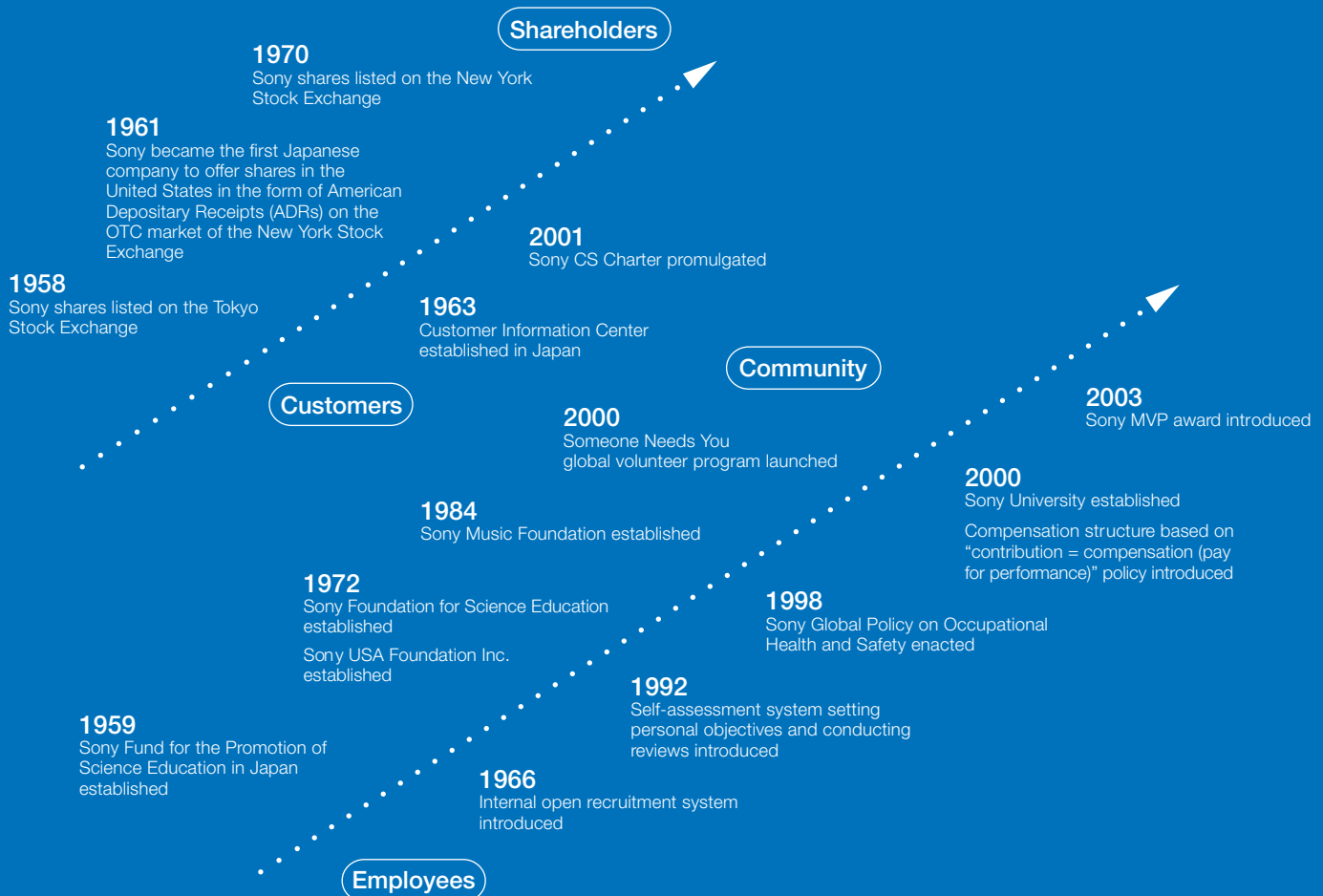


Sony and People

Sony and Its Stakeholders: Moving Forward Together



Sony South Africa Pty. Ltd.'s Community Upliftment Program
(See page 35)



For Shareholders

Sony strives to provide timely, compliant and otherwise full, fair, accurate and understandable disclosure of corporate information to shareholders and investors worldwide and proactively communicates with them through its investor relations (IR) activities.

Listing of Sony Shares

Sony Corporation first offered its shares on the Tokyo over-the-counter (OTC) market in August 1955. In December 1958, Sony listed its shares on the Tokyo Stock Exchange.

In June 1961, Sony pioneered the procurement of overseas funds by becoming the first Japanese corporation to issue American Depositary Receipts (ADRs) and in September 1970 listed its shares on the New York Stock Exchange.

Disclosure of Information

Sony's basic disclosure policy is to provide full, fair, accurate, timely and understandable disclosure of corporate information to shareholders and investors worldwide.

