

**SONY**

## **FY2007 Consolidated Results**

(Year ended March 31, 2008)

Sony Corporation Investor Relations

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Sony Corporation Investor Relations

## FY07 Consolidated Results

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(bln yen)

	FY06	FY07	Change	Change (LC*)
Sales & operating revenue	8,295.7	8,871.4	+6.9%	+6%
Operating income**	71.8	374.5	+421.9%	+264%
Income before income taxes	102.0	466.3	+357.0%	
Equity in net income of affiliates	78.7	100.8	+28.2%	
Net income	126.3	369.4	+192.4%	
Net income per share of common stock (diluted)	120.29 yen	351.10 yen	+191.9%	
Restructuring charges***	38.8	47.3	+8.5	

Foreign exchange impact		Average Rate	FY06	FY07
Sales & operating revenue:	approx. +59.6 bln yen	1 Dollar	116 yen	113 yen
Operating income:	approx. +113.5 bln yen	1 Euro	149 yen	160 yen
		Other currencies		Yen 4% weaker

- \* Local currency (LC) basis: change that would have occurred with no year-on-year change in exchange rates
- \*\* 1. FY06 includes a provision of 51.2 bln yen for expenses relating to a voluntary notebook computer battery pack recall and our voluntary global replacement program, while FY07 includes a reversal of the same provision totaling 15.7 bln yen and 2. FY06 & FY07 include a gain on the sale of a portion of the site of Sony's former headquarters of 21.7 bln yen and 60.7 bln yen, respectively
3. FY07 includes a 15.6 bln yen gain relating to the sale of a portion of Sony's semiconductor operations in Nagasaki, and a 10.0 bln yen gain on the sale of an urban entertainment complex in Berlin
- \*\*\* Restructuring charges are recorded as operating expenses

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## FY07 Segments & Affiliates

SONY

(bln yen)

CONSOLIDATED SEGMENTS		FY06	FY07	Change	Change (LC*)
Electronics	Sales	6,072.4	6,613.8	+8.9%	+8%
	Operating income**	160.5	356.0	+121.8%	+72%
Game	Sales	1,016.8	1,284.2	+26.3%	+24%
	Operating income	-232.3	-124.5	-	-
Pictures	Sales	966.3	857.9	-11.2%	-9%
	Operating income	42.7	54.0	+26.5%	+37%
Financial Services	Revenue	649.3	581.1	-10.5%	
	Operating income	84.1	22.6	-73.1%	
All Other	Sales	355.1	382.2	+7.6%	
	Operating income***	28.9	50.2	+73.9%	

- \* Local currency (LC) basis: change that would have occurred with no year-on-year change in exchange rates (for the Pictures segment refers to change on a US\$ basis)
- \*\* FY06 includes a provision of 51.2 bln yen for expenses relating to a voluntary notebook computer battery pack recall and our voluntary global replacement program. FY07 includes a reversal of the same provision totaling 15.7 bln yen as well as a 15.6 bln yen gain relating to the sale of a portion of Sony's semiconductor operations in Nagasaki
- \*\*\* FY07 includes a 10.0 bln yen gain on the sale of an urban entertainment complex in Berlin

MAJOR EQUITY METHOD AFFILIATES		4/06 - 3/07	4/07 - 3/08	Change
Sony Ericsson (mln euros)	Sales	11,892	12,693	+7%
	Income before taxes	1,509	1,405	-7%
SONY BMG (mln dollars)	Sales	4,101	3,934	-4%
	Income before taxes	135	257	+90%

Sony Ericsson Mobile Communications AB & SONY BMG MUSIC ENTERTAINMENT are 50-50 joint ventures with LM Ericsson & Bertelsmann AG, respectively, both of which are accounted for by the equity method.

