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SONY CORP  
Form 6-K  
May 16, 2007

Form 6-K

SECURITIES AND EXCHANGE COMMISSION  
WASHINGTON, D. C. 20549

FORM 6-K

REPORT OF FOREIGN PRIVATE ISSUER

Pursuant to Rule 13a-16 or 15d-16 of  
the Securities Exchange Act of 1934

For the month of May 2007  
Commission File Number: 001-06439

SONY CORPORATION  
(Translation of registrant's name into English)

1-7-1 KONAN, MINATO-KU, TOKYO, 108-0075, JAPAN

(Address of principal executive offices)

The registrant files annual reports under cover of Form 20-F.

Indicate by check mark whether the registrant files or will file annual reports  
under cover of Form 20-F or Form 40-F,

Form 20-F  X

Form 40-F  \_\_

Indicate by check mark whether the registrant by furnishing the information  
contained in this Form is also thereby furnishing the information to the  
Commission pursuant to Rule 12g3-2(b) under the Securities Exchange Act of 1934,  
Yes No  X

If "Yes" is marked, indicate below the file number assigned to the registrant in  
connection with Rule 12g3-2(b):82-\_\_\_\_\_

SIGNATURE

Pursuant to the requirements of the Securities Exchange Act of 1934, the  
registrant has duly caused this report to be signed on its behalf by the  
undersigned, thereunto duly authorized.

SONY CORPORATION  
(Registrant)

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By: /s/ Nobuyuki Oneda  
(Signature)  
Nobuyuki Oneda  
Executive Vice President and  
Chief Financial Officer

Date: May 16, 2007

List of materials

Documents attached hereto:

- i) Press release announcing Consolidated Financial Results for the Fiscal Year Ended March 31, 2007

Sony Corporation  
1-7-1 Konan, Minato-ku  
Tokyo 108-0075 Japan

No: 07-047E  
3:00 P.M. JST, May 16, 2007

## Consolidated Financial Results for the Fiscal Year Ended March 31, 2007

Tokyo, May 16, 2007 -- Sony Corporation today announced its consolidated results for the fiscal year ended March 31, 2007 (April 1, 2006 to March 31, 2007).

(Billions of yen, millions of U.S. dollars, except per share amounts)

	Fiscal Year ended March 31			
	2006	2007	Change in Yen	2007*
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Sales and operating revenue**	Y7,510.6	Y8,295.7	+10.5%	\$70,303
Operating income	226.4	71.8	-68.3	608
Income before income taxes	286.3	102.0	-64.4	865
Equity in net income of affiliated companies	13.2	78.7	+496.9	667
Net income	123.6	126.3	+2.2	1,071
Net income per share of common stock				
- Basic	Y122.58	Y126.15	+2.9%	\$1.07
- Diluted	116.88	120.29	+2.9	1.02

Unless otherwise specified, all amounts are presented in accordance with accounting principles generally accepted in the

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United States ("U.S. GAAP").

\* U.S. dollar amounts have been translated from yen, for convenience only, at the rate of Y118=U.S.\$1, the approximate Tokyo foreign exchange market rate as of March 30, 2007.

\*\* Effective April 1, 2006, Sony reclassified royalty income as a component of sales and operating revenue, rather than as a component of other income as previously recorded. As a result, this reclassification has also been made to sales and operating revenue, operating income and other income for the fourth quarter and the fiscal year ended March 31, 2006 to conform with the presentation of these items for the fourth quarter and the fiscal year ended March 31, 2007. Royalty income for the fourth quarter and the fiscal year ended March 31, 2007 was Y9.6 billion and Y35.1 billion, respectively. Royalty income for the fourth quarter and the fiscal year ended March 31, 2006 was Y10.6 billion and Y35.4 billion, respectively. These amounts were recorded primarily within the Electronics segment.

Consolidated Results for the Fiscal Year Ended March 31, 2007  
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Sales and operating revenue ("sales") increased 10.5% (a 7% increase on a local currency basis) compared with the previous fiscal year. (For all references herein to the results on a local currency basis, see Note I.)

Sales within the Electronics segment increased 16.9% (a 12% increase on a local currency basis). Products such as "BRAVIA(TM)" LCD televisions, "VAIO(TM)" PCs, and "Cyber-shot(TM)" digital cameras contributed to the sales increase, although there was a decline in sales of such products as CRT televisions. In the Game segment, sales increased by 6.1% compared with the previous fiscal year due to the launch of PLAYSTATION(R)3 ("PS3"). Sales in the Pictures segment increased 29.5% compared with the previous fiscal year due to the success of films such as The Da Vinci Code and Casino Royale. In the Financial Services segment, revenue declined 12.6% compared to the previous fiscal year mainly due to a decrease in valuation gains in the general account and the separate account at Sony Life Insurance Co., Ltd. ("Sony Life").

Operating income decreased 68.3% compared with the previous fiscal year.

In the Electronics segment, there was a substantial increase in operating income due primarily to an increase in sales to outside customers and the positive impact from the depreciation of the yen versus the U.S. dollar and the Euro. The operating income for the prior fiscal year included a one time net gain resulting from the transfer to the Japanese government of the substitutional portion of Sony's Employee Pension Fund, of which Y64.5 billion was recorded within the Electronics segment. During the current fiscal year, Sony recorded a Y51.2 billion (\$434 million) provision that relates to charges incurred as a result of the recalls by Dell Inc., Apple Inc. and Lenovo, Inc. of notebook computer battery packs that use lithium-ion battery cells manufactured by Sony and the subsequent global replacement program initiated by Sony for certain notebook computer battery packs used by Sony and several other notebook computer manufacturers that use lithium-ion battery cells manufactured by

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Sony. In the Game segment, there was a significant operating loss as a result of the sale of PS3 at strategic price points lower than its production cost during the introductory period. In the Pictures segment, operating income increased due to strong worldwide theatrical and home entertainment revenue on feature films released in the current fiscal year. In the Financial Services segment, there was a significant decline in operating income as a result of decreased valuation gains from investments in the general account, including valuation gains from convertible bonds.

During this fiscal year, restructuring charges, which are recorded as operating expenses, totaled Y38.8 billion (\$329 million) compared to Y138.7 billion in the previous fiscal year. In the Electronics segment, restructuring charges were Y37.4 billion (\$317 million) compared to Y125.8 billion in the previous fiscal year.

A gain on the sale of a portion of the site of Sony's former headquarters in the amount of Y21.7 billion (\$184 million) is included in operating income for the current fiscal year. Operating income in the previous fiscal year included a one time net gain of Y73.5 billion, which resulted from the above-noted transfer to the Japanese government of the substitutional portion of Sony's Employee Pension Fund.

Operating income was negatively affected by the recording of certain provisions for outstanding claims, partially offset by the reversal of a portion of provisions related to the resolution of certain prior patent claims recorded in prior periods.

Income before income taxes declined 64.4% compared to the previous fiscal year due to the net effect of other income and expenses, which was Y29.6 billion lower compared to the previous fiscal year, in addition to the above-mentioned decrease in operating income. The lower net effect of other income and expenses was primarily a result of a decrease in the gain on change in ownership interests in subsidiaries and investees and an increase in the amount of net foreign currency exchange losses. During the current fiscal year, a Y31.5 billion (\$266 million) gain was recorded from the sale of a portion of stock in StylingLife Holdings Inc. ("StylingLife"). However, the total gain on change in ownership interests declined as Sony recorded a gain on change in interest of Y60.8 billion in the previous fiscal year resulting from the initial public offering of So-net Entertainment Corporation ("So-net"), and the sale of a portion of stock held in both Monex Beans Holdings, Inc., and So-net M3 Inc., a consolidated subsidiary of So-net.

Income taxes: During the current fiscal year, Sony recorded Y53.9 billion (\$457 million) of income taxes at an effective tax rate of 52.8%. This effective tax rate exceeded the Japanese statutory tax rate as a result of a reduction in reversals to income tax expense, which was primarily due to the recording of losses by certain overseas subsidiaries with tax rates that are lower than the rate in Japan. The effective tax rate was 61.6% in the previous fiscal year and exceeded the Japanese statutory tax rate due to the recording of additional valuation allowances against deferred tax assets by Sony Corporation and several of Sony's domestic and overseas consolidated subsidiaries due to continued losses recorded by these entities and the recording of

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an additional tax provision for the undistributed earnings of overseas subsidiaries.

Equity in net income of affiliated companies increased by approximately six times to Y78.7 billion (\$667 million). Equity in net income of affiliated companies reported for Sony Ericsson Mobile Communications AB ("Sony Ericsson") was Y85.3 billion (\$723 million), an increase of Y56.3 billion compared to the previous fiscal year. Sony recorded equity in net income of Y5.0 billion (\$43 million) for SONY BMG MUSIC ENTERTAINMENT ("SONY BMG"), a decrease of Y0.8 billion compared to the previous fiscal year. Sony recorded equity in net income of Y6.4 billion (\$54 million) (before the elimination of unrealized intercompany profits of Y1.4 billion), a Y13.6 billion improvement compared to the prior fiscal year, for S-LCD Corporation ("S-LCD"), a joint-venture with Samsung Electronics Co., Ltd. for the manufacture of amorphous TFT LCD panels. Sony recorded equity in net loss of Y18.9 billion (\$160 million) for Metro-Goldwyn-Mayer Inc. ("MGM")\*, an increase in the amount of equity in net loss of Y2.0 billion compared to the previous fiscal year. The equity in net loss for MGM includes a non-cash interest expense of Y9.6 billion (\$81 million) on cumulative preferred stock compared to the Y6.0 billion of non-cash interest expense on cumulative preferred stock recorded in the previous fiscal year.