With the aim of communicating financial information and management policies and strategies to shareholders in a timely manner and to help ensure transparency, Sony organizes earnings announcements, corporate strategy meetings and other IR events, publishes an annual report, fact books and other disclosure documents, and maintains an IR website.

IR Events

- Quarterly earnings presentations
- Corporate strategy meetings
- Business briefings
- Ordinary General Meeting of Shareholders/Shareholders Conference
- Presentations for retail investors
- Meetings with institutional investors, analysts and others

Disclosure Documents

- Quarterly earnings announcements
- Annual report
- Form 20-F (annual report for the U.S. Securities and Exchange Commission)
- *Yuka Shoken Houkokusho* (Japanese annual financial report)
- *Hanki Houkokusho* (Japanese interim financial report)
- Fact books (quarterly)
- Group reports (interim and full-term)



Sony IR Website

In an effort to provide information to as many shareholders and investors as possible, whether they are institutional or individual, in Japan or overseas, Sony offers up-to-date management information on the Sony IR website as soon as it becomes publicly available.

The website features messages from Sony management, information on earnings and products, a library of disclosure documents, and stock and bond information. In addition, the website contains coverage of earnings announcements and corporate strategy meetings held for institutional investors and analysts, as well as presentation materials. A conference call for international institutional investors is also available. Following each quarterly earnings announcement, the website offers an online Q&A session in which the executive responsible for IR answers questions regarding Sony's quarterly business performance and general management issues.

Sony also distributes Sony Group-related news in a timely manner by e-mail to investors' personal computers and mobile phones.



Direct Communication with Shareholders

Sony realizes that its Ordinary General Meeting of Shareholders is an important occasion for communication with shareholders. Following the meeting, Sony holds the Shareholders Conference, which provides an opportunity for direct dialogue between shareholders and management personnel. The Ordinary General Meeting of Shareholders in June 2006 was attended by approximately 7,200 shareholders, while about 2,000 attended the Shareholders Conference. On this occasion, a product exhibition area was set up to introduce shareholders to Sony products and technologies, as well as CSR activities.

In an effort to allow the maximum number of shareholders to exercise their voting rights, in addition to allowing voting by postal mail, Sony has set up a system that permits voting prior to the meeting through the Internet from personal computers and mobile phones, in case shareholders are not able to attend the Ordinary General Meeting of Shareholders.

Video recordings of the Ordinary General Meeting of Shareholders and the Shareholders Conference are available at Sony's IR website.



Ordinary General Meeting of Shareholders held in June 2006 in Tokyo



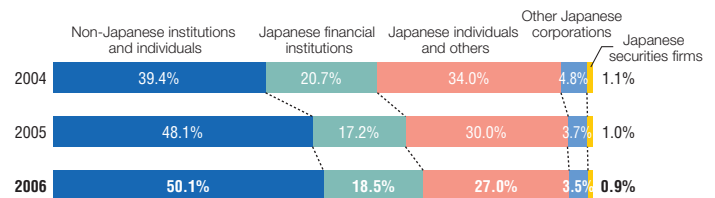
Exhibition area featuring Sony's CSR activities

Ownership and Distribution of Shares

As of March 31, 2006, Sony Corporation had approximately 720,000 shareholders. Foreign institutions and individuals accounted for 50.1% of share ownership, while Japanese financial institutions represented 18.5%, Japanese individuals and others 27.0%, other Japanese corporations 3.5% and Japanese securities firms 0.9%. The percentage of Sony's shares held by foreign investors, notably institutions, has increased steadily in recent years.

Ownership and Distribution of Shares

(As of March 31)



Socially Responsible Investing

In addition to the conventional investment criteria of financial analysis, SRI indexes and SRI funds evaluate and select companies from social, ethical and environmental perspectives. Recently, numerous SRI indexes and funds have been established worldwide.

Sony's efforts to be socially responsible are recognized worldwide with its inclusion in leading indices, including the 2 shown below (as of June 1, 2006). Sony has continuously been selected for Dow Jones Sustainability Indexes since their establishment in 1999. In 2005, Sony was selected as the industry leader for the first time.



Dow Jones Sustainability Indexes

Jointly developed by Dow Jones Indexes (United States), STOXX Limited (Switzerland) and the SAM Group (Switzerland)



FTSE4Good

FTSE4Good Global 100 Index

Developed by the FTSE Group, a Financial Times Ltd. (United Kingdom) and London Stock Exchange plc joint venture

For Customers: Product Quality and Customer Satisfaction

Sony is wholeheartedly committed to improving product and service quality from the customer's viewpoint. Sony's goal is to gain its customers' total trust, confidence and satisfaction.

