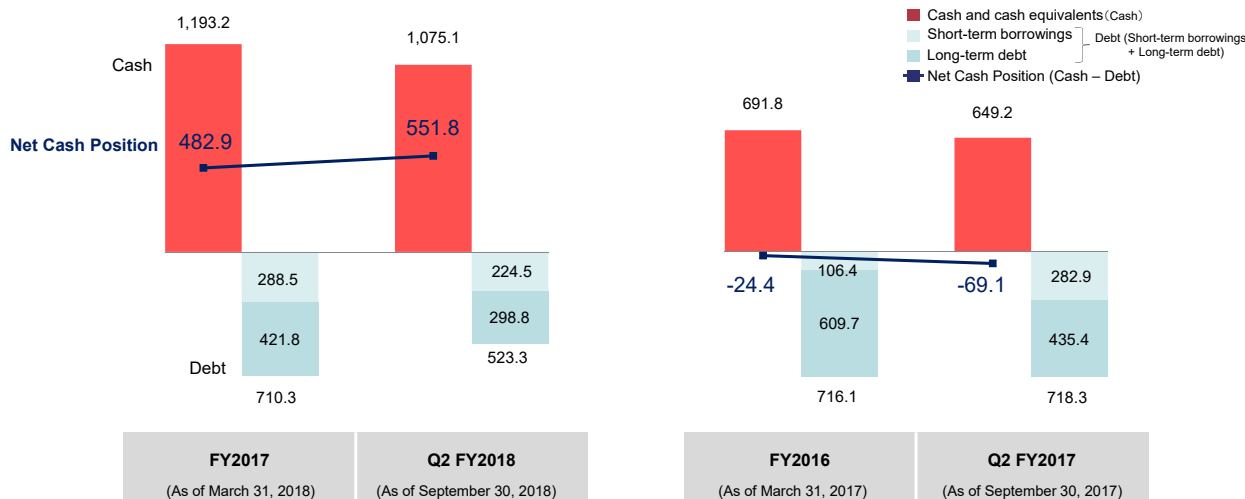
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Cash, Debt Balance (Sony without Financial Services)

(Bln yen)

The six months ended September 30, 2018

The six months ended September 30, 2017

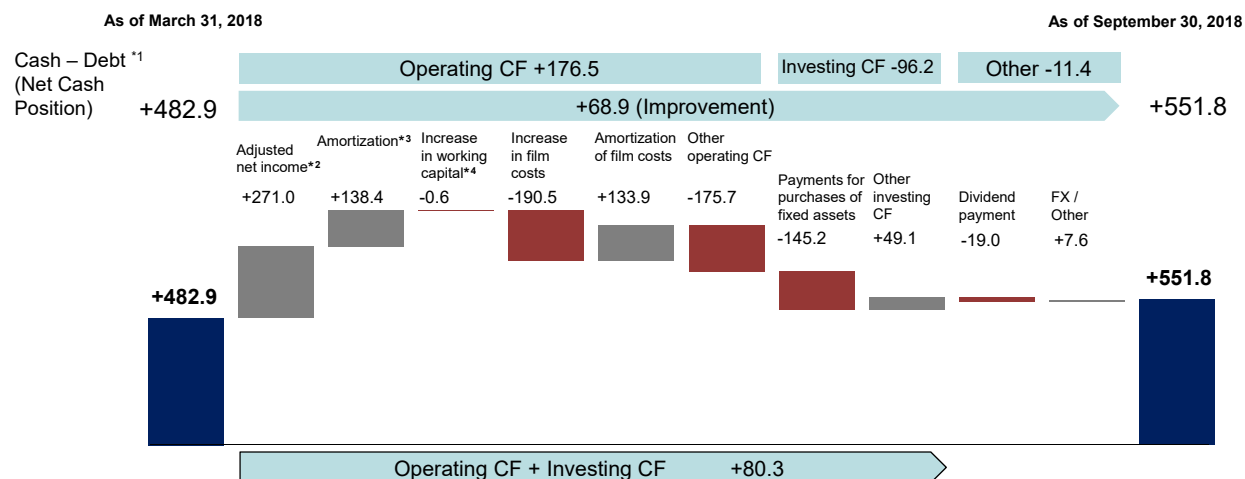


Please refer to F-13 in "Q2 FY17 Financial Statements" and F-9 in "Q2 FY18 Financial Statements" for condensed balance sheets for Sony without Financial Services.

