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.
I’m CFO Kenichiro Yoshida.

Today I would like to explain two topics in the next 20 minutes:

- FY2016 Consolidated Financial Results and FY2017 Consolidated Results Forecast
- Segments Outlook
Consolidated sales in FY16 decreased 6% year-on-year to 7 trillion 603.3 billion yen. Consolidated operating income decreased 2% year-on-year to 288.7 billion yen. Income before income taxes decreased 17% to 251.6 billion yen. Net income attributable to Sony Corporation’s stockholders decreased 50% to 73.3 billion yen, primarily due to the fact that the goodwill impairment charge recorded in the Pictures segment during the fiscal year could not be deducted for tax purposes.
This chart shows the consolidated results for the fourth quarter of FY16. As previously announced, we recorded a 37.2 billion yen gain on the sale of certain shares Sony held of M3, Inc. during the quarter.
This chart shows the results of each segment for FY16.
This chart shows the results by segment for the fourth quarter. This is the first time in the 19 years since the fiscal year ended March 31, 1998 that we recorded an operating profit for the total of the six Electronics segments in the 4th quarter. One of the issues for management was the fact that we consistently recorded a loss in Electronics in the 4th quarter, so I am pleased to see that we have made some progress in this area.
Next is the consolidated results forecast for FY17. As is shown here, we expect consolidated sales to increase 5% year-on-year to 8 trillion yen, and operating income to increase 73% to 500 billion yen. We expect net income to be 255 billion yen, which is approximately 3.5 times what it was in the previous fiscal year. We believe that we can achieve the targets we set in February 2015 for our current mid-range plan: 500 billion yen or more operating income and 10% or higher ROE. The assumptions for foreign exchange rates are 105 yen to the U.S. dollar and 110 yen to the euro. The amount of dividends for FY17 is undecided at this time, and we plan to determine the amount of the interim dividend at the time of the 1st quarter earnings announcement.
We will change the composition of some of our segments in FY17. In the Components segment, we are planning to transfer the battery business, and the part of that business that will be transferred accounts for approximately 60% of the sales of the segment. Since we are aiming to complete the transfer of the business at the beginning of July, we will eliminate the Components segment from FY17 and the remaining businesses, such as the storage media business, will be moved to All Other.
The fiscal year results forecasts for each segment are shown on this slide. We are basically using the figures budgeted for each segment, but there are some caveats I need to explain to you. As is shown in the upper right, we used 110 yen to the U.S. dollar and 115 yen to the euro when formulating the forecasts for each of the segments. There is an approximately 40 billion yen negative impact on operating income resulting from the difference caused by our using the rates for the consolidated forecast that I mentioned previously – 105 yen to the U.S. dollar and 110 yen to the euro – and including the impact from emerging market currencies. This impact is included in Corporate and elimination. FY17 is the final year of our current mid-range plan. As President Hirai has mentioned previously, we believe that it is a very important milestone for Sony to achieve the current mid-range targets. In April, we split the Imaging Products and Solutions segment into a separate subsidiary, completing our plan to convert our business units into distinct subsidiaries. We believe that creating separate subsidiaries will increase the organizational independence of our various businesses. Because each independent business sets reasonably high targets in an effort to achieve our mid-range targets, we have incorporated a contingency budget of approximately 40 billion yen into Corporate and elimination in addition to the 40 billion yen foreign exchange impact I mentioned earlier. I will now explain the current situation of each segment.
First I will talk about the Mobile Communications segment. During FY16, sales decreased 33% year-on-year primarily due to a larger-than-expected decrease in unit sales of smartphones mainly in Europe and a significant reduction in the size of the business in unprofitable regions. Operating results improved 71.6 billion yen year-on-year to operating income of 10.2 billion yen, largely due to operating cost reductions including the benefit of lower costs resulting from restructuring initiatives that were implemented since the second half of the fiscal year ended March 31, 2015, despite the negative impact of a decrease in unit sales.
Here you can see the operating results improvement over the past three fiscal years.
For FY17, we expect to increase our annual smartphone unit sales by 1.9 million year-on-year mainly in the Middle East and Europe, to 16.5 million units. Sales revenue is expected to increase 8% year-on-year to 820 billion yen. We believe the operating environment for the smartphone business will become even more severe compared to the previous fiscal year due to the headwind of foreign exchange rates and an increase in the price of key components such as memory. However, we are aiming to record operating income for the segment overall for FY17 as well.
Next, I will talk about the Game & Network Services segment. Both sales and operating income increased year-on-year and operating income was 135.6 billion. Network sales increased 35% year-on-year and continued to lead the growth of the segment. PS VR and PS4 Pro, which went on sale last fall, both continue to sell well, which demonstrates the achievements we made when launching new products in FY16.