Customer Satisfaction Philosophy

Since the start of its operations, Sony has considered customer satisfaction (CS) as fundamental to its operations and has therefore given top priority to providing customer-oriented products and services. This philosophy is set forth in the Founding Prospectus drafted in 1946 by Sony's co-founder, Masaru Ibuka. Always taking the customers' viewpoint to improve customer service and thus remain "a highly trusted partner for its customers" is Sony's ultimate goal and mission. In line with this belief, in fiscal 2001 Sony established the Sony CS Charter to further enhance CS.

The Sony CS Charter

Sony is strongly committed to being a trusted partner for our customers worldwide in the broadband age.

- We will listen carefully to customers' voices
- We will provide unique and high-quality products and services
- We will strive to earn customers' trust
- We will actively promote customer satisfaction to meet customers' needs and realize dreams
- We will continue to pursue corporate activities that will contribute to and be harmonious with society

In addition to a CS philosophy and the Sony CS Charter, Sony promulgated the Customer Viewpoint Initiative in fiscal 2005 to instill greater customer awareness and ensure the creation of attractive products.

Establishing Standards and Reinforcing Sony's Quality Control System

Sony regards enhancing quality as a key, companywide management challenge and is working toward this goal in all processes,

including development, planning, design, production and sales. By doing so, Sony aims to create better and more reliable products. Specifically, Sony

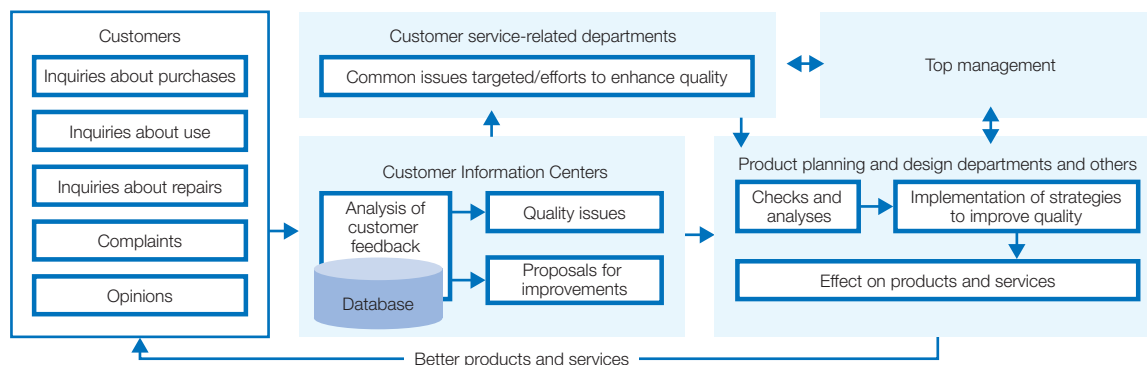
- established corporate quality standards, which were devised from a customer's perspective, in 2004. These standards apply to Sony's electronics products and focus on such criteria as product safety and performance, labeling and services.
- appointed approximately 40 CS officers, who are in charge of global customer satisfaction for particular businesses and product categories.
- holds regular meetings of the CS Strategy Committee—the top decision-making body for matters concerning CS and product quality in the electronic products business. The committee is comprised of Sony's president, top management from divisions and groups responsible for electronic products, and also senior manufacturing and marketing executives.

Customer Feedback

Sony makes extensive use of customer feedback in creating products. Customers' opinions or reports of malfunction received at the Customer Information Center at any time after the launch of a product are promptly and accurately evaluated and disseminated to the planning, design and engineering groups so that improvements in product quality can be made in a timely fashion.

A case involving certain Sony DVD recorders provides a good example. Some customers complained that it was difficult to change the default visual settings for the DVD and that the manual was difficult to understand. In light of this, Sony's next DVD recorder allowed the user to change settings more easily and was shipped with an easier-to-understand user manual.

Utilizing Customer Feedback



Product Quality Information Channel

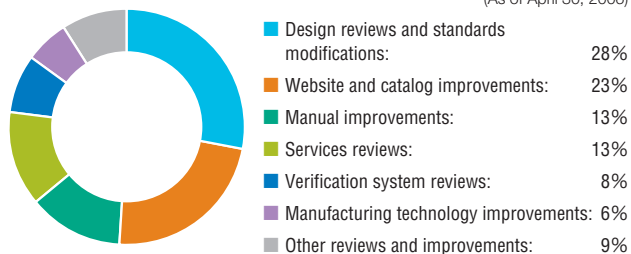
It is vital to detect product quality-related problems early. Sony therefore established the Product Quality Information Channel in 2003 to gather product quality-related information, including reports of problems, as well as opinions, from Sony Group employees.

Sony Group employees can send messages to the officer in charge of quality control via the Product Quality Information Channel website. This can be done when, during the course of their work, they discover a problem related to product quality that they cannot solve or deal with or that they believe has been overlooked, or when a quality-related problem occurs while using a Sony product. After the Product Quality Information Channel office conducts fact-finding studies regarding the information gathered, it proposes and introduces measures to avoid potential problems and prevent previous problems from recurring.

