SONY

FY2015 Consolidated Financial Results

(Fiscal year ended March 31, 2016)

Sony Corporation

- **Impact of the Earthquakes**
- **FY2015 Consolidated Results and FY2016 Forecast**
- **Segments Outlook**

I’m CFO Kenichiro Yoshida.

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

Impact of the Earthquakes

We extend our deepest sympathies to all those affected by the earthquakes in Kumamoto and Oita. It is highly regrettable that we have to postpone the announcement of the forecast for the five Electronics segments and for the consolidated results of Sony for FY16, due to the earthquakes. I would like to begin by explaining the actual impact of the earthquakes.

Sony group has approximately 3,500 employees in the Kumamoto area, primarily employees of Sony Semiconductor Manufacturing Corporation, Sony Life Insurance and Sony Assurance. Although some employees and their families are living in evacuation centers, we have confirmed the safety of everyone. Sony has four semiconductor manufacturing facilities in Kyusyu: one in Kumamoto, one in Nagasaki, one in Kagoshima and one in Oita. Immediately following the earthquakes, we suspended operations at Kumamoto, Nagasaki and Oita, so as to investigate the impact on the building and equipment, but we quickly restarted production at Nagasaki and Oita. Now I would like to speak specifically about the Kumamoto Technology Center ("Kumamoto TEC"), the operations of which remain suspended.

Kumamoto Technology Center

Sony Semiconductor Manufacturing Corporation
Kumamoto Technology Center

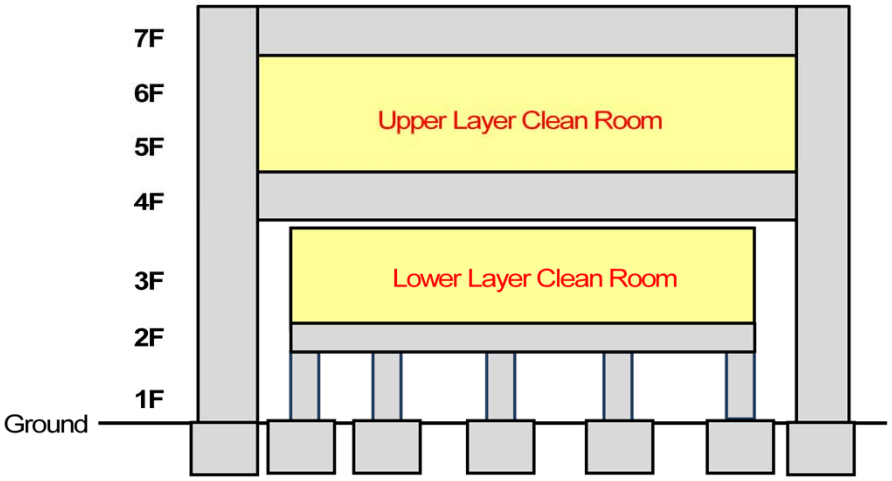
- Established in October 2001
- Location Kikuyo-machi, Kikuchi-gun Kumamoto
- Number of employees
  3,200 (including temporary)
- Main Products
  CCD/CMOS Image Sensor
  HLCD (High-temperature Poly-Si TFT LCD)
  SXRD



Here are some key facts about Kumamoto TEC:

It was founded in October 2001. It is located in Kikuyo-machi, Kikuchi-gun in Kumamoto. This is less than 12 km away from the epicenter of the main, 7.3 magnitude earthquake that happened on April 16th. It has approximately 3,200 employees. Its main products are shown here. This is the primary manufacturing site for image sensors for digital cameras and security cameras, as well as for the key components that go into projectors.

Kumamoto Technology Center Building Structure



As is shown in this slide, Kumamoto TEC has a bilayer structure with clean rooms in each layer. The lower layer clean rooms have wafer processing equipment that requires a higher level of precision. The clean rooms in the lower layer, and the production lines inside these clean rooms, have not suffered a significant negative impact from the earthquakes.

On the other hand, the upper layer clean rooms have testing equipment, camera module production equipment and other equipment. These clean rooms sustained damage because the oscillation was stronger due to their being located higher up. The damage from the initial earthquake on April 14th was limited, but the damage from the main earthquake on April 16th was significant.

- **Actions Going Forward**
- **Impact on the Business**

It has taken time to inspect the facility and develop a recovery plan because aftershocks have been affecting the area for a long time, and we have prioritized the safety of our employees, so we were unable to quickly enter the clean rooms to assess the damage. However, after conducting an assessment, there appears to be no damage to the lower layer clean rooms. Since yesterday we have begun to start-up the equipment in those clean rooms, and we expect to resume production in them around the end of May. On the other hand, there is damage to the upper layer clean rooms and the production equipment inside, so we are currently inspecting each floor and each piece of equipment. Damage to our semiconductor finished goods inventory is limited, and we are in the process of inspecting the status of our work-in-progress inventory.

In the Devices segment, we expect there to be direct physical damage to Kumamoto TEC, and we expect to incur expenses primarily for recovery and reinforcement work. In addition, there is a possibility that large opportunity losses will be incurred, mainly in the Devices and Imaging Products & Solutions segments due to suspension of production for a certain period of time. Further, there is a possibility that the results of the Mobile Communications, Game & Network Services and Home Entertainment & Sound segments will be adversely affected by the suspension of production at Kumamoto TEC and by the possibility that the supply of components might be interrupted due to the fact that certain vendors are located in the earthquake zone. Since this is the case, we have decided to postpone today's announcement of the FY16 forecast for the five Electronics segments and for consolidated results. As soon as we are able to formulate these forecasts, we plan to announce them. Kumamoto TEC sells a portion of its output to external customers, primarily in the digital camera space, and we deeply regret that our ability to supply them has been affected.

In conclusion, I would like to touch on our earthquake insurance. Although Sony does have earthquake insurance that covers such things as direct physical damage and opportunity losses from lost sales, the maximum amount of compensation after our deductible is 20 billion yen, and there is a possibility that this amount will not cover the full amount of losses from the earthquakes.

Generally speaking, compared to fire and flood insurance, the premiums on earthquake insurance per yen of coverage are higher, and the amount of coverage that can be obtained is limited. We took these things into account when entering into the earthquake coverage we currently have.

I will now explain the results for FY15.

