No: 99-44E
Date: April 28, 1999

RESULTS FOR THE FISCAL YEAR ENDED MARCH 31, 1999

FOR IMMEDIATE RELEASE

Tokyo, April 28, 1999 -- Sony Corporation announced today its consolidated and non-consolidated results for the fiscal year ended March 31, 1999.

CONSOLIDATED RESULTS FOR THE YEAR

(Millions of yen, thousands of U.S. dollars, except per share amounts)

	Year ended March 31			
	1998	**1999**	Change	**1999**
Sales and operating revenue	¥ 6,755,490	**¥ 6,794,619**	+ 0.6%	**$ 56,621,825**
Operating income	520,210	**338,649**	-34.9	**2,822,075**
Income before income taxes	453,749	**368,128**	-18.9	**3,067,733**
Net income	222,068	**179,004**	-19.4	**1,491,700**
Net income per share				
Basic	¥557.7	**¥436.9**	-21.7%	**$3.64**
Diluted	483.4	**391.0**	-19.1	**3.26**

During the year ended March 31, 1999, the general economic and operating environment further worsened reflecting factors including economic weakness in Asia excluding Japan (herein referred to as “Asia”), Russia, Eastern Europe, and Latin America, as well as a rapid appreciation in the value of the yen in the second half of the year. Under such circumstances, Sony’s consolidated results declined due principally to deterioration in performance in the second half of the year.

Consolidated sales and operating revenue (herein referred to as “sales”) increased 0.6% to ¥6,795 billion ($56,622 million) and operating income decreased 34.9% to ¥339 billion ($2,822 million). Income before income taxes decreased 18.9% to ¥368 billion ($3,068 million) and net income decreased 19.4% to ¥179 billion ($1,492 million).

In Other income, a gain was realized on securities as a result of a contribution of marketable equity securities held by Sony Corporation to an outside trust for employee retirement benefit purposes during the third quarter (refer to Note 3 on page 13). As a result, income before income taxes and net income included a one-time gain of ¥58.7 billion ($489 million) and ¥30.7 billion ($256 million), respectively. Furthermore, net income included a tax benefit of approximately ¥13.4 billion ($112 million) resulting from the recalculation of deferred tax liabilities to reflect a reduction in the Japanese corporate statutory income tax rate effective April 1, 1999. Basic net income per share for the year was ¥436.9 ($3.64), compared to ¥557.7 a year earlier. Diluted net income per share was ¥391.0 ($3.26), compared to ¥483.4 in the previous year.

In terms of the average foreign exchange rate, the average value of the yen during the year was ¥127.0, ¥207.7, and ¥72.8 against the U.S. dollar, British pound, and German mark, respectively. Thus compared with the previous year, the yen depreciated 4.1%, 4.8%, and 5.8% against the U.S. dollar, British pound, and German mark, respectively. It is estimated that sales and operating income would have been approximately ¥162 billion ($1,354 million) and ¥72 billion ($599 million) lower than the reported figures, respectively, if the value of the yen had remained the same as in the previous year. (Note that these estimates are obtained by simply applying the yen's average exchange rate in the prior fiscal year to foreign currency-denominated sales, cost of sales, and selling, general and administrative expenses of the year under review. Constant currency growth rates discussed in the Performance by Business Segment below are also calculated in the same way as above.) In addition to the impact calculated above, recent volatility of the yen exchange rate has made it more difficult to manage global procurement of materials, manufacturing, and sales activities as planned, and has adversely affected Sony's business results, particularly for the second half of the fiscal year.

Fourth Quarter Performance Highlights

For the fourth quarter, sales dropped sharply and an operating loss was recorded. This was primarily due to significant decreases in sales and operating losses in the Electronics and Music businesses, and significantly lower sales and operating income in the Game business. While such products as the home-use VAIO series PCs and Wega series color TVs were well received, the Electronics business worsened because of decreased sales in Asia, Russia, Eastern Europe, and Latin America. Other factors affecting performance in the Electronics business were deteriorating gross profit margins in line with reductions in production and the adverse effect of the rapid appreciation in the value of the yen in the second half of the fiscal year. Unfavorable results in the Music business were the result of a decrease in the number of hit albums compared to the previous fiscal year and higher costs in Japan for such expenditures as advertising. In the Game business, lower sales in Japan and the adverse effect of the yen's appreciation combined with higher costs in such activities as research and development and advertising decreased the profitability.

Performance by Business Segment

Notes: • Sales and operating revenue in each business segment include intersegment transactions (refer to Business Segment Information on pages 6 and 7).
• In Electronics, sales and operating revenue by product category represent sales to customers which do not include intersegment transactions (refer to Electronic Sales and Operating Revenue to Customers by Product Category on page 8).

Electronics

Sales in the Electronics business declined 0.5% (down approximately 3% on a constant currency basis) to ¥4,668 billion ($38,904 million), and operating income fell 58.7% to ¥130 billion ($1,082 million).

The decrease in sales was mainly attributable to sluggish sales of home-use audio and video products in Asia, Russia, Eastern Europe, and Latin America, and intensified price competition.

Breaking down Electronics sales to customers by product category, "Audio" sales decreased 4.9%. This was primarily the result of weak demand for stereo systems and radio-cassette tape recorders in Asia, Russia, Eastern Europe, and Latin America, and stiff price competition in the United States and Western Europe. In the "Video" category, sales increased 11.3%, as sales of home-use camcorders, digital still cameras, and DVD-Video players grew mainly in the United States and Western Europe. Sales in the "Television" category fell 0.9% as Asia, Latin America, Russia, and Eastern Europe experienced significantly lower sales. However, this category benefited from strong sales in Japan of Wega series color TVs with their flat surface CRTs, and increased sales of the Wega series and other large screen rear projection TVs in the United States. In "Information and communications", lower priced computer displays resulted in a significant drop in sales, mostly in the United States and Japan. Sales of cellular phones also declined slightly. On the other hand, this category benefited from substantial growth in home-use VAIO series PCs, particularly in Japan, and continuing strong demand in the United States and Europe for such data recording systems as CD-RW drives. As a result, "Information and communications" posted a 2.2% increase in sales. In the "Electronic components and other" category, sales fell 10.1% due to continued lower sales of electronic components such as semiconductors and CRTs.

