

SONY

Fiscal Year

2004

Consolidated Results

(Year ended March 31, 2005)

Sony Corporation Investor Relations

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FY04 Earnings Highlights

FY04 operating income increased 15% year on year. Pictures and Financial Services segments achieved growth in FY04 operating income, while the Electronics segment's operating loss increased due to a deterioration in the cost of sales ratio as a result of a decline in unit selling prices. Diluted EPS increased 82% to 158.07 yen.

PlayStation Portable, a handheld video game system, was successfully launched in Japan & the US, 2.97 mln hardware and 5.7 mln software units shipped by March 31



Spider-Man 2's worldwide success contributed substantially to this year's substantial growth in Pictures Segment operating income

SMEJ achieved a 250% growth in operating income



Sony Ericsson achieved sustained growth, with a 470% increase in income before taxes; 43.1 mln units were shipped, a 41% increase over the previous year

SME and BMG established Sony BMG, which is able to develop music through its well-known labels and slough of international and local artists



Sony-led consortium completed acquisition of MGM (April 2005)

Sony Corporation Investor Relations (3)

FY04 Consolidated Results

(bln yen)

	FY03	FY04	Change	Change (LC basis*)
Sales & operating revenue	7,496.4	7,159.6	-4.5 %	-3 %
Operating income	98.9	113.9	+15.2 %	+26 %
Income before income taxes	144.1	157.2	+9.1 %	
Equity in net income of affiliates	1.7	29.0	+1,594 %	
Net income	88.5	163.8	+85.1 %	
Net income per share of common stock (diluted)	87.00 yen	158.07 yen	+81.7 %	
Restructuring charges**	168.1	90.0	-78.1 bln yen	

Foreign exchange impact	Average Rate	FY03	FY04
Sales & operating revenue: approx. -129.8 bln yen	1\$	112 yen	107 yen
Operating income: approx. -10.5 bln yen	1 Euro	131 yen	134 yen

* Local currency (LC) basis: change that would have occurred with no year-on-year change in exchange rates

** Restructuring charges are incorporated in operating expenses.

Sony Corporation Investor Relations (4)

Electronics FY04

Sony Ericsson

Sony's Electronics Segment

(bln yen)

(bln yen)

SALES

5,042.3 5,021.6

change
-0.4%
(LC +1%)

- Increase: flat panel TVs, digital still cameras and LCD rear projection TVs
- Decrease: CRT TVs and portable audio

SALES

682.0 867.7

change*
+24%

OPERATING LOSS

-6.8

-34.3

- Operating income decreased due to cost of sales ratio deterioration as a result of decline in unit selling prices
- Included restructuring charges of 81.8 bln yen in FY04, compared to 147.8 bln yen in FY03

FY03

FY04

INCOME BEFORE TAXES

10.5

61.6

change*
+5.8x

FYE Mar 04 FYE Mar 05

The above sales and income before taxes are the results of 50:50 joint venture Sony Ericsson. FYE Mar '04 and FYE Mar '05 figures are converted, for convenience, at 1 euro = 131 yen and 134 yen, respectively. *Change(%) is calculated on a euro basis.

Includes intersegment transactions; "LC" is local currency comparison; % under operating income is operating margin

Sony Corporation Investor Relations (5)

Electronics Sales by Area FY04

Other Areas

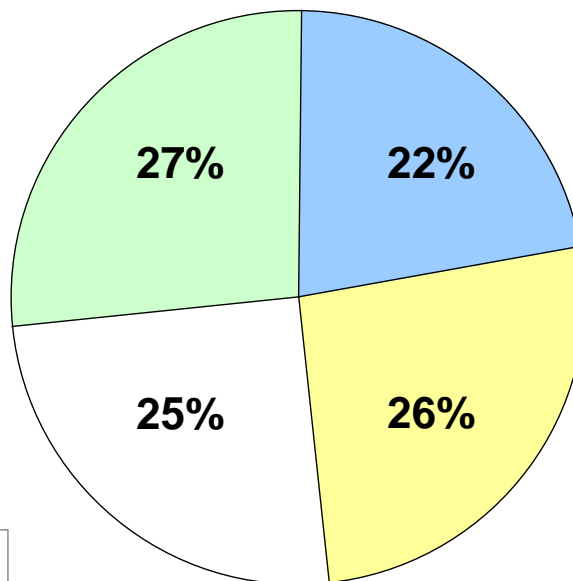
+9%
(LC +13%)

Increase:
Digital still cameras,
PC drives, VAIO PCs

Europe

0%
(LC -2%)

Increase:
Flat panel TVs,
Digital still cameras
Decrease:
Portable audio, CRT TVs



Japan

-10%

Increase:
Flat panel TVs
Decrease:
VAIO PCs, Cellular phones

U.S.

