SONY

Q2 FY2003
Consolidated Results

(Second Quarter Ended September 30, 2003)


# Q2 FY03 Consolidated Results

(bln yen)

|	Q2 FY02	Q2 FY03	YoY Change	YoY Change (LC basis*)
Sales & operating revenue	1,789.7	**1,797.0**	**+0.4%**	**-0.3%**
Operating income	50.5	**33.2**	**-34%**	**-71%**
Income before income taxes	48.8	**44.1**	**-10%**	
Net income	44.1	**32.9**	**-25%**	
Free cash flow (Apr.-Sep.) (Excluding Financial Services) Net of cash generated from operating activities and cash used in investing activities	94.8	**-162.3**	**-257.2**	(bln yen)

Total Impact of Foreign Exchange in Q2 FY03
Sales and operating revenue: approx +13.4bln yen
Operating income: approx +18.8 bln yen

Average rate	FY02 Q2	FY03 Q2
1 $	118 yen	**117 yen**
1 Euro	116 yen	**131 yen**

*Local Currency Basis: change that would have occurred if there had been no change in exchange rates year on year.

Electronics Q2 FY03

(bln yen)

Sales

Operating Income

1,228.0

1,210.6

YoY change
-1%
(LC -3%)

35.8
(3.0%)

26.3
(2.1%)

YoY change
+36%
(LC -9%)

Q2 FY02   Q2 FY03

Q2 FY02   Q2 FY03

* Includes intersegment transactions
* LC=Local currency

* ( ) is operating profit %

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Electronics Sales by Area Q2 FY03

Other Areas

+20%
(LC +21%)

27%

Japan
+14%

24%

Europe

+7%
(LC -1%)

22%

27%

USA

-8%
(LC -6%)
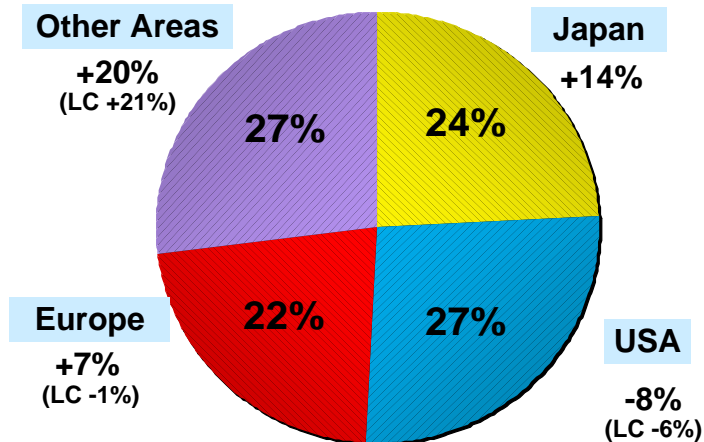
* Based on location of customer
* Change over year earlier period
* LC: local currency
* Excluding other operating revenue

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Electronics: Operating Profit Breakdown Q2 FY03

(bln yen)