From the time it established the reporting channel through April 30, 2006, Sony received 834 reports. The diverse range of information received has included proposals to make products and manuals more user-friendly, which have led to more than 580 improvements.

Breakdown of Product Quality Improvements

(As of April 30, 2006)



Concerning Quality Control Issues

In recent years, the spread of digital consumer electronics has led to a rise in the number of product malfunctions due to software flaws. Such trouble accounted for nearly half of Sony's product quality problems in fiscal 2005.

Main Product Issues and Solutions

Products	Date Announced	Details	Solutions
Certain models of rear-projection LCD televisions and LCD televisions	February 2006	A software issue caused a limited number of televisions not to turn "on" or "off" when directed by the user.	In Japan, Sony provided an automatic software update via a digital broadcast signal to fix the problem. Sony also set up a toll-free number and offered service calls free-of-charge. Overseas, Sony provided software updates to its customers.
Certain models of digital cameras	December 2005	Administration of Industry and Commerce in Zhejiang Province, China, conducted quality inspections and determined that 6 of our digital still camera models failed the inspections. As a result of investigation, although no quality problems in the products have been found, Sony determined that certain documentation that had been submitted contained errors.	Sony withdrew the models from sale in Mainland China and refunded customers who wished to return their purchases.
Certain models of digital cameras, camcorders, PDAs and professional camcorders	October 2005	Depending on environmental conditions and other factors, some CCD imagers in the affected products failed, resulting in the inability to capture images.	Sony provided free repairs and other consideration to customers experiencing this condition.

To enhance product quality, Sony will continue to address such problems by examining the facts, responding appropriately, disclosing information to customers and promptly implementing measures as appropriate to remedy defects.

Product and Service Safety

Sony endeavors to improve safety in every area of its business activities, including the development of products and the provision of services. In addition to complying with applicable international, national and local product safety standards, Sony has established its own internal safety standards for every part of its operations to help ensure product safety, and thereby avoid potential harm to customers.

Enhancing Customer Service Awareness

Sony makes every effort to improve product quality and customer services. In 2001, Sony enabled greater sharing of knowledge in this area by introducing a customer service training program based on e-learning, targeted at employees working in the field and at service partner companies. Sony aims to increase employee awareness of customer satisfaction issues through such training programs.

For this reason, in Japan and the rest of Asia, employees responsible for advising customers during telephone inquiries, repair center visits and service calls compete in customer service contests.

Improving Customer Information Centers

Sony established its first Customer Information Center in Japan in 1963 to respond to customer inquiries. This function is now available worldwide. The Customer Information Centers in Japan provide prompt responses to customer needs every day of the year. In Japan and Hong Kong these centers obtained COPC-2000*1 certification, an international standard for call centers. Having obtained such accreditation from international organizations for its customer-centered approach, Sony will seek to raise its standards even higher by attaining this level of customer service in every country.

Sony uses the Internet as an effective tool for communicating with customers. The Sony website includes product-related news and frequently asked questions (FAQ) sections. The website also offers downloads of manuals and provides prompt information about products and services, including support services. Sony endeavors to make its websites easy to navigate and also makes its descriptions as clear as possible.

In Japan, Sony provides various services designed to give first-time personal computer users greater confidence. For example, operators advise personal computer users while remotely monitoring their screens via the Internet. Users may also reserve a time when operators will call back and give guidance over the telephone. Sony strives to develop easy-to-use services such as these.

*1 COPC-2000 is a management standard specifically for call centers and fulfillment (delivery) work based on the American National Management Quality Award.

Number of Inquiries Received from Customers (Fiscal 2005)

Region	Number of Inquiries Received (telephone, e-mail, letter)
Japan	4,100,000
North America	5,426,000
Europe	1,435,000
East Asia* ²	2,669,000
Pan-Asia* ³	1,143,000
Latin America	1,261,000

*² Coverage area: Mainland China, Hong Kong, Taiwan and South Korea

*³ Coverage area: Southeast Asia, Middle East, Africa and Oceania

Repair and Service Network

Currently, there are more than 10,000 Sony service locations worldwide, including Sony service stations and those of authorized repair agents. In September 2005, Sony opened the Shanghai service center, its largest in Asia. Sony will use the center as a base from which to promote activities that offer comfort and convenience for customers in China.

To ensure prompt responses to customer needs, Sony trains staff to enhance repair skills and promotes greater sharing of the latest product information on a daily basis in each region. Sony is committed to providing customer-oriented repair services and makes every effort to improve the communication skills of its repair staff.