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Q2 FY2018 Cash Flow (CF) Analysis (Sony without Financial Services)

(Bln yen)



*1 Please refer to P.20.

*2 Net income (loss) + Other operating (income) expense, net + (Gain) loss on marketable securities and securities investments, net [Operating CF of Sony without Financial Services]

*3 Depreciation and amortization [Operating CF of Sony without Financial Services]

*4 (Increase) decrease in notes, accounts receivable, trade and contract assets + (Increase) decrease of inventories + Increase (decrease) in notes and accounts payable, trade [Operating CF of Sony without Financial Services]

Please refer to F-11 in "Q2 FY18 Financial Statements" for Condensed Statements of Cash Flows for Sony without Financial Services.

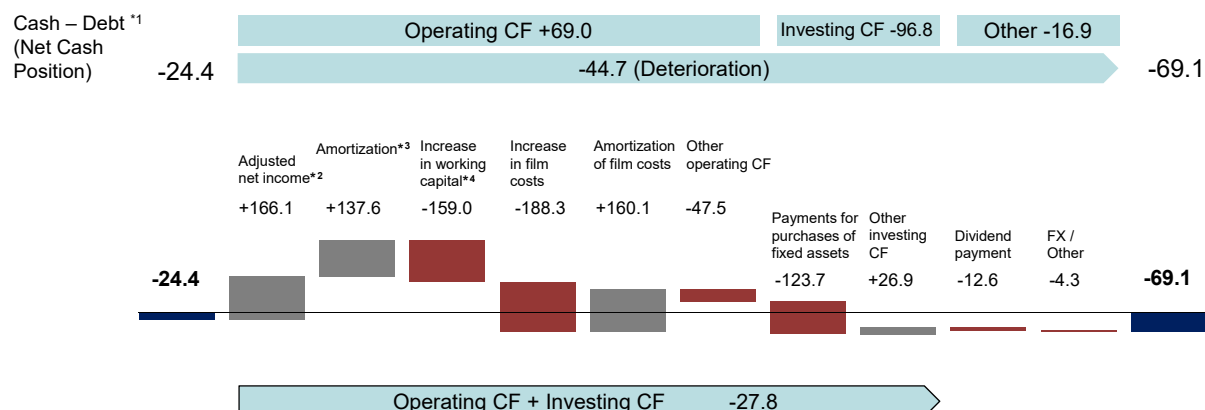
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Q2 FY2017 Cash Flow (CF) Analysis (Sony without Financial Services)

(Bln yen)

As of March 31, 2017

As of September 30, 2017



*1 Please refer to P.20.

*2 Net income (loss) + Other operating (income) expense, net + (Gain) loss on marketable securities and securities investments, net [Operating CF of Sony without Financial Services]

*3 Depreciation and amortization [Operating CF of Sony without Financial Services]

*4 (Increase) decrease in notes, accounts receivable, trade and contract assets + (Increase) decrease of inventories + Increase (decrease) in notes and accounts payable, trade [Operating CF of Sony without Financial Services]

* Please refer to F-11 in "Q2 FY18 Financial Statements" for Condensed Statements of Cash Flows for Sony without Financial Services.

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Notes

Sales on a Constant Currency Basis and Impact of Foreign Exchange Rate Fluctuations

The descriptions of sales on a constant currency basis reflect sales calculated by applying the yen's monthly average exchange rates from the same period of the previous fiscal year to local currency-denominated monthly sales in the current six months. For SME and Sony/ATV in the Music segment, the constant currency amounts are calculated by applying the monthly average U.S. dollar / yen exchange rates after aggregation on a U.S. dollar basis.

Results for the Pictures segment are described on a U.S. dollar basis as the Pictures segment reflects the operations of SPE, a U.S.-based operation that aggregates the results of its worldwide subsidiaries in U.S. dollars.

The impact of foreign exchange rate fluctuations on sales is calculated by applying the change in the yen's periodic weighted average exchange rate for the same period of the previous fiscal year from the current six months to the major transactional currencies in which the sales are denominated. The impact of foreign exchange rate fluctuations on operating income (loss) is calculated by subtracting from the impact on sales the impact on cost of sales and selling, general and administrative expenses calculated by applying the same major transactional currencies calculation process to cost of sales and selling, general and administrative expenses as for the impact on sales. Additionally, the MC segment enters into its own foreign exchange hedging transactions. The impact of those transactions is included in the impact of foreign exchange rate fluctuations on operating income (loss) for that segment.

Notes about Financial Performance of the Music, Pictures and Financial Services segments

The Music segment results include the yen-translated results of Sony Music Entertainment and Sony/ATV Music Publishing, both U.S.-based operations which aggregate the results of their worldwide subsidiaries on a U.S. dollar basis, and the results of Sony Music Entertainment (Japan) Inc., a Japan-based music company which aggregates its results in yen. The segment also includes equity in net income (loss) for EMI, an affiliated company accounted for under the equity method for which Sony records 39.8% of EMI's net income in the segment's operating income. Because Sony expects to complete the acquisition of the remaining equity interest in EMI within the 2018 calendar year, both an expected non-cash step-up gain for the equity interest in EMI that Sony currently owns and the expected impact of the consolidation of EMI have been incorporated into the October forecast for the fiscal year ending March 31, 2019.

The results presented in Pictures are a yen-translation of the results of Sony Pictures Entertainment Inc., a U.S.-based operation that aggregates the results of its worldwide subsidiaries on a U.S. dollar basis.

The Financial Services segment results include Sony Financial Holdings Inc. ("SFH") and SFH's consolidated subsidiaries such as Sony Life Insurance Co., Ltd., Sony Assurance Inc. and Sony Bank Inc. The results of SFH and its consolidated subsidiaries discussed in the Financial Services segment differ from the results that these companies disclose separately on a Japanese statutory basis.

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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 investors 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 investors should not place undue reliance on them. Investors 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) Sony's ability to maintain product quality and customer satisfaction with its products and services;
- (ii) 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 image sensors, game and network platforms, smartphones and televisions, which are offered in highly competitive markets characterized by severe price competition and continual new product and service introductions, rapid development in technology and subjective and changing customer preferences;
- (iii) Sony's ability to implement successful hardware, software, and content integration strategies, and to develop and implement successful sales and distribution strategies in light of new technologies and distribution platforms;
- (iv) the effectiveness of Sony's strategies and their execution, including but not limited to the success of Sony's acquisitions, joint ventures, investments, capital expenditures, restructurings and other strategic initiatives;
- (v) changes in laws, regulations and government policies in the markets in which Sony and its third-party suppliers, service providers and business partners operate, including those related to taxation, as well as growing consumer focus on corporate social responsibility;
- (vi) Sony's continued ability to identify the products, services and market trends with significant growth potential, to devote sufficient resources to research and development, to prioritize investments and capital expenditures correctly and to recoup its investments and capital expenditures, including those required for technology development and product capacity;
- (vii) Sony's reliance on external business partners, including for the procurement of parts, components, software and network services for its products or services, the manufacturing, marketing and distribution of its products, and its other business operations;
- (viii) the global economic and political environment in which Sony operates and the economic and political conditions in Sony's markets, particularly levels of consumer spending;
- (ix) Sony's ability to meet operational and liquidity needs as a result of significant volatility and disruption in the global financial markets or a ratings downgrade;
- (x) Sony's ability to forecast demands, manage timely procurement and control inventories;
- (xi) foreign 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, liabilities and operating results are denominated;
- (xii) Sony's ability to recruit, retain and maintain productive relations with highly skilled personnel;
- (xiii) Sony's ability to prevent unauthorized use or theft of intellectual property rights, to obtain or renew licenses relating to intellectual property rights and to defend itself against claims that its products or services infringe the intellectual property rights owned by others;
- (xiv) the impact of changes in interest rates and 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;
- (xv) 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;
- (xvi) risks related to catastrophic disasters or similar events;
- (xvii) the ability of Sony, its third-party service providers or business partners to anticipate and manage cybersecurity risk, including the risk of unauthorized access to Sony's business information and the personally identifiable information of its employees and customers, potential business disruptions or financial losses; and
- (xviii) the outcome of pending and/or future legal and/or regulatory proceedings.

Risks and uncertainties also include the impact of any future events with material adverse impact. Important information regarding risks and uncertainties is also set forth in Sony's most recent Form 20-F, which is on file with the U.S. Securities and Exchange Commission.