SONY

Q1 FY2016 Consolidated Financial Results

(Three months ended June 30, 2016)

July 29, 2016

Sony Corporation

Please be aware that, in the following remarks, statements made 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. These statements are based on management's assumptions in light of the information currently available to it, and, therefore, you should not place undue reliance on them.

Sony cautions you that a number of important factors could cause actual results to differ materially from those discussed in the forward-looking statements. For additional information as to risks and uncertainties, as well as other factors that could cause actual results to differ, please refer to today's press release, which can be accessed by visiting www.sony.net/IR.

- Q1 FY2016 Consolidated Results and FY2016 Consolidated Forecast
- Segments Outlook

I'm CFO Kenichiro Yoshida
Today I would like to explain two topics in the next 15 minutes

Q1 FY2016 Consolidated Results

(Bln Yen)

	Q1 FY15	Q1 FY16	Change
Sales & operating revenue	1,808.1	**1,613.2**	-10.8%
Operating income	96.9	**56.2**	-42.0%
Income before income taxes	138.7	**57.0**	-58.9%
Net income attributable to Sony Corporation's stockholders	82.4	**21.2**	-74.3%
Net income attributable to Sony Corporation's stockholders per share of common stock (diluted)	70.36 yen	**16.44** yen	-76.6%
Restructuring charges*1	10.1	**1.7**	-82.8%
Additions to long-lived assets*2	93.8	**66.0**	-29.6%
Depreciation and amortization*3	87.0	**93.6**	+7.5%
Research and development expenses	111.3	**110.2**	-1.0%
Average rate			
1 US dollar	121.3 yen	**108.1** yen	
1 Euro	134.2 yen	**122.1** yen	

*1 Restructuring charges are included in operating income as operating expenses (applies to all following pages)
*2 Does not include the increase in intangible assets resulting from acquisitions (applies to all following pages)
*3 Includes amortization expenses for intangible assets and for deferred insurance acquisition costs (applies to all following pages)

Consolidated sales for the first quarter ended June 30, 2016 decreased 11% year-on-year to 1 trillion 613.2 billion yen. Consolidated operating income decreased 42% year-on-year to 56.2 billion yen. We estimate that the negative impact from the April 2016 Kumamoto Earthquakes ("the Earthquakes") on the operating income of the first quarter ended June 30, 2016 was approximately 34.2 billion yen, including opportunity losses. Net income attributable to Sony Corporation's stockholders decreased 74% year-on-year to 21.2 billion yen.

Q1 FY2015 One-Time Transactions*

Operating Income

Q1 FY15	
96.9 billion yen	■Remeasurement gain on our shares of Orchard Media (18.1 bln yen) ■Gain from the sale of logistics business (12.3 bln yen) ■Insurance recoveries related to damages and losses incurred from the cyberattack on PSN (4.7 bln yen)

Total: 35.1 bln yen

Other Income

Q1 FY15	
54.1 billion yen	■Gain from the sale of shares in connection with the formation of a logistics joint venture (2.7 bln yen) ■Gain on the sale of certain shares of Olympus (46.8 bln yen)

Total: 49.5 bln yen

* Items which amounts have been disclosed in the "Consolidated Financial Results for the First Quarter Ended June 30, 2015"

In the same quarter of the previous fiscal year, we recorded several one-time items, such as asset sales gains. Specific examples are shown here. A total of 35.1 billion yen in one-time profit was included in operating income, and a total of 49.5 billion yen in one-time profit was included in other income, of the same quarter of the previous fiscal year.

Q1 FY2016 Results by Segment [Reclassified]

(Bln Yen)

Segment		Q1 FY15	Q1 FY16	Change	FX Impact
Mobile Communications (MC)	Sales	280.5	**185.9**	-33.7%	-3%
	Operating income	-22.9	**0.4**	+23.3 bln yen	+4.4 bln yen
Game & Network Services (G&NS)	Sales	288.6	**330.4**	+14.5%	-10%
	Operating income	19.5	**44.0**	+24.6 bln yen	-1.3 bln yen
Imaging Products & Solutions (IP&S)	Sales	164.7	**122.2**	-25.8%	-8%
	Operating income	17.7	**7.5**	-10.2 bln yen	-5.7 bln yen
Home Entertainment & Sound (HE&S)	Sales	253.1	**235.9**	-6.8%	-11%
	Operating income	10.9	**20.2**	+9.3 bln yen	-2.6 bln yen
Semiconductors	Sales	187.4	**144.4**	-22.9%	-9%
	Operating income	32.7	**-43.5**	-76.3 bln yen	-8.2 bln yen
Components	Sales	57.1	**44.1**	-22.7%	-9%
	Operating income	-2.3	**-4.7**	-2.4 bln yen	-1.2 bln yen
Pictures	Sales	171.5	**183.3**	+6.9%	-13%
	Operating income	-11.7	**-10.6**	+1.0 bln yen	
Music	Sales	130.2	**141.5**	+8.7%	-8%
	Operating income	31.8	**15.9**	-15.8 bln yen	
Financial Services	Revenue	279.4	**232.7**	-16.7%	
	Operating income	46.0	**48.5**	+2.6 bln yen	
All Other	Sales	77.6	**60.6**	-21.9%	
	Operating income	-2.1	**-2.1**	+0bln yen	
Corporate and elimination	Sales	-82.1	**-67.9**	-	
	Operating income	-22.6	**-19.5**	+3.2 bln yen	
Consolidated total	Sales	1,808.1	**1,613.2**	-10.8%	
	Operating income	96.9	**56.2**	-40.7 bln yen	

- Due to Sony's modification to its organizational structure in FY2016, certain figures in past fiscal years have been reclassified to conform to the presentation of FY16 (applies to all following pages)
- 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 definition of FX Impact, please see P.8 of "Consolidated Financial Results for the First Quarter Ended June 30, 2016" (applies to all following pages)

Next I will turn to the results by segment. From this fiscal year, we have separated the Devices segment into two segments, a Semiconductors segment, which was recently made into a separate subsidiary, and a Components segment. Compared with the same quarter of the previous fiscal year, an improvement in the profitability of the Game & Network Services segment and the Mobile Communications segment contributed significantly to results. On the other hand, the profitability of the Semiconductors segment deteriorated significantly year-on-year.

FY2016 Consolidated Results Forecast

(Bln Yen)

	FY15	FY16 May Forecast	FY16 July Forecast	Change from May Forecast
Sales & operating revenue	8,105.7	7,800	**7,400**	-5.1%
Operating income	294.2	300	**300**	-
Income before income taxes	304.5	270	**270**	-
Net income attributable to Sony Corporation's stockholders	147.8	80	**80**	-
Restructuring charges	38.3	12	**12**	-
Additions to long-lived assets	468.9	355	**345**	-2.8%
Depreciation & amortization	397.1	385	**385**	-
Research & development expenses	468.2	460	**450**	-2.2%
Foreign exchange rates	Actual	Assumption	Assumption (Q2-Q4 FY16)	
1 US dollar	120.1 yen	Approx. 110 yen	Approx. 103 yen	
1 Euro	132.6 yen	Approx. 120 yen	Approx. 114 yen	

Next is the consolidated results forecast for the current fiscal year. Our consolidated sales forecast has been downwardly revised by 400 billion yen, primarily due to the impact of the appreciation of the yen. The profit forecasts remain unchanged from the May forecast. Our foreign exchange rate assumptions have been changed to 103 yen to the U.S. dollar and 114 yen to the euro, as is shown here. The negative impact of the change in foreign exchange rate assumptions from those used in the May forecast on the operating income of the 6 electronics segments for the fiscal year is estimated to be approximately 48.0 billion yen, including the impact that was realized in the first quarter. This negative impact takes into account not only the U.S. dollar and the euro, but also the impact of emerging market currencies. For your reference, the negative impact of foreign exchange on the operating income of the 6 electronics segments compared with the previous fiscal year is estimated to be approximately 59 billion yen. As will be shown later, the negative impact of the Earthquakes for the current fiscal year is expected to decrease by approximately 35 billion yen from the May forecast. Moreover, there is a possibility that we might record a loss in connection with the transfer of our battery business to Murata Manufacturing Co., Ltd., regarding which we announced the execution of a memorandum of understanding yesterday. Such loss is not included in our July consolidated results forecast for FY16.

FY2016 Results Forecast by Segment [Reclassified]

(Bln Yen)

		FY15	FY16 May FCT	FY16 July FCT	Change from May FCT
Mobile Communications (MC)	Sales	1,127.5	940	**840**	-10.6%
	Operating income	-61.4	5	**5**	-
Game & Network Services (G&NS)	Sales	1,551.9	1,680	**1,590**	-5.4%
	Operating income	88.7	135	**135**	-
Imaging Products & Solutions (IP&S)	Sales	684.0	530	**540**	+1.9%
	Operating income	69.3	16	**22**	+6.0 bln yen
Home Entertainment & Sound (HE&S)	Sales	1,159.0	1,040	**1,000**	-3.8%
	Operating income	50.6	36	**41**	+5.0 bln yen
Semiconductors	Sales	739.1	740	**700**	-5.4%
	Operating income	14.5	-37	**-64**	-27.0 bln yen
Components	Sales	224.6	220	**200**	-9.1%
	Operating income	-42.9	-3	**-12**	-9.0 bln yen
Pictures	Sales	938.1	1,010	**920**	-8.9%
	Operating income	38.5	43	**38**	-5.0 bln yen
Music	Sales	617.6	550	**550**	-
	Operating income	87.3	63	**63**	-
Financial Services	Revenue	1,073.1	1,140	**1,140**	-
	Operating income	156.5	150	**150**	-
All Other, Corporate and elimination	Operating income	-106.9	-108	**-78**	+30.0 bln yen
Consolidated total	Sales	8,105.7	7,800	**7,400**	-5.1%
	Operating income	294.2	300	**300**	-

Segment Forecast Rate Assumption (Q2-Q4 FY16)	
1 US dollar	103 yen
1 Euro	114 yen

Next, here you can see the forecast for the fiscal year by segment.

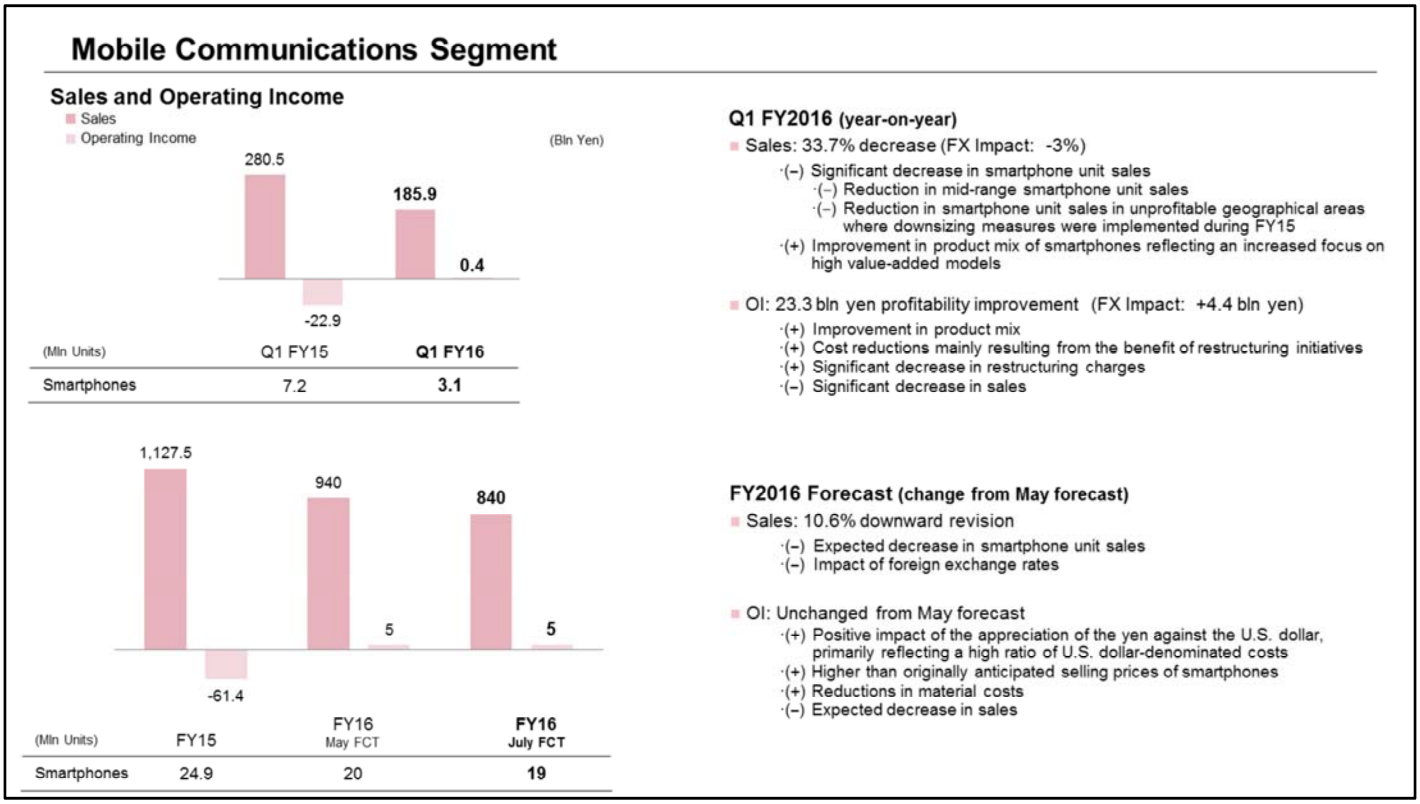
Estimated Impact of the 2016 Kumamoto Earthquakes on Operating Income

(Bln yen)

Segment	Item	May FCT	July FCT	Change from May FCT	Estimated Impact on Q1
Imaging Products & Solutions (IP&S)	**Earthquake Impact** (Opportunity losses only)	**-45**	**-26**	**+19**	**-7.0**
Semiconductors	**Total Earthquake Impact**	**-60**	**-48**	**+12**	**-24.7**
	Physical Damage	-18	-18	-	-6.8
	Recovery expenses and others	-7	-4	+3	-1.3
	Opportunity Losses	-35	-26	+9	-16.6
Corporate	**Earthquake Impact** (Opportunity losses only)	**-10**	**-6**	**+4**	**-2.5**
Consolidated total	**Total Earthquake Impact**	**-115**	**-80**	**+35**	**-34.2**
	Physical Damage	-18	-18	-	-6.8
	Recovery expenses and others	-7	-4	+3	-1.3
	Opportunity Losses	-90	-58	+32	-26.1

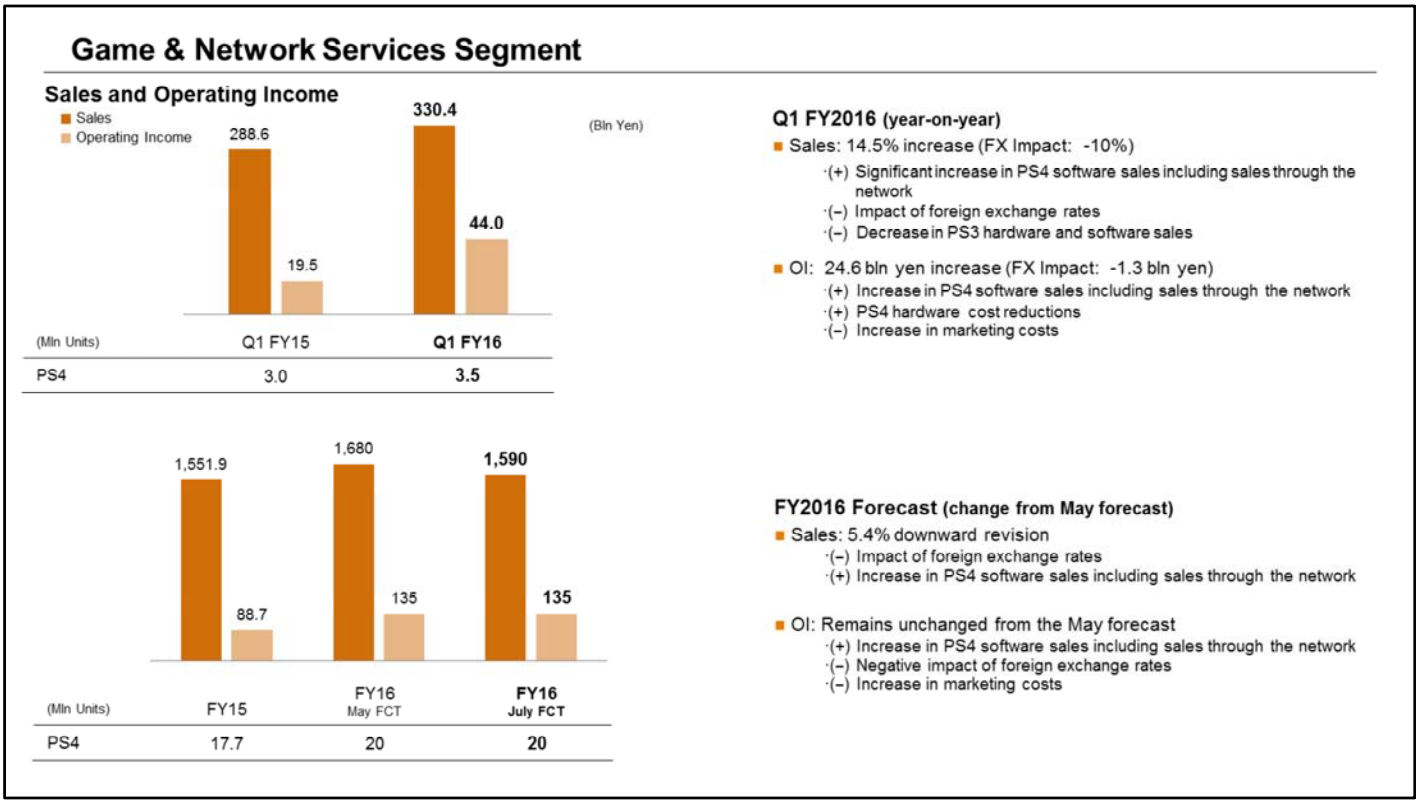
・ Figures shown above do not include expected insurance recoveries
・ Opportunity losses include idle facility costs at manufacturing sites and lost profit from missed sales opportunities
・ Opportunity losses in Corporate are fixed costs that were scheduled to be allocated to the IP&S and Semiconductors segments based on sales, but are no longer expected to be allocated , because the sales of the two segments are expected to be lower than originally expected.

Here you can see the impact on operating income for the full fiscal year of the Earthquakes. Although this impact has been estimated based on certain assumptions, the impact is expected to decrease to approximately 80 billion yen from the 115 billion yen we announced in May primarily because the restoration of production at our Kumamoto factory is proceeding ahead of our May forecast. We had previously said that full utilization on a wafer input basis was expected to be reached by the end of August, but that expectation has been accelerated one month to the end of July. Now I will turn to the situation in each of our businesses.



First I will explain the Mobile Communications segment. Due to a reduction in mid-range smartphone unit sales and a downsizing of the business in unprofitable geographical areas, sales for the quarter decreased 34% year-on-year. Operating profitability improved 23.3 billion yen and a 0.4 billion yen operating profit was recorded. Despite the significant decrease in sales, the earnings structure is improving because profitability is getting better, primarily due to an improvement in product mix, reductions in operating costs and a decrease in restructuring charges.

Although sales in Japan are strong, we have reduced our smartphone unit sales forecast by 1 million units primarily due to lower-than-expected performance especially in Europe. We have revised downward to 840 billion yen our forecast for fiscal year sales due to this reduction and the impact of the appreciation of the yen. Cost reduction has been progressing, but the severe competitive environment in the smartphone space continues. We have made no change to our goal of achieving profit this fiscal year by continuing to improve our earnings structure.

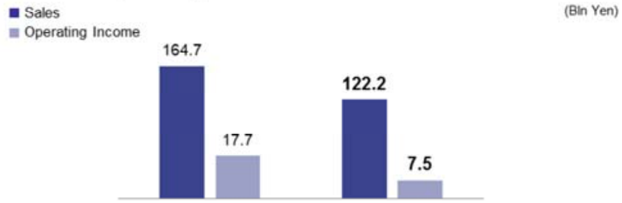


Next I will explain the Game & Network Services segment. Sales for the quarter increased 14%. Primarily due to the strong performance of Uncharted 4, a first-party title that went on sale in May, operating income increased 24.6 billion yen to 44.0 billion yen. Network revenue increased 38% year-on-year and accounts for 46% of the sales of the segment.

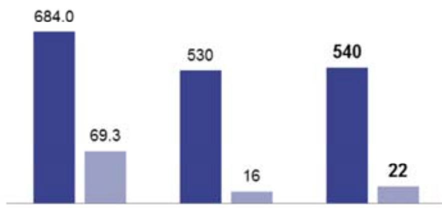
Our operating income forecast for this fiscal year remains unchanged.

Imaging Products & Solutions Segment

Sales and Operating Income



(Mln Units)	Q1 FY15	**Q1 FY16**
Digital Cameras*	1.7	**0.8**



(Mln Units)	FY15	FY16 May FCT	**FY16 July FCT**
Digital Cameras*	6.1	-	**3.4**

*Includes compact digital cameras and interchangeable single-lens cameras / Excludes interchangeable lenses (applies to all following pages)

Q1 FY2016 (year-on-year)

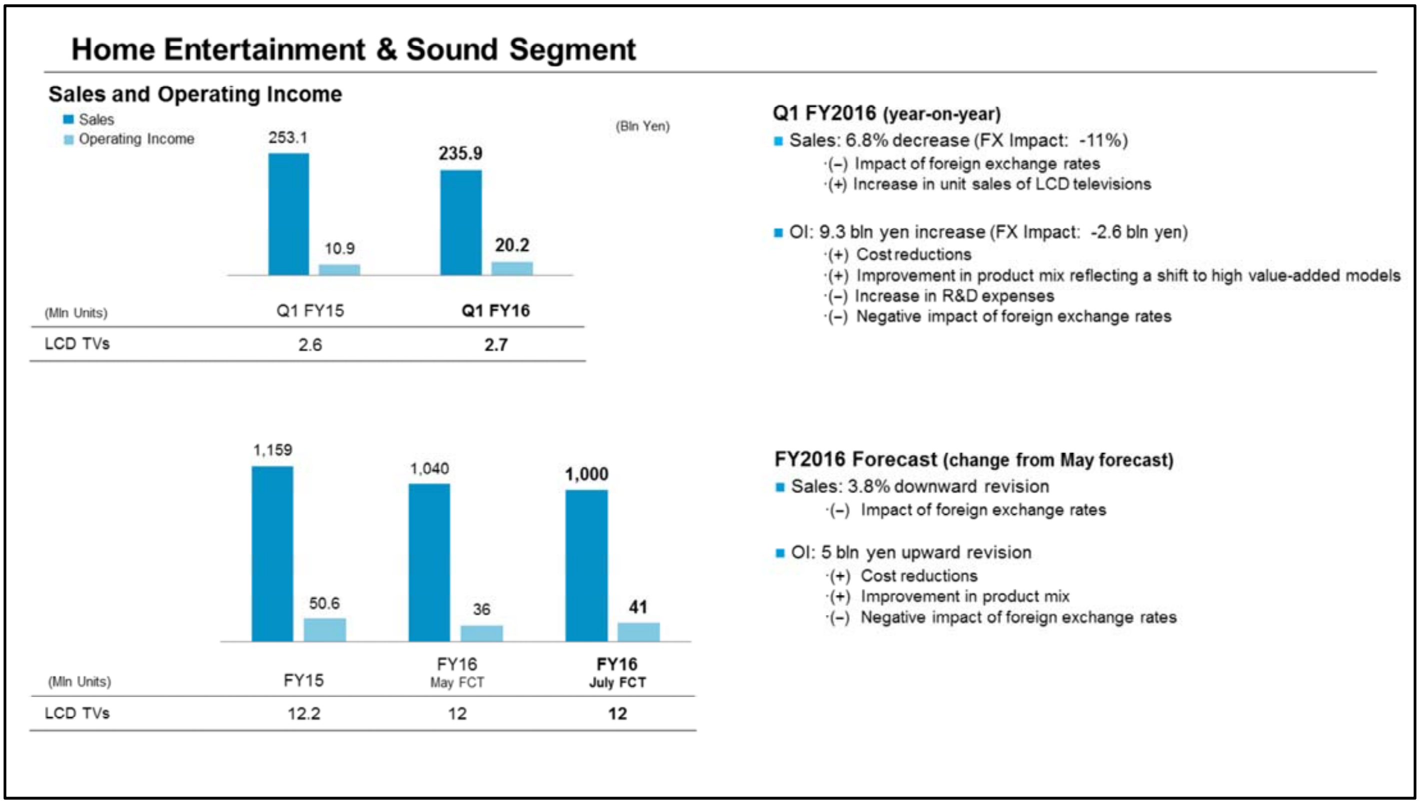
- Sales: 25.8% decrease (FX Impact: -8%)
  - (−) Lower sales of Still and Video Cameras
    - (−) Difficulty of procuring components due to the 2016 Kumamoto Earthquakes
    - (−) Contraction of the market
  - (−) Impact of foreign exchange rates
  - (+) Improvement in Still and Video Cameras product mix reflecting a shift to high value-added models
- OI: 10.2 bln yen decrease (FX Impact: - 5.7 bln yen)
  - (−) Decrease in sales
  - (−) Negative impact of foreign exchange rates
  - (+) Improvement in Still and Video Cameras product mix
  - (+) Reduction of fixed costs

FY2016 Forecast (change from May forecast)

- Sales: 1.9% upward revision
  - (+) Shorter-than-expected delay in the supply of components
  - (−) Impact of foreign exchange rates
- OI: 6 bln yen upward revision
  - (+) Increase in sales
  - (+) Improvement in product mix
  - (−) Negative impact of foreign exchange rates

Next I will explain the Imaging Products & Solutions segment. Sales for the quarter decreased 26% year-on-year primarily due to the impact of the Earthquakes. Although the impact of the decrease in sales was partially offset by an improvement in product mix, cost reduction and other factors, operating income decreased 10.2 billion yen year-on-year to 7.5 billion yen. The impact on operating income from the Earthquakes is estimated to have been approximately 7 billion yen for the quarter.

We expect to be able to reduce the amount of the fiscal year impact of the Earthquakes from the 45 billion yen forecasted in May to approximately 26 billion yen, primarily because recovery at our Kumamoto factory is progressing ahead of schedule. We have upwardly revised our operating income forecast by 6 billion yen to 22 billion yen, primarily because of the reduced impact of the Earthquakes, additional cost reduction and an increase in sales of interchangeable lenses, partially offset by the negative impact of the appreciation of the yen.

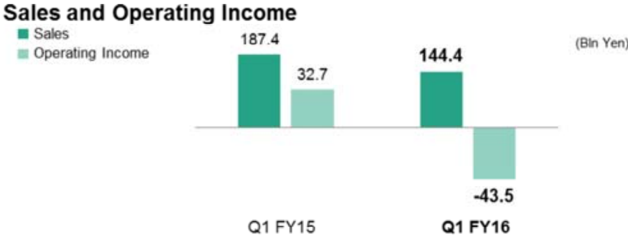


Next I will explain the Home Entertainment & Sound segment. Although sales decreased 7% year-on-year, operating income increased 9.3 billion yen to 20.2 billion yen. Despite the decrease in sales from the negative impact of foreign exchange rates, we were able to achieve an increase in operating income due to cost reduction and a shift to higher value-added products.

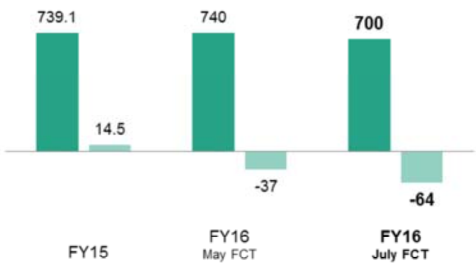
The fiscal year operating income forecast has been revised upward by 5 billion yen to 41 billion yen primarily due to the strong performance of televisions.

Semiconductors Segment [*1]

Sales and Operating Income



	Q1 FY15	Q1 FY16
Image Sensors Sales	126.0	**91.6**



	FY15	FY16 May FCT	FY16 July FCT
Image Sensors Sales	477.6	510	**480**
Additions to long-lived assets for Semiconductors Segment	260.0	120	**110**
for Image Sensors (included above)	206.0	70	**60**

Q1 FY2016 (year-on-year)

- Sales: 22.9% decrease (FX Impact: -9%)
  - ·(–) Significant decrease in sales of image sensors
    - ·(–) Decrease in image sensor production due to the 2016 Kumamoto Earthquakes
    - ·(–) Lower demand for image sensors for mobile products
    - ·(–) Impact of foreign exchange rates
- OI: 76.3 bln yen deterioration (FX Impact: -8.2 bln yen)
  - ·(–) Decrease in sales
  - ·(–) Impairment charge against long-lived assets for camera modules of 20.3 bln yen (197 mln U.S. dollars)
  - ·(–) Net charges of 13.6 bln yen (132 mln U.S. dollars) in expenses resulting from the earthquakes[*2]
  - ·(–) Negative impact of foreign exchange rates

FY2016 Forecast (change from May forecast)

- Sales: 5.4% downward revision
  - ·(–) Lower-than-expected image sensor sales
    - ·(–) Impact of foreign exchange rates
    - ·(+) Faster-than-expected recovery from the earthquakes
- OI: 27 bln yen downward revision
  - ·(–) Negative impact of foreign exchange rates
  - ·(+) Recovery from the earthquakes

*1 Sony realigned its business segments from Q1 FY2016 to reflect the change in the Corporate Executive Officer in charge, separating the Devices segment into two segments, a Semiconductors segment and a Components segment. The Semiconductors segment includes image sensors and camera modules.

*2 Includes repair costs of certain fixed assets and a loss on disposal of inventories directly damaged by the earthquakes (net of probable insurance recoveries) as well as idle facility costs at manufacturing sites affected by the earthquakes. Does not include lost profit from missed sales opportunities.

Next I will explain the Semiconductors segment. Sales for the quarter decreased 23% year-on-year and an operating loss of 43.5 billion yen was recorded, a deterioration of 76.3 billion yen year-on-year. This decrease in sales was primarily due to the impact of the Earthquakes and a decrease in demand for image sensors for mobile. The deterioration in operating profitability was primarily due to approximately 24.7 billion yen in impact from the Earthquakes, including opportunity loss, a 20.3 billion yen impairment against camera module long-lived assets, and a 8.2 billion yen negative impact from the appreciation of the yen.

Although we expect to be able to reduce the amount of the fiscal year impact of the Earthquakes from the 60 billion yen forecasted in May to approximately 48 billion yen, we have downwardly revised our operating income forecast by 27 billion yen to a loss of 64 billion yen, primarily due to the negative impact of the appreciation of the yen against the U.S. dollar.

Semiconductors Segment

- **Current Situation and Management's View of Issues**
  - **Sales expansion of image sensors for mobile use**
  - **Impact of the appreciation of the yen against the dollar**
  - **Production footprint**
- **Future Prospects**

I would now like to speak briefly about the current situation and the issues in the semiconductor business from the three perspectives listed on this slide.

First is the unit sales of our image sensors for mobile use, which account for a large portion of our revenue. These sales have begun to trend upward after hitting bottom in the fourth quarter of the previous fiscal year, and we expect them to exceed the level of the same period of the previous fiscal year from the second quarter of the current fiscal year. Expansion of sales to smartphone makers is progressing reasonably, although some areas are stronger than others.

Next is the impact of foreign exchange rates. Although yen-denominated cost is quite large in the image sensor business, most sales are denominated in U.S. dollars, which causes the business to endure a negative impact from the appreciation of the yen. As I mentioned earlier, sales volume is expected to increase significantly year-on-year due to sales expansion and, even though we anticipate only a relatively small decline in average selling price on a U.S. dollar basis, a decrease in sales from the appreciation of the yen is having a large negative impact on operating income. We estimate that the foreign exchange rate sensitivity in the Semiconductors segment to be an approximately 3.5 billion yen negative impact on operating income for the year from a one yen appreciation against the U.S. dollar.

Semiconductors Segment

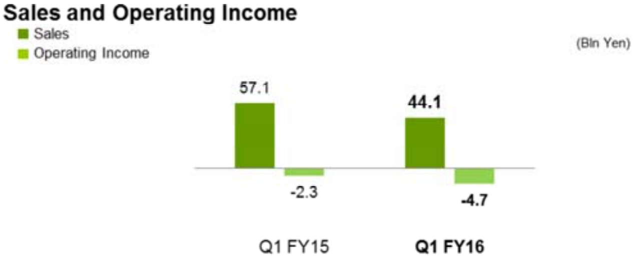
- **Current Situation and Management's View of Issues**
  - **Sales expansion of image sensors for mobile use**
  - **Impact of the appreciation of the yen against the dollar**
  - **Production footprint**
- **Future Prospects**

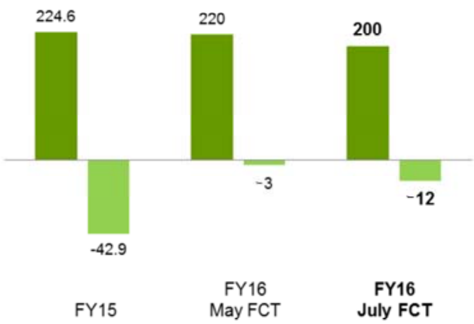
Next, the production capacity we have installed as of today, including a portion which is outsourced, has decreased from the 87,000 wafers per month we previously announced to 85,000 wafers per month. This decrease is due to a shift in production of certain image sensors for mobile use that were previously manufactured at our Kumamoto factory to our Yamagata factory, in an effort to respond to the Earthquakes. Since we allocated equipment at our Kumamoto facility to the production of AV and surveillance camera sensors, our production capacity has decreased. Our current production footprint, including orders to our outsourcing partner, is 73,000 wafers per month.

As President Hirai said at the Corporate Strategy meeting last month, we have not changed our view that the imaging sensor business is a business with growth potential over the medium to long term. Going forward, we aim to improve profitability by increasing the ratio of customized products for mobile use via efforts to increase the adoption rate among our expanded customer base of higher value-added image sensors, including those for dual-lens cameras, into next fiscal year. We also aim to improve profitability by improving our cost structure via efforts such as starting to internally produce logic. Moreover, over the medium to long term, we believe that it is important to improve the business scale and profitability of image sensors other than for mobile, such as for surveillance, factory automation and automotive.

Components Segment [*1]

Sales and Operating Income





Q1 FY2016 (year-on-year)

- Sales: 22.7% decrease (FX Impact: -9%)
  - (–) Significant decrease in sales in the battery business
  - (–) Impact of foreign exchange rates
- OI: 2.4 bln yen deterioration (FX Impact: -1.2 bln yen)
  - (–) Decrease in sales
  - (–) Impairment charges against long-lived assets in the recording media business
  - (+) Decrease in depreciation expenses in the battery business pursuant to a 30.6 billion yen impairment charge against its long-lived assets recorded in FY2015

FY2016 Forecast[*2] (change from May forecast)

- Sales: 9.1% downward revision
  - (–) Lower-than-expected sales in the battery business
- OI: 9 bln yen downward revision
  - (–) Decrease in sales
  - (–) Impairment charges against the long-lived assets in the recording media business

*1 Sony realigned its business segments from Q1 FY2016 to reflect the change in the Corporate Executive Officer in charge, separating the Devices segment into two segments, a Semiconductors segment and a Components segment. The Components segment includes batteries and recording media.

*2 Potential loss related to the transfer of the battery business announced on July 28, 2016 is not reflected in the forecast.

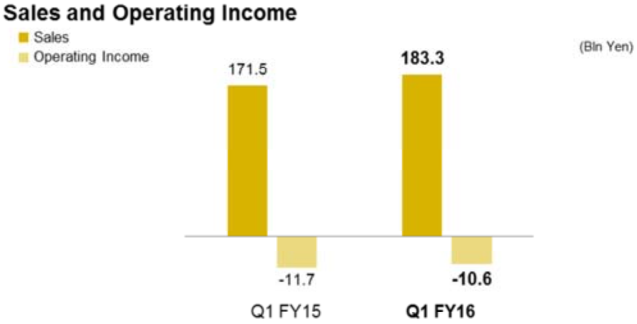
Next I will explain the Components segment. The main products of the segment include batteries and recording media. Sales decreased and operating results deteriorated year-on-year and we recorded an operating loss of 4.7 billion yen.

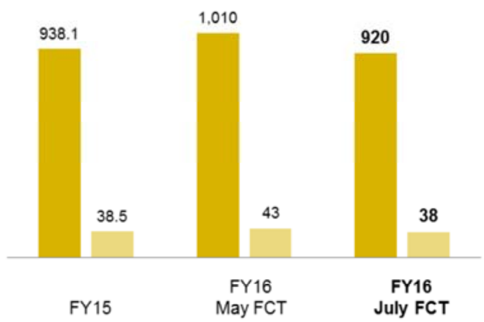
The fiscal year forecast for operating results has been revised downward by 9 billion yen to an operating loss of 12 billion yen, primarily due to a downward revision in projected sales of the battery business partially resulting from the appreciation of the yen.

As I mentioned before, we announced the signing of a memorandum of understanding with Murata Manufacturing Co., Ltd. relating to the transfer of the battery business, which is included in this segment. We reached the conclusion that transferring the business to Murata Manufacturing Co., Ltd. would enable the human resource and technological assets that we have accumulated in this business to be better utilized, given the competitive environment of the battery business and our business portfolio strategy for the Sony group as a whole. We are aiming to complete this transaction by the end of March 2017.

Pictures Segment

Sales and Operating Income





Q1 FY2016 (year-on-year)

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

- Sales: 6.9% increase (U.S. dollar basis: +20%)
  - ·(+) Significantly higher sales of Motion Pictures
    - ·(+) Increase in theatrical revenues due to the strong worldwide theatrical performance of films released including *The Angry Birds Movie.*
    - ·(+) Higher television licensing revenues
  - ·(+) Higher sales of Media Networks
    - ·(+) Higher advertising revenues in India and Latin America
- OI: 1.0 bln yen improvement (-4 million U.S. dollar)
  - ·(–) Significantly higher worldwide theatrical marketing expenses
  - ·(+) Increase in sales

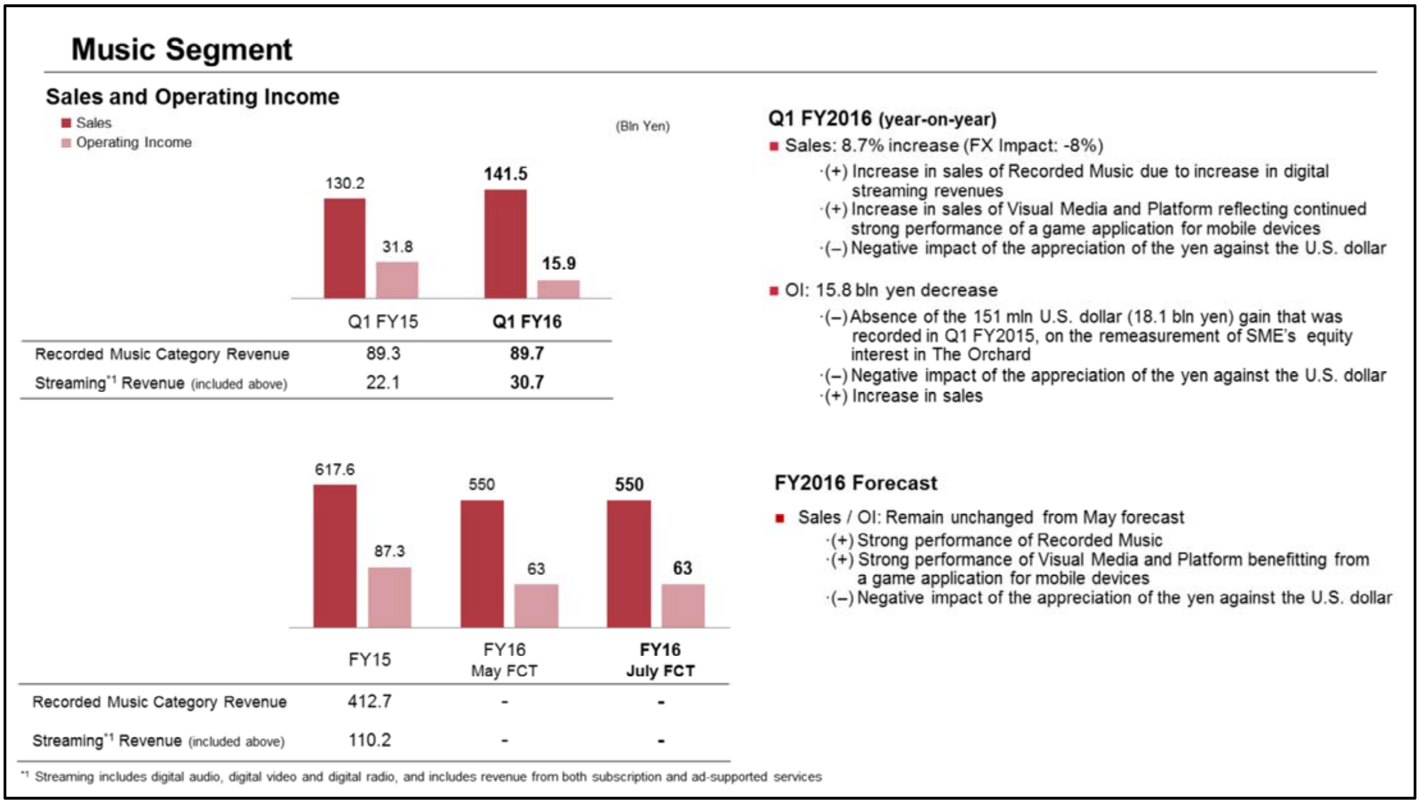
FY2016 Forecast (change from May forecast)

- Sales: 8.9% downward revision
- OI: 5 bln yen downward revision

  ·(–) Negative impact of the appreciation of the yen against the U.S. dollar

Next I will explain the Pictures segment. Sales for the quarter increased 7% year-on-year and 10.6 billion yen in operating loss was recorded, an improvement of 1.0 billion yen year-on-year. The main reason for the operating results improvement was a decrease in the Japanese-yen based operating loss amount resulting from the appreciation of the yen against the U.S. dollar.

The fiscal year forecasts for sales and operating income have been revised downward due to the appreciation of the yen against the U.S. dollar and operating income of 38 billion yen is expected to be recorded.

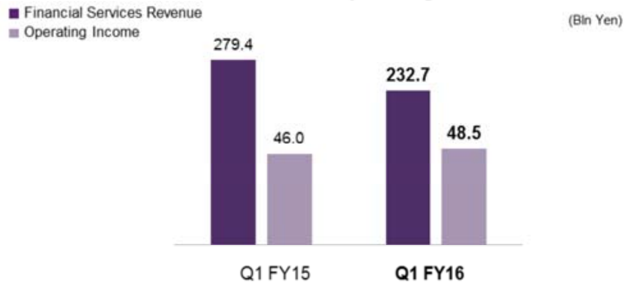


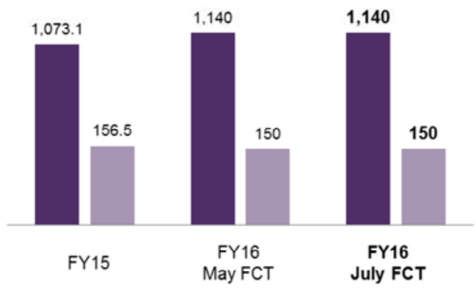
Next I will explain the Music segment. Sales for the quarter increased 9% year-on-year, but operating income decreased 15.8 billion yen year-on-year to 15.9 billion yen. As was shown in a previous slide, the same quarter of the previous fiscal year included an 18.1 billion yen gain from the remeasurement of our stake in Orchard Media Inc. Excluding this impact, operating income increased year-on-year.

Like the Pictures segment, this segment is negatively impacted by the appreciation of the yen against the U.S. dollar, but this negative impact is expected to be offset by the profitability of hit titles in Recorded Music and the continued strong performance of a mobile game application. As a result, there is no change to our sales and operating income forecasts for the fiscal year.

Financial Services Segment

Financial Services Revenue and Operating Income





Q1 FY2016 (year-on-year)

- Revenue: 16.7% decrease
  - (+) Significant decrease in revenue at Sony Life (20.5% decrease, revenue: 199.5 bln yen)
    - (−) Deterioration in investment performance in the separate account due to a decline in the Japanese stock market
    - (+) Increase in insurance premium revenue reflecting an increase in the policy amount in force
- OI: 2.6 bln yen increase
  - (+) Increase in operating income at Sony Bank, reflecting a foreign exchange gain on foreign currency-denominated customer deposits (Operating income at Sony Life was essentially flat at 41.5 bln yen)

FY2016 Forecast

- Revenue / OI : Remain unchanged from May forecast

Lastly, I will explain the Financial Services segment. Revenues decreased 17% year-on-year, but operating income increased 2.6 billion yen year-on-year to 48.5 billion yen. Revenue decreased due to the deterioration of investment performance in the separate account at our primary business, Sony Life, primarily reflecting a decline of the Japanese stock market in the current quarter. However, the impact of the investment performance has a limited negative impact on operating income because the investment performance is attributed to policy holders. Operating income increased year-on-year due to the recording of foreign exchange gains on foreign currency-denominated customer deposits at Sony Bank, resulting from the appreciation of the yen.

Our revenue and operating income forecasts for the year remain unchanged.

This concludes my explanation.

SONY

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) the global economic environment in which Sony operates and the economic conditions in Sony's markets, particularly levels of consumer spending;
(ii) 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 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 televisions, game and network platforms and smartphones, 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 consumer preferences;
(iv) Sony's ability and timing to recoup large-scale investments required for technology development and production capacity;
(v) Sony's ability to implement successful business restructuring and transformation efforts under changing market conditions;
(vi) Sony's ability to implement successful hardware, software, and content integration strategies for all segments excluding the Financial Services segment, and to develop and implement successful sales and distribution strategies in light of the Internet and other technological developments;
(vii) Sony's continued ability to devote sufficient resources to research and development and, with respect to capital expenditures, to prioritize investments correctly (particularly in the electronics businesses);
(viii) Sony's ability to maintain product quality and customers' satisfaction with its existing products and services;
(ix) the effectiveness of Sony's strategies and their execution, including but not limited to the success of Sony's acquisitions, joint ventures and other strategic investments;
(x) significant volatility and disruption in the global financial markets or a ratings downgrade;
(xi) Sony's ability to forecast demands, manage timely procurement and control inventories;
(xii) the outcome of pending and/or future legal and/or regulatory proceedings;
(xiii) 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;
(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) Sony's ability to anticipate and manage cybersecurity risk, including the risk of unauthorized access to Sony's business information, potential business disruptions or financial losses; and
(xvi) risks related to catastrophic disasters or similar events.

Risks and uncertainties also include the impact of any future events with material adverse impact.