Sony also seeks to improve its repair and services operations by carefully comparing them with those of other companies. Such comparative analyses help set specific goals and reveal relative strengths and weaknesses in this area. In addition, Sony is shortening distribution and repair times and reviewing repair fees in each region of the world.

Sony Service Locations (Fiscal 2005)

Region	Number of Repair Centers
Japan	700
North America	5,250
Europe	2,040
East Asia* ⁴	340
Pan-Asia* ⁵	1,320
Latin America	620

*⁴ Coverage area: Mainland China, Hong Kong, Taiwan and South Korea

*⁵ Coverage area: Southeast Asia, Middle East, Africa and Oceania

Promoting the Verification of Product Compatibility and Connectivity

As network-enabled digital consumer electronics become more popular, users are increasingly connecting various devices. As a result, it has become more important to give full consideration to and reliably verify the connectivity and compatibility of each product from the design stage onward. Sony has established a group in Japan for this purpose. The group collaborates with global operations to promote the verification of compliance with standards and regulations, and also ascertains the actual connectivity capabilities of products. In addition, Sony uses its website to provide information on the connectivity of its products and to introduce customers to an ever-expanding world of interconnected devices while offering necessary technical support.

A Customer's Viewpoint on Sony Products and Services

I would like to offer this proposal precisely because of Sony's reputation for high-tech expertise, as well as its free and open-minded corporate culture, which has facilitated the development of such technological prowess.

In Japan, there is currently a regulatory framework—albeit an insufficient one—based on the Product Liability Law in place that

deals with incidents involving faulty products. However, in cases involving malfunctioning or defective products that cause no harm to persons or property, the decision to provide information, deal with consumers and offer free repairs is left up to the manufacturer. I hope that Sony will set an example for the rest of the industry by providing better information about product malfunctions.

Proper management of the supply chain is another issue. In this regard, I would like to see stricter quality control standards applied to general product parts, in addition to already established standards for chemical substances. In this age of globalization, I can't help but feel that we are seeing more cases where manufacturers with similar product lineups all suffer from product quality problems because of the same problem part.

I look forward to new initiatives from Sony and trust that, as a truly world-class company, it will continue to earn the trust of consumers in the rapidly evolving field of electronics.



Mariko Sano
Secretary-General of
SHUFUREN
(consumer association)

For Customers: Making Products Easier to Use

With technological innovation, products are becoming increasingly advanced and multifunctional while at the same time also becoming more complicated. Accordingly, Sony has identified “usability” as an essential aspect of product quality and is taking steps aimed at making it easier for people to use Sony products and services.

Making Products Easier to Use

Sony incorporated a variety of modifications and improvements designed to make the high-definition video (HDV) digital camcorder more easily accessible for a broader spectrum of users.

To make the model easy to hold, for example, during the process of developing the HDV digital camcorder (HDR-HC3), developers took into account a variety of related features, including graspability, handle shape, wrist angle when held, and weight and balance. Numerous prototypes incorporating variations of these features were produced. These prototypes were then tested by actual users, and the resulting feedback was used in the development of commercial models.

The HDR-HC3 also includes Sony's distinctive EASY button which, when pressed, locks out the camcorder's advanced features and switches it to automatic mode, thereby ensuring trouble-free operation, even for first-time users.



The HDR-HC3 features a grip that is at a 7-degree angle to the body of the unit, eliminating any burden on the wrist. The easy-to-hold form allows hours of comfortable recording.

Putting the Customer's Voice First

With the commencement of digital terrestrial broadcasting, watching television has become a complicated matter. A survey of customers who purchased Sony televisions revealed that most found today's remote controls difficult to navigate. Accordingly, Sony took decisive steps to make its remote controls easier to use, eliminating all but the most commonly used buttons and increasing the size of the channel button by 1.8 times. Sony also further modified its remote control design by revamping the layout



Sony's streamlined new remote control is easy to operate and easy to use.

and rethinking button groupings. Verification tests were then conducted by actual users. These efforts led to the production of a brand-new remote control model with a streamlined look that is comfortable to hold and operate. This new unit is standard with Sony's BRAVIA V2000 and S2000 series of LCD TVs.

Age-based Rating Systems for Game Software

Sony Computer Entertainment Inc. (SCE) aims to make games as popular as music, movies and broadcasting and has been developing its PlayStation® business for users in all age groups. Game industry organizations have responded to the proliferation of new game genres by introducing rating systems for customers in Japan, the United States and Europe (CERO, ESRB and PEGI, respectively), based on games' target age groups. The U.S. system has operated for 10 years and won top marks from the public for not only indicating age categories but also for being the first to add descriptions that detail the contents of a game. PEGI is endorsed by the European Commission as a paradigm of self-regulation in the entertainment industry. In Japan, steps are being taken to revise the rating system while, with the cooperation of retailers, measures are being considered to make the system more effective, including voluntary refusal to sell software rated for ages 18 and above to under-age customers.

