

SONY

Annual  
Report 2009

**Cover page design concept:**

Represents the fusion of Sony's hardware, content and services into a united group positioned to advance to new heights.

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For more information about Sony's financial information, corporate governance and CSR, please refer to the following websites.

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2009 Annual Report on Form 20-F	<a href="http://www.sony.net/SonyInfo/IR/library/sec.html">http://www.sony.net/SonyInfo/IR/library/sec.html</a>
Corporate Governance Structure	<a href="http://www.sony.net/SonyInfo/IR/governance.html">http://www.sony.net/SonyInfo/IR/governance.html</a>
CSR Report	<a href="http://www.sony.net/SonyInfo/Environment/index.html">http://www.sony.net/SonyInfo/Environment/index.html</a>

## Consolidated Financial Results for the Fiscal Year Ended March 31, 2009

<b>Sales and operating revenue</b>	<b>¥7,730.0 billion</b>	<b>(-12.9%)</b>
<b>Operating loss</b>	<b>¥227.8 billion</b>	<b>(—)</b>
<b>Loss before income taxes</b>	<b>¥175.0 billion</b>	<b>(—)</b>
<b>Net loss</b>	<b>¥98.9 billion</b>	<b>(—)</b>

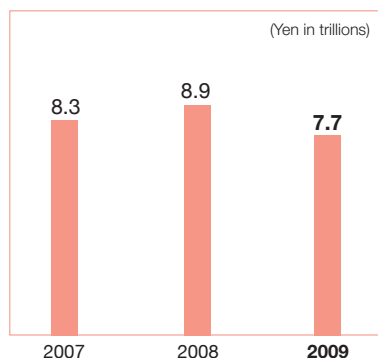
\*Percent change over prior year is shown in parentheses.

Sales and operating revenue (sales) decreased 12.9% compared to the previous fiscal year and losses were recorded due to such factors as the slowdown of the global economy, the appreciation of the yen and the decline of the Japanese stock market.

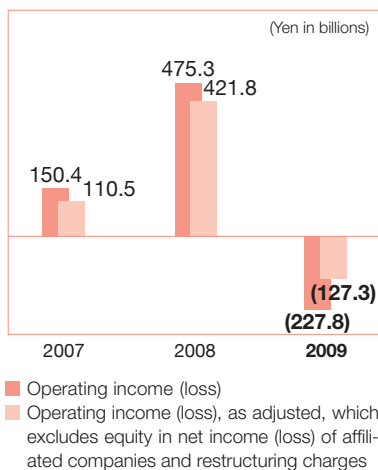
An operating loss of ¥227.8 billion was recorded, a deterioration of ¥703.1 billion year on year. Some of the significant factors that caused the year-on-year deterioration in operating income were an approximate ¥279.0 billion impact from the appreciation of the yen against the U.S. dollar and the euro, a ¥125.9 billion impact from deterioration in results at equity affiliates, including Sony Ericsson Mobile Communications AB (a mobile phone business joint venture), and a ¥53.8 billion deterioration in operating results in the Financial Services segment, mainly due to a significant decline in the Japanese stock market. Restructuring charges, recorded as operating expenses, amounted to ¥75.4 billion, compared with ¥47.3 billion for the previous fiscal year.

In the prior year a gain of ¥81.0 billion in other income from the change in ownership in interest in subsidiaries and investees was recorded as a result of the global initial public offering of shares of Sony Financial Holdings Inc., which prompted a worsening of the net amount of other income and other expenses. Due to this, an income tax benefit of ¥72.7 billion and other factors, net loss of ¥98.9 billion was reported compared with net income of ¥369.4 billion in the previous fiscal year.

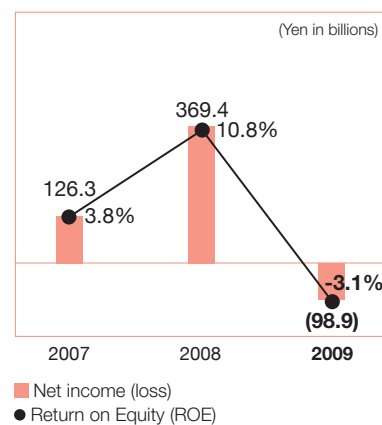
### Sales and operating revenue



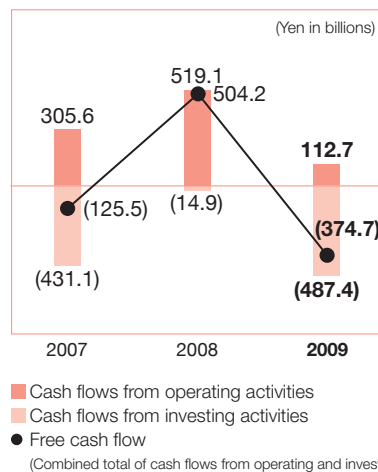
### Operating income (loss)



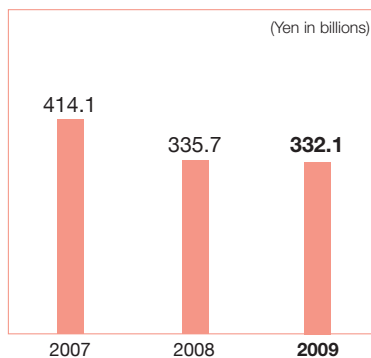
### Net income (loss)



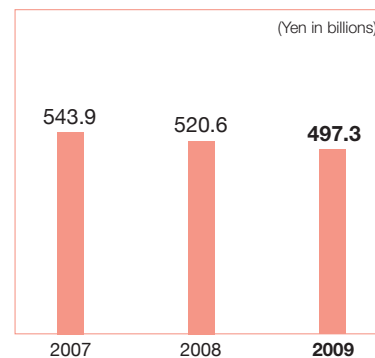
### Free cash flow (excluding Financial Services)



### Capital expenditures



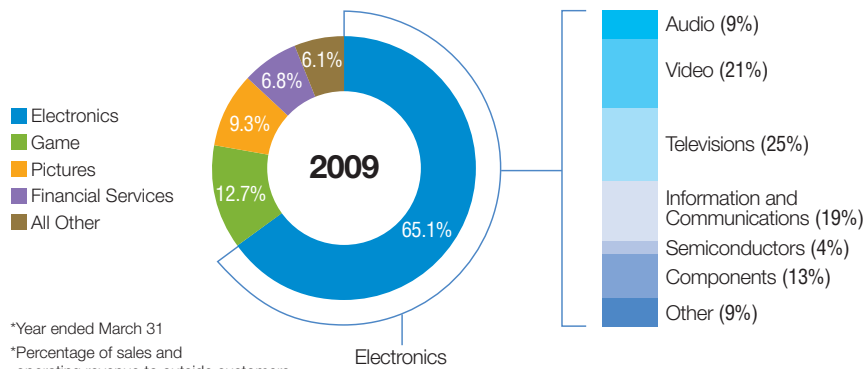
### R&D investment



Note: Years ended March 31

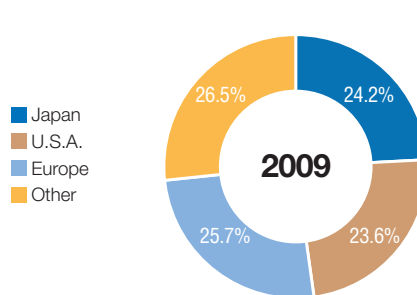
# Business Overview (Fiscal Year in Review)

Proportion of sales\* by business segment and Electronics sales by product category



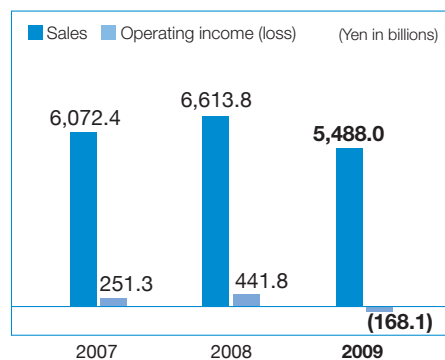
\*Year ended March 31  
\*Percentage of sales and operating revenue to outside customers

Proportion of sales\* by region



\*Year ended March 31  
\*Percentage of sales and operating revenue to outside customers  
\*Sales and operating revenue accounted for by customers in each particular region

## Electronics



The Electronics business comprises audio, video, televisions, information and communications, semiconductors, components and other products.

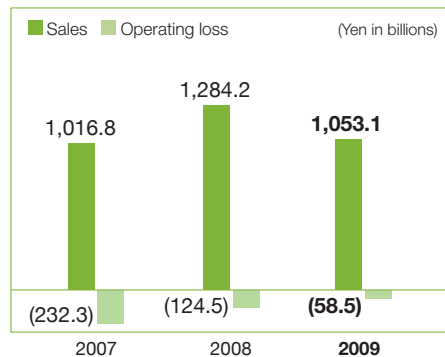
Sales and operating revenue in the Electronics business decreased 17.0% year on year, to ¥5,488.0 billion.

- Sales to outside customers decreased 15.2%.
- Unit sales increased for BRAVIA™ LCD televisions, but declined significantly for products such as Handycam® video cameras, Cyber-shot™ compact digital cameras and VAIO™ PCs.
- The absence of the previous year's sales of LCD rear-projection televisions and CRT televisions, both businesses that Sony has exited, also contributed to the decline in segment sales.

The business recorded a ¥168.1 billion operating loss, a deterioration of ¥609.9 billion.

- This result was primarily due to the negative impact from the appreciation of the yen; the higher cost of sales ratio, due to intensified price competition and deterioration in the business environment; and a decline in equity in net income (loss) for Sony Ericsson Mobile Communications AB.
- Operating income decreased significantly for such products as Cyber-shot compact digital cameras, VAIO PCs, BRAVIA LCD televisions and Handycam® video cameras.

## Game



Sony's Game business consists of game consoles and software offered by Sony Computer Entertainment Inc. (SCE).

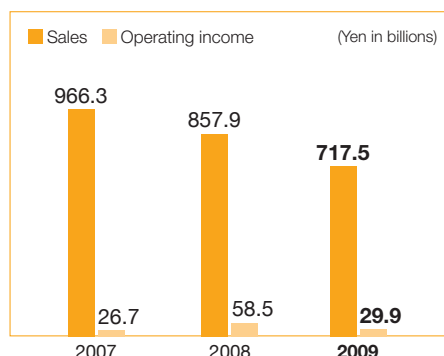
Game business sales and operating revenue declined 18.0% year on year, to ¥1,053.1 billion.

- Overall hardware sales decreased, mainly due to the impact of the appreciation of the yen against the U.S. dollar and the euro, in addition to a decrease in unit sales of PlayStation®2 (PS2).
- Despite an increase in sales of software for PLAYSTATION®3 (PS3™), overall sales of software declined as a result of the appreciation of the yen against the U.S. dollar and the euro, as well as the decline in PS2 software sales.

The business posted an operating loss of ¥58.5 billion, an improvement of ¥66.1 billion.

- The decrease in operating loss was due to an improvement in the operating performance of the PS3™ business as a result of hardware cost reductions and increased software sales despite the impact of the decrease in sales in the PS2 business.

## Pictures



The Pictures business centers on motion pictures and television programming distributed by Sony Pictures Entertainment (SPE).

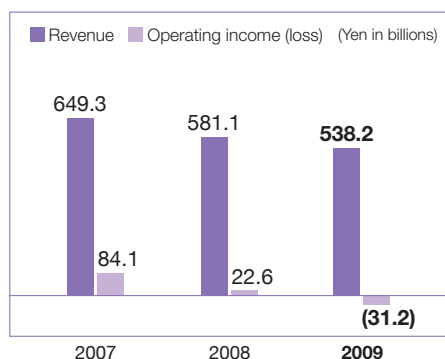
**Sales and operating revenue in the Pictures business decreased 16.4% year on year, to ¥717.5 billion.**

- Motion pictures revenues were down primarily due to lower home entertainment revenues owing to an accelerated contraction in this market, brought on principally by the global economic downturn, as well as fewer films being sold into the home entertainment market.
- The decline in sales also reflected the fact that sales in the previous fiscal year had benefited from the sale of a bankruptcy claim against a former licensee for film and television products.
- Theatrical releases contributing to sales included *Hancock*, *Quantum of Solace* and *Paul Blart: Mall Cop*.

**Operating income in the business fell 48.9%, to ¥29.9 billion.**

- This decrease was primarily due to the lower home entertainment sales and the absence of the previous year's sale of the bankruptcy claim noted above. Television operating income benefited from higher advertising revenues from several international channels.

## Financial Services



Sony's Financial Services business is composed of Sony Financial Holdings Inc. (SFH) and its consolidated subsidiaries, Sony Life Insurance Co., Ltd. (Sony Life), Sony Assurance Inc. and Sony Bank Inc., as well as Sony Finance International Inc.

**Financial Services revenue declined 7.4% year on year, to ¥538.2 billion.**

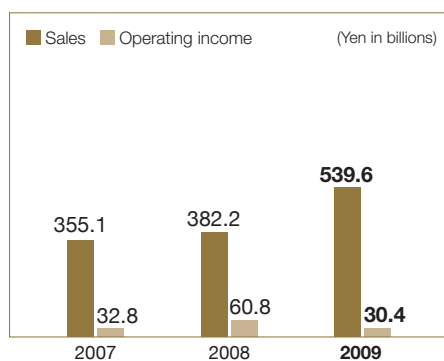
- The overall decrease in Financial Services revenue was due to a decrease in revenue at Sony Life.
- Revenue at Sony Life was ¥430.5 billion, a decrease of 7.2%. Sony Life's revenue result reflected an increase in net valuation losses from convertible bonds and an increase in impairment losses on equity securities in the general account, as well as an increase of net losses from investments in the separate account. These losses were partially offset by an increase in revenue from insurance premiums reflecting a higher policy amount in force.