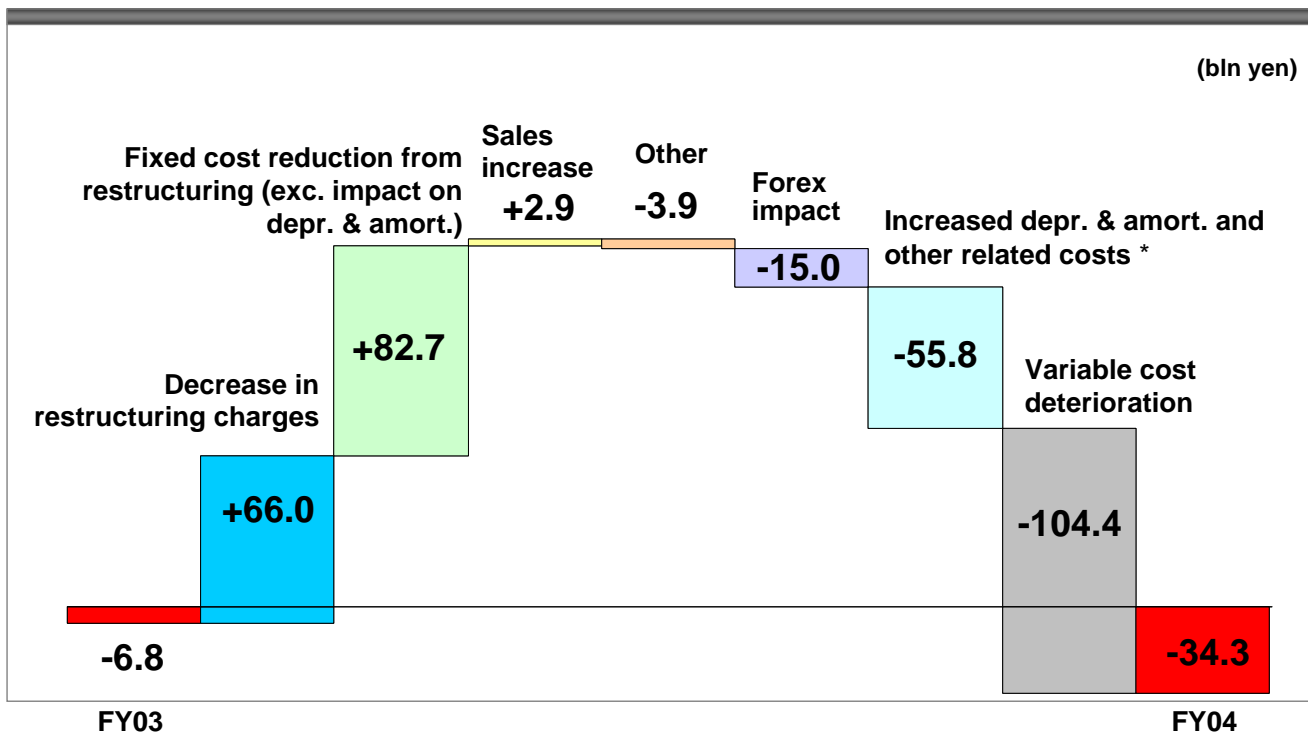
-4%
(LC +1%)

Increase:
LCD rear projection TVs,
Digital still cameras
Decrease:
CRT TVs

Percentages within the circle represent sales composition based on location of customer (yen basis); percentages outside the chart represent year on year percentage changes; "LC" is local currency comparison; Sales are to outside customers and exclude operating revenue

Sony Corporation Investor Relations (6)