To regulate access by under-age users, SCE included a Parental Lock function in its PSP® (PlayStation®Portable). This function is also included in PLAYSTATION®3, which is due to be launched in November 2006. Accordingly, customers can adjust the access level and limit children's access to appropriate content across the PlayStation® platform.

SCE will continue to play an active role in promoting rating systems with the aim of ensuring that games remain compatible with the need to bring up future generations in a wholesome and healthy manner.

For Employees: Employment and Employee–Management Relations

It is the policy of the Sony Group to adopt sound labor and employment practices and to treat its employees at all times in accordance with the applicable laws and regulations of the countries and regions in which it operates. Sony also values communication between management and employees, which is essential in conveying management policies to employees and encouraging employees to voice their opinions.

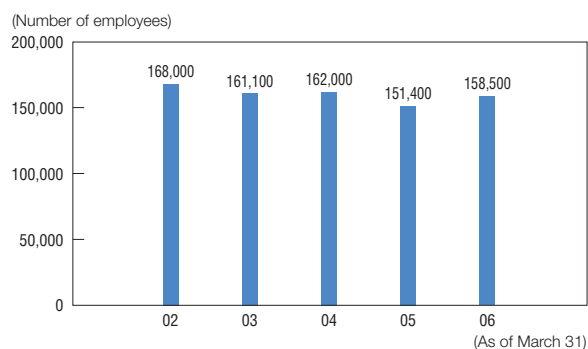
Basic Philosophy

The Sony Group operates in a diverse, global business environment. Its businesses range from electronics and games to motion pictures and finance. All workplaces around the world share common policies and visions while respecting the diverse cultures and practices of the countries and regions in which they operate.

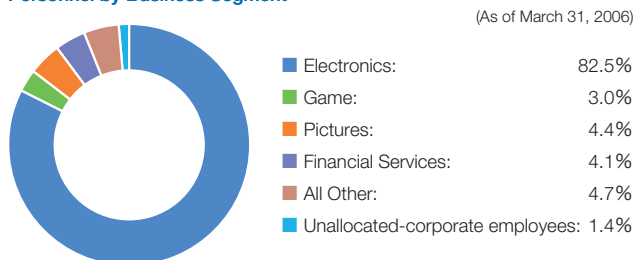
Total Number of Employees

As of the end of fiscal 2005, the total number of Sony Group employees was approximately 158,500, up approximately 7,100 from a year earlier. The increase occurred despite restructurings in Japan, North America, Europe and Southeast Asia, and was largely attributable to substantial personnel increases at manufacturing bases in East Asia.

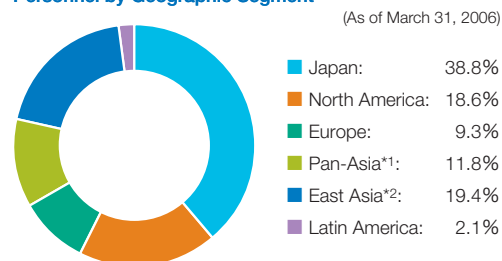
Total Number of Employees



Personnel by Business Segment



Personnel by Geographic Segment



*1 Coverage area: Southeast Asia, Middle East, Africa and Oceania

*2 Coverage area: Mainland China, Hong Kong, Taiwan and South Korea

Employee–Management Communications under the Mid-Term Corporate Strategy

In line with its Mid-Term Corporate Strategy, announced in September 2005, Sony is pursuing restructuring and growth initiatives aimed at increasing its competitiveness and reinforcing its operating foundation. Restructuring initiatives—including the streamlining of business operations, the consolidation of manufacturing sites, and the elimination of organizational and business process duplication to enhance the efficiency of administrative sections—have resulted in both the shift of employees to growth businesses and the reduction of head count.

Top management sought to encourage the sharing of information and ensure understanding of the purpose and necessity for such structural changes by communicating with employees regarding the above initiatives. At Sony Corporation in Japan, an early-retirement program was introduced to facilitate the provision of economic assistance to retiring employees.

In Europe, personnel were shifted from manufacturing cathode ray tube (CRT) televisions to liquid crystal display (LCD) and other flat-screen televisions following the termination of production of the former, and job adjustments were made with the closure and downsizing of manufacturing sites. Management explained its personnel plans at a meeting of the EICC*³ and repeated consultations with union representatives at its manufacturing sites to share information on market conditions and seek employee understanding of its decisions to close and consolidate certain facilities. Support was also made available such as in career transition for retiring employees in Europe.

In pursuing further restructuring initiatives, Sony continues to try to convey its objectives clearly as well as to promote appropriate dialogue with employees.

*³ The European Information and Consultation Committee (EICC) provides a forum for discussion among representatives of management and employees from Sony Electronics Group companies in Europe.