Increase in gross profit** +13.9

Forex impact +11.8

Reduction in SG&A* **(flat*)** +6.7

Loss on disposal of P, P&E improved +3.6

Cost of sales deterioration* **(2 pt ratio deterioration*)** -26.5

26.3

35.8

Q2 FY02

Q2 FY03
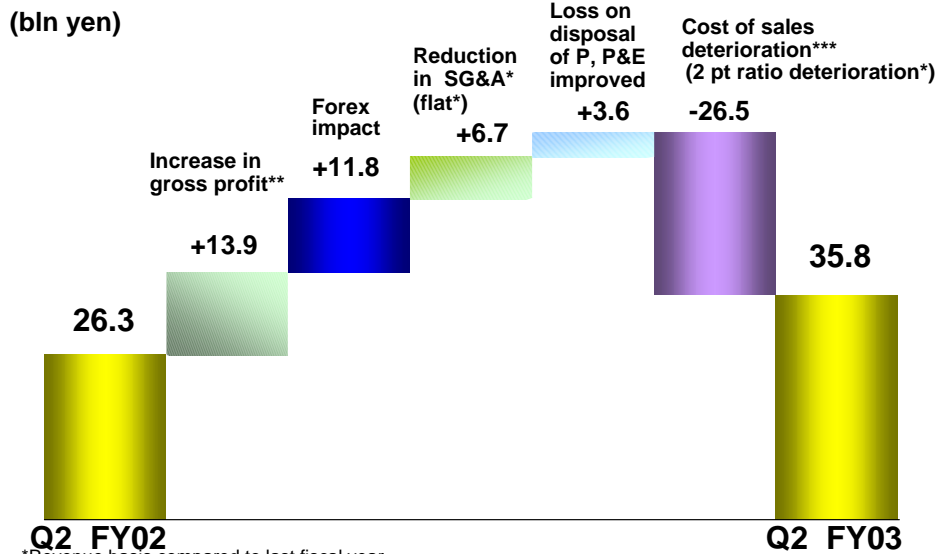
*Revenue basis compared to last fiscal year
** Increase in gross profit from the change in sales = (change in sales) X (year earlier period's gross margin) – th year earlier period's gross margin is the sum of the change in gross profit to intersegment sales and change in gross profit to sales to outside customers, calculated separately.
*** Improvement in cost of sales ratio = (point improvement in cost of sales ratio) X (year earlier period's sales)

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Electronics Inventory Levels by Area

61 52 54 62 58 41 41 40 43 34 41 39 40 **(D/S)**

914.4 923.4 789.7 880.4 770.8 627.4 512.0 576.2 595.6 506.5 432.4 526.1 556.3 **(bln yen)**

■ AIWA
■ OTH
■ EUR
■ US
■ JPN

00.2Q   **4Q**   **01.2Q**   **4Q**   **02.2Q**   **4Q**   **03.2Q**
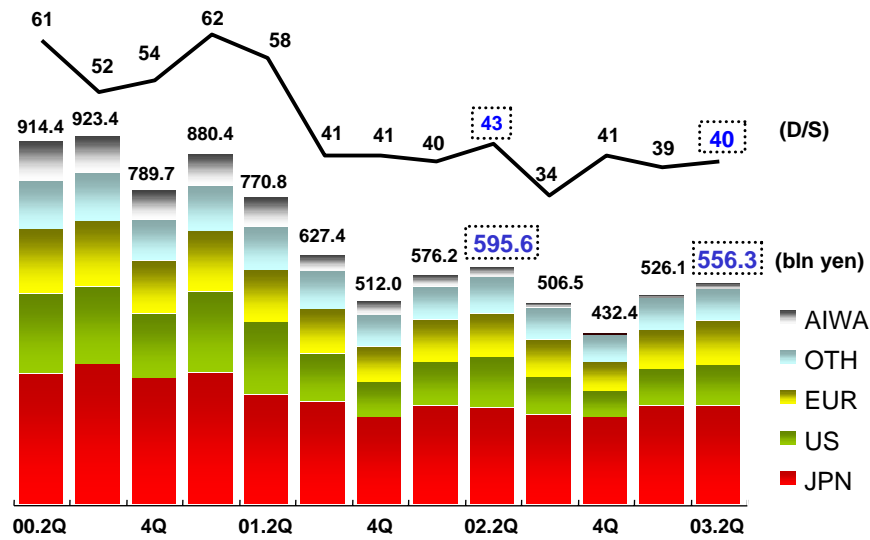
* Line graph: Days supply (average inventory in quarter divided by average daily sales in quarter)
* Bar chart: Inventory levels (bln yen)
* Inventory figures between Q2'00 to Q4'01 have been restated to reflect business segment changes
* Days supply have been restated only for the period between Q1'01 to Q4'01

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Game Q2 FY03

(bln yen)

Sales
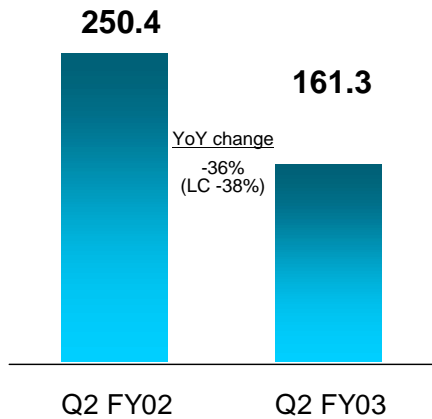
250.4

161.3

YoY change
-36%
(LC -38%)

Q2 FY02   Q2 FY03

* **Includes intersegment transactions**
* **LC=Local currency**

Operating Income

24.8
(9.9%)

YoY change
-91%

2.2
(1.4%)

Q2 FY02   Q2 FY03
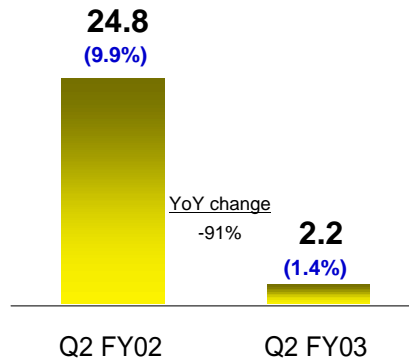
* **( ) is operating profit %**

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PlayStation H/W Production Shipments & Forecast

(mln units)

▌▌ **PS2**
▐▐ **PS/PSone**

1.41

19.37   21.60   18.50   9.20   18.07   22.52   20.00   20.00

4.30   9.20   9.31   7.40   6.78   2.50   3.00

FY95 * FY96   FY97   FY98   FY99   FY00   FY01   FY02   FY03
                                                              JUL   OCT
                                                              FCT   FCT

*Cumulative between Dec '94 to Mar '96
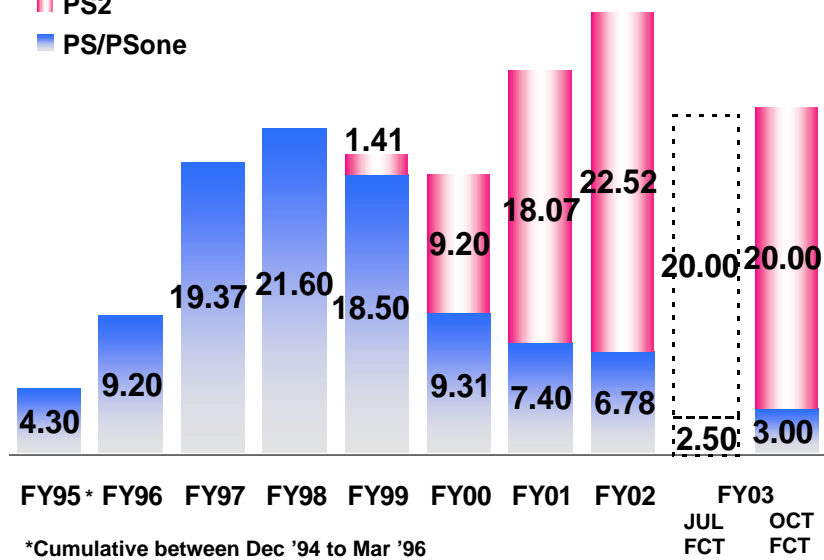
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PlayStation Software Shipments & Forecast

(mln units)

■ PS2
■ PS/Psone

PS+PS2 total

Year	PS2	PS/Psone
FY98		194.0
FY99	2.9	200.0
FY00	35.4	135.0
FY01	121.8	91.0
FY02	189.9	61.0
FY03 JUL FCT	250.0	
FY03 OCT FCT	240.0	
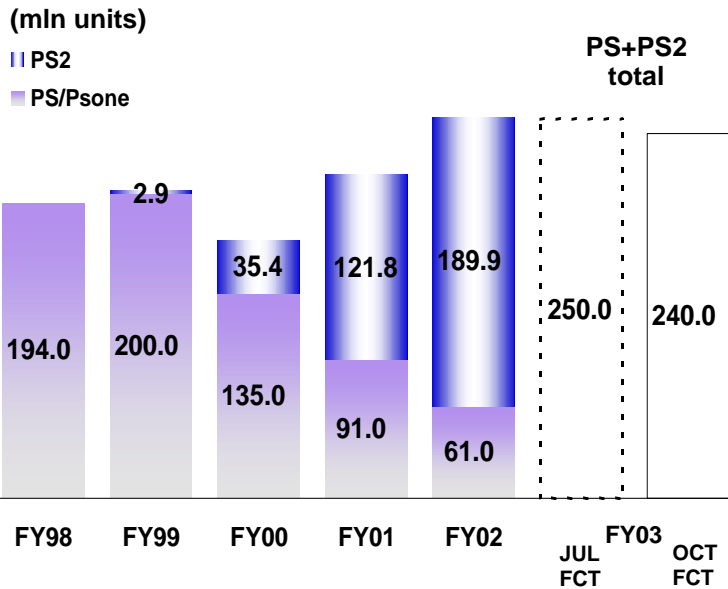
PlayStation H/W,S/W Production Shipments

PS2 Hardware (mil units)

	Q2 FY02	Q2 FY03	Change
Total	8.29	8.78	+6%
Japan	0.82	0.66	-20%
N.America	4.27	3.77	-12%
Europe	3.20	4.35	+36%

PS2 Software (mil units)

	Q2 FY02	Q2 FY03	Change
Total	42.00	44.00	+5%
Japan	7.00	9.00	+29%
N.America	24.00	21.00	-13%
Europe	11.00	14.00	+27%

PS/PSone Hardware (mil units)

	Q2 FY02	Q2 FY03	Change
Total	1.90	0.96	-49%
Japan	0.21	0.13	-38%
N.America	1.10	0.67	-39%
Europe	0.59	0.16	-73%

PS/PSone Software (mil units)

	Q2 FY02	Q2 FY03	Change
Total	16.00	10.00	-38%
Japan	2.00	1.00	-50%
N.America	9.00	5.00	-44%
Europe	5.00	4.00	-20%

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

Music Q2 FY03

(bln yen)

Sales

Operating Income (Loss)

139.1
SMEJ

126.7
SMEJ

YoY change
-9%
(LC -8%)

SMEI

SMEI

Q2 FY02   Q2 FY03

-5.6

0.3
(0.2%)

Q2 FY02   Q2 FY03
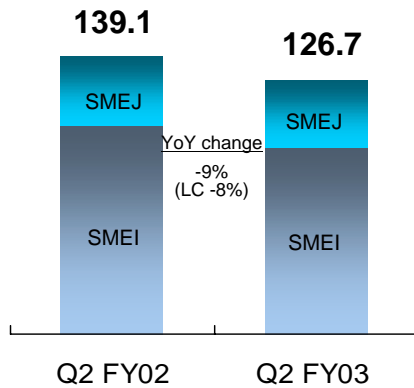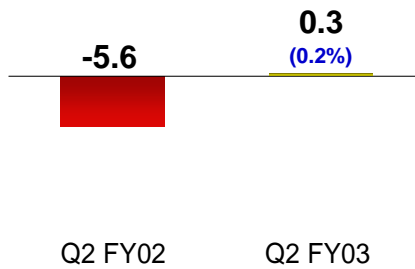
* **Includes intersegment transactions**
* **LC=Local currency**

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Pictures Q2 FY03

(bln yen)

Sales
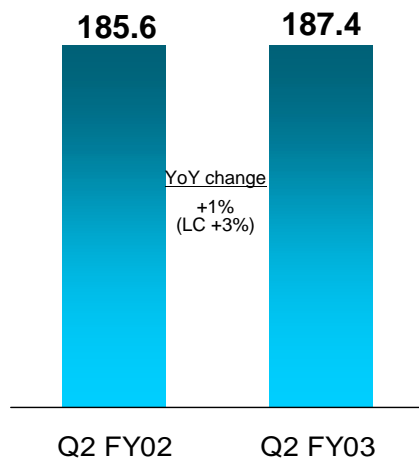
Operating Income (Loss)