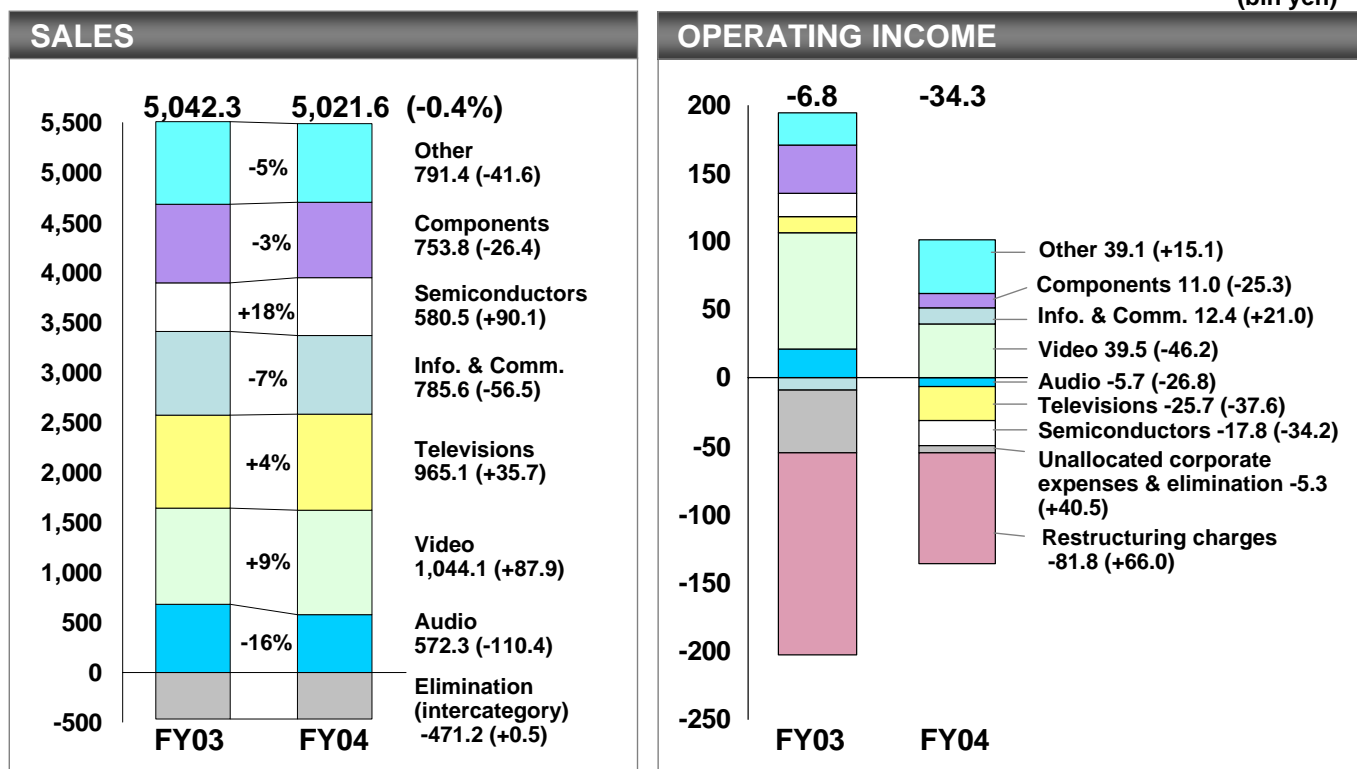
Electronics Operating Income Breakdown FY04



* The basis for the calculation of depreciation, amortization and other related costs for the same quarter of the previous year excludes the impact of the transfer of disc manufacturing from the Music segment since Q2 FY04.

Electronics Performance by Category FY04

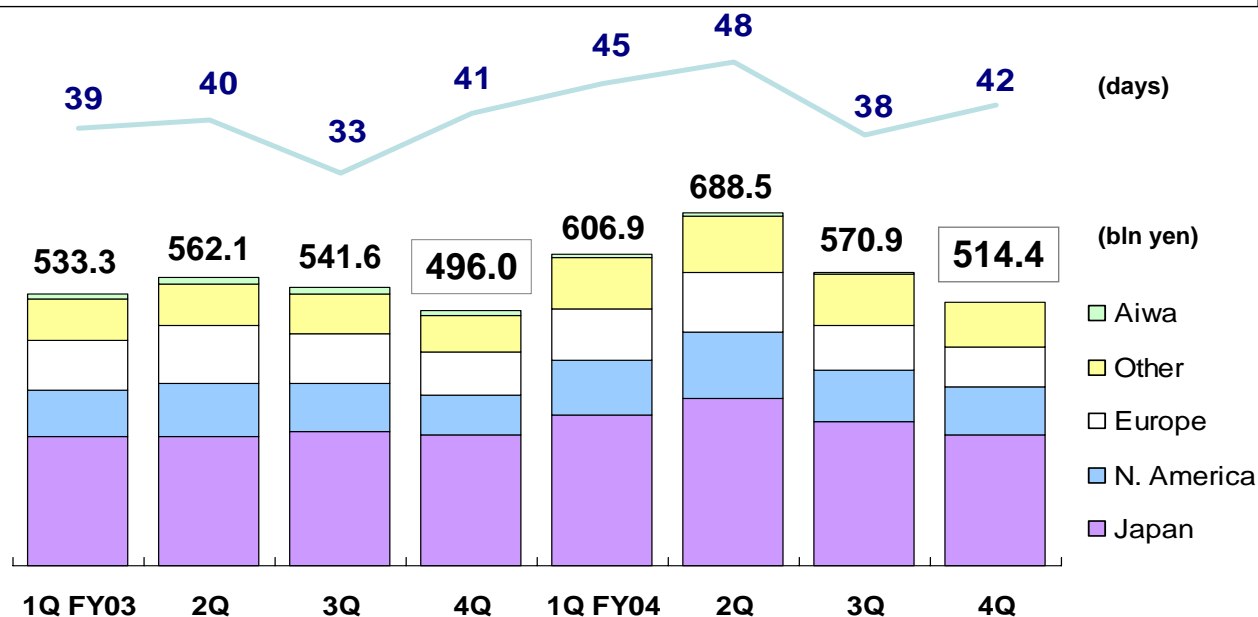
(bln yen)



