

television distribution business in-house and to consolidate substantially all of its worldwide home entertainment distribution activities with another major studio.

SPE's Television Group is primarily comprised of Sony Pictures Television and Sony Pictures Television International with various broadcast channel investments. SPE develops and produces network television series, first-run syndication programming, made-for-cable programming, daytime serials, syndicated games shows, animated series, made for television movies, miniseries and other television programming and distributes such programs to the networks, syndication market and cable market.

Sony Pictures Digital operates SPE's digital content creation and distribution businesses including Sony Online Entertainment, as well as operating Sony Pictures Imageworks and Sony Pictures Animation.

SPE manages a studio facility, Sony Pictures Studios, which includes post production facilities, at SPE's world headquarters in Culver City, California. A second studio facility, The Culver Studios, which was owned and operated by SPE, was sold by SPE in April 2004. SPE is leasing back a portion of this facility with the lease term expiring on April 30, 2008.

## Financial Services

In the Financial Services segment, on April 1, 2004 Sony established a wholly-owned subsidiary, SFH, a holding company for Sony Life, Sony Assurance Inc. ("Sony Assurance") and Sony Bank Inc. ("Sony Bank"), with the aim of integrating various financial services including insurance, savings and loans, and offering individual customers high value-added products and high-quality services.

Sony conducts insurance operations primarily through Sony Life, a Japanese life insurance company, and Sony Assurance, a Japanese non-life insurance company, both wholly-owned by SFH. Sony also operates an Internet-based banking business in Japan through Sony Bank, which is an 88 percent owned subsidiary of SFH. Aside from SFH, Sony is also engaged in a leasing and credit financing business in Japan through Sony Finance International Inc. ("Sony Finance"), a wholly-owned subsidiary of Sony Corporation.

## All Other

All Other is mainly comprised of SMEJ, a Japanese domestic recorded music business that produces recorded music and music videos through contracts with many artists in all musical genres; SMEI's music publishing business, which owns and acquires rights to musical compositions, exploits and markets these compositions and receives royalties or fees for their use; So-net, an Internet-related service business subsidiary operating mainly in Japan; an in-house facilities management business in Japan; a contactless IC card business; and an advertising agency business in Japan.

## Sales and Distribution

The following table shows Sony's sales in each of its major markets for the periods indicated. Figures in parentheses indicate the percentage of worldwide sales and operating revenue for which the particular market accounts.

	Fiscal Year Ended March 31					
	2005		2006		2007	
			(Yen in millions)			
Japan . . . . .	2,132,462	(29.7)	2,203,812	(29.3)	2,127,841	(25.6)
United States . . . . .	1,977,310	(27.5)	1,957,644	(26.1)	2,232,453	(26.9)
Europe . . . . .	1,612,576	(22.4)	1,715,775	(22.8)	2,037,658	(24.6)
Other Areas . . . . .	1,468,977	(20.4)	1,633,366	(21.8)	1,897,743	(22.9)
Sales and operating revenue . . . . .	7,191,325	(100.0)	7,510,597	(100.0)	8,295,695	(100.0)