\*On April 8, 2005, a consortium led by Sony Corporation of America and its equity partners completed the acquisition of MGM. As part of the acquisition, Sony invested \$257 million in exchange for 20% of the total equity. However, based on the percentage of common stock owned, Sony records 45% of MGM's net income (loss) as equity in net income (loss) of affiliated companies.

As a result, net income of Y126.3 billion (\$1,071 million) was recorded, an increase of 2.2% compared to the previous fiscal year.

### Operating Performance Highlights by Business Segment

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"Sales and operating revenue" in each business segment represents sales and operating revenue recorded before intersegment transactions are eliminated. "Operating income (loss)" in each business segment represents operating income (loss) recorded before intersegment transactions and unallocated corporate expenses are eliminated.

#### Electronics

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	(Billions of yen, millions of U.S. dollars)			
	Fiscal Year ended March 31			
	2006	2007	Change	2007
			in Yen	
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Sales and operating revenue	Y5,176.4	Y6,050.5	+16.9%	\$51,275
Operating income	6.9	156.7	+2,167.4	1,328

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Unless otherwise specified, all amounts are reported on a U.S. GAAP basis.

Sales increased by 16.9% compared to the previous fiscal year (a 12% increase on a local currency basis). Sales to outside customers increased 13.4% compared to the previous fiscal year. There was an increase in sales of products including "BRAVIA" LCD televisions, which experienced favorable sales in all regions, "VAIO" PCs, where favorable sales of notebook PCs were recorded outside of Japan, as well as "Cyber-shot" digital cameras, which saw increased sales in all regions. However, this increase was partially offset by a decrease in sales of CRT televisions, where the market continues to shrink. Intersegment transactions increased substantially, primarily as a result of the increased sales of semiconductors to the Game segment.

Operating income increased by Y149.8 billion compared with the previous fiscal year. Despite the recording of a Y51.2 billion (\$434 million) provision in the second quarter for charges related to the notebook computer battery pack recalls and subsequent global replacement program, operating income increased significantly primarily as a result of an increase in sales to outside customers and a positive impact from the depreciation of the yen versus the U.S. dollar and the Euro. In the previous fiscal year, a Y64.5 billion gain was recorded as a result of the transfer to the Japanese government of the substitutional portion of Sony's Employee Pension Fund. With regard to products within the Electronics segment, "Cyber-shot" digital cameras and "BRAVIA" LCD televisions, which experienced favorable sales, and "Handycam(R)" video cameras, which experienced an increase in sales of high value-added models, contributed to the increase in the operating income of the segment.

Inventory, as of March 31, 2007, was Y725.8 billion (\$6,151 million), a Y60.0 billion, or 9.0%, increase compared with the level as of March 31, 2006 and a Y125.8 billion, or 14.8%, decrease compared with the level as of December 31, 2006.

### Operating Results for Sony Ericsson Mobile Communications AB

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The following operating results for Sony Ericsson, which is accounted for by the equity method, are not consolidated in Sony's consolidated financial statements. However, Sony believes that this disclosure provides additional useful analytical information to investors regarding operating performance. The operating results for Sony Ericsson discussed below are reported on an International Financial Reporting Standards basis, and thereby differ from the operating results reported on a U.S. GAAP basis contained within Sony's equity in net income (loss) of affiliated companies.

		(Millions of Euros)	
	2006	2007	Change in
			Euros
Sales and operating revenue	EUR7,972	EUR11,892	+49%

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Income before income taxes	593	1,509	+154
Net income	427	1,142	+168

Sales for the one-year period ended March 31, 2007 increased by 49% compared to the previous year. Results were boosted by sales of hit models such as "Walkman(R)" and "Cyber-shot" phones. As a result, Sony recorded equity in net income of Y85.3 billion (\$723 million).

Game  
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	(Billions of yen, millions of U.S. dollars)			
	Fiscal Year ended March 31			
	2006	2007	Change	2007
			in Yen	
-----	-----	-----	-----	-----
Sales and operating revenue	Y958.6	Y1,016.8	+6.1%	\$8,617
Operating income (loss)	8.7	(232.3)	-	(1,969)

Unless otherwise specified, all amounts are reported on a U.S. GAAP basis.

Sales increased 6.1% compared with the previous fiscal year (a 2% increase on a local currency basis).

Hardware: Overall sales increased as a result of the launch of PS3 in Japan, North America, and Europe. However, the sales of PlayStation(R)2 ("PS2") and PSP(R) (PlayStation(R)Portable) ("PSP") declined due to lower unit sales compared with the previous fiscal year, and also because of a price reduction of the PS2.

Software: Despite an increase in PSP software sales compared to the previous fiscal year, as well as the contribution from PS3 software sales, overall software sales decreased as a result of lower PS2 software sales.

An operating loss of Y232.3 billion (\$1,969 million) was recorded compared to the Y8.7 billion of operating income recorded in the previous fiscal year. This deterioration was primarily the result of the loss arising from the sale of PS3 at strategic price points lower than its production cost during the introductory period, as well as the recording of other charges in association with preparation for the launch of the PS3 platform. In addition, operating income from the PS2 business declined due to a decrease in software sales, while operating income from the PSP business increased primarily due to continued cost reductions in hardware production.

Worldwide hardware production shipments\* (decrease compared to the previous fiscal year):

-> PS2: 14.20 million units (a decrease of 2.02 million units)

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- > PSP: 8.36 million units (a decrease of 5.70 million units)
- > PS3: 5.50 million units

Worldwide software production shipments\* (increase/decrease compared to the previous fiscal year):

- > PS2: 193 million units (a decrease of 30 million units)
- > PSP: 54.1 million units (an increase of 12.5 million units)
- > PS3: 13.2 million units

\*Production shipments of hardware and software units are counted upon shipment of the products from manufacturing bases. Sales of such products are recognized when the products are delivered to customers.

Inventory, as of March 31, 2007, was Y198.8 billion (\$1,685 million), a Y87.3 billion, or 78.4%, increase compared with the level as of March 31, 2006. Inventory increased by Y95.6 billion, or 92.6%, compared with the level as of December 31, 2006. These increases are primarily due to the launch of PS3 in Japan, North America, and Europe during the current fiscal year.

### Pictures

	(Billions of yen, millions of U.S. dollars)			
	Fiscal Year ended March 31			
	2006	2007	Change in	2007
			Yen	
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Sales and operating revenue	Y745.9	Y966.3	+29.5%	\$8,189
Operating income	27.4	42.7	+55.7	362

Unless otherwise specified, all amounts are reported on a U.S. GAAP basis. The results presented above are a yen-translation of the results of Sony Pictures Entertainment ("SPE"), a U.S. based operation which consolidates the results of its worldwide subsidiaries. Management analyzes the results of SPE in U.S. dollars, so discussion of certain portions of its results are specified as being on "a U.S. dollar basis."

Sales increased 29.5% compared with the previous fiscal year (a 26% increase on a U.S. dollar basis). Motion picture sales increased significantly due to higher worldwide theatrical and home entertainment revenue from films released in the current fiscal year, as compared to those released in the previous fiscal year. Major films released in the year that contributed to both theatrical and home entertainment revenue included The Da Vinci Code, Casino Royale, Click, Talladega Nights: The Ballad of Ricky Bobby and The Pursuit of Happyness. Television revenue also increased during this fiscal year, primarily as a result of higher advertising and subscription sales from several international channels.

Operating income increased Y15.3 billion to Y42.7 billion (\$362 million), compared with the previous fiscal year. The increase is due to the substantially higher revenue from films released in the current fiscal year as discussed above. Partially offsetting this increase, the operating performance of the television business



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decreased primarily due to the recording of production and marketing expenses in the current fiscal year associated with several new network and made-for-syndication television shows, combined with the absence of a licensing agreement extension for Wheel of Fortune, which was recognized in the prior fiscal year.

### Financial Services

	(Billions of yen, millions of U.S. dollars)			
	Fiscal Year ended March 31			
	2006	2007	Change	2007
			in Yen	
Financial service revenue	Y743.2	Y649.3	-12.6%	\$5,502
Operating income	188.3	84.1	-55.3	713

Unless otherwise specified, all amounts are reported on a U.S. GAAP basis. Therefore, they differ from the results that Sony Life discloses on a Japanese statutory basis.

Financial service revenue decreased 12.6% compared with the previous fiscal year due to a decrease in revenue at Sony Life. Although revenue from insurance premiums increased at Sony Life reflecting an increase in insurance-in-force, revenue at Sony Life decreased by Y100.0 billion or 15.5% to Y545.1 billion (\$4,619 million), primarily due to lower valuation gains in the general account and the separate account compared to the previous fiscal year, when there was a significant increase in the Japanese stock market.

Operating income decreased by 55.3% compared with the previous fiscal year due to a decrease in operating income at Sony Life. Despite an increase in insurance premium revenue, operating income at Sony Life declined by Y106.8 billion or 56.7%, compared to the previous fiscal year, to Y81.7 billion (\$692 million). This decline was principally due to a decrease in valuation gains from investments in the general account, including valuation gains from convertible bonds, reflecting the above-mentioned Japanese stock market conditions.