* () Change from the same quarter of the previous year in bln yen

Electronics Inventory Levels by Area


- ¥514.4 bln (Mar '05) represents an increase of 18.4 bln yen from Mar '04 but a decrease of ¥56.5 bln from Dec '04
- Excluding semiconductor inventory transfer from Game, Mar '05 level decreased year on year



- Bar graph: Inventory levels (bln yen)
- Line graph: Inventory turnover (average beginning & ending inventory during the quarter divided by average daily sales in the quarter).

Sony Corporation Investor Relations (9)

Sony Ericsson Mobile Communications

 Sony Ericsson	FYE Mar '04	FYE Mar '05	Change
Number of units shipped (mln units)	30.6	43.1	+41 %
Sales (mln euros)	5,206	6,475	+24 %
Income before taxes	80	460	5.8x
Net income	100	267	2.7x
Equity in net income recorded by Sony (bln yen)	6.4	17.4	2.7x

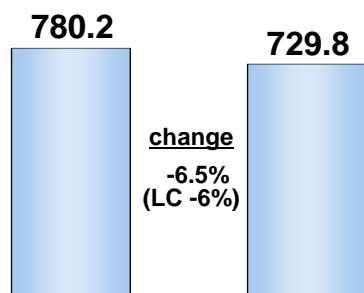
- Sony accounts for Sony Ericsson, a 50:50 joint venture, by the equity method with 50% of net income recorded as equity in net income of affiliates in Sony's consolidated statements of income. Further, operating results of Sony Ericsson are reported on an IFRS basis, and thereby differ from the operating results reported on a US GAAP basis contained within Sony's equity in net income of affiliated companies.
- Sony Ericsson's Euro-based results for the four quarters between April 2004 to March 2005 have been summed to correspond to Sony's fiscal year.

Sony Corporation Investor Relations (10)

Game FY04

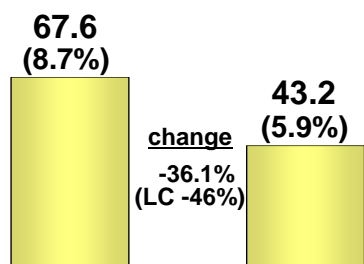
(bln yen)

SALES



- Hardware: Sales decreased due to lower PS2 unit sales and strategic price reductions in Japan, the U.S. and Europe
- Software: Sales increased due to contribution from PS2 software

OPERATING INCOME



- Operating income decreased mainly due to a decline in hardware sales revenue as well as start-up expenses for PlayStation Portable, despite an increase in software sales revenue