FY2015 Consolidated Results

(Bln Yen)

	FY14	FY15	Change
Sales & operating revenue	8,215.9	**8,105.7**	-1.3%
Operating income	68.5	**294.2**	+329.2%
Income before income taxes	39.7	**304.5**	+666.5%
Net income attributable to Sony Corporation's stockholders	-126.0	**147.8**	-
Net income attributable to Sony Corporation's stockholders per share of common stock (diluted)	-113.04 yen	**117.49 yen**	-
Restructuring charges*1	98.0	**38.3**	-61.0%
Capital expenditure*2	251.0	**468.9**	+86.8%
Depreciation and amortization*3	354.6	**397.1**	+12.0%
Research and development expenses	464.3	**468.2**	+0.8%
Average rate			
1 US dollar	109.9 yen	**120.1 yen**	
1 Euro	138.8 yen	**132.6 yen**	

*1 Restructuring charges are included in operating income as operating expenses (applies to all following pages)
*2 Does not include the increase in intangible assets resulting from acquisitions (applies to all following pages)
*3 Includes amortization expenses for intangible assets and for deferred insurance acquisition costs (applies to all following pages)

Consolidated sales for FY15 were 1% less than the previous fiscal year at 8 trillion 105.7 billion yen. Consolidated operating income was 294.2 billion yen, 4.2 times as high as the previous fiscal year. Net income attributable to Sony Corporation's stockholders was 147.8 billion yen. This is the first time that we recorded net income in three years, since the fiscal year ended March 31, 2013 ("FY12") when we recorded 41.5 billion yen due to approximately 280 billion yen in one-time gains and, if we exclude FY12, it is the first time we recorded net income in eight years, since the fiscal year ended March 31, 2008.

Q4 FY2015 Consolidated Results

(Bln Yen)

	Q4 FY14	Q4 FY15	Change
Sales & operating revenue	1,937.7	**1,824.1**	-5.9%
Operating income	-97.8	**-92.9**	-
Income before income taxes	-106.5	**-99.7**	-
Net income attributable to Sony Corporation's stockholders	-106.8	**-88.3**	-
Net income attributable to Sony Corporation's stockholders per share of common stock (diluted)	-91.39 yen	**-70.03 yen**	-
Restructuring charges	64.3	**16.4**	-74.4%
Capital expenditure	81.5	**139.6**	+71.3%
Depreciation and amortization	103.5	**122.0**	+17.8%
Research and development expenses	124.0	**128.1**	+3.3%
Average rate			
1 US dollar	119.1 yen	**115.4 yen**	
1 Euro	134.4 yen	**127.2 yen**	

This chart shows the actual consolidated results for the fourth quarter of FY15.

FY2015 Results by Segment

(Bln Yen)

		FY14	FY15	Change	FX Impact
Mobile Communications (MC)	Sales	1,410.2	**1,127.5**	-20.0%	-0%
	Operating income	-217.6	**-61.4**	+156.1 bln yen	-67.5 bln yen
Game & Network Services (G&NS)	Sales	1,388.0	**1,551.9**	+11.8%	+2%
	Operating income	48.1	**88.7**	+40.6 bln yen	-47.7 bln yen
Imaging Products & Solutions (IP&S)	Sales	723.9	**711.2**	-1.7%	+3%
	Operating income	41.8	**72.1**	+30.4 bln yen	-1.6 bln yen
Home Entertainment & Sound (HE&S)	Sales	1.238.1	**1,159.0**	-6.4%	+2%
	Operating income	24.1	**50.6**	+26.5 bln yen	-36.7 bln yen
Devices	Sales	927.1	**935.8**	+0.9%	+7%
	Operating income	89.0	**-28.6**	-117.6 bln yen	+24.7 bln yen
Pictures	Sales	878.7	**938.1**	+6.8%	+6%
	Operating income	58.5	**38.5**	-20.0 bln yen	
Music	Sales	559.2	**617.6**	+10.4%	+5%
	Operating income	60.6	**87.3**	+26.7 bln yen	
Financial Services	Revenue	1,083.6	**1,073.1**	-1.0%	
	Operating income	193.3	**156.5**	-36.8 bln yen	
All Other	Sales	386.6	**333.2**	-13.8%	
	Operating income	-95.0	**2.0**	+97.0 bln yen	
Corporate and elimination	Sales	-379.5	**-341.8**	-	
	Operating income	-134.4	**-111.5**	+22.8 bln yen	
Consolidated total	Sales	8,215.9	**8,105.7**	-1.3%	
	Operating income	68.5	**294.2**	+225.6 bln yen	

· Due to Sony's modification to its organizational structure from April 1, 2015, certain figures in FY14 have been reclassified to conform to the presentation of FY15 (applies to all following pages)
· Sales and Revenue in each business segment represents sales and revenue recorded before intersegment transactions are eliminated. Operating income in each business segment represents operating income reported before intersegment transactions are eliminated and excludes unallocated corporate expenses (applies to all following pages)
· Both Sales and Revenue include operating revenue and intersegment sales (applies to all following pages)
· For definition of FX Impact, please see P.11 of "Consolidated Financial Results for the Fiscal Year Ended March 31, 2016" (applies to all following pages)

This chart shows the results of each segment for FY15. This is the first time in five years that we recorded operating income for the total of the five Electronics segments.

Comparison of FY2015 Results by Segment with FY15 Original Forecast (April 2015)

(Bln Yen)

			FY15 Original Forecast (April 2015)	FY15 Results	Change
Mobile Communications (MC)	Sales		1,310	**1,127.5**	-13.9%
	Operating income		-39	**-61.4**	-22.4 bln yen
Game & Network Services (G&NS)	Sales		1,370	**1,551.9**	+13.3%
	Operating income		40	**88.7**	+48.7 bln yen
Imaging Products & Solutions (IP&S)	Sales		700	**711.2**	+1.6%
	Operating income		38	**72.1**	+34.1 bln yen
Home Entertainment & Sound (HE&S)	Sales		1,160	**1,159.0**	-0.1%
	Operating income		22	**50.6**	+28.6 bln yen
Devices	Sales		1,080	**935.8**	-13.4%
	Operating income		121	**-28.6**	-149.6 bln yen
Pictures	Sales		1,020	**938.1**	-8.3%
	Operating income		64	**38.5**	-25.5 bln yen
Music	Sales		550	**617.6**	+12.3%
	Operating income		74	**87.3**	+13.3 bln yen
Financial Services	Revenue		1,060	**1,073.1**	+1.2%
	Operating income		175	**156.5**	-18.5 bln yen
All Other, Corporate and elimination	Operating income		-175	**-109.5**	+65.5 bln yen
Consolidated total	Sales		7,900	**8,105.7**	+2.6%
	Operating income		320	**294.2**	-25.8 bln yen

· Due to Sony's modification to its organizational structure from October 1, 2015, sales and operating income of IP&S and All Other in FY14 have been reclassified to conform to the presentation of FY15

This chart shows a comparison between the forecast we made at the beginning of the fiscal year for each segment and our actual results. As is shown, operating income in the Devices segment was significantly below our initial expectations, by 149.6 billion yen, and in the Game & Network Services segment it was significantly higher than our initial expectations, by 48.7 billion yen. I think we need to deeply reflect on the fact that both segments diverged from their original forecast. I will explain the current state of each segment in a moment.