In FY17, we expect to increase both sales and operating income of the segment, and the forecast for operating income is expected to be 170 billion yen, primarily due to an increase in network sales. Three and half years have passed since the launch of PS4, and we expect annual unit sales in FY17 to decrease year-on-year to 18 million units, but some major software titles are scheduled to be launched and we believe we are in the harvest phase of the platform.
Next I will explain the Imaging Products & Solutions segment. In FY16, sales decreased by 15% and operating income decreased 22.1 billion yen year-on-year to 47.3 billion yen. Although the negative impact from the Kumamoto Earthquakes that occurred in April of last year was offset by an improvement in product mix and cost reductions, operating income still decreased significantly year-on-year due to the large negative impact of the appreciation of the yen.

In FY17, we expect to increase both sales and operating income primarily due to an improvement in product mix. 60 billion yen of operating income is expected. Of this operating income, approximately 2.6 billion yen is expected to be recorded from insurance recoveries for opportunity loss from the Kumamoto Earthquakes.

As I mentioned at the beginning of my remarks, Sony Imaging Products & Solutions Inc. began operating as a separate subsidiary on April 1, 2017.
Next is the Home Entertainment & Sound segment. In FY16, although sales decreased 10% year-on-year partially due to the impact of foreign exchange rates, operating income increased 7.9 billion yen to 58.5 billion yen primarily due to an improvement in product mix. The television business, which is included in this segment, had a significant improvement in profitability and an increase in the stability of its earnings, unlike in the past.

In FY17, we expect to record 58 billion yen of operating income, essentially flat year-on-year, even though the volatility of the business environment continues to be high, including from such things as panel prices and foreign exchange rates, especially in emerging market currencies.
Next, I will talk about the Semiconductors segment. In FY16, sales increased 5% and operating results deteriorated 22.3 billion yen year-on-year to an operating loss of 7.8 billion yen. Factors contributing to the deterioration were a 43.7 billion yen negative impact of the appreciation of the yen and approximately 28.0 billion yen of net negative impact of the Kumamoto Earthquakes after taking into account positive insurance recoveries. On the other hand, there were positive factors, including a year-on-year increase in unit sales of image sensors for mobile products and a decrease in impairment charges against long-lived assets in the camera module business. In the end, there was a significant deterioration of operating results year-on-year.

In FY17, we expect a significant increase in sales and a significant improvement in operating results. The sales forecast is 880 billion yen and the operating income forecast is 120 billion yen. The 120 billion yen operating income includes a 27.0 billion yen gain on the sale of our Chinese factory in the camera module business, which was announced at the beginning of this month. In addition, we expect to record approximately 6.7 billion yen of insurance recoveries from the Kumamoto Earthquakes. Therefore, excluding these factors, the underlying operating income of the segment is estimated to be approximately 86.3 billion yen.

In FY17, we expect to record 130 billion yen in additions to long-lived assets of the segment, of which 110 billion yen is expected to be for image sensors, reflecting the strong demand for image sensors. We plan to increase our image sensor production capacity, on a 300 mm wafer basis, from the current 88,000 wafers per month to approximately 100,000 wafers per month by the end of March of 2018 primarily due to the start of production at our Oita factory.
I would now like to use this graph to share with you the breakdown within the Semiconductors Segment, as I did at the last earnings announcement. The way we breakdown the results has changed slightly, and we now have image sensors, camera modules, and others. This chart shows the quarterly results of the last two years.
The next chart shows the fiscal year results of the last two years as well as the forecast for FY17. As to image sensors, profitability decreased significantly in FY16, but we are forecasting a significant improvement in profitability for FY17 due to an increase in unit sales resulting from greater adoption of dual-lens cameras and growth in sales to Chinese manufacturers, as well as the absence of the impact of the Kumamoto Earthquakes.
Next, I will talk about the Components segment. In FY16, sales decreased 13% and a 60.4 billion yen operating loss was recorded. This operating loss includes 42.3 billion yen of loss related to the planned transfer of the battery business. As of October 2016, we said that a loss of approximately 33.0 billion yen was expected to be incurred related to the transfer, but the loss amount increased due to adjustments, including the impact of foreign exchange rates, made to the book value of the assets subject to transfer.

We are continuing to prepare for the transfer of the battery business to Murata Manufacturing Co., Ltd., which is expected to be completed in the beginning of July. As I mentioned at the beginning of my remarks, the remaining businesses, such as storage media, will be included in All Other from FY17.
Next, I will talk about the Pictures segment. Sales decreased 4% in FY16 due to the impact of foreign exchange rates. On a U.S. dollar basis, sales increased 5%. An operating loss of 80.5 billion yen was recorded mainly due to the recording of a 112.1 billion yen impairment charge against goodwill in the third quarter.

In FY17, we expect significantly higher sales due to an expected increase in sales of Media Networks and Television Productions. Operating results are expected to improve significantly, primarily due to the absence of the impairment incurred in the previous fiscal year, and operating income of 39 billion yen is expected to be recorded. If we exclude the impact of the impairment charge incurred in FY16, operating income is expected to increase 7.4 billion yen year-on-year.

As was previously announced, we are currently searching for a successor to Michael Lynton, who is leaving Sony Pictures after having led that business for 13 years since 2004. We plan to announce the successor as soon as we make a decision.
Next, I will talk about the Music segment. In FY16, sales increased but operating income decreased year-on-year, and 75.8 billion yen in operating income was recorded. The decrease in operating income was mainly due to the absence of an 18.1 billion yen re-measurement gain resulting from the consolidation of Orchard Media, Inc. which was recorded in the previous fiscal year. This fiscal year, the performance of *Fate/Grand Order*, a mobile gaming application, was very strong and it significantly contributed to the operating results of the segment. As to FY17, sales are expected to decrease slightly and operating income is expected to be essentially flat year-on-year at 75 billion yen.
Next, I will talk about the Financial Services segment. In FY16, financial services revenue and operating income increased year-on-year and 166.4 billion yen of operating income was recorded. The year-on-year increase in operating income was mainly due to decreases in the amortization of deferred insurance acquisition costs and the provision of policy reserves, primarily driven by an increase in interest rates and the improvement in the stock market, at Sony Life. We expect to increase financial services revenue and operating income in FY17 and we expect to record 170 billion yen in operating income as a result of the expansion of insurance amount in force.
In conclusion, I will show the results forecast for each of our business segments. Please note that, in order to enhance our disclosure, we have included an analysis of cash flows for Sony excluding the Financial Services segment on pages 20 to 21 of the handout; cash flow is an important metric for management. Please have a look. We also recently announced that we plan to hold a corporate strategy meeting and IR Day on May 23rd. This concludes my remarks.

<table>
<thead>
<tr>
<th>Mobile Communications (MC)</th>
<th>FY16 Results</th>
<th>FY17 FCT</th>
<th>Change from FY16</th>
<th>Segment Forecast FX Rate Assumption</th>
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<tbody>
<tr>
<td>Sales</td>
<td>7,551.1</td>
<td>820</td>
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<td>1 US dollar 110 yen</td>
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<td>Operating income</td>
<td>10.2</td>
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<td>Game &amp; Network Services (G&amp;NS)</td>
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<td>Sales</td>
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<td>Operating income</td>
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<tr>
<td>Imaging Products &amp; Solutions (IPS)</td>
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<td>Operating income</td>
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<tr>
<td>Home Entertainment &amp; Sound (HE&amp;S)</td>
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<td>880</td>
<td>+13.8%</td>
<td>1 Euro 110 yen</td>
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<tr>
<td>Sales</td>
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<tr>
<td>Operating income</td>
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<td>Semiconductors</td>
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<td>Pictures</td>
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<tr>
<td>Sales</td>
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<tr>
<td>Operating income</td>
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<td>Music</td>
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<td>Financial Services</td>
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<tr>
<td>Sales</td>
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<td>Operating income</td>
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<td>+211.3 bin yen</td>
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</table>

Impact of the difference between the assumed rates for the consolidated results and the rates used when the individual segments compiled their forecasts has been included in the forecast for All Other, Corporate and elimination (approx. 40 bin yen negative impact). The above-mentioned impact includes impact from emerging market currencies.
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," "forecasts," "estimates," "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 condition in Sony's markets, particularly levels of consumer spending;

(ii) foreign exchange rates, particularly those between the yen and the U.S. dollar, the euro and other currencies in which Sony incurs 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 to achieve cost reductions and productivity improvements in its cost structure through operational improvements and by outsourcing portions of Sony's operations;

(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 customer 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 in a ratings downgrade;

(xi) Sony's ability to forecast demand, 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.