For Employees: Diversity and Equal Opportunities

Sony is committed to respecting human rights and providing equal opportunities. To this end, Sony is focusing on promoting diversity among its personnel as a significant component of CSR and believes firmly in the importance of understanding and reflecting diverse views in its business operations.

Human Rights Provisions in the Sony Group Code of Conduct

The Sony Group Code of Conduct enacted in May 2003 establishes the following general provisions as the basis for human rights-related rules and activities throughout the Group.

- (1) Equal employment opportunities
- (2) Prohibition of forced and child labor
- (3) Sound employment/working conditions
- (4) Safe, healthy, efficient work environments free from discrimination

These provisions are based on existing international standards such as the United Nations Universal Declaration of Human Rights. Sony also requests that its electronics suppliers comply with the “Sony Supplier Code of Conduct”^{*1}, which is based on compliance with each nation’s laws and refers to social standards, including the prohibition of forced and child labor.

^{*1} See page 16 for details of the Sony Supplier Code of Conduct.

Equal Opportunities and the Prohibition of Discrimination

In line with the Sony Group Code of Conduct, Sony’s fundamental policy is to recruit, hire, train, promote and otherwise treat applicants and employees without regard to race, religion, color, national origin, age, sex, disability or any other factors that are unrelated to Sony’s legitimate business interests. Guided by this global policy, Sony is implementing various initiatives in different countries and regions.

In Japan, Sony Corporation has adopted a “Basic Stance on Human Rights” statement that is followed by all domestic Group companies. Human rights representatives in the Sony Group in Japan formed a network to reinforce this philosophy and share information. During fiscal 2005, various human rights initiatives, including forums focusing on, among others, the psychology of harassment, were implemented. Training sessions were held, aimed at preventing sexual harassment and deepening respect for the rights of all people, including individuals with disabilities, women and people from other nations and cultural backgrounds.

In the United States, Sony maintains clear guidelines on equal employment opportunities and the prohibition of discrimination in all businesses.

Sony Europe^{*2} has established a basic policy on equal employment opportunities for all regional Group electronics businesses.

^{*2} Sony Europe, the Sony Group companies that handle the electronics business in Europe.

Respecting Employee Diversity

With the dizzying pace of change in the operating environment, including the rise of global competition and the diversification of customer needs, companies are under increasing pressure to provide products and services that accurately reflect the customer’s viewpoint, offer innovative ideas and create new value. Taking such factors into account, Sony believes that it is important to introduce diversity throughout the company and bring personalities and ideas of employees together in the workplace. Sony strives to promote diversity among its employees, encouraging the employment of people of various nationalities, minorities, women and individuals with disabilities.

Pursuing Diversity Initiatives

In 2004, Sony Electronics Inc. held its first Leveraging Diversity for Competitive Advantage workshop for all general managers and managers of higher rank, with the goal of improving awareness of how the changing demographics and increasing diversity of the workforce and Sony’s customer base in the United States affect its business. In 2005, e-learning-based diversity training was introduced to middle-ranking managers. A cumulative total of 800 employees have taken part in awareness training since it began.

In October 2005, Sony Electronics inaugurated 2 affinity groups to further enhance its diversity initiatives. These affinity groups, which focus on the engagement of, respectively, women and minorities, endeavor to raise employee motivation, productivity and satisfaction through a variety of programs. These programs support diversity recruitment efforts, and provide assistance for the establishment of a network and training and educational opportunities that cross organizational lines. In addition, they also provide coaching and mentoring experiences and host forums to enhance information exchange and communication.

Sony Pictures Entertainment Inc. in the United States has set up a special group within its human resources department to help foster diversity, and it is advancing the employment of minorities and women by exchanging information and cooperating with external organizations, by participating in recruiting information sessions that focus on diversity and by offering an internship program. The company also enhances awareness of diversity issues through training courses, required for all employees, which aim to prevent gender-based and other forms of discrimination as well as harassment.

Sony of Canada Ltd. is striving to increase its representation of women, indigenous peoples, people with disabilities and minorities in line with Canada's Employment Equity Act. Some of the initiatives undertaken in the last several years include the establishment of a network to support employment diversity, and focused efforts to promote female employment in retail electronics sales. As part of the last effort, in 2004 the company performed a survey of female employees in the retail group to identify some of the specific challenges that they face in working in the retail electronics sector. As a result of the survey findings, training programs have been reviewed and a practice of regular reporting to retail management on the work environment and training for women has been implemented.