Q4 FY2015 Results by Segment

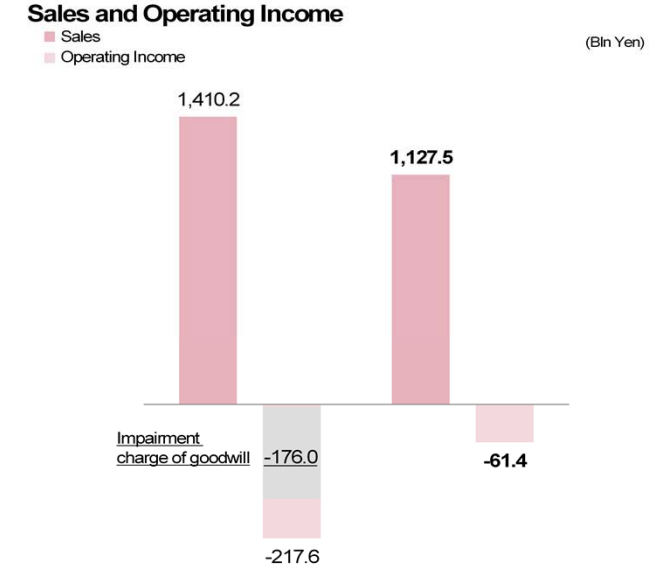
(Bln Yen)

		Q4 FY14	Q4 FY15	Change	FX Impact
Mobile Communications (MC)	Sales	294.9	**183.2**	-37.9%	-2%
	Operating income	-55.7	**-42.1**	+13.7 bln yen	+1.0 bln yen
Game & Network Services (G&NS)	Sales	289.5	**315.5**	+9.0%	-1%
	Operating income	-5.6	**5.1**	+10.7 bln yen	+0.2 bln yen
Imaging Products & Solutions (IP&S)	Sales	177.3	**160.4**	-9.6%	-4%
	Operating income	-9.6	**6.5**	+16.1 bln yen	-3.2 bln yen
Home Entertainment & Sound (HE&S)	Sales	234.4	**214.8**	-8.3%	-5%
	Operating income	-19.8	**-7.3**	+12.5 bln yen	-3.6 bln yen
Devices	Sales	224.6	**189.9**	-15.5%	-2%
	Operating income	-4.6	**-79.9**	-75.3 bln yen	-1.5 bln yen
Pictures	Sales	295.1	**320.7**	+8.7%	-4%
	Operating income	45.5	**52.3**	+6.8 bln yen	
Music	Sales	151.1	**167.5**	+10.9%	-2%
	Operating income	10.9	**13.6**	+2.7 bln yen	
Financial Services	Revenue	262.2	**260.9**	-0.5%	
	Operating income	51.0	**17.2**	-33.8 bln yen	
All Other	Sales	81.0	**74.2**	-8.4%	
	Operating income	-48.5	**-4.3**	+44.1 bln yen	
Corporate and elimination	Sales	-72.4	**-63.1**	-	
	Operating income	-61.3	**-53.9**	+7.4 bln yen	
Consolidated total	Sales	1,937.7	**1,824.1**	-5.9%	
	Operating income	-97.8	**-92.9**	+4.9 bln yen	

This chart shows the results by segment for the fourth quarter.

Mobile Communications Segment

Sales and Operating Income



(Mln Units)	FY14	**FY15**
Smartphones	39.1	**24.9**

FY2015

- Sales: 20.0% decrease (FX Impact: -0%)
  - ·(–) Significant decrease in smartphone unit sales resulting from a strategic decision not to pursue scale in order to improve profitability
  - ·(+) Improvement in the product mix of smartphones, reflecting an increased focus on high value-added models
- OI: 156.1 bln yen improvement (FX Impact: -67.5 bln yen)
  - ·(+) Absence of the goodwill impairment charge of 176.0 billion yen recorded in FY 2014
  - ·(+) Improvement in product mix
  - ·(+) Cost reductions
  - ·(–) Decrease in smartphone unit sales
  - ·(–) Negative impact of the appreciation of the U.S. dollar, reflecting the high ratio of U.S. dollar-denominated costs
  - ·(–) Increase in the restructuring charges

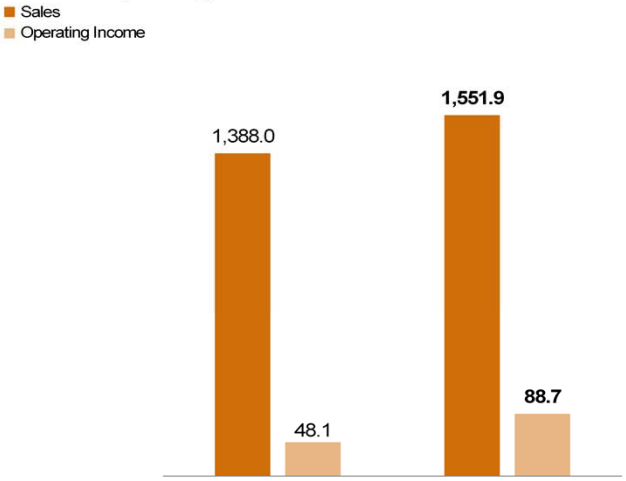
First I will talk about the Mobile Communications segment. During FY15, sales decreased 20% year-on-year and operating loss was 61.4 billion yen. Compared to the previous fiscal year, operating loss decreased 156.1 billion yen. However, excluding the 176.0 billion yen impairment charge against goodwill recorded in the previous fiscal year, operating results would have deteriorated 19.9 billion yen. 21.6 billion yen of restructuring charges were recorded in FY15. Our restructuring efforts have exceeded the targets we initially set, and we were able to reduce our operating expenses in FY15 by approximately 80 billion yen compared with the fiscal year ended March 31, 2015 ('FY14"). Headcount at Sony Mobile has decreased from approximately 7,100 people as of October 2014 to approximately 4,500 people as of April 2016.

As we have said in the past, our target for FY16 is to record a profit. A portion of the image sensors used in our smartphones and a portion of the camera modules used in our smartphones are made at Kumamoto TEC and there is a possibility that the status of these production lines might have an adverse impact on the results of this business.