185.6   **187.4**

YoY change
+1%
(LC +3%)

Q2 FY02   Q2 FY03

9.9
(5.3%)

-4.6

Q2 FY02   Q2 FY03
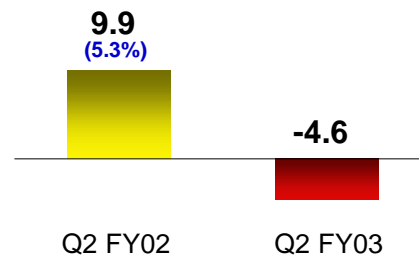
* **Includes intersegment transactions**
* **LC=Local currency**

* **( ) is operating profit %**

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Financial Services Q2 FY03

(bln yen)

Financial Services Revenue

Operating Income

128.0

154.4

YoY change
+21%

Q2 FY02   Q2 FY03

* **Includes intersegment transactions**

5.7
(4.5%)

11.3
(7.3%)

YoY change
+97%

Q2 FY02   Q2 FY03
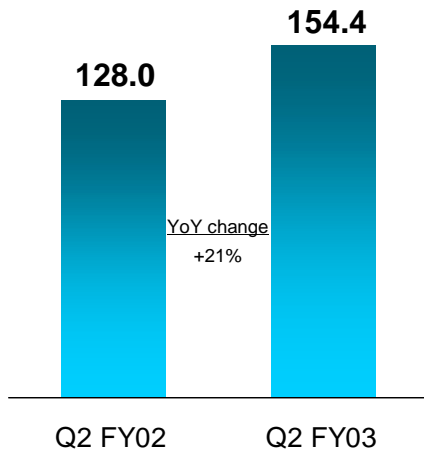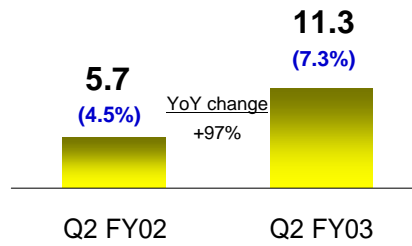
* **( ) is operating profit %**

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Other Q2 FY03

(bln yen)

Sales

Operating Loss

75.1

80.9

YoY change
+8%

Q2 FY02   Q2 FY03

* **Includes intersegment transactions**

-5.8   -5.1

Q2 FY02   Q2 FY03
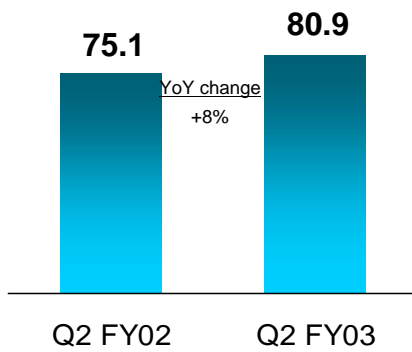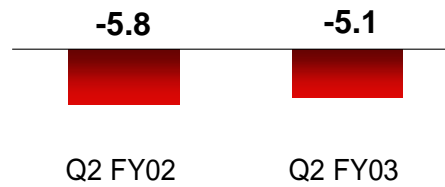
* **( ) is operating profit %**

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Sony Ericsson Mobile Communications

Sony Ericsson

US GAAP, Mil.Euro
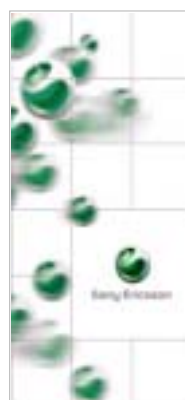
	Jul – Sep 2002	Jul – Sep 2003	YoY Change
Sales	869	1,305	+ 50%
Income(Loss) Before Tax	- 116	39	+155 Mil. Euro
Net Income(Loss)	- 93	62	+155 Mil. Euro
Number of units shipped (Million units)	5.0	7.1	+ 2.1 Mil. units

***Restructuring cost of 3 mil Euro has been recognized in the Jul-Sep 2003 period.**
*Sony accounts for Sony Ericsson, a 50:50 joint venture, by the equity method with 50% of net income (loss) recorded as net income in Sony's consolidated statements of income.

