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SONY CORP
Form 6-K
October 25, 2007

Form 6-K

SECURITIES AND EXCHANGE COMMISSION
WASHINGTON, D. C. 20549

FORM 6-K

REPORT OF FOREIGN PRIVATE ISSUER

Pursuant to Rule 13a-16 or 15d-16 of
the Securities Exchange Act of 1934

For the month of October 2007
Commission File Number: 001-06439

SONY CORPORATION
(Translation of registrant's name into English)

1-7-1 KONAN, MINATO-KU, TOKYO, 108-0075, JAPAN

(Address of principal executive offices)

The registrant files annual reports under cover of Form 20-F.

Indicate by check mark whether the registrant files or will file annual reports
under cover of Form 20-F or Form 40-F,

Form 20-F X

Form 40-F __

Indicate by check mark whether the registrant by furnishing the information
contained in this Form is also thereby furnishing the information to the
Commission pursuant to Rule 12g3-2(b) under the Securities Exchange Act of 1934,
Yes No X

If "Yes" is marked, indicate below the file number assigned to the registrant in
connection with Rule 12g3-2(b):82-_____

SIGNATURE

Pursuant to the requirements of the Securities Exchange Act of 1934, the
registrant has duly caused this report to be signed on its behalf by the
undersigned, thereunto duly authorized.

SONY CORPORATION
(Registrant)

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By: /s/ Nobuyuki Oneda
(Signature)
Nobuyuki Oneda
Executive Vice President and
Chief Financial Officer

Date: October 25, 2007

List of materials

Documents attached hereto:

- i) Press release announcing Consolidated Financial Results for the Second Quarter Ended September 30, 2007

Sony Corporation
1-7-1 Konan, Minato-ku
Tokyo 108-0075 Japan

No: 07-121E
3:00 P.M. JST, October 25, 2007

Consolidated Financial Results for the Second Quarter Ended September 30, 2007

Tokyo, October 25, 2007 -- Sony Corporation today announced its consolidated results for the second quarter of the fiscal year ending March 31, 2008 (July 1, 2007 to September 30, 2007).

(Billions of yen, millions of U.S. dollars, except per share amounts)

| | 2006 | 2007 | Change in yen | 2007* |
|--|----------|----------|------------------|----------|
| | ----- | ----- | ----- | ----- |
| Sales and operating revenue | Y1,854.2 | Y2,083.0 | +12.3% | \$18,113 |
| Operating income (loss) | (20.8) | 90.5 | - | 787 |
| Income (loss) before income taxes | (26.1) | 87.9 | - | 765 |
| Equity in net income of affiliated companies | 19.7 | 21.1 | +7.2 | 184 |
| Net income | 1.7 | 73.7 | +4,287.8 | 641 |
| Net income per share of common stock | | | | |
| - Basic | Y1.68 | Y73.50 | +4,275.0 | \$0.64 |
| - Diluted | 1.60 | 70.09 | +4,280.6 | 0.61 |

Unless otherwise specified, all amounts are presented on the basis of Generally Accepted Accounting Principles in the U.S. ("U.S. GAAP").

* U.S. dollar amounts have been translated from yen, for convenience only, at the rate of Y115=U.S.\$1, the approximate Tokyo foreign exchange market rate as of September 28, 2007.

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Consolidated Results for the Second Quarter Ended September 30, 2007

Sales and operating revenue ("sales") increased 12.3% (a 9% increase on a local currency basis) compared with the same quarter of the previous fiscal year ("year-on-year"). (For all references herein to sales on a local currency basis.)

Electronics segment sales increased 20.7% (a 17% increase on a local currency basis). Products such as BRAVIA(TM) LCD televisions, VAIO(TM) PCs and Cyber-shot(TM) digital cameras contributed to the sales increase; however, sales declined for products such as LCD rear-projection televisions. In the Game segment, sales increased 42.9% year-on-year primarily as a result of the contribution to sales from PLAYSTATION(R)3 ("PS3"), which was released during the second half of the last fiscal year. In the Pictures segment, there was a 6.4% increase in sales primarily due to higher sales of theatrically released and made-for-television movies in the television market. In the Financial Services segment, revenue decreased by 6.3% year-on-year mainly due to a deterioration in net gains from investments in the separate account and in net valuation gains from convertible bonds in the general account at Sony Life Insurance Co., Ltd. ("Sony Life").

Operating income was Y90.5 billion (\$787 million) compared to an operating loss of Y20.8 billion in the second quarter of the previous fiscal year.

In the Electronics segment, operating income increased significantly year-on-year mainly due to a Y51.2 billion provision recorded in the second quarter of the previous fiscal year for charges related to recalls by certain notebook computer makers and the subsequent global replacement program by Sony and certain notebook computer makers involving battery packs containing Sony-manufactured battery cells. In addition, an increase in sales of semiconductors to the Game segment and the positive impact from the depreciation of the yen against the U.S. dollar and the euro contributed to the increase. In the Game segment, operating loss increased primarily due to the loss arising from strategic pricing of PS3 at points lower than its production cost. In the Pictures segment, operating income improved mainly due to lower marketing expenses as a result of a decrease in the number of theatrical releases during the current quarter. In the Financial Services segment, there was a decrease in operating income mainly attributable to the deterioration in net valuation gains from convertible bonds in the general account at Sony Life. Operating income for the current quarter also includes a gain on the sale of a portion of the site of Sony's former headquarters of Y60.7 billion (\$528 million).

Restructuring charges, which amounted to Y18.5 billion (\$161 million) for the quarter compared to Y5.3 billion for the same quarter of the previous fiscal year, were recorded as operating expenses this quarter. Substantially all of these restructuring charges in both years relate to the Electronics segment.

Income before income taxes was Y87.9 billion (\$765 million) compared to a loss before income taxes of Y26.1 billion in the same quarter of the prior fiscal year. Despite an increase of loss on devaluation of securities investments, there was a slight improvement in the net effect of other income and expenses primarily due to the recording of a net foreign exchange gain in the current quarter versus the net foreign exchange loss recorded in the same quarter of the previous fiscal year.

Income taxes: During the current quarter, Sony recorded Y34.9 billion

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(\$304 million) of income taxes resulting in an effective tax rate of 39.7%.

Equity in net income of affiliated companies increased 7.2% year-on-year to Y21.1 billion (\$184 million). Sony recorded equity in net income for Sony Ericsson Mobile Communications AB ("Sony Ericsson") of Y21.1 billion (\$183 million), a decrease of Y0.7 billion year-on-year. Sony recorded equity in net loss of Y0.5 billion (\$4 million) for SONY BMG MUSIC ENTERTAINMENT ("SONY BMG"), an improvement of Y1.8 billion compared to the same quarter of the previous fiscal year, primarily due to lower marketing, overhead and restructuring costs. Equity in net loss of Y0.5 billion (\$5 million) was recorded for S-LCD Corporation ("S-LCD"), a joint-venture with Samsung Electronics Co., Ltd., compared to equity in net income of Y2.9 billion in the same quarter of the previous fiscal year.

Sony did not record any equity gain or loss for Metro-Goldwyn-Mayer Inc. ("MGM") in the current quarter compared to equity in net loss of Y2.8 billion recorded in the same quarter of the prior fiscal year. As of March 31, 2007, Sony no longer has any book basis in MGM and accordingly, no additional losses are recorded.

As a result of the changes in the items discussed above, net income increased Y72.0 billion year-on-year to Y73.7 billion (\$641 million).

Operating Performance Highlights by Business Segment

"Sales and operating revenue" in each business segment represents sales and operating revenue recorded before intersegment transactions are eliminated. "Operating income (loss)" in each business segment represents operating income (loss) recorded before intersegment transactions and unallocated corporate expenses are eliminated.

Electronics

| | (Billions of yen, millions of U.S. dollars) | | | |
|-----------------------------|---|----------|-----------|----------|
| | Second quarter ended September 30 | | | |
| | 2006 | 2007 | Change in | 2007 |
| | | | yen | |
| | ----- | ----- | ----- | ----- |
| Sales and operating revenue | Y1,378.4 | Y1,663.1 | +20.7% | \$14,461 |
| Operating income | 8.0 | 106.9 | +1,231.6% | 930 |

Unless otherwise specified, all amounts are on a U.S. GAAP basis.

Sales increased by 20.7% year-on-year (a 17% increase on a local currency basis). Sales to outside customers increased 11.7% year-on-year. There was an increase in sales of products including BRAVIA LCD televisions, which experienced higher sales in all regions, VAIO PCs, which recorded favorable sales outside of Japan, and Cyber-shot digital cameras, which experienced favorable sales in all regions. On the other hand, there was a decrease in sales of products including LCD rear-projection televisions, the market for which is shrinking. There was also a significant increase in intersegment sales mainly due to increased sales of semiconductors to the Game segment.

Operating income of Y106.9 billion (\$930 million) was recorded, a 1,231.6% increase year-on-year. This was primarily the result of a Y51.2 billion provision recorded in the second quarter of the previous fiscal year for charges related to the notebook computer battery pack recalls

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and subsequent global replacement program, as well as an increase in sales and a positive impact from the depreciation of the yen against the U.S. dollar and the euro. With regard to products within the Electronics segment, the improvement was mainly attributable to system LSIs, which saw an increase in sales of semiconductors for PS3, VAIO PCs, and Cyber-shot digital cameras. This was partially offset by a decrease in contribution from other products including LCD rear-projection televisions.

Inventory, as of September 30, 2007, was Y1,006.6 billion (\$8,753 million), which increased Y35 billion, or 3.6%, compared with the level as of September 30, 2006 and an increase of Y78.2 billion, or 8.4%, compared with the level as of June 30, 2007.

Operating Results for Sony Ericsson Mobile Communications AB

The following operating results for Sony Ericsson, which is accounted for by the equity method, are not consolidated in Sony's consolidated financial statements. However, Sony believes that this disclosure provides additional useful analytical information to investors regarding operating performance.

| | (Millions of euro) | | |
|-----------------------------|--------------------|-----------------------|--------------------------------|
| | 2006 | Quarter ended 2007 | September 30 Change in euro |
| | ----- | ----- | ----- |
| Sales and operating revenue | EUR2,913 | EUR3,108 | +7% |
| Income before income taxes | 433 | 384 | -11 |
| Net income | 298 | 267 | -10 |

Sales for the current quarter increased by 7% year-on-year. Results were boosted by sales of successful models such as Walkman(R) and Cyber-shot phones. Income before income taxes for the current quarter was EUR384 million, representing a year-on-year decrease of 11%, which reflects the exceptional quarter Sony Ericsson experienced in 2006. Sony recorded equity in net income of Y21.1 billion (\$183 million) for the current quarter.

Game

| | (Billions of yen, millions of U.S. dollars) | | | |
|-----------------------------|---|------------------------------|----------------------------------|---------|
| | 2006 | Second quarter ended 2007 | September 30 Change in yen | 2007 |
| | ----- | ----- | ----- | ----- |
| Sales and operating revenue | Y170.3 | Y243.4 | +42.9% | \$2,117 |
| Operating income (loss) | (43.5) | (96.7) | - | (841) |

Unless otherwise specified, all amounts are on a U.S. GAAP basis.

Sales increased 42.9% year-on-year (a 38% increase on a local currency basis).