Game & Network Services Segment

Sales and Operating Income

(Bln Yen)

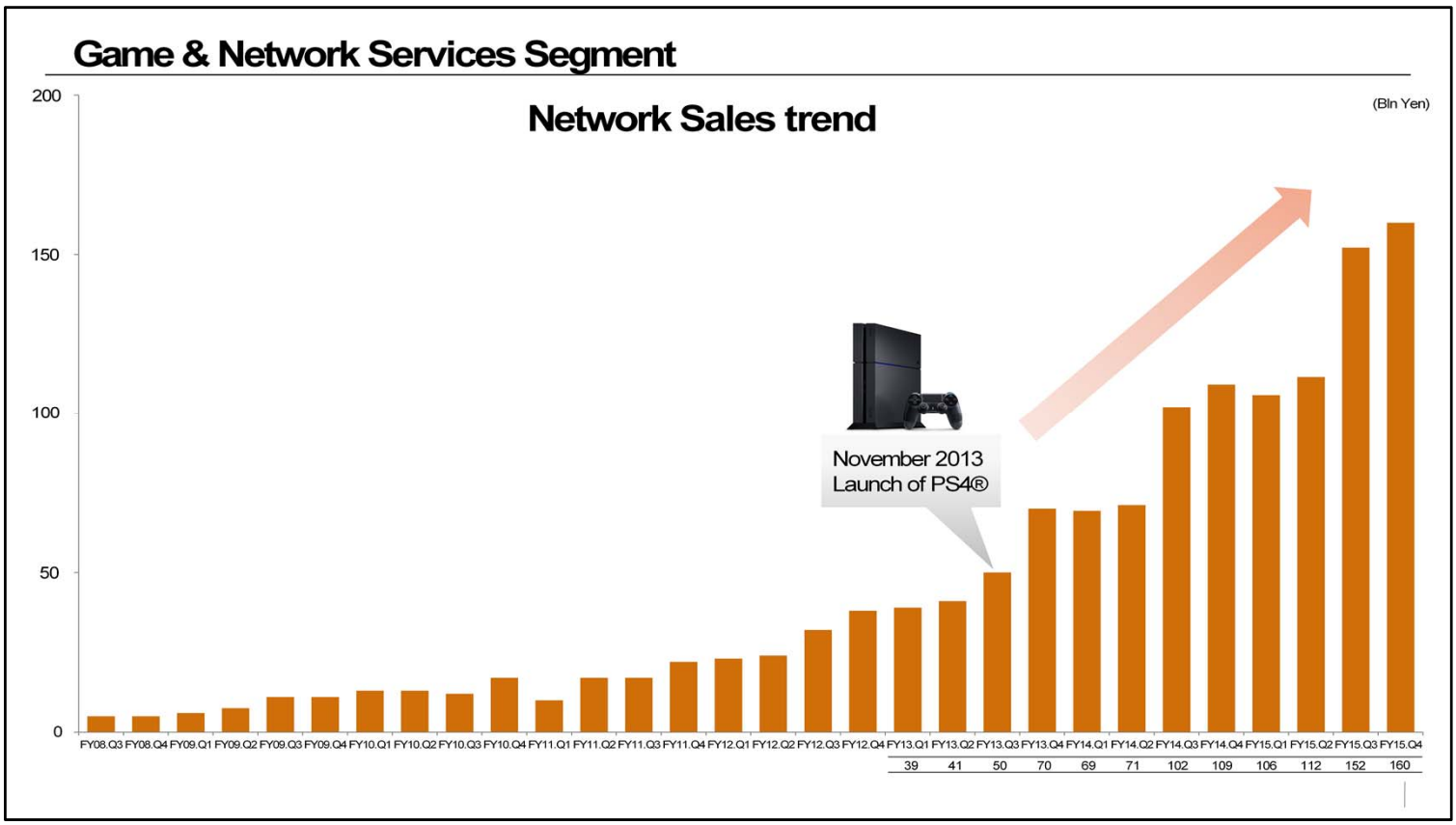


(Mln Units)	FY14	**FY15**
PS4	14.8	**17.7**

FY2015

- Sales: 11.8% increase (FX Impact: +2%)
  - ·(+) Increase in PS4 software sales including sales through the network
  - ·(+) Increase in PS4 hardware unit sales
  - ·(–) Decrease in PS3 software and hardware sales
- OI: 40.6 bln yen increase (FX Impact: -47.7 bln yen)
  - ·(+) Increase in PS4 software sales
  - ·(+) PS4 hardware cost reductions
  - ·(+) Absence of 11.2 bln yen write-down of PS Vita and PS TV components recorded in FY14
  - ·(–) Negative impact of the appreciation of the U.S. dollar, reflecting the high ratio of U.S. dollar-denominated costs
  - ·(–) Decrease in PS3 software sales

Next, I will talk about the Game & Network Services segment. Both sales and operating income significantly increased year-on-year due to the strong momentum of PS4. Operating income was 88.7 billion yen. Also, network sales increased by more than 50% year-on-year.



This chart shows a significant increase in network sales since the launch of PS4.

Game & Network Services Segment

PlayStation Vue

Expansion in Channels



	Elite	Core	Access
	100+ channels	75+ channels	60+ channels
Service for 7 Area in US	SAVE NOW! $54.99/mo ~~$64.99/mo~~	SAVE NOW! $44.99/mo ~~$54.99/mo~~	SAVE NOW! $39.99/mo ~~$49.99/mo~~
Other Area in US Markets "Slim multi-channel plans"	$44.99/mo	$34.99/mo	$29.99/mo

As we previously announced in March, when it comes to PS Vue, our television service in the U.S., we are taking steps to expand our content lineup and our addressable markets.

Game & Network Services Segment

PlayStation.VR



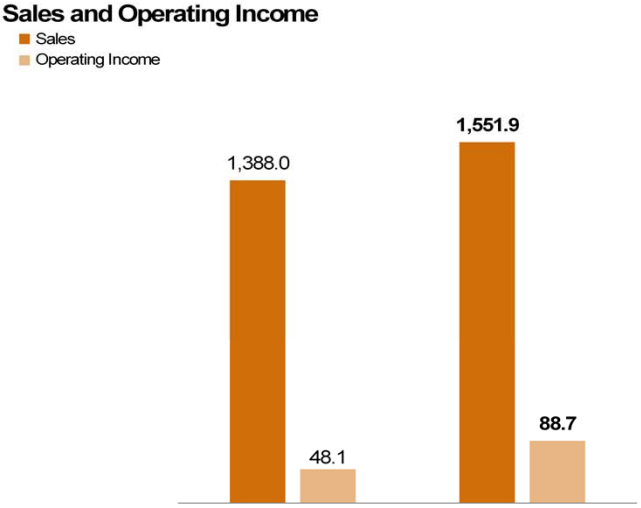
- Release month October 2016
- Price 44,980yen／$399／€399／£349
- Software titles
  More than 230 Developers and Publishers on Board
  Over 160 Diverse Titles in Development

We also announced our plan to launch PlayStation VR in October 2016.

Game & Network Services Segment

Sales and Operating Income

(Bln Yen)



(Mln Units)	FY14	**FY15**
PS4	14.8	**17.7**

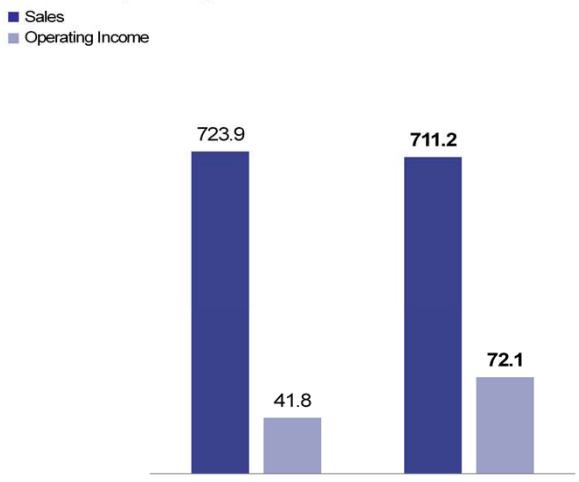
FY2015

- Sales: 11.8% increase (FX Impact: +2%)
  - ·(+) Increase in PS4 software sales including sales through the network
  - ·(+) Increase in PS4 hardware unit sales
  - ·(–) Decrease in PS3 software and hardware sales
- OI: 40.6 bln yen increase (FX Impact: -47.7 bln yen)
  - ·(+) Increase in PS4 software sales
  - ·(+) PS4 hardware cost reductions
  - ·(+) Absence of 11.2 bln yen write-down of PS Vita and PS TV components recorded in FY14
  - ·(–) Negative impact of the appreciation of the U.S. dollar, reflecting the high ratio of U.S. dollar-denominated costs
  - ·(–) Decrease in PS3 software sales

We expect the strong momentum of the PS4 platform to continue. Due to the impact of the earthquakes, there is a possibility that the supply of components from certain vendors might be affected, but even with that impact, at this point in time, we think that, in FY16, we can exceed the 17.7 million units of PS4 hardware that we sold in the previous fiscal year. Currently, we are considering a variety of ways to minimize the impact of the earthquake on the results in this business.

Imaging Products & Solutions Segment

Sales and Operating Income



(Mln Units)	FY14	**FY15**
Digital Cameras*1	8.5	**6.1**

FY2015

- Sales: 1.7% decrease (FX Impact: +3%)
  - ·(–) Decreases in unit sales of video cameras and digital cameras*2 reflecting a contraction of the market
  - ·(+) Improvement in the product mix of digital cameras reflecting a shift to high value-added models
- OI: 30.4 bln yen increase (FX Impact: -1.6 bln yen)
  - ·(+) Improvement in the product mix of digital cameras
  - ·(+) Cost reductions

*1 Includes compact digital cameras and interchangeable single-lens cameras / Excludes interchangeable lenses (applies to all following pages)

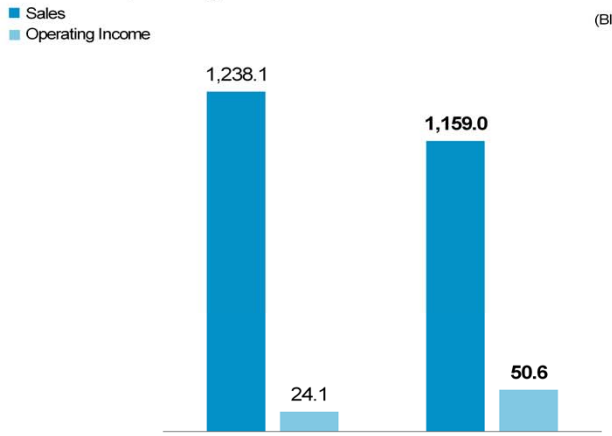
*2 Includes compact digital cameras, interchangeable single-lens cameras and interchangeable lenses

Next I will explain the Imaging Products & Solutions segment. In FY15, sales decreased, but operating income increased year-on-year to 72.1 billion yen. We succeeded in shifting to high value-added models at a time when the camera market shrank. Operating income increased significantly, by 30.4 billion yen, year-on-year.

As I mentioned earlier, most of the products in this segment have been directly impacted as end-user products due to the suspension of production of components at Kumamoto TEC.

Home Entertainment & Sound Segment

Sales and Operating Income



TV Business (included above)	FY14	**FY15**
Sales	835.1	**797.8**
Operating Income	8.3	**25.8**
LCD TVs (Mln Units)	14.6	**12.2**

FY2015

- Sales: 6.4% decrease (FX Impact: +2%)
  - ·(–) Decrease in LCD TV unit sales
  - ·(–) Decrease in home audio and video unit sales reflecting a contraction of the market
  - ·(+) Improvement in the product mix of LCD TVs reflecting a shift to high value-added models
  - ·(+) Impact of foreign exchange rates
- OI: 26.5 bln yen increase (FX Impact: -36.7 bln yen)
  - ·(+) Cost reductions
  - ·(+) Improvement in product mix
  - ·(–) Negative impact of the appreciation of the U.S. dollar reflecting the high ratio of U.S. dollar-denominated costs
  - ·(–) Decrease in sales

Next is the Home Entertainment & Sound segment. In FY15, sales decreased, but operating income increased year-on-year to 50.6 billion yen. The operating income of the television business, which is included in this segment, was 25.8 billion yen for the fiscal year. We think that this outcome was due to an improvement in the overall profitability structure of the business driven by a shift to high value-added models and improvements in operations, including at sales companies, made over the last several years.

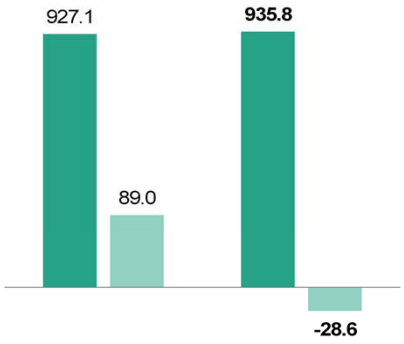
Due to the impact of the earthquakes, there is a possibility that the supply of components from vendors for certain models of Blu-ray recorders will be affected. We expect the impact of the earthquakes on the production and sale of TVs to be negligible.

Devices Segment

Sales and Operating Income

■ Sales
■ Operating Income

(Bln Yen)



	FY14	FY15
Semiconductor Sales	614.3	**655.1**
for Image Sensors (included above)	454.4	**477.6**
Semiconductor CAPEX	70.0	**253.0**
for Image Sensors (included above)	44.0	**205.0**

FY2015

■ Sales: 0.9% increase (CC basis: +7%)
- ·(+) Impact of foreign exchange rates
- ·(+) Increase in camera modules and image sensor sales
- ·(–) Decrease in battery business sales

■ OI: 117.6 bln yen deterioration (FX Impact: +24.7 bln yen)
- ·(–) Deterioration in the operating results of the camera module business, including the recording of a 59.6 billion yen (528 million U.S. dollars) impairment charge related to long-lived assets
- ·(–) Deterioration in the operating results of the battery business, including the recording of a 30.6 billion yen (271 million U.S. dollars) impairment charge related to long-lived assets
- ·(–) Increases in depreciation and amortization expenses as well as in research and development expenses
- ·(+) Positive impact of foreign exchange rates

Next, I will talk about the Devices segment. An operating loss of 28.6 billion yen was recorded in FY15, a significant deterioration of 117.6 billion yen compared to the previous fiscal year. As we announced last week, we recorded 59.6 billion yen of impairment charges against fixed assets in the camera module business in the fourth quarter.

As I mentioned, we are not able to formulate a forecast for FY16 because of the impact of the earthquakes.

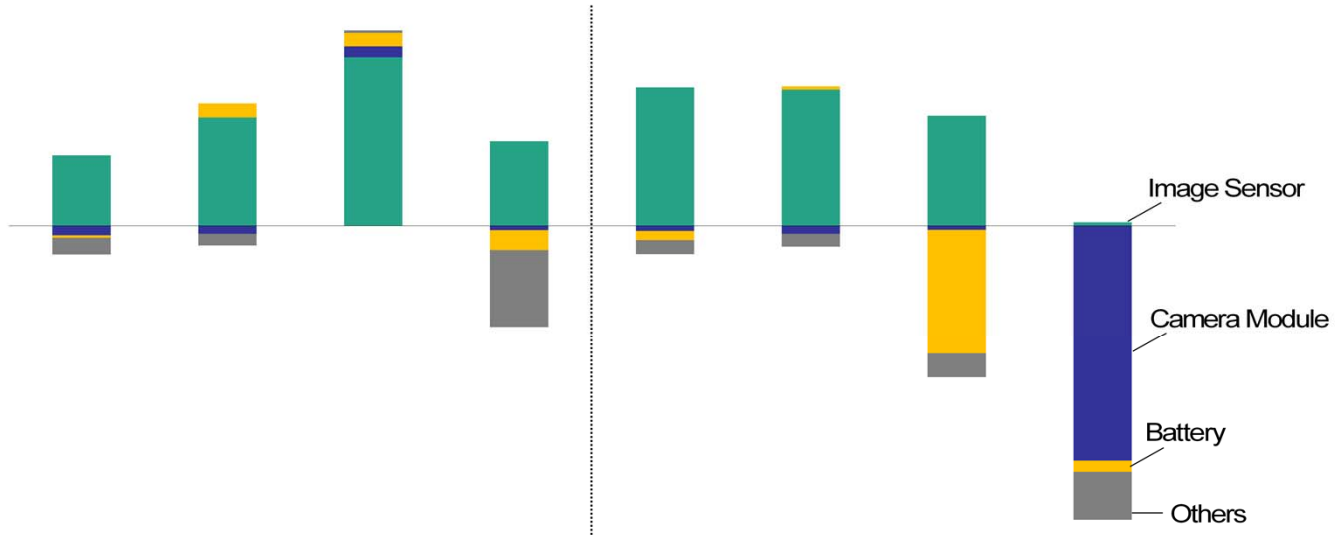
Devices Segment Operating Income Breakdown



	FY14	FY15
Devices Segment Operating Income (bln yen)	89	-28.6

I would now like to share with you my assessment of the Devices segment by reflecting on the image sensor, camera module and battery businesses individually. This slide shows a breakdown of the operating results of the Devices segment for FY14 and FY15. It is broken down into four parts: image sensors, camera modules, batteries and other.

Devices Segment Operating Income Quarterly Trend



	FY14 1Q	FY14 2Q	FY14 3Q	FY14 4Q	FY15 1Q	FY15 2Q	FY15 3Q	FY15 4Q
Devices Segment Operating Income (bln yen)	11.5	28.3	53.8	-4.6	30.3	32.7	-11.7	-79.9

This slide shows the operating results broken out on a quarterly basis.

Devices Segment

- Image Sensors
- Camera Modules
- Batteries

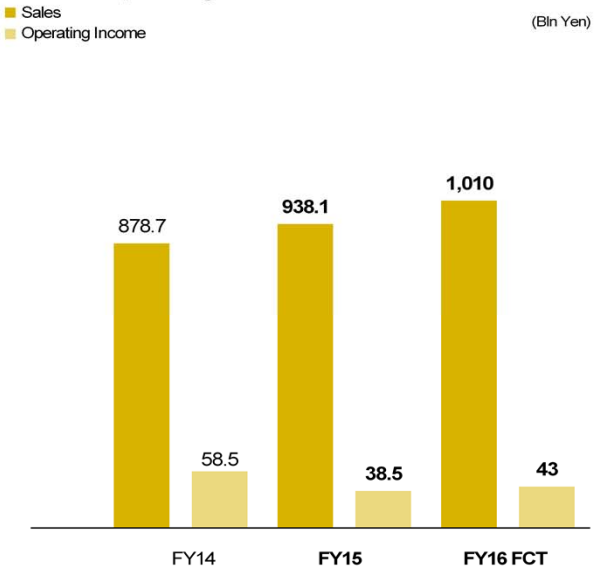
In the image sensor business, our primary regret is that we significantly misjudged the amount of customer demand. We are currently expanding our sales efforts, primarily to Chinese smartphone manufacturers, and orders are strong, but demand is not expected to recover in earnest until the second half of FY16. We take the deterioration in results very seriously, particularly because image sensors have been at the center of our growth story.

In regards to camera modules, we thought that we could increase yields and profit margins through automation of the assembly process. However, precisely because we increased automation, we lack the ability to adapt to changes in specifications and demand. Moreover, cameras modules are a new business for Sony, begun in the latter part of the fiscal year ended March 31, 2014. Our ramp in manufacturing was much slower than planned, and we recorded a large impairment charge as a result. Currently, we are re-considering the optimal size of the camera module business.

Lastly, in batteries, we recorded large impairment charges: 32.1 billion yen in the fiscal year ended March 31, 2014 and 30.6 billion yen in FY15. The main issue in this business, which led to the impairment, was that the basic performance of our smartphone batteries was below that of our competitor. Going forward, we expect to accelerate the shift to high-power liquid type batteries, where we are more competitive, and will continue to work to improve the functionality of our smartphone batteries.

Pictures Segment

Sales and Operating Income



FY2015

- Sales: 6.8% increase (U.S. dollar basis: essentially flat year-on-year)
  - *The following sales analysis is on a U.S. dollar basis*
  - ·(+) Increase in Media Network sales due to higher advertising revenues in India and the United Kingdom
  - ·(+) Increase in Television Productions sales due to higher subscription video-on-demand licensing revenues for *Breaking Bad*, *The Blacklist* and *Better Call Saul*
  - ·(–) Impact of foreign exchange rates
  - ·(–) Decrease in Motion Pictures sales
    - ·(–) a decrease in home entertainment revenues as FY14 benefited from the strong home entertainment performances of *The Amazing Spider-Man 2*, *22 Jump Street* and *Heaven Is For Real*
    - ·(+) Higher theatrical revenues in FY15 driven by the strong worldwide theatrical performances of *Spectre* and *Hotel Transylvania 2*
- OI: 20.0 bln yen decrease
  - ·(–) Decrease in home entertainment revenues
  - ·(–) Underperformance of *The Walk* and *The Brothers Grimsby*
  - ·(–) Negative impact of foreign exchange rates
  - ·(+) Higher Media Network revenue in India and the United Kingdom
  - ·(+) Strong worldwide theatrical performance of *Hotel Transylvania 2*

FY2016 Forecast

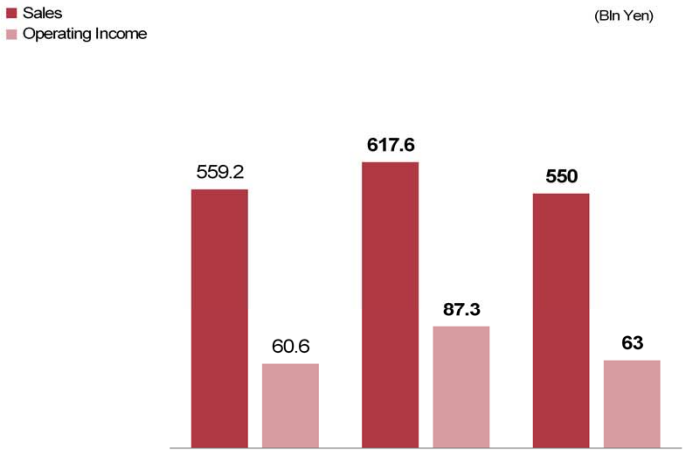
- Sales: 7.7% increase
  - ·(+) Increase in Media Networks sales
- OI: 4.5 bln yen increase
  - ·(+) Increase in Media Networks sales

Next, I will talk about the Pictures segment. Sales increased and operating income decreased for FY15 year-on-year and operating income was 38.5 billion yen.

For FY16, we expect higher sales and operating income. Operating income is expected to be 43 billion yen. Of the three categories in this business, the biggest challenge is the Motion Pictures business. We regard FY16 as a transition year during which the turnaround of this business will be conducted under the new management team which started in the spring of last year.

Music Segment

Sales and Operating Income



	FY14	FY15	FY16 FCT
Recorded Music Category Revenue	383.4	**412.7**	-
Streaming*1 Revenue Percentage (included above)	19%	**27%**	-

FY2015

- Sales: 10.4% increase (FX Impact: +5%)
  - ·(+) Significantly higher Visual Media and Platform sales reflecting the continued strong performance of a game application for mobile devices
  - ·(+) Increase in Recorded Music sales
    - ·(+) Higher digital streaming revenues
    - ·(–) Worldwide decline in physical and digital download sales
- OI: 26.7 bln yen increase
  - ·(+) Gain recorded on the remeasurement to fair value of SME's 51% equity interest in Orchard Media, Inc.
  - ·(+) Increase in digital streaming revenues in Recorded Music
  - ·(+) Increase in Visual Media and Platform sales
  - ·(–) Decline in physical and digital download sales in Recorded Music

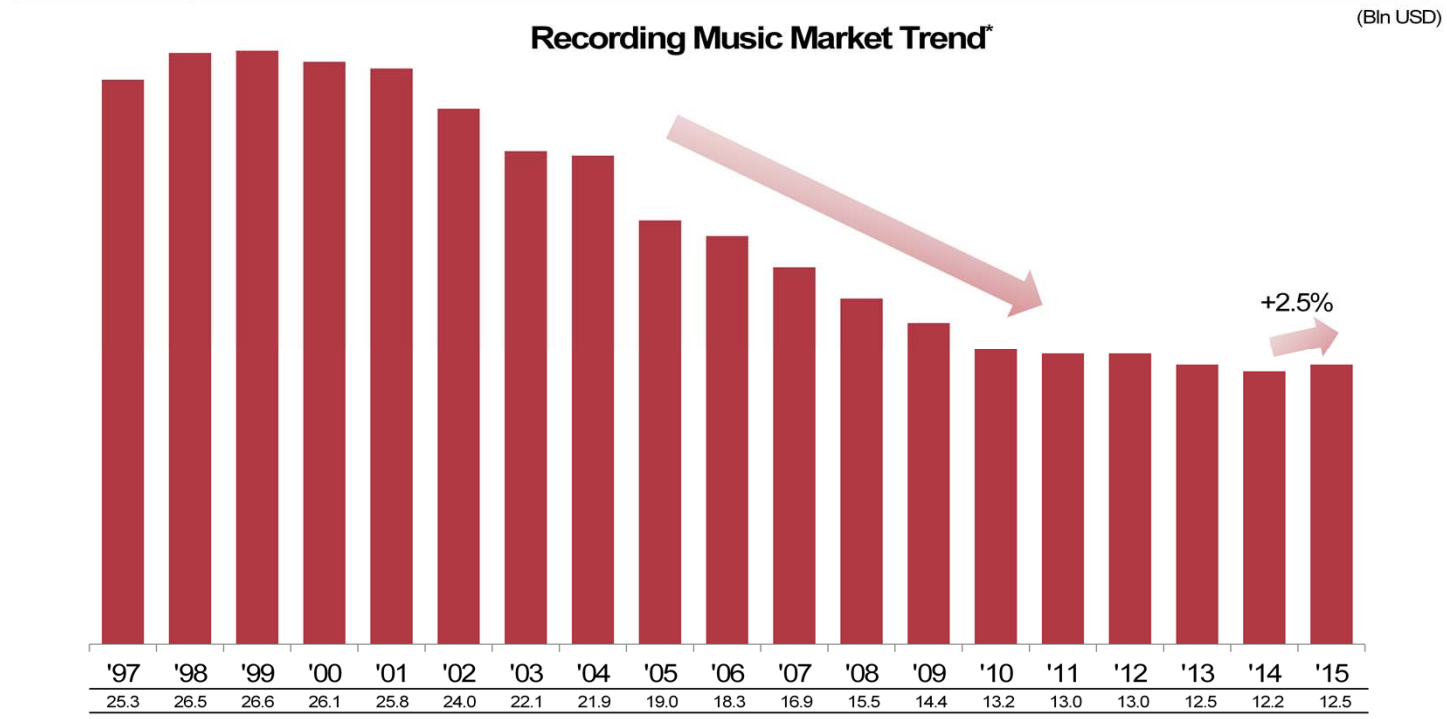
FY2016 Forecast

- Sales: 11.0% decrease
  - ·(–) Impact of foreign exchange rates
  - ·(–) Lower sales from Recorded Music's titles compared to the hit titles in FY15
- OI: 24.3 bln yen decrease
  - ·(–) Recording of remeasurement gain associated with acquiring the remaining shares of The Orchard in FY15
  - ·(–) Decrease in sales

*1 Streaming includes digital audio, digital video and digital radio, and includes revenue from both subscription and ad-supported services

Next, I will talk about the Music segment. Sales and operating income for FY15 increased year-on-year, and 87.3 billion yen in operating income was recorded. An 18.1 billion yen re-measurement gain resulting from the consolidation of Orchard Media, Inc. is included in this operating income, but even if we were to exclude this gain, operating income increased. As has been announced previously, we decided to make Sony/ATV, a music publishing business, into a wholly-owned subsidiary by acquiring our joint venture partner's stake. Music publishing is one of our recurring revenue businesses, and this strategic investment was aimed at enhancing that part of our business.

Music Segment

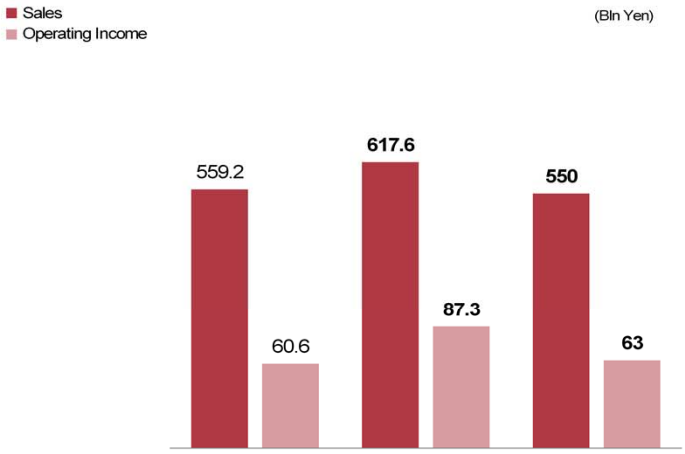


Source: IFPI "Global Music Report"
* Total number of Revenues in Digital and Physical

According to data published by IFPI, the global music organization, the size of the worldwide recorded music market in calendar year 2015 increased by 2.5% year-on-year, led by paid subscription streaming. This is the first time in 16 years, since 1999, that the size of the market for music increased.

Music Segment

Sales and Operating Income



	FY14	FY15	FY16 FCT
Recorded Music Category Revenue	383.4	**412.7**	-
Streaming*1 Revenue Percentage (included above)	19%	**27%**	-

FY2015

- Sales: 10.4% increase (FX Impact: +5%)
  - ·(+) Significantly higher Visual Media and Platform sales reflecting the continued strong performance of a game application for mobile devices
  - ·(+) Increase in Recorded Music sales
    - ·(+) Higher digital streaming revenues
    - ·(–) Worldwide decline in physical and digital download sales
- OI: 26.7 bln yen increase
  - ·(+) Gain recorded on the remeasurement to fair value of SME's 51% equity interest in Orchard Media, Inc.
  - ·(+) Increase in digital streaming revenues in Recorded Music
  - ·(+) Increase in Visual Media and Platform sales
  - ·(–) Decline in physical and digital download sales in Recorded Music

FY2016 Forecast

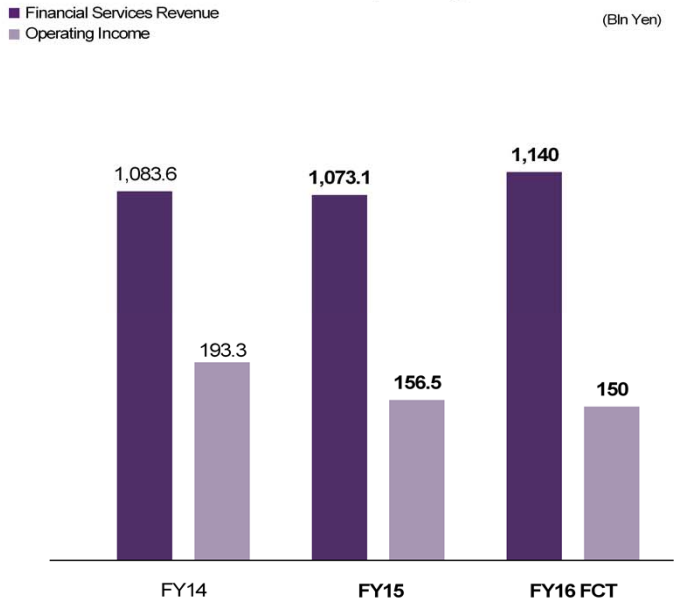
- Sales: 11.0% decrease
  - ·(–) Impact of foreign exchange rates
  - ·(–) Lower sales from Recorded Music's titles compared to the hit titles in FY15
- OI: 24.3 bln yen decrease
  - ·(–) Recording of remeasurement gain associated with acquiring the remaining shares of The Orchard in FY15
  - ·(–) Decrease in sales

*1 Streaming includes digital audio, digital video and digital radio, and includes revenue from both subscription and ad-supported services

We expect to record 63 billion yen in operating income in FY16. Operating income is expected to decrease year-on-year, but we think this business continues to perform well because the decrease in operating income is due to the inclusion in FY15 of the re-measurement gain I mentioned earlier, the negative impact of the appreciation of the yen in FY16 and a change in allocation of corporate and other costs.

Financial Services Segment

Financial Services Revenue and Operating Income



FY2015

- Revenue: 1.0% decrease
  - · Revenue at Sony Life: essentially flat year-on-year (revenue: 952.6 bln yen)
    - ·(–) Deterioration in investment performance in the separate account driven by the deterioration in the stock market
    - ·(+) Increase in insurance premium revenue reflecting a steady increase in policy amount in force
- OI: 36.8 bln yen decrease
  - ·(–) Decrease in OI of Sony Life (39.2 bln yen decrease, OI: 138.8 bln yen)
    - ·(–) Increases in the amortization of deferred insurance acquisition costs and the provision of policy reserves, primarily driven by a significant decrease in interest rates and the deterioration in the stock market

FY2016 Forecast

- Revenue: 6.2% increase
  - ·(+) Increase in insurance premium revenue reflecting an increase in policy amount in force at Sony Life
- OI : 6.5 bln yen decrease
  - ·(–) Primarily due to not incorporating into the forecast the impact of market fluctuations, such as foreign exchange net gains on foreign currency-denominated customer deposits at Sony Bank realized in FY15

Next, I will talk about the Financial Services segment. For FY15, sales and operating income decreased year-on-year. 156.5 billion yen of operating income was recorded, a decrease of 36.8 billion yen year-on-year. The decrease in operating income was due to an increase in the amount of deferred expenses that had to be recorded, primarily at Sony Life, in the current fiscal year, mainly due to the decline in long-term interest rates and a decline in the Japanese stock market. In addition, the significant increase in the Japanese stock market had a positive impact on the results of FY14, and this is one of the reasons for the size of the decrease in profit when viewed on a fiscal year basis.

We expect to record 150 billion yen in operating income in FY16. We believe that the underlying operations of Sony Life are strong because new policies are continuing to increase.



In conclusion, I want to emphasize the fact that we are working to assess as quickly as possible the impact of the earthquakes on Kumamoto TEC and our suppliers, while we are also working to minimize the negative impact on our business. We are currently creating a schedule to assess the impact on our results and, as of now, we believe it will be possible to inform you of our forecast for the 5 Electronics segments and consolidated results around May 24th. This completes my explanation.