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Policy

- 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

Dividends for FY07 and FY08

**FY07**

Year-end cash dividend: 12.5 yen per share (Total annual cash dividend 25.0 yen)

**FY08 (Plan)**

Annual cash dividend: Regular annual dividend of 40.0 yen (An increase of 15 yen), upon careful consideration of Sony's results for the current fiscal year and other factors

Special cash dividend: 10.0 yen, for rewarding our shareholders for the successful global IPO of SFH and in appreciation of their support during the implementation of our three-year restructuring program as well as other corporate initiatives which resulted in record consolidated net income in FY07

As a result, Sony plans to pay a total annual dividend of 50.0 yen (An interim dividend of 30.0 yen and a year-end dividend of 20.0 yen)

Goal (By end of FY07)	Achievements			
	FY05	FY06	FY07	FY05 + FY06 + FY07

Consolidated Operating Income Margin *	5%	2.0%	0.9%	4.2%	-	**
		3.9%	1.3%	4.8%	-	***
Electronics Operating Income Margin *	4%	-1.1%	2.6%	5.4%	-	**
		1.4%	3.3%	6.1%	-	***

✓ Cost Reductions (bln yen)	200	38	137	32	207
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✓ Manufacturing Sites	11 out of 65	9	0	2	11
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**Goals achieved by the end of FY06**

**Model count reduction (-20% vs. FY05), Headcount reduction (10,000), Asset sales (120 bln yen)**

- ✓ = Goal achieved: Cost Reductions (207 bln yen by Q3 FY07), Manufacturing Sites (by Q4 FY07)
- \* Operating income margin, excluding pension return benefits
- \*\* Operating income margin, including restructuring charges
- \*\*\* Operating income margin, excluding restructuring charges

**FY08 Consolidated Results Forecast**
**SONY**

(bln yen)

	FY07	FY08 FCT	Change
<b>Sales &amp; operating revenue</b>	<b>8,871.4</b>	<b>9,000</b>	<b>+1%</b>
<b>Operating income</b>	<b>374.5*</b>	<b>450</b>	<b>+20%</b>
Restructuring charges (included above)	47.3	20	-58%
<b>Income before income taxes</b>	<b>466.3</b>	<b>440</b>	<b>-6%</b>
<b>Equity in net income of affiliates</b>	<b>100.8</b>	<b>70</b>	<b>-31%</b>
<b>Net income</b>	<b>369.4</b>	<b>290</b>	<b>-22%</b>
<hr/>			
<b>Capital Expenditures</b>	<b>335.7</b>	<b>430</b>	<b>+28%</b>
for semiconductors (included above)	90	110	+22%
<b>Depreciation &amp; Amortization**</b>	<b>428.0</b>	<b>420</b>	<b>-2%</b>
<b>Research &amp; Development</b>	<b>520.6</b>	<b>540</b>	<b>+4%</b>
<hr/>			
<b>Foreign Exchange Rates</b>	<b>FY07 Actual</b>	<b>FY08 Assumption</b>	
<b>1 Dollar</b>	<b>113 yen</b>	Approx. <b>100 yen</b>	
<b>1 Euro</b>	<b>160 yen</b>	Approx. <b>158 yen</b>	

\* Includes a reversal totaling 15.7 billion yen of the provision for expenses relating to a voluntary notebook computer battery pack recall and our voluntary global replacement program, a 60.7 bln yen gain on the sale of a portion of the site of Sony's former headquarters, a 15.6 bln yen gain relating to the sale of a portion of Sony's semiconductor operations in Nagasaki, and a 10.0 bln yen gain on the sale of an urban entertainment complex in Berlin

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

**FY08 Consolidated Results Forecast – Breakdown by Segment**
**SONY**

(bln yen)

	FY07	FY08 FCT	Change
<b>Sales &amp; operating revenue</b>	<b>8,871.4</b>	<b>9,000</b>	<b>+1%</b>
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<b>Income before income taxes</b>	<b>466.3</b>	<b>440</b>	<b>-6%</b>
<b>Equity in net income of affiliates</b>	<b>100.8</b>	<b>70</b>	<b>-31%</b>
<b>Net income</b>	<b>369.4</b>	<b>290</b>	<b>-22%</b>