### All Other

	(Billions of yen, millions of U.S. dollars)			
	Fiscal Year ended March 31			
	2006	2007	Change	2007
			in Yen	
Sales and operating revenue	Y426.0	Y377.6	-11.4%	\$3,200
Operating income	20.5	32.4	+57.9	275

Unless otherwise specified, all amounts are reported on a U.S. GAAP basis.

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Sales decreased 11.4% compared with the previous fiscal year. This decrease in sales mainly reflects the deconsolidation of StylingLife, a holding company comprised of six of Sony's retail businesses, following the sale of a majority interest in the stock of the company during the first quarter of the current fiscal year, and a decline in sales at Sony Music Entertainment (Japan) Inc. ("SMEJ").

Sales at SMEJ declined mainly due to lower intersegment sales in association with the transfer of business activity relating to Sony's disc custom press business, which was carried out at SMEJ during the previous fiscal year, from SMEJ to other segments within the Sony Group. Best selling albums during the fiscal year included CHEMISTRY's ALL THE BEST, Yuna Ito's HEART and Angela Aki's HOME.

Operating income of ¥32.4 billion (\$275 million) was recorded, an increase of 57.9% compared with the previous fiscal year. This improvement in operating income was mainly due to a loss recorded in the previous fiscal year as the result of a write down of assets attributed to the asset impairment reflected upon the sale of a U.S. entertainment complex. Operating income at SMEJ declined compared to the previous fiscal year mainly due to a decrease in album and single sales and the recording of a gain in the previous fiscal year resulting from the transfer to the Japanese government of the substitutional portion of Sony's Employee Pension Fund.

Operating income at So-net increased in association with greater revenue relating to an increase in fiber optic service subscribers.

### Operating Results for SONY BMG MUSIC ENTERTAINMENT

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The following operating results for SONY BMG, which is accounted for by the equity method, are not consolidated in Sony's consolidated financial statements. However, Sony believes that this disclosure provides additional useful analytical information to investors regarding operating performance. The operating results of Sony BMG discussed below are reported on a U.S. GAAP basis. Sony records the operating results of SONY BMG in the equity in net income (loss) of affiliated companies line item in the consolidated statements of income.

	(Millions of U.S. dollars)		
	Year ended March 31		
2006	2007	Change in	
		U.S. Dollars	
Sales and operating revenue	\$4,283	\$4,101	-4.2%
Income before income taxes	150	135	-10.0
Net income	95	84	-11.5

During the one-year period ended March 31, 2007, sales revenue at SONY BMG decreased by 4.2% compared to the previous year primarily due to the accelerated decline in the worldwide

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physical music market not being entirely offset by growth in digital product sales. Income before income taxes decreased by 10.0% compared to the previous year as a result of the decrease in sales; however, this was partially offset by the favorable impact of an industry-related legal settlement, a year-on-year reduction in restructuring charges of \$45 million and reductions in overhead costs from continued restructuring. As a result, Sony recorded equity in net income of ¥5.0 billion (\$43 million). Best selling albums during the year included Justin Timberlake's FutureSex/LoveSounds, Beyonce's B'Day, Il Divo's Siempre and Christina Aguilera's Back to Basics.

### Cash Flow

The following charts show Sony's unaudited condensed statements of cash flow for all segments excluding the Financial Services segment and for the Financial Services segment alone. These separate condensed presentations are not required under U.S. GAAP, which is used in Sony's consolidated financial statements. However, because the Financial Services segment is different in nature from Sony's other segments, Sony believes that these presentations may be useful in understanding and analyzing Sony's consolidated financial statements.

### Cash Flow - Consolidated (Excluding Financial Services segment)

	(Billions of yen, millions of U.S. dollars)			
	Fiscal Year ended March 31			
Cash flow	2006	2007	Change	2007
			in Yen	
- From operating activities	¥252.0	¥305.6	¥+53.6	\$2,590
- From investing activities	(296.4)	(431.1)	-134.7	(3,653)
- From financing activities	74.6	59.6	-15.0	505
Cash and cash equivalents at beginning of the fiscal year	519.7	585.5	+65.7	4,961
Cash and cash equivalents at end of the fiscal year	585.5	522.9	-62.6	4,431

**Operating Activities:** During the fiscal year ended March 31, 2007, despite an increase in inventory mainly in the Electronics and Game segments, net cash was generated primarily due to the contribution of net income after taking account of depreciation and amortization. Although notes and accounts receivable increased significantly, this increase was exceeded by an increase in notes and accounts payable.

**Investing Activities:** During the fiscal year ended March 31, 2007, cash was generated primarily from the sale of a majority of Sony's holding in StylingLife, pursuant to Sony's planned gradual reduction in its stake in the company. Cash was used by Sony within the Electronics segment primarily for the purchase

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of fixed assets, principally semiconductor manufacturing facilities, and part of the additional investment in S-LCD with respect to manufacturing facilities for 8th generation TFT LCD panels.

As a result, the total amount of cash flow from operating activities and from investing activities during the fiscal year ended March 31, 2007 was a use of cash of Y125.5 billion (\$1,064 million).

**Financing Activities:** During the fiscal year ended March 31, 2007, although Sony redeemed a portion of its long-term debt including bonds and used cash to make dividend payments, financing was carried out through syndicated bank loans.

**Cash and Cash Equivalents:** As a result of the above factors, and taking into account the effect of foreign currency exchange rate fluctuations, the total balance of cash and cash equivalents decreased Y62.6 billion compared to March 31, 2006 to Y522.9 billion (\$4,431 million) as of March 31, 2007.

### Cash Flow - Financial Services segment

	(Billions of yen, millions of U.S. dollars)			
	Fiscal Year ended March 31			
Cash flow	2006	2007	Change in Yen	2007
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- From operating activities	Y147.1	Y256.5	Y+109.4	\$2,174
- From investing activities	(563.8)	(276.7)	+287.0	(2,345)
- From financing activities	274.9	179.6	-95.2	1,522
Cash and cash equivalents at beginning of the fiscal year	259.4	117.6	-141.7	997
Cash and cash equivalents at end of the fiscal year	117.6	277.0	+159.4	2,348

**Operating Activities:** Net cash from operating activities was generated mainly due to an increase in revenue from insurance premiums, primarily reflecting an increase in insurance-in-force at Sony Life.

**Investing Activities:** Sony Life carried out investments primarily in Japanese fixed income securities.

**Financing Activities:** Despite a decrease in the balance of call money within the banking business, net cash from financing activities was generated as a result of an increase in policyholders' accounts at Sony Life and an increase in deposits from customers in the banking business.

**Cash and Cash Equivalents:** As a result of the above, cash and cash equivalents increased Y159.4 billion compared to March 31, 2006 to Y277.0 billion (\$2,348 million) as of March 31, 2007.

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Consolidated Results for the Fourth Quarter ended March 31, 2007  
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Sales were Y2,089.6 billion (\$17,709 million), an increase of 12.6% (a 9% increase on a local currency basis) compared with the same quarter of the previous fiscal year.

In the Electronics segment, overall sales increased significantly due to increased sales to outside customers and a substantial increase in intersegment sales to the Game segment. Sales primarily of "BRAVIA" LCD televisions, "VAIO" PCs and "Handycam(R)" video cameras increased, while sales of LCD rear projection televisions and CRT televisions decreased. In the Game segment, despite a decrease in sales from the PS2 and PSP businesses, there was a significant increase in overall sales as a result of the launch of the PS3. In the Pictures segment, revenue increased primarily due to higher worldwide home entertainment revenue from current year films including Casino Royale and The Pursuit of Happyness. In the Financial Services segment, revenue decreased mainly due to a decrease in valuation gains in the general account and the separate account at Sony Life.

An operating loss of Y113.4 billion (\$961 million) was recorded, a deterioration of Y61.5 billion from the same quarter of the previous fiscal year. In the Electronics segment, although the cost to sales ratio was negatively affected by severe price competition, the amount of loss decreased mainly as a result of a an increase in sales and a reduction in restructuring charges. The Game segment recorded a significant operating loss in the quarter mainly due to the sale of PS3 at strategic price points lower than its production cost during the introductory period. Operating income for the Pictures segment increased due to the higher revenue from current year films noted above, partially offset by the absence of a licensing agreement extension for Wheel of Fortune which was recognized in the fourth quarter of the prior fiscal year. Operating income within the Financial Services segment declined due to a decrease in valuation gains in the general account noted above.

Restructuring charges, which are recorded as operating expenses, for the fourth quarter amounted to Y23.1 billion (\$196 million) compared to Y75.3 billion in the same quarter of the previous fiscal year. In the Electronics segment, restructuring charges were Y22.5 billion (\$191 million) compared to Y63.4 billion in the same quarter of the previous fiscal year.

The loss before income taxes was Y105.7 billion (\$896 million), a Y57.8 billion deterioration compared to the same quarter of the previous fiscal year.

Income taxes: Sony recorded a Y24.9 billion (\$211 million) reversal to income tax expense mainly as a result of a loss recorded in the fourth quarter of the fiscal year.

Equity in net income of affiliated companies of Y12.3 billion (\$104 million) was recorded, a Y6.9 billion yen increase compared to the same quarter of the previous fiscal year. Sony Ericsson, with strong sales of "Walkman(R)" phones, contributed Y19.7 billion (\$167 million) to equity in net income, a Y12.1 billion increase compared to the same quarter of the previous fiscal year. In addition, Y2.0 billion (\$16 million) of equity

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in net income (before the elimination of unrealized intercompany profits of Y0.1 billion) was recorded for S-LCD, a Y0.3 billion decrease compared to the same quarter of the previous fiscal year. An equity in net loss of Y1.3 billion (\$11 million) was recorded for SONY BMG, a deterioration of Y1.0 billion compared to the same quarter of the previous fiscal year. In addition, Sony recorded an equity in net loss of approximately Y8.2 billion (\$69 million) for MGM, an increase in the amount of equity loss of Y4.6 billion compared to the same quarter of the previous fiscal year.