**The business recorded an operating loss of ¥31.2 billion, a deterioration of ¥53.8 billion.**

- The overall operating loss was mainly due to a deterioration in profitability at Sony Life, which reported an operating loss of ¥29.8 billion, compared to operating income of ¥11.5 billion in the previous fiscal year, as a result of a significant decline in the Japanese stock market.

Note: Results for Sony Life are based on generally accepted accounting principles in the United States (U.S. GAAP). Accordingly, the results for SFH and Sony Life shown here differ from the results published by the two companies in Japan, which are based on Japanese accounting standards.

## All Other



This category encompasses the music recording businesses of Sony Music Entertainment Inc. (SME) and Sony Music Entertainment (Japan) Inc. (SMEJ), and the network services-related business of So-net Entertainment Corporation (So-net).

**Aggregate sales and operating revenue of businesses in this category rose 41.2% year on year, to ¥539.6 billion.**

- The increase in sales was largely attributable to the consolidation of SONY BMG, effective October 1, 2008.
- Excluding the impact of SME's consolidation, sales decreased, due primarily to lower sales at SMEJ, as well as the receipt of a settlement payment related to copyright infringement claims in the prior fiscal year. This was partially offset by an increase of fee revenue from broadband connection services at So-net.

**Operating income amounted to ¥30.4 billion, down 50.1%.**

- The decline in operating income was mainly due to a ¥10.0 billion gain on the sale of the urban entertainment complex "The Sony Center am Potsdamer Platz" in Berlin, Germany, and the receipt of a settlement payment related to copyright infringement claims, both of which were reported in the previous fiscal year.

Sony has changed its business segment classification to reflect the company's reorganization as of April 1, 2009. Sony will report its operating results in line with new business segments from the first quarter of the fiscal year ending March 31, 2010.

Notes: 1. Years ended March 31 2. Sales = Sales and operating revenue 3. Includes intersegment transactions

# Letter to Shareholders: A Message from Howard Stringer, CEO





I am addressing you all today at a significant turning point in the history of Sony. The fiscal year ended March 31, 2009 (fiscal year 2008) saw unprecedented economic turmoil the likes of which we could not have imagined just one year earlier. The global economic crisis, combined with the pronounced strength of the yen, significantly impaired the health of our operating results—and those of many other companies—with a speed and ferocity that were unparalleled in recent history. This impact put us in an unsettling financial situation and gave me, and many of you, rightful cause for concern.

Despite the challenging nature of the past fiscal year, the global economic crisis has presented us with an opportunity to re-position ourselves to take on our competitors and be poised to capitalize when the economy turns around. Before I discuss that, however, I would like to mention some of the highlights of fiscal year 2008, which demonstrate what Sony is capable of achieving even in adverse economic situations and serve as beacons of inspiration during these tough times.

- In the past fiscal year, we developed and launched some of the most technologically innovative and unique products on the market today:
- The BRAVIA™ ZX1 is the world's thinnest\*1 and lightest\*2 LCD TV and features LED edge lighting (instead of the typical back lighting). This elegant set can easily be hung on a wall despite having a 40-inch screen, and it connects wirelessly to other devices.

- The Handycam® XR500V video camera features the back-illuminated Exmor R CMOS image sensor, which allows users to take high-quality video even in low-light conditions.
- The Cyber-shot™ HX1 compact digital camera is the world's first camera to allow users to capture wide-angle, panoramic views by holding down the shutter button and sweeping the camera across a range of 224 degrees, and it can capture images at 10 frames per second to record action like a high-end television camera at a sports event.
- The VAIO™ P Series PC is the world's lightest\*3 8-inch notebook PC, which has garnered acclaim for its unique ultra-wide design, GPS and other functions.
- And finally, the X Series Walkman® digital music player features a 3-inch OLED touch screen, digital noise canceling functions, the S-Master™ digital amplifier as well as Wi-Fi connectivity, which together provide a unique user experience that brings together ease-of-use and superb audio and video quality.
- Sony's 4K digital cinema technology, which now has the backing of four major studios (including, of course, Sony Pictures), is taking the movie-viewing experience to a whole new level. Featuring four times the resolution of Full HD and twice that of the competing standard, this technology now has support from theater chains in the U.S., and puts Sony at the forefront of digital cinema technology.
- We nearly doubled the PLAYSTATION®3 (PS3™) installed base over the year, while also reducing the cost of the hardware. As of June 2009, PlayStation®Network had more than 24 million registered accounts worldwide, through which more than 450 million pieces of content have been downloaded, and more than 500 game titles, nearly 1,900 movies and more than 9,400 episodes of TV shows can be enjoyed. Through this progress, we have built the foundation for what we hope will become a robust and successful business.
- Blu-ray Disc™ has become the standard next-generation optical disc format, which was good news not only for Sony and the industry as a whole, but for millions of movie lovers around the world. The number of Blu-ray Disc-compatible players—including players, recorders, and PS3™—is growing sharply, with by far the largest overall share coming from Sony.

- Films like *Hancock*, starring Will Smith, and *Quantum of Solace*, the latest James Bond film, delighted audiences around the world as Sony Pictures had one of its biggest years on record at the worldwide box office, showing that demand for entertainment is strong even in these trying economic times.
- Altogether, Sony's music businesses were highly profitable in fiscal year 2008, despite difficult market circumstances. We acquired Bertelsmann AG's half of the SONY BMG\*<sup>4</sup> joint venture and welcomed the company back into the Sony Group as Sony Music Entertainment (SME). Sony Music Entertainment (Japan) Inc. increased its share to top the Japanese market, and Sony/ATV Music Publishing grew its share of new releases in the U.S. music publishing market, on its way to recording a substantial increase in operating profit over the previous year.

While it is encouraging to acknowledge these successes, the fact remains that fiscal year 2008 was one of the most difficult years in this company's long history. It is indisputable that a substantial portion of this is attributable to the global economy and the

\*1 The thinnest part of consumer-use televisions, as of August 28, 2008

\*2 40-inch consumer-use televisions (monitor only), as of August 28, 2008

\*3 As of December 2008

\*4 SONY BMG MUSIC ENTERTAINMENT was a 50-50 joint venture between Sony Corporation of America and Bertelsmann AG until October 1, 2008, at which time Sony purchased the remaining half of the company, which was renamed Sony Music Entertainment (SME).

strength of the yen, but the inescapable truth is that despite our restructuring and cost-cutting efforts in past years, the downturn exposed stresses and vulnerabilities in our company that have built up over a long period of time. Addressing this—and helping assure that it does not happen again—is my top priority.

### Restructuring Plan/Progress

The first and most urgent steps to respond to the global economic crisis in September 2008 were to quickly adjust our production levels and to announce and engage in immediate restructuring and other cost-cutting initiatives.

Below are some of the initiatives we announced\*<sup>5</sup> and the progress we have made so far. As you can see, our efforts are progressing more quickly than originally announced.

- Achieving cost reductions throughout the Sony Group of more than ¥250 billion in fiscal year 2009 compared to fiscal year 2008 through restructuring and other initiatives. We now believe that these initiatives will reduce costs by more than ¥300 billion.

\*5 Announced in December 2008 and January 2009

- Rationalizing our manufacturing operations, including reducing our 57 manufacturing sites by approximately 10%, and furthering the shift to manufacturing in low-cost areas and with OEM/ODM partners. Since the announcement, we have closed or announced the closing of eight manufacturing sites.
- Streamlining our workforce through work reassignments and outplacements, among others, as well as reducing headcount in the Electronics business by approximately 8,000—for which we are on track—in addition to reducing our temporary workforce by more than 8,000, which we have since accomplished.

In addition, we have adjusted production, lowered inventory levels, reduced marketing and other operational expenses, and curtailed or delayed portions of our investment plans. We will continue these and other efforts to improve efficiency and will wage a continuous battle to make this company leaner, quicker and stronger and, therefore, better able to innovate, lead and flexibly navigate in these increasingly competitive times.

## Reorganization

Sony's true transformation began with the reorganization of its Electronics and Game businesses, undertaken to enhance competitiveness, improve profitability and accelerate innovation and growth, so that we may strengthen our position in the continuously challenging and evolving industries in which we operate.

Under the reorganization, effective on April 1, Sony's Electronics and Game businesses are now merged and reconfigured as two strong new groups: the Consumer Products & Devices Group and the Networked Products & Services Group. The first group represents our traditional and vital hardware; the second will provide new network differentiation which, when married to our hardware, will spearhead our growth going forward.

The Consumer Products & Devices Group, which brings together consumer electronic categories such as televisions,



**Hiroshi Yoshioka**  
Corporate Executive Officer,  
Executive Deputy President

digital cameras and camcorders, home audio and home video, is established to enhance product competitiveness and increase the speed and efficiency of operations in order to improve profitability and sustain growth in our vital hardware offerings. In addition, by integrating the device business, including

batteries and semiconductors, into the same group, we aim to strengthen the coordination of development and strategy planning between final products and their key components. I have asked Hiroshi Yoshioka, with experience in both Sony's home and portable electronics business divisions, to head this organization.

The Networked Products & Services Group is comprised of Sony Computer Entertainment, VAIO personal computers, mobile products including Walkman® digital music players, and Sony Media Software and Services, which is developing

a common service platform across Sony products. It also includes a new incubation group tasked to develop new products



**Kazuo Hirai**  
Corporate Executive Officer,  
Executive Vice President

and services. The mandate of this group is to accelerate innovation of our networked products and services to deliver new and exciting user experiences to our customers in part by maximizing the coordination and integration between the PlayStation® and consumer electronics businesses. Integral to this process

is the utilization and expansion of the PlayStation® Network service platform. Kaz Hirai, concurrent President of Sony Computer Entertainment, will bring his experience with both networked products and network services as he leads this strategically important group.

To support these two new business groups in terms of software development and manufacturing, procurement and logistics operations, we have created two cross-company platforms:

The Common Software and Technology Platform is tasked to develop and implement common software solutions and provide



**Keiichiro Shimada**

Corporate Executive,  
Senior Vice President

coordinated software development services to each business group so our networked products and services can communicate seamlessly with a common user interface. Through this platform, we will streamline and optimize the software development process across these two new business groups and

proceed with our R&D in a coordinated manner. This platform is headed by Keiichiro Shimada, who understands the vital role software plays in consumer electronics and has already successfully spearheaded the adoption of various open standards across Sony.

The Manufacturing, Logistics, Procurement and CS Platform will provide the most efficient supply chain solutions for the two new business groups. For the first time in Sony's history, all electronics business groups and Sony Computer Entertainment are relying on centralized manufacturing, procurement and

logistics. The platform is fully leveraging the Sony Group's scale in procurement, promoting component standardization, and optimizing



**Yutaka Nakagawa**

Corporate Executive Officer,  
Executive Deputy President

the allocation of in-house and out-sourced manufacturing in order to achieve further cost reductions, as well as to enhance product quality and green management. Yutaka Nakagawa, who initiated Sony's "Asset Light" strategy in the semiconductor business, has been chosen to simplify and streamline our operations by running this important new group.

Under this strong, new generation of Sony leadership, this reorganization will steer the Sony Group in an even more dynamic and innovative direction while transforming it into a more integrated and nimble global company. The new management team in place is digitally savvy, globally experienced and determined to connect to customers who are reinventing their futures and their personal aspirations every day in the digital, networked world.

## Mission and Action Plan

As I mentioned in my letter to you last year, our mission is to become a leading global provider of networked consumer electronics, entertainment and services. To do this, we must strengthen each of the pillars of our core businesses and be coordinated in our efforts to innovate for further growth.

Innovation has always been one of Sony's celebrated strengths, and it is through innovation that we will continue to develop the unique products, content and services that deliver rich user experiences and inspiration to our customers.

This innovation is what has driven Sony's success in the past, and this in turn has driven our brand—one of the strongest weapons in our arsenal—to what it is today. In a survey conducted by Harris Interactive, Sony is ranked as the third most admired company, ahead of all of our competitors, number three in the Business Superbrands survey of U.K. business professionals and number four in the Brand Japan Survey.

To let this innovation drive Sony to new heights, we need to challenge our engineers, designers and producers to enhance our exciting hardware with a new focus on the software and content that will help establish our differentiation going forward, nurture an "Asset Light" corporate structure and efficiently use our capital so that it will generate sufficient returns on our investments.

## Strengthening Networked Software and Content

I have always been enthusiastic about hardware. Sony, as you all know, has a long and proud history of developing groundbreaking hardware that has excited customers and first created and then enhanced our brand. However, customers now expect product interconnectivity and the convenience that networking can provide, and we believe that we are uniquely positioned to make great, innovative hardware with these capabilities. As a result, I am now equally as enthusiastic about networks as I am about hardware. Our networked products and services will differentiate us and make Sony products more valuable to the consumer, and will also provide more reasons for consumers to buy and use many Sony products together, with an interoperable Sony solution.

The switch from making pure hardware to making networked products where the software and user experience are as important as the hardware itself is not a short-term effort. We are connecting more and more of our product groups to the network and to each other, and developing networked content, as well as the software that ties everything together.