Promoting Gender Diversity

In July 2005, Sony Group companies in Japan launched DIVI@Sony*1, a project aimed at stimulating the creation of a corporate climate that enables employees with diverse identities and values to realize their potential and invigorate the organization. As its first step in addressing the wider issue of employment diversity, the project is focusing on gender diversity, with the aim of fostering greater job opportunities for female employees. Project members interviewed managers and non-managerial employees, conducted surveys and met regularly to discuss their findings, enabling them to identify problems and formulate proposed measures. Since then, project members have commenced efforts to further encourage the employment of women, create a framework to foster the careers of female employees, promote information sharing internally and with parties outside the group, and build new networks. They report on their efforts directly to top management and communicate their efforts to employees. The project team has also launched a new website to publicize its activities and provide information in an effort to raise the awareness of all employees.

The Japan Women's Innovative Network was founded in April 2005, with the aim of supporting women in establishing networks across industries and businesses to help develop their careers. It consists of 50 companies and organizations that participate



Meeting at DIVI

voluntarily. Sony Corporation, as one of the steering companies, plays an active role.

In Europe, Sony is also actively promoting the careers of female employees through the ongoing development of its employment and work practices, which are aligned to senior management review of the progress of these initiatives. In 2004, Sony Europe established a number of female focus groups, interviewing 80 women to understand the issues key to promoting employment opportunities and creating a better working environment for women. As a result, in 2005 Sony Europe published interviews with several women in management positions on its internal website to provide role models for other female employees. Sony Europe also established an internal mentoring system. In addition, Sony Europe is reviewing its maternity and paternity policies with the aim of establishing common standards for all parts of Europe and, where necessary, taking steps to revise employment policies. The company's long-term objective is to increase the percentage of female specialists and managers in the workplace. In March 2005, Sony Europe, in cooperation with CSR Europe*2, set up a "Women in Leadership Positions" working group in which Sony and several companies look at best practices and discuss measures to help achieve this objective.

*1 DIVI is an acronym for Diversity Initiative for Value Innovation. The DIVI@Sony project is designed to promote employment diversity in the Sony Group in Japan.

*2 A nonprofit organization that promotes corporate social responsibility (CSR) in Europe.

Ratio of Female Employees and Management Positions by Region*3

		2004	2005	2006	Benchmark*5
Sony Group (Japan)	Sony female employee ratio	28.0%	30.0%	29.0%	26.5%
	Sony female management level ratio	2.4%	2.9%	3.1%	2.6%
Sony Group (U.S.)	Sony female employee ratio	38.1%	37.8%	38.0%	47.9%
	Sony female management level ratio	31.9%	32.7%	32.5%	35.2%
Sony Group (Europe)*4	Sony female employee ratio	35.0%	36.0%	38.0%	40.2%
	Sony female management level ratio	13.5%	15.3%	17.0%	24.9%

*3 Totals are based on data provided by Sony Group companies. Data for Japan and Europe is as of March 31 for each year. Data for the United States is as of July 31 from the prior year. There are cases where the definition of manager varies among Group companies.

*4 Sony Group (Europe) electronics business

*5 Japan: Data for fiscal 2004 is based on a corporation with 1,000 or more employees and according to a basic statistical survey of salary structures by the Ministry of Health, Labour and Welfare. For management level, calculated as the total number of department and section managers.

United States: Based on Equal Employment Opportunity Commission statistics for 2003

Europe: HR Index Benchmarks 2006, European Human Capital Effectiveness Report, Saratoga/PricewaterhouseCoopers

Employing People of Diverse Nationalities

Europe is home to many countries, languages and cultures, and thus a failure to understand differences would impede business success. Sony Europe places a high value on employee diversity, believing that the employment of people of various backgrounds from both inside and outside Europe helps further understanding of and respect for diverse cultures that are essential to doing business in the region. As of January 31, 2006, Sony Europe employed people from 79 countries.

In Japan, Sony Corporation has traditionally had an open-door policy and hired non-Japanese employees. In 2001, the company began to actively recruit newly graduated engineers, mainly from neighboring East Asian countries, so that they may pursue active careers at Sony.

In the Pan-Asia region, Sony Electronics (Singapore) Pte. Ltd. and Sony Electronics Asia Pacific Pte. Ltd., which oversees Sony's Pan-Asian electronics business, are actively promoting employee diversity. As of February 28, 2006, the 2 companies employed people from 13 countries.

Composition of Sony Corporation's Directors and Corporate Executive Officers

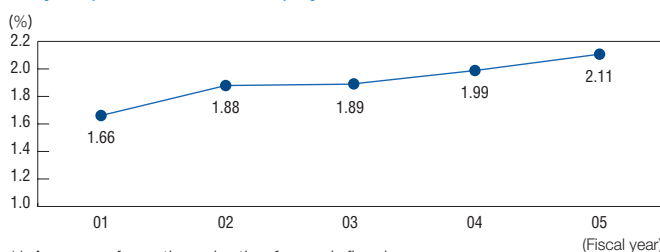
As of June 22, