

# **Exhibit E**



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**BODY:**

Corporate Participants \* Nobuyuki Oneda Sony Corporation - Representative Corporate Executive Officer, Executive Deputy President and CFO \* Gen Tsuchikawa Sony Corporation - Senior General Manager, IR Conference Call Participants \* Kota Ezawa Citigroup Securities - Analyst \* Yasuo Nakane Deutsche Securities - Analyst \* Yuji Fujimori Barclays Capital - Analyst \* Kazuharu Miura Daiwa Securities SMBC - Analyst \* Mr. Yasuda ACE Economic Research Institute - Analyst \* Masahiro Ono Morgan Stanley - Analyst \* Kazumasa Kubota Okasan Securities - Analyst \* Hitoshi Kuriyama Merrill Lynch - Analyst \* Eiichi Katayama Nomura Securities - Analyst Presentation-----Unidentified Company Representative [1]----- Thank you very much for waiting.

The scheduled time has come, so we would like to start the earnings presentation meeting of Sony Corporation for the second quarter of fiscal year '09. Let me introduce the speakers. To your left, Representative Corporate Executive Officer, Executive Deputy President, CFO, Oneda. Next to him, from IR, Senior General Manager of Investor Relations, Tsuchikawa. First, Mr. Oneda will give explanation of the outline of the second quarter performance, as well as for the entire fiscal year '09. And Tsuchikawa will give detailed explanation of different segments. Now, Mr. Oneda.----- Nobuyuki Oneda, Sony Corporation - Representative Corporate Executive Officer, Executive Deputy President and CFO [2]----- Okay. I would like to begin by explaining the consolidated results for the second quarter. Sales decreased 20% due to the slowdown of the global economy and the appreciation of the yen. The strong yen accounted for more than half of the decrease in sales. If we exclude this factor, sales decreased 9%. JPY32.6b operating loss was recorded, a deterioration of JPY43.6b year-on-year, mainly due to the stronger yen and an increase in restructuring costs. However, excluding the about JPY77b impact of the yen appreciation, we estimate the operating income increased more than JPY33b year-on-year. Cost reduction from structural transformation is progressing well and we managed to significantly improve our operating profitability in the second quarter, above our July expectations. Moreover, since equity in net income or loss of affiliated companies and restructuring costs are typically not included in the operating profit of Japanese companies, so we have included in our

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slide for your reference our operating profit on an adjusted basis, excluding these two factors so you can analyze and compare our profitability with our competitors. On this basis, operating income of JPY12.5b was recorded, an increase of 16% compared with JPY10.8b of the same quarter last year. As for the entire year forecast, because of operating profitability in the second quarter significantly exceeded our expectations, we have revised upward our profit forecast from July announcement. Now, profit and loss item lines. Consolidated sales decreased 20% year-on-year, to JPY1,661.2b. On a local currency basis, the decrease was 9%. Operating profit or loss, primarily due to the decrease in sales and appreciation of the yen and an increase in restructuring costs, an operating loss of JPY32.6b was recorded, a deterioration of JPY43.6b. On an adjusted basis, excluding the equity earnings or loss and restructuring costs, operating income was plus JPY12.5b, a 16% increase year-on-year. Consolidated restructuring charges of JPY32.8b was posted as operating expenses, compared to JPY0.9b in the same quarter of the last year. Our structural transformation is progressed as planned. The net effect of other income and expenses was positive JPY15.6b, an improvement of JPY19.3b year-on-year, primarily due to an increase in net foreign exchange gain. As a result, loss before income tax was JPY17b, compared to that of JPY7.3b the previous year. Sony recorded an income tax benefit of JPY1.7b. Net loss attributable to Sony Corporation shareholders was JPY26.3b, compared to JPY20.8b in net profit of the previous fiscal year. Now, I would like to briefly explain the progress of our structural transformation efforts. Cost reductions from structural transformations are progressing as planned. The benefits of the cost reduction in this quarter exceeded our expectations. During the quarter, we implemented structural reform initiatives primarily on consumer products and device segments, centering on the consolidation of manufacturing facilities. We recorded JPY32.8b restructuring charges. Restructuring charges for the full year is expected to increase from JPY110b to JPY130b. Now, we have decided to transfer 90% of the equity and all of the production assets at Sony Baja, California in Mexico, where we make LCD TVs, to Hon Hai by March 2010. In addition, regarding our LCD TV production network in South East Asia, we will gradually cease manufacturing at the Ayutthaya factory of Sony Technology Thailand by March 2010 and consolidate those operations in our Kuala Lumpur factory of Sony EMCS Malaysia. In addition, we will shift the production of components used in digital SLR camera from Sony Precision Engineering in Malaysia to the Ayutthaya factory of Sony Technology Thailand from March 2010 gradually, as part of our effort to strengthen competitiveness of this business. As a result of this, Sony Precision Engineering Malaysia will cease all operations in May 31, 2010. As a result of these initiatives, 57 manufacturing facilities we had in February 20, 2009 will be consolidated into 48 by the end of fiscal '09. And in May 2010, it will be 47 because of the closure of Sony Precision Engineering Malaysia. We plan to reduce, including the benefit of structural transformation, by more than JPY300b year-on-year. And this is progressing smoothly. We have achieved approximately 80% of the reduction in the first half of the fiscal year. Now, reduction in our procurement costs, we are working to achieve 20% reduction of costs. I think we have -- our work is on track, and I think we can reduce 90% of our goal. We have said that we will halve the number of suppliers to about 1,200 by the end of fiscal 2010. At present, plans are in place to reduce the number of suppliers to 1,600 also by the end of this fiscal year. Now I'd like to explain our forecast for the full year. Like in the first quarter results, the second quarter exceeded our expectations. As a result, we have upwardly revised our forecast for the full fiscal year from the forecast we announced on July 30. The factors leading to the upward revision are the following. First, fiscal year operating profit in the Consumer Products and Devices segment is expected to exceed our July forecast. Moreover, second quarter profit in the Financial Services segment exceeded the July forecast. Other factors include the revision of R&D expenses as a result of improved efficiencies at headquarters and expense reductions which exceeded our plan. On the other hand, we have increased expected restructuring charges for the full year by approximately JPY20b. We increased our forecast for equity in net loss from Sony Ericsson by about JPY10b, to about JPY40b. As a result of all these factors, our operating loss forecast has changed to JPY60b, an improvement of about JPY50b from the July forecast. The assumed foreign currency exchange rate for the US dollar in the second half of the fiscal year has been changed from JPY93 to JPY90. No change for euro. In other words, JPY130 per euro. Now I would like to ask Tsuchikawa to explain the results of each business

segment.----- Gen Tsuchikawa, Sony Corporation - Senior General Manager, IR [3]----- Thank you. Let me begin with Consumer Products and Devices. Sales in the segment decreased 36% year-on-year. On a local currency basis, sales decrease us 26%. Products with decreased sales included BRAVIA LCD TVs, which were affected by intensified price competition, a decrease in unit sales and the appreciation of the yen; System LSI for the game business,

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which were affected by a change in price as a result of cost-saving efforts; and Cyber-shot compact digital cameras, which were affected by a decrease in unit sales brought on by the slowing of global economy, the appreciation of the yen and a decline in unit selling prices. Operating income for the segment decreased 87% year-on-year, to JPY8.9b. Let me give you the year-on-year analysis of the operating income. Operating income decreased because, although SG&A decreased JPY58.5b and the cost of sales ratio improved JPY37.9b due to expense reduction from structural transformation and material cost reduction, restructuring charges increased JPY23.7b, exchange rates negatively impacted results by JPY45.9b and gross profit decreased JPY79.1b due to the decrease in sales. Excluding the impact of restructuring charges and the impact of exchange rate, operating income increased. Excluding the impact of the restructuring charges, the product categories with the largest decrease in profit were System LSI for the game business, video cameras and batteries. Now I would like to touch on our TV business. Due to the significant impact of price declines and 11% or 400,000 unit decrease in LCD TV sales to 3.3m units, primarily in the US and Europe, and the impact of exchange rates, sales decreased 39% year-on-year to JPY222b. Excluding restructuring charges, operating profitability deteriorated JPY3b to JPY11b. Although gross profit decreased due to the decrease in sales, due to improvements in the cost structure the cost of sales ratio did improve. Turning to compact digital cameras, sales decreased due to a decrease in unit sales brought on by intensified market competition, the impact of exchange rates and price declines. However, operating income increased year-on-year, primarily due to the impact of improved expenses. So we secured an operating profit margin that exceeded that of the same quarter of the previous fiscal year. Video cameras. Although the transition to the HD format is progressing smoothly, sales and profit of video camera business decreased due to the impact of exchange rates, a decrease in unit sales brought on by the impact of the contraction of the market and price declines. However, we secured an operating profit margin that remained at the same level of last year second quarter, due to improved expenses and the ability to maintain prices above expectations led by hit products, such as those in the HDR-CX500 series, with a back-illuminated CMOS image sensor. Networked Products and Services is the next subject. Sales in the segment decreased 24% year-on-year, primarily due to the decrease in VAIO PC and game sales. An operating loss of JPY58.8b was recorded, a deterioration of JPY18.2b year-on-year. This was primarily due to a deterioration in profitability in the VAIO and game business, although the profitability of digital music players improved. Game sales decreased 27% year-on-year, to JPY197b. This was primarily due to the impact of exchange rates and the decrease in unit sales of PS2 hardware and software. An operating loss of JPY41b was recorded in game, which is a deterioration of JPY6b. This was primarily due to the reasons that I have just mentioned for sales decrease. PS3 hardware unit sales increased significantly, exceeding 3.2m units in this quarter due to the launch of a new model. PS3 software unit sales exceeded that of the previous year. The momentum of the new PS3 [short] launch is continuing and penetration of the console is accelerating. Sales of PSP hardware increased significantly during the first quarter, recording approximately 3m units in the quarter. Due to such developments as the launch of the PSP Go from October, a reduction in the price of PSP 3000 in Japan and the introduction of major titles, the PSP is gaining steam as we approach the year-end selling season. PlayStation Network will distribute videos in Europe from November and digital comics in Japan, North America and Europe from December. The cumulative number of registered accounts is over 31m and is steadily expanding. Turning to VAIO, sales decreased due to a decline in unit sales brought on primarily by the impact of price declines resulting from a shift to low-priced models in the market, the impact of the economic downturn and the impact of timing for new model introductions as well as impact of exchange rates. Although SG&A expenses decreased, operating profitability deteriorated due to the reasons that I have just mentioned. Although unit sales for the quarter decreased year-on-year, we plan to expand sales as we approach the year-end selling season, as the W Series Netbooks that went on sale in August are selling well, especially in Asia, and the ultra-thin and light X Series that went on sale last week is receiving accolades. Now, B2B and Disc Manufacturing. The sales decreased 20% year-on-year. On a local currency basis, sales decreased by 4%. This decline is due to the appreciation of yen, a decrease in sales abroad in professional broadcast and professional-use products in developed countries, reflecting deterioration in the business environment, and continued unit price declines in the disc manufacturing business. An operating loss of JPY2.4b was recorded in the quarter, compared to the operating income of JPY9.9b in the same quarter of the previous fiscal year, due to deterioration in the profitability of broadcast and professional-use products and in the disc manufacturing business brought on by the decrease in sales. Although the environment for broadcast and professional-use products is quite severe, we will move forward with measures such as continued fixed and other cost reduction and expansion of sales in developing nations. However, in the area of digital cinema projects, several large

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theaters changing [over] have begun to introduce the projectors and we are making strides in expanding the business. Due to our efforts at reducing inventory, the total inventory for the CPD, NPS and B2B and Disc Manufacturing segments was JPY779.0b, a decrease of 39% compared with the level at the end of the same quarter last year. We are controlling inventory at an appropriate level and this is contributing to cash flow. Sales in the Pictures segment decreased 30% year-on-year. On a US dollar basis, sales decreased 20%. Sales decreased mainly due to lower theatrical and home entertainment revenues. Theatrical revenues in the prior year's second quarter benefited from the strong worldwide theatrical performance of Hancock. There was no comparable major theatrical release in the current year's second quarter. Home entertainment revenues decreased due to fewer releases in the current year's second quarter, as well as continued weakness in the home entertainment market. An operating loss of JPY6.4b was recorded, compared to operating income of JPY11b in the same quarter of the previous fiscal year. This deterioration was due to the reasons for the decrease in sales I just explained, and higher marketing costs incurred in support of upcoming theatrical releases. In addition, the prior year's second quarter results included the benefit from the sale of European cable television channel by an equity affiliate. Sales in the Music segment increased significantly, primarily due to the fact that the results of Sony Music Entertainment were consolidated by Sony as a wholly owned subsidiary beginning October 1, 2008. Operating income of JPY32.8b was recorded, as compared to an operating loss of JPY25.3b in the same quarter of the previous fiscal year as a result of an improvement in the profitability at Sony Life. Operating income at Sony Life was JPY30.4b, as compared to an operating loss of JPY25.5b in the same year (sic) of the previous fiscal year due to an improvement in -- Sorry. On a pro forma basis, had SME been fully consolidated for the previous fiscal year, sales in the Music segment -- for the second quarter of the previous fiscal year would have been JPY128.2b. Compared with those pro forma basis, Music segment sales during the current quarter decreased 3% to JPY124.5b, when converting the US dollar sales of our US subsidiaries using the same yen to the dollar exchange rate, as the same quarter of the previous year sales increased 6% year-on-year. Although revenues were favorably impacted by sales of Michael Jackson catalog product, Music segment sales decreased primarily due to the accelerated decline in the physical music market brought on by the worldwide economic slowdown and the impact of appreciation of the yen. In addition to Michael Jackson's catalog albums, best-selling albums during the year included Whitney Houston's 'I Look To You'. Operating income increased significantly year-on-year, primarily due to the consolidation of 100% of SME and increased operating income of SMEJ. On a pro forma basis, had SME been fully consolidated for the previous fiscal year, operating income of the Music segment for the second year (sic) of the previous fiscal year would have been a loss of JPY3.5b. Compared with the pro forma business, operating loss Music segment -- operating income during the quarter improved by JPY12.1b to JPY8.6b. This improvement was primarily due to the contribution of Michael Jackson catalog product sales, as well as a year-on-year decrease in overhead and restructuring costs. Financial Services revenue increased 101% year-on-year, due to an increase in revenue at Sony Life. The Japanese stock market, which had declined significantly in the same quarter of the previous year due to the global financial crisis, remained stable this quarter. As a result, revenue at Sony Life increased 135% to JPY171.3b. This was due to an improvement in net gains from investments in the separate account, an improvement in valuation gains from investments in convertible bonds in the general account and an improvement in net gains from other investments in the general account. An increase in revenue from insurance premiums, reflecting a higher policy amount in force, also contributed to the revenue increase. Operating income of JPY32.8b was recorded, as compared to an operating loss of JPY25.3b in the same quarter of the previous fiscal year, as a result of an improvement in profitability at Sony Life. Operating income at Sony Life was JPY30.4b, as compared to an operating loss of JPY25.5b in the same quarter of the previous fiscal year, due to the improvement in net valuation gains from investments in convertible bonds and the improvement in net gains from other investments in the general account. Sony Ericsson sales decreased 42% year-on-year, driven by significantly lower unit shipments as a result of continued challenging market conditions in all regions. Loss before taxes of EUR302m (sic - see press release) was recorded due to significantly decreased sales and unfavorable exchange rates. Now, I would like to begin question and answers. Questions and Answers-----Unidentified Company Representative [1]----- Please speak into the microphone, and before your question please identify yourself by name and affiliation. If there is English question, that will be translated into Japanese consecutively and then there will be an answer. Because of the time constraint, we would like to limit the number of questions to two per person. Please cooperate with us. Thank you.----- Kota Ezawa, Citigroup Securities - Analyst

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[2]----- Citigroup Securities, Ezawa. Citigroup Limited, Ezawa. There are two questions. First, you have revised your plan. The amount of the revision, I would like to know the breakdown, which business group has revised upward from the original plan and so on, so breakdown by segment or by business group. I would like to ask the second question

later.----- Nobuyuki Oneda, Sony Corporation - Representative Corporate Executive Officer, Executive Deputy President and CFO

[3]----- First, JPY50b improvement from the previous forecast. One reason behind this improvement is Consumer Products group, JPY30b improvement in Consumer Products and Devices group. And the finance related business, a JPY15b improvement. Other than that, headquarters and minor items, if we add all of them all up, I would say JPY15b to JPY20b. Very roughly speaking, those are the breakdown.----- Kota Ezawa, Citigroup Securities - Analyst

[4]----- Yes. Well, you don't add up to JPY50b. JPY30b, Financial Services JPY15b, that's JPY45b. And you said the others JPY1.5b (sic), so the total is JPY60b, actually. Now, CPD JPY30b - would you give a detailed explanation, Consumer Products and Devices group?----- Nobuyuki Oneda, Sony Corporation - Representative Corporate Executive Officer, Executive Deputy President and CFO

[5]----- CPD, JPY30b improvement, roughly speaking. Personal imaging and sensor will have an improvement compared to the previous forecast. The device solutions and semiconductor business, I think we can see improvement in those business groups. TV is about the same as we have forecast in the past.----- Kota Ezawa, Citigroup Securities - Analyst

[6]----- Thank you very much. One other question, about structural transformation. Closure and sale of factories you mentioned but, for example, LCD TVs and digital cameras or camcorders, those are three major products. What is the percent of in-house production and how will it change in the future?----- Nobuyuki Oneda, Sony Corporation - Representative Corporate Executive Officer, Executive Deputy President and CFO

[7]----- Well, we are not disclosing those information by product, but as far as TV is concerned, I think outsourcing percentage will gradually increase. [Tiffana] plant will not be there. So outsourcing -- percentage of outsourcing will increase for TVs. For digital cameras, I would say that there is a vertical integration in producing digital cameras, so in-house production ratio remains high compared to outsourcing. As far as camcorders are concerned, we have high-value-added models which are produced internally, so the percentage of ODM I think will be rather low. VAIO and others, production infrastructure is quite common, so I think there is a high percentage of outsourcing. Game, as you know, most of the production of game hardwares are outsourced.----- Gen Tsuchikawa, Sony Corporation - Senior General Manager, IR

[8]----- Let me complement one or two things. In the mass media, especially on TV, we discuss outsourcing or we are getting closer to -- with other companies and there seems to be high level of cooperation. There are a lot of rumors.----- Kota Ezawa, Citigroup Securities - Analyst

[9]----- But as far as TV is concerned, though we do not have any target or percentage of outsourcing, what sort of business style we should image in the future? Could you explain what is your image of business model?-----

Nobuyuki Oneda, Sony Corporation - Representative Corporate Executive Officer, Executive Deputy President and CFO

[10]----- Well, in November, when we provide -- when we give explanation of management strategy, I can give you more detailed explanation. But my basic idea is, as far as core factories, not the mass -- no, rather design and production technology, critical portions, engineering centers or plants which serve as engineering center, or who provide guidance to other outsourced plants, we have to have one or two those critical and important plants which serve as the core. As far as we do LCD business, assembly will be outsourced gradually. I think that will be the

direction.----- Kota Ezawa, Citigroup Securities - Analyst

[11]----- Thank

you.----- Nobuyuki Oneda, Sony Corporation -

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Representative Corporate Executive Officer, Executive Deputy President and CFO

[12]----- One addition. These SC, low-end S Series, for example, of digital still cameras, we will leverage ODM for the low end. So, depending on the volume, of course the percentage of ODM will change, but I would say several tens of percentage. Or camcorders, high-end camcorders will be internally produced even in the future. But the most -- the lowest end camcorders, which are sold in the UK and the USA, we use ODM.----- Unidentified Company

Representative [13]----- Let's go to the neighbor.-----

Yasuo Nakane, Deutsche Securities - Analyst [14]----- Nakane of Deutsche Securities. My question is on Game and TV, starting with TV. Third quarter volumes and your view on P&L. 8.6m I think is the number of units that you will sell. Provided that you accelerate the launch of new models, I think you will have to do away with inventory as much as possible, the existing model, so that you can bring in new model. So probably, the third quarter, the losses will be greater so that the fourth quarter would be profitable, or would it be otherwise? But I am trying to look at the numbers, so I would appreciate those numbers as well as your view.-----

Nobuyuki Oneda, Sony Corporation - Representative Corporate Executive Officer, Executive Deputy President and CFO

[15]----- TV, the third quarter and fourth quarter volumes, I think what you mentioned is quite right, 8.6m or 8.9m, if you add the first and second quarters. And then, as long as 15m remains the same, those numbers would still be valid. On the profit side, as you have said, we would like to launch the next year spring model as early as possible, front load the launch, if you will. And by doing so, the models for 2009 sales will have to be promoted probably by reducing the prices. Therefore, during third and fourth quarter, that would take place, in other words.-----

Yasuo Nakane, Deutsche Securities - Analyst [16]----- So would it be profitable in the third quarter? What will be the situation fourth

quarter?----- Nobuyuki Oneda, Sony Corporation - Representative Corporate Executive Officer, Executive Deputy President and CFO

[17]----- It's too premature to say. But certain price discounts and promotional efforts would indeed take place in the third and fourth quarters.-----

Yasuo Nakane, Deutsche Securities - Analyst [18]----- So you believe that for the entire year you'll end up with JPY50b? And is this sort of a -- have you incorporated the risk?-----

Nobuyuki Oneda, Sony Corporation - Representative Corporate Executive Officer, Executive Deputy President and CFO

[19]----- Yes. I think we are being very cautious and the reason why we are cautious or opted to be cautious is that there will be promotional expenses and price discount impact in the TV.-----

Yasuo Nakane, Deutsche Securities - Analyst [20]----- Thank you. The second question is on the Game. Can you give the numbers, the write-downs, the inventories? I think you've reduced it substantially in the first half. Looking at the assumptions in the software, what would happen in the second half of the year?-----

Nobuyuki Oneda, Sony Corporation - Representative Corporate Executive Officer, Executive Deputy President and CFO

[21]----- The Game business, the write-down -- the balance of the write-down, we still have a little less than valuation loss of JPY20b. In terms of the draw-down or the reversal, we have progressed in the cost reduction and have managed to reduce the inventories. So the impact would not be as large as it used to be. That's point one. What was the other question? The second half Game volume. As you know, PS3, there was a price reduction by \$100 and every week we are achieving 200,000 units. That trend continues. For the entire fiscal year, I think 13m is quite achievable. There will be launches, releases of software titles. We'll see the enriching of the software titles. So PSP, PS2, other platforms, would -- the results of those would be within our assumption or expectation, JPY21.6b of valuation

loss.----- Yasuo Nakane, Deutsche Securities - Analyst

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[22]----- So, as far as the Game is concerned, your forecast that you have made in July still remains intact, or there has not been any change, the valuation is still JPY21.6b?----- Yuji Fujimori, Barclays Capital - Analyst

[23]----- Barclays Capital, Fujimori. The second quartile that you have just closed, vis-a-vis the budget, how well did you do? Can you quantify? And can you give the breakdown by segment or by product? If you could explain in as easy a way as possible.----- Nobuyuki Oneda, Sony Corporation - Representative Corporate Executive Officer, Executive Deputy President and CFO

[24]----- I mentioned the figure JPY60b, of which JPY15b comes from Financial Services, JPY30b CPD segment. And of the Consumer Products and Devices, digital camera, camcorders account for a large percentage. Devices, semiconductor, again, will contribute. TV, there has not been any big change. In other areas, if you add on those minor improvements plus the corporate and headquarter expenses which were reduced, that would add up to JPY60b. I'm afraid I will not be able to give you further details.----- Yuji Fujimori, Barclays Capital - Analyst

[25]----- That's for the entire year. My question was on this particular second quarter that you have just closed.----- Nobuyuki Oneda, Sony Corporation - Representative Corporate Executive Officer, Executive Deputy President and CFO

[26]----- For the second quarter, compared to the earlier forecast, Consumer Products group, I think JPY15b of improvement, again, attributable to the digital camcorder contributions, devices, semiconductors. TV and Game, the forecast has not changed. Personnel solution group, JPY10b altogether. So if you add them together, you get JPY25b. Financial Services, JPY15b approximately. Ericsson is in the negative but, again, compared to July it's better. Corporate headquarters, other groups, altogether would add up to JPY16b. So that the second quarter alone, we're better by JPY60b vis-a-vis the July.----- Yuji Fujimori, Barclays Capital - Analyst

[27]----- What is personnel?----- Nobuyuki Oneda, Sony Corporation - Representative Corporate Executive Officer, Executive Deputy President and CFO

[28]----- Networked Products and Services. It's essentially Game.----- Yuji Fujimori, Barclays Capital - Analyst

[29]----- Now, TV, first quarter proved to be better than expected, which means that you anticipated more risk in the second quarter. I think that that's been your previous statement. So, it's hard to believe that the TV ended as you have forecasted. So apparently the figure for TV was much better than you planned. You mentioned JPY11b. And also, as you go into the second half of the year, what are the risk factors for the entire year guidance? You said you're going to reduce the red by half. What are the elements that will contribute for the betterment? So if you can comment on those aspects.----- Nobuyuki Oneda, Sony Corporation - Representative Corporate Executive Officer, Executive Deputy President and CFO

[30]----- The second quarter TV losses or -- to be very frank with you, there are two views. And headquarter will not improve TV. They said it would improve. So we are using the consolidated numbers, so the second quarter TV losses are within what we have assumed or projected. So, in that context, first half we did not see much change compared to what we had envisioned at the beginning. True, we talked about the possibility of turnaround or being profitable after the second quarter, but as you would all know, as the time elapsed the LED backlight Samsung products proved to be quite successful. And therefore, in terms of product strength, we fared poorly vis-a-vis such products of our peer. So, during the second half, there would be a significant erosion of the prices, requiring the downward revision again. In the earlier financial briefing, we talked about that we have incorporated the risk factor of the price declines and we tried to be very cautious and conservative. But of course it is, to some extent, offset by operational improvement. Therefore, looking at the second half, the net difference ended up in somewhat a smaller number than you might think.----- Unidentified Company Representative



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[31]----- The person who is raising his hand in the middle column -- middle row.----- Kazuharu Miura, Daiwa Securities SMBC - Analyst [32]----- Miura from Daiwa Securities SMBC. My first question, again, if I could sort out the things with respect to the upward revision for the full year. Excluding the restructuring charge and others, I think it's a JPY80b upward revision, JPY60b for the first half and the JPY20b upward revision in the second half. Is this correct? If this is correct, then, as for the second half, what did you revise upward or downward, if you could give us a

breakdown?----- Nobuyuki Oneda, Sony Corporation - Representative Corporate Executive Officer, Executive Deputy President and CFO

[33]----- Right. Yes, as you say, the restructuring charges are included. That's why it's rather difficult to understand. So let's sort things out. The JPY80b is the basis restructuring charges and the -- if you include the profit in the equity, in Consumer Products group there was an improvement by JPY40b. As I said before, the restructuring charges are JPY10b at CPD. After restructuring, JPY30b is the figure. And the restructuring charges belongs to the second quarter, so CPD's second quarter improvement prior to restructuring is JPY5b -- JPY25b, rather, JPY25b.----- Kazuharu Miura, Daiwa Securities SMBC - Analyst [34]-----

If that is the case, then JPY60b up in the first half and that includes restructuring charges, so as for the second half there is no revision? Is this correct?----- Nobuyuki Oneda, Sony Corporation - Representative Corporate Executive Officer, Executive Deputy President and CFO

[35]----- No, it went down by JPY10b because of the income in equity.----- Kazuharu Miura, Daiwa Securities SMBC - Analyst [36]-----

Then, secondly, if you could just give us a feel now for Christmas sales, and I think you're beginning to ship your products to dealers. What is the situation of delivery and what are the thoughts or responses from dealers?----- Nobuyuki Oneda, Sony Corporation - Representative Corporate Executive Officer, Executive Deputy President and CFO

[37]----- Actually, we really can't see what is going on very well so we are being cautious. It is true that in some countries this outlook seems rather difficult. But overall, with respect to the volume of our sales, perhaps one can say that things are moving rather smoothly. But then it depends on how the prices, or not just the prices but of course we may have to incur promotional cost and that is not something we can see very clearly at this moment.----- Gen Tsuchikawa, Sony Corporation - Senior General Manager, IR

[38]----- If I may add, probably in Japan, China and the rest of Asia, in these regions, the demand seems rather robust. But in Europe and America, the situation seems tough. But in terms of volume, we can have a good expectation but the prices with respect to TV may be an issue.----- Unidentified Company Representative

[39]----- Next question. Yes, person over there.----- Mr. Yasuda, ACE Economic Research Institute - Analyst [40]-----

Yasuda from [ACE] Economic Research Institute. I have two questions. Oneda-san said the PCs, 200,000 units are selling a week. Now, if you look at it from the first half, I don't think you can achieve 13m. Why do you say you can achieve it?----- Nobuyuki Oneda, Sony Corporation - Representative Corporate Executive Officer, Executive Deputy President and CFO

[41]----- With respect to -- well, 200,000 units, I said. That's -- when was it? Well, still 200,000 units. I think it's been -- well, we have been selling 3m units since the launch, or nearly 2m. Already that number has been achieved. So the 12m units a year is achievable, we believe, 13m, 13m.----- Mr. Yasuda, ACE Economic Research Institute - Analyst [42]-----

I see. Secondly, I would like to ask you a question about software. There was an explanation meeting by Nintendo, and North America and Europe the games software market is in a decline. Particularly, PS2 is declining. That was what was explained in the presentation.

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But if you look at the numbers, the software unit sales for the full year has not been reviewed. Given the market that is deteriorating, I feel uncomfortable. Now, with respect to the game software for the Christmas season, how do you look at it?----- Nobuyuki Oneda, Sony Corporation -

Representative Corporate Executive Officer, Executive Deputy President and CFO

[43]----- Right now, the official number has not been changed because toward the Christmas selling season there's going to be major titles that will be launched. So the number, I don't think at this point in time it will have to be

changed.----- Mr. Yasuda, ACE Economic Research Institute - Analyst [44]----- Thank

you.----- Unidentified Company Representative

[45]----- Next question. Please, the third row from the front.----- Masahiro Ono, Morgan Stanley - Analyst

[46]----- Morgan Stanley. Ono is my name. One question.

In the first quarter results, JPY100b difference. TV price was stable in the first quarter, but this time JPY60b upward surprise. Last time it was JPY100b in the first quarter. And in the second half you're discounting risks and you have actually conservative numbers. Of course upward surprise is welcomed by us, but the cost reduction, is there any possibility that you might have better results because of better cost reduction benefit? Can you expect more in the second half or will there be an accelerated cost transformation, or cost reduction efforts? In other words, other than the external market factors, because of internal efforts, will there be any room for improvement?----- Nobuyuki Oneda, Sony Corporation -

Representative Corporate Executive Officer, Executive Deputy President and CFO

[47]----- I would say fixed cost reduction is one of the efforts we can make internally. That is the biggest point from a shorter period of time. Materials cost will not change that much. So, if there is an upside, some room, there is some, but I think a downside risk of price erosion might be bigger than the upside potential.----- Masahiro Ono, Morgan Stanley - Analyst [48]----- Thank

you.----- Kazumasa Kubota, Okasan Securities - Analyst

[49]----- Okasan. I'm Kutbota, Okasan Securities. LCD TVs and procurement of panels for LCD, I would like you to update the present situation. Well, because of the difficult environment on market, profitability of the LCD is difficult and LED backlight is now attracting a lot of attention in the market, and you might have to review the supply chain of LCD TVs. And on July 30 there was talk of alliance with Sharp and up until 72K Sharp will cover that, but then the introduction of LED, so the alliance between yourself and Sharp might change in the future. Would you touch upon that? In other words, because of the introduction of LED, your panel procurement strategy, will it change or not?-----

Nobuyuki Oneda, Sony Corporation - Representative Corporate Executive Officer, Executive Deputy President and CFO [50]----- As I mentioned beforehand, in December

this year JPY10b, I would say 5% to 7%, and November 2011, JPY20b. The last year, 3-point-some billion -- JPY30b or so, I would say 34% and one-third. We have that sort of plan. And in line with this procurement plan, we purchase from Sharp. So first one or two years, the percentage of procurement from Sharp will not be that big. Most of the procurement will come from SLCD or from Taiwan. That will be the situation for the first one or two years. So, with this as a backdrop, how are we going to purchase panels in a smart way? Of course that will be a key for us. In November meeting, I think I can give a more detailed explanation on our strategy. We would like to have a better way to handle our supply chain, that is true, and we should use standard panels instead of Sony specification panels. I think there are various room to be ingenious and I think they're necessary. As far as backlight is concerned, or LED backlight, LED backlight supply is concerned, already we have secured the supply of LED backlight, so there is no concern about it.----- Kazumasa Kubota, Okasan Securities - Analyst [51]----- What about SLCD? SLCD,

does it manufacture panels with the LED backlight? Can they supply sufficient units of panels to you?----- Nobuyuki Oneda, Sony Corporation -

Representative Corporate Executive Officer, Executive Deputy President and CFO

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[52]----- I would say, of course, you have to ask that question to SLCD. I cannot give answers. But as far as the volume we asked for, there isn't any direct talk that they cannot fulfill that amount.----- Hitoshi Kuriyama, Merrill Lynch - Analyst [53]----- Kuriyama from Merrill Lynch. First question is a very simple question. According to our PS calculations, PS3 hardware, when are you going to achieve a turnaround, negative spread that will disappear? There's a JPY20b write-down or devaluation. I think that's rather small. So I'd like to know when you will reverse this negative

spread.----- Nobuyuki Oneda, Sony Corporation - Representative Corporate Executive Officer, Executive Deputy President and CFO

[54]----- Well, this negative margin, I would say about 10% or in that range by the end of this year. I would say 5% or so, middle of the one-digit number. And overcoming the red figure, it might be difficult to achieve this before the end of this fiscal year because we reduced the price by JPY100 (sic). So I think it might be in fiscal 2010 to achieve the turnaround. But if we combine software and hardware, and on the level of gross profit, we are already in the black

ink.----- Hitoshi Kuriyama, Merrill Lynch - Analyst

[55]----- One other question is in November I said you will give a meeting -- you will have a meeting to explain management strategy and that might be the right time. In the management, do you have any targets or objectives to which direction you would like to make efforts? Can you say something about this?----- Nobuyuki Oneda, Sony Corporation - Representative Corporate Executive Officer, Executive Deputy President and CFO

[56]----- Well, can you wait for the next meeting and please look forward to hearing from us? Well, we have to clearly set up and announce KPIs. We have them -- I have some important KPIs in my mind, but we haven't reached any consensus.----- Unidentified Audience Member

[57]----- I have two questions. Again, at the risk of repetition, the profitability of TV. You're transferring to Han Hai and you're taking those actions. Samsung have generated 80b of profit in this quarter and in the meantime your target is quite low. So what is your direction? 80b of profit for a single quarter. If you overcome all the problems you have, will you be able to be as profitable as the peer or do you think that the best you can do is to be a little over breakeven

point?----- Nobuyuki Oneda, Sony Corporation - Representative Corporate Executive Officer, Executive Deputy President and CFO

[58]----- That would exactly be what will be discussed in the strategy meeting. But in the meantime let me share some of my personal thoughts, and I must qualify this is still my personal thoughts. The LCD TV, if we just stay with the existing LCD TV, 10% margin like Samsung would be very difficult to achieve. It's because Samsung has a vertical production scheme and it's likely that LCD TV volume will increase and they can use the facilities that are already fully depreciated. That's an advantage to them. And also, there are some signs of won appreciation recently but, compared to last year, won has gotten weaker by 30% on a year-on-year basis. And of course Samsung has some very appealing products as well. So, in the short run, if you try to catch up with just the hardware, that would be quite a stretched challenge. Ishida is in charge of TV business, so he's thinking about beyond hardware in processes. So we have to look at the business model beyond hardware and that's exactly in the minds of the people who are working on the TV. So I hope you can wait until November, when we can discuss about that, what comes beyond, and I'm sure we can discuss about those future. It could be 3D, OLED or even some other device. And we are working on those future products and devices as well, so how to go into those new areas and still make sure that the TV business would be a viable business is something that we will be discussing in November.----- Unidentified Audience Member

[59]----- Thank you again. The same argument, the losses of Sony Ericsson is formidable and they are losing the market share. And in the Smartphone area, the inroads by the Chinese are again becoming more active and even Samsung is having difficulty. So, even with newer products, Sony Ericsson continued to not generate any profit. Of course, it's a separate entity and it's difficult to explain, but can you talk about the direction of Sony Ericsson as well?-----

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Nobuyuki Oneda, Sony Corporation - Representative Corporate Executive Officer, Executive Deputy President and CFO [60]----- The Ericsson platform was -- is [one], as you might know. For the high-end segment of the market, using the Microsoft OS or using Android and using the Symbian OS, we have to expend or open up the platform for the higher end to be competitive. True, when you want to create new models, you need 12 to 18 months in the world of phones so there are some delays on that. But as we go into the 2010, there will be newer models coming into the market, so I think you will see that we will catch up. In terms of the Smartphones, they're losing market share, particularly in the developing nations. In Latin America, it's true that the market share's getting smaller. In those areas, I think they need to strengthen the entry model. But it's not low end of the low end, but it has to be the 3G, relatively lower end of the model. I think those products will have to be introduced in such areas, so that we can cultivate the markets of the developing nations. Their budget starts in January and the review is in progress. The current share of 5% we believe would be the

bottom.-----Unidentified Company Representative

[61]----- Thank you. Now we are running out of time, so we'd like to entertain the last question.----- Eiichi

Katayama, Nomura Securities - Analyst [62]-----

Katayama from Nomura. Now, the restructuring charges of JPY130b, the added portion, just JPY20b. Based on this, what would be the effect of the structural transformation in the next fiscal year? And also, this year, from the middle of the year you have been trying to reduce the material cost. And right now, what sort of effect have you achieved? I think it is difficult for you to grasp that, but based upon the new structuring charges. And also, the effect of the cut down of raw material costs. I think you review that next year, but if you could just give us your feel with respect to the baseline cost reduction towards the next year, what expectation do you have towards the next

year?----- Nobuyuki Oneda, Sony Corporation - Representative Corporate Executive Officer, Executive Deputy President and CFO

[63]----- One of the transformation of our structure, well, I think we will see the effect of the investment that was made last year. I think it was JPY70b plus, JPY70b was invested. And this effect was JPY102b and this year JPY130b, so JPY86b. So, in total, that's about JPY200b. And so money was spent and people are laid off and buildings were worked on and so we say JPY330b. But in addition to this, the -- well, including the [-- at pro] the regular expenses reduction is also included. So this year's effect of the structural transformation and also the cost reduction, given all this, I think by the end of this year I think we'll have a feel. That includes the investment from the last fiscal year, so probably JPY320b compared with the previous year. I think this is achievable. That's realizable, we believe. So, from that perspective, when it comes to the genuine structuring charge, there was an effect. And also, there's going to be an effect of the regular cost reduction. If you add the two, the number will exceed JPY300b. More than JPY300b will be -- can be cut down. And also, with respect to the materials, so far, to the tune of about 20%, well, JPY2.5b -- JPY2.5 trillion, so that's why we say the JPY250b. But 90% of that, we now see that we have achieved that. So, overall, we are saying the rate is 90%. That's about JPY450b. But excluding the Games, if you just look at the former -- what is formerly called Electronics, that's about JPY420b. JPY420b will be realized by the end of this fiscal year. And also, we have been talking about the expenses reduction. Again, if you just look at Electronics, that's JPY270b, JPY280b. But there is a negative factor. Compared with the previous year, ForEx will just cut JPY80b. So, the -- and the worst thing is the effect from the price reduction and that's about JPY570b. This is quite regrettable. So this would offset a large part of our effort. And that is the net effect of -- these are the negative factors, the prices as well as ForEx, against our effort for structural transformation. So we are at a very difficult

period.-----Unidentified Company Representative

[64]----- Now the time is over. With this, we would like to wrap up today's meeting. Thank you very much for your attendance.-----Editor

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