FY03

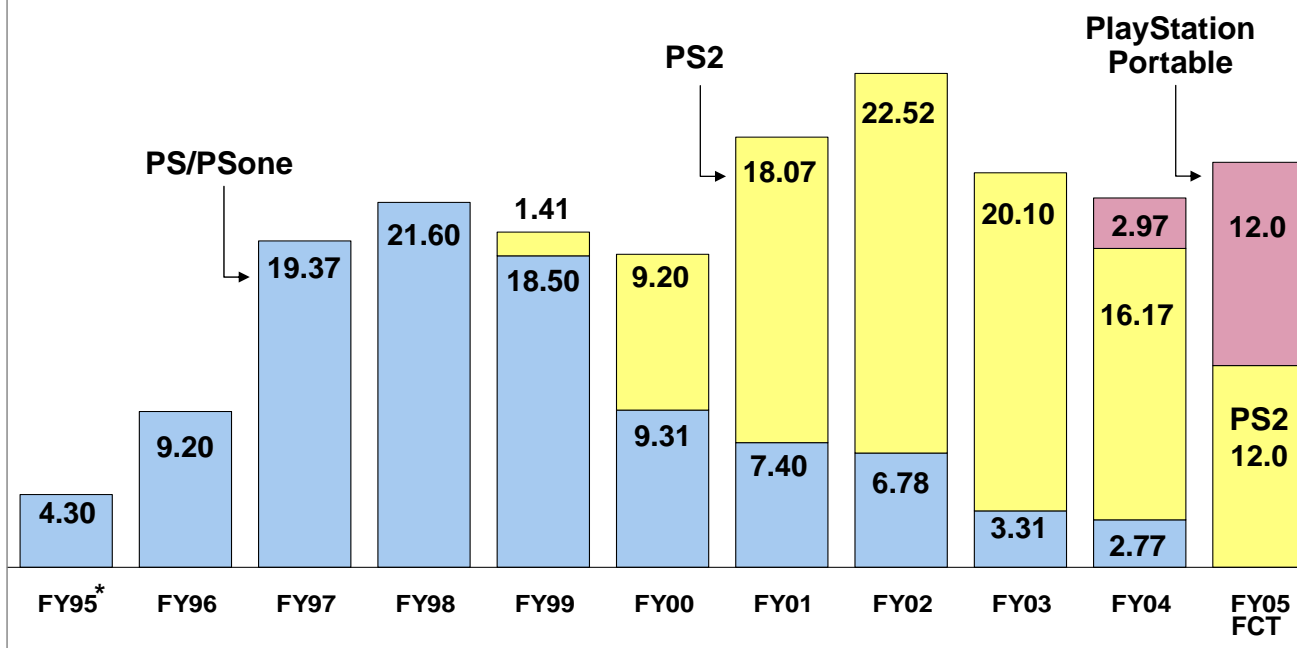
FY04

Includes intersegment transactions; "LC" is local currency comparison; % under operating income is operating margin

Sony Corporation Investor Relations (11)

PlayStation H/W Production Shipments & Forecast

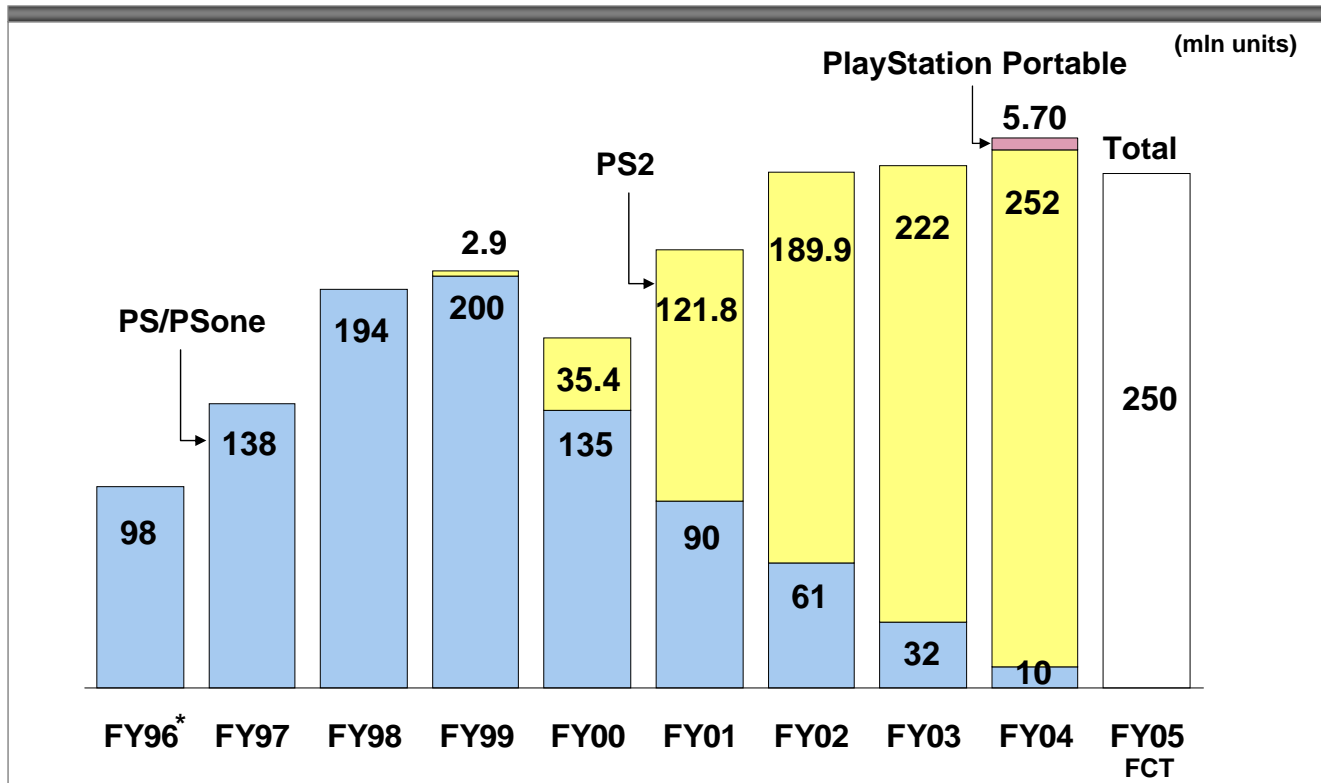
(mln units)



