SONY

News & Information

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SONY ANNOUNCES REVISION OF CONSOLIDATED FORECAST FOR THE FISCAL YEAR ENDING MARCH 31, 2002

Tokyo, September 28, 2001 -- Sony Corporation announced today its revision of consolidated results forecast for the fiscal year ending March 31, 2002 from those announced on July 26, 2001.

Consolidated Results Forecast

	Previous forecast	Revised forecast	(Change from previous year)
Sales and operating revenue	¥7,700 billion	¥7,500 billion	+ 3%
Operating income	¥250 billion	¥120 billion	- 47%
Income before income taxes	¥200 billion	¥70 billion	- 74%
Net income	¥90 billion	¥10 billion	- 40%

The above revised forecast reflects the following principal additional factors. The primary cause of the downward revision was a worsening of results in the Electronics business. In the previous forecast, Sony used yen-dollar and yen-euro average exchange rates for the period from the second quarter to the end of the fiscal year ending March 31, 2002 of approximately ¥120 and ¥100, respectively. In this revised forecast, Sony is using yen-dollar and yen-euro average exchange rates for the period from the third quarter to the end of the fiscal year ending March 31, 2002 of approximately ¥115 and ¥105, respectively.

i) The revised forecast reflects the estimated impact of greater worldwide economic deceleration than foreseen in July. This impact includes a preliminary estimate by management of the effects of the terrorist attacks which occurred in the U.S. on September 11, 2001. However, further ramifications of these events remain uncertain, and it is difficult for Sony to estimate the overall impact of these events at this time.

ii) In the Electronics business, overall sales are expected to remain at a level just below the forecast as of July 2001. However, profit performance in certain product categories, in particular semiconductors and PC-related components, is expected to deteriorate significantly due to lower manufacturing facility utilization ratios caused by a slowdown in sales. Sony intends to add approximately ¥30 billion to its restructuring expenses, causing the total for restructuring expenses for the current fiscal year to reach approximately ¥50 billion. These additional expenses are for the purposes of focusing on key businesses and reducing fixed costs. In addition, results of Aiwa Co., Ltd., a consolidated subsidiary of Sony Corporation, are expected to further deteriorate.

iii) In the Music business, sales and profit are expected to be lower than those reflected in the forecast as of July 2001, because of further deterioration of the business environment.

Countermeasures Going Forward

Although Sony has been proactively reengineering its business processes, particularly with respect to Electronics, Sony fully recognizes the imperative to accelerate the implementation, and to augment the substance, of reengineering to address dramatic changes in the global business environment. Especially in the Electronics business, Sony intends to implement the following countermeasures, in addition to strategically introducing attractive new products, reducing selling, general and administrative expenses, and shrinking inventories, to improve profit performance.

1) Thorough Focusing on Key Businesses

In the current severe operating environment, Sony intends to focus on key businesses. During the fiscal year ending March 31, 2002, Sony will reduce its presence in or withdraw from 48 product categories, including the 28 product categories specified in the previous year.

2) Reducing Fixed Costs through Restructuring

To establish a system where profit can be achieved even if sales do not increase, Sony will reduce fixed costs at Sony Corporation and at manufacturing and sales subsidiaries.

Regarding the cost of the above two countermeasures, Sony expects to record a total of approximately ¥50 billion, including the aforementioned ¥30 billion, in the fiscal year ending March 31, 2002. Of this ¥50 billion, approximately ¥30 billion is for the purpose of discontinuing unprofitable businesses and reducing redundant assets, and approximately ¥20 billion is for the purpose of facilitating such measures as early retirement of employees in Japan, the U.S., and Europe.

3) Further Reducing Material Costs

Sony is seeking to strengthen its strategic procurement of key devices such as semiconductors and LCDs, and will enhance its global procurement system. Through these measures, Sony expects to achieve more than 15% cost reduction in procurement in the Electronics business in the fiscal year ending March 31, 2002, compared with the fiscal year ended March 31, 2001.

Cautionary Statement

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 using words such as "believe," "expect," "plans," "strategy," "prospects," "forecast," "estimate," "project," "anticipate," "may" or "might" and words of similar meaning in connection with a discussion of future operations or financial performance. From time to time, oral or written forward-looking statements may also be included in other materials released to the public. These statements are based on management's assumptions and beliefs in light of the information currently available to it. Sony cautions you that a number of important risks and uncertainties could cause actual results to differ materially from those discussed in the forward-looking statements, and therefore you should not place undue reliance on them. You also should not rely on any obligation of Sony to update or revise any forward-looking statements, whether as a result of new information, future events or otherwise. Sony disclaims any such obligation. Risks and uncertainties that might affect Sony include, but are not limited to (i) general economic conditions in Sony's markets, particularly levels of consumer spending; (ii) exchange rates, particularly between the yen and the U.S. dollar, euro, and other currencies in which Sony makes significant sales or in which Sony's assets and liabilities are dominated; (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 development in technology (particularly in the Electronics business), and subjective and changing consumer preferences (particularly in the Game, Music, and Pictures businesses), (iv) Sony's ability to implement successfully the restructuring of its Electronics business and its network strategy for its Electronics business; (v) Sony's ability to compete and develop and implement successful sales and distribution strategies in light of internet and other technological developments in its Music and Pictures businesses; (vi) Sony's continued ability to devote sufficient resources to research and development and capital expenditures; (vii) the success of Sony's joint ventures and alliances; and (viii) the outcome of contingencies. Risks and uncertainties also include the impact of the terrorist attacks of September 11, 2001 and any future events with material unforeseen impacts.

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