Operating income in the Electronics business substantially decreased primarily due to the deterioration of gross profit margins related to reductions in production, along with increased advertising expenditures, R&D expenses, and personnel expenses. Operating income was also impacted by the sales decline and increase in service expenses, resulting from quality issues of certain types of cellular phones including the impact of correcting power emission levels in the U.S. market, along with lower priced computer displays and weak demand for semiconductors.

Inventories in the Electronics segment significantly decreased to approximately ¥698 billion ($5,814 million) from approximately ¥794 billion ($6,620 million) as of the end of the previous fiscal year due to efforts to bring production levels in line with demand and the reduction in inventory valuation caused by the yen's appreciation.

Game

Sales in the Game business increased 8.5% (up approximately 7% on a constant currency basis) to ¥784 billion ($6,532 million).

In Japan, software sales remained strong despite sales of PlayStation game consoles falling below the previous fiscal year's levels. In the United States and Europe, market expansion produced significant growth in sales of both game consoles and software. Worldwide production shipments of game consoles were 21.6 million units for the year compared to 19.4 million units for the previous year resulting in cumulative shipments of 54.4 million units as of March 31, 1999. Software titles achieving strong growth during the fiscal year were *XI [sái]* and *CRASH BANDICOOT: WARPED*. Furthermore, *Gran Turismo*, which remained popular in Japan, was also successful in the United States and Europe after introduction to these areas during the fiscal year. Cumulative worldwide sales of this title topped the 6 million unit mark.

Operating income in the Game business increased 16.7% to ¥137 billion ($1,138 million), primarily as a consequence of sales growth in the United States and Europe. The increase was offset to some extent by restructuring expenses recorded for a game development subsidiary in Europe.

Music

During the year, sales in the Music group increased 9.4% (up approximately 7% on a constant currency basis) to ¥760 billion ($6,336 million) but operating income decreased 29.5% to ¥38.1 billion ($318 million).

The U.S. based music operations, covering the entire world excluding Japan, achieved record results in terms of sales, operating income, market share and chart share. Strong sales growth in the United States and Europe was partially offset by relatively weak sales in Japan and the negative impact of the Brazilian economic crisis.

The large decline in operating income was attributable to the delayed release of major Japanese artists' albums until next year and the increased advertising and promotion costs associated with establishing new labels and artists in Japan. The U.S. based music operations benefited from successful releases by local and global artists as well as increased licensing fees from a new direct marketing agreement. Top performing releases during the year included Lauryn Hill's *The Miseducation of Lauryn Hill*, the Dixie Chicks' *Wide Open Spaces*, Celine Dion's *These Are Special Times*, Mariah Carey's *#1's*, Ricky Martin's *Vuelve* and The Offspring's *Americana*.

Pictures

During the year, sales in the Pictures group decreased 16.0% (down approximately 19% on a constant currency basis) to ¥540 billion ($4,501 million). Despite the sales decline, operating income increased 5.1% to ¥37.4 billion ($311 million).

The decline in sales from the prior year is primarily due to the deconsolidation of the theatrical exhibition business, the inclusion of thirteen months of activity in the prior year due to a change in the Picture group's fiscal year and less successful theatrical releases by comparison with last year's strong motion picture results. Major film releases contributing to the year's performance were *The Mask of Zorro* and *I Still Know What You Did Last Summer*, and strong pay television and home video performances of prior year films such as *Men in Black*, *My Best Friend's Wedding* and *As Good As It Gets*. (For comparative purposes, if the impact of theatrical exhibition operations revenue and the thirteenth month of activity are removed from the reported figures, sales for the Pictures group were virtually flat compared to last year.)

Operating income benefited from steady profit contributions from the television business, primarily from off-network syndication (*Seinfeld*, *The Nanny*, *Mad About You* and *Party of Five*), game shows (*Wheel of Fortune* and *Jeopardy!*) and soap operas. However, the year's profits were partially offset by losses on certain films and start-up costs of strategic investments, such as Telemundo, a U.S. based Spanish language television network and stations group, and certain international cable channel investments.

During the first quarter of this fiscal year, Sony combined its Loews Theatre exhibition business with Cineplex Odeon Corporation to create one of the world's largest theatrical exhibition companies, Loews Cineplex Entertainment Corporation. As a result of this transaction, Sony no longer consolidates exhibition results; these are now included on the equity basis.

Insurance

In the Insurance business, revenue increased 16.6% to ¥339 billion ($2,828 million) due to significant increases in individual and group insurance-in-force resulting from strong sales of traditional insurance products such as term-life insurance and whole-life insurance as well as medical insurance.

Operating income, however, decreased 11.2% to ¥18.0 billion ($150 million). This was mainly the result of lower returns on investments in Japan where extremely low interest rates have prevailed.

Other

Revenue in the Other segment was up by 15.8% to ¥287 billion ($2,394 million).

The segment, however, posted an operating loss as in the previous fiscal year. Start-up expenses at new businesses, such as satellite distribution services in Japan, internet-related businesses in the United States, and the development of location-based entertainment complexes, were the principal causes.

Non-Consolidated Results (Parent Company Only)

On a non-consolidated (parent company only) basis, net sales for the fiscal year rose 1.1% from the previous year, to ¥2,433 billion ($20,272 million). Operating income, however, substantially decreased 92.9%, to ¥7.2 billion ($60 million). Ordinary income decreased 61.1%, to ¥46 billion ($385 million), and net income decreased 50.2%, to ¥38.0 billion ($317 million).