**Electronics**

Despite an expected increase in sales primarily of BRAVIA™ LCD televisions, VAIO™ PCs and Cyber-shot™ digital cameras, sales are expected to be flat compared to FY07 mainly due to the impact of the appreciation of the yen against the U.S. dollar. Although a significant improvement in operating profitability is expected for the television business, overall operating income is expected to decrease mainly due to the impact of the appreciation of the yen against the U.S. dollar.

**Pictures**

A decrease in sales is expected mainly due to the impact of the appreciation of the yen against the U.S. dollar. A decrease in operating income is anticipated as the benefit from the sale of a bankruptcy claim against KirchMedia in FY07 is not expected to recur in FY08.

**Game**

Despite an expected decrease in Game segment sales in connection with a decrease in sales for the PS2 business, the Game segment as a whole is expected to have positive operating income for FY08 as the profitability of the segment will improve significantly as a result of hardware cost reductions and an enhanced line-up of software titles in the PS3 business.

**Financial Services**

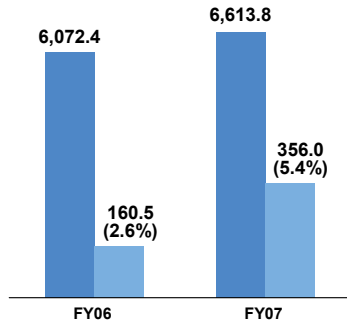
The effect of gains and losses on investments at Sony Life due to stock market fluctuations are not incorporated within the forecast for FY08. Therefore, we anticipate a significant increase in revenue and operating income within the segment compared to FY07 which experienced the effect of a downturn in the Japanese stock market.

\* Includes a reversal totaling 15.7 billion yen of the provision for expenses relating to a voluntary notebook computer battery pack recall and our voluntary global replacement program, a 60.7 bln yen gain on the sale of a portion of the site of Sony's former headquarters, a 15.6 bln yen gain relating to the sale of a portion of Sony's semiconductor operations in Nagasaki, and a 10.0 bln yen gain on the sale of an urban entertainment complex in Berlin

**Sales & Operating Income**

(bln yen)

**FY07 Results**



**Sales: Increased by 8.9%**  
(sales to outside customers increased by 9.0%)

- Increase: BRAVIA LCD TVs, VAIO PCs, Cyber-shot digital cameras
- Decrease: LCD rear-projection TVs

**Operating income: Increased 2.2x**

- (+) factors: Sales increase, Foreign exchange rates impact, SGA decrease
- (-) factors: Cost of sales deterioration

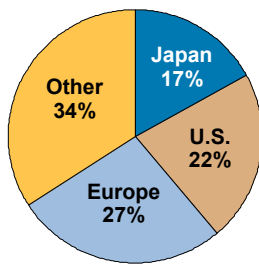
*By product category:*

- Increase: VAIO PCs, Cyber-shot digital cameras, System LSIs, Handycam® video cameras
- Decrease: BRAVIA LCD TVs

**Restructuring charges: 45.6bln yen (FY06: 37.4 bln yen)**

	Change	(LC)
Sales	+8.9%	+8%
Operating Income	+121.8%	+72%

Includes intersegment transactions; "LC" is local currency comparison; % under operating income is operating margin



Sales to outside customers excluding operating revenue 5,855.5 bln yen, +9% (LC +8%)

**Japan: -2%**

- Increase: Image sensors
- Decrease: Cellular phones

**U.S.: +2% (LC +4%)**

- Increase: BRAVIA LCD TVs, Cyber-shot digital cameras, VAIO PCs
- Decrease: LCD rear-projection TVs, CRT TVs