Hardware: Overall hardware sales increased as a result of the contribution to sales from PS3, which was released during the second half of last fiscal year, in addition to increased unit sales of PSP(R) (PlayStation(R)Portable) ("PSP"), of which a new slimmer, lighter model was released. Sales of PlayStation(R)2 ("PS2") were essentially unchanged year-on-year.

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Software: Despite the contribution from PS3 software sales, overall software sales decreased as a result of a decrease in PS2 and PSP software sales.

An operating loss of Y96.7 billion (\$841 million) was recorded, a Y53.2 billion deterioration year-on-year. This deterioration was primarily due to the loss arising from the strategic pricing of PS3 at points lower than its production cost and the increase in PS3-related inventory write-downs recorded during the current quarter compared to the same quarter of the previous year.

Worldwide hardware unit sales (increase/decrease year-on-year):*

-> PS2: 3.28 million units (a decrease of 0.13 million units)
 -> PSP: 2.58 million units (an increase of 0.56 million units)
 -> PS3: 1.31 million units

Worldwide software unit sales (decrease year-on-year):*

-> PS2: 38.0 million units (a decrease of 9.2 million units)
 -> PSP: 12.6 million units (a decrease of 0.6 million units)
 -> PS3: 10.3 million units

*Beginning with the quarter ended June 30, 2007, the method of reporting hardware and software unit sales has been changed from production shipments to recorded sales.

Inventory, as of September 30, 2007, was Y247.8 billion (\$2,155 million), which represents a Y59.7 billion, or 31.7%, increase compared with the level as of September 30, 2006. This increase was primarily due to the buildup of finished goods inventory following the introduction of the PS3 platform in Japan, North America, and Europe. Inventory increased by Y20.8 billion, or 9.2%, compared with the level as of June 30, 2007.

Pictures

| | (Billions of yen, millions of U.S. dollars) | | | |
|-----------------------------|---|--------|-----------|---------|
| | Second quarter ended September 30 | | | |
| | 2006 | 2007 | Change in | 2007 |
| | | | yen | |
| | ----- | ----- | ----- | ----- |
| Sales and operating revenue | Y178.2 | Y189.6 | +6.4% | \$1,649 |
| Operating income (loss) | (15.3) | 2.7 | - | 23 |

Unless otherwise specified, all amounts are reported on a U.S. GAAP basis. The results presented above are a yen-translation of the results of Sony Pictures Entertainment ("SPE"), a U.S.-based operation which aggregates the results of its worldwide subsidiaries. Management analyzes the results of SPE in U.S. dollars, so discussion of certain portions of its results are specified as being on "a U.S. dollar basis."

Sales increased 6.4% year-on-year (a 5% increase on a U.S. dollar 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. This was partially offset by a decrease in theatrical revenues due to fewer films released in the second quarter of the current fiscal year as compared to the same quarter of the prior year. The film that contributed most significantly to revenue during the quarter was Superbad.

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Operating income of Y2.7 billion (\$23 million) was recorded as compared to an operating loss of Y15.3 billion in the same quarter of the previous fiscal year. Operating income benefited from lower marketing expenses due to the fewer number of theatrical releases in the current quarter as well as higher sales of theatrically released and made-for-television movies in the television market, and higher advertising and subscription revenues from several of SPE's international channels. The results for the current quarter were negatively impacted by the U.S. theatrical underperformance of Across The Universe.

Financial Services

| | (Billions of yen, millions of U.S. dollars) | | | |
|---------------------------|---|--------|--------|---------|
| | Second quarter ended September 30 | | | |
| | 2006 | 2007 | Change | 2007 |
| | | | in yen | |
| | ----- | ----- | ----- | ----- |
| Financial service revenue | Y168.1 | Y157.5 | -6.3% | \$1,370 |
| Operating income | 24.6 | 23.1 | -5.8 | 201 |

In Sony's Financial Services segment, results include Sony Financial Holdings Inc. ("SFH"), Sony Life, Sony Assurance Inc., Sony Bank Inc. and Sony Finance International Inc. Also, unless otherwise specified, all amounts are reported on a U.S. GAAP basis. Therefore, the results of Sony Life shown below differ from the results that SFH and Sony Life disclose on a Japanese statutory basis.

Financial service revenue decreased 6.3% year-on-year due to a decrease in revenue at Sony Life. Revenue at Sony Life was Y124.5 billion (\$1,083 million), a Y19.7 billion or 13.6% decrease year-on-year. The main reason for this lower revenue was a deterioration in net gains from investments in the separate account and in net valuation gains from convertible bonds in the general account reflecting a decrease in the stock market this quarter compared with a rise in the market in the same quarter of the previous fiscal year, while there was an increase in insurance premium revenue reflecting an increase in policy amounts in force.

Operating income decreased 5.8% year-on-year as a result of a decrease at Sony Life. Operating income at Sony Life was Y17.7 billion (\$154 million), a Y7.9 billion, or 30.9% decrease year-on-year. This decrease was mainly due to a deterioration in net valuation gains from convertible bonds in the general account, which more than offset the positive impact from increased insurance premium revenue at Sony Life.

On October 11, 2007, in connection with the global initial public offering of shares of SFH, the shares of SFH were listed for trading on the First Section of the Tokyo Stock Exchange. Following this global offering, SFH remains a consolidated subsidiary with Sony Corporation as the majority shareholder.

All Other

| | (Billions of yen, millions of U.S. dollars) | | | |
|-----------------------------|---|-------|--------|-------|
| | Second quarter ended September 30 | | | |
| | 2006 | 2007 | Change | 2007 |
| | | | in yen | |
| | ----- | ----- | ----- | ----- |
| Sales and operating revenue | Y81.5 | Y95.2 | +16.8% | \$828 |
| Operating income | 6.5 | 10.8 | +65.9 | 94 |

Unless otherwise specified, all amounts are on a U.S. GAAP basis.

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Sales increased 16.8% year-on-year. This increase was mainly due to an increase in album sales year-on-year at Sony Music Entertainment (Japan) Inc. ("SMEJ") as well as the consolidation of the U.S. music publishing company Famous Music LLC ("Famous Music") beginning in the current quarter. This business was acquired by Sony's U.S.-based music publishing subsidiary, Sony/ATV Music Publishing LLC ("Sony/ATV").

SMEJ's best-selling albums during the current quarter included ORANGE and RANGE by ORANGE RANGE, five-star by YUKI and TODAY by Angela Aki.

Operating income increased 65.9% year-on-year. This increase was principally a result of the increased sales recorded at SMEJ, an increase in trademark royalty income from Sony Ericsson, as well as higher fee revenue from new broadband subscribers at So-net Entertainment Corporation.

Operating Results for SONY BMG MUSIC ENTERTAINMENT

The following operating results for SONY BMG, which is accounted for by the equity method, are not consolidated in Sony's consolidated financial statements. However, Sony believes that this disclosure provides additional useful analytical information to investors regarding operating performance.

| | (Millions of U.S. dollars) | | |
|-----------------------------------|----------------------------|-------|---------------------------|
| | Quarter ended September 30 | | |
| | 2006 | 2007 | Change in U.S. dollars |
| | ----- | ----- | ----- |
| Sales and operating revenue | \$948 | \$851 | -10% |
| Income (loss) before income taxes | (31) | 8 | - |
| Net income (loss) | (39) | (8) | - |

During the quarter ended September 30, 2007, sales at SONY BMG decreased by 10% year-on-year due to the continuing decline in the worldwide physical music market, as well as fewer major artist releases in the current year as compared to the prior year. Despite this decline in revenue, SONY BMG recorded income before income taxes of \$8 million, as compared to a loss before income taxes of \$31 million in the prior year primarily due to lower marketing, overhead and restructuring costs. Income before income taxes includes \$18 million of restructuring charges, a decrease of \$21 million year-on-year. As a result of a number of discrete items recorded in the quarter, including a reduction of deferred tax assets in Germany as a result of a recent tax rate change and a number of return to provision adjustments, SONY BMG recorded a net loss of \$8 million. Sony's 50% share of the net loss amounting to ¥0.5 billion (\$4 million) was recorded as equity in net income (loss) of affiliated companies. Best selling albums during the quarter included Bruce Springsteen's Magic, Foo Fighters' Echoes, Silence, Patience & Grace, and Kenny Chesney's Just Who I Am: Poets & Pirates.

In August 2004, Sony combined its music business outside Japan with the recorded music business of Bertelsmann AG, forming SONY BMG, upon approval from, among others, the European Commission competition authorities. On December 3, 2004, an association of independent recorded music companies applied for annulment of the decision to clear the merger. On July 13, 2006, the Court of First Instance overruled the Commission's decision to allow the merger to go forward, requiring the Commission to re-examine the merger. On October 3, 2007, the Commission completed its re-examination of the merger and rendered a decision

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confirming the conclusion reached in 2004 that the transaction raised no competition concerns.

Cash Flows

The following charts show Sony's unaudited condensed statements of cash flows for all segments excluding the Financial Services segment and for the Financial Services segment alone. These separate condensed presentations are not required under U.S. GAAP, which is used in Sony's consolidated financial statements. However, because the Financial Services segment is different in nature from Sony's other segments, Sony believes that these presentations may be useful in understanding and analyzing Sony's consolidated financial statements.

Cash Flows - Consolidated (Excluding Financial Services segment)

| | (Billions of yen, millions of U.S. dollars) | | | |
|---|---|----------|--------|-----------|
| | Six months ended September 30 | | | |
| Cash flows | 2006 | 2007 | Change | 2007 |
| | ----- | ----- | ----- | ----- |
| | | | in yen | |
| - From operating activities | Y(191.2) | Y(130.5) | Y+60.7 | \$(1,135) |
| - From investing activities | (217.5) | (154.3) | +63.2 | (1,342) |
| - From financing activities | 191.2 | 219.4 | +28.2 | 1,907 |
| Cash and cash equivalents at beginning of the fiscal year | 585.5 | 522.9 | -62.6 | 4,547 |
| Cash and cash equivalents at September 30 | 363.9 | 455.1 | +91.2 | 3,958 |

Operating Activities: During the six months ended September 30, 2007, although net income was recorded, cash flows from operating activities resulted in a net use of cash due to an increase in inventory mainly within the Electronics and Game segments in preparation for the year-end sales season.

Investing Activities: During the six months ended September 30, 2007, although cash was generated from the sale of a portion of the site of Sony's former headquarters, cash was used for the purchase of fixed assets, principally semiconductor fabrication equipment, within the Electronics segment and the acquisition of U.S. music publishing company Famous Music by Sony/ATV.

As a result, total net cash used by operating activities and used in investing activities during the six months ended September 30, 2007 was Y284.9 billion (\$2,477 million).

Financing Activities: During the six months ended September 30, 2007, financing was carried out principally through the issuance of commercial paper. These sources were partially offset by cash used to redeem straight bonds and for dividend payments.

Cash and Cash Equivalents: As a result of the above factors, and taking into account the effect of foreign currency exchange rate fluctuations, the total balance of cash and cash equivalents was Y455.1 billion (\$3,958 million) at September 30, 2007, a decrease of Y67.7 billion compared to March 31, 2007 and an increase of Y91.2 billion compared to September 30, 2006.