A notable example is the Sony-created PlayStation®Network, which has been operational since the November 2006 launch of PS3™ and is used by 24 million customers. And this is only the beginning. Going forward, we will expand these network services to a variety of Sony consumer electronics products.

By uniting our Electronics and Game business groups and by establishing a common software development platform, we are in a better position than ever to innovate and connect seamlessly through network services. Also, with the enormous library of pictures, music and game content possessed by the Sony Group, we are one of the largest entertainment companies in the world. This gives us the ability to explore innovative entertainment initiatives with great speed, flexibility and creativity.

Our diverse content libraries and redoubled focus on the development of software and user interfaces will bring differentiation and additional value to our products, and will help make our vision of a networked world a reality.

### Becoming “Asset Light”

The time has come for us to adopt a more horizontal business model—i.e., an “Asset Light” model that works with third parties—for many of our businesses. With certain businesses, minimizing our fixed assets in order to maximize business flexibility, while maintaining our differentiating technology through continued research and development, is an idea that has become a priority over the past few years, and is the most appropriate business model for today.

The first major step in this process was the March 2008 sale of the production equipment that manufactures Cell and RSX

processors used in PS3™. Since then we have continued to explore additional opportunities to engage third parties to conduct some of our manufacturing and other operations. This will make us leaner, stronger, quicker, more adaptable and better able to flexibly innovate and enter and exit businesses with greater ease.

### Improving Our Financial Position

The immediate and lasting improvement of our operating performance is crucial to achieving our mission. The restructuring measures and other cost reductions I described above are expected to reduce our costs by more than ¥300 billion.

In addition, Mr. Nakagawa has already announced initiatives that will substantially reduce our procurement costs by consolidating our procurement activities across product lines, reducing the number of component suppliers and optimizing pricing schemes.

Furthermore, we are continuing efforts to reduce costs and rationalize operations across all divisions of the company. Additional points of focus include the streamlining of our sales and marketing organizations, improving our inventory planning and supply chain management, reducing our level of inventory, and returning the TV business, which has struggled to make money despite achieving a very strong market share, back to profitability. By further standardizing the design of our TVs worldwide, optimizing our LCD panel procurement and shifting assembly to third-party

partners, we can increase our cost competitiveness while maintaining the technological and design edge for which Sony is known worldwide.

These initiatives and others will improve our profitability and cash flow, but this is just the beginning. Going forward, we must also be focused on how we use our capital and make sure that our investments generate sufficient returns on capital. The more efficient we become, the more resources we will have to incubate new businesses and to invest in the R&D and acquisitions that will drive our innovation.

### Closing

Our transformation will not be a one-time restructuring, but rather an ongoing process of driving growth, efficiency and innovation across our businesses. With improved operating performance and cash flow, a lighter asset base and a stronger software and network infrastructure, we will be in a solid position to strengthen our core businesses while offering new alluring products that will beckon to our customers.

We are all firmly committed to leading Sony with the innovative spirit that is embedded in its DNA. It is a privilege to fight for a great company like Sony, and with the seriousness of purpose that this management team possesses, I know we can succeed in making Sony greater than ever.

So, I encourage you to get excited about what Sony is doing because it is still the most powerful technology and entertainment brand in the world. We are committed to transforming this company and are determined to prevail. On behalf of the management and all of the employees at Sony, I thank you for your continued support.

June 19, 2009

A handwritten signature in black ink, appearing to read "Howard Stringer". The signature is fluid and cursive, with a long horizontal stroke at the end.

Howard Stringer

Chairman, CEO and President

Representative Corporate Executive Officer

# Electronics and Game



## Review of Operations in the Electronics Business

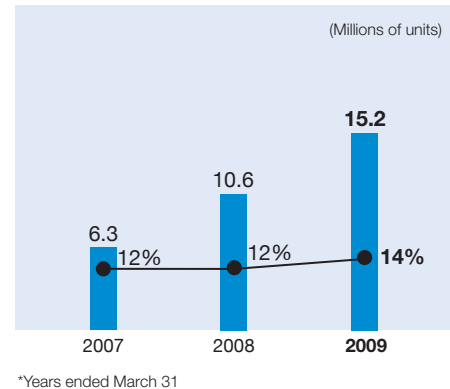
In fiscal year 2008—the year ended March 31, 2009—Sony's Electronics business faced a harsh operating environment, owing to a slump in demand brought on by the global economic downturn, as well as intensified price competition and the continued appreciation of the yen. Under these circumstances, Sony sought to heighten the appeal of products in each category while also striving to improve profits and strengthen competitiveness through ongoing efforts to reduce costs and reassess operations.

### Overview of Key Businesses

Despite waning demand attributable to the economic slowdown, the global market for LCD televisions in fiscal year 2008 reached approximately 107 million units, an increase of 24% from the previous fiscal year. During the period, Sony launched a wide range of new models that highlight our emphasis on technology and design. These included a slim-profile 40-inch model that is a mere 9.9mm at its thinnest point; models with Motionflow 240Hz technology, which quadruples the frame rate to deliver smooth, sharp reproduction of high-speed sports footage; a model with a proprietary energy-saving motion sensor that detects the presence or absence of people in the room and automatically turns the television on or off accordingly; and models incorporating a newly developed backlight that achieves industry-leading energy efficiency. Sales of Sony LCD televisions for the fiscal year were about 15.2 million units, an increase of 43% from the preceding period, giving us the second-largest share of the global market (Sony estimate, as of May 2009).

While anticipating that the harsh business environment for LCD televisions will continue as a consequence of falling unit selling prices and the deterioration of economic conditions, Sony will continue working to further enhance product innovation and competitiveness, as well as to improve the speed and efficiency of operations.

Unit sales of LCD televisions and market share



BRAVIA™ LCD television  
KDL-46V



Cyber-shot™ Digital Camera  
DSC-HX1



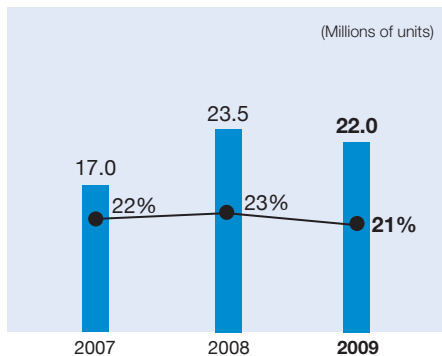
**Cyber-shot™ Digital Camera  
DSC-T77**



\*In June 2008, cumulative shipments of Cyber-shot cameras (including Digital Mavica) surpassed 100 million units.

The compact digital camera market saw a lull in replacement demand—particularly in Europe and the United States—while the impact of the economic slowdown dulled growth in emerging markets. As a consequence, worldwide unit sales in the period were level with those of the previous fiscal year. Sales of Sony compact digital cameras decreased 6% from the previous fiscal year to approximately 22 million units. Nevertheless, Sony retained its position as a global industry leader, with a market share of 21% (Sony estimate, as of May 2009).

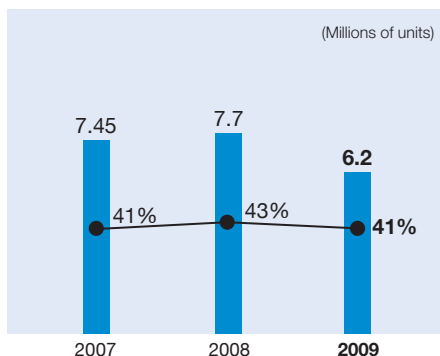
**Unit sales of compact digital cameras and market share**



\*Years ended March 31

During the period under review, Sony released a number of new models designed to respond to a variety of customer needs. These include models in the Cyber-shot™ W series, aimed at price-conscious consumers; the Cyber-shot T series, which includes slim (13.9mm)-profile cameras loaded with high-performance features that are uniquely suited to shooting high-definition movies; and the Cyber-shot G series, featuring cameras with built-in wireless Internet connectivity that enables users to upload images to photo sharing sites with ease. Fiscal year 2008 also saw the launch of the first model in the Cyber-shot HX series, which is the first ever compact digital camera to be equipped with a complementary metal oxide semiconductor (CMOS) image sensor, and allows for high-speed and panorama shooting.

**Unit sales of video cameras and market share**



\*Years ended March 31

Sony is a relative newcomer to digital single lens reflex (SLR) cameras, having entered this market in fiscal year 2006. Fiscal year 2008 saw the launch of the α900—a high-end model mounted with a 24.6-megapixel, 35mm full-frame Exmor™ CMOS image sensor—in the α (“alpha”) series, which now encompasses a complete lineup of models, from entry-level to high-end. Sales of Sony digital SLR cameras during the period amounted to 1.15 million units, approximately triple the result for the previous fiscal year, giving Sony a market share of more than 10% (Sony estimate, as of May 2009). Highlighting our pursuit of synergies among businesses, Sony began using G lenses, which are prominent in our digital SLR cameras, in the Cyber-shot HX series of compact digital cameras.

The global market for video cameras declined 17% to approximately 15 million units in the fiscal year ended March 31, 2009, evidence of its approaching maturity. Sales of Sony video

cameras slipped 19% to about 6.2 million units, resulting in a market share of 41% (Sony estimate, as of May 2009), maintaining the lead position in the video camera industry.

In February 2009, Sony launched a new model of digital high-definition Handycam® video camera—mounted with Exmor R, a newly developed back-illuminated CMOS image sensor—that is playing a crucial role in Sony’s “HD World” initiative. The Exmor R CMOS image sensor achieves unprecedented light sensitivity through illumination of the silicon substrate from the back. This enables the sensor to deliver outstanding clarity in low-light situations. In January 2009, Sony released two new versions of Webbie HD™, a pocket-sized video camera, in the North American market. Moving forward, Sony will further expand its video camera lineup to include a broad range of models, from high-spec and value-added to affordably priced, in an effort to bring the joy of easy-to-shoot high-definition video to individuals as well as families.

Sony has steadily expanded its Blu-ray Disc™ recorder and player business since first launching Blu-ray Disc players in North America and Blu-ray Disc recorders in Japan in fiscal year 2006. In fiscal year 2008, sales of Blu-ray Disc players amounted to 2.2 million units, earning Sony the top position in North America—the key market for Blu-ray Disc players—with a market share of over 40% (Sony estimate, as of May 2009). Sales of Blu-ray Disc recorders totaled 500,000 units. Looking ahead, in addition to anticipating significant growth in the market for Blu-ray Disc players and recorders, Sony expects each of its Blu-ray Disc-related businesses—including PCs, components and filmed content—to grow and yield considerable synergies within the Sony Group.

Sales of Sony’s digital music players in fiscal year 2008 were approximately 7 million units, an increase of 21% from the previous fiscal year. In the Japanese market, Sony achieved a high market share as the Walkman® S series of players with stand-alone speakers included—commercialized with young users in mind—proved a major hit. In April 2009, Sony launched the flagship X series. Featuring the S-Master fully digital amplifier—which is used in Sony AV amplifiers and home theater-related products—as well as digital noise cancellation, X series players also boast a 3.0-inch wide-screen organic light-emitting diode (OLED) display.

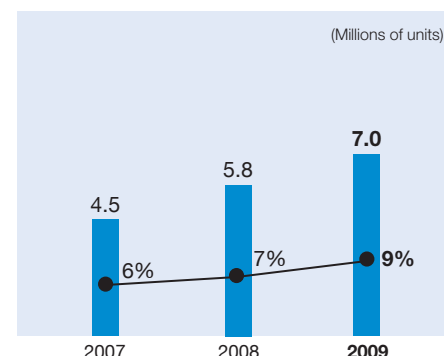
High Definition Handycam®  
HDR-XR520V



Digital music player  
Walkman® X series



Unit sales of digital music players and market share

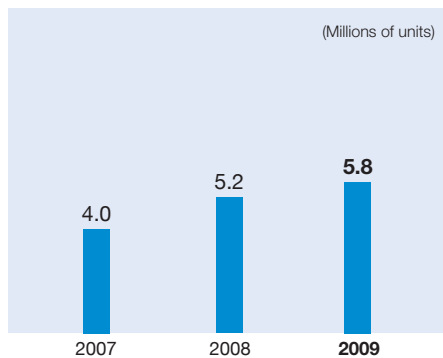


\*Years ended March 31

This unique combination of features enables the X series to deliver the best sound and image quality to this point in Walkman® history.

Steady growth in the global market for digital music players supported robust sales of Sony headphones, which secured the top position in the North American and Japanese headphone markets (Sony estimate, as of May 2009). During the period under review, Sony released the world's first noise-cancelling headphones with built-in digital noise cancellation. These headphones boast high-precision digital filtering properties not possible with analog technology, which greatly improves the effectiveness of the noise cancellation and ensures superb sound reproduction amid soothing silence.

Unit sales of PCs



\*Years ended March 31

VAIO P series



Sales of VAIO™ PCs in the period under review rose 12% to approximately 5.8 million units. The global market for PCs continued to expand during the period, owing to a sharp increase in the popularity of low-priced PCs, although sales price competition intensified. In July 2008, Sony redefined the meaning behind the name “VAIO”—originally an acronym for “Video Audio Integrated Operation” when the brand was launched in 1996—to “Visual Audio Intelligent Organizer.” By adding “intelligent” features, Sony will create new value and will continuously strive to provide value-added products to the customer.

In January 2009, Sony launched the “pocket style” VAIO P series, a lightweight and compact portable PC that can be held in one hand and fits in a pocket. With an elegant exterior, communications capabilities, an easy-to-use keyboard and an ultra-bright widescreen display, this new offering earned high praise from the market. Delivering a whole new spin on the concept of mobile computing, the VAIO P series is a clear embodiment of the redefined VAIO concept.