As a result, a net loss of Y67.6 billion (\$573 million) was recorded, a Y1.0 billion deterioration compared to the same quarter of the previous fiscal year.

### Notes

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Note I: During the fiscal year ended March 31, 2007, the average value of the yen was Y116.0 against the U.S. dollar and Y148.6 against the Euro, which was 3.2% lower against the U.S. dollar and 8.2% lower against the Euro, compared with the average rates for the previous fiscal year. Operating results reflect sales and operating income obtained by applying the yen's average exchange rate in the previous fiscal year to local currency-denominated monthly sales, cost of sales, and selling, general and administrative expenses in the fiscal year. Local currency basis results are not reflected in Sony's financial statements and are not measures conforming with U.S. GAAP. In addition, Sony does not believe that these measures are a substitute for U.S. GAAP measures. However, Sony believes that local currency basis results provide additional useful analytical information to investors regarding operating performance.

Note II: During the quarter ended March 31, 2007, the average value of the yen was Y118.5 against the U.S. dollar and Y155.0 against the Euro, which was 2.2% lower against the U.S. dollar and 10.2% lower against the Euro, compared with the average rates for the same quarter of the previous fiscal year.

### Rewarding Shareholders

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Sony believes that continuously increasing corporate value and providing dividends are essential to rewarding shareholders. It is Sony's policy to utilize retained earnings, after ensuring the perpetuation of stable dividends, to carry out various investments that contribute to an increase in corporate value such as those that ensure future growth and strengthen competitiveness.

On May 15, 2007, a year-end cash dividend of Y12.5 (\$0.11) per share (the same as the amount paid in the previous fiscal year) payable as of June 1, 2007 was approved by the Board of Directors. Sony Corporation has already paid an interim dividend of Y12.5 per share to each shareholder; accordingly, the total annual cash dividend per share would be Y25.0 (\$0.21).

### Number of Employees

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The number of employees at the end of March 2007 was approximately 163,000, an increase of approximately 4,500

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employees from the end of March 2006. Although there was a reduction in employees associated with the deconsolidation of StylingLife and restructuring at a number of manufacturing facilities, the total number of employees increased as a result of a significant increase of employees at manufacturing facilities in East Asia.

### Outlook for the Fiscal Year ending March 31, 2008

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	Change from previous	fiscal year
Sales and operating revenue	Y8,780 billion	+6%
Operating income	440 billion	+513
Income before income taxes	420 billion	+312
Equity in net income of affiliated companies	80 billion	+2
Net income	320 billion	+153
Capital expenditures (additions to fixed assets)*	Y440 billion	+6
Depreciation and amortization**	430 billion	+7
(Depreciation expenses for tangible assets)	(350 billion)	(+11)
Research and development expenses	550 billion	+1

\*Investments in S-LCD are not included within the forecast for capital expenditures.

\*\*The forecast for depreciation and amortization includes amortization of intangible assets and amortization of deferred insurance acquisition costs.

Assumed foreign currency exchange rates: approximately Y115 to the U.S. dollar and approximately Y150 to the Euro.

Forecasted consolidated operating results above have been prepared based on the current business environment and reflect the factors noted below.

The above forecast includes restructuring charges, recorded as operating expenses, of approximately Y35 billion expected to be incurred across the Sony Group during the fiscal year, primarily within the Electronics segment, compared to Y38.8 billion of restructuring charges recorded during the fiscal year ended March 31, 2007.

A gain on the sale of a portion of the site of Sony's former headquarters of approximately Y59.0 billion is expected during the fiscal year, compared to Y21.7 billion recorded during the fiscal year ended March 31, 2007. The gain is included in the operating income forecast above.

With regard to equity in net income of affiliated companies, MGM is expected to have no effect on equity in net income during the fiscal year ending March 31, 2008, due to the fact that Sony no longer has any book basis in MGM as of March 31, 2007. Equity in net loss for S-LCD is expected for the fiscal year ending March 31, 2008, due to the start of production on the 8th generation TFT LCD panel line.

The forecast for each business segment is as follows:

Electronics

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Sales are expected to increase primarily due to increased sales of LCD televisions and semiconductors including those for use within the Game segment. Operating income is expected to increase significantly due to an improvement in operating performance for televisions and semiconductors and the absence of a Y51.2 billion provision recorded in the fiscal year ended March 31, 2007 that relates to charges incurred as a result of the recalls of notebook computer battery packs and the subsequent global replacement program.

Capital expenditures within the semiconductor business during the fiscal year ending March 31, 2008, are expected to amount to approximately Y130.0 billion (the actual amount for the fiscal year ended March 31, 2007 was approximately Y150.0 billion).

### Game

-----  
An increase in sales is anticipated as a result of the full-scale expansion of the PS3 business in Japan, the United States and Europe. In addition, a significant reduction in operating loss is expected due to rapid reductions in hardware production costs and an enhanced line-up of software titles in the PS3 business.

### Pictures

-----  
Despite an expected decrease in sales resulting from fewer film releases, operating income is expected to significantly increase, mainly due to the carryover performance of the prior fiscal year's release slate and higher home entertainment and international television sales of motion picture library product.

### Financial Services

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Although the effect of gains and losses on investments associated with stock market fluctuations in Japan are not incorporated within the forecast for the fiscal year ending March 31, 2008, we anticipate both an increase in revenue and operating income within the segment primarily due to an expansion in business at Sony Life.

### Cautionary Statement

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Statements made in this release 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," "may" or "might" 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



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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, as well as the economic conditions in Sony's markets, particularly levels of consumer spending; (ii) exchange rates, particularly between the yen and the U.S. dollar, the Euro and other currencies in which Sony makes significant sales 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 newly introduced platforms within the Game segment, which are offered in highly competitive markets characterized by continual new product introductions, rapid development in technology and subjective and changing consumer preferences (particularly in the Electronics, Game and Pictures segments, and music business); (iv) Sony's ability to recoup large-scale investment required for technology development and increasing production capacity; (v) Sony's ability to implement successfully personnel reduction and other business reorganization activities in its Electronics segment; (vi) Sony's ability to implement successfully its network strategy for its Electronics, Game and Pictures segments and All Other, including the music business, and to develop and implement successful sales and distribution strategies in its Pictures segment and music business 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 (particularly in the Electronics segment); (viii) 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 (ix) the success of Sony's joint ventures and alliances. Risks and uncertainties also include the impact of any future events with material unforeseen impacts.

### Business Segment Information

	(Millions of yen, millions of U.S. dollars)			
	Fiscal year ended March 31			
Sales and operating revenue	2006	2007	Change	2007
-----	-----	-----	-----	-----
<b>Electronics</b>				
Customers	Y 4,782,173	Y 5,421,384	+13.4 %	\$ 45,944
Intersegment	394,206	629,087		5,331
-----	-----	-----		-----
Total	5,176,379	6,050,471	+16.9	51,275
<b>Game</b>				
Customers	918,252	974,218	+6.1	8,256
Intersegment	40,368	42,571		361
-----	-----	-----		-----
Total	958,620	1,016,789	+6.1	8,617

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Pictures				
Customers	745,859	966,260	+29.5	8,189
Intersegment	-	-		-
-----	-----	-----		-----
Total	745,859	966,260	+29.5	8,189
Financial Services				
Customers	720,566	624,282	-13.4	5,291
Intersegment	22,649	25,059		212
-----	-----	-----		-----
Total	743,215	649,341	-12.6	5,503
All Other				
Customers	343,747	309,551	-9.9	2,623
Intersegment	82,297	68,087		577
-----	-----	-----		-----
Total	426,044	377,638	-11.4	3,200
Elimination	(539,520)	(764,804)	-	(6,481)
-----	-----	-----		-----
Consolidated total	Y 7,510,597	Y 8,295,695	+10.5 %	\$ 70,303

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

Operating income (loss)	2006	2007	Change	2007
-----	-----	-----	-----	-----
Electronics	Y 6,913	Y 156,745	+2,167.4 %	\$ 1,328
Game	8,748	(232,325)	-	(1,969)
Pictures	27,436	42,708	+55.7	362
Financial Services	188,323	84,142	-55.3	713
All Other	20,525	32,417	+57.9	275
-----	-----	-----		-----
Total	251,945	83,687	-66.8	709
Corporate and elimination	(25,529)	(11,937)	-	(101)
-----	-----	-----		-----
Consolidated total	Y 226,416	Y 71,750	-68.3 %	\$ 608

(Millions of yen, millions of U.S. dollars)  
Fourth quarter ended March 31  
(Unaudited)

Sales and operating revenue	2006	2007	Change	2007
-----	-----	-----	-----	-----
Electronics				
Customers	Y 1,168,170	Y 1,274,137	+9.1 %	\$ 10,798
Intersegment	55,013	253,349		2,147
-----	-----	-----		-----
Total	1,223,183	1,527,486	+24.9	12,945
Game				
Customers	145,856	270,290	+85.3	2,291
Intersegment	6,494	10,891		92
-----	-----	-----		-----

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Total	152,350	281,181	+84.6	2,383
Pictures				
Customers	240,382	286,401	+19.1	2,427
Intersegment	-	-		-
-----	-----	-----		-----
Total	240,382	286,401	+19.1	2,427
Financial Services				
Customers	217,289	176,484	-18.8	1,496
Intersegment	5,839	7,745		66
-----	-----	-----		-----
Total	223,128	184,229	-17.4	1,562
All Other				
Customers	84,047	82,293	-2.1	697
Intersegment	22,568	17,193		146
-----	-----	-----		-----
Total	106,615	99,486	-6.7	843
Elimination	(89,914)	(289,178)	-	(2,451)
-----	-----	-----		-----
Consolidated total	Y 1,855,744	Y 2,089,605	+12.6 %	\$ 17,709

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

All Other intersegment amounts primarily consist of transactions with the Electronics and Game segments.

Operating income (loss)	2006	2007	Change	2007
-----	-----	-----	-----	-----
Electronics	Y (81,562)	Y (74,135)	- %	\$ (628)
Game	(61,396)	(107,827)	-	(914)
Pictures	30,201	32,912	+9.0	279
Financial Services	79,306	29,526	-62.8	250
All Other	(8,948)	5,446	-	46
-----	-----	-----		-----
Total	(42,399)	(114,078)	-	(967)
Corporate and elimination	(9,503)	706	-	6
-----	-----	-----		-----
Consolidated total	Y (51,902)	Y (113,372)	- %	\$ (961)

Electronics Sales and Operating Revenue to Customers by Product

-----  
Category

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

Fiscal year ended March 31

Sales and operating revenue	2006	2007	Change	2007
-----	-----	-----	-----	-----
Audio	Y 536,187	Y 522,879	-2.5 %	\$ 4,431
Video	1,021,325	1,143,120	+11.9	9,687
Televisions	927,769	1,226,971	+32.2	10,398
Information and Communications	842,537	950,461	+12.8	8,055
Semiconductors	172,249	205,757	+19.5	1,744
Components	800,716	852,981	+6.5	7,229
Other	481,390	519,215	+7.9	4,400

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Total	Y 4,782,173	Y 5,421,384	+13.4 %	\$ 45,944
-------	-------------	-------------	---------	-----------

### Fourth quarter ended March 31 (Unaudited)

Sales and operating revenue	2006	2007	Change	2007
Audio	Y 104,684	Y 110,243	+5.3 %	\$ 934
Video	209,284	234,586	+12.1	1,988
Televisions	247,044	292,614	+18.4	2,480
Information and Communications	253,220	263,464	+4.0	2,233
Semiconductors	44,647	53,085	+18.9	450
Components	198,203	199,322	+0.6	1,689
Other	111,088	120,823	+8.8	1,024
Total	Y 1,168,170	Y 1,274,137	+9.1 %	\$ 10,798

The above table is a breakdown of Electronics sales and operating revenue to customers in the Business Segment Information. The Electronics segment 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 product categories in this business segment. Commencing April 1, 2006, Sony has partly realigned its product category configuration in the Electronics segment. Accordingly, results for the same period of the previous fiscal year have been reclassified. The primary change is as shown below:

Main Product	Previous Product Category	->	New Product Category
Low-temperature polysilicon thin film transistor LCD	"Semiconductors"	->	"Components"
Chemical component	"Other"	->	"Components"

### Geographic Segment Information

(Millions of yen, millions of U.S. dollars)  
Fiscal year ended March 31

Sales and operating revenue	2006	2007	Change	2007
Japan	Y 2,203,812	Y 2,127,841	-3.4 %	\$ 18,033
United States	1,957,644	2,232,453	+14.0	18,919
Europe	1,715,775	2,037,658	+18.8	17,268
Other Areas	1,633,366	1,897,743	+16.2	16,083
Total	Y 7,510,597	Y 8,295,695	+10.5 %	\$ 70,303

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Fourth quarter ended March 31 (Unaudited)

Sales and operating revenue		2006		2007	Change		2007
-----		-----		-----	-----		-----
Japan	Y	596,379	Y	544,476	-8.7 %	\$	4,614
United States		443,644		541,416	+22.0		4,589
Europe		396,259		539,385	+36.1		4,571
Other Areas		419,462		464,328	+10.7		3,935
-----		-----		-----			-----
Total	Y	1,855,744	Y	2,089,605	+12.6 %	\$	17,709

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

### Consolidated Statements of Income

(Millions of yen, millions of U.S. dollars, except per share amounts)  
Fiscal year ended March 31

Sales and operating revenue:		2006		2007	Change		2007
-----		-----		-----	-----		-----
					%		
Net sales	Y	6,692,776	Y	7,567,359		\$	64,130
Financial service revenue		720,566		624,282			5,291
Other operating revenue		97,255		104,054			882
		-----		-----			-----
		7,510,597		8,295,695	+10.5		70,303
Costs and expenses:							
Cost of sales		5,151,397		5,889,601			49,912
Selling, general and administrative Financial service expenses		1,527,036		1,788,427			15,156
Loss on sale, disposal or impairment of assets, net		531,809		540,097			4,577
		73,939		5,820			50
		-----		-----			-----
		7,284,181		8,223,945			69,695
Operating income		226,416		71,750	-68.3		608
Other income:							
Interest and dividends		24,937		28,240			239
Gain on sale of securities investments, net		9,645		14,695			125
Gain on change in interest in subsidiaries and equity investees		60,834		31,509			267
Other		23,039		20,738			176
		-----		-----			-----
		118,455		95,182			807
Other expenses:							
Interest		28,996		27,278			231

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Loss on devaluation of securities investments	3,878	1,308		11
Foreign exchange loss, net	3,065	18,835		160
Other	22,603	17,474		148
	-----	-----		-----
	58,542	64,895		550
	-----	-----		-----
Income before income taxes	286,329	102,037	-64.4	865
Income taxes	176,515	53,888		457
	-----	-----		-----
Income before minority interest and equity in net income of affiliated companies	109,814	48,149	-56.2	408
Minority interest in income (loss) of consolidated subsidiaries	(626)	475		4
Equity in net income of affiliated companies	13,176	78,654		667
	-----	-----		-----
Net income	Y 123,616	Y 126,328	+2.2	\$ 1,071
	-----	-----		-----
Per share data:				
Net income				
- Basic	Y 122.58	Y 126.15	+2.9	\$ 1.07
- Diluted	116.88	120.29	+2.9	1.02

(Millions of yen, millions of U.S. dollars, except per share amounts)  
Fourth quarter ended March 31  
(Unaudited)

Sales and operating revenue:	2006	2007	Change	2007
-----	-----	-----	-----	-----
Net sales	Y 1,612,012	Y 1,886,791		\$ 15,990
Financial service revenue	217,289	176,484		1,496
Other operating revenue	26,443	26,330		223
	-----	-----		-----
	1,855,744	2,089,605	+12.6	17,709
Costs and expenses:				
Cost of sales	1,300,497	1,570,938		13,313
Selling, general and administrative	430,004	484,944		4,110
Financial service expenses	137,607	146,902		1,245
Loss on sale, disposal or impairment of assets, net	39,538	193		2
	-----	-----		-----

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	1,907,646	2,202,977		18,670
Operating income (loss)	(51,902)	(113,372)	-	(961)
Other income:				
Interest and dividends	7,461	10,384		88
Foreign exchange gain, net	224	-		-
Gain on sale of securities investments, net	798	5,376		46
Gain on change in interest in subsidiaries and equity investees	3,357	57		0
Other	6,959	7,774		66
	-----	-----		-----
	18,799	23,591		200
Other expenses:				
Interest	9,032	6,829		58
Loss on devaluation of securities investments	763	264		2
Foreign exchange loss, net	-	5,032		43
Other	4,965	3,778		32
	-----	-----		-----
	14,760	15,903		135
Income (loss) before income taxes	(47,863)	(105,684)	-	(896)
Income taxes	23,572	(24,858)		(211)
	-----	-----		-----
Income (loss) before minority interest and equity in net income of affiliated companies	(71,435)	(80,826)	-	(685)
Minority interest in income (loss) of consolidated subsidiaries	467	(956)		(8)
Equity in net income of affiliated companies	5,369	12,310		104
	-----	-----		-----
Net income (loss)	Y (66,533)	Y (67,560)	-	\$ (573)
	-----	-----		-----
Per share data:				
Net income (loss)				
- Basic	Y (66.48)	Y (67.44)	-	\$ (0.57)
- Diluted	(66.48)	(67.44)	-	(0.57)

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Consolidated Balance Sheets

	(Millions of yen, millions of U.S. dollars)		
	March	March	March
	31	31	31
ASSETS	2006	2007	2007
	-----	-----	-----
Current assets:			
Cash and cash equivalents	Y 703,098	Y 799,899	\$ 6,779
Marketable securities	536,968	493,315	4,181
Notes and accounts receivable, trade	1,075,071	1,490,452	12,631
Allowance for doubtful accounts and sales returns	(89,563)	(120,675)	(1,023)
Inventories	804,724	940,875	7,974
Deferred income taxes	221,311	243,782	2,066
Prepaid expenses and other current assets	517,915	699,075	5,924
	-----	-----	-----
	3,769,524	4,546,723	38,532
Film costs	360,372	308,694	2,616
Investments and advances:			
Affiliated companies	285,870	448,169	3,798
Securities investments and other	3,234,037	3,440,567	29,157
	-----	-----	-----
	3,519,907	3,888,736	32,955
Property, plant and equipment:			
Land	178,844	167,493	1,419
Buildings	926,783	978,680	8,294
Machinery and equipment	2,327,676	2,479,308	21,011
Construction in progress	116,149	64,855	550
Less-Accumulated depreciation	(2,160,905)	(2,268,805)	(19,227)
	-----	-----	-----
	1,388,547	1,421,531	12,047
Other assets:			
Intangibles, net	207,034	233,255	1,977
Goodwill	299,024	304,669	2,582
Deferred insurance acquisition costs	383,156	394,117	3,340
Deferred income taxes	178,751	216,997	1,839
Other	501,438	401,640	3,403



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1,569,403	1,550,678	13,141
-----	-----	-----
Y10,607,753	Y11,716,362	\$ 99,291
-----	-----	-----

LIABILITIES AND STOCKHOLDERS' EQUITY

Current liabilities:

Short-term borrowings	Y 142,766	Y 52,291	\$ 443
Current portion of long-term debt	193,555	43,170	366
Notes and accounts payable, trade	813,332	1,179,694	9,997
Accounts payable, other and accrued expenses	854,886	968,757	8,210
Accrued income and other taxes	87,295	70,286	596
Deposits from customers in the banking business	599,952	752,367	6,376
Other	508,442	485,287	4,112
	-----	-----	-----
	3,200,228	3,551,852	30,100

Long-term liabilities:

Long-term debt	764,898	1,001,005	8,483
Accrued pension and severance costs	182,247	173,474	1,470
Deferred income taxes	216,497	261,102	2,213
Future insurance policy benefits and other	2,744,321	3,037,666	25,743
Other	258,609	281,589	2,387
	-----	-----	-----
	4,166,572	4,754,836	40,296

Minority interest in consolidated subsidiaries	37,101	38,970	330
--	--------	--------	-----

Stockholders' equity:

Capital stock	624,124	626,907	5,313
Additional paid-in capital	1,136,638	1,143,423	9,690
Retained earnings	1,602,654	1,719,506	14,572
Accumulated other comprehensive income	(156,437)	(115,493)	(979)
Treasury stock, at cost	(3,127)	(3,639)	(31)
	-----	-----	-----
	3,203,852	3,370,704	28,565
	-----	-----	-----
Y10,607,753	Y11,716,362	\$ 99,291	
-----	-----	-----	

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Consolidated Statements of Changes in Stockholders' Equity (Unaudited)

	(Millions of yen)						
	Subsidiary tracking stock	Common stock	Additional paid-in capital	Retained earnings	Accumulated other comprehensive income	Treas stock, c	
-----	-----	-----	-----	-----	-----	-----	-----
Balance at March 31, 2005	Y 3,917	Y 617,792	Y 1,134,222	Y 1,506,082	Y (385,675)	Y (6,	
Exercise of stock acquisition rights		931	932				
Conversion of convertible bonds		1,484	1,484				
Conversion of subsidiary tracking stock	(3,917)	3,917					
Comprehensive income:							
Net income				123,616			
Other comprehensive income, net of tax							
Unrealized gains on securities					38,135		
Unrealized losses on derivative instruments					441		
Minimum pension liability adjustment					50,206		
Foreign currency translation adjustments					140,456		
Total comprehensive income							
Stock issue costs, net of tax				(780)			
Dividends declared				(24,968)			
Purchase of treasury stock							
Reissuance of treasury stock				(1,296)			
-----	-----	-----	-----	-----	-----	-----	-----
Balance at March 31, 2006	Y -	Y 624,124	Y 1,136,638	Y 1,602,654	Y (156,437)	Y (3,	
Exercise of stock		2,175	2,175				

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acquisition rights							
Conversion of convertible bonds		608		608			
Stock based compensation				3,993			
Comprehensive income:							
Net income					126,328		
Cumulative effect of an accounting change, net of tax					(3,785)		
Other comprehensive income, net of tax							
Unrealized gains on securities						(14,708)	
Unrealized losses on derivative instruments						974	
Minimum pension liability adjustment						(2,754)	
Foreign currency translation adjustments						86,313	
Total comprehensive income							
Stock issue costs, net of tax					(22)		
Dividends declared					(25,042)		
Purchase of treasury stock							
Reissuance of treasury stock				9			
Adoption of SFAS No.158						(9,508)	
Other					19,373	(19,373)	
-----							
Balance at March 31, 2007	Y	-	Y 626,907	Y 1,143,423	Y 1,719,506	Y (115,493)	Y (3,
-----							
(Millions of U.S. dollars)							
		Subsidiary tracking stock	Common stock	Additional paid-in capital	Retained earnings	Accumulated other comprehensive income	Treas stock, c
-----		-----	-----	-----	-----	-----	-----
Balance at March 31, 2006	\$	-	\$ 5,289	\$ 9,633	\$ 13,582	\$ (1,326)	\$
Exercise of stock acquisition rights			19	18			

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Conversion of convertible bonds		5		5							
Stock based compensation					34						
Comprehensive income:											
Net income						1,071					
Cumulative effect of an accounting change, net of tax						(32)					
Other comprehensive income, net of tax											
Unrealized gains on securities							(125)				
Unrealized losses on derivative instruments							8				
Minimum pension liability adjustment							(22)				
Foreign currency translation adjustments							731				
Total comprehensive income											
Stock issue costs, net of tax						(1)					
Dividends declared						(212)					
Purchase of treasury stock											
Reissuance of treasury stock				0							
Adoption of SFAS No.158							(81)				
Other						164	(164)				
Balance at March 31, 2007	\$	-	\$	5,313	\$	9,690	\$	14,572	\$	(979)	\$

Consolidated Statements of Cash Flows

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

	Fiscal year ended March 31		
	2006	2007	2007
Cash flows from operating activities:			
Net income	Y 123,616	Y 126,328	\$ 1,071

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Adjustments to reconcile net income to net cash provided by operating activities:			
Depreciation and amortization, including amortization of deferred insurance acquisition costs	381,843	400,009	3,390
Amortization of film costs	286,655	368,382	3,122
Stock-based compensation expense	150	3,838	33
Gain on the transfer to the Japanese Government of the substitutional portion of employee pension fund, net	(73,472)	-	-
Loss on sale, disposal or impairment of assets, net	73,939	5,820	50
Gain on sale or loss on devaluation of securities investments, net	(5,767)	(13,387)	(114)
Gain on evaluation of marketable securities held in the financial service business for trading purpose, net	(44,986)	(11,857)	(100)
Gain on change in interest in subsidiaries and equity investees	(60,834)	(31,509)	(267)
Deferred income taxes	80,115	(13,193)	(112)
Equity in net (income) loss of affiliated companies, net of dividends	9,794	(68,179)	(578)
Changes in assets and			

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liabilities:			
(Increase)	17,464	(357,891)	(3,033)
decrease in notes and accounts receivable, trade			
Increase in inventories	(164,772)	(119,202)	(1,010)
Increase in film costs	(339,697)	(320,079)	(2,713)
Increase - decrease- in notes and accounts payable, trade	(9,078)	362,079	3,068
Increase - decrease- in accrued income and other taxes	29,009	(14,396)	(122)
Increase in future insurance policy benefits and other	143,122	172,498	1,462
Increase in deferred insurance acquisition costs	(51,520)	(61,563)	(522)
(Increase) decrease in marketable securities held in the financial service business for trading purpose	(35,346)	31,732	269
Increase in other current assets	(8,792)	(35,133)	(298)
Increase in other current liabilities	105,865	76,766	650
Other	(57,450)	59,965	508
	-----	-----	-----
Net cash provided by operating activities	399,858	561,028	4,754
	-----	-----	-----
Cash flows from investing activities:			
Payments for purchases of fixed assets	(462,473)	(527,515)	(4,470)
Proceeds from	38,168	87,319	740

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sales of fixed assets			
Payments for investments and advances by financial service business	(1,368,158)	(914,754)	(7,752)
Payments for investments and advances (other than financial service business)	(36,947)	(100,152)	(849)
Proceeds from maturities of marketable securities, sales of securities investments and collections of advances by financial service business	857,376	679,772	5,761
Proceeds from maturities of marketable securities, sales of securities investments and collections of advances (other than financial service business)	24,527	22,828	193
Proceeds from sales of subsidiaries' and equity investees' stocks	75,897	43,157	365
Other	346	(6,085)	(51)
	-----	-----	-----
Net cash used in investing activities	(871,264)	(715,430)	(6,063)
Cash flows from financing activities:			
Proceeds from issuance of long-term debt	246,326	270,780	2,295
Payments of long-term debt	(138,773)	(182,374)	(1,546)
Increase (decrease) in short-term borrowings	(11,045)	6,096	52
Increase in deposits from customers in the financial	190,320	273,435	2,317

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service business			
Increase (decrease) in call money and bills sold in the banking business	86,100	(100,700)	(853)
Dividends paid	(24,810)	(25,052)	(212)
Proceeds from issuance of stocks under stock-based compensation plans	4,681	5,566	47
Proceeds from issuance of stocks by subsidiaries	6,937	2,217	19
Other	128	(2,065)	(18)
	-----	-----	-----
Net cash provided by financing activities	359,864	247,903	2,101
	-----	-----	-----
Effect of exchange rate changes on cash and cash equivalents	35,537	3,300	28
	-----	-----	-----
Net increase (decrease) in cash and cash equivalents	(76,005)	96,801	820
Cash and cash equivalents at beginning of the fiscal year	779,103	703,098	5,959
	-----	-----	-----
Cash and cash equivalents at end of the fiscal year	Y 703,098	Y 799,899	\$ 6,779
	-----	-----	-----

(Notes)

1. U.S. dollar amounts have been translated from yen, for convenience only, at the rate of Y118 = U.S. \$1, the approximate Tokyo foreign exchange market rate as of March 30, 2007.
2. As of March 31, 2007, Sony had 960 consolidated subsidiaries (including variable interest entities). It has applied the equity accounting method in respect to 62 affiliated companies.
3. Prior to December 1, 2005, Sony calculated and presented per share data separately for Sony's common stock and for the subsidiary tracking stock applying the "two-class" method based on Statement of Financial Accounting Standards ("FAS") No.128, "Earnings per Share". On October 26, 2005, the Board of Directors of Sony Corporation decided to terminate all shares of subsidiary



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tracking stock with the method of compulsory conversion to shares of Sony's common stock. All shares of subsidiary tracking stock were converted to shares of Sony's common stock on December 1, 2005. As a result of the conversion, earnings per share of the subsidiary tracking stock has not been presented since the third quarter of the fiscal year ended March 31, 2006.

Weighted-average number of outstanding shares used for computation of earnings per share of common stock are as follows. The dilutive effect in the weighted-average number of outstanding shares mainly resulted from convertible bonds.

Weighted-average number of outstanding shares -----	(Thousands of shares) Fiscal year ended March 31	
	2006	2007
Net income	-----	-----
- Basic	997,781	1,001,403
- Diluted	1,046,164	1,050,171

Weighted-average number of outstanding shares -----	(Thousands of shares) Fourth quarter ended March 31	
	2006	2007
Net income (loss)	-----	-----
- Basic	1,000,832	1,001,793
- Diluted	1,000,832	1,001,793

4. Effective April 1, 2006, Sony reclassified royalty income as a component of sales and operating revenue, rather than as a component of other income as previously recorded. In connection with this reclassification, sales and operating revenue, operating income and other income for the fourth quarter and the fiscal year ended March 31, 2006 have been reclassified to conform with the presentation of these items for the fourth quarter and the fiscal year ended March 31, 2007. Royalty income reclassified from other income to sales and operating revenue for the fourth quarter and the fiscal year ended March 31, 2006 was ¥10,299 million and ¥35,161 million. These amounts were recorded primarily within the Electronics segment.
5. In December 2004, the Financial Accounting Standards Board ("FASB") issued FAS No. 123 (revised 2004), "Share-Based Payment" ("FAS No. 123(R)"). This statement requires the use of the fair value based method of accounting for employee stock-based compensation and eliminates the alternative to use of the intrinsic value method prescribed by APB No. 25. With limited exceptions, FAS No. 123(R) requires that the grant-date fair value of share-based payments to employees be expensed over the period the service is received. Sony had accounted for its employee stock-based compensation in accordance with the intrinsic value method prescribed by APB No. 25 and its related interpretations and had disclosed the net effect on net income and net income per share allocated to the common stock if Sony had applied the fair value recognition provisions of FAS No. 123 to stock-based compensation. Sony adopted FAS No. 123(R) on April 1, 2006. Sony elected the modified prospective method of

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transition prescribed in FAS No. 123(R), which requires that compensation expense be recorded for all unvested stock acquisition rights as the requisite service is rendered beginning with the first period of adoption. As a result of adoption of FAS No. 123(R), Sony's operating income decreased Y1,198 million and Y3,670 million for the fourth quarter and the fiscal year ended March 31, 2007, respectively.

6. In February 2006, the FASB issued FAS No. 155, "Accounting for Certain Hybrid Financial Instruments", an amendment of FAS No. 133 and FAS No. 140. This statement permits an entity to elect fair value remeasurement for any hybrid financial instrument if the hybrid instrument contains an embedded derivative that would otherwise be required to be bifurcated and accounted for separately under FAS No. 133. The election to measure the hybrid instrument at fair value is made on an instrument-by-instrument basis and is irreversible. The statement is effective for all financial instruments acquired, issued, or subject to a remeasurement event occurring after the beginning of an entity's fiscal years beginning after September 15, 2006, with earlier adoption permitted as of the beginning of fiscal year, provided that financial statements for any interim period of that fiscal year have not been issued. Sony early adopted FAS No. 155 on April 1, 2006. As a result of adoption of FAS No. 155, Sony's operating income increased Y3,371 million and Y3,828 million for the fourth quarter and the fiscal year ended March 31, 2007, respectively. Additionally, on April 1, 2006, Sony recognized Y3,785 million of loss (net of income taxes of Y2,148 million) as a cumulative-effect adjustment to beginning retained earnings.
  
7. In September 2006, the FASB issued FAS No.158 "Employers' Accounting for Defined Benefit Pension and Other Postretirement Plans", an amendment to FAS No. 87, 88, 106 and 132(R). This statement requires an employer to recognize the overfunded or underfunded status of a defined benefit pension and other postretirement benefit plan as an asset or liability in its statement of financial position and to recognize changes in that funded status in the year in which the changes occur through other comprehensive income. Sony adopted FAS No. 158 on March 31, 2007. This statement also requires companies to measure the funded status of the plan as of the date of its fiscal year-end, effective for years ending after December 15, 2008. Sony expects to adopt the measurement provisions of FAS No.158 effective March 31, 2009. See Consolidated Statements of Changes in Stockholders' Equity, for the effect of adopting FAS No. 158 on Sony's consolidated financial statements.

### Other Consolidated Financial Data

	(Millions of yen, millions of U.S. dollars)			
	Fiscal Year ended March 31			
	2006	2007	Change	2007
	-----	-----	-----	-----
Capital expenditures (additions to property, plant and equipment)	Y 384,347	Y 414,138	+7.8%	\$ 3,510
Depreciation and amortization expenses*	381,843	400,009	+4.8	3,390

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(Depreciation expenses for tangible assets)	(310,519)	(315,773)	+1.7	(2,676)
R&D expenses	531,795	543,937	+2.3	4,610

	2006	2007	Change	March 31 2007
	-----	-----	-----	-----
Capital expenditures (additions to property, plant and equipment)	Y 122,427	Y 102,093	-16.6%	\$ 865
Depreciation and amortization expenses*	103,584	115,155	+11.2	976
(Depreciation expenses for tangible assets)	(84,013)	(89,804)	+6.9	(761)
R&D expenses	160,370	147,560	-8.0	1,251

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

(Condensed Financial Services Financial Statements)

The results of the Financial Services segment are included in Sony's consolidated financial statements. The following schedules show unaudited condensed financial statements for the Financial Services segment and all other segments excluding Financial Services.

These presentations are not required under U.S. GAAP, which is used in Sony's consolidated financial statements. However, because the Financial Services segment is different in nature from Sony's other segments, Sony believes that a comparative presentation may be useful in understanding and analyzing Sony's consolidated financial statements.

Transactions between the Financial Services segment and Sony without Financial Services are eliminated in the consolidated figures shown below.

Condensed Statements of Income

Financial Services	(Millions of yen, millions of U.S. dollars)			
	2006	2007	Change	2007
	-----	-----	-----	-----
			%	
Financial service revenue	Y 743,215	Y 649,341	-12.6	\$ 5,502
Financial service expenses	554,892	565,199	+1.9	4,789
Operating income	188,323	84,142	-55.3	713
Other income (expenses), net	24,522	9,886	-59.7	84
Income before income taxes	212,845	94,028	-55.8	797
Income taxes and	78,527	33,536	-57.3	284

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other				
Net income	Y 134,318	Y 60,492	-55.0	\$ 513
	-----	-----		-----
	(Millions of yen, millions of U.S. dollars)			
Sony without				
Financial Services	2006	2007	Change	2007
	-----	-----	-----	-----
			%	
Net sales and operating revenue	Y6,799,068	Y7,680,578	+13.0	\$65,090
Costs and expenses	6,762,194	7,694,375	+13.8	65,207
	-----	-----		-----
Operating income (loss)	36,874	(13,797)	-	(117)
Other income (expenses), net	36,610	27,917	-23.7	237
	-----	-----		-----
Income before income taxes	73,484	14,120	-80.8	120
Income taxes and other	84,186	(57,991)	-	(491)
	-----	-----		-----
Net income (loss)	Y (10,702)	Y 72,111	-	\$ 611
	-----	-----		-----

	(Millions of yen, millions of U.S. dollars)			
Consolidated				
	2006	2007	Change	2007
	-----	-----	-----	-----
			%	
Financial service revenue	Y 720,566	Y 624,282	-13.4	\$ 5,291
Net sales and operating revenue	6,790,031	7,671,413	+13.0	65,012
	-----	-----		-----
	7,510,597	8,295,695	+10.5	70,303
Costs and expenses	7,284,181	8,223,945	+12.9	69,695
	-----	-----		-----
Operating income	226,416	71,750	-68.3	608
Other income (expenses), net	59,913	30,287	-49.4	257
	-----	-----		-----
Income before income taxes	286,329	102,037	-64.4	865
Income taxes and other	162,713	(24,291)	-	(206)
	-----	-----		-----
Net income	Y 123,616	Y 126,328	+2.2	\$ 1,071
	-----	-----		-----

Condensed Statements of Income (Unaudited)