Cash Flows - Financial Services segment

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| | (Billions of yen, millions of U.S. dollars) | | | |
|--|---|---------|------------------|---------|
| | Six months ended September 30 | | | |
| Cash flows | 2006 | 2007 | Change in yen | 2007 |
| | ----- | ----- | ----- | ----- |
| - From operating activities | Y121.8 | Y67.1 | Y-54.7 | \$584 |
| - From investing activities | (113.2) | (388.7) | -275.5 | (3,379) |
| - From financing activities | 65.2 | 216.4 | +151.2 | 1,881 |
| Cash and cash equivalents at beginning of the fiscal year | 117.6 | 277.0 | +159.4 | 2,408 |
| Cash and cash equivalents at September 30 | 191.4 | 171.9 | -19.6 | 1,494 |

Operating Activities: Net cash provided by operating activities was generated due to an increase in revenue from insurance premiums, primarily reflecting an increase in policy amounts in force at Sony Life.

Investing Activities: Payments for investments and advances mainly carried out at Sony Life exceeded proceeds from maturities of marketable securities, sales of securities investments and collections of advances.

Financing Activities: In addition to an increase in policyholders' accounts at Sony Life, there was an increase in deposits from customers in the banking business.

Cash and Cash Equivalents: As a result of the above, the balance of cash and cash equivalents was Y171.9 billion (\$1,494 million) at September 30, 2007, a decrease of Y105.2 billion compared to March 31, 2007 and a decrease of Y19.6 billion compared to September 30, 2006.

Note

During the quarter ended September 30, 2007, the average value of the yen was Y116.9 against the U.S. dollar and Y160.4 against the euro, which was 1.4% lower against the U.S. dollar and 8.6% lower against the euro, compared with the average rates for the same quarter of the previous fiscal year. Sales on a local currency basis described herein reflect sales obtained by applying the yen's monthly average exchange rate in the same quarter of the previous fiscal year to local currency-denominated monthly sales in the current quarter. Sales on a local currency basis are not reflected in Sony's financial statements and are not measures conforming with U.S. GAAP. In addition, Sony does not believe that these measures are a substitute for U.S. GAAP measures. However, Sony believes that sales on a local currency basis provide additional useful analytical information to investors regarding operating performance.

Rewarding Shareholders

Sony believes that continuously increasing corporate value and providing dividends are essential to rewarding shareholders. It is Sony's policy to utilize retained earnings, after ensuring the perpetuation of stable dividends, to carry out various investments that contribute to an increase in corporate value such as those that ensure future growth and strengthen competitiveness.

An interim cash dividend of Y12.5 (\$0.11) per share (the same as the amount paid in the previous fiscal year) payable as of December 3, 2007 was approved by the Board of Directors today.

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Outlook for the Fiscal Year ending March 31, 2008

Sony's consolidated results forecast for the fiscal year ending March 31, 2008, as announced on July 26, 2007, has been revised as per the table below:

| | | | (Billions of yen) | |
|---|----------|---------------|-------------------|----------------|
| | Current | Change from | July | Change from |
| | Forecast | July Forecast | Forecast | March 31, 2007 |
| | ----- | ----- | ----- | Actual Results |
| | | | | ----- |
| Sales and operating revenue | Y8,980 | +2% | Y8,780 | +8% |
| Operating income | 450 | +2 | 440 | +527 |
| (Restructuring charges recorded as operating expenses | 45 | +29 | 35 | +16) |
| Income before income taxes | 500 | +19 | 420 | +390 |
| Equity in net income of affiliated companies | 90 | +13 | 80 | +14 |
| Net income | 330 | +3 | 320 | +161 |

Assumed foreign currency exchange rates for the remainder of the fiscal year: approximately Y115 to the U.S. dollar and approximately Y160 to the euro.

The principal reasons for the revisions are as follows:

1. Second quarter results as a whole exceeded our previous July forecast.
2. 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.
3. A Y10 billion 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.
4. 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 approximately Y75 billion and net income of approximately Y11 billion 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.
5. A Y10 billion 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.

Our forecast for capital expenditures, depreciation and amortization, and research and development expenses, as per the table below, is unchanged from the July 26, 2007 forecast.

| | (Billions of yen) | |
|--|-------------------|-------------|
| | previous | Change from |
| | fiscal year | Forecast |
| | ----- | ----- |
| Capital expenditures (additions to fixed assets) * | Y440 | +6% |
| Depreciation and amortization** | 430 | +7 |
| (Depreciation expenses for tangible assets | 350 | +11) |

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Research and development expenses

550

+1

* Investments in S-LCD are not included within the forecast for capital expenditures.

** The forecast for depreciation and amortization includes amortization of intangible assets and amortization of deferred insurance acquisition costs.

Cautionary Statement

Statements made in this release 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 personnel reduction and other 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; and (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. Risks and uncertainties also include the impact of any future events with material adverse impacts.

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(Unaudited)
Consolidated Financial Statements

Consolidated Balance Sheets

| | | (Millions of yen, millions of U.S. dollars) | | | | | | | | | |
|---|---|---|-------|------------------|-------|----------|--------|----|--------|---|-----------|
| | | September 30 | | | | March 31 | | | | | |
| ASSETS | | 2006 | 2007 | Change from 2006 | | 2007 | 2007 | | | | |
| | | ----- | ----- | ----- | ----- | ----- | ----- | | | | |
| Current assets: | | | | | | | | | | | |
| Cash and cash equivalents | Y | 555,330 | Y | 626,984 | Y | +71,654 | +12.9% | \$ | 5,452 | Y | 799,899 |
| Marketable securities | | 471,332 | | 495,143 | | +23,811 | +5.1 | | 4,306 | | 493,315 |
| Notes and accounts receivable, trade | | 1,233,207 | | 1,429,133 | | +195,926 | +15.9 | | 12,427 | | 1,490,452 |
| Allowance for doubtful accounts and sales returns | | (82,340) | | (106,207) | | -23,867 | +29.0 | | (924) | | (120,675) |
| Inventories | | 1,152,646 | | 1,262,152 | | +109,506 | +9.5 | | 10,975 | | 940,875 |
| Deferred income taxes | | 251,374 | | 257,480 | | +6,106 | +2.4 | | 2,239 | | 243,782 |
| Prepaid expenses and other current assets | | 636,325 | | 1,029,310 | | +392,985 | +61.8 | | 8,951 | | 699,075 |
| | | ----- | | ----- | | ----- | | | ----- | | ----- |
| | | 4,217,874 | | 4,993,995 | | +776,121 | +18.4 | | 43,426 | | 4,546,723 |
| Film costs | | 370,905 | | 319,936 | | -50,969 | -13.7 | | 2,782 | | 308,694 |
| Investments and advances: | | | | | | | | | | | |
| Affiliated companies | | 339,702 | | 434,159 | | +94,457 | +27.8 | | 3,775 | | 448,169 |
| Securities investments and other | | 3,310,692 | | 3,636,241 | | +325,549 | +9.8 | | 31,620 | | 3,440,567 |
| | | ----- | | ----- | | ----- | | | ----- | | ----- |
| | | 3,650,394 | | 4,070,400 | | +420,006 | +11.5 | | 35,395 | | 3,888,736 |
| Property, plant and equipment: | | | | | | | | | | | |
| Land | | 172,242 | | 168,985 | | -3,257 | -1.9 | | 1,469 | | 167,493 |
| Buildings | | 939,040 | | 992,839 | | +53,799 | +5.7 | | 8,633 | | 978,680 |

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| | | | | | | |
|--------------------------------------|-------------|-------------|-------------|--------|------------|-------------|
| Machinery and equipment | 2,437,235 | 2,555,014 | +117,779 | +4.8 | 22,218 | 2,479,308 |
| Construction in progress | 93,568 | 62,710 | -30,858 | -33.0 | 545 | 64,855 |
| Less- Accumulated depreciation | (2,200,498) | (2,366,962) | -166,464 | +7.6 | (20,582) | (2,268,805) |
| | ----- | ----- | ----- | | ----- | ----- |
| | 1,441,587 | 1,412,586 | -29,001 | -2.0 | 12,283 | 1,421,531 |
| Other assets: | | | | | | |
| Intangibles, net | 213,422 | 274,229 | +60,807 | +28.5 | 2,385 | 233,255 |
| Goodwill | 300,627 | 306,837 | +6,210 | +2.1 | 2,668 | 304,669 |
| Deferred insurance acquisition costs | 389,695 | 399,244 | +9,549 | +2.5 | 3,472 | 394,117 |
| Deferred income taxes | 159,563 | 231,074 | +71,511 | +44.8 | 2,009 | 216,997 |
| Other | 399,578 | 462,559 | +62,981 | +15.8 | 4,022 | 401,640 |
| | ----- | ----- | ----- | | ----- | ----- |
| | 1,462,885 | 1,673,943 | +211,058 | +14.4 | 14,556 | 1,550,678 |
| | ----- | ----- | ----- | | ----- | ----- |
| | Y11,143,645 | Y12,470,860 | Y+1,327,215 | +11.9% | \$ 108,442 | Y11,716,362 |
| | ----- | ----- | ----- | | ----- | ----- |

LIABILITIES AND STOCKHOLDERS' EQUITY

| | | | | | | |
|---|-----------|-----------|----------|--------|------------|-----------|
| Current liabilities: | | | | | | |
| Short-term borrowings | 247,953 Y | 303,338 Y | +55,385 | +22.3% | \$ 2,638 Y | 52,291 |
| Current portion of long-term debt | 111,620 | 23,797 | -87,823 | -78.7 | 207 | 43,170 |
| Notes and accounts payable, trade | 975,543 | 1,186,260 | +210,717 | +21.6 | 10,315 | 1,179,694 |
| Accounts payable, other and accrued expenses | 908,378 | 974,155 | +65,777 | +7.2 | 8,471 | 968,757 |
| Accrued income and other taxes | 26,810 | 115,347 | +88,537 | +330.2 | 1,003 | 70,286 |
| Deposits from customers in the banking business | 682,717 | 888,443 | +205,726 | +30.1 | 7,726 | 752,367 |
| Other | 490,134 | 485,296 | -4,838 | -1.0 | 4,219 | 485,287 |
| | ----- | ----- | ----- | | ----- | ----- |
| | 3,443,155 | 3,976,636 | +533,481 | +15.5 | 34,579 | 3,551,852 |
| | ----- | ----- | ----- | | ----- | ----- |

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| | | | | | | |
|---|-------------|-------------|-------------|--------|-----------|-------------|
| Long-term liabilities: | | | | | | |
| Long-term debt | 868,231 | 1,015,239 | +147,008 | +16.9 | 8,828 | 1,001,005 |
| Accrued pension and severance costs | 169,667 | 180,245 | +10,578 | +6.2 | 1,567 | 173,474 |
| Deferred income taxes | 238,021 | 293,538 | +55,517 | +23.3 | 2,553 | 261,102 |
| Future insurance policy benefits and other | 2,880,479 | 3,182,692 | +302,213 | +10.5 | 27,676 | 3,037,666 |
| Other | 267,088 | 277,055 | +9,967 | +3.7 | 2,409 | 281,589 |
| | ----- | ----- | ----- | | ----- | ----- |
| | 4,423,486 | 4,948,769 | +525,283 | +11.9 | 43,033 | 4,754,836 |
| Minority interes in consolidated subsidiaries | 40,259 | 36,597 | -3,662 | -9.1 | 318 | 38,970 |
| Stockholders' equity: | | | | | | |
| Capital stock | 625,194 | 629,243 | +4,049 | +0.6 | 5,472 | 626,907 |
| Additional paid-in capital | 1,139,185 | 1,147,507 | +8,322 | +0.7 | 9,978 | 1,143,423 |
| Retained earnings | 1,620,312 | 1,842,655 | +222,343 | +13.7 | 16,023 | 1,719,506 |
| Accumulated other comprehensive income | (144,619) | (106,542) | +38,077 | -26.3 | (926) | (115,493) |
| Treasury stock, at cost | (3,327) | (4,005) | -678 | +20.4 | (35) | (3,639) |
| | ----- | ----- | ----- | | ----- | ----- |
| | 3,236,745 | 3,508,858 | +272,113 | +8.4 | 30,512 | 3,370,704 |
| | ----- | ----- | ----- | | ----- | ----- |
| | Y11,143,645 | Y12,470,860 | Y+1,327,215 | +11.9% | \$108,442 | Y11,716,362 |
| | ----- | ----- | ----- | | ----- | ----- |

