

April 24, 2003

Remarks on Upcoming Initiatives by Nobuyuki Idei, Chairman and CEO of Sony Corporation

In 2006, Sony will celebrate its 60th anniversary. In the next three years up until this landmark date, we will invest a total of ¥1.3 trillion in the following initiatives as we create a new profit model and accelerate our transformation into a knowledge and capital-intensive company.

- 1) We will strengthen our semiconductor business with investments of approximately ¥500 billion over the next three years. The investments will drive the development and manufacture of key devices such as imaging devices, a market for which we foresee significant growth, and semiconductors, which make use of the latest process technology, to help form the foundation of our competitive strength in the broadband network era.
- 2) We will increase investment in R&D to enhance the competitiveness of products and create a new laboratory to further stimulate content distribution. Investment in R&D over the next three years will total ¥500 billion.
- 3) In order to transform Sony into a highly profitable company, we will record, over the next three years, approximately ¥300 billion in restructuring costs for a variety of initiatives, including the further pursuit of downsizing and withdrawal from selected businesses and the continued implementation of fixed cost reductions.

In addition, Sony will continue to strengthen its potential for growth, competitiveness, and earnings capacity in the middle to long term through strategic alliances and other endeavors.

Outlook for the Fiscal Year ending March 31, 2004

		<u>Change from previous year</u>
Sales and operating revenue	¥7,400 billion	- 1%
Operating income	130 billion	- 30
Income before income taxes	130 billion	- 48
Net income	50 billion	-57
Capital expenditures (additions to fixed assets)	¥310 billion	+19%
Depreciation and amortization*	390 billion	+11
(Depreciation expenses for tangible assets)	(270 billion)	(- 3)

* Including amortization of intangible assets and amortization of deferred insurance acquisition costs.

Assumed exchange rates: approximately ¥115 to the dollar, approximately ¥125 to the euro.

Because we expect the uncertain economic environment to continue in the fiscal year ending March 31 2004, with personal consumption declining and price competition intensifying, we have decided to implement a restructuring program, primarily in the Electronics business, which will be even more aggressive than the one we implemented in the fiscal year just ended. As a result, we expect to record restructuring charges of approximately ¥140 billion across the Sony Group, which will result in a decrease in our consolidated operating income.

Income before income taxes will decrease primarily because a gain of ¥66.5 billion was recorded in the fiscal year ending March 31, 2003, due to the sale of Sony's equity interest in Telemundo.

The forecast for each business segment is as follows:

Electronics

Although sales from plasma televisions, LCD televisions, digital still cameras, CLIEs, CCDs, and other products are expected to increase, we expect segment sales to decrease due to a decrease in intersegment sales to the Game business and the net effect of foreign exchange rates. Operating income is also expected to decrease due to increased restructuring expenses.

Game

Although strong sales of software for the PS2 will continue, we expect segment sales to decrease. We have set a cautious forecast of 20 million units for PS2 hardware production shipments due to our concern that the global economy will contract, and we expect PSone units to decrease year on year. Regarding operating income, although growth in PS2 software sales and other factors will positively influence profitability, the effect of the aforementioned decrease in sales, combined with the start, in earnest, of investments in next generation hardware (including research and development expenses), leads us to anticipate a drop in operating income.

Music

We expect sales to decrease due to the expected continued contraction in the music industry and a reduction in the unit price of DVDs in the manufacturing division. However, a decrease in restructuring expenses, the benefits of restructuring activities already carried out, and a decrease in talent-related expenses are projected to return the segment to profitability.

Pictures

We forecast that sales and operating income will decrease compared with the fiscal year ended March 31, 2003 because record sales and operating income were recorded in the fiscal year ended March 31, 2003 due to the success of box office hits such as *Spider-Man*.

Financial Services

Although increased revenue is anticipated in the life and automobile insurance businesses, due to the planned expansion of these businesses, increased expenses resulting from the planned expansion of Sony Finance and other factors are expected to lead to a decrease in operating income.

Capital expenditures

We are planning to invest approximately ¥200 billion over 3 years in semiconductor production facilities for next-generation broadband processors. We expect approximately ¥73 billion of this investment to take place in the fiscal year ending March 31, 2004. Across the Sony Group, we expect capital expenditures for the fiscal year ending March 31, 2004 to amount to approximately ¥310 billion.

Cautionary Statement

Statements made in this release with respect to Sony's current plans, estimates, strategies and beliefs and other statements that are not historical facts are forward-looking statements about the future performance of Sony. Forward-looking statements include but are not limited to those using words such as "believe," "expect," "plans," "strategy," "prospects," "forecast," "estimate," "project," "anticipate," "may" or "might" and words of similar meaning in connection with a discussion of future operations or financial performance. From time to time, oral or written forward-looking statements may also be included in other materials released to the public. These statements are based on management's assumptions and beliefs in light of the information currently available to it. Sony cautions you that a number of important risks and uncertainties could cause actual results to differ materially from those discussed in the forward-looking statements, and therefore you should not place undue reliance on them. You also should not rely on any obligation of Sony to update or revise any forward-looking statements, whether as a result of new information, future events or otherwise. Sony disclaims any such obligation. Risks and uncertainties that might affect Sony include, but are not limited to (i) the global economic environment in which Sony operates, as well as the economic conditions in Sony's markets, particularly levels of consumer spending; (ii) exchange rates, particularly between the yen and the U.S. dollar, euro, and other currencies in which Sony makes significant sales or in which Sony's assets and liabilities are denominated; (iii) Sony's ability to continue to design and develop and win acceptance of its products and services, which are offered in highly competitive markets characterized by continual new product introductions, rapid development in technology (particularly in the Electronics business), and subjective and changing consumer preferences (particularly in the Game, Music, and Pictures businesses); (iv) Sony's ability to implement successfully the restructuring initiatives in its Electronics, Music and Pictures businesses and its network strategy for its Electronics, Music, Pictures, and Game businesses; (v) Sony's ability to compete and develop and implement successful sales and distribution strategies in light of Internet and other technological developments in its Music and Pictures businesses; (vi) Sony's continued ability to devote sufficient resources to research and development and, with respect to capital expenditures, to prioritize investments (particularly in the Electronics business); (vii) the success of Sony's joint ventures and alliances; and (viii) the outcome of contingencies. Risks and uncertainties also include the impact of any future events with material unforeseen impacts.

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