

January 22, 2009
Sony Corporation

Sony Outlines Initiatives to Enhance Profitability and Competitiveness

Sony Corporation ("Sony") today announced a series of measures designed to improve its profitability and drive future growth in response to the deterioration of the global economy. These initiatives focus on three areas:

- **Structurally reform Sony's core electronics operations to better compete with its best in class peers in terms of speed to market and profitability.**
- **Continue margin improvement activities to lessen the impact of the weak economic profile of key markets.**
- **Accelerate the integration between products and network services by leveraging the combined strengths of Sony's electronics and computer entertainment operations.**

Group-wide cost reduction of 250 billion yen in the next fiscal year

On December 9, 2008, Sony announced a series of measures across its Electronics segment --including a review of its investment plans, the consolidation of manufacturing sites and workforce optimization-- designed to deliver an estimated total annual cost savings of more than 100 billion yen by fiscal year end March 31, 2010. Sony intends to accelerate these actions, and in addition, implement further initiatives which are being announced today. Through these measures, together with anticipated restructuring to be achieved within the game, music and pictures businesses, and significant cost reductions in advertising expenditures, general expenses, logistics and other expenses, Sony now anticipates that it will achieve group-wide cost reductions of 250 billion yen (compared to the current fiscal year ending March 31, 2009) in the fiscal year ending March 31, 2010.

Sony estimates the charges for these structural reforms to be 170 billion yen through March 31, 2010 (60 billion yen in the current fiscal year and 110 billion yen in the fiscal year ending March 31, 2010).

Structural reform in Electronics businesses with priority on speed to market and profitability

Sony is thoroughly reviewing all of its electronics categories to not only enhance product strength, but also to reform as appropriate the fundamental structure of its design, R&D, manufacturing, logistics, and sales processes, to better compete with its best in class peers in terms of speed to market and profitability. Already confirmed measures include:

(1) LCD TV Business

[Manufacturing Operations]

- Sony will close TV design and manufacturing operations at Sony EMCS Corporation's Ichinomiya TEC by June 2009, with Japan operations to be consolidated at Inazawa TEC.
- With the anticipated growth of emerging markets and the resulting demand for more entry-level models, Sony will pursue further OEM/ODM deployment and a far-reaching asset light strategy.

[Design Operations]

- Sony is standardizing global hardware and software design and integrating its design and R&D resources around the world.
- Certain aspects of software development will be outsourced to off-shore vendors, for example in India.
- The company is targeting a global headcount reduction of approximately 30% across its TV design operations and related divisions by the end of the fiscal year ending March 31, 2010.

(2) Semiconductor and Component Business

[Rationalization of R&D, Design and Manufacturing]

To strengthen its competitive position and ensure unified development, design and manufacturing operations, Sony will move and consolidate its resources for small and mid-size LCD panel operations to Sony Mobile Display Corp. (headquartered in Aichi, Japan), and its battery operations to Sony Energy Device Corp. (headquartered in Fukushima, Japan).

Employment-related Measures

The following measures will be carried out in Sony Corporation:

(1) Remuneration

- Corporate Executive Officer and Corporate Executive bonuses for the fiscal year ending March 31, 2009 will be substantially reduced. In addition, plans are in place to decrease fixed remuneration.
- In particular, the three Representative Corporate Executive Officers will waive their entire bonus amount for the fiscal year ending March 31, 2009.
- With regard to management level employees, bonus and base salary are also to be reduced.

(2) Early Retirement Program

- In order to optimize human resources, Sony will introduce an early retirement program supporting employees to take up new opportunities beyond the Sony group.

Cautionary Statement

Statements made in this release with respect to Sony's current plans, estimates, strategies and beliefs and other statements that are not historical facts are forward-looking statements about the future performance of Sony. Forward-looking statements include, but are not limited to, those statements using words such as "believe," "expect," "plans," "strategy," "prospects," "forecast," "estimate," "project," "anticipate," "aim," "may" or "might" and words of similar meaning in connection with a discussion of future operations, financial performance, events or conditions. From time to time, oral or written forward-looking statements may also be included in other materials released to the public. These statements are based on management's assumptions and beliefs in light of the information currently available to it. Sony cautions you that a number of important risks and uncertainties could cause actual results to differ materially from those discussed in the forward-looking statements, and therefore you should not place undue reliance on them. You also should not rely on any obligation of Sony to update or revise any forward-looking statements, whether as a result of new information, future events or otherwise. Sony disclaims any such obligation. Risks and uncertainties that might affect Sony include, but are not limited to (i) the global economic environment in which Sony operates, as well as the economic conditions in Sony's markets, particularly

levels of consumer spending as well as the recent worldwide crisis in the financial markets and housing sectors; (ii) exchange rates, particularly between the yen and the U.S. dollar, the euro and other currencies in which Sony makes significant sales or in which Sony's assets and liabilities are denominated; (iii) Sony's ability to continue to design and develop and win acceptance of, as well as achieve sufficient cost reductions for, its products and services, including newly introduced platforms within the Game segment, which are offered in highly competitive markets characterized by continual new product introductions, rapid development in technology and subjective and changing consumer preferences (particularly in the Electronics, Game and Pictures segments, and the music business); (iv) Sony's ability and timing to recoup large-scale investments required for technology development and increasing production capacity; (v) Sony's ability to implement successfully business reorganization activities in its Electronics segment; (vi) Sony's ability to implement successfully its network strategy for its Electronics, Game and Pictures segments, and All Other, including the music business, and to develop and implement successful sales and distribution strategies in its Pictures segment and the music business in light of the Internet and other technological developments; (vii) Sony's continued ability to devote sufficient resources to research and development and, with respect to capital expenditures, to correctly prioritize investments (particularly in the Electronics segment); (viii) Sony's ability to maintain product quality (particularly in the Electronics and Game segments); (ix) the success of Sony's joint ventures and alliances; (x) the outcome of pending legal and/or regulatory proceedings; (xi) shifts in customer demand for financial services such as life insurance and Sony's ability to conduct successful asset liability management in the Financial Services segment; and (xii) the impact of 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. Risks and uncertainties also include the impact of any future events with material adverse impacts.

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