With respect to the year-end cash dividend for the fiscal year, Sony will pay ¥25 per share. This payment, combined with the interim dividend of ¥25 per share paid in December 1998, will bring the total annual cash dividend for the fiscal year to ¥50 ($0.42) per share.

Contact:

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Business Segment Information

(Millions of yen, thousands of U.S. dollars)

Sales and operating revenue	Year ended March 31 1998	1999	Change	1999
			%	
Electronics -				
Customers	¥ 4,377,346	¥ **4,355,001**	-0.5	$ **36,291,675**
Intersegment	312,764	**313,448**		**2,612,067**
Total	4,690,110	**4,668,449**	-0.5	**38,903,742**
Game -				
Customers	699,574	**760,071**	+8.6	**6,333,925**
Intersegment	22,977	**23,751**		**197,925**
Total	722,551	**783,822**	+8.5	**6,531,850**
Music -				
Customers	660,407	**718,878**	+8.9	**5,990,650**
Intersegment	34,307	**41,394**		**344,950**
Total	694,714	**760,272**	+9.4	**6,335,600**
Pictures -				
Customers	642,714	**540,109**	-16.0	**4,500,908**
Intersegment	450	**59**		**492**
Total	643,164	**540,168**	-16.0	**4,501,400**
Insurance -				
Customers	291,061	**339,368**	+16.6	**2,828,067**
Intersegment	7	**1**		**8**
Total	291,068	**339,369**	+16.6	**2,828,075**
Other -				
Customers	84,388	**81,192**	-3.8	**676,600**
Intersegment	163,841	**206,137**		**1,717,808**
Total	248,229	**287,329**	+15.8	**2,394,408**
Elimination	(534,346)	**(584,790)**	—	**(4,873,250)**
Consolidated	¥ 6,755,490	¥ **6,794,619**	+0.6	$ **56,621,825**

Electronics intersegment amounts primarily consist of transactions with the Game segment.

Operating income (loss)	1998	1999	Change	1999
Electronics	¥ 314,538	¥ **129,853**	-58.7	$ **1,082,108**
Game	116,936	**136,500**	+16.7	**1,137,500**
Music	54,084	**38,147**	-29.5	**317,892**
Pictures	35,544	**37,370**	+5.1	**311,417**
Insurance	20,326	**18,048**	-11.2	**150,400**
Other	(10,292)	**(8,845)**	—	**(73,708)**
Corporate and elimination	(10,926)	**(12,424)**	—	**(103,534)**
Consolidated	¥ 520,210	¥ **338,649**	-34.9	$ **2,822,075**

As a result of a change in the accounting period in Pictures, sales for the fiscal year ended March 31, 1998 in the segment include the thirteen-month period from March 1, 1997 to March 31, 1998.

(Millions of yen, thousands of U.S. dollars)

Sales and operating revenue	Three months ended March 31 1998	1999	Change	1999
			%	
Electronics -				
Customers	¥ 1,048,111	¥ **938,388**	-10.5	$ **7,819,900**
Intersegment	73,481	**57,896**		**482,467**
Total	1,121,592	**996,284**	-11.2	**8,302,367**
Game -				
Customers	178,379	**148,978**	-16.5	**1,241,483**
Intersegment	7,200	**6,018**		**50,150**
Total	185,579	**154,996**	-16.5	**1,291,633**
Music -				
Customers	172,216	**148,499**	-13.8	**1,237,492**
Intersegment	10,573	**13,227**		**110,225**
Total	182,789	**161,726**	-11.5	**1,347,717**
Pictures -				
Customers	180,003	**134,038**	-25.5	**1,116,983**
Intersegment	155	**50**		**417**
Total	180,158	**134,088**	-25.6	**1,117,400**
Insurance -				
Customers	75,311	**90,281**	+19.9	**752,342**
Intersegment	1	**0**		**0**
Total	75,312	**90,281**	+19.9	**752,342**
Other -				
Customers	19,947	**18,102**	-9.2	**150,850**
Intersegment	39,111	**51,925**		**432,708**
Total	59,058	**70,027**	+18.6	**583,558**
Elimination	(130,521)	**(129,116)**	—	**(1,075,967)**
Consolidated	¥ 1,673,967	¥ **1,478,286**	-11.7	$ **12,319,050**

Electronics intersegment amounts primarily consist of transactions with the Game segment.

Operating income (loss)

Electronics	¥ 21,548	¥ **(57,819)**	—	$ **(481,825)**
Game	24,642	**4,295**	-82.6	**35,792**
Music	8,694	**(4,139)**	—	**(34,492)**
Pictures	5,233	**5,643**	+7.8	**47,025**
Insurance	6,471	**14,522**	+124.4	**121,017**
Other	(6,526)	**(2,726)**	—	**(22,717)**
Corporate and elimination	(1,163)	**(3,067)**	—	**(25,558)**
Consolidated	¥ 58,899	¥ **(43,291)**	—	$ **(360,758)**

Electronics Sales and Operating Revenue to Customers by Product Category

(Millions of yen, thousands of U.S. dollars)

	Year ended March 31			
	1998	**1999**	Change	**1999**
Sales and operating revenue			%	
Audio	¥ 1,127,788	¥ **1,072,621**	-4.9	$ **8,938,508**
Video	870,854	**969,129**	+11.3	**8,076,075**
Televisions	709,043	**702,620**	-0.9	**5,855,167**
Information and communications	894,810	**914,140**	+2.2	**7,617,833**
Electronic components and other	774,851	**696,491**	-10.1	**5,804,092**
Total	¥ 4,377,346	¥ **4,355,001**	-0.5	$ **36,291,675**

(Millions of yen, thousands of U.S. dollars)

	Three months ended March 31			
	1998	**1999**	Change	**1999**
Sales and operating revenue			%	
Audio	¥ 247,458	¥ **200,401**	-19.0	$ **1,670,008**
Video	200,602	**206,060**	+2.7	**1,717,167**
Televisions	166,153	**139,390**	-16.1	**1,161,583**
Information and communications	237,170	**220,765**	-6.9	**1,839,708**
Electronic components and other	196,728	**171,772**	-12.7	**1,431,434**
Total	¥ 1,048,111	¥ **938,388**	-10.5	$ **7,819,900**

The above table is a breakdown of Electronics sales and operating revenue to customers in the Business Segment Information on pages 6 and 7. The Electronics business is managed as a single operating segment by Sony's management. However, Sony believes that the information in this table is useful to investors in understanding the sales contributions of the products in this business segment. Operating income information by product category is not available.