Consolidated Statements of Income

(Millions of yen, millions of U.S. dollars, except per share amounts)

| | | | | | Fiscal year ended |
|------------------------------|-------|---------------------------|-------------------|------------------|-------------------|
| | 2006 | Second quarter ended 2007 | September 30 2007 | Change from 2006 | March 31 2007 |
| | ----- | ----- | ----- | ----- | ----- |
| Sales and operating revenue: | | | | | |

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| | | | | | | |
|---|-------------|-------------|------------|----------|----------|-------------|
| Net sales | Y 1,667,547 | Y 1,903,932 | Y +236,385 | +14.2% | \$16,556 | Y 7,567,359 |
| Financial service revenue | 162,198 | 151,109 | -11,089 | -6.8 | 1,314 | 624,282 |
| Other operating revenue | 24,434 | 27,996 | +3,562 | +14.6 | 243 | 104,054 |
| | ----- | ----- | ----- | | ----- | ----- |
| | 1,854,179 | 2,083,037 | +228,858 | +12.3 | 18,113 | 8,295,695 |
| Costs and expenses: | | | | | | |
| Cost of sales | 1,286,412 | 1,504,207 | +217,795 | +16.9 | 13,080 | 5,889,601 |
| Selling, general and administrative expenses | 449,250 | 410,213 | -39,037 | -8.7 | 3,567 | 1,788,427 |
| Financial service expenses | 137,623 | 125,697 | -11,926 | -8.7 | 1,093 | 540,097 |
| (Gain) loss on sale, disposal or impairment of assets, net | 1,727 | (47,550) | -49,277 | - | (414) | 5,820 |
| | ----- | ----- | ----- | | ----- | ----- |
| | 1,875,012 | 1,992,567 | +117,555 | +6.3 | 17,326 | 8,223,945 |
| Operating income (loss) | (20,833) | 90,470 | +111,303 | - | 787 | 71,750 |
| Other income: | | | | | | |
| Interest and dividends | 4,848 | 5,235 | +387 | +8.0 | 46 | 28,240 |
| Foreign exchange gain, net | - | 7,904 | +7,904 | - | 69 | - |
| Gain on sale of securities investments, net | 551 | - | -551 | - | - | 14,695 |
| Gain on change in interest in subsidiaries and equity investees | 2,029 | 14 | -2,015 | -99.3 | 0 | 31,509 |
| Other | 5,664 | 4,528 | -1,136 | -20.1 | 39 | 20,738 |
| | ----- | ----- | ----- | | ----- | ----- |
| | 13,092 | 17,681 | +4,589 | +35.1 | 154 | 95,182 |
| Other expenses: | | | | | | |
| Interest | 5,974 | 6,493 | +519 | +8.7 | 57 | 27,278 |
| Loss on devaluation of securities investments | 734 | 9,364 | +8,630 | +1,175.7 | 81 | 1,308 |
| Loss on sales of securities investments, net | - | 38 | +38 | - | 0 | - |
| Foreign | 6,036 | - | -6,036 | - | - | 18,835 |

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| | | | | | | | |
|---|----------|----------|-----------|----------|--------|-----------|--|
| exchange loss, net | | | | | | | |
| Other | 5,637 | 4,332 | -1,305 | -23.2 | 38 | 17,474 | |
| | ----- | ----- | ----- | | ----- | ----- | |
| | 18,381 | 20,227 | +1,846 | +10.0 | 176 | 64,895 | |
| Income (loss) before income taxes | (26,122) | 87,924 | +114,046 | - | 765 | 102,037 | |
| Income taxes | (7,551) | 34,879 | +42,430 | - | 304 | 53,888 | |
| | ----- | ----- | ----- | | ----- | ----- | |
| Income (loss) before minority interest and equity in net income of affiliated companies | (18,571) | 53,045 | +71,616 | - | 461 | 48,149 | |
| Minority interest in income (loss) of consolidated subsidiaries | (530) | 476 | +1,006 | - | 4 | 475 | |
| Equity in net income of affiliated companies | 19,721 | 21,146 | +1,425 | +7.2 | 184 | 78,654 | |
| | ----- | ----- | ----- | | ----- | ----- | |
| Net income | Y 1,680 | Y 73,715 | Y +72,035 | +4,287.8 | \$ 641 | Y 126,328 | |
| | ----- | ----- | ----- | | ----- | ----- | |

Per share data:

Common stock

Net income

| | | | | | | |
|-----------|--------|---------|----------|----------|---------|----------|
| - Basic | Y 1.68 | Y 73.50 | Y +71.82 | +4,275.0 | \$ 0.64 | Y 126.15 |
| - Diluted | 1.60 | 70.09 | +68.49 | +4,280.6 | 0.61 | 120.29 |

(Millions of yen, millions of U.S. dollars, except per share amounts)

| | 2006 | 2007 | Six months ended | September 30 | March 31 |
|------------------------------|-------------|-------------|------------------|--------------|----------------------|
| | | | Change from | 2006 | 2007 |
| | | | 2006 | 2007 | 2007 |
| | ----- | ----- | ----- | ----- | ----- |
| Sales and operating revenue: | | | | | |
| Net sales | Y 3,267,083 | Y 3,672,084 | Y +405,001 | +12.4% | \$31,931 Y 7,567,359 |
| Financial service revenue | 280,738 | 328,161 | +47,423 | +16.9 | 2,853 624,282 |
| Other operating revenue | 50,594 | 59,302 | +8,708 | +17.2 | 516 104,054 |
| | ----- | ----- | ----- | ----- | ----- |
| | 3,598,415 | 4,059,547 | +461,132 | +12.8 | 35,300 8,295,695 |

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| | | | | | | | |
|---|-----------|-----------|----------|----------|--------|-----------|--|
| Costs and expenses: | | | | | | | |
| Cost of sales | 2,498,491 | 2,833,109 | +334,618 | +13.4 | 24,636 | 5,889,601 | |
| Selling, general and administrative | 833,137 | 814,337 | -18,800 | -2.3 | 7,081 | 1,788,427 | |
| Financial service expenses | 251,574 | 271,118 | +19,544 | +7.8 | 2,357 | 540,097 | |
| (Gain) loss on sale, disposal or impairment of assets, net | 8,998 | (48,810) | -57,808 | - | (424) | 5,820 | |
| | ----- | ----- | ----- | | ----- | ----- | |
| | 3,592,200 | 3,869,754 | +277,554 | +7.7 | 33,650 | 8,223,945 | |
| Operating income | 6,215 | 189,793 | +183,578 | +2,953.8 | 1,650 | 71,750 | |
| Other income: | | | | | | | |
| Interest and dividends | 11,942 | 14,695 | +2,753 | +23.1 | 128 | 28,240 | |
| Gain on sale of securities investments, net | 4,452 | 1,342 | -3,110 | -69.9 | 12 | 14,695 | |
| Gain on change in interest in subsidiaries and equity investees | 20,075 | 14 | -20,061 | -99.9 | 0 | 31,509 | |
| Other | 10,431 | 10,980 | +549 | +5.3 | 95 | 20,738 | |
| | ----- | ----- | ----- | | ----- | ----- | |
| | 46,900 | 27,031 | -19,869 | -42.4 | 235 | 95,182 | |
| Other expenses: | | | | | | | |
| Interest | 11,385 | 13,537 | +2,152 | +18.9 | 117 | 27,278 | |
| Loss on devaluation of securities investments | 750 | 9,405 | +8,655 | +1,154.0 | 82 | 1,308 | |
| Foreign exchange loss, net | 3,494 | 11,012 | +7,518 | +215.2 | 96 | 18,835 | |
| Other | 9,580 | 11,188 | +1,608 | +16.8 | 97 | 17,474 | |
| | ----- | ----- | ----- | | ----- | ----- | |
| | 25,209 | 45,142 | +19,933 | +79.1 | 392 | 64,895 | |
| Income before income taxes | 27,906 | 171,682 | +143,776 | +515.2 | 1,493 | 102,037 | |
| Income taxes | 17,216 | 74,529 | +57,313 | +332.9 | 648 | 53,888 | |
| | ----- | ----- | ----- | | ----- | ----- | |
| Income before minority interest and equity in net | 10,690 | 97,153 | +86,463 | +808.8 | 845 | 48,149 | |

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| | | | | | | | |
|--|----------|-----------|------------|--------|----------|-----------|--|
| income of affiliated companies | | | | | | | |
| Minority interest in income of consolidated subsidiaries | 62 | 94 | +32 | +51.6 | 1 | 475 | |
| Equity in net income of affiliated companies | 23,343 | 43,111 | +19,768 | +84.7 | 375 | 78,654 | |
| Net income | Y 33,971 | Y 140,170 | Y +106,199 | +312.6 | \$ 1,219 | Y 126,328 | |
| Per share data: | | | | | | | |
| Common stock | | | | | | | |
| Net income | | | | | | | |
| - Basic | Y 33.93 | Y 139.79 | Y +105.86 | +312.0 | \$ 1.22 | Y 126.15 | |
| - Diluted | 32.36 | 133.22 | +100.86 | +311.7 | 1.16 | 120.29 | |

Consolidated Statements of Changes in Stockholders' Equity

| | Common stock | Additional paid-in capital | Retained earnings | Accumu- lated other compre- hensive income | Treasury stock, at cost | Total |
|--|-----------------|----------------------------------|----------------------|---|-------------------------------|-------------|
| Balance at March 31, 2006 | Y 624,124 | Y 1,136,638 | Y 1,602,654 | Y (156,437) | Y (3,127) | Y 3,203,852 |
| Exercise of stock acquisition rights | 478 | 478 | | | | 956 |
| Conversion of convertible bonds | 592 | 592 | | | | 1,184 |
| Stock based compensation | | 1,472 | | | | 1,472 |
| Comprehensive income: | | | | | | |
| Net income | | | 33,971 | | | 33,971 |
| Cumulative effect of an accounting change, net of tax | | | (3,785) | | | (3,785) |
| Other | | | | | | |

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| | | | | | | |
|--|---------|-------------|-------------|-------------|-----------|-------------|
| comprehensive income, net of tax | | | | | | |
| Unrealized gains on securities | | | (21,689) | | | (21,689) |
| Unrealized losses on derivative instruments | | | (1,026) | | | (1,026) |
| Minimum pension liability adjustment | | | (2,647) | | | (2,647) |
| Foreign currency translation adjustments | | | 37,180 | | | 37,180 |
| Total comprehensive income | | | | | | 42,004 |
| Stock issue costs, net of tax | | | (11) | | | (11) |
| Dividends declared | | | (12,517) | | | (12,517) |
| Purchase of treasury stock | | | | (226) | | (226) |
| Reissuance of treasury stock | 5 | | | 26 | | 31 |
| Balance Y | 625,194 | Y 1,139,185 | Y 1,620,312 | Y (144,619) | Y (3,327) | Y 3,236,745 |
| at September 30, 2006 | | | | | | |
| Balance Y | 626,907 | Y 1,143,423 | Y 1,719,506 | Y (115,493) | Y (3,639) | Y 3,370,704 |
| at March 31, 2007 | | | | | | |
| Exercise of stock acquisition rights | 2,237 | 2,307 | | | | 4,544 |
| Conversion of convertible bonds | 99 | 99 | | | | 198 |
| Stock based compensation | | 1,671 | | | | 1,671 |
| Comprehensive income: | | | | | | |
| Net income | | | 140,170 | | | 140,170 |
| Cumulative effect of an accounting change, | | | (4,452) | | | (4,452) |

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| | | | | | | |
|---|----------|----------|-----------|----------|---------|-----------|
| Conversion of convertible bonds | 1 | 1 | | | | 2 |
| Stock based compensation | | 14 | | | | 14 |
| Comprehensive income: | | | | | | |
| Net income | | | 1,219 | | | 1,219 |
| Cumulative effect of an accounting change, net of tax | | | (39) | | | (39) |
| Other comprehensive income, net of tax | | | | | | |
| Unrealized gains on securities | | | | 58 | | 58 |
| Unrealized losses on derivative instruments | | | | 4 | | 4 |
| Pension liability adjustment | | | | 5 | | 5 |
| Foreign currency translation adjustments | | | | 11 | | 11 |
| | | | | | | ----- |
| Total comprehensive income | | | | | | 1,258 |
| | | | | | | ----- |
| Stock issue costs, net of tax | | | (0) | | | (0) |
| Dividends declared | | | (109) | | | (109) |
| Purchase of treasury stock | | | | | (3) | (3) |
| Reissuance of treasury stock | | 0 | | | 0 | 0 |
| | | | | | | ----- |
| Balance at September 30, 2007 | \$ 5,472 | \$ 9,978 | \$ 16,023 | \$ (926) | \$ (35) | \$ 30,512 |
| | ----- | ----- | ----- | ----- | ----- | ----- |

(Millions of yen)

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| | Common stock | Additional paid-in capital | Retained earnings | Accumu- lated other compre- hensive income | Treasury stock, at cost | Total |
|---|-----------------|----------------------------------|----------------------|---|-------------------------------|-------------|
| Balance Y at March 31, 2006 | 624,124 | Y 1,136,638 | Y 1,602,654 | Y (156,437) | Y (3,127) | Y 3,203,852 |
| Exercise of stock acquisition rights | 2,175 | 2,175 | | | | 4,350 |
| Conversion of convertible bonds | 608 | 608 | | | | 1,216 |
| Stock based compensation | | 3,993 | | | | 3,993 |
| Comprehensive income: | | | | | | |
| Net income | | | 126,328 | | | 126,328 |
| Cumulative effect of an accounting change, net of tax | | | (3,785) | | | (3,785) |
| Other comprehensive income, net of tax | | | | | | |
| Unrealized gains on securities | | | | (14,708) | | (14,708) |
| Unrealized losses on derivative instruments | | | | 974 | | 974 |
| Minimum pension liability adjustment | | | | (2,754) | | (2,754) |
| Foreign currency translation adjustments | | | | 86,313 | | 86,313 |
| Total comprehensive income | | | | | | 192,368 |
| Stock issue costs, net of tax | | | (22) | | | (22) |
| Dividends | | | (25,042) | | | (25,042) |

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| | | | | | | |
|------------|---------|-------------|-------------|-------------|-----------|-------------|
| declared | | | | | | |
| Purchase | | | | (558) | | (558) |
| of | | | | | | |
| treasury | | | | | | |
| stock | | | | | | |
| Reissuance | 9 | | | 46 | | 55 |
| of | | | | | | |
| treasury | | | | | | |
| stock | | | | | | |
| Adoption | | | | (9,508) | | (9,508) |
| of FAS | | | | | | |
| No.158, | | | | | | |
| net of tax | | | | | | |
| Other | | 19,373 | | (19,373) | | - |
| ----- | ----- | ----- | ----- | ----- | ----- | ----- |
| Balance Y | 626,907 | Y 1,143,423 | Y 1,719,506 | Y (115,493) | Y (3,639) | Y 3,370,704 |
| at | | | | | | |
| March | | | | | | |
| 31, | | | | | | |
| 2007 | | | | | | |
| ----- | ----- | ----- | ----- | ----- | ----- | ----- |

Consolidated Statements of Cash Flows

(Millions of yen, millions of U.S. dollars)

| | Six months ended September 30 | | | Fiscal year ended |
|---|-------------------------------|-----------|----------|-------------------|
| | 2006 | 2007 | 2007 | March 31 2007 |
| | ----- | ----- | ----- | ----- |
| Cash flows from operating activities: | | | | |
| Net income | Y 33,971 | Y 140,170 | \$ 1,219 | Y 126,328 |
| Adjustments to reconcile net income to net cash provided by (used in) operating activities: | | | | |
| Depreciation and amortization, including amortization of deferred insurance acquisition costs | 184,919 | 204,576 | 1,779 | 400,009 |
| Amortization of film costs | 148,714 | 163,160 | 1,419 | 368,382 |
| Stock-based compensation expense | 1,468 | 1,798 | 16 | 3,838 |
| Accrual for pension and severance costs, less payments | (8,479) | (10,468) | (91) | (22,759) |
| (Gain) loss on sale, disposal or impairment of assets, net | 8,998 | (48,810) | (424) | 5,820 |
| Gain on sale or loss on devaluation of securities investments, net | (3,702) | 8,063 | 70 | (13,387) |
| (Gain) loss on revaluation of marketable securities | 3,864 | 4,114 | 36 | (11,857) |

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| | | | | |
|---|-----------|-----------|---------|-----------|
| held in the financial service business for trading purpose, net | | | | |
| Gain on change in interest in subsidiaries and equity investees | (20,075) | (14) | (0) | (31,509) |
| Deferred income taxes | (4,575) | (17,605) | (153) | (13,193) |
| Equity in net (income) losses of affiliated companies, net of dividends | (21,987) | 2,410 | 21 | (68,179) |
| Changes in assets and liabilities: | | | | |
| (Increase) decrease in notes and accounts receivable, trade | (154,431) | 47,824 | 416 | (357,891) |
| Increase in inventories | (338,190) | (320,912) | (2,791) | (119,202) |
| Increase in film costs | (157,992) | (181,942) | (1,582) | (320,079) |
| Increase in notes and accounts payable, trade | 159,742 | 6,249 | 54 | 362,079 |
| Increase (decrease) in accrued income and other taxes | (49,918) | 55,494 | 483 | (14,396) |
| Increase in future insurance policy benefits and other | 76,270 | 78,603 | 684 | 172,498 |
| Increase in deferred insurance acquisition costs | (30,152) | (33,172) | (288) | (61,563) |
| (Increase) decrease in marketable securities held in the financial service business for trading purpose | 18,874 | (45,649) | (397) | 31,732 |
| Increase in other current assets | (26,462) | (95,484) | (831) | (35,133) |
| Increase in other current liabilities | 37,034 | 28,464 | 247 | 73,222 |
| Other | 69,334 | (55,904) | (487) | 86,268 |
| Net cash provided by (used in) operating activities | (72,775) | (69,035) | (600) | 561,028 |
| Cash flows from investing activities: | | | | |
| Payments for purchases of fixed assets | (258,061) | (232,311) | (2,020) | (527,515) |
| Proceeds from sales of fixed assets | 25,098 | 73,898 | 643 | 87,319 |
| Payments for investments and advances by financial service business | (470,577) | (939,979) | (8,174) | (914,754) |
| Payments for investments and advances (other than financial service business) | (32,751) | (71,472) | (621) | (100,152) |
| Proceeds from maturities | 374,782 | 569,844 | 4,955 | 679,772 |

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| | | | | |
|--|-----------|-----------|----------|-----------|
| of marketable securities, sales of securities investments and collections of advances by financial service business | | | | |
| Proceeds from maturities of marketable securities, sales of securities investments and collections of advances (other than financial service business) | 4,139 | 44,735 | 389 | 22,828 |
| Proceeds from sales of subsidiaries' and equity investees' stocks | 32,165 | 928 | 7 | 43,157 |
| Other | 667 | 5,506 | 48 | (6,085) |
| | ----- | ----- | ----- | ----- |
| Net cash used in investing activities | (324,538) | (548,851) | (4,773) | (715,430) |
| | ----- | ----- | ----- | ----- |
| Cash flows from financing activities: | | | | |
| Proceeds from issuance of long-term debt | 125,047 | 22,867 | 199 | 270,780 |
| Payments of long-term debt | (103,479) | (23,697) | (206) | (182,374) |
| Increase in short-term borrowings | 187,021 | 242,231 | 2,106 | 6,096 |
| Increase in deposits from customers in the financial service business | 142,793 | 202,568 | 1,761 | 273,435 |
| Increase (decrease) in call money and bills sold in the banking business | (87,700) | 14,000 | 122 | (100,700) |
| Dividends paid | (12,514) | (12,537) | (109) | (25,052) |
| Proceeds from issuance of shares under stock- based compensation plans | 2,140 | 4,742 | 41 | 5,566 |
| Other | 309 | (2,982) | (25) | 152 |
| | ----- | ----- | ----- | ----- |
| Net cash provided by financing activities | 253,617 | 447,192 | 3,889 | 247,903 |
| | ----- | ----- | ----- | ----- |
| Effect of exchange rate changes on cash and cash equivalents | (4,072) | (2,221) | (19) | 3,300 |
| | ----- | ----- | ----- | ----- |
| Net increase (decrease) in cash and cash equivalents | (147,768) | (172,915) | (1,503) | 96,801 |
| Cash and cash equivalents at beginning of the fiscal year | 703,098 | 799,899 | 6,955 | 703,098 |
| | ----- | ----- | ----- | ----- |
| Cash and cash equivalents at the end of the period | Y 555,330 | Y 626,984 | \$ 5,452 | Y 799,899 |
| | ----- | ----- | ----- | ----- |

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(Notes)

1. U.S. dollar amounts have been translated from yen, for convenience only, at the rate of Y115 = U.S. \$1, the approximate Tokyo foreign exchange market rate as of September 28, 2007.
2. As of September 30, 2007, Sony had 990 consolidated subsidiaries (including variable interest entities). It has applied the equity accounting method for 63 affiliated companies.
3. Weighted-average number of outstanding shares used for computation of earnings per share of common stock are as follows. The dilutive effect in the weighted-average number of outstanding shares mainly resulted from convertible bonds.

Weighted-average number of outstanding shares

| | (Thousands of shares) | |
|------------|-----------------------------------|-----------|
| | Second quarter ended September 30 | |
| | 2006 | 2007 |
| | ----- | ----- |
| Net income | | |
| - Basic | 1,001,293 | 1,002,981 |
| - Diluted | 1,049,549 | 1,051,680 |

Weighted-average number of outstanding shares

| | (Thousands of shares) | |
|------------|-------------------------------|-----------|
| | Six months ended September 30 | |
| | 2006 | 2007 |
| | ----- | ----- |
| Net income | | |
| - Basic | 1,001,250 | 1,002,739 |
| - Diluted | 1,049,803 | 1,052,172 |

4. In September 2005, the Accounting Standards Executive Committee of the American Institute of Certified Public Accountants ("AcSEC") issued the Statement of Position ("SOP") 05-1, "Accounting by Insurance Enterprises for Deferred Acquisition Costs in Connection with Modifications or Exchanges of Insurance Contracts." SOP 05-1 provides guidance on accounting for deferred acquisition costs on internal replacements of insurance and investment contracts other than those specifically described in FAS No. 97, "Accounting and Reporting by Insurance Enterprises for Certain Long-Duration Contracts and for Realized Gains and Losses from the Sales of Investments." Sony adopted SOP 05-1 on April 1, 2007. The adoption of SOP 05-1 did not have a material impact on Sony's results of operations and financial position.
5. In March 2006, the Financial Accounting Standards Board ("FASB") issued FAS No. 156, "Accounting for Servicing of Financial Assets - an amendment of FASB Statement No. 140." This statement amends FAS No. 140, "Accounting for Transfers and Servicing of Financial Assets and Extinguishments of Liabilities" with respect to the accounting for separately recognized servicing assets and servicing liabilities. Sony adopted FAS No. 156 on April 1, 2007. The adoption of FAS No. 156 did not have a material impact on Sony's results of operations and financial position.
6. In June 2006, the FASB issued FASB Interpretation ("FIN") No. 48, "Accounting for Uncertainty in Income Taxes, an interpretation of FASB Statement No. 109."

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FIN No. 48 clarifies the accounting for uncertainty in income taxes recognized in an enterprise's financial statements in accordance with FAS No. 109, "Accounting for Income Taxes." FIN No. 48 prescribes a minimum recognition threshold and measurement attribute for the financial statement recognition and measurement of a tax position taken or expected to be taken in a tax return. FIN No. 48 also provides guidance on derecognition, classification, interest and penalties, accounting in interim periods, disclosure, and transition.

Sony adopted FIN No. 48 effective April 1, 2007. As a result of the adoption of FIN No. 48, a charge against beginning retained earnings totaling Y4,452 million (\$36 million) was recorded. As of April 1, 2007, total unrecognized tax benefits were Y223,857 million (\$1,820 million). If Sony were to prevail on all unrecognized tax benefits recorded, Y129,632 million (\$1,054 million) of the Y223,857 million would reduce the effective tax rate. Given the uncertainty regarding when tax authorities will complete their examinations, the items subject to their examinations and the possible outcomes of their examinations, an accurate estimate of significant increases or decreases that may occur within the next twelve months cannot be made at this time. Based on the items of which Sony is aware, any change to the unrecognized tax benefits that, if recognized, would affect the effective tax rate is not expected to be significant.

Interest associated with a liability for unrecognized tax benefits is included in interest expense. At April 1, 2007, Sony had an accrual of Y7,899 million (\$64 million) related to interest recorded as accrued expenses (before any tax benefits related thereto).

Penalties associated with income taxes are recorded within income tax expense. At April 1, 2007, Sony had an accrual of Y3,696 million (\$30 million) related to penalties recorded as a component of other non-current liabilities.

For the second quarter and the six-months ended September 30, 2007, there were no material changes to the tax assets and liabilities resulting in a significant change to the effective income tax rate for the respective periods attributed to changes in Sony's uncertain tax positions under FIN No. 48.

Sony is subject to income tax examinations for Japan and various foreign tax jurisdictions for tax years from 1998 through 2007.

7. In June 2006, the Emerging Issues Task Force ("EITF") issued EITF Issue No. 06-3, "How Taxes Collected from Customers and Remitted to Governmental Authorities Should be Presented in the Income Statement." EITF Issue No. 06-3 requires disclosure of the accounting policy for any tax assessed by a governmental authority that is imposed concurrently on a specific revenue-producing transaction between a seller and a customer. EITF Issue No. 06-3 should be applied to financial reports for interim and annual reporting periods beginning after December 15, 2006. Sony adopted EITF Issue No. 06-3 on April 1, 2007. The adoption of EITF Issue No. 06-3 did not have a material impact on Sony's results of operations and financial position.

Other Consolidated Financial Data

| | (Millions of yen, millions of U.S. dollars) | | | |
|------------------------------------|---|----------|--------|--------|
| | Second quarter ended September 30 | | | |
| | 2006 | 2007 | Change | 2007 |
| | ----- | ----- | ----- | ----- |
| Capital expenditures (additions to | Y 90,024 | Y 75,797 | -15.8% | \$ 659 |

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| | | | | |
|---|---|-----------|--------|-------------------------------|
| property, plant and equipment) | | | | |
| Depreciation and amortization expenses* | 93,654 | 100,572 | +7.4 | 875 |
| (Depreciation expenses for tangible assets) | (74,490) | (82,311) | +10.5 | (716) |
| Research and development expenses | 143,485 | 131,741 | -8.2 | 1,146 |
| | (Millions of yen, millions of U.S. dollars) | | | |
| | | | | Six months ended September 30 |
| | 2006 | 2007 | Change | 2007 |
| | ----- | ----- | ----- | ----- |
| Capital expenditures (additions to property, plant and equipment) | Y 224,080 | Y 170,798 | -23.8% | \$ 1,485 |
| Depreciation and amortization expenses* | 184,919 | 204,576 | +10.6 | 1,779 |
| (Depreciation expenses for tangible assets) | (145,492) | (158,587) | +9.0 | (1,379) |
| Research and development expenses | 262,855 | 257,724 | -2.0 | 2,241 |

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

Business Segment Information

| | | | | |
|-----------------------------|---|-------------|---------|-----------------------------------|
| | (Millions of yen, millions of U.S. dollars) | | | |
| | | | | Second quarter ended September 30 |
| Sales and operating revenue | 2006 | 2007 | Change | 2007 |
| | ----- | ----- | ----- | ----- |
| Electronics | | | | |
| Customers | Y 1,286,026 | Y 1,436,773 | +11.7 % | \$ 12,494 |
| Intersegment | 92,364 | 226,287 | | 1,967 |
| | ----- | ----- | | ----- |
| Total | 1,378,390 | 1,663,060 | +20.7 | 14,461 |
| Game | | | | |
| Customers | 162,571 | 229,232 | +41.0 | 1,993 |
| Intersegment | 7,749 | 14,192 | | 124 |
| | ----- | ----- | | ----- |
| Total | 170,320 | 243,424 | +42.9 | 2,117 |
| Pictures | | | | |
| Customers | 178,153 | 188,820 | +6.0 | 1,642 |
| Intersegment | - | 776 | | 7 |
| | ----- | ----- | | ----- |
| Total | 178,153 | 189,596 | +6.4 | 1,649 |
| Financial Services | | | | |
| Customers | 162,198 | 151,109 | -6.8 | 1,314 |
| Intersegment | 5,903 | 6,395 | | 56 |
| | ----- | ----- | | ----- |
| Total | 168,101 | 157,504 | -6.3 | 1,370 |
| All Other | | | | |
| Customers | 65,231 | 77,103 | +18.2 | 670 |
| Intersegment | 16,255 | 18,094 | | 158 |

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| | 2006 | 2007 | Change | 2007 |
|--------------------|-------------|-------------|---------|-----------|
| Total | 81,486 | 95,197 | +16.8 | 828 |
| Elimination | (122,271) | (265,744) | - | (2,312) |
| Consolidated total | Y 1,854,179 | Y 2,083,037 | +12.3 % | \$ 18,113 |

Electronics intersegment amounts primarily consist of transactions with the Game segment, Pictures segment and All Other.

All Other intersegment amounts primarily consist of transactions with the Electronics and Game segments.

| Operating income (loss) | 2006 | 2007 | Change | 2007 |
|---------------------------|------------|-----------|------------|--------|
| Electronics | Y 8,027 | Y 106,888 | +1,231.6 % | \$ 930 |
| Game | (43,527) | (96,686) | - | (841) |
| Pictures | (15,277) | 2,698 | - | 23 |
| Financial Services | 24,567 | 23,137 | -5.8 | 201 |
| All Other | 6,497 | 10,779 | +65.9 | 94 |
| Total | (19,713) | 46,816 | - | 407 |
| Corporate and elimination | (1,120) | 43,654 | - | 380 |
| Consolidated total | Y (20,833) | Y 90,470 | - % | \$ 787 |

(Millions of yen, millions of U.S. dollars)
Six months ended September 30

| Sales and operating revenue | 2006 | 2007 | Change | 2007 |
|-----------------------------|-------------|-------------|--------|-----------|
| Electronics | | | | |
| Customers | Y 2,517,666 | Y 2,752,822 | +9.3 % | \$ 23,938 |
| Intersegment | 141,616 | 339,567 | | 2,952 |
| Total | 2,659,282 | 3,092,389 | +16.3 | 26,890 |
| Game | | | | |
| Customers | 279,597 | 413,141 | +47.8 | 3,592 |
| Intersegment | 13,212 | 26,865 | | 234 |
| Total | 292,809 | 440,006 | +50.3 | 3,826 |
| Pictures | | | | |
| Customers | 382,904 | 420,218 | +9.7 | 3,654 |
| Intersegment | - | 776 | | 7 |
| Total | 382,904 | 420,994 | +9.9 | 3,661 |
| Financial Services | | | | |
| Customers | 280,738 | 328,161 | +16.9 | 2,853 |
| Intersegment | 11,464 | 14,183 | | 124 |
| Total | 292,202 | 342,344 | +17.2 | 2,977 |

All Other

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| | | | | |
|--------------------|-------------|-------------|---------|-----------|
| Customers | 137,510 | 145,205 | +5.6 | 1,263 |
| Intersegment | 32,115 | 34,169 | | 297 |
| ----- | | | | |
| Total | 169,625 | 179,374 | +5.7 | 1,560 |
| ----- | | | | |
| Elimination | (198,407) | (415,560) | - | (3,614) |
| ----- | | | | |
| Consolidated total | Y 3,598,415 | Y 4,059,547 | +12.8 % | \$ 35,300 |

Electronics intersegment amounts primarily consist of transactions with the Game segment, Pictures segment and All Other.

All Other intersegment amounts primarily consist of transactions with the Electronics and Game segments.

| Operating income (loss) | 2006 | 2007 | Change | 2007 |
|---------------------------|----------|-----------|------------|----------|
| ----- | | | | |
| Electronics | Y 55,446 | Y 190,969 | +244.4 % | \$ 1,660 |
| Game | (70,330) | (125,892) | - | (1,095) |
| Pictures | (16,442) | 5,949 | - | 52 |
| Financial Services | 29,146 | 56,890 | +95.2 | 495 |
| All Other | 11,228 | 18,533 | +65.1 | 161 |
| ----- | | | | |
| Total | 9,048 | 146,449 | +1,518.6 | 1,273 |
| ----- | | | | |
| Corporate and elimination | (2,833) | 43,344 | - | 377 |
| ----- | | | | |
| Consolidated total | Y 6,215 | Y 189,793 | +2,953.8 % | \$ 1,650 |

Electronics Sales and Operating Revenue to Customers by Product Category

| (Millions of yen, millions of U.S. dollars) | | | | |
|---|-------------|-------------|---------|-----------|
| Second quarter ended September 30 | | | | |
| Sales and operating revenue | 2006 | 2007 | Change | 2007 |
| ----- | | | | |
| Audio | Y 121,655 | Y 128,998 | +6.0 % | \$ 1,122 |
| Video | 282,920 | 316,024 | +11.7 | 2,748 |
| Televisions | 251,486 | 309,300 | +23.0 | 2,690 |
| Information and Communications | 220,341 | 268,800 | +22.0 | 2,337 |
| Semiconductors | 52,482 | 54,032 | +3.0 | 470 |
| Components | 221,335 | 219,750 | -0.7 | 1,911 |
| Other | 135,807 | 139,869 | +3.0 | 1,216 |
| ----- | | | | |
| Total | Y 1,286,026 | Y 1,436,773 | +11.7 % | \$ 12,494 |
| ----- | | | | |
| Six months ended September 30 | | | | |
| Sales and operating revenue | 2006 | 2007 | Change | 2007 |
| ----- | | | | |
| Audio | Y 237,947 | Y 254,489 | +7.0 % | \$ 2,213 |
| Video | 553,101 | 653,412 | +18.1 | 5,682 |
| Televisions | 513,540 | 544,509 | +6.0 | 4,735 |
| Information and | 433,491 | 500,870 | +15.5 | 4,355 |

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| | | | | |
|----------------|-------------|-------------|--------|-----------|
| Communications | | | | |
| Semiconductors | 100,473 | 111,192 | +10.7 | 967 |
| Components | 426,071 | 412,121 | -3.3 | 3,584 |
| Other | 253,043 | 276,229 | +9.2 | 2,402 |
| ----- | ----- | ----- | ----- | ----- |
| Total | Y 2,517,666 | Y 2,752,822 | +9.3 % | \$ 23,938 |

The above table is a breakdown of Electronics sales and operating revenue to customers in the Business Segment Information.

The Electronics segment is managed as a single operating segment by Sony's management. However, Sony believes that the information in this table is useful to investors in understanding the product categories in this business segment.

Geographic Segment Information

| | | | | |
|-----------------------------|-------------|---|---------|-----------|
| | | (Millions of yen, millions of U.S. dollars) | | |
| | | Second quarter ended September 30 | | |
| Sales and operating revenue | 2006 | 2007 | Change | 2007 |
| ----- | ----- | ----- | ----- | ----- |
| Japan | Y 497,433 | Y 518,627 | +4.3 % | \$ 4,510 |
| United States | 479,469 | 509,802 | +6.3 | 4,433 |
| Europe | 417,019 | 491,666 | +17.9 | 4,275 |
| Other Areas | 460,258 | 562,942 | +22.3 | 4,895 |
| ----- | ----- | ----- | ----- | ----- |
| Total | Y 1,854,179 | Y 2,083,037 | +12.3 % | \$ 18,113 |

| | | | | |
|-----------------------------|-------------|-------------------------------|---------|-----------|
| | | Six months ended September 30 | | |
| Sales and operating revenue | 2006 | 2007 | Change | 2007 |
| ----- | ----- | ----- | ----- | ----- |
| Japan | Y 973,631 | Y 1,035,131 | +6.3 % | \$ 9,001 |
| United States | 927,386 | 978,526 | +5.5 | 8,509 |
| Europe | 815,871 | 967,946 | +18.6 | 8,417 |
| Other Areas | 881,527 | 1,077,944 | +22.3 | 9,373 |
| ----- | ----- | ----- | ----- | ----- |
| Total | Y 3,598,415 | Y 4,059,547 | +12.8 % | \$ 35,300 |

Classification of Geographic Segment Information shows sales and operating revenue recognized by location of customers.

Condensed Financial Services Financial Statements

The results of the Financial Services segment are included in Sony's consolidated financial statements. The following schedules show unaudited condensed financial statements for the Financial Services segment and all other segments excluding Financial Services.

These presentations are not required under U.S. GAAP, which is used by Sony to prepare its consolidated financial statements.

However, because the Financial Services segment is different in nature from Sony's other segments, Sony believes that a comparative presentation may be useful in understanding and analyzing Sony's

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consolidated financial statements.

Transactions between the Financial Services segment and Sony without Financial Services are eliminated in the consolidated figures shown below.

Condensed Balance Sheet

| | | (Millions of yen, millions of U.S. dollars) | | | | | | |
|---|---|---|-------|--------------|----------|--------|-----------|-----------|
| Financial Services | | | | September 30 | March 31 | | | |
| ASSETS | | 2006 | 2007 | 2007 | 2007 | | | |
| | | ----- | ----- | ----- | ----- | | | |
| Current assets: | | | | | | | | |
| Cash and cash equivalents | Y | 191,438 | Y | 171,861 | \$ 1,494 | Y | 277,048 | |
| Marketable securities | | 468,256 | | 492,143 | 4,280 | | 490,237 | |
| Other | | 274,626 | | 569,917 | 4,956 | | 321,969 | |
| | | ----- | | ----- | ----- | | ----- | |
| | | 934,320 | | 1,233,921 | 10,730 | | 1,089,254 | |
| Investments and advances | | 3,223,872 | | 3,538,870 | 30,773 | | 3,347,897 | |
| Property, plant and equipment | | 39,427 | | 38,217 | 332 | | 38,671 | |
| Other assets: | | | | | | | | |
| Deferred insurance acquisition costs | | 389,695 | | 399,244 | 3,472 | | 394,117 | |
| Other | | 97,983 | | 102,398 | 890 | | 107,703 | |
| | | ----- | | ----- | ----- | | ----- | |
| | | 487,678 | | 501,642 | 4,362 | | 501,820 | |
| | | ----- | | ----- | ----- | | ----- | |
| | Y | 4,685,297 | Y | 5,312,650 | \$ | 46,197 | Y | 4,977,642 |
| | | ----- | | ----- | ----- | | ----- | |
| LIABILITIES AND STOCKHOLDERS' EQUITY | | | | | | | | |
| Current liabilities: | | | | | | | | |
| Short-term borrowings | Y | 67,548 | Y | 75,128 | \$ | 653 | Y | 48,688 |
| Notes and accounts payable, trade | | 12,601 | | 14,192 | 123 | | Y | 13,159 |
| Deposits from customers in the banking business | | 682,717 | | 888,443 | 7,726 | | | 752,367 |
| Other | | 113,157 | | 142,004 | 1,235 | | | 143,245 |
| | | ----- | | ----- | ----- | | | ----- |
| | | 876,023 | | 1,119,767 | 9,737 | | | 957,459 |
| Long-term liabilities: | | | | | | | | |
| Long-term debt | | 129,415 | | 119,760 | 1,041 | | | 129,484 |
| Accrued pension and severance costs | | 13,222 | | 6,640 | 58 | | | 8,773 |
| Future insurance policy benefits and other | | 2,880,479 | | 3,182,692 | 27,676 | | | 3,037,666 |
| Other | | 197,307 | | 218,818 | 1,903 | | | 204,317 |
| | | ----- | | ----- | ----- | | | ----- |
| | | 3,220,423 | | 3,527,910 | 30,678 | | | 3,380,240 |
| Minority interest in consolidated subsidiaries | | 4,228 | | 5,310 | 46 | | | 5,145 |
| Stockholders' equity | | 584,623 | | 659,663 | 5,736 | | | 634,798 |
| | | ----- | | ----- | ----- | | | ----- |
| | Y | 4,685,297 | Y | 5,312,650 | \$ | 46,197 | Y | 4,977,642 |
| | | ----- | | ----- | ----- | | ----- | |

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| Sony without Financial Services | (Millions of yen, millions of U.S. dollars) | | | |
|--|---|-------------|-------------------|---------------|
| ASSETS | 2006 | 2007 | September 30 2007 | March 31 2007 |
| | ----- | ----- | ----- | ----- |
| Current assets: | | | | |
| Cash and cash equivalents | Y 363,892 | Y 455,123 | \$ 3,958 | Y 522,851 |
| Marketable securities | 3,076 | 3,000 | 26 | 3,078 |
| Notes and accounts receivable, trade | 1,132,099 | 1,305,752 | 11,354 | 1,343,128 |
| Other | 1,825,897 | 2,033,075 | 17,679 | 1,625,914 |
| | ----- | ----- | ----- | ----- |
| | 3,324,964 | 3,796,950 | 33,017 | 3,494,971 |
| Film costs | 370,905 | 319,936 | 2,782 | 308,694 |
| Investments and advances | 506,433 | 604,661 | 5,258 | 623,342 |
| Investments in Financial Services, at cost | 187,400 | 187,400 | 1,630 | 187,400 |
| Property, plant and equipment | 1,402,160 | 1,374,369 | 11,951 | 1,382,860 |
| Other assets | 1,018,696 | 1,220,908 | 10,616 | 1,100,795 |
| | ----- | ----- | ----- | ----- |
| | Y 6,810,558 | Y 7,504,224 | \$ 65,254 | Y 7,098,062 |
| | ----- | ----- | ----- | ----- |
| LIABILITIES AND STOCKHOLDERS' EQUITY | | | | |
| Current liabilities: | | | | |
| Short-term borrowings | Y 329,624 | Y 287,867 | \$ 2,503 | Y 80,944 |
| Notes and accounts payable, trade | 963,939 | 1,173,483 | 10,204 | 1,167,324 |
| Other | 1,324,318 | 1,439,763 | 12,520 | 1,392,333 |
| | ----- | ----- | ----- | ----- |
| | 2,617,881 | 2,901,113 | 25,227 | 2,640,601 |
| Long-term liabilities: | | | | |
| Long-term debt | 802,173 | 939,223 | 8,167 | 925,259 |
| Accrued pension and severance costs | 156,445 | 173,605 | 1,509 | 164,701 |
| Other | 358,479 | 422,385 | 3,674 | 410,354 |
| | ----- | ----- | ----- | ----- |
| | 1,317,097 | 1,535,213 | 13,350 | 1,500,314 |
| Minority interest in consolidated subsidiaries | 35,593 | 30,270 | 263 | 32,808 |
| Stockholders' equity | 2,839,987 | 3,037,628 | 26,414 | 2,924,339 |
| | ----- | ----- | ----- | ----- |
| | Y 6,810,558 | Y 7,504,224 | \$ 65,254 | Y 7,098,062 |
| | ----- | ----- | ----- | ----- |

| Consolidated | (Millions of yen, millions of U.S. dollars) | | | |
|--------------------------------------|---|-----------|-------------------|---------------|
| ASSETS | 2006 | 2007 | September 30 2007 | March 31 2007 |
| | ----- | ----- | ----- | ----- |
| Current assets: | | | | |
| Cash and cash equivalents | Y 555,330 | Y 626,984 | \$ 5,452 | Y 799,899 |
| Marketable securities | 471,332 | 495,143 | 4,306 | 493,315 |
| Notes and accounts receivable, trade | 1,150,867 | 1,322,926 | 11,504 | 1,369,777 |
| Other | 2,040,345 | 2,548,942 | 22,164 | 1,883,732 |

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| | | | | |
|---|--------------|------------|--------------|-----------|
| | ----- | ----- | ----- | ----- |
| | 4,217,874 | 4,993,995 | 43,426 | 4,546,723 |
| Film costs | 370,905 | 319,936 | 2,782 | 308,694 |
| Investments and advances | 3,650,394 | 4,070,400 | 35,395 | 3,888,736 |
| Property, plant and equipment | 1,441,587 | 1,412,586 | 12,283 | 1,421,531 |
| Other assets: | | | | |
| Deferred insurance acquisition costs | 389,695 | 399,244 | 3,472 | 394,117 |
| Other | 1,073,190 | 1,274,699 | 11,084 | 1,156,561 |
| | ----- | ----- | ----- | ----- |
| | 1,462,885 | 1,673,943 | 14,556 | 1,550,678 |
| | ----- | ----- | ----- | ----- |
| Y 11,143,645 | Y 12,470,860 | \$ 108,442 | Y 11,716,362 | ----- |
| | ----- | ----- | ----- | ----- |
| LIABILITIES AND STOCKHOLDERS' EQUITY | | | | |
| Current liabilities: | | | | |
| Short-term borrowings | Y 359,573 | Y 327,135 | \$ 2,845 | Y 95,461 |
| Notes and accounts payable, trade | 975,543 | 1,186,260 | 10,315 | 1,179,694 |
| Deposits from customers in the banking business | 682,717 | 888,443 | 7,726 | 752,367 |
| Other | 1,425,322 | 1,574,798 | 13,693 | 1,524,330 |
| | ----- | ----- | ----- | ----- |
| | 3,443,155 | 3,976,636 | 34,579 | 3,551,852 |
| Long-term liabilities: | | | | |
| Long-term debt | 868,231 | 1,015,239 | 8,828 | 1,001,005 |
| Accrued pension and severance costs | 169,667 | 180,245 | 1,567 | 173,474 |
| Future insurance policy benefits and other | 2,880,479 | 3,182,692 | 27,676 | 3,037,666 |
| Other | 505,109 | 570,593 | 4,962 | 542,691 |
| | ----- | ----- | ----- | ----- |
| | 4,423,486 | 4,948,769 | 43,033 | 4,754,836 |
| Minority interest in consolidated subsidiaries | 40,259 | 36,597 | 318 | 38,970 |
| Stockholders' equity | 3,236,745 | 3,508,858 | 30,512 | 3,370,704 |
| | ----- | ----- | ----- | ----- |
| Y 11,143,645 | Y 12,470,860 | \$ 108,442 | Y 11,716,362 | ----- |
| | ----- | ----- | ----- | ----- |

Condensed Statements of Income

| (Millions of yen, millions of U.S. dollars) | | | | |
|---|-----------|-----------|--------|-------------------|
| Financial Services | 2006 | 2007 | Change | September 30 2007 |
| | ----- | ----- | ----- | ----- |
| Financial service revenue | Y 168,101 | Y 157,504 | -6.3 % | \$ 1,370 |
| Financial service expenses | 143,534 | 134,367 | -6.4 | 1,169 |
| | ----- | ----- | ----- | ----- |
| Operating income | 24,567 | 23,137 | -5.8 | 201 |
| Other income (expenses), net | (138) | (72) | - | (0) |
| | ----- | ----- | ----- | ----- |
| Income before income taxes | 24,429 | 23,065 | -5.6 | 201 |
| Income taxes and other | 8,841 | 11,766 | +33.1 | 103 |
| | ----- | ----- | ----- | ----- |

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| | | | | | | | |
|------------|---|--------|---|--------|---------|----|-------|
| Net income | Y | 15,588 | Y | 11,299 | -27.5 % | \$ | 98 |
| | | ----- | | ----- | | | ----- |

(Millions of yen, millions of U.S. dollars)

| Sony without Financial Services | | 2006 | | 2007 | Change | | 2007 |
|-----------------------------------|---|-----------|---|-----------|---------|----|--------|
| | | ----- | | ----- | ----- | | ----- |
| Net sales and operating revenue | Y | 1,694,094 | Y | 1,934,650 | +14.2 % | \$ | 16,823 |
| Costs and expenses | | 1,739,841 | | 1,867,724 | +7.4 | | 16,241 |
| Operating income (loss) | | (45,747) | | 66,926 | - | | 582 |
| Other income (expenses), net | | (4,806) | | (2,067) | - | | (18) |
| Income before income taxes (loss) | | (50,553) | | 64,859 | - | | 564 |
| Income taxes and other | | (36,645) | | 2,444 | - | | 21 |
| Net income (loss) | Y | (13,908) | Y | 62,415 | - % | \$ | 543 |
| | | ----- | | ----- | | | ----- |

(Millions of yen, millions of U.S. dollars)

| Consolidated | | 2006 | | 2007 | Change | | 2007 |
|-----------------------------------|---|-----------|---|-----------|------------|----|--------|
| | | ----- | | ----- | ----- | | ----- |
| Financial service revenue | Y | 162,198 | Y | 151,109 | -6.8 % | \$ | 1,314 |
| Net sales and operating revenue | | 1,691,981 | | 1,931,928 | +14.2 | | 16,799 |
| Costs and expenses | | 1,854,179 | | 2,083,037 | +12.3 | | 18,113 |
| | | 1,875,012 | | 1,992,567 | +6.3 | | 17,326 |
| Operating income (loss) | | (20,833) | | 90,470 | - | | 787 |
| Other income (expenses), net | | (5,289) | | (2,546) | - | | (22) |
| Income before income taxes (loss) | | (26,122) | | 87,924 | - | | 765 |
| Income taxes and other | | (27,802) | | 14,209 | - | | 124 |
| Net income | Y | 1,680 | Y | 73,715 | +4,287.8 % | \$ | 641 |
| | | ----- | | ----- | | | ----- |

(Millions of yen, millions of U.S. dollars)

| Financial Services | | 2006 | | 2007 | Change | | 2007 |
|------------------------------|---|---------|---|---------|---------|----|-------|
| | | ----- | | ----- | ----- | | ----- |
| Financial service revenue | Y | 292,202 | Y | 342,344 | +17.2 % | \$ | 2,977 |
| Financial service expenses | | 263,056 | | 285,454 | +8.5 | | 2,482 |
| Operating income | | 29,146 | | 56,890 | +95.2 | | 495 |
| Other income (expenses), net | | (195) | | (155) | - | | (2) |
| Income before income taxes | | 28,951 | | 56,735 | +96.0 | | 493 |
| Income taxes and other | | 9,926 | | 25,456 | +156.5 | | 221 |
| Net income | Y | 19,025 | Y | 31,279 | +64.4 % | \$ | 272 |
| | | ----- | | ----- | | | ----- |

(Millions of yen, millions of U.S. dollars)

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| Sony without Financial Services | 2006 | Six months ended 2007 | Change | September 30 2007 |
|---------------------------------|-------------|-----------------------|----------|-------------------|
| | ----- | ----- | ----- | ----- |
| Net sales and operating revenue | Y 3,322,377 | Y 3,736,125 | +12.5 % | \$ 32,488 |
| Costs and expenses | 3,345,971 | 3,604,021 | +7.7 | 31,339 |
| Operating income (loss) | (23,594) | 132,104 | - | 1,149 |
| Other income (expenses), net | 28,659 | (10,583) | - | (92) |
| Income before income taxes | 5,065 | 121,521 | +2,299.2 | 1,057 |
| Income taxes and other | (16,156) | 6,057 | - | 53 |
| Net income | Y 21,221 | Y 115,464 | +444.1 % | \$ 1,004 |

(Millions of yen, millions of U.S. dollars)

| Consolidated | 2006 | Six months ended 2007 | Change | September 30 2007 |
|---------------------------------|-----------|-----------------------|----------|-------------------|
| | ----- | ----- | ----- | ----- |
| Financial service revenue | Y 280,738 | Y 328,161 | +16.9 % | \$ 2,853 |
| Net sales and operating revenue | 3,317,677 | 3,731,386 | +12.5 | 32,447 |
| Costs and expenses | 3,598,415 | 4,059,547 | +12.8 | 35,300 |
| | 3,592,200 | 3,869,754 | +7.7 | 33,650 |
| Operating income | 6,215 | 189,793 | +2,953.8 | 1,650 |
| Other income (expenses), net | 21,691 | (18,111) | - | (157) |
| Income before income taxes | 27,906 | 171,682 | +515.2 | 1,493 |
| Income taxes and other | (6,065) | 31,512 | - | 274 |
| Net income | Y 33,971 | Y 140,170 | +312.6 % | \$ 1,219 |

Condensed Statements of Cash Flows

(Millions of yen, millions of U.S. dollars)

| Financial Services | 2006 | Six months ended 2007 | September 30 2007 |
|---|-----------|-----------------------|-------------------|
| | ----- | ----- | ----- |
| Net cash provided by operating activities | Y 121,798 | Y 67,118 | \$ 584 |
| Net cash used in investing activities | (113,193) | (388,669) | (3,379) |
| Net cash provided by financing activities | 65,203 | 216,364 | 1,881 |
| Net increase (decrease) in cash and cash equivalents | 73,808 | (105,187) | (914) |
| Cash and cash equivalents at beginning of the fiscal year | 117,630 | 277,048 | 2,408 |
| Cash and cash equivalents at the end of the period | Y 191,438 | Y 171,861 | \$ 1,494 |

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| (Millions of yen, millions of U.S. dollars) | | | |
|--|-------------------------------|-------------|------------|
| Sony without Financial Services | | | |
| | Six months ended September 30 | | |
| | 2006 | 2007 | 2007 |
| | ----- | ----- | ----- |
| Net cash used in operating activities | Y (191,169) | Y (130,514) | \$ (1,135) |
| Net cash used in investing activities | (217,499) | (154,348) | (1,342) |
| Net cash provided by financing activities | 191,164 | 219,355 | 1,907 |
| Effect of exchange rate changes on cash and cash equivalents | (4,072) | (2,221) | (19) |
| Net decrease in cash and cash equivalents | (221,576) | (67,728) | (589) |
| Cash and cash equivalents at beginning of the fiscal year | 585,468 | 522,851 | 4,547 |
| Cash and cash equivalents at the end of the period | Y 363,892 | Y 455,123 | \$ 3,958 |
| | ----- | ----- | ----- |

| (Millions of yen, millions of U.S. dollars) | | | |
|--|-------------------------------|------------|----------|
| Consolidated | | | |
| | Six months ended September 30 | | |
| | 2006 | 2007 | 2007 |
| | ----- | ----- | ----- |
| Net cash used in operating activities | Y (72,775) | Y (69,035) | \$ (600) |
| Net cash used in investing activities | (324,538) | (548,851) | (4,773) |
| Net cash provided by financing activities | 253,617 | 447,192 | 3,889 |
| Effect of exchange rate changes on cash and cash equivalents | (4,072) | (2,221) | (19) |
| Net decrease in cash and cash equivalents | (147,768) | (172,915) | (1,503) |
| Cash and cash equivalents at beginning of the fiscal year | 703,098 | 799,899 | 6,955 |
| Cash and cash equivalents at the end of the period | Y 555,330 | Y 626,984 | \$ 5,452 |
| | ----- | ----- | ----- |

Investor Relations Contacts:

| | | |
|---|--|--|
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|---|--|--|

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