Sony

Recorded Music

Doug Morris
CEO, Sony Music Entertainment
Sony Music Overview

Operations in 44 Countries

Revenues of $4.7 Billion

Digital Revenues of $1.2 Billion

Global Market Share of 22%
Sony Music Artists
One of the Most Robust, Rich and Deep Catalog and Artist Rosters In the Industry
1,500 Active Artists Over 6 Million Master Recordings

ADELE  ONE DIRECTION  DAFT PUNK  PINK  JUSTIN TIMBERLAKE  BEYONCÉ  MILEY CYRUS  BRITNEY SPEARS  SHAKIRA

CHRISTINA AGUILERA  JOHN MAYER  DEPECHE MODE  FOSTER THE PEOPLE  foo fighters  usher  chris brown  alicia keys  kelly clarkson

PITBULL  AVRIL LAVIGNE  CIARA  OUTKAST  CARRIE UNDERWOOD  KENNY CHESNEY  MIRANDA LAMBERT  PLACIDO DOMINGO  YO-YO MA

LANG LANG  CELINE DION  JAY CHOU  RICKY MARTIN  SEXION D'ASSAULT  MAÎTRE GIMS  SADIE  DIDO  MARC ANTHONY

SUSAN BOYLE  JOHN LEGEND  KINGS OF LEON  SARA BAREILLES  CALVIN HARRIS  BRUCE SPRINGSTEEN  MICHAEL JACKSON  WHITNEY HOUSTON  ELVIS PRESLEY

AC/DC  DESTINY'S CHILD  PINK FLOYD  NEIL DIAMOND  EARTH, WIND & FIRE  BARBRA STREISAND  AEROSMITH  BILLY JOEL  JIMI HENDRIX

KENNY G  ALICE COOPER  ROD STEWART  BOB DYLAN  ANNE LENNOX  SANTANA  CYNDI LAUPER  TLC  MEATLOAF
Sony Music Vision and Key Strategies

Vision

To Build The Leading Recorded Music Company
- Global Market Share Leader
- Creative Innovation
- Industry Respect
- Hits Powerhouse
- Maximum Profits

1. Gain Market Share by Maximizing Exploitation of Artists and Artist Development
2. Broaden Revenue Streams/New Business Initiatives
3. Maximize Profits Through Cost Efficiencies
4. Maximize One Sony Initiatives
5. Grow Digital Revenue Streams and Models
6. Growth Initiatives Across International Operations
Sony Music Key Strategy

Gain Profitable Market Share

- Aggressive in New Artist Signings
- Best in New Talent Development
- Maximize Exploitation of Current Artists
- Industry Leading Creative Innovation
- Earn Respect of Industry and Artistic Community
- Pursue Strategic Acquisitions and Other Opportunities
### Major Repertoire Centers

<table>
<thead>
<tr>
<th>Label</th>
<th>Artist/Group</th>
<th>Manager</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Columbia</strong></td>
<td>Beyoncé, Adele, Daft Punk, Bob Dylan, John Mayer</td>
<td>Rob Stringer</td>
</tr>
<tr>
<td><strong>RCA</strong></td>
<td>Alicia Keys, Justin Timberlake, Usher, Pink, Britney Spears</td>
<td>Peter Edge</td>
</tr>
<tr>
<td><strong>Epic</strong></td>
<td>Avril Lavigne, Ciara, Tamar Braxton, Sariah Bareilles, Future</td>
<td>L.A. Reid</td>
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<tr>
<td><strong>The Fray, Outkast, Sean Kingston, Fiona Apple, Karmen</strong></td>
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<tr>
<td>Artist</td>
<td>TV Formats</td>
<td>Artist Discoveries</td>
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<tr>
<td>SIMON COWELL</td>
<td>X FACTOR, GOT TALENT</td>
<td>ONE DIRECTION, SUSAN BOYLE, LEONA LEWIS, IL DIVO, OLLY MURS, + LOCAL MARKET ARTISTS</td>
</tr>
<tr>
<td>PATRICK MOXEY</td>
<td>ABOVE and BEYOND, BLOODY BEETROOTS</td>
<td>BENNY BENASSI, BASSHUNTER, KASKADE, NICKY ROMERO, AXWELL</td>
</tr>
<tr>
<td>DR LUKE</td>
<td>Louder Than Life, SALAAM REMI</td>
<td>OLA HÅKANSSON, SYLVIA RHONE, JUDY MCGRAITH</td>
</tr>
</tbody>
</table>
Case Studies of Successful Talent Discovery and Development

Miley Cyrus

One Direction

Adele
Recorded Music

Kevin Kelleher
Executive Vice President & Chief Financial Officer, Sony Music Entertainment
2012 Global Market Share

Pro-forma to Reflect Post EMI/PLG

<table>
<thead>
<tr>
<th>Country</th>
<th>% Mkt. Share</th>
<th>Rank</th>
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</thead>
<tbody>
<tr>
<td>U.S.</td>
<td>28%</td>
<td>2</td>
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<tr>
<td>Japan</td>
<td>18%</td>
<td>1</td>
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<tr>
<td>Germany</td>
<td>21%</td>
<td>2</td>
</tr>
<tr>
<td>U.K.</td>
<td>23%</td>
<td>2</td>
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<tr>
<td>France</td>
<td>17%</td>
<td>2</td>
</tr>
<tr>
<td>Australia/NZ</td>
<td>25%</td>
<td>2</td>
</tr>
<tr>
<td>Canada</td>
<td>21%</td>
<td>2</td>
</tr>
<tr>
<td>Rest Of Europe/SA</td>
<td>22%</td>
<td>2</td>
</tr>
<tr>
<td>Asia (excl. Japan)</td>
<td>12%</td>
<td>2</td>
</tr>
<tr>
<td>Latin America</td>
<td>34%</td>
<td>1</td>
</tr>
<tr>
<td>Worldwide</td>
<td>22%</td>
<td>2</td>
</tr>
</tbody>
</table>

Source: IFPI adjusted based on internal estimate to achieve pro-forma
Top 10 Albums - 2012

Global

UMG

50%

ADELE
ONE DIRECTION
ONE DIRECTION
MUMFORD & SONS
P!NK

U.S.

UMG

10%

ADELE
ONE DIRECTION
MUMFORD & SONS
THE AVENGERS
CARRIE UNDERWOOD
JASON ALDEAN
Breakthrough Success: 2009 - 2012

Most Units Sold by Breakthrough Platinum Artists In U.S.
- Adele
- One Direction
- Foster the People
- Susan Boyle
- Kings of Leon
- Jackie Evancho
- Pitbull
- Miranda Lambert
- Ke$ha

Most Platinum Selling Albums Released By Breakthrough Artists In U.K.
- Glee
- Calvin Harris
- The Script
- Labrinth
- Paloma Faith
- JLS
- Alexandra Burke
- Olly Murs
- Rebecca Ferguson
- Rita Ora
- Little Mix
New and Developing Artists

- Kodaline
- Laura Mvula
- Future
- Labrinth
- Zara Larsson
- Haerts
- Yo Gotti
- Haim
- Lea Michele
- Fifth Harmony
- A$AP Ferg
- Tom Odell
- Juicy J
- Walk Off the Earth
- Kes
- Tyler Farr
- Bonnie McKee
- Travis Scott
- A Great Big World
- Emblem3
- Kid Ink
- Tinashe
- Walk the Moon
- London Grammar
Broaden Revenue Streams and Continue Development of Profitable New Business Initiatives
Continue to Maximize Cost Reductions and Efficiencies Across All Major Cost Categories

Cost Reductions and Efficiencies Have Driven Margin Improvements

- **Overhead**: ~$700M in gross savings
- **Headcount**: ~4,500 reduction
- **Marketing**: ~$300M in reduced spend
- **Supply Chain**: 5% reduced cost rate

Cost reduction period from 2004 Sony BMG merger through FYE2013
## Maximize One Sony Initiatives

<table>
<thead>
<tr>
<th>Initiative</th>
<th>Details</th>
</tr>
</thead>
<tbody>
<tr>
<td>In-house Built ‘Jive’ App Service - Sony Music Content</td>
<td>Sony Music and Xperia Created App Offering Unique Fan Experiences</td>
</tr>
<tr>
<td>Embeds On Sony Xperia Phones</td>
<td>2014 FIFA World Cup Super Song Contest and Official Soundtrack to the Game</td>
</tr>
<tr>
<td>Music Unlimited</td>
<td>Working With Sony Network Entertainment to Grow Music Unlimited Services</td>
</tr>
<tr>
<td>KATY B, MAGNETIC MAN</td>
<td>Marketing Campaign Collaborations Incorporating Sony Music Artists</td>
</tr>
<tr>
<td>SONY PICTURES, PROVIDENT FILMS</td>
<td>Various Music Artist Based Films and Faith Based Films With Sony Pictures</td>
</tr>
</tbody>
</table>
Recorded Music

Dennis Kooker
President, Global Digital Business & U.S. Sales, Sony Music Entertainment
Grow Digital Revenue Streams and Models
Worldwide Recorded Music Market

Industry shows signs of stabilizing

2012

Total Global Industry
$16.5B

- Physical
  $9.4B
  57%

- Licensing
  $1.1B
  7%

- Digital
  $6.0B
  36%

5 Year Digital CAGR
From 2007
+13%

Source: IFPI; Digital numbers adjusted to include digital radio
Well-positioned to Capitalize on Market Trends

2012 ACTUAL

- Downloads: 69%
- Digital Radio: 4%
- Video: 8%
- Ringtones/Other: 5%
- Subscriptions: 14%

2016 FORECAST

- Downloads: 47%
- Digital Radio: 6%
- Video: 6%
- Subscriptions: 41%


SONY
Increasing Accessibility to Premium Services

Sweden’s Return to Growth

Sweden Digital Music Breakdown

<table>
<thead>
<tr>
<th>Year</th>
<th>Downloads</th>
<th>Subscriptions</th>
<th>Other</th>
</tr>
</thead>
<tbody>
<tr>
<td>2009</td>
<td>50%</td>
<td></td>
<td></td>
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<tr>
<td>2010</td>
<td>66%</td>
<td></td>
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<tr>
<td>2011</td>
<td>82%</td>
<td></td>
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<tr>
<td>2012</td>
<td>91%</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

Sweden Music Industry Revenues

<table>
<thead>
<tr>
<th>Year</th>
<th>Revenue Change</th>
</tr>
</thead>
<tbody>
<tr>
<td>2009</td>
<td>-1%</td>
</tr>
<tr>
<td>2010</td>
<td>-7%</td>
</tr>
<tr>
<td>2011</td>
<td>+3%</td>
</tr>
<tr>
<td>2012</td>
<td>+19%</td>
</tr>
</tbody>
</table>

Bundles

- Spotify
- Telia
- Deezer
- Orange
- Rhapsody
- MetroPCS
- Cricket
- Muve Music

Tiering & Free Trials

- Bloom
- O2 Tracks

Source: IFPI
Maximizing Consumer Experience on the Device

**MOBILE**
- 15-20% of internet traffic
- 6.2BN mobile phones
- 1.5BN Smartphones

**CARS**
- 1BN cars worldwide
- 50% of cars sold to be connected by 2015
- 75% of listeners on AM/FM radio

**HOME**
- 596M connected TVs globally by 2017
- Tablet shipments to overtake PC shipments by 2015
Prioritizing Consumer Engagement and Retention

VISUAL

2010

iTunes

2013

VEVO

SONY
Prioritizing Consumer Engagement and Retention

PROGRAMMING / CURATION
Prioritizing the Importance of Prepaid Solutions

- Average Africa: 98% Prepaid, 2% Postpaid
- Average Asia Pacific: 83% Prepaid, 17% Postpaid
- Average Latin America: 79% Prepaid, 21% Postpaid

Source: GSMA

Note: Africa average excludes South Africa. Asia Pacific average excludes Australia, Taipei, Japan, Korea.
SONY

Recorded Music

Edgar Berger
President & CEO, International, Sony Music Entertainment
Drive Specific Growth Initiatives Across All Our International Operations
International – Continued Growth Story

- **Artist**
  - Secured success of 1D and Daft Punk in every territory

- **Market**
  - Grew Market Share by 1%

- **Repertoire**
  - Attracted 80 Gold and Platinum artists from competitors

- **Expansion**
  - Bought NOW! compilation brand

- **Profit**
  - Grew profits significantly over last two years
Think Global - Act Local

Local repertoire dominates in many International markets with growing importance
Japan 100%, Italy 80%, UK 70%, Germany 70%, Spain 70%, France 60% of National Top10 Albums in 2012
### Mature Markets - Key Initiatives

#### TOP 20 GLOBAL MARKETS

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<tr>
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<td>UK</td>
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<td>4</td>
<td>Germany</td>
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**Biggest Revenue Generators**

**Leaders in global consumption of Music**

- Driving Growth and Position in Markets
  - Strength in Artist Development
  - Acquisitions and Investment in local business
- Identifying Talent through
  - Leading Artist & Repertoire teams
  - TV platforms (The X Factor, Got Talent)
- Generating worldwide stars and repertoire
**Streaming Growth Markets: Key Initiatives**

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**Highly digital markets with up to 65% digital Driven by On-Demand Music Services**

**Key Focus: grow digital market share!**

- Widening Repertoire base through
  - Doubling A&R Investment (Sweden)
  - Acquisitions
  - Expansion of our distributed labels business

- Maximise repertoire exploitation in streaming through
  - Curation
  - Playlists
### Emerging Growth Markets - Key Initiatives

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<td>China</td>
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#### Economic Growth Region

**Growing Digital Markets**

- Key service providers are entering the market

  - FIFA 2014 World Cup
    - Official Song, Anthem, Mascot
    - Sony Supersong Contest
  - Continue to exploit opportunities in live business, branding and 360° deals
  - Strengthen our No. 1 position through
    - Focus on digital growth
    - Expand into growing markets
Emerging Growth Markets - Key Initiatives

Markets with 1.2bn / 1.3bn population,
Growing economies, High mobile consumer base

- Grow market share through
  - Investing in local repertoire
  - Focusing on digital growth and developing digital markets
  - Acquisitions

- INDIA
  - Digital initiatives (Jive Music Services)
  - Video content initiatives

- CHINA
  - Develop legal digital market
  - Develop live and touring business
# Emerging Growth Markets - Key Initiatives

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</table>

- Market with 1.0bn population
- Growing economy and income per capita
- High mobile penetration, unexploited digital markets
  - Strengthen our No. 1 Position
  - Expand South African business through recent acquisition
  - Expand into growing markets
  - Secure Pan African Digital Deals
  - Aggregate local artists for digital distribution
International - Strategy Summary

Artist
- Secure global artist breakthrough

Market
- Continue to grow profitable market share

Expansion
- Go for #1 position in emerging growth markets

Revenue
- Grow top line

Profit
- Continue to grow profits and improve margins
Sony/ATV Music Publishing Is the World’s Largest Music Publisher

- Represents Nearly 3 Million Copyrights
- 31% Market Share
- Billboard Publisher of the Year

- Established in 1995 as a joint venture between Sony and Michael Jackson
- Comprised of the most iconic catalogues in history including:
  - EMI
  - Leiber and Stoller
  - Mijac (Michael Jackson)
  - Motown
  - Famous Music
  - Northern Songs (The Beatles)
EMI Music Publishing Acquisition

- Purchased in June 2012 by a consortium of investors led by Sony
- Sony / ATV manages and administers EMI Music Publishing for an administration fee

Benefits
- Exclusively represent the world’s leading publisher of popular music
- Add rights to a comprehensive catalog with 1.9 million copyrights
- Ability to leverage Sony / ATV’s platform to reduce cost structure
  - On target to fully integrate EMI by June 2014
The Business of Music Publishing

A high margin B2B business that owns, administers and exploits music copyrights

- Analysts forecast 2.1% annual growth over the next 3 years
- Sony/ATV is forecasting to outpace the industry
- Stable cash flows
- Low marketing spend
- Scalable infrastructure and business model
- Limited exposure to decline in physical / mechanical sales and piracy
Multiple Earnings Streams

Sony / ATV Revenue
FYE 3/13

- Performance: 44%
- Synch: 22%
- Mechanical - Physical: 18%
- Mechanical - Digital: 10%
- Other: 6%

- The purchase of a CD
- The download of a song
- Airplay on radio, TV, internet; live venues, nightclubs, bars
- The synchronization of songs to moving images such as songs used in films, TV shows, and ads
- Theatrical, print, using lyrics or recordings in artwork, apparel, toys, video games, and apps
Together with EMI, Sony/ATV is the world’s largest music publisher, with an estimated worldwide market share of 31%.
International Representation

- Offices in 24 countries, led by local, veteran publishing executives with deep industry relationships
  - Jody Gerson, Co-President, U.S. Creative – West Coast
  - Danny Strick, Co-President, U.S. Creative – East Coast
  - Troy Tomlinson, President, Nashville Creative
  - Jorge Meija, EVP, Latin America & U.S. Latin
  - Guy Moot, President, U.K. and European Creative
  - Guy Henderson, EVP, International
Strategies for Continued Growth and Profitability

1. Proactively Represent and Exploit Industry’s Leading Catalogue
2. Continued Excellence in A&R
3. Strong Digital Growth Fueled by New Digital Deals
Catalogue Representation: Stable and Diversified

Revenue Contribution by Song

- All Other Earnings: 91.4%
- #2 – #100: 8.2%
- #1: 0.4%

Not Dependent On any One Song...

- Top earning song by revenue generates only 0.4% of all revenue
- Top 100 songs by revenue generate less than 10% of all revenue

Note: Twelve Months Ended June 30, 2013
### Catalogue Representation:
#### Top 15 Global Revenue Earning Songs

<table>
<thead>
<tr>
<th>Song Title</th>
<th>Artist</th>
<th>Release Year</th>
</tr>
</thead>
<tbody>
<tr>
<td>DRIVE BY</td>
<td>TRAIN</td>
<td>2012</td>
</tr>
<tr>
<td>BORN THIS WAY</td>
<td>LADY GAGA</td>
<td>2011</td>
</tr>
<tr>
<td>GOOD FEELING</td>
<td>FLO RIDA</td>
<td>2011</td>
</tr>
<tr>
<td>LITTLE TALKS</td>
<td>OF MONSTERS AND MEN</td>
<td>2011</td>
</tr>
<tr>
<td>WE ARE YOUNG</td>
<td>FUN.</td>
<td>2011</td>
</tr>
<tr>
<td>WE FOUND LOVE</td>
<td>RIHANNA</td>
<td>2011</td>
</tr>
<tr>
<td>ROLLING IN THE DEEP</td>
<td>ADELE</td>
<td>2010</td>
</tr>
<tr>
<td>CRIMINAL MINDS</td>
<td>TV SERIES</td>
<td>2005</td>
</tr>
<tr>
<td>NAVY NCIS</td>
<td>TV SERIES</td>
<td>2003</td>
</tr>
<tr>
<td>FOOTLOOSE</td>
<td>KENNY LOGGINS</td>
<td>1984</td>
</tr>
<tr>
<td>ENTERTAINMENT TONIGHT</td>
<td>TV SERIES</td>
<td>1981</td>
</tr>
<tr>
<td>THE YOUNG AND THE RESTLESS</td>
<td>TV SERIES</td>
<td>1973</td>
</tr>
<tr>
<td>HEY JUDE</td>
<td>BEATLES</td>
<td>1968</td>
</tr>
<tr>
<td>STAND BY ME</td>
<td>BEN E. KING</td>
<td>1960</td>
</tr>
<tr>
<td>OVER THE RAINBOW</td>
<td>FILM-WIZARD OF OZ</td>
<td>1939</td>
</tr>
</tbody>
</table>

Note: Twelve Months Ended June 30, 2013
Catalogue Representation: Creative Exploitation

Music Related Theatrical Productions
- Beautiful: The Carole King Musical
- MOTOWN: The Musical
- MAMMA MIA!
- BEATLES LOVE
- JERSEY BOYS

Bio-Pic Opportunities
- Hank Williams
- Freddie Mercury

Video Games
- Grand Theft Auto V
- Madden NFL
- FIFA 14

Television
- glee
- The Voice
- The X Factor
- American Idol
Music Publishing

Jody Gerson
Co-President (U.S.), Sony / ATV Music Publishing
Excellence in A&R: Proven and Profitable

Biggest names and hitmakers in the music industry

- Proactive strategies to add value
- Efficient and disciplined approach to A&R
- Collaborate with other divisions of Sony
Excellence in A&R: Proven and Profitable

Biggest names and hitmakers in the music industry

- Proactive strategies to add value
- Efficient and disciplined approach to A&R
- Collaborate with other divisions of Sony
Excellence in A&R: Recent Successes

- Signed as writer in 1999
- Co-wrote “Get Lucky” released in April 2013
  - #1 in 19 countries, 2.6+ million U.S. downloads
- Co-wrote “Blurred Lines” released in March 2013
  - #1 in ten countries, fastest selling download in U.S. history, 2013’s best selling download in U.S., highest-ever weekly U.S. radio audience

- Signed as writer in January 2011
- Introduced him to Sony Pictures
  - Wrote and performed the song “Back in Time” for Men in Black 3
  - Song was also a single used to help promote the film
- Attached Pitbull to The Music Factory, a TV show produced by Sony Television
  - Other Sony/ATV writers will be cast members
  - Sony/ATV will publish all songs written and performed on the show
Excellence in A&R:
Lady Gaga

Over 30 placements in TV shows and movies before hitting #1
Digital Growth: Diverse Mix of Digital Deals

Sony/ATV Digital Revenue Mix
FYE 3/13

- Downloads: 66%
- Streaming: 22%
- Mobile: 9%
- Other: 3%
Visual Media and Platform

Masao Morita
Representative Director & Chairman, Sony Music Entertainment (Japan) Inc.
Solutions Business

Largest Revenue Contributor Which Provides Support to Entertainment Companies in Many Ways
One-Stop Solution for Physical Business

Provide supports and services in many aspects to our clients in the entertainment industry

- Artwork Design
- Production of Printed Matters
- Recording Studio

approx.

1,000 clients

- Marketing
- Distribution
- Logistics
- Manufacturing
Solutions Business Corresponds to Various Client Needs
Visual Business

Sony Music Japan Has Established A Completely New Business Area in the Last 10 Years
Big Hits from Linkage with Successful Animation Series

Theme song hits lead to further promotion of the animation series and expand fan base.

Investment → Animation TV Program

Production Videogram Rights

Animation Company

Investment

Opening/Ending Theme Tie-in

Sony Music Japan Label Companies

Animation BD/DVD Release

Tie-in Song CD Release

Theme Song Soundtrack CD Release

Animation Company

Sony Music Japan Label Companies
“Fullmetal Alchemist”  Generated Numerous Hits

Fullmetal Alchemist

Tie-in
Animation Becoming Japan’s Biggest Content Export

Exported to 73 countries
Sales through 2012 have increased at a CAGR of 24% since 2003 and we became a major animation company delivering 30 titles and 700 visual products each year.
Media Business

Entering A New Era with Multiple Media Mix
Combination of Print, Broadcast and Internet Media

WEB-based video channel

Internet Media

Social × Real Time × Music

Print Media

Broadcast Media
Live Entertainment Business

Unique Business Model with the Biggest Potential
The Zepp Network In Japan

2,000 Capacity Venue at 6 Locations In Japan
“Zepp”: A familiar name for many Japanese

Zepp Fukuoka
- Start: Jun. 1999
- Capacity: 2,001 (Standing)
- Building Area: 2,191m²
- Building Height: 15.8m

Zepp Namba
- Start: May 2012
- Capacity: 2,530 (Standing)
- Building Area: 2,331m²
- Building Height: 20.0m

Zepp Nagoya
- Start: Mar. 2005
- Capacity: 1,792 (Standing)
- Building Area: 1,749m²
- Building Height: 16.43m

Zepp Sapporo
- Start: Apr. 1998
- Capacity: 2,009 (Standing)
- Building Area: 1,647m²
- Building Height: 15.0m

Zepp Tokyo
- Start: Mar. 1999
- Capacity: 2,709 (Standing)
- Building Area: 2,242m²
- Building Height: 15.8m

Zepp Divercity
- Start: May 2012
- Capacity: 2,473 (Standing)
- Building Area: 2,670m²
- Building Height: 19.4m

SONY
Zepp: Venue With Unique Concept

Zepp is the type of club that combines the best of both worlds

Scale of concert halls + Intimacy of small clubs
Significant Increase of Utilization

Days Occupied Annually

Number of Halls

Average Occupancy Rate

<table>
<thead>
<tr>
<th>Year</th>
<th>15%</th>
<th>40%</th>
<th>46%</th>
<th>45%</th>
<th>44%</th>
<th>45%</th>
<th>47%</th>
<th>52%</th>
<th>55%</th>
<th>57%</th>
<th>60%</th>
<th>59%</th>
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<th>57%</th>
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<tr>
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<td>FYE09</td>
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<td>FYE10</td>
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<td>FYE13</td>
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</tr>
</tbody>
</table>
Unified = The Zepp Standard

Each Zepp has approx. 2,000 capacity
e.g.: 1,800 (Nagoya) - 2,700 (Tokyo)

Same Stage Size
Width: 20m Height: 13m Depth: 10m
<table>
<thead>
<tr>
<th>International Artist Booking</th>
</tr>
</thead>
<tbody>
<tr>
<td>Arctic Monkeys</td>
</tr>
<tr>
<td>James Brown</td>
</tr>
<tr>
<td>Beady Eye</td>
</tr>
<tr>
<td>Sonny Rollins</td>
</tr>
<tr>
<td>Weezer</td>
</tr>
<tr>
<td>Christopher Cross</td>
</tr>
<tr>
<td>Swing Out Sister</td>
</tr>
<tr>
<td>Stereophonics</td>
</tr>
<tr>
<td>Nine Inch Nails</td>
</tr>
<tr>
<td>Primal Scream</td>
</tr>
<tr>
<td>Ben Folds Five</td>
</tr>
<tr>
<td>Manic Street Preachers Meja</td>
</tr>
<tr>
<td></td>
</tr>
</tbody>
</table>
Someday you will hear your local, up-and-coming artists say...

“My dream is to play at Zepp.”
Visual Media and Platform Category is Innovative and Global
Music Segment Financial Overview

Kevin Kelleher
Executive Vice President & Chief Financial Officer, Sony Music Entertainment
Financial Overview

- Recorded Music
- Music Publishing
- Visual Media & Platform

- Historical Financial Performance
- Financial Discipline and Cost Management
- Strategic Investments and Acquisitions
- Future Financial Targets
Sony Music Segment Historical Financial Performance

**Revenue**
(USD in Billions)

CAGR: (1%)

<table>
<thead>
<tr>
<th>Year</th>
<th>Value</th>
</tr>
</thead>
<tbody>
<tr>
<td>FYE 2009</td>
<td>$5.5</td>
</tr>
<tr>
<td>FYE 2010</td>
<td>$5.8</td>
</tr>
<tr>
<td>FYE 2011</td>
<td>$5.6</td>
</tr>
<tr>
<td>FYE 2012</td>
<td>$5.7</td>
</tr>
<tr>
<td>FYE 2013</td>
<td>$5.3</td>
</tr>
</tbody>
</table>

**Adjusted OIBDA**
(USD in Millions)

CAGR: 4%

<table>
<thead>
<tr>
<th>Year</th>
<th>Value</th>
</tr>
</thead>
<tbody>
<tr>
<td>FYE 2009</td>
<td>$517</td>
</tr>
<tr>
<td>FYE 2010</td>
<td>$602</td>
</tr>
<tr>
<td>FYE 2011</td>
<td>$635</td>
</tr>
<tr>
<td>FYE 2012</td>
<td>$680</td>
</tr>
<tr>
<td>FYE 2013</td>
<td>$613</td>
</tr>
</tbody>
</table>

**Operating Income**
(USD in Millions)

CAGR: 19%

<table>
<thead>
<tr>
<th>Year</th>
<th>Value</th>
</tr>
</thead>
<tbody>
<tr>
<td>FYE 2009</td>
<td>$224</td>
</tr>
<tr>
<td>FYE 2010</td>
<td>$400</td>
</tr>
<tr>
<td>FYE 2011</td>
<td>$462</td>
</tr>
<tr>
<td>FYE 2012</td>
<td>$468</td>
</tr>
<tr>
<td>FYE 2013</td>
<td>$448</td>
</tr>
</tbody>
</table>

Note: Historical performance based on Sony Music Entertainment and Sony / ATV Music Publishing consolidated USD results and Sony Music Entertainment Japan consolidated JPY results translated to USD at the average exchange rates for the periods.

(1) Operating income before depreciation, amortization and restructuring charges
(2) FYE 2009 pro forma for Sony’s acquisition of Bertelsmann AG’s 50% interest in Sony BMG Music Entertainment on October 1, 2008
Revenue by Business Line

**FYE 2004**
- Recorded Music: 79%
- Music Publishing: 9%
- Visual Media & Platform: 12%

**FYE 2013**
- Recorded Music: 71%
- Music Publishing: 12%
- Visual Media & Platform: 17%
Recorded Music Revenue by Type

**FYE 2004**
- Digital: 2% (5% Other)
- Physical: 93%

**FYE 2013**
- Digital: 35%
- Other: 14%
- Physical: 51%
Revenue by Geography

FYE 2004
- United States: 33%
- Europe: 23%
- Asia Pacific: 6%
- Rest of World: 5%

FYE 2013
- United States: 24%
- Europe: 28%
- Asia Pacific: 5%
- Rest of World: 7%

SONY
Commitment to Financial Discipline

- Streamlined worldwide Recorded Music operations
  - Overhead: ~ $700M
  - Headcount: ~ 4,500
  - Marketing: ~ $300M
  - Supply Chain: ~ 5%

- Fully integrating EMI Music Publishing into Sony / ATV

- Ongoing focus on cost efficiencies as the industry evolves

Note: Recorded Music cost efficiencies since 2004 formation of Sony BMG joint venture; Music Publishing cost efficiencies represent reduction in EMI Music Publishing pre-acquisition overhead
Significant Investments in the Business

Catalogues and Publishers

- EMI Music Publishing
- Famous Music
- The Godfather

- Leiber / Stoller
- Acuff / Rose

Labels and Creative Centers

- Sony BMG
- Syco Entertainment
- Now! Music
- Ultima
- Kontrast
- Astronauts

- WATIE
- DEAG

- No Copyright
- The Orchard

Digital Distribution and Platforms

- Vevo
- Spotify
- Deezer
- The Orchard
Sony Music Segment Financial Targets

FYE 3/2014
- Revenue is expected to increase significantly year-on-year, on a yen basis
- Operating Income is expected to increase year-on-year, on a yen basis

FYE 3/2015
- Revenue: $4.8 billion
- Adjusted OIBDA: $625 million
  - Adjusted OIBDA Margin: 13.0% (2)
- Operating Income: $450 million
  - Operating Income Margin: 9.5%

(1) FYE 3/2015 guidance based on constant USD / JPY of 1.00 / 100.00
(2) Operating income before depreciation, amortization and restructuring charges
### Sony Music Segment Financial Targets (Cont’d)

<table>
<thead>
<tr>
<th></th>
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</tr>
</thead>
<tbody>
<tr>
<td><strong>Segment Revenue</strong></td>
<td>$5,346 million</td>
<td>Flat to Slightly Up</td>
</tr>
<tr>
<td>Recorded Music</td>
<td>$3,700 million</td>
<td>Essentially Flat</td>
</tr>
<tr>
<td>Music Publishing</td>
<td>$633 million</td>
<td>Low Single Digit</td>
</tr>
<tr>
<td>Visual Media &amp; Platform</td>
<td>$858 million</td>
<td>Flat to Slightly Up</td>
</tr>
<tr>
<td><strong>Segment Adjusted OIBDA</strong></td>
<td>$613 million</td>
<td>Mid Single Digit</td>
</tr>
<tr>
<td><strong>Segment Operating Income</strong></td>
<td>$448 million</td>
<td>Mid to High Single Digit</td>
</tr>
</tbody>
</table>

---

1. CAGRs based on constant USD / JPY of 1.00 / 83.10, which was the weighted average exchange rate for FYE 3/2013
2. Segment revenue includes intersegment revenue
3. Operating income before depreciation, amortization and restructuring charges
# Sony Music Segment Reconciliation to Pro Forma USD

<table>
<thead>
<tr>
<th></th>
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</tr>
</thead>
<tbody>
<tr>
<td><strong>Revenue in Billions of JPY</strong></td>
<td>¥387.1</td>
<td>¥522.6</td>
<td>¥470.7</td>
<td>¥442.8</td>
<td>¥441.7</td>
</tr>
<tr>
<td>Adjustments for Sony’s Acquisition of Bertelsmann AG’s 50% Interest in Sony BMG Music Entertainment in Billions of JPY</td>
<td>¥162.0</td>
<td>¥0.0</td>
<td>¥0.0</td>
<td>¥0.0</td>
<td>¥0.0</td>
</tr>
<tr>
<td><strong>Pro Forma Revenue in Billions of JPY</strong></td>
<td>¥549.1</td>
<td>¥522.6</td>
<td>¥470.7</td>
<td>¥442.8</td>
<td>¥441.7</td>
</tr>
<tr>
<td><strong>Weighted Average Effective USD to JPY Revenue Exchange Rate</strong></td>
<td>99.32</td>
<td>90.61</td>
<td>83.88</td>
<td>77.54</td>
<td>82.62</td>
</tr>
<tr>
<td><strong>Pro Forma Revenue in Millions of USD</strong></td>
<td>$5,528.5</td>
<td>$5,767.6</td>
<td>$5,612.1</td>
<td>$5,710.8</td>
<td>$5,346.1</td>
</tr>
</tbody>
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</thead>
<tbody>
<tr>
<td><strong>Operating Income in Billions of JPY</strong></td>
<td>¥27.8</td>
<td>¥36.5</td>
<td>¥38.9</td>
<td>¥36.9</td>
<td>¥37.2</td>
</tr>
<tr>
<td>Adjustments for Sony’s Acquisition of Bertelsmann AG’s 50% Interest in Sony BMG Music Entertainment in Billions of JPY</td>
<td>(¥6.5)</td>
<td>¥0.0</td>
<td>¥0.0</td>
<td>¥0.0</td>
<td>¥0.0</td>
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<tr>
<td><strong>Pro Forma Operating Income in Billions of JPY</strong></td>
<td>¥21.3</td>
<td>¥36.5</td>
<td>¥38.9</td>
<td>¥36.9</td>
<td>¥37.2</td>
</tr>
<tr>
<td><strong>Weighted Average Effective USD to JPY Operating Income Exchange Rate</strong></td>
<td>94.98</td>
<td>91.22</td>
<td>84.30</td>
<td>78.79</td>
<td>83.02</td>
</tr>
<tr>
<td><strong>Pro Forma Operating Income in Millions of USD</strong></td>
<td>$224.3</td>
<td>$400.3</td>
<td>$461.8</td>
<td>$468.2</td>
<td>$448.3</td>
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</table>

Note: FYE 2009 pro forma for Sony’s acquisition of Bertelsmann AG’s 50% interest in Sony BMG Music Entertainment on October 1, 2008.
### Sony Music Segment Reconciliation to Pro Forma USD (Cont’d)

<table>
<thead>
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<tbody>
<tr>
<td>Depreciation and Amortization in Billions of JPY</td>
<td>¥9.8</td>
<td>¥13.4</td>
<td>¥12.2</td>
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<td><strong>Pro Forma Depreciation and Amortization in Billions of JPY</strong></td>
<td><strong>¥14.3</strong></td>
<td><strong>¥13.4</strong></td>
<td><strong>¥12.2</strong></td>
<td><strong>¥10.8</strong></td>
<td><strong>¥11.4</strong></td>
</tr>
<tr>
<td>Weighted Average Effective USD to JPY Depreciation and Amortization Exchange Rate</td>
<td>97.47</td>
<td>93.23</td>
<td>85.86</td>
<td>78.16</td>
<td>82.10</td>
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<td><strong>Pro Forma Depreciation and Amortization in Millions of USD</strong></td>
<td><strong>$147.0</strong></td>
<td><strong>$144.0</strong></td>
<td><strong>$141.7</strong></td>
<td><strong>$138.0</strong></td>
<td><strong>$139.0</strong></td>
</tr>
</tbody>
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<tbody>
<tr>
<td>Restructuring Charges in Billions of JPY</td>
<td>¥6.3</td>
<td>¥5.2</td>
<td>¥2.7</td>
<td>¥5.7</td>
<td>¥2.3</td>
</tr>
<tr>
<td>Adjustments for Sony’s Acquisition of Bertelsmann AG’s 50% Interest in Sony BMG Music Entertainment in Billions of JPY</td>
<td>¥8.0</td>
<td>¥0.0</td>
<td>¥0.0</td>
<td>¥0.0</td>
<td>¥0.0</td>
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<tr>
<td><strong>Pro Forma Restructuring Charges in Billions of JPY</strong></td>
<td><strong>¥14.4</strong></td>
<td><strong>¥5.2</strong></td>
<td><strong>¥2.7</strong></td>
<td><strong>¥5.7</strong></td>
<td><strong>¥2.3</strong></td>
</tr>
<tr>
<td>Weighted Average Effective USD to JPY Restructuring Charges Exchange Rate</td>
<td>98.57</td>
<td>90.08</td>
<td>85.32</td>
<td>77.41</td>
<td>89.84</td>
</tr>
<tr>
<td><strong>Pro Forma Restructuring Charges in Millions of USD</strong></td>
<td><strong>$145.9</strong></td>
<td><strong>$58.0</strong></td>
<td><strong>$31.2</strong></td>
<td><strong>$73.8</strong></td>
<td><strong>$25.7</strong></td>
</tr>
</tbody>
</table>

Note: FYE 2009 pro forma for Sony’s acquisition of Bertelsmann AG’s 50% interest in Sony BMG Music Entertainment on October 1, 2008.
### Sony Music Segment Reconciliation to Adjusted OIBDA

(USD in Millions)

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</thead>
<tbody>
<tr>
<td>Pro Forma Revenue</td>
<td>$5,528.5</td>
<td>$5,767.6</td>
<td>$5,612.1</td>
<td>$5,710.8</td>
<td>$5,346.1</td>
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<tr>
<td>Pro Forma Operating Income</td>
<td>$224.3</td>
<td>$400.3</td>
<td>$461.8</td>
<td>$468.2</td>
<td>$448.3</td>
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<tr>
<td>Add: Pro Forma Depreciation and Amortization</td>
<td>$147.0</td>
<td>$144.0</td>
<td>$141.7</td>
<td>$138.0</td>
<td>$139.0</td>
</tr>
<tr>
<td>Add: Pro Restructuring Charges</td>
<td>$145.9</td>
<td>$58.0</td>
<td>$31.2</td>
<td>$73.8</td>
<td>$25.7</td>
</tr>
<tr>
<td><strong>Pro Forma Operating Income Before Depreciation, Amortization, and Restructuring Charges (&quot;Adjusted OIBDA&quot;)</strong></td>
<td>$517.2</td>
<td>$602.3</td>
<td>$634.7</td>
<td>$680.0</td>
<td>$613.0</td>
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</table>

**Note:** Adjusted OIBDA is not a measure in accordance with U.S. GAAP. Sony does not believe that this measure is a substitute for operating income in accordance with U.S. GAAP. However, Sony believes that this supplemental disclosure for the Music segment may provide additional useful analytical information to investors. FYE 2009 pro forma for Sony’s acquisition of Bertelsmann AG’s 50% interest in Sony BMG Music Entertainment on October 1, 2008.
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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,” “forecast,” “estimate,” “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 conditions in Sony’s markets, particularly levels of consumer spending;
ii. foreign exchange rates, particularly between the yen and the U.S. dollar, the euro and other currencies in which Sony makes 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 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 continue to design and develop and win acceptance of, as well as achieve sufficient cost reductions for, its products and services, including televisions, game 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;
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;
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. Sony’s ability to forecast demands, 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 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; and

xv. risks related to catastrophic disasters or similar events. Risks and uncertainties also include the impact of any future events with material adverse impact.