Geographic Segment Information

(Millions of yen, thousands of U.S. dollars)

	Year ended March 31			
	1998	**1999**	Change	**1999**
Sales and operating revenue			%	
Japan	¥ 1,843,149	**¥ 1,908,600**	+3.6	**$ 15,905,000**
United States	2,101,907	**2,157,061**	+2.6	**17,975,509**
Europe	1,567,121	**1,666,714**	+6.4	**13,889,283**
Other Areas	1,243,313	**1,062,244**	-14.6	**8,852,033**
Total	¥ 6,755,490	**¥ 6,794,619**	+0.6	**$ 56,621,825**

(Millions of yen, thousands of U.S. dollars)

	Three months ended March 31			
	1998	**1999**	Change	**1999**
Sales and operating revenue			%	
Japan	¥ 483,188	**¥ 476,931**	-1.3	**$ 3,974,425**
United States	516,389	**442,073**	-14.4	**3,683,942**
Europe	379,364	**338,158**	-10.9	**2,817,983**
Other Areas	295,026	**221,124**	-25.0	**1,842,700**
Total	¥ 1,673,967	**¥ 1,478,286**	-11.7	**$ 12,319,050**

Classification of Geographic Segment Information shows sales and operating revenue recognized by location of customers.

CONSOLIDATED STATEMENTS OF INCOME

(Millions of yen, thousands of U.S. dollars, except per share amounts)

	Year ended March 31			
	1998	**1999**	Change	**1999**
Sales and operating revenue:			%	
Net sales	¥ 6,424,805	**¥ 6,415,418**		**$ 53,461,816**
Insurance revenue	291,061	**339,368**		**2,828,067**
Other operating revenue	39,624	**39,833**		**331,942**
	6,755,490	**6,794,619**	+0.6	**56,621,825**
Costs and expenses:				
Cost of sales	4,618,961	**4,633,787**		**38,614,891**
Selling, general and administrative	1,345,584	**1,500,863**		**12,507,192**
Insurance expenses	270,735	**321,320**		**2,677,667**
	6,235,280	**6,455,970**		**53,799,750**
Operating income	520,210	**338,649**	-34.9	**2,822,075**
Other income:				
Interest and dividends	20,976	**23,313**		**194,275**
Foreign exchange gain, net	10,094	**2,895**		**24,125**
Gain on securities contribution to employee retirement benefit trust	—	**58,698**		**489,150**
Other	52,893	**67,999**		**566,658**
	83,963	**152,905**		**1,274,208**
Other expenses:				
Interest	62,524	**48,275**		**402,292**
Other	87,900	**75,151**		**626,258**
	150,424	**123,426**		**1,028,550**
Income before income taxes	453,749	**368,128**	-18.9	**3,067,733**
Income taxes	214,868	**176,973**		**1,474,775**
Income before minority interest	238,881	**191,155**		**1,592,958**
Minority interest in consolidated subsidiaries	16,813	**12,151**		**101,258**
Net income	¥ 222,068	**¥ 179,004**	-19.4	**$ 1,491,700**
Net income per share				
Basic	¥ 557.7	**¥ 436.9**	-21.7	**$ 3.64**
Diluted	483.4	**391.0**	-19.1	**3.26**

CONSOLIDATED STATEMENTS OF INCOME (Unaudited)

(Millions of yen, thousands of U.S. dollars, except per share amounts)

	Three months ended March 31			
	1998	**1999**	Change	**1999**
Sales and operating revenue:			%	
Net sales	¥ 1,588,959	**¥ 1,381,950**		**$ 11,516,250**
Insurance revenue	75,311	**90,281**		**752,342**
Other operating revenue	9,697	**6,055**		**50,458**
	1,673,967	**1,478,286**	-11.7	**12,319,050**
Costs and expenses:				
Cost of sales	1,190,651	**1,089,697**		**9,080,808**
Selling, general and administrative	355,577	**356,121**		**2,967,675**
Insurance expenses	68,840	**75,759**		**631,325**
	1,615,068	**1,521,577**		**12,679,808**
Operating income (loss)	58,899	**(43,291)**	—	**(360,758)**
Other income:				
Interest and dividends	5,785	**6,438**		**53,650**
Foreign exchange gain, net	3,642	—		—
Other	20,383	**19,675**		**163,958**
	29,810	**26,113**		**217,608**
Other expenses:				
Interest	15,340	**9,693**		**80,775**
Foreign exchange loss, net	—	**3,933**		**32,775**
Other	35,973	**26,505**		**220,875**
	51,313	**40,131**		**334,425**
Income (loss) before income taxes	37,396	**(57,309)**	—	**(477,575)**
Income taxes (benefit)	14,758	**(36,531)**		**(304,425)**
Income (loss) before minority interest	22,638	**(20,778)**		**(173,150)**
Minority interest in consolidated subsidiaries	1,879	**(1,411)**		**(11,758)**
Net income (loss)	¥	**¥ (19,367)**	—	**$ (161,392)**
Net income (loss) per share				
Basic	¥ 51.0	**¥ (47.2)**	—	**$ (0.39)**
Diluted	45.9	**(47.2)**	—	**(0.39)**

CONDENSED CONSOLIDATED BALANCE SHEETS

(Millions of yen, thousands of U.S. dollars)

ASSETS	March 31		
	1998	1999	1999
Current assets:			
Cash and time deposits	¥ 530,425	¥ **616,514**	$ **5,137,617**
Marketable securities	169,209	**117,857**	**982,141**
Notes and accounts receivable, less allowances	1,115,888	**1,013,583**	**8,446,525**
Inventories	993,927	**877,898**	**7,315,817**
Other	458,028	**443,541**	**3,696,175**
Total current assets	3,267,477	**3,069,393**	**25,578,275**
Noncurrent inventories — film	249,066	**244,537**	**2,037,808**
Investments and advances	850,462	**980,736**	**8,172,800**
Property, plant and equipment, less depreciation	1,347,127	**1,249,751**	**10,414,592**
Other assets:			
Intangibles	124,817	**123,272**	**1,027,267**
Goodwill	160,491	**139,888**	**1,165,733**
Deferred insurance acquisition costs	163,120	**199,868**	**1,665,567**
Other	240,483	**291,608**	**2,430,066**
Total other assets	688,911	**754,636**	**6,288,633**
	¥ 6,403,043	¥ **6,299,053**	$ **52,492,108**

LIABILITIES AND STOCKHOLDERS' EQUITY

	1998	1999	1999
Current liabilities:			
Short-term debt	¥ 199,411	¥ **128,702**	$ **1,072,517**
Notes and accounts payable, trade	768,152	**722,690**	**6,022,417**
Accounts payable, other and accrued expenses	676,547	**670,631**	**5,588,591**
Accrued income and other taxes	157,123	**107,031**	**891,925**
Other	315,092	**313,491**	**2,612,425**
Total current liabilities	2,116,325	**1,942,545**	**16,187,875**
Long-term liabilities:			
Long-term debt	1,104,420	**1,037,460**	**8,645,500**
Accrued pension and severance costs	186,871	**129,115**	**1,075,958**
Deferred income taxes	147,116	**120,822**	**1,006,850**
Future insurance policy benefits and other	713,970	**913,937**	**7,616,142**
Other	193,000	**195,382**	**1,628,183**
Total long-term liabilities	2,345,377	**2,396,716**	**19,972,633**
Minority interest in consolidated subsidiaries	125,786	**136,127**	**1,134,392**
Stockholders' equity:			
Common stock, ¥50 par value	406,196	**416,373**	**3,469,775**
Additional paid-in capital	548,422	**559,236**	**4,660,300**
Legal reserve	38,885	**43,037**	**358,642**
Retained earnings	926,198	**1,080,554**	**9,004,616**
Accumulated other comprehensive income	(101,266)	**(269,896)**	**(2,249,133)**
Treasury stock, at cost	(2,880)	**(5,639)**	**(46,992)**
Total stockholders' equity	1,815,555	**1,823,665**	**15,197,208**
	¥ 6, 403,043	**¥ 6,299,053**	**$ 52,492,108**

Notes:

1. U.S. dollar amounts have been translated from yen, for convenience only, at the rate of ¥120=U.S.$1, the approximate Tokyo foreign exchange market rate as of March 31, l999.
2. As of March 31, l999, Sony had 1,041 consolidated subsidiaries. It has applied the equity accounting method in respect to its 65 affiliated companies.
3. In December 1998, the Company contributed certain marketable equity securities, not including those of its subsidiaries and affiliated companies, to an employee retirement benefit trust. The securities held in this trust are qualified as plan assets under US GAAP. Upon contribution to the trust, the net unrealized gain of these securities was realized as a non-cash transaction and was disclosed as “gain on securities contribution to employee retirement benefit trust” on the income statement. Since the unrealized gain, net of tax, had already been recorded as accumulated other comprehensive income, the contribution itself did not impact the amount of comprehensive income.
4. Net income (loss) per share amounts were computed based on Statement of Financial Accounting Standards (FAS) No.128, "Earnings per Share". For the fiscal years ended March 31, 1998 and 1999, weighted-average shares used for computation of basic net income per share were 398,181 thousand shares and 409,753 thousand shares, respectively, and the weighted-average shares used for diluted net income per share were 464,122 thousand shares and 463,830 thousand shares, respectively. The dilutive effect for both periods resulted mainly from the potential issuance of common stock upon conversion of convertible bonds. For the three months ended March 31, 1998 and 1999, weighted-average shares used for computation of basic net income (loss) per share were 406,658 thousand shares and 409,931 thousand shares, respectively. Weighted-average shares used for diluted net income per share were 464,049 thousand shares for the three months ended March 31, 1998. The dilutive effect resulted mainly from the potential issuance of common stock upon conversion of convertible bonds. No additional shares were included in the computation of diluted net loss per share for the three months ended March 31, 1999 because to do so would have been antidilutive.
5. Sony adopted FAS 130 “Reporting Comprehensive Income” as of April 1, 1998. Comprehensive income is defined in this standard as total changes in stockholders’ equity excluding capital transactions. Sony’s comprehensive income comprises net income plus other comprehensive income representing changes in cumulative translation adjustment, unrealized gain/loss on securities and minimum pension liability adjustment. For the fiscal years ended March 31,1998 and 1999, comprehensive income was an increase of ¥234,745 million and an increase of ¥10,374 million ($86,450thousand), respectively. Change in the cumulative translation adjustment was an increase of ¥40,496 million and a decrease of ¥143,655 million ($1,197,125 thousand) respectively.
   For the three months ended March 31, 1998 and 1999, comprehensive income was an increase of ¥45,634 million and an increase of ¥22,675 million ($188,958 thousand), respectively. Change in the cumulative translation adjustment was an increase of ¥24,517 million for the three months ended March 31, 1998 and changes in the cumulative translation adjustment and the unrealized gain on securities were an increase of ¥21,528 million ($179,400 thousand) and an increase of ¥23,799 million ($198,325 thousand) for the three months ended March 31, 1999, respectively.
6. Certain reclassifications of the consolidated balance sheets as of March 31, 1998, have been made to conform to the 1999 presentation.

Proposed motion picture accounting change:

In October 1998, the Accounting Standards Executive Committee ("AcSEC") of the American Institute of Certified Public Accountants issued an exposure draft of a proposed Statement of Position, "Accounting by Producers and Distributors of Films" ("the Exposure Draft") which, if adopted as issued, would significantly change the current accounting for the motion picture and television business. The Exposure Draft proposes, among many changes, that theatrical advertising expense be amortized over a significantly shorter period, that advertising expenses for other markets be expensed as incurred and that revenue from television syndication contracts be recognized over the contract period rather than upon initial availability of the product to the licensee. For Sony, the transition from Sony’s current accounting practices to those required by the Exposure Draft would result in a cumulative charge to results of operations in the period of adoption, although there is no cash flow impact. Comments on the Exposure Draft will be reviewed by AcSEC and the Financial Accounting Standards Board in the forthcoming months. Depending on the nature, scope and merits of the comment letters, the Exposure Draft may be modified in part or in its entirety. Accordingly, the impact to Sony is not presently known, as it may vary significantly depending on the final Statement of Position as well as the exact date it becomes effective. For illustrative purposes, if the Exposure Draft were implemented, as issued without change, as of March 31, 1999, the cumulative non-cash charge would be approximately $950 million ($2.32 basic net income per share and $2.05 diluted net income per share). The date of issuance of the final Statement of Position has not yet been determined; however, as currently drafted, the earliest required implementation date for Sony would be April 1, 2000.

Condensed Insurance Business Balance Sheet

The following schedule reflects the condensed balance sheets for the Insurance business in comparison to Sony's consolidated balance sheets with the Insurance business' financial position reflected on an equity basis. Although interbusiness balances between Insurance business and businesses other than Insurance business are not eliminated in the respective balance sheets, such amounts are not material. Because Insurance business is different in nature from Sony' Electronics, Game, Music and Pictures businesses, management believes that aforementioned type of comparative disclosure enhances the understanding and analysis of the consolidated financial statements.

(Millions of yen, thousands of U.S. dollars)

	Insurance business			**Sony with Insurance business on an equity basis**		
	March 31			March 31		
	1998	**1999**	**1999**	1998	**1999**	**1999**
ASSETS						
Cash and time deposits	¥ 76,135	**¥ 114,695**	**$ 955,792**	¥ 454,290	**¥ 501,819**	**$ 4,181,825**
Marketable securities	51,942	**62,112**	**517,600**	117,267	**55,745**	**464,542**
Other current assets	9,400	**10,000**	**83,333**	2,558,561	**2,326,837**	**19,390,308**
Investments and advances	573,858	**720,020**	**6,000,167**	276,604	**260,716**	**2,172,633**
Investments in insurance operations	-	**-**	**-**	115,032	**133,546**	**1,112,883**
Deferred insurance acquisition costs	163,120	**199,868**	**1,665,567**	-	**-**	**-**
Other long-term assets	24,561	**22,310**	**185,916**	2,098,535	**2,027,909**	**16,899,242**
	¥ 899,016	**¥ 1,129,005**	**$ 9,408,375**	¥ 5,620,289	**¥ 5,306,572**	**$ 44,221,433**
LIABILITIES AND STOCKHOLDERS' EQUITY						
Future insurance policy benefits and other	¥ 713,970	**¥ 913,937**	**$ 7,616,142**	¥ -	**¥ -**	**$ -**
Other liabilities and minority interest	69,766	**81,226**	**676,883**	3,804,734	**3,482,907**	**29,024,225**
Total liabilities and minority interest	783,736	**995,163**	**8,293,025**	3,804,734	**3,482,907**	**29,024,225**
Stockholders' equity	115,280	**133,842**	**1,115,350**	1,815,555	**1,823,665**	**15,197,208**
	¥ 899,016	**¥ 1,129,005**	**$ 9,408,375**	¥ 5,620,289	**¥ 5,306,572**	**$ 44,221,433**

Other Consolidated Financial Data

(Millions of yen, thousands of U.S. dollars)

		Year ended March 31		
	1998	**1999**	Change	**1999**
Depreciation and amortization*	¥301,665	**¥307,173**	+1.8%	**$2,559,775**
Capital expenditures (additions to fixed assets)	387,955	**353,730**	-8.8	**2,947,750**
R&D expenses	318,044	**375,314**	+18.0	**3,127,617**

*Including amortization of deferred insurance acquisition costs

Consolidated Number of Employees

March 31	
1998	**1999**
173,000	**177,000**

Sales and Operating Income by Geographic Area

(Millions of yen, thousands of U.S. dollars)

	Year ended March 31			
Sales and operating revenue	1998	**1999**	Change	**1999**
			%	
Japan	¥ 4,059,389	**¥ 4,158,745**	+2.4	**$ 34,656,208**
United States	2,309,776	**2,372,729**	+2.7	**19,772,742**
Europe	1,400,738	**1,545,647**	+10.3	**12,880,392**
Other Areas	1,614,507	**1,469,725**	-9.0	**12,247,708**
Elimination	(2,628,920)	**(2,752,227)**	—	**(22,935,225)**
Consolidated	¥ 6,755,490	**¥ 6,794,619**	+0.6	**$ 56,621,825**
Operating income				
Japan	¥ 348,458	**¥ 206,162**	-40.8	**$ 1,718,017**
United States	75,820	**78,583**	+3.6	**654,858**
Europe	74,064	**81,185**	+9.6	**676,542**
Other Areas	69,490	**47,683**	-31.4	**397,358**
Corporate and elimination		**(74,964)**	—	**(624,700)**
Consolidated	¥ 520,210	**¥ 338,649**	-34.9	**$ 2,822,075**

Sales and operating revenue classifications used in Sales and Operating Income by Geographic Area above, which show sales recognized by geographic origin, and include intersegment transactions, are different from those used in Geographic Segment Information on page 9 which show sales recognized by geographic locations of the buyer.

NON-CONSOLIDATED STATEMENTS OF INCOME

(Parent company only)

(Millions of yen)

	Year ended March 31		
	1998	**1999**	Change
Operating profit and loss:			%
Net Sales:			
Japan	¥ 773,044	¥ **786,875**	+1.8
Export	1,633,378	**1,645,814**	+0.8
	2,406,423	**2,432,690**	+1.1
Cost of sales	1,990,774	**2,087,443**	
Selling, general and administrative	314,304	**338,062**	
Operating income	101,344	**7,184**	-92.9
Non-operating profit and loss:			
Non-operating profit:			
Interest and dividends	19,467	**30,559**	
Other	64,068	**92,768**	
	83,535	**123,327**	
Non-operating loss:			
Interest	13,792	**15,138**	
Other	52,270	**69,151**	
	66,063	**84,289**	
Ordinary income	118,816	**46,222**	-61.1
Non-recurring loss, net		**2,111**	
Income before income taxes	118,816	**44,110**	
Income taxes			
Current	42,460	**5,050**	
Deffered		**1,031**	
Net income	¥ 76,356	¥ **38,029**	-50.2

COMPOSITION OF NET SALES BY PRODUCT GROUP

(Parent company only)

(Millions of yen)

	Year ended March 31		
	1998	**1999**	Change
Audio	¥ 561,723	¥ **551,016**	-1.9%
Video	561,533	**597,776**	+6.5
Televisions	159,695	**186,058**	+16.5
Information and communications	448,624	**524,576**	+16.9
Electronic components and other	674,846	**573,262**	-15.1
Net sales	¥ 2,406,423	¥ **2,432,690**	+1.1%

Note: Figures less than ¥1 million have been omitted.

Forecast for Consolidated Results for the Fiscal Year Ending March 31, 2000

In the fiscal year ending March 31, 2000, Sony expects that the current difficult operating environment will continue to prevail. Sony estimates a small decline in consolidated sales and a larger decline in consolidated earnings for the fiscal year ending March 31, 2000.

Consolidated Results		Change from previous year
Sales and operating revenue	¥6,500 billion	-4%
Operating income	¥240 billion	-29
Income before income taxes	¥210 billion	-43
Net income	¥110 billion	-39

These consolidated estimates reflect the following factors:

- Sony assumes the average exchange rates to be approximately ¥115 per U.S. dollar, compared with ¥127 for the fiscal year ended March 31, 1999, and ¥130 per Euro.
- In the Electronics business, it is expected that it will be difficult to generate the same level of earnings as in the fiscal year ended March 31,1999 because of factors including the following: (i) an improvement in sales in Latin America, Russia and Eastern Europe is unlikely; (ii) in Asia, sluggish conditions are expected to continue despite the economy having bottomed out; (iii) deterioration of gross profit margins in line with reductions in production, particularly in the first half of the fiscal year ending March 31, 2000, and intensifying price competition are estimated, and (iv) while favorable acceptance for certain products such as home-use VAIO PCs and Wega series color TVs is expected to continue, research and development expenses will be maintained at the current level.
- In the Game business, sales of the current model of PlayStation game console are estimated to decline. Higher depreciation expenses related to investments for next-generation products are expected to exert pressure on earnings.
- In the Music business, in addition to continued favorable performance of the U.S. based music operations, higher sales and cost reductions in Japan are expected to improve earnings. However, the absence of the contribution from a direct marketing agreement recorded in the fiscal year ended March 31,1999 and the weak economy in Brazil is expected to affect the results adversely. In addition, operating income will be negatively impacted by increased costs associated with further online developments and other new technology initiatives.
- In the Pictures business, Sony expects improved results from films to be released during the fiscal year ending March 31, 2000 and strong contributions from the production and distribution of television programs. However, the decrease in successful theatrical releases in the fiscal year ended March 31, 1999, will impact the contribution from the worldwide home video and pay television markets.
- In the Insurance business, the life insurance sector faces increasing competition due to deregulation and a continuation of the difficult environment for managing assets. Nevertheless, revenue and earnings are expected to increase because of projected increases in premiums. Results in this business will include start-up expenses for property and casualty insurance in Japan, where sales are expected to commence in October 1999.
- In the Other segment, operating losses are currently projected because of the continuation of start-up expenses at such new businesses as satellite distribution services and the location-based entertainment complexes in San Francisco, Berlin, and Tokyo.

Statements made in the consolidated results press release and the forecast for the fiscal year with respect to Sony's current plans, estimates, strategies and beliefs and other statements that are not historical facts are forward-looking statements about the future performance of Sony. These statements are based on management's assumptions and beliefs in light of the information currently available to it and therefore you should not place undue reliance on them. Sony cautions you that a number of important factors could cause actual results to differ materially from those discussed in the forward-looking statements. Such factors include, but are not limited to (i) general economic conditions in Sony's markets, particularly levels of consumer spending; (ii) exchange rates, particularly between the yen and the U.S. dollar, and other currencies in which Sony makes significant sales or in which Sony's assets and liabilities are denominated; and (iii) Sony's ability to continue to design and develop and win acceptance of its products and services, which are offered in highly competitive markets characterized by continual new product introductions, rapid developments in technology (particularly in the Electronics business), and subjective and changing consumer preferences (particularly in the Game, Music and Pictures businesses).

The Year 2000 Issue

Sony's Year 2000 project

Sony recognizes the importance of the Year 2000 issue in relation to business continuity risks and customer services, and has initiated a comprehensive corporate-wide project to implement a transition into the year 2000. The project is coordinated and supervised by the Corporate Year 2000 Office mainly composed of corporate staff from information system department and customer service department of Sony Corporation ("the Company"), which reports directly to the Company's Chief Financial Officer with respect to corporate risk management. The Corporate Year 2000 Office reports the status of the project to the Executive Committee and the Board of Directors of the Company.

State of readiness

Customer Products;

In October 1997, Sony completed an identification and assessment project in respect of the potential impact of the Year 2000 issue on Sony's products, and, by May 1998, established a structure to enable it to address this issue around the world. Sony is taking steps intended to ensure that customers around the world will be able to depend on Sony products in and after the year 2000. In the broadcast- and professional-use product field, Sony continues to work with its customers to address the Year 2000 issue, and expects completion by the end of September 1999.

Sony's Year 2000 policy and compliance, and countermeasures for Year 2000 problems found in certain models of Sony products as well as contact points for customers' inquiries are available on the Sony Year 2000 Web site at www.world.sony.com/top.html.

Information Systems & Manufacturing;

As of January 1999, Sony completed approximately 90% of its estimated total remediation for major internal information systems and engineering and production systems of Sony's worldwide operations of all business segments, and expects to fully complete such remediation by October 1999. Sony plans to complete the integrated test including verification of operating environment by multiple IPL (Initial Program Loading) dates by the end of June 1999 in the U.S. and by the end of September 1999 in Japan.

For major software and hardware which comprise Sony's information systems and major non-IT systems such as production equipment which contain microcontrollers, Sony has taken steps to assess the level of risk by acquiring information from external vendors and, where necessary, asking for written reports to confirm the status of compliance measures for the Year 2000 issue. As for the information systems provided by external vendors, Sony has been obtaining confirmations from external service suppliers and is conducting tests where necessary.

Sony is also addressing the Year 2000 readiness of major raw material suppliers by confirming the readiness of not only their information systems but also management, production, facilities, etc. Sony is also checking the status of ordering systems connected to major suppliers, sales distributors and dealers by electronic data interchange.

Facilities and Infrastructure

Sony is also addressing the Year 2000 readiness of control units of plants and buildings, such as clean room facilities, telephone exchanges, networks and 24-hour working facilities, by obtaining confirmations and maintenance instructions from third party service providers. In addition, Sony is confirming the Year 2000 readiness of third party service providers such as companies which ship the products distributed by Sony.

Costs

The external cost to modify software programs for all internal information systems of all business segments for compliance with the Year 2000 issue is estimated to be approximately 8.4 billion yen, of which approximately 5.3 billion yen was expensed as incurred by the end of the fiscal year ended March 31, 1999. Additionally, while extremely difficult to estimate precisely, the cost to replace certain internal information systems, including hardware equipment, relating to the Year 2000 issue is estimated to be approximately 12.2 billion yen, of which approximately 8.6 billion yen was expensed as incurred by the end of the fiscal year ended March 31, 1999. This cost includes other elements such as enhancement of functionality of current systems. The cost for services performed by third parties associated with the Year 2000 issue for Sony products is currently expected to be approximately 0.6 billion yen. The Year 2000 compliance cost relating to manufacturing and facility equipment is not separately tracked and such cost is principally included in the maintenance cost of each factory and office. Due to the difficulty of precise tracking, Sony also does not separately track the internal costs, which are principally related payroll costs, incurred for the Year 2000 project.

Sony does not expect the total external cost for replacement, modification, and third party services related to its current program of Year 2000 compliance to have a material adverse effect on consolidated operations and financial results.

Contingency Plans

If the anticipated modifications and conversions are not completed on a timely basis, or if the systems of third parties on which Sony's systems and operations rely are not converted on a timely basis, the Year 2000 issue could have an adverse effect on Sony's operations.

Sony recognizes the importance of readiness for potential worst case scenarios. To minimize both internal and external risks, Sony is in the process of making contingency plans, including the establishment of emergency action plans and escalation procedures by each operation, such as customer services, information system, manufacturing, facility management, etc.

Cautionary Statement

Sony has made forward-looking statements regarding its Year 2000 project. Those statements include: Sony's expectations about when it will be year 2000 ready; Sony's expectations about the impact of the Year 2000 problem on its ability to continue to operate on and after January 1, 2000; and the costs associated with the Year 2000 project. Sony has described many of the risks associated with those forward-looking statements above. However, there are many factors that could cause its actual results to differ materially from those stated in the forward-looking statements. This is especially the case because many aspects of its Year 2000 project are outside its control such as the performance of many thousands of third-party suppliers and of customers and end users. As a global company, Sony operates in many different countries, however, the Year 2000 problem may not be being addressed to the same extent everywhere. As a result, there may be unforeseen problems in different parts of the world. All of these factors make it impossible for Sony to ensure that it will be able to resolve all year 2000 problems in a timely manner to avoid materially adverse effects on its operations or business or exposing Sony to third-party liability.

Management Changes

*The following information was previously released on March 29, 1999.

1. The following persons, as well as all incumbent Directors, except Mr. Kozo Ohsone , Mr. Yoshiyuki Kaneda and Mr. Akiyoshi Kawashima, are nominated for election as Directors at the Ordinary General Meeting of Shareholders to be held on June 29, 1999.

   (1) Teruhisa Tokunaka
   (Corporate Executive Vice President, and Deputy CFO of the Company at present)

   (2) Teruo Masaki
   (Deputy President, Sony Corporation of America at present)

   (3) Howard Stringer
   (Chairman and CEO, Sony Corporation of America at present)

   (4) Iwao Nakatani
   (Professor, Faculty of Commerce, Hitotsubashi University at present)

2. The following persons will retire from the offices of the Director as of June 29, 1999.

   (1) Kozo Ohsone (Executive Deputy President and Representative Director)
   He will become Advisor of the Company.

   (2) Yoshiyuki Kaneda (Executive Deputy President and Representative Director)
   He will become Advisor of the Company.

   (3) Akiyoshi Kawashima (Senior Managing Director)
   He will become Corporate Senior Executive Vice President of the Corporation.

3. The following person is nominated for election as Statutory Auditor at the Ordinary General Meeting of Shareholders to be held on June 29, 1999.

   Takashi Hayashi (President and Representative Director of Sony Ichinomiya Corporation at present)

4. The following person will retire from the office of the Statutory Auditor as of June 29, 1999.

   Nobuo Kanoi
   He will become Advisor of the Company.