	(Millions of yen, millions of U.S. dollars)			
Financial Services				
	2006	2007	Change	2007
	-----	-----	-----	-----
			%	
Financial service revenue	Y 223,128	Y 184,229	-17.4	\$ 1,562
Financial service	143,822	154,703	+7.6	1,312

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expenses				
Operating income	79,306	29,526	-62.8	250
Other income (expenses), net	(124)	4,188	-	36
Income before income taxes	79,182	33,714	-57.4	286
Income taxes and other	29,202	11,742	-59.8	100
Net income	Y 49,980	Y 21,972	-56.0	\$ 186

	(Millions of yen, millions of U.S. dollars)			
Sony without Financial Services	2006	2007	Change	2007
			%	
Net sales and operating revenue	Y1,641,384	Y1,915,323	+16.7	\$16,232
Costs and expenses	1,772,802	2,058,613	+16.1	17,446
Operating income (loss)	(131,418)	(143,290)	-	(1,214)
Other income (expenses), net	4,503	3,892	-13.6	33
Income (loss) before income taxes	(126,915)	(139,398)	-	(1,181)
Income taxes and other	(10,532)	(49,866)	-	(422)
Net income (loss)	Y (116,383)	Y (89,532)	-	\$ (759)

	(Millions of yen, millions of U.S. dollars)			
Consolidated	2006	2007	Change	2007
			%	
Financial service revenue	Y 217,289	Y 176,484	-18.8	\$ 1,496
Net sales and operating revenue	1,638,455	1,913,121	+16.8	16,213
Costs and expenses	1,855,744	2,089,605	+12.6	17,709
	1,907,646	2,202,977	+15.5	18,670
Operating income (loss)	(51,902)	(113,372)	-	(961)
Other income (expenses), net	4,039	7,688	+90.3	65
Income (loss) before income taxes	(47,863)	(105,684)	-	(896)
Income taxes and other	18,670	(38,124)	-	(323)
Net income (loss)	Y (66,533)	Y (67,560)	-	\$ (573)

Condensed Balance Sheet (Unaudited)

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	(Millions of yen, millions of U.S. dollars)		
Financial Services	March	March	March
	31	31	31
ASSETS	2006	2007	2007
	-----	-----	-----
Current assets:			
Cash and cash equivalents	Y 117,630	Y 277,048	\$ 2,348
Marketable securities	532,895	490,237	4,155
Other	200,929	321,969	2,728
	-----	-----	-----
	851,454	1,089,254	9,231
Investments and advances	3,131,269	3,347,897	28,372
Property, plant and equipment	37,422	38,671	328
Other assets:			
Deferred insurance acquisition costs	383,156	394,117	3,340
Other	164,827	107,703	912
	-----	-----	-----
	547,983	501,820	4,252
	-----	-----	-----
	Y4,568,128	Y4,977,642	\$ 42,183
	-----	-----	-----
LIABILITIES AND STOCKHOLDERS' EQUITY			
Current liabilities:			
Short-term borrowings	Y 136,723	Y 48,688	\$ 413
Notes and accounts payable, trade	11,707	13,159	112
Deposits from customers in the banking business	599,952	752,367	6,376
Other	169,956	143,245	1,213
	-----	-----	-----
	918,338	957,459	8,114
Long-term liabilities:			
Long-term debt	128,097	129,484	1,097
Accrued pension and severance costs	13,479	8,773	74
Future insurance policy benefits and other	2,744,321	3,037,666	25,743
Other	170,294	204,317	1,731
	-----	-----	-----
	3,056,191	3,380,240	28,645
Minority interest in consolidated subsidiaries	4,089	5,145	44
Stockholders' equity	589,510	634,798	5,380
	-----	-----	-----
	Y4,568,128	Y4,977,642	\$ 42,183
	-----	-----	-----

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

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Sony without	March	March	March
Financial Services	31	31	31
ASSETS	2006	2007	2007
	-----	-----	-----
Current assets:			
Cash and cash equivalents	Y 585,468	Y 522,851	\$ 4,431
Marketable securities	4,073	3,078	26
Notes and accounts receivable, trade	973,675	1,343,128	11,382
Other	1,393,306	1,625,914	13,779
	-----	-----	-----
	2,956,522	3,494,971	29,618
Film costs	360,372	308,694	2,616
Investments and advances	474,568	623,342	5,283
Investments in Financial Services, at cost	187,400	187,400	1,588
Property, plant and equipment	1,351,125	1,382,860	11,719
Other assets	1,056,726	1,100,795	9,329
	-----	-----	-----
	Y6,386,713	Y7,098,062	\$ 60,153
	-----	-----	-----
LIABILITIES AND STOCKHOLDERS' EQUITY			
Current liabilities:			
Short-term borrowings	Y 225,082	Y 80,944	\$ 686
Notes and accounts payable, trade	804,394	1,167,324	9,893
Other	1,299,809	1,392,333	11,799
	-----	-----	-----
	2,329,285	2,640,601	22,378
Long-term liabilities:			
Long-term debt	701,372	925,259	7,841
Accrued pension and severance costs	168,768	164,701	1,396
Other	352,457	410,354	3,477
	-----	-----	-----
	1,222,597	1,500,314	12,714
Minority interest in consolidated subsidiaries	32,623	32,808	278
Stockholders' equity	2,802,208	2,924,339	24,783
	-----	-----	-----
	Y6,386,713	Y7,098,062	\$ 60,153
	-----	-----	-----
(Millions of yen, millions of U.S. dollars)			
Consolidated	March	March	March
	31	31	31
ASSETS	2006	2007	2007
	-----	-----	-----
Current assets:			
Cash and cash equivalents	Y 703,098	Y 799,899	\$ 6,779

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Marketable securities	536,968	493,315	4,181
Notes and accounts receivable, trade	985,508	1,369,777	11,608
Other	1,543,950	1,883,732	15,964
	-----	-----	-----
	3,769,524	4,546,723	38,532
Film costs	360,372	308,694	2,616
Investments and advances	3,519,907	3,888,736	32,955
Property, plant and equipment	1,388,547	1,421,531	12,047
Other assets:			
Deferred insurance acquisition costs	383,156	394,117	3,340
Other	1,186,247	1,156,561	9,801
	-----	-----	-----
	1,569,403	1,550,678	13,141
	-----	-----	-----
	Y10,607,753	Y11,716,362	\$ 99,291
	-----	-----	-----
LIABILITIES AND STOCKHOLDERS' EQUITY			
Current liabilities:			
Short-term borrowings	Y 336,321	Y 95,461	\$ 809
Notes and accounts payable, trade	813,332	1,179,694	9,997
Deposits from customers in the banking business	599,952	752,367	6,376
Other	1,450,623	1,524,330	12,918
	-----	-----	-----
	3,200,228	3,551,852	30,100
Long-term liabilities:			
Long-term debt	764,898	1,001,005	8,483
Accrued pension and severance costs	182,247	173,474	1,470
Future insurance policy benefits and other	2,744,321	3,037,666	25,743
Other	475,106	542,691	4,600
	-----	-----	-----
	4,166,572	4,754,836	40,296
Minority interest in consolidated subsidiaries	37,101	38,970	330
Stockholders' equity	3,203,852	3,370,704	28,565
	-----	-----	-----
	Y10,607,753	Y11,716,362	\$ 99,291
	-----	-----	-----

Condensed Statements of Cash Flows (Unaudited)

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(Millions of yen, millions of U.S. dollars)  
 Financial Services Fiscal year ended March 31



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	2006		2007		2007
	-----		-----		-----
Net cash provided by operating activities	Y 147,149	Y	256,540	\$	2,174
Net cash used in investing activities	(563,753)		(276,749)		(2,345)
Net cash provided by financing activities	274,863		179,627		1,522
	-----		-----		-----
Net increase (decrease) in cash and cash equivalents	(141,741)		159,418		1,351
Cash and cash equivalents at beginning of the fiscal year	259,371		117,630		997
	-----		-----		-----
Cash and cash equivalents at end of the fiscal year	Y 117,630	Y	277,048	\$	2,348
	-----		-----		-----

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

Sony without Financial Services	2006		2007		2007
	-----		-----		-----
Net cash provided by operating activities	Y 251,975	Y	305,571	\$	2,590
Net cash used in investing activities	(296,376)		(431,086)		(3,653)
Net cash provided by financing activities	74,600		59,598		505
Effect of exchange rate changes on cash and cash equivalents	35,537		3,300		28
	-----		-----		-----
Net increase (decrease) in cash and cash equivalents	65,736		(62,617)		(530)
Cash and cash equivalents at beginning of the fiscal year	519,732		585,468		4,961
	-----		-----		-----
Cash and cash equivalents at end of the fiscal year	Y 585,468	Y	522,851	\$	4,431
	-----		-----		-----

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

Consolidated	2006		2007		2007
	-----		-----		-----
Net cash provided by operating activities	Y 399,858	Y	561,028	\$	4,754
Net cash used in investing activities	(871,264)		(715,430)		(6,063)
Net cash provided by financing activities	359,864		247,903		2,101
Effect of exchange rate changes on cash and cash equivalents	35,537		3,300		28

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Net increase	-----	-----	-----
(decrease) in cash	(76,005)	96,801	820
and cash equivalents			
Cash and cash	779,103	703,098	5,959
equivalents at			
beginning of the			
fiscal year			
	-----	-----	-----
Cash and cash	Y 703,098	Y 799,899	\$ 6,779
equivalents at end			
of the fiscal year			
	-----	-----	-----

Investor Relations Contacts:

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