*Cumulative between Dec '94 to Mar '96

Sony Corporation Investor Relations (12)

PlayStation S/W Production Shipments & Forecast



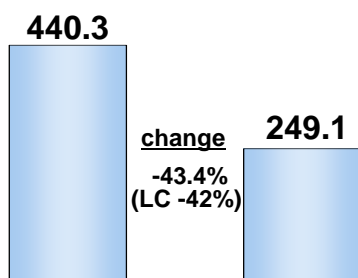
*Cumulative between Dec '94 to Mar '97

Sony Corporation Investor Relations (13)

Music FY04

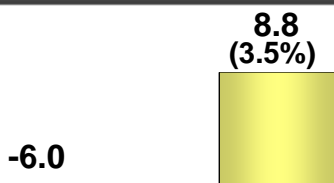
Sony's Consolidated Music Segment (bln yen)

SALES



- Recorded music sales at SMEI were transferred to Sony BMG
- Sales composition: 62% from SMEJ and remaining 38% from SMEI

OPERATING INCOME (LOSS)



- SMEJ income increased on higher sales and an improved cost of sales ratio

FY03

FY04

Includes intersegment transactions; "LC" is local currency comparison; % under operating income is operating margin

Sony BMG

(bln yen)

SALES

342.1

INCOME BEFORE INCOME TAXES

-5.6

Aug '04 – Mar '05

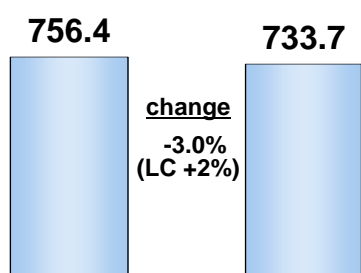
Above sales and income before income taxes are the results of Sony's 50:50 joint venture Sony BMG and figures are converted at 1 US\$ = ¥105. Above income before income taxes included restructuring charges of \$290 mln (approximately 30.5 bln yen).

Sony Corporation Investor Relations (14)

Pictures FY04

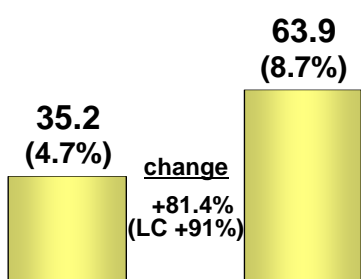
(bln yen)

SALES



- Great success of *Spider-Man 2*
- Higher revenues from home entertainment sales, and an increase in syndication sales of movies for television
- On the other hand, this was partially offset by a decrease in sales of Sony's TV programming production business

OPERATING INCOME



- Strong performance of the current year films, including *Spider-Man 2*, and home entertainment

FY03

FY04

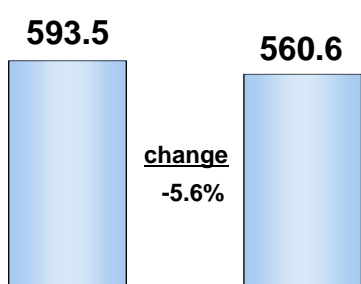
Includes intersegment transactions; "LC" is local currency comparison; % under operating income is operating margin

Sony Corporation Investor Relations (15)

Financial Services FY04

(bln yen)

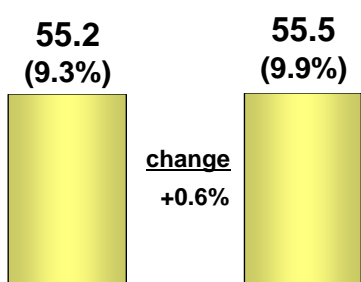
FINANCIAL SERVICES REVENUE



- Revenue decreased at Sony Life primarily due to a change in the method of recognizing revenue

Sony Life Revenue
FY04: 474.3 bln yen (-7.5%)

OPERATING INCOME



- Decrease at Sony Life due to a decrease in valuation gains from investments
- Absence of losses recorded in the previous fiscal year due to leased assets owned by Sony Finance International Inc.

Sony Life Operating Income
FY04: 61.0 bln yen (-3.5%)

FY03

FY04

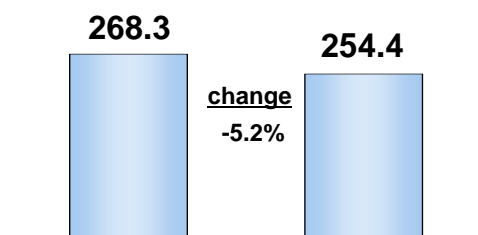
Includes intersegment transactions; % under operating income is operating margin

Sony Corporation Investor Relations (16)

Other FY04

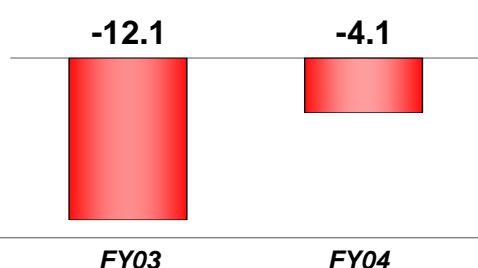
(bln yen)

SALES



- Primary factor was a decrease in intersegment sales due to contract changes at a Japanese subsidiary involved in the advertising agency business

OPERATING INCOME (LOSS)



- Improvement was mainly due to cost reductions at several businesses in the segment, and the sale of a retail and showroom building in Japan

Includes intersegment transactions

Sony Corporation Investor Relations (17)

Forecast for FY05 Consolidated Results

(bln yen)

As of April 27, 2005	FY04	FY05 FCT	Change
Sales & operating revenue	7,159.6	7,450.0	+4%
Operating income	113.9	160.0	+40%
Income before income taxes	157.2	170.0	+8%
Equity in net income of affiliates	29.0	5.0	-83%
Net income	163.8	80.0	-51%
Restructuring charges*	90.0	72.0	-20%
Capital Expenditures (for semiconductors)	356.8 150.0	410.0 160.0	+15% +7%
Depreciation & Amortization** (depreciation for tangible assets)	372.9 300.8	390.0 320.0	+5% +6%
Research & Development Expense	502.0	520.0	+4%
Foreign Exchange Rate			
1 \$	FY04 Actual 107 yen	FY05 Assumption approx. 103 yen	
1 Euro	134 yen	approx. 133 yen	

* Restructuring charges are included within operating income.

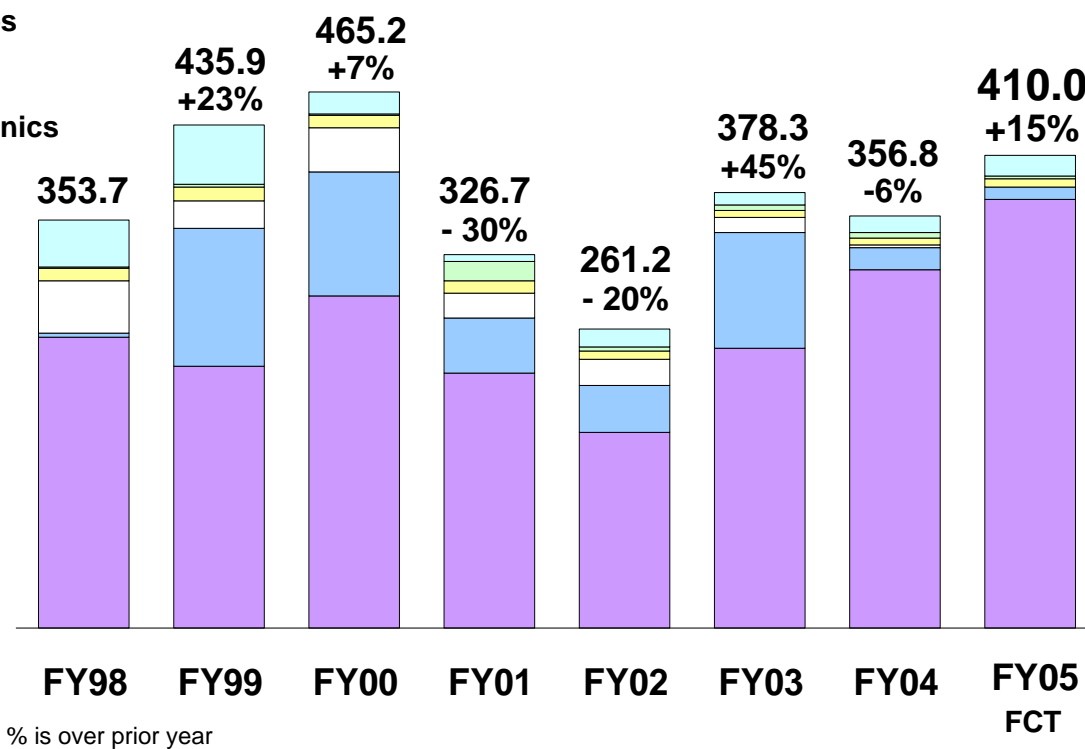
** Including amortization expenses for intangible assets and for deferred insurance acquisition costs.

Sony Corporation Investor Relations (18)

FY04 Capital Expenditures Forecast

(bln yen)

- Others
- Fin. Services
- Pictures
- Music
- Game
- Electronics

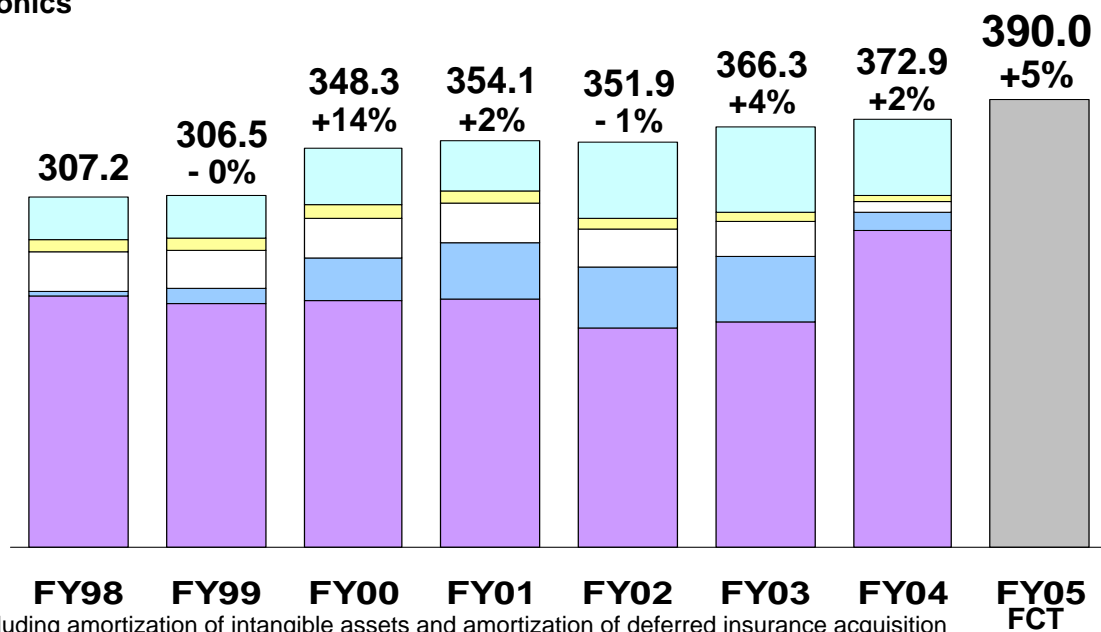


Sony Corporation Investor Relations (19)

FY04 Depreciation & Amortization Forecast

(bln yen)

- Others
- Pictures
- Music
- Game
- Electronics



Sony Corporation Investor Relations (20)

Q4 FY04 Consolidated Results

(bln yen)

	Q4 FY03	Q4 FY04	Change	Change (LC basis*)
Sales & operating revenue	1,772.2	1,697.0	-4.2 %	-4 %
Operating income	-109.8	-77.4		
Income before income taxes	-93.6	-61.9		
Equity in net income of affiliates	5.5	0.5	-91.6 %	
Net income	-38.2	-56.5		
Net income per share of common stock (diluted)	-41.23 yen	-59.40 yen		
Restructuring charges**	98.3	48.6	-49.7 bln yen	

<u>Foreign exchange impact</u>	Average Rate	Q4 FY03	Q4 FY04
Sales & operating revenue: approx. -11.4 bln yen	1\$	106 yen	104 yen
Operating income: approx. -1.9 bln yen	1 Euro	133 yen	135 yen

* Local currency (LC) basis: change that would have occurred with no year-on-year change in exchange rates

** Restructuring charges are incorporated in operating expenses.

Sony Corporation Investor Relations (21)

Q4 FY04 Results by Segment

(bln yen)

		Q4 FY03	Q4 FY04	Change	Change (LC basis*)
Electronics	Sales	1,147.4	1,172.4	+2.2 %	+3 %
	Operating loss	-129.3	-99.4		
Game	Sales	126.7	222.1	+75.3 %	+76 %
	Operating income (loss)	-6.9	1.5		
Music	Sales	105.0	39.2	-62.7 %	-63 %
	Operating loss	-9.1	-2.6		
Pictures	Sales	236.6	190.6	-19.4 %	-17 %
	Operating income	36.6	13.7	-62.5 %	-62 %
Financial Services	Revenue	152.1	156.1	+2.6 %	
	Operating income	17.2	16.3	-5.2 %	
Other	Sales	70.0	69.2	-1.1 %	
	Operating loss	-6.5	-4.2		

Local currency (LC) basis: change that would have occurred with no year-on-year change in exchange rates; includes intersegment transactions

Sony Corporation Investor Relations (22)