**Europe: +11% (LC +5%)**

- Increase: BRAVIA LCD TVs, VAIO PCs
- Decrease: Cellular phones

**Other Areas: +19% (LC +18%)**

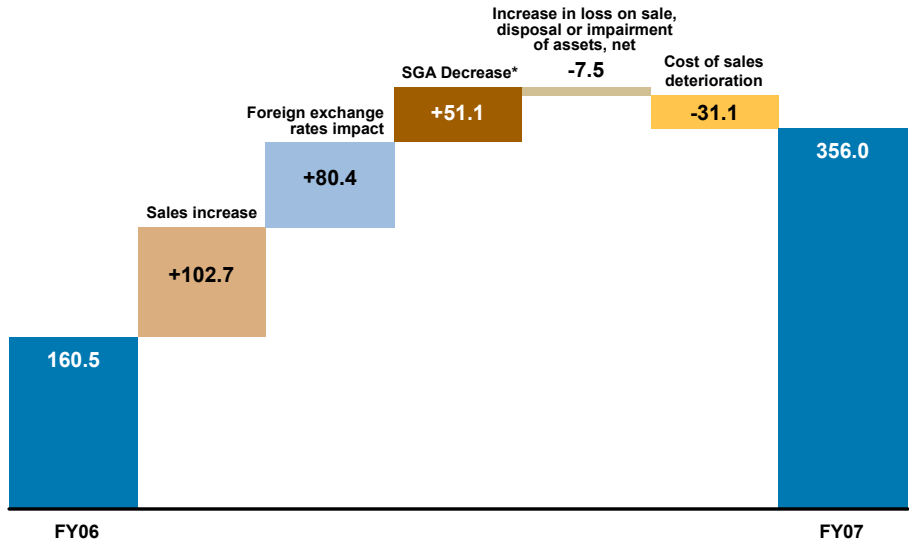
- Increase: BRAVIA LCD TVs, Cyber-shot digital cameras, VAIO PCs,
- Decrease: CRT TVs

Sales composition is based on customer location (yen basis); Sales are to outside customers and exclude operating revenue; "LC" is local currency comparison

**FY07 Electronics Operating Income**

**SONY**

(bln yen)

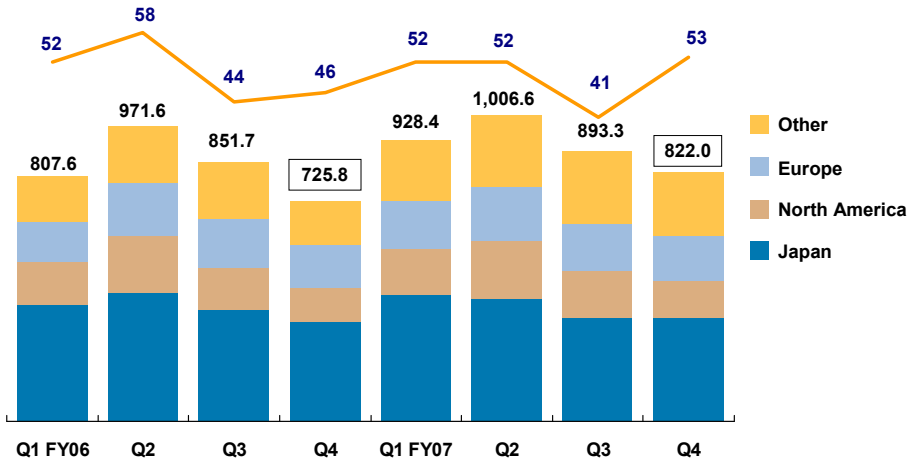


\* Primarily due to the recording in FY06 of a provision of 51.2 bln yen for expenses relating to a voluntary notebook computer battery pack recall and our voluntary global replacement program, and a reversal of the same provision totaling 15.7 bln yen, recorded in FY07.

**FY07 Electronics Inventory Levels by Area**

**SONY**

(bln yen, days)

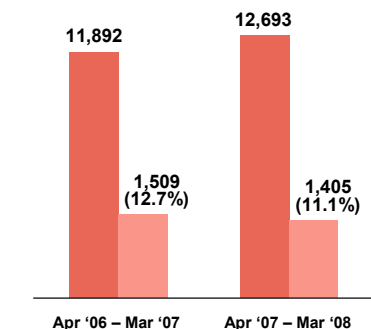


• 822.0 bln yen – a 96.2 bln yen increase from the end of last fiscal year, and a 71.3 bln yen decrease from the end of December '07

Bar graph: Inventory levels (bln yen)

Line graph: Inventory turnover (average beginning & ending inventory during the quarter divided by average daily sales in the quarter)

**Sales & Income Before Taxes** (mln euro)



**Apr '07 – Mar '08 Results**

**Continued unit shipment growth**

- Unit shipments up 25% YoY to 103.9 mln units
- Sales for the year increased 7% to 12,693 mln euro, due to the contributions of Walkman® phones and Cyber-shot phones
- Income before taxes decreased 7% to 1,405 mln euro, primarily due to an increase in R&D expenses as a percentage of sales

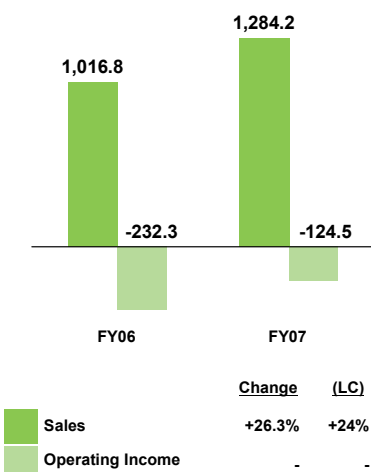
Sony recorded equity in net income of 79.5 bln yen

**Impact To Sony**

	4/06 – 3/07	4/07 – 3/08	Change
Net income (mln euro)	1,142	993	-13%
Equity in net income recorded by Sony (bln yen)	85.3	79.5	-7%

% under income before taxes is BT margin

**Sales & Operating Income** (bln yen)



**FY07 Results**

**Sales:**

- Overall segment sales increased as a result of an increase in PS3 sales
- Both hardware and software sales increased

**Operating loss:**

- Significant improvement due to successful PS3 hardware cost reductions and increased PS3 software sales, as well as from strong PSP hardware sales
- PS2 hardware and software both contributed to profit

**Inventory:**

- 181.6 bln yen, a 17.3 bln yen decrease YoY

**Unit Sales\***

		FY06	FY07	Change
Hardware (mln units)	PS2	14.71	13.73	-7%
	PSP	9.53	13.89	+46%
	PS3	3.61	9.24	+156%
Software (mln units)	PS2	193.5	154.0	-20%
	PSP	54.7	55.5	+1%
	PS3	13.3	57.9	+335%

\* Beginning with Q1 FY07, the method of reporting hardware and software unit sales has been changed from production shipments to recorded sales.

Includes intersegment transactions; "LC" is local currency comparison; % under operating income is operating margin

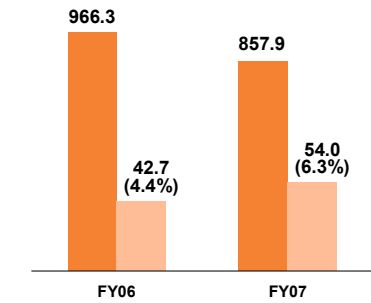
## FY07 Pictures

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### Sales & Operating Income

(bln yen)

### FY07 Results



	Change	(US\$)
Sales	-11.2%	-9%
Operating Income	+26.5%	+37%

#### Sales: 11.2% decrease, 9% decrease on a US\$ basis

- Sales decreased primarily due to a decrease in motion picture sales resulting from fewer films being released
- However, home entertainment and television revenues from prior year films increased
- Total segment revenues also benefited from the sale of a bankruptcy claim against KirchMedia, a former licensee of film and television product
- Major films released in the year that contributed to both theatrical and home entertainment sales included *Spider-Man 3* and *Superbad*

#### Operating income: 26.5% increase, 37% increase on a US\$ basis

- Increased primarily due to the strong performance of prior year films in the home entertainment and television markets, and the sale of the bankruptcy claim

Includes intersegment transactions; "US\$" is a comparison on the basis of SPE's US dollar consolidated results; % under operating income is operating margin

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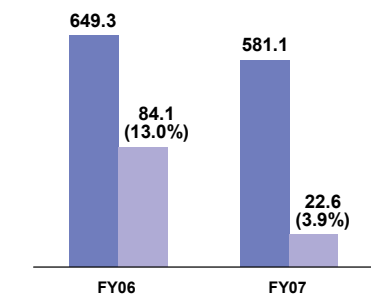
## FY07 Financial Services

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### Financial Service Revenue & Operating Income

(bln yen)

### FY07 Results



	Change
Revenue	-10.5%
Operating Income	-73.1%

#### Financial service revenue: Decreased 10.5% due to lower revenue at Sony Life

- Sony Life revenue: 15% decrease
- (-) factor: Due to a net loss from investments in the separate account, a deterioration in net valuation gains from convertible bonds and an impairment loss on equity securities in the general account, reflecting a significant decline in the Japanese stock market
- (+) factor: Increase in insurance premium revenue reflecting an increase in policy-in-force

#### Operating income: 73.1% decrease due to a deterioration in profitability at Sony Life

- Sony Life operating income: 86% decrease
- (-) factor: Primarily due to deterioration in net valuation gains from convertible bonds and an impairment loss on equity securities, both in the general account
- (+) factor: Increase in insurance premium revenue mentioned above

#### Sony Life Results

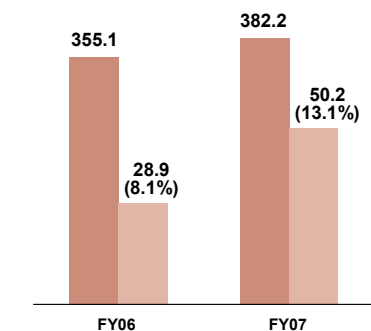
	FY06	FY07	Change
Revenue (bln yen)	545.1	464.1	-15%
Operating income (bln yen)	81.7	11.5	-86%

Includes intersegment transactions; % under operating income is operating margin

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**Sales & Operating Income** (bln yen)



	Change
Sales	+7.6%
Operating Income	+73.9%

**FY07 Results**

Includes SMEI's music publishing business & SMEJ

**Sales: 7.6% increase**

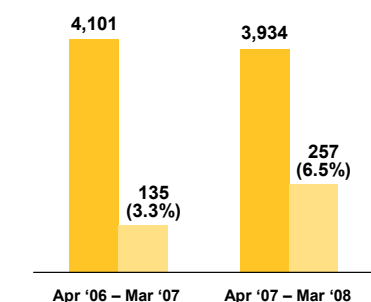
- Primarily due to:
  - the contribution of sales at Famous Music, which was acquired by Sony's U.S.-based music publishing subsidiary Sony/ATV Music Publishing;
  - the receipt of a settlement payment related to copyright infringement claims;
  - an increase in sales at SMEJ and higher revenue at So-net Entertainment Corporation;
  - an increase in trademark royalty income from Sony Ericsson
- SMEJ
  - Sales increased mainly due to an increase in music download sales
  - Best-selling albums included *Orange* and *Range* by Orange Range, *FAKIN' POP* by Ken Hirai and by *CAN'T BUY MY LOVE* by YUI

**Operating income: 50.2 bln yen, increase of 73.9%**

- Primarily due to the recording of a 10.0 bln yen gain from the sale of the Sony Center in Berlin, the receipt of the settlement payment related to copyright infringement, and the increase in trademark royalty income from Sony Ericsson

Includes intersegment transactions; % under operating income is operating margin

**Sales & Income Before Taxes** (mln dollar)



	Change
Sales	-4%
Income Before Taxes	+90%

**Apr '07 – Mar '08 Results**

**Sales decreased 4%, while income before taxes increased 90%**

- Sales: Decreased primarily due to the continued decline in the worldwide physical music market not being offset by the growth in digital product sales
- Best selling albums included Alicia Keys' *As I Am*, Avril Lavigne's *The Best Damn Thing*, Celine Dion's *Taking Chances*, and Leona Lewis' *Spirit*
- Income before taxes: Increase primarily due to a 67 mln dollar reduction in restructuring expenses, as well as lower marketing costs, and reductions in overhead costs as a result of restructuring

Sony recorded equity in net income of 10.0 bln yen

**Impact To Sony**

	4/06 – 3/07	4/07 – 3/08	Change
Net income (mln dollar)	84	178	+111%
Equity in net income recorded by Sony (bln yen)	5.0	10.0	+100%

% under income before taxes is BT margin

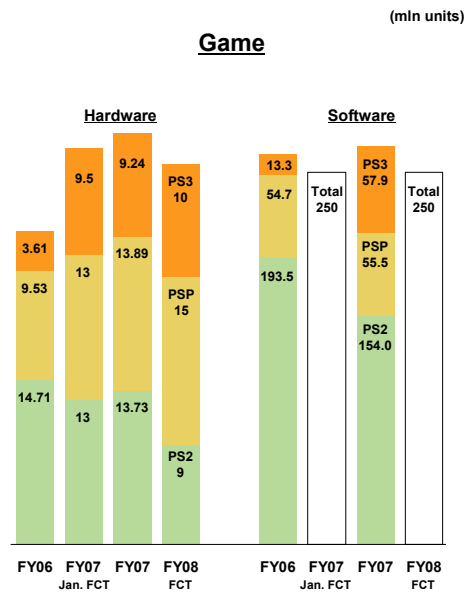
## FY08 Electronics & Game Unit Sales Forecast

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(mln units)

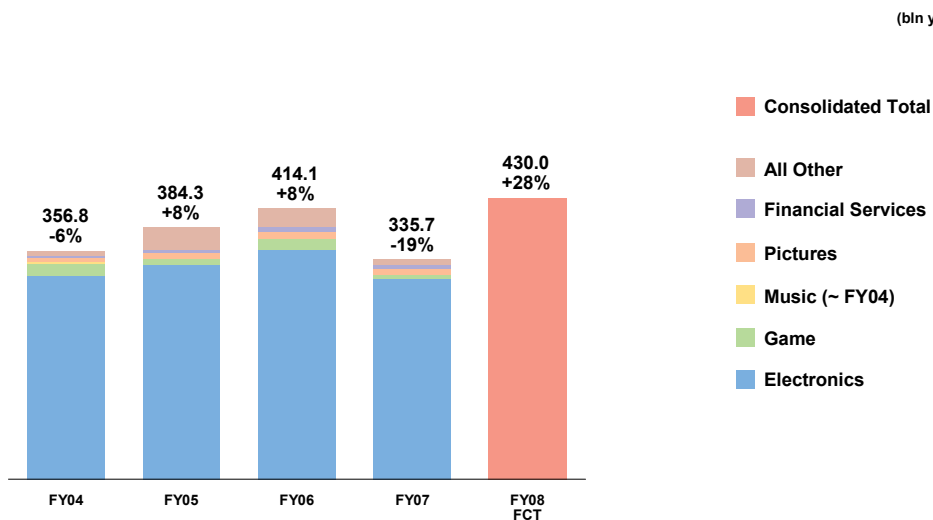
### Electronics

	FY06	FY07		FY08
		Jan. Fct	Actual	Fct
Walkman® Digital Music Players	4.50	5.50	5.80	7.00
Handycam® Video Cameras	7.45	7.50	7.70	7.70
Cyber-shot Digital Cameras	17.00	22.00	23.50	26.00
DVD Players	7.90	7.00	7.00	7.50
DVD Recorders	1.85	1.70	1.70	1.80
BRAVIA LCD TVs	6.30	10.00	10.60	17.00
LCD Rear-Projection TVs	1.10	0.40	0.35	-
CRT Televisions	4.70	2.80	2.70	-
VAIO PCs	4.00	5.20	5.20	6.80



## FY08 Capital Expenditures Forecast

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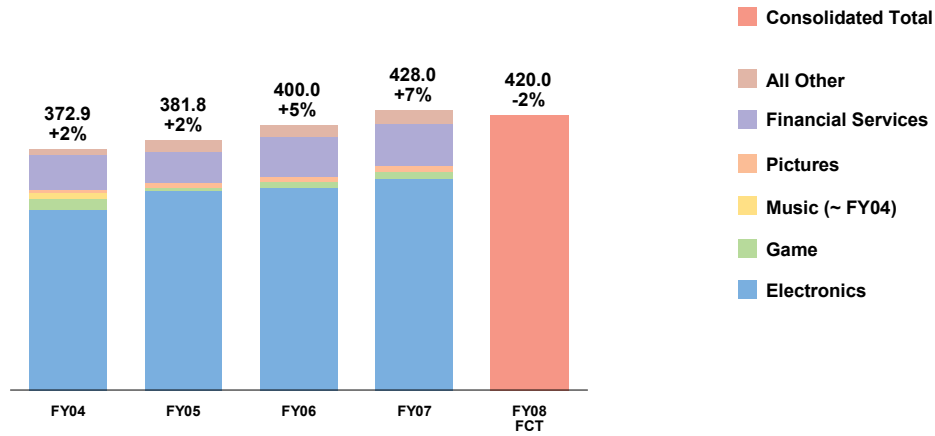
- FY08 (FCT) includes 110.0 bln yen for semiconductors, compared to 90.0 bln in FY07

% is over prior year

## FY08 Depreciation & Amortization Forecast

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(bln yen)



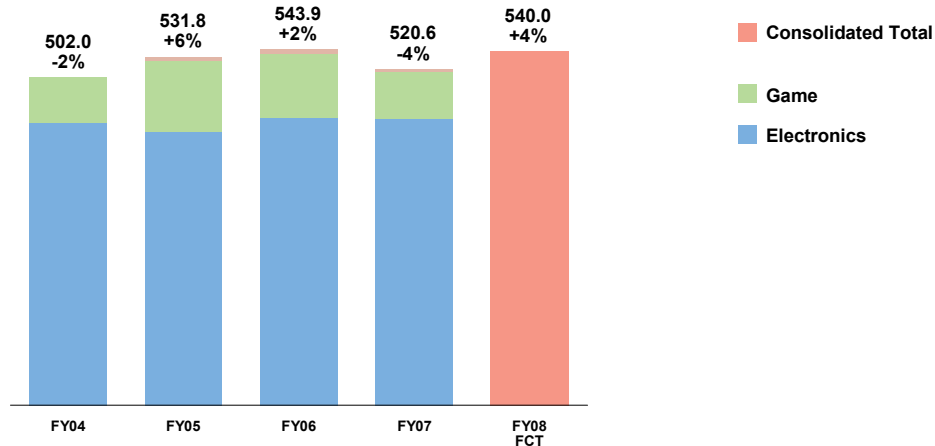
- FY08 (FCT) includes 330 bln yen for depreciation of tangible assets, compared to 328.9 bln in FY07

% is over prior year

## FY08 Research & Development Forecast

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(bln yen)



% is over prior year