FY2003 Forecast

(bln yen)

As of October 23, 2003	FY02	FY03	YoY change	Previous Forecast
Sales & operating revenue	7,473.6	7,400.0	-1%	7,400.0
Operating income	185.4	100.0	-46%	130.0
Income before income taxes	247.6	120.0	-52%	130.0
Net income	115.5	50.0	-57%	50.0
Capex	261.2	350.0	+34%	350.0
Depreciation & Amortization *	351.9	390.0	+11%	390.0
(of that, dep. for tangible assets)	279.5	280.0	+0.2%	280.0

Foreign Exchange Rates	Actual	Q3-Q4 Assumption	Q2-Q4 Assumption
1US$	121yen	110yen	115yen
1Euro	120yen	125yen	125yen

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

FY03 Product Focus Project

VAIO
Improving profitability

Nov 2003 ("V" Series)*

PDP/LCD
WEGA ENGINE

Expanding the LCD/PDP-TV line-up to 27 models

Oct 2003*~

Camcorder
Enhanced differentiation

HANDYCAM DCR-PC300K

Sep 2003*

DVDRW &CoCoon
Expanding the Line-Up

4 DVD Recorder models
2 CoCoon models

CoCoon

Nov 2003*

PSX
Convergence of Electronics & Game

250GB / 160GB HDD

By End 2003*

DSC
Expanding the Line-Up

Cyber-shot **T1, F828**

Nov 2003* ~

* Release date

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FY2003 Capital Expenditures Forecast

(bln yen)

- Other
- Financial Services
- Pictures
- Music
- Game
- Electronics

353.7 (FY98)

435.9
+23% (FY99)

465.2
+7% (FY00)

326.7
- 30% (FY01)

261.2
- 20% (FY02)

350.0
+34% (FY03)

115.0
(+180%)

200.0
(+18%)

FY98   FY99   FY00   FY01   FY02   FY03
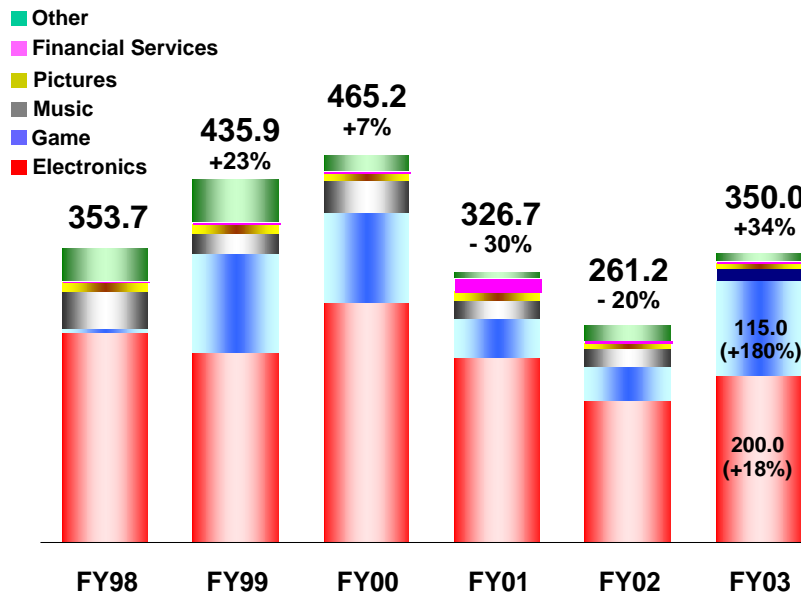
% is change over prior year

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FY2003 Depreciation & Amortization Forecast

(bln yen)

- ■ Other
- ■ Pictures
- ■ Music
- ■ Game
- ■ Electronics

307.2 (FY98)

306.5
- 0% (FY99)

348.3
+ 14% (FY00)

354.1
+ 2% (FY01)

351.9
- 1% (FY02)

390.0
+ 11% (FY03)

| FY98 | FY99 | FY00 | FY01 | FY02 | FY03 |

Including amortization of intangible assets and amortization of deferred insurance acquisition costs

% is change over prior year
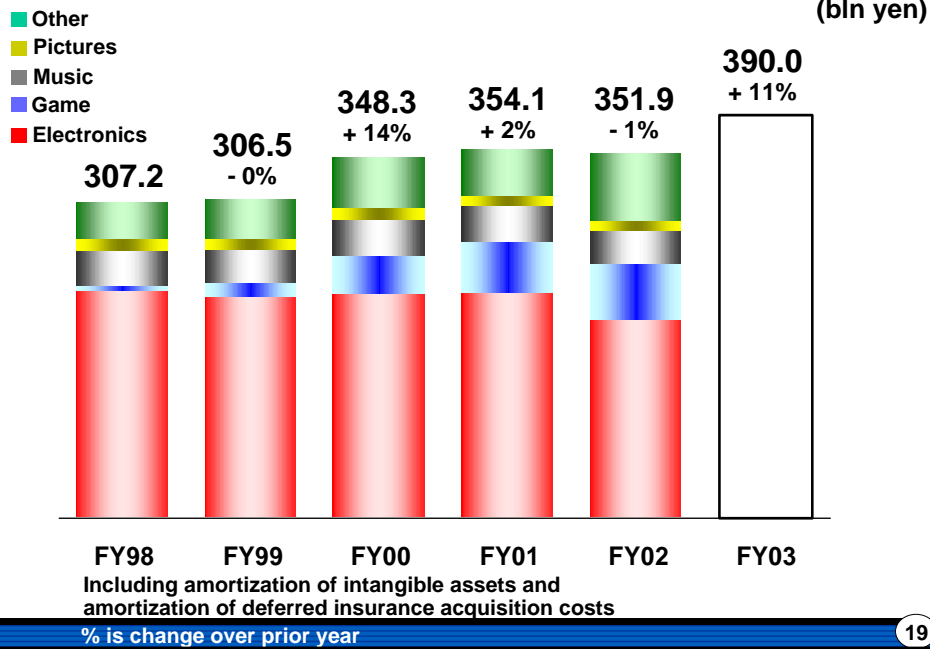
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Exchange Rates Trends (Yen)

FY2003	Q1	Q2	Q3	Q4	FY
US$					
average market rate	117	117			
*weighted average market rate	117	117			
fwd. contract rate	118	117			
Euro					
average market rate	133	131			
*weighted average market rate	133	130			
fwd. contract rate	131	133			

FY2002	Q1	Q2	Q3	Q4	FY
US$					
average market rate	126	118	122	118	121
*weighted average market rate	126	118	122	118	121
fwd. contract rate	128	121	121	121	122
Euro					
average market rate	115	116	118	126	120
*weighted average market rate	115	116	121	126	119
fwd. contract rate	115	117	120	125	119

*The above rates are the weighted average rates based upon the net export amounts of each month

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Sony Main Products Shipment Sales Data

Sales Volume

(million units)

	FY99	FY00	FY01	FY02	FY03 July Forecast	FY03 October Forecast
Camcorder	**4.70**	**5.50**	**5.40**	**5.75**	*6.30*	**6.30**
Digital Still Camera	**1.40**	**2.60**	**3.40**	**5.60**	*10.00*	**10.00**
DVD Player	**1.90**	**4.00**	**5.00**	**7.00**	*8.00*	**8.00**
Television	**11.20**	**11.30**	**10.00**	**10.00**	*10.60*	**11.00**
VAIO*	**1.40**	**2.50**	**3.50**	**3.10**	*3.10*	**3.10**
Desktop	0.40	0.80	1.40	1.20	*1.20*	1.20
Notebook	1.00	1.70	2.10	1.90	*1.90*	1.90
Non-Japan	N/A	1.10	1.80	1.80	*2.00*	2.00
Japan	N/A	0.14	1.70	1.30	*1.10*	1.10

* Production & shipment units

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