Sony Ericsson Mobile Communications AB (Sony Ericsson)—a joint venture between Sony Corporation and LM Ericsson—reported operating and net losses for the fiscal year ended December 31, 2008. This was primarily a result of a less favorable product mix, price pressure and a decrease in unit sales due to the global economic slowdown. In response to persistently weak consumer confidence and an increasingly intense and competitive operating environment, Sony Ericsson is implementing measures to reassess its global operations and the allocation of its management resources, as well as cost saving programs targeted at reducing operating expenses, in order to restore its financial health and facilitate profitable growth.

The 2008 calendar year saw the release of a number of new phones; these included Xperia™ X1, a Windows Mobile®-based multimedia handset, and C905 Cyber-shot™, an eight-megapixel

camera phone. In February 2009, Sony Ericsson announced its Communication Entertainment strategy, which aims to broaden and unite best-in-class entertainment experiences into a single offering that fuses communication with entertainment. PlayNow™, Sony Ericsson’s content delivery platform, has recently been expanded to offer not only music and game downloads, but also movies and an application store. The Aino, Satio and Yari handsets, which Sony Ericsson plans to launch early in the 2009 fourth quarter, will be the first to embody the concept of “Communication Entertainment.”

## Review of Operations in the Game Business

Sony Computer Entertainment Inc. (SCE) cultivated strong growth for PLAYSTATION®3 (PS3™) and PSP® (PlayStation®Portable) platforms by expanding its lineup of software titles and implementing a variety of marketing initiatives despite operating in a difficult business environment. Efforts also focused on building up network services—one of several important themes. PS3™ and PSP® offer new ways to have fun through network connectivity and are playing an increasingly important role in Sony’s growth. Going forward, Sony will continue to offer services that are unique to PlayStation®, creating a whole new world of entertainment.

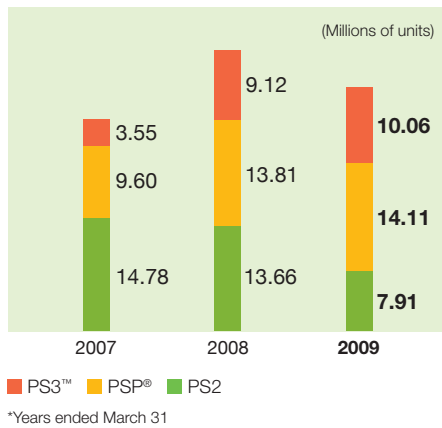
### PS3™ Sees Increased Market Penetration

The consummate entertainment system, PS3™ boasts an abundance of cutting-edge technologies, including the high-performance Cell Broadband Engine™ (Cell/B.E.) semiconductor, which imparts formidable computing power; RSX™, a graphics processor that facilitates processing of highly detailed images; and a high-capacity Blu-ray Disc drive.

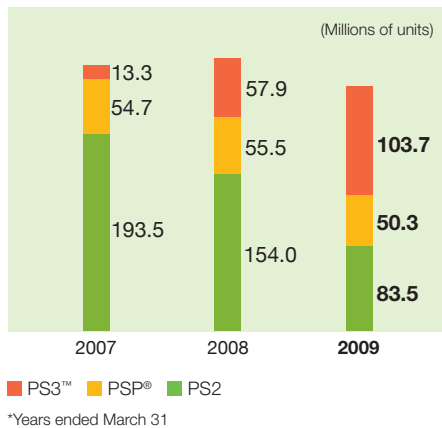
PLAYSTATION®3



PlayStation® hardware sales



PlayStation® software sales



In fiscal year 2008, SCE introduced a wealth of game titles designed to realize the performance potential of PS3™ while at the same time implementing a variety of marketing initiatives aimed at cultivating broader market acceptance. On the hardware front, SCE launched a new 80GB model equipped with a DUALSHOCK®3 wireless controller that boasts all of the performance features of the 40GB model and twice the hard disc drive (HDD) capacity, all for the same price as its predecessor. In North America and Europe, SCE responded to user demand for high-capacity HDDs—spurred by the launch of a video distribution service in the United States and the introduction of a television recording peripheral, PlayTV™, in Europe—by launching a limited edition model mounted with a 160GB HDD in time for the year-end holiday sales season. As a result of these and other measures, sales of PS3™ in fiscal year 2008 reached 10.06 million units, boosting cumulative sales of the platform since its launch in 2006 to more than 22.7 million units.

Regarding the reduction of hardware costs, efforts to shrink the Cell/B.E. progressed according to plan as the original 90nm generation gave way to 65nm and then 45nm devices. Through this, as well as through ongoing efforts to reduce the number of components used, Sony will endeavor to further improve profitability.

### An Increasingly Networked World

PlayStation®Network is a network service that delivers entertainment to PS3™ and PSP® owners through the Internet. In addition to games and game demos, users can download animated television programming, movies and a wide range of other content. PlayStation®Network currently offers services in more than 55 countries and regions and, as of June 2009, had more than 24 million registered accounts worldwide. Sony also continues to enhance network services to enable users to download and enjoy games, videos and other content from PlayStation®Store. In fiscal year 2008, the expansion of various services helped boost cumulative network business sales since the launch of this business to approximately ¥25 billion. In July 2008, SCE launched PlayStation®Store's video delivery service in the United States that



**PlayStation®Network**

distributes movies, television programming and other content. At present, customers are able to choose from more than 1,900 movie titles and over 9,400 television programs. In September, SCE launched Life with PlayStation®, a service that offers users access to news and weather information from 60 cities around the world, while in December it launched PlayStation®Home, an online community that enables PS3™ users to meet, play games and communicate with each other.

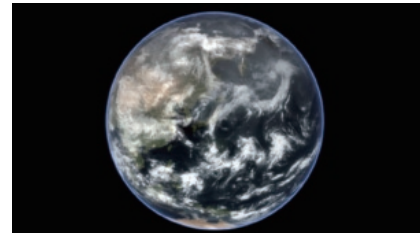
### The World of PSP®: Expanding Ways to Have Fun

October 2008 saw the release of PSP-3000, a new model for the PSP® handheld entertainment system that enables users to enjoy games and other entertainment content with greater detail and also features a built-in microphone. In January 2009, SCE unveiled a series of vibrant, glossy-finish color options for customers in Japan and elsewhere in Asia called “carnival colors,” likening the PSP-3000’s glittery and fun-filled mystique to that of a carnival. Together with the three popular original colors, this brings the total number of color options available for PSP® to seven.

Capitalizing on the launch of PSP-3000, SCE further enhanced its online services for PSP®. In addition, SCE established a service available to users on PlayStation®Network whereby PSP® users can access the Internet directly, rather than having to go through a PS3™ or a PC, enabling PSP® users to download games from PlayStation®Store. As a consequence, PSP® users can now access PlayStation®Network whether they are at home or on the go, allowing them to more easily enjoy the world of PlayStation®.

Worldwide sales of PSP® surpassed 14 million units in fiscal year 2008, while cumulative global sales have exceeded 51.6 million units, underscoring the expanding presence of PSP®. Going forward, we will continue to expand software titles while at the same time promoting PSP® by enhancing linkage with PS3™. In this way, we will expand options for utilizing the platform, from playing games to browsing the Internet and enjoying music and video content.

Life with PlayStation®



PlayStation®Home



PSP® (PlayStation®Portable)



## PlayStation®2 (PS2)

Calendar year 2009 marks the 10th year since the launch of PS2. Despite the impact of the economic slowdown, global sales of PS2 in fiscal year 2008 totaled approximately 8 million units as the platform continued to perform well and contribute to profits in Sony's Game business. Demand remains particularly firm in the Middle East and Asia. Going forward, Sony will continue this business, while enhancing its lineup of titles, which includes its own and those released by third-party software developers.

PlayStation®2



## A Steady Stream of New Software Titles

Bolstering its lineup of software titles is crucial to SCE's efforts to promote the PS3™, PSP® and PS2 platforms. In fiscal year 2008, SCE and third-party software developers released an extensive range of hit titles. PS3™ titles including *Metal Gear Solid 4 Guns of the Patriots* (Konami Digital Entertainment Co., Ltd.) and SCE offerings *GRAN TURISMO 5 Prologue™*, *Killzone®2*, *LittleBigPlanet™* and *Resistance 2™* sold well in Japan, the United States, Europe and Asia. Additionally, sales of PSP® titles including *Monster Hunter Portable 2nd G* (Capcom Co., Ltd.), *DISSIDIA FINAL FANTASY* (SQUARE ENIX CO., LTD.) and SCE's *God of War®: Chains of Olympus* contributed to the growth of that platform. While reinforcing in-house software development, SCE is also supporting the capabilities of third-party software developers producing titles for PlayStation® by expanding and reinforcing software development tools, thereby increasing the efficiency of development efforts. To further enhance the development environment for PS3™ titles, in March 2008 SCE introduced a moderately priced new reference tool that will contribute to the efforts of software developers to reduce costs, as well as attract a wider range of developers.

An exciting collection of new titles developed by SCE and by third-party developers is expected in fiscal year 2009. Going forward, Sony will continue to enhance the PS3™, PSP® and PS2 platforms and at the same time offer new user experiences that integrate network services and a variety of content.

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# PlayStation® Software Titles

## PLAYSTATION®3 software titles\*



GRAN TURISMO 5



LittleBigPlanet™



White Knight Chronicles



The Last Guy



MotorStorm™ 2



Trash Panic™

## PSP® (PlayStation®Portable) software titles\*



PATAPON 2 DonChaka♪



GRAN TURISMO

\*Some titles are yet to be released.

\*Some titles are yet to be released.

# Entertainment



## Review of Operations in the Entertainment Business

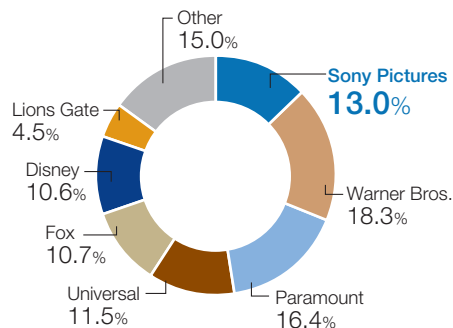
Sony Pictures Entertainment (SPE) had a successful year on many fronts in the fiscal year ended March 31, 2009 despite facing challenges brought on by the current global economy.

While the studio remains mindful of the economic circumstances, people worldwide continue to show an interest in such entertainment products as motion pictures, television programs, and online, mobile and other content. In particular, theater attendance is greater than in past years\*<sup>1</sup> as consumers continue to find value in the movie-going experience, even in the midst of a difficult financial climate.

### Motion Pictures

SPE's Motion Picture Group achieved more than \$2.7 billion in receipts at the worldwide box office in calendar year 2008, making it the third biggest year on record for the studio. *Hancock*, SPE's 2008 summer blockbuster starring Will Smith, was a major hit, taking in more than \$600 million in global box office receipts. The latest James Bond film, *Quantum of Solace*, surpassed *Casino Royale*—the previous title in the series—with the biggest North American box office opening in the franchise's history.\*<sup>2</sup>

North American Theatrical Box Office Revenue Market Share (Calendar Year 2008)



*You Don't Mess With the Zohan*, *Paul Blart: Mall Cop*, *Step Brothers* and *Pineapple Express*, as well as Screen Gems' *Quarantine* and *Lakeview Terrace* are among the other titles that also performed well at the box office. Sony Pictures Classics enjoyed critical success with multiple Academy Award®, Golden Globe®, Film Independent Spirit Award and Cannes Palme D'Or nominations and five wins for films including *Rachel Getting Married*, *Waltz with Bashir*, *The Class* and *Frozen River*.

A number of major titles have been released or are slated for the 2009 calendar year including *Angels & Demons*, *The Taking of Pelham 1 2 3*, *Julie & Julia* and an epic Roland Emmerich film, *2012*.

Sony Pictures' International Motion Picture Production Group, SPE's local-language production arm, achieved box office success in Russia and India with the releases of *The Very Best Movie 2* and *Raaz 2* debuting at number one in their respective markets.

Sony Pictures Worldwide Acquisitions Group acquired distribution rights to *Terminator Salvation* in a majority of international territories. In addition, *The Take* received a Film Independent Spirit Award nomination.

\*<sup>1</sup> *Daily Finance*, April 15, 2009, citing the National Association of Theater Owners (NATO)

\*<sup>2</sup> *The New York Times*, November 16, 2008

### Home Entertainment

Sony Pictures Home Entertainment (SPHE) achieved the second highest catalog (other than new release) market share of the U.S. DVD market in calendar year 2008\*<sup>3</sup> and earned several awards from retailers for its excellent quality of service.

Internationally, SPHE continues to have success with respect to Blu-ray Disc products, maintaining the number two overall market share position for the year. Total industry Blu-ray Disc software sales quadrupled to 37.4 million units in 2008,\*<sup>4</sup> demonstrating the enduring global demand for high-quality home entertainment.

The home entertainment market, and DVD sales in particular, was impacted by the economic downturn in calendar year 2008, affecting all the major studios. However, strong adoption rates of the Blu-ray Disc format by consumers continue, with disc unit sales double those of last year for the first quarter of calendar year 2009.\*5

\*3 Nielsen VideoScan retail channel POS January 1 through December 28, 2008

\*4 Richard Cooper, Senior Analyst, Video, *Screen Digest*, March 9, 2009

\*5 *Video Business*, April 15, 2009

## Television

In March 2009, SPE announced that its U.S. and international television divisions were uniting as Sony Pictures Television (SPT) to take strategic advantage of the globalization of the television market.

SPT had a strong year in the U.S. market with the critical success of productions like *Damages*, *Rescue Me*, *Breaking Bad* and *A Raisin in the Sun*. SPT productions received 29 Primetime Emmy® nominations—the most in SPE's history—and went on to win six awards. SPT productions also received 28 Daytime Emmy® nominations and won five awards. Last summer, SPT announced an agreement with Oprah Winfrey's television production company, Harpo Productions, to produce and distribute a syndicated show that will feature Dr. Mehmet Oz, the renowned heart surgeon and author. The show debuts in the U.S. in September 2009.

SPT continues to have success in the development of new television shows for the U.S. broadcast and cable networks. For the 2008–2009 television season, the FOX and ABC networks ordered SPT shows *Sit Down, Shut Up* and *The Unusuals*, and the Turner and Lifetime cable networks ordered *HawthoRNe* and *Drop Dead Diva*. In the popular unscripted (“reality” or “light entertainment”) format, SPT had three pilots ordered for cable and broadcast network series including *The Newlywed Game* on GSN. In addition, the studio produced pilots for the 2009–2010 season that resulted in two new scripted series for broadcast networks: *Community* on NBC and *Brothers* on FOX.

Internationally, SPT and its distribution arm had continued growth and success due to the popularity of SPE's motion pictures and TV series around the world. The studio's global channel network includes 114 channel feeds in 130 countries reaching approximately 400 million viewers worldwide. The group bolstered production of the unscripted format through the acquisition of the Dutch production company 2waytraffic and an investment in the Colombian television production company Teleset.

March 2009 saw significant developments for SPT in India. Multi Screen Media Private Limited, SPE's joint venture television networks business in India, signed an agreement to air the popular IPL cricket tournament on its SET MAX television channel for up to eight years, with an option for a ninth. SPT also entered the Bengal region with the acquisition of Channel 8, India's only Bengali language film channel.

## Digital Production

Sony Pictures Digital Productions (SPDP) continued its production of *Cloudy With a Chance of Meatballs*, the next animated feature from SPE, which will be released in 3-D in September 2009.

The unit also announced development deals with the Gotham Group, a leading production firm, and with Platinum Studios, which controls an international library of comic and graphic novel content, to produce animated films.

Sony Picture's Academy Award®-winning digital production studio Imageworks delivered visual effects and digital character animation to a number of films by Sony Pictures and other studios, including *Hancock* for Sony Pictures and the character of Dr. Manhattan in *Watchmen* for Warner Bros., and continues to be a leader in 3-D stereoscopic production.

# Titles from Sony Pictures



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You Don't Mess with the Zohan



© 2007 Columbia Pictures Industries, Inc.  
All Rights Reserved.  
Hancock



© 2008 Columbia Pictures Industries, Inc.  
All Rights Reserved.  
Pineapple Express



© 2008 Danjaq, LLC, United Artists Corporation and Columbia Pictures Industries, Inc. All Rights Reserved.  
Quantum of Solace



© 2008 Columbia Pictures Industries, Inc.  
All Rights Reserved.  
Seven Pounds



© 2009 Columbia Pictures Industries, Inc. and Beverly Blvd LLC.  
All Rights Reserved.  
Paul Blart: Mall Cop



© 2009 Sony Pictures Television Inc. and Bluebush Productions, LLC. All Rights Reserved.  
Damages



© 2009 Sony Pictures Television Inc.  
All Rights Reserved.  
Hawthorne



© 2009 Harpo, Inc.  
All rights reserved.  
The Dr. Oz Show

## MUSIC

Sony's music entertainment business consists primarily of Sony Music Entertainment (SME), which operates worldwide outside of Japan, and Sony Music Entertainment (Japan) Inc. (SMEJ), which operates in the Japanese market, as well as our music publishing joint venture, Sony/ATV Music Publishing (Sony/ATV). Individually they operate as market-leading businesses, and together they comprise the core of Sony's music entertainment assets.

### Sony Music Entertainment

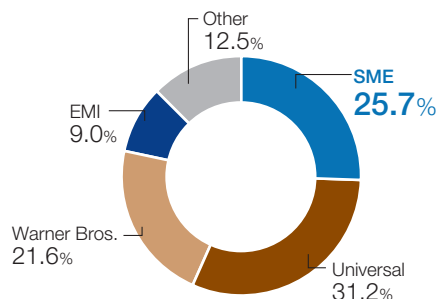
<http://www.sonymusic.com/>

Prior to October 1, 2008, Sony's non-Japanese music entertainment business was conducted by SONY BMG MUSIC ENTERTAINMENT (SONY BMG), a 50% joint venture with Bertelsmann AG. On that date, Sony acquired Bertelsmann AG's 50% stake in the company, and SONY BMG became a wholly owned subsidiary. From January 1, 2009, the company changed its name to Sony Music Entertainment. In addition to being able to further lower its cost base through increased efficiencies, having SME entirely within the Sony Group will allow the company to work more effectively with our Electronics, Game and Pictures businesses.

During the fiscal year ended March 31, 2009, SME marked its full re-entry into the Sony Corporation family by focusing on generating hits for both well-known and emerging recording artists, while also creating new and innovative business models for a music market in transition.

SME's continuing dedication to great artistry yielded hits from established stars including AC/DC, Beyoncé, P!nk and Britney Spears, and blossoming ones such as Leona Lewis, Kings of Leon, Adele, Sara Bareilles and Jordin Sparks. As a result, SME's market share for the fiscal year increased over that of the previous year, with its share of music from "breakout" artists (artists who recently made their major label debut) topping the industry.

U.S. Market Share (April 2008 - March 2009)



As a company, SME continued its ongoing evaluation of how it manages its bottom line and continued to work to transform its business to include significant and growing digital sales, as well as developing other revenue streams such as live concerts, artist management and sponsorships.

On the digital front, SME signed important licensing deals with Sony Ericsson, Apple, Nokia, Vodafone, MySpace and Amazon, among others. This further expanded the number of service providers offering music from our artists and diversified the ways consumers can acquire music to include a variety of buy-to-own, subscription and ad-supported models.

SME also played an active role in the ongoing Sony United initiative, integrating its music into a wide range of Sony products and related services, including Sony Ericsson's PlayNow plus, as well as X series and other Walkman® pre-loaded with a variety of songs and videos from hot, new artists. SME released over a dozen new titles in the Blu-ray Disc format, and collaborated with Sony Pictures Entertainment on music components from the latest James Bond movie, *Quantum of Solace*.

### Sony Music Entertainment (Japan)

<http://www.sonymusic.co.jp>

SMEJ's business portfolio, in addition to music production, also includes artist management, and video and media production. Concurrent with the acquisition of Bertelsmann AG's 50% stake in SONY BMG, BMG Japan (BMJ, the BMG Label Group's Japanese operations), formerly part of SONY BMG, became a subsidiary of SMEJ.

# Artists from SME & SMEJ



AC/DC



P!nk



Britney Spears



Kings of Leon



Jordin Sparks



Beyoncé



YUI



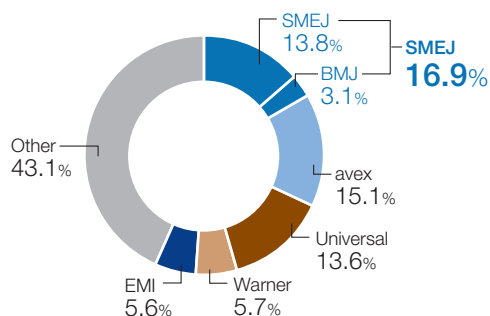
ikimono-gakari



JUJU

SMEJ also recorded a number of hits in fiscal year 2008, led by albums from established artists including YUI, ikimono-gakari, Mika Nakashima and Miliyah Kato. In addition, a number of young SMEJ artists, including JUJU, Miho Fukuhara and Lil'B, launched their debut albums and recorded hits for SMEJ. As a result, SMEJ (including BMJ) increased its market share and took the number one position in the Japanese market.

Japan Market Share (April 2008 - March 2009)



\* BMJ was integrated into SMEJ as of October 2, 2008.

\* SoundScan, Audio total from April 2008 through March 2009

SMEJ continues to focus heavily on digital distribution, with the Chaku-Uta® and Chaku-Uta Full® master ringtone download services continuing to perform well and contribute significantly to earnings.

Chaku-Uta® and Chaku-Uta Full® are registered trademarks of Sony Music Entertainment (Japan)

## Sony/ATV Music Publishing

<http://www.sonyatv.com>

Sony/ATV owns or administers more than 750,000 music copyrights, including those by classic artists such as The Beatles, Bob Dylan, Willie Nelson, Roy Orbison and Joni Mitchell, as well as its growing roster of current artists including Akon, the Jonas Brothers, Lady Gaga, Shakira and Taylor Swift.

By focusing on signing artists and acquiring catalogs—two recent purchases include the music publishing company Famous Music and the Leiber–Stoller catalog—Sony/ATV significantly increased its U.S. market share position of new releases, from the number five position just a few years ago to second place for the

last two quarters of the fiscal year ended March 2009.

This remains a challenging time for the music industry, which must manage its ongoing evolution from a physical product business to one which capitalizes on multiple formats and rights and a host of new digital and mobile business models, and do so at a time when the worldwide economic downturn is impacting all industries around the globe.

SME remains positioned for success with a rich catalog and roster of talented artists, several promising digital initiatives, dedicated employees, and supportive ownership that believes in the power and potential of music. Together with SMEJ and Sony/ATV, which are also positioned for further growth despite the harsh market environment, Sony's music entertainment assets are set to continue to contribute to both the Sony brand and its bottom line.

# Board of Directors and Corporate Executive Officers

## Supervision

### Board of Directors

- Determines the fundamental management policies of the Sony Group.
- Oversees the management of Sony Group's business operations.
- Appoints and dismisses the statutory committee members.
- Appoints and dismisses Corporate Executive Officers.

**Chairman of the Board: Yotaro Kobayashi\***

**Vice Chairman of the Board: Yoshihiko Miyauchi\***

**Sir Howard Stringer** Sony Corporation Chairman, Chief Executive Officer and President

**Ryoji Chubachi** Sony Corporation Vice Chairman, Officer in charge of Product Quality & Safety and Environmental Affairs

**Nobuyuki Oneda** Sony Corporation Executive Deputy President and Chief Financial Officer

**Yotaro Kobayashi\*** Chief Corporate Advisor, Former Chairman of the Board, Fuji Xerox Co., Ltd.

**Sakie T. Fukushima\*** Representative Director & Chairman, Korn/Ferry International-Japan

**Yoshihiko Miyauchi\*** Director, Representative Executive Officer, Chairman and Chief Executive Officer, ORIX Corporation

**Yoshiaki Yamauchi\***

**Sir Peter Bonfield\***

**Fueo Sumita\***

**Fujio Cho\***

**Ryuji Yasuda\***

**Yukako Uchinaga\***

**Mitsuaki Yahagi\***

**Tsun-Yan Hsieh\***

**Roland A. Hernandez\***

Director, Sumitomo Mitsui Financial Group, Inc. Chairman of the Supervisory Board, NXP B.V.

Chief of Sumita Accounting Office

Chairman, Toyota Motor Corporation

Professor, Graduate School of International

Corporate Strategy, Hitotsubashi University

Director and Vice Chairman, Benesse Corporation

Chairman of the Board, Chief Executive Officer

and President, Berlitz International, Inc.

Chairman of the Board,

The Japan Research Institute, Limited

Senior Advisor, McKinsey & Company

Retired Chairman and CEO,

Telemundo Group, Inc.

### Nominating Committee

- Determines the content of proposals regarding the appointment/dismissal of Directors.

**Yotaro Kobayashi\* (Chairman)**

**Yoshihiko Miyauchi\***

**Sir Peter Bonfield\***

**Fujio Cho\***

**Yukako Uchinaga\***

**Roland A. Hernandez\***

**Sir Howard Stringer**

**Ryoji Chubachi**

### Audit Committee

- Monitors the performance of duties by Directors and Corporate Executive Officers (with respect to structure to ensure the adequacy of the financial reporting process, to enable management to ensure the effectiveness of internal control over financial reporting, to ensure timely and appropriate disclosure and to ensure compliance with any applicable law, Articles of Incorporation and internal policies and rules and status of any other items described in the "Internal Control and Governance Framework" determined or reaffirmed by the Board of Directors in accordance with the Companies Act).
- Oversees and evaluates the work of independent auditor (including to evaluate the adequacy of its independence and its qualification, to propose its appointment/dismissal or non-reappointment, to approve its compensation, to evaluate the appropriateness of its audit regarding the financial results and internal control over financial reporting, and to pre-approve its engagement for any other services than audit services to be provided).

**Yoshiaki Yamauchi\* (Chairman)**

**Fueo Sumita\***

**Ryuji Yasuda\***

### Compensation Committee

- Sets policy on the contents of individual compensation for Directors, Corporate Executive Officers, Corporate Executives and Group Executives and determines the amount and content of individual compensation of Directors and Corporate Executive Officers in accordance with the policy.

**Sakie T. Fukushima\* (Chairman)**

**Mitsuaki Yahagi\***

**Tsun-Yan Hsieh\***

\* An outside director who satisfies the requirements under Item 15, Article 2 of the Japanese Companies Act

## Execution

### Corporate Executive Officers

- Make decisions regarding the execution of Sony Group business activities within the scope of the authority delegated to them by the Board of Directors.

**Sir Howard Stringer\*\*** Chairman, Chief Executive Officer and President

**Ryoji Chubachi\*\*** Vice Chairman, Officer in charge of Product Quality & Safety and Environmental Affairs

**Nobuyuki Oneda\*\*** Executive Deputy President and Chief Financial Officer

**Yutaka Nakagawa** Executive Deputy President, Officer in charge of Manufacturing, Logistics, Procurement and CS Platform

**Hiroshi Yoshioka**

**Keiji Kimura**

**Nicole Seligman**

**Kazuo Hirai**

Executive Deputy President, Officer in charge of

Consumer Products & Devices Group (CPDG)

Executive Vice President, Officer in charge of

Intellectual Property, Information Systems, B2B

Solutions Business and the Disc Manufacturing

Business

Executive Vice President and General Counsel

Executive Vice President, Officer in charge of

Networked Products & Services Group (NPSG)

\*\* Representative Corporate Executive Officer concurrently serving as Director

## Corporate Executives

- Carry out business operations within designated areas, including business units, research and development, and/or headquarters functions, in accordance with the fundamental policies determined by the Board of Directors and the Corporate Executive Officers.

(Names and positions of new Directors and Corporate Executive Officers as of June 19, 2009)

# Five-Year Summary of Selected Financial Data

Sony Corporation and Consolidated Subsidiaries—Years ended March 31

	Yen in millions (Yen per share amounts)				
	2005	2006	2007	2008	2009
<b>FOR THE YEAR</b>					
Sales and operating revenue . . . . .	7,191,325	7,510,597	8,295,695	8,871,414	<b>7,729,993</b>
Equity in net income (loss) of affiliated companies* . .	29,039	13,176	78,654	100,817	<b>(25,109)</b>
Operating income (loss) . . . . .	174,667	239,592	150,404	475,299	<b>(227,783)</b>
Income (loss) before income taxes . . . . .	186,246	299,506	180,691	567,134	<b>(174,955)</b>
Income taxes . . . . .	16,044	176,515	53,888	203,478	<b>(72,741)</b>
Net income (loss) . . . . .	163,838	123,616	126,328	369,435	<b>(98,938)</b>
Per share data of common stock:					
Net income (loss)					
—Basic . . . . .	175.90	122.58	126.15	368.33	<b>(98.59)</b>
—Diluted . . . . .	158.07	116.88	120.29	351.10	<b>(98.59)</b>
Cash dividends . . . . .	25.00	25.00	25.00	25.00	<b>42.50</b>
Depreciation and amortization** . . . . .	372,865	381,843	400,009	428,010	<b>405,443</b>
Capital expenditures (addition to fixed assets) . . . .	356,818	384,347	414,138	335,726	<b>332,068</b>
Research and development costs . . . . .	502,008	531,795	543,937	520,568	<b>497,297</b>
<b>AT YEAR-END</b>					
Net working capital. . . . .	746,803	569,296	994,871	986,296	<b>(190,265)</b>
Long-term debt . . . . .	678,992	764,898	1,001,005	729,059	<b>660,147</b>
Stockholders' equity. . . . .	2,870,338	3,203,852	3,370,704	3,465,089	<b>2,964,653</b>
Total assets . . . . .	9,499,100	10,607,753	11,716,362	12,552,739	<b>12,013,511</b>
Number of shares issued at year-end (thousands of shares of common stock) . . . . .	997,211	1,001,680	1,002,897	1,004,443	<b>1,004,535</b>
Stockholders' equity per share of common stock . . . . .	2,872.21	3,200.85	3,363.77	3,453.25	<b>2,954.25</b>

\* Effective from the fiscal year ended March 31, 2009, Sony revised the presentation of its financial information to ensure that it is consistent with the way management views its consolidated operations. Since Sony considers Sony Ericsson Mobile Communications AB and S-LCD Corporation to be integral to Sony's operations, Sony determined that the most appropriate method to report equity in net income (loss) of all affiliated companies was as a component of operating income (loss). In connection with this reclassification, consolidated operating income (loss) and consolidated income (loss) before income taxes for all prior periods have been reclassified to conform with the current year presentation.

\*\* Depreciation and amortization includes amortization expenses for intangible assets and deferred insurance acquisition costs.

# Quarterly Financial and Stock Information

Sony Corporation and Consolidated Subsidiaries—Years ended March 31

	Yen in billions (Yen per share amounts)							
	1st quarter		2nd quarter		3rd quarter		4th quarter	
	2008	2009	2008	2009	2008	2009	2008	2009
Sales and operating revenue . . . . .	1,976.5	<b>1,979.0</b>	2,083.0	<b>2,072.3</b>	2,859.0	<b>2,154.6</b>	1,952.8	<b>1,524.1</b>
Equity in net income (loss) of affiliated companies . . . . .	22.0	<b>2.2</b>	21.1	<b>1.1</b>	46.9	<b>(10.8)</b>	10.8	<b>(17.7)</b>
Operating income (loss) . . . . .	121.3	<b>73.4</b>	111.6	<b>11.0</b>	236.2	<b>(18.0)</b>	6.2	<b>(294.3)</b>
Income (loss) before income taxes . . .	105.7	<b>62.9</b>	109.1	<b>7.3</b>	335.3	<b>66.5</b>	17.0	<b>(311.6)</b>
Income taxes . . . . .	39.7	<b>19.0</b>	34.9	<b>(8.9)</b>	135.2	<b>64.4</b>	(6.3)	<b>(147.2)</b>
Net income (loss) . . . . .	66.5	<b>35.0</b>	73.7	<b>20.8</b>	200.2	<b>10.4</b>	29.0	<b>(165.1)</b>
Per share data of common stock								
Net income (loss)								
—Basic . . . . .	66.29	<b>34.86</b>	73.50	<b>20.74</b>	199.60	<b>10.37</b>	28.95	<b>(164.56)</b>
—Diluted . . . . .	63.14	<b>33.28</b>	70.09	<b>19.83</b>	190.29	<b>9.98</b>	27.63	<b>(164.56)</b>
Depreciation and amortization*. . . . .	104.0	<b>91.7</b>	100.6	<b>103.4</b>	109.7	<b>105.6</b>	113.8	<b>104.9</b>
Capital expenditures (addition to property, plant and equipment) . . . . .	95.0	<b>77.7</b>	75.8	<b>107.1</b>	67.1	<b>73.6</b>	97.9	<b>73.7</b>
R&D expenses . . . . .	126.0	<b>124.3</b>	131.7	<b>132.3</b>	125.5	<b>117.1</b>	137.4	<b>123.6</b>
Tokyo Stock Exchange price per share of common stock:								
High . . . . .	7,190	<b>5,560</b>	6,580	<b>4,710</b>	6,410	<b>3,280</b>	6,300	<b>2,335</b>
Low . . . . .	5,860	<b>4,000</b>	5,050	<b>3,120</b>	5,100	<b>1,717</b>	3,910	<b>1,491</b>
New York Stock Exchange price per American Depositary Share:								
High . . . . .	\$ 59.84	<b>\$ 52.36</b>	\$ 54.12	<b>\$ 43.65</b>	\$ 56.75	<b>\$ 30.64</b>	\$ 57.19	<b>\$ 24.32</b>
Low . . . . .	49.77	<b>39.52</b>	43.86	<b>29.71</b>	44.57	<b>18.09</b>	39.91	<b>15.64</b>

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

# Segment Information

Sony Corporation and Consolidated Subsidiaries—Years ended March 31

## SALES AND OPERATING REVENUE BY BUSINESS SEGMENT\*

Years ended March 31	Yen in millions		
	2007	2008	2009
Electronics			
Customers . . . . .	5,443,336	5,931,708	<b>5,032,920</b>
Intersegment. . . . .	629,042	682,102	<b>455,035</b>
Total . . . . .	6,072,378	6,613,810	<b>5,487,955</b>
Game			
Customers . . . . .	974,218	1,219,004	<b>984,855</b>
Intersegment. . . . .	42,571	65,239	<b>68,291</b>
Total . . . . .	1,016,789	1,284,243	<b>1,053,146</b>
Pictures			
Customers . . . . .	966,260	855,482	<b>717,513</b>
Intersegment. . . . .	—	2,452	<b>—</b>
Total . . . . .	966,260	857,934	<b>717,513</b>
Financial Services			
Customers . . . . .	624,282	553,216	<b>523,307</b>
Intersegment. . . . .	25,059	27,905	<b>14,899</b>
Total . . . . .	649,341	581,121	<b>538,206</b>
All Other			
Customers . . . . .	287,599	312,004	<b>471,398</b>
Intersegment. . . . .	67,525	70,194	<b>68,205</b>
Total . . . . .	355,124	382,198	<b>539,603</b>
Elimination . . . . .	(764,197)	(847,892)	<b>(606,430)</b>
Consolidated total . . . . .	8,295,695	8,871,414	<b>7,729,993</b>

\* Electronics intersegment amounts primarily consist of transactions with the Game segment, Pictures segment and All Other. Game intersegment amounts primarily consist of transactions with the Electronics segment. All Other intersegment amounts primarily consist of transactions with the Electronics, Game and Picture segments.

## OPERATING INCOME (LOSS) BY BUSINESS SEGMENT\*

Years ended March 31	Yen in millions		
	2007	2008	2009
Electronics . . . . .	251,256	441,787	<b>(168,084)</b>
Game . . . . .	(232,325)	(124,526)	<b>(58,476)</b>
Pictures . . . . .	26,705	58,524	<b>29,916</b>
Financial Services. . . . .	84,142	22,633	<b>(31,157)</b>
All Other . . . . .	32,808	60,800	<b>30,367</b>
Total . . . . .	162,586	459,218	<b>(197,434)</b>
Corporate and elimination . . . . .	(12,182)	16,081	<b>(30,349)</b>
Consolidated total . . . . .	150,404	475,299	<b>(227,783)</b>

\* Operating income (loss) is sales and operating revenue less costs and expenses, and includes equity in net income (loss) of affiliated companies.

### ELECTRONICS SALES AND OPERATING REVENUE TO CUSTOMERS BY PRODUCT CATEGORY

Years ended March 31	Yen in millions		
	2007	2008	2009
Audio . . . . .	522,879	558,624	<b>453,976</b>
Video . . . . .	1,143,120	1,279,225	<b>1,042,014</b>
Televisions . . . . .	1,226,971	1,367,078	<b>1,275,810</b>
Information and Communications . . . . .	954,163	1,103,212	<b>942,517</b>
Semiconductors . . . . .	219,546	237,870	<b>205,062</b>
Components . . . . .	835,490	833,334	<b>662,453</b>
Other . . . . .	541,167	552,365	<b>451,088</b>
<b>Total . . . . .</b>	<b>5,443,336</b>	<b>5,931,708</b>	<b>5,032,920</b>

Note: The above table is a breakdown of Electronics sales and operating revenue to external customers by product category.

### SALES AND OPERATING REVENUE BY GEOGRAPHIC INFORMATION

Years ended March 31	Yen in millions		
	2007	2008	2009
Japan . . . . .	2,127,841 25.6%	2,056,374 23.2%	<b>1,873,219</b> <b>24.2%</b>
U.S.A. . . . .	2,232,453 26.9	2,221,862 25.1	<b>1,827,812</b> <b>23.6</b>
Europe . . . . .	2,037,658 24.6	2,328,233 26.2	<b>1,987,692</b> <b>25.7</b>
Other . . . . .	1,897,743 22.9	2,264,945 25.5	<b>2,041,270</b> <b>26.5</b>
<b>Total . . . . .</b>	<b>8,295,695</b>	<b>8,871,414</b>	<b>7,729,993</b>

Note: Classification of geographic segment information shows sales and operating revenue recognized by location of customers.

# Consolidated Balance Sheets

Sony Corporation and Consolidated Subsidiaries—As of March 31

	Yen in millions	
	2008	2009
<b>ASSETS</b>		
<b>Current assets:</b>		
Cash and cash equivalents . . . . .	1,086,431	660,789
Call loan in the banking business . . . . .	352,569	49,909
Marketable securities . . . . .	427,709	466,912
Notes and accounts receivable, trade . . . . .	1,183,620	963,837
Allowance for doubtful accounts and sales returns . . . . .	(93,335)	(110,383)
Inventories . . . . .	1,021,595	813,068
Deferred income taxes . . . . .	237,073	189,703
Prepaid expenses and other current assets . . . . .	794,001	586,800
Total current assets . . . . .	5,009,663	3,620,635
Film costs . . . . .	304,243	306,877
<b>Investments and advances:</b>		
Affiliated companies . . . . .	381,188	236,779
Securities investments and other . . . . .	3,954,460	4,561,651
	4,335,648	4,798,430
<b>Property, plant and equipment:</b>		
Land . . . . .	158,289	155,665
Buildings . . . . .	903,116	911,269
Machinery and equipment . . . . .	2,483,016	2,343,839
Construction in progress . . . . .	55,740	100,027
	3,600,161	3,510,800
Less—Accumulated depreciation . . . . .	2,356,812	2,334,937
	1,243,349	1,175,863
<b>Other assets:</b>		
Intangibles, net . . . . .	263,490	396,348
Goodwill . . . . .	304,423	443,958
Deferred insurance acquisition costs . . . . .	396,819	400,412
Deferred income taxes . . . . .	198,666	359,050
Other . . . . .	496,438	511,938
	1,659,836	2,111,706
<b>Total assets . . . . .</b>	<b>12,552,739</b>	<b>12,013,511</b>

(Continued on following page)

	Yen in millions	
	2008	2009
<b>LIABILITIES AND STOCKHOLDERS' EQUITY</b>		
<b>Current liabilities:</b>		
Short-term borrowings . . . . .	63,224	303,615
Current portion of long-term debt . . . . .	291,879	147,540
Notes and accounts payable, trade . . . . .	920,920	560,795
Accounts payable, other and accrued expenses . . . . .	896,598	1,036,830
Accrued income and other taxes . . . . .	200,803	46,683
Deposits from customers in the banking business . . . . .	1,144,399	1,326,360
Other . . . . .	505,544	389,077
Total current liabilities . . . . .	4,023,367	3,810,900
<b>Long-term liabilities:</b>		
Long-term debt . . . . .	729,059	660,147
Accrued pension and severance costs . . . . .	231,237	365,706
Deferred income taxes . . . . .	268,600	188,359
Future insurance policy benefits and other . . . . .	3,298,506	3,521,060
Other . . . . .	260,032	250,737
Total long-term liabilities . . . . .	4,787,434	4,986,009
<b>Total liabilities</b> . . . . .	8,810,801	8,796,909
<b>Minority interest in consolidated subsidiaries</b> . . . . .	276,849	251,949
<b>Stockholders' equity:</b>		
Common stock, no par value—		
2008—Shares authorized 3,600,000,000, shares issued 1,004,443,364 . . . . .	630,576	
2009—Shares authorized 3,600,000,000, shares issued 1,004,535,364 . . . . .		630,765
Additional paid-in capital . . . . .	1,151,447	1,155,034
Retained earnings . . . . .	2,059,361	1,916,951
Accumulated other comprehensive income—		
Unrealized gains on securities, net . . . . .	70,929	30,070
Unrealized losses on derivative instruments, net . . . . .	(3,371)	(1,584)
Pension liability adjustment . . . . .	(97,562)	(172,709)
Foreign currency translation adjustments . . . . .	(341,523)	(589,220)
Treasury stock, at cost	(371,527)	(733,443)
Common stock (2008—1,015,596 shares) . . . . .	(4,768)	
(2009—1,013,287 shares) . . . . .		(4,654)
	3,465,089	2,964,653
<b>Total liabilities and stockholders' equity</b> . . . . .	12,552,739	12,013,511

# Consolidated Statements of Income

Sony Corporation and Consolidated Subsidiaries—Years ended March 31

	Yen in millions		
	2007	2008	2009
<b>Sales and operating revenue:</b>			
Net sales . . . . .	7,567,359	8,201,839	<b>7,110,053</b>
Financial service revenue . . . . .	624,282	553,216	<b>523,307</b>
Other operating revenue . . . . .	104,054	116,359	<b>96,633</b>
	8,295,695	8,871,414	<b>7,729,993</b>
<b>Costs and expenses:</b>			
Cost of sales . . . . .	5,889,601	6,290,022	<b>5,660,504</b>
Selling, general and administrative . . . . .	1,788,427	1,714,445	<b>1,686,030</b>
Financial service expenses . . . . .	540,097	530,306	<b>547,825</b>
(Gain) loss on sale, disposal or impairment of assets, net . . . . .	5,820	(37,841)	<b>38,308</b>
	8,223,945	8,496,932	<b>7,932,667</b>
<b>Equity in net income (loss) of affiliated companies</b> . . . . .	78,654	100,817	<b>(25,109)</b>
<b>Operating income (loss)</b> . . . . .	150,404	475,299	<b>(227,783)</b>
<b>Other income:</b>			
Interest and dividends . . . . .	28,240	34,272	<b>22,317</b>
Foreign exchange gain, net . . . . .	—	5,571	<b>48,568</b>
Gain on sale of securities investments, net . . . . .	14,695	5,504	<b>1,281</b>
Gain on change in interest in subsidiaries and equity investees . . . . .	31,509	82,055	<b>1,882</b>
Other . . . . .	20,738	22,045	<b>24,777</b>
	95,182	149,447	<b>98,825</b>
<b>Other expenses:</b>			
Interest . . . . .	27,278	22,931	<b>24,376</b>
Loss on devaluation of securities investments . . . . .	1,308	13,087	<b>4,427</b>
Foreign exchange loss, net . . . . .	18,835	—	<b>—</b>
Other . . . . .	17,474	21,594	<b>17,194</b>
	64,895	57,612	<b>45,997</b>
<b>Income (loss) before income taxes and minority interest</b> . . . . .	180,691	567,134	<b>(174,955)</b>
<b>Income taxes:</b>			
Current . . . . .	67,081	183,438	<b>80,521</b>
Deferred . . . . .	(13,193)	20,040	<b>(153,262)</b>
	53,888	203,478	<b>(72,741)</b>
<b>Income (loss) before minority interest</b> . . . . .	126,803	363,656	<b>(102,214)</b>
Minority interest in income (loss) of consolidated subsidiaries . . . . .	475	(5,779)	<b>(3,276)</b>
<b>Net income (loss)</b> . . . . .	126,328	369,435	<b>(98,938)</b>

(Continued on following page)

	Yen		
	2007	2008	2009
<b>Per share data:</b>			
Common stock			
Net income (loss)			
—Basic . . . . .	126.15	368.33	<b>(98.59)</b>
—Diluted . . . . .	120.29	351.10	<b>(98.59)</b>
Cash dividends . . . . .	25.00	25.00	<b>42.50</b>

# Consolidated Statements of Cash Flows

Sony Corporation and Consolidated Subsidiaries—Years ended March 31

	Yen in millions		
	2007	2008	2009
<b>Cash flows from operating activities:</b>			
Net income (loss) . . . . .	126,328	369,435	<b>(98,938)</b>
Adjustments to reconcile net income (loss) to net cash provided by operating activities—			
Depreciation and amortization, including amortization of deferred insurance acquisition costs . . . . .	400,009	428,010	<b>405,443</b>
Amortization of film costs . . . . .	368,382	305,468	<b>255,713</b>
Stock-based compensation expense . . . . .	3,838	4,130	<b>3,446</b>
Accrual for pension and severance costs, less payments . . . . .	(22,759)	(17,589)	<b>16,654</b>
(Gain) loss on sale, disposal or impairment of assets, net . . . . .	5,820	(37,841)	<b>38,308</b>
(Gain) loss on sale or devaluation of securities investments, net . . . . .	(13,387)	7,583	<b>3,146</b>
(Gain) loss on revaluation of marketable securities held in the financial service business for trading purpose, net . . . . .	(11,857)	56,543	<b>77,952</b>
Loss on revaluation or impairment of securities investments held in the financial service business, net . . . . .	208	60,107	<b>101,114</b>
Gain on change in interest in subsidiaries and equity investees . . . . .	(31,509)	(82,055)	<b>(1,882)</b>
Deferred income taxes . . . . .	(13,193)	20,040	<b>(153,262)</b>
Equity in net (income) losses of affiliated companies, net of dividends . . . . .	(68,179)	(13,527)	<b>65,470</b>
Changes in assets and liabilities:			
(Increase) decrease in notes and accounts receivable, trade . . . . .	(357,891)	185,651	<b>218,168</b>
(Increase) decrease in inventories . . . . .	(119,202)	(140,725)	<b>160,432</b>
Increase in film costs . . . . .	(320,079)	(353,343)	<b>(264,412)</b>
Increase (decrease) in notes and accounts payable, trade . . . . .	362,079	(235,459)	<b>(375,842)</b>
Increase (decrease) in accrued income and other taxes . . . . .	(14,396)	138,872	<b>(163,200)</b>
Increase in future insurance policy benefits and other . . . . .	172,498	166,356	<b>174,549</b>
Increase in deferred insurance acquisition costs . . . . .	(61,563)	(62,951)	<b>(68,666)</b>
(Increase) decrease in marketable securities held in the financial service business for trading purpose . . . . .	31,732	(57,271)	<b>(26,088)</b>
(Increase) decrease in other current assets . . . . .	(35,133)	(24,312)	<b>134,175</b>
Increase (decrease) in other current liabilities . . . . .	73,222	51,838	<b>(105,155)</b>
Other . . . . .	86,060	(11,276)	<b>10,028</b>
Net cash provided by operating activities . . . . .	561,028	757,684	<b>407,153</b>

(Continued on following page)

	Yen in millions		
	2007	2008	2009
<b>Cash flows from investing activities:</b>			
Payments for purchases of long-lived assets . . . . .	(527,515)	(474,552)	<b>(496,125)</b>
Proceeds from sales of long-lived assets. . . . .	87,319	144,741	<b>153,439</b>
Payments for investments and advances by financial service business . . . . .	(914,754)	(2,283,491)	<b>(2,496,783)</b>
Payments for investments and advances (other than financial service business) . . . . .	(100,152)	(103,082)	<b>(178,335)</b>
Proceeds from maturities of marketable securities, sales of securities investments and collections of advances by financial service business. . . . .	679,772	1,441,496	<b>1,923,264</b>
Proceeds from maturities of marketable securities, sales of securities investments and collections of advances (other than financial service business) . . . . .	22,828	51,947	<b>11,569</b>
Proceeds from sales of subsidiaries' and equity investees' stocks. . . . .	43,157	307,133	<b>2,234</b>
Other . . . . .	(6,085)	5,366	<b>(605)</b>
Net cash used in investing activities. . . . .	(715,430)	(910,442)	<b>(1,081,342)</b>
<b>Cash flows from financing activities:</b>			
Proceeds from issuance of long-term debt . . . . .	270,780	31,093	<b>72,188</b>
Payments of long-term debt . . . . .	(182,374)	(34,701)	<b>(264,467)</b>
Increase in short-term borrowings, net . . . . .	6,096	15,838	<b>244,584</b>
Increase in deposits from customers in the financial service business, net. . . . .	273,435	485,965	<b>261,619</b>
Decrease in call money and bills sold in the banking business, net . . . . .	(100,700)	—	<b>—</b>
Dividends paid . . . . .	(25,052)	(25,098)	<b>(42,594)</b>
Proceeds from the issuance of shares under stock-based compensation plans . . . . .	5,566	7,484	<b>378</b>
Proceeds from the issuance of shares by subsidiaries. . . . .	2,217	28,943	<b>—</b>
Other . . . . .	(2,065)	(4,006)	<b>(4,250)</b>
Net cash provided by financing activities . . . . .	247,903	505,518	<b>267,458</b>
Effect of exchange rate changes on cash and cash equivalents . . . . .	3,300	(66,228)	<b>(18,911)</b>
Net increase (decrease) in cash and cash equivalents . . . . .	96,801	286,532	<b>(425,642)</b>
Cash and cash equivalents at beginning of the fiscal year . . . . .	703,098	799,899	<b>1,086,431</b>
Cash and cash equivalents at end of the fiscal year . . . . .	799,899	1,086,431	<b>660,789</b>
<b>Supplemental data:</b>			
Cash paid during the fiscal year for—			
Income taxes . . . . .	104,822	126,339	<b>242,528</b>
Interest . . . . .	23,000	18,817	<b>22,729</b>
Non-cash investing and financing activities—			
Obtaining assets by entering into capital lease . . . . .	13,784	7,017	<b>5,831</b>

# Consolidated Statements of Changes in Stockholders' Equity

Sony Corporation and Consolidated Subsidiaries—Years ended March 31

Yen in millions

	Common stock	Additional paid-in capital	Retained earnings	Accumulated other comprehensive income	Treasury stock, at cost	Total
Balance at March 31, 2006 . . . . .	624,124	1,136,638	1,602,654	(156,437)	(3,127)	3,203,852
Exercise of stock acquisition rights . . . . .	2,175	2,175				4,350
Conversion of convertible bonds . . . . .	608	608				1,216
Stock-based compensation . . . . .		3,993				3,993
Comprehensive income:						
Net income . . . . .			126,328			126,328
Cumulative effect of an accounting change, net of tax . . . . .			(3,785)			(3,785)
Other comprehensive income, net of tax—						
Unrealized gains (losses) on securities:						
Unrealized holding gains arising during the period . . . . .				6,963		6,963
Less: Reclassification adjustment included in net income . . . . .				(21,671)		(21,671)
Unrealized gains (losses) on derivative instruments:						
Unrealized holding gains arising during the period . . . . .				6,907		6,907
Less: Reclassification adjustment included in net income . . . . .				(5,933)		(5,933)
Minimum pension liability adjustment . . . . .				(2,754)		(2,754)
Foreign currency translation adjustments						
Translation adjustments arising during the period . . . . .				86,313		86,313
Total comprehensive income . . . . .						<u>192,368</u>
Stock issue costs, net of tax . . . . .			(22)			(22)
Dividends declared . . . . .			(25,042)			(25,042)
Purchase of treasury stock . . . . .					(558)	(558)
Reissuance of treasury stock . . . . .		9			46	55
Adoption of FAS No. 158, net of tax . . . . .				(9,508)		(9,508)
Other . . . . .			19,373	(19,373)		—
Balance at March 31, 2007 . . . . .	626,907	1,143,423	1,719,506	(115,493)	(3,639)	3,370,704
Exercise of stock acquisition rights . . . . .	3,538	3,685				7,223
Conversion of convertible bonds . . . . .	131	131				262
Stock-based compensation . . . . .		4,192				4,192
Comprehensive income:						
Net income . . . . .			369,435			369,435
Cumulative effect of an accounting change . . . . .			(4,452)			(4,452)
Other comprehensive income, net of tax—						
Unrealized gains (losses) on securities:						
Unrealized holding gains arising during the period . . . . .				3,043		3,043
Less: Reclassification adjustment included in net income . . . . .				(18,210)		(18,210)
Unrealized gains (losses) on derivative instruments:						
Unrealized holding losses arising during the period . . . . .				(1,807)		(1,807)
Less: Reclassification adjustment included in net income . . . . .				(489)		(489)
Pension liability adjustment . . . . .				(26,103)		(26,103)
Foreign currency translation adjustments						
Translation adjustments arising during the period . . . . .				(213,160)		(213,160)
Less: Reclassification adjustment included in net income . . . . .				692		692
Total comprehensive income . . . . .						<u>108,949</u>
Stock issue costs, net of tax . . . . .			(48)			(48)
Dividends declared . . . . .			(25,080)			(25,080)
Purchase of treasury stock . . . . .					(1,231)	(1,231)
Reissuance of treasury stock . . . . .		16			102	118
Balance at March 31, 2008 . . . . .	630,576	1,151,447	2,059,361	(371,527)	(4,768)	3,465,089

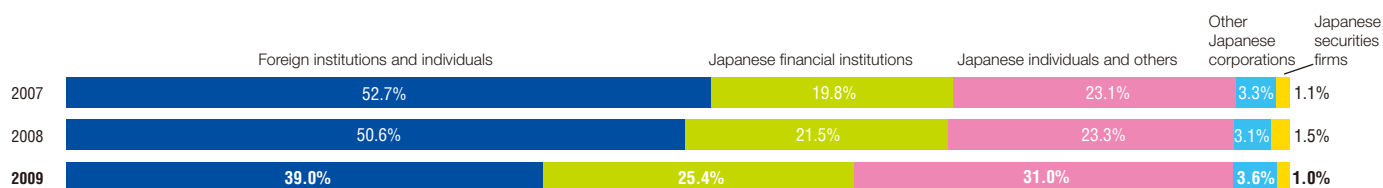
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	Common stock	Additional paid-in capital	Retained earnings	Accumulated other comprehensive income	Treasury stock, at cost	Total
Balance at March 31, 2008 . . . . .	630,576	1,151,447	2,059,361	(371,527)	(4,768)	3,465,089
Exercise of stock acquisition rights . . . . .	<b>189</b>	<b>189</b>				<b>378</b>
Stock-based compensation . . . . .		<b>3,423</b>				<b>3,423</b>
Comprehensive income:						
Net loss . . . . .			<b>(98,938)</b>			<b>(98,938)</b>
Other comprehensive income, net of tax—						
Unrealized gains (losses) on securities:						
Unrealized holding losses arising during the period . . .				<b>(48,207)</b>		<b>(48,207)</b>
Less: Reclassification adjustment included in net loss . . . . .				<b>7,348</b>		<b>7,348</b>
Unrealized gains (losses) on derivative instruments:						
Unrealized holding losses arising during the period . . .				<b>(1,929)</b>		<b>(1,929)</b>
Less: Reclassification adjustment included in net loss . . . . .				<b>3,716</b>		<b>3,716</b>
Pension liability adjustment . . . . .				<b>(74,517)</b>		<b>(74,517)</b>
Foreign currency translation adjustments						
Translation adjustments arising during the period . . . .				<b>(248,231)</b>		<b>(248,231)</b>
Less: Reclassification adjustment included in net loss . . . . .				<b>534</b>		<b>534</b>
Total comprehensive loss . . . . .						<b>(460,224)</b>
Stock issue costs, net of tax . . . . .			<b>(4)</b>			<b>(4)</b>
Dividends declared . . . . .			<b>(42,648)</b>			<b>(42,648)</b>
Purchase of treasury stock . . . . .					<b>(302)</b>	<b>(302)</b>
Reissuance of treasury stock . . . . .		<b>(25)</b>	<b>(152)</b>		<b>416</b>	<b>239</b>
Effects of changing the pension plan measurement date pursuant to FAS No. 158 . . . . .			<b>(668)</b>	<b>(630)</b>		<b>(1,298)</b>
<b>Balance at March 31, 2009 . . . . .</b>	<b>630,765</b>	<b>1,155,034</b>	<b>1,916,951</b>	<b>(733,443)</b>	<b>(4,654)</b>	<b>2,964,653</b>

# Stock Information

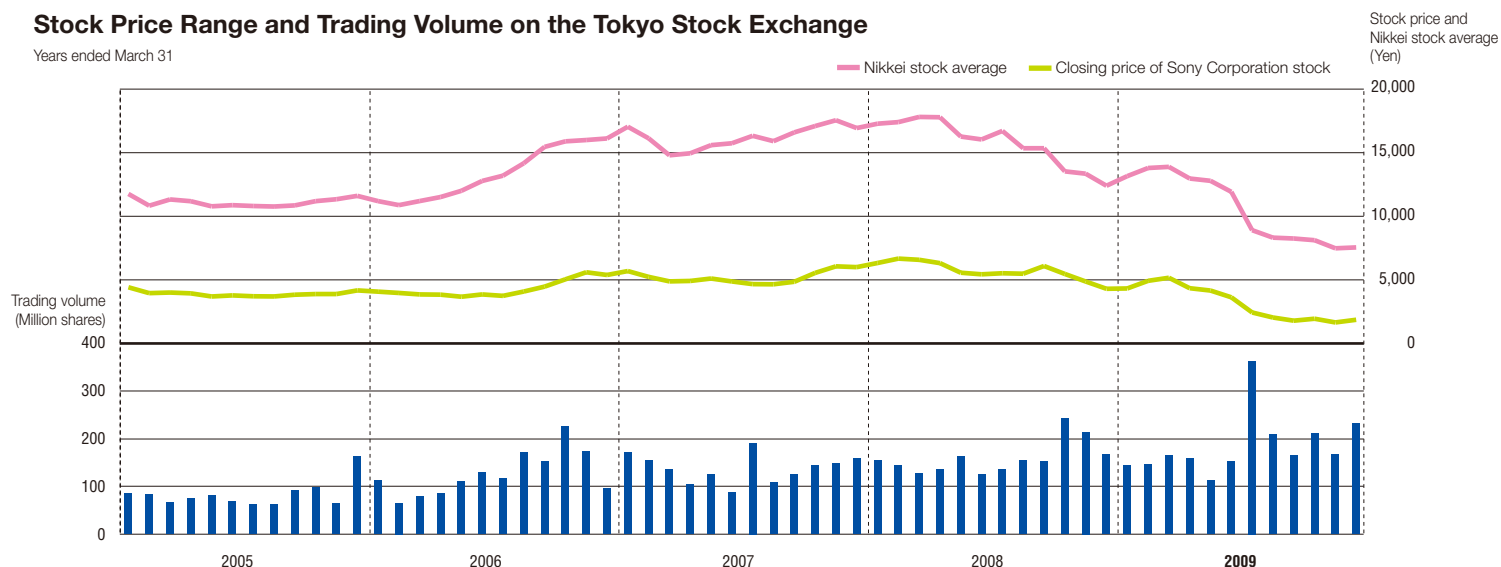
## Ownership and Distribution of Shares

Years ended March 31	2007		2008		2009	
	Number of shares held	Number of shareholders	Number of shares held	Number of shareholders	Number of shares held	Number of shareholders
Foreign institutions and individuals . . . . .	528,218,332	1,380	508,166,485	1,371	<b>391,610,510</b>	<b>1,394</b>
Japanese financial institutions . . . . .	198,775,896	269	216,107,606	297	<b>254,990,242</b>	<b>269</b>
Japanese individuals and others . . . . .	231,442,469	624,770	234,246,294	633,045	<b>311,694,942</b>	<b>775,092</b>
Other Japanese corporations . . . . .	33,163,266	4,054	31,101,417	4,108	<b>35,954,100</b>	<b>4,419</b>
Japanese securities firms . . . . .	11,297,301	81	14,821,562	124	<b>10,285,570</b>	<b>68</b>
Total . . . . .	1,002,897,264	630,554	1,004,443,364	638,945	<b>1,004,535,364</b>	<b>761,242</b>



## Stock Price Range and Trading Volume on the Tokyo Stock Exchange

Years ended March 31



Notes: 1. This trading volume shows the monthly volume of trade on the Tokyo Stock Exchange. Each fiscal year starts in April and ends in March.  
2. Stock prices and the Nikkei stock average is based on a simple average of daily closing prices for each day of every month on the Tokyo Stock Exchange.

Years ended March 31	2005	2006	2007	2008	2009
Stock price (Yen)					
At year-end . . . . .	4,270	5,450	5,990	3,970	<b>1,998</b>
High . . . . .	4,710	6,040	6,540	7,190	<b>5,560</b>
Low . . . . .	3,550	3,660	4,340	3,910	<b>1,491</b>
Annual increase/decrease . . . . .	-2.1%	+27.6%	+9.9%	-33.7%	<b>-49.7%</b>
Number of shares outstanding at year-end (Thousands of shares) . . .	997,211	1,001,680	1,002,897	1,004,443	<b>1,004,535</b>
Market capitalization at year-end (Yen in trillions) . . . . .	4.26	5.46	6.01	3.99	<b>2.01</b>
Per share of common stock data (Yen)					
Cash dividends applicable to the year . . . . .	25.0	25.0	25.0	25.0	<b>42.5</b>
Net income (loss) (diluted) . . . . .	158.07	116.88	120.29	351.10	<b>(98.59)</b>
Stockholders' equity . . . . .	2,872.21	3,200.85	3,363.77	3,453.25	<b>2,954.25</b>

# Investor Information

## SONY CORPORATION

7-1, Konan 1-chome, Minato-ku,  
Tokyo 108-0075, Japan

## INVESTOR RELATIONS OFFICES

If you have any questions or would like a copy of our Form 20-F, filed with the U.S. Securities and Exchange Commission, or our Annual Report to shareholders, please direct your request to:

### ■ Japan

#### SONY CORPORATION

IR Department  
7-1, Konan 1-chome, Minato-ku,  
Tokyo 108-0075  
Phone: 81-(0)3-6748-2111  
Facsimile: 81-(0)3-6748-2244

### ■ U.S.A.

#### SONY CORPORATION OF AMERICA

Investor Relations  
550 Madison Avenue, 27th Floor,  
New York, NY 10022-3211  
Phone: 1-212-833-6849

### ■ U.K.

#### SONY GLOBAL TREASURY SERVICES PLC.

Investor Relations Europe  
15th Floor, Aviva Tower, St. Helens, 1 Undershaft,  
London EC3A 8NP  
Phone: 44-(0)20-7426-8696  
Facsimile: 44-(0)20-7426-8666

## SONY ON THE INTERNET

Sony's Investor Relations Home Pages on the World Wide Web offer a wealth of corporate information, including the latest annual report and financial results.  
<http://www.sony.net/IR/>

## ORDINARY GENERAL MEETING OF SHAREHOLDERS

The Ordinary General Meeting of Shareholders is held in June.

## INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM

PricewaterhouseCoopers Aarata  
Tokyo, Japan

## DEPOSITARY, TRANSFER AGENT AND REGISTRAR FOR AMERICAN DEPOSITARY RECEIPTS

JPMorgan Chase Bank N.A.  
4 New York Plaza, New York, NY 10004, U.S.A

### ■ Contact Address:

JPMorgan Service Center  
P.O. Box 64504  
St. Paul, MN 55164-0504  
U.S.A.  
Phone: U.S. 1-800-990-1135  
International 1-651-453-2128

## CO-TRANSFER AND CO-REGISTRAR AGENT

CIBC Mellon Trust Company  
2001 University Street, 16th Floor,  
Montreal, Quebec, H3A 2A6, Canada  
Phone: 1-514-285-3600

## TRANSFER AGENT

Mitsubishi UFJ Trust and Banking Corporation  
4-5, Marunouchi 1-chome, Chiyoda-ku,  
Tokyo 137-8081, Japan  
Phone: 81-(0)3-3212-1211

## OVERSEAS STOCK EXCHANGE LISTINGS

New York and London stock exchanges

## JAPANESE STOCK EXCHANGE LISTINGS

Tokyo and Osaka stock exchanges

## NUMBER OF SHAREHOLDERS

(As of March 31, 2009)  
761,242

## INFORMATION REGARDING CSR (Corporate Social Responsibility)

Sony's CSR Report and information about Sony CSR and environmental activities can be accessed at the following website.  
<http://www.sony.net/csr/>

Inquiries concerning the aforementioned activities can be directed to:

Sony Corporation  
Corporate Social Responsibility Department  
Phone: 81-(0)3-6748-2111  
Facsimile: 81-(0)3-6748-2244

#### Cautionary Statement

Statements made in this annual report 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 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 and 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 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 platforms within the game business, which are offered in highly competitive markets characterized by continual new product introductions, rapid development in technology and subjective and changing consumer preferences; (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 restructuring and transformation efforts; (vi) Sony's ability to implement successfully its hardware, software, and content integration strategy 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 correctly prioritize investments; (viii) Sony's ability to maintain product quality; (ix) Sony's ability to secure adequate funding to finance restructuring activities and capital investments given the current state of global capital markets; (x) the success of Sony's joint ventures and alliances; (xi) the outcome of pending legal and/or regulatory proceedings; (xii) 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 (xiii) 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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Annual Report 2009  
Year Ended March 31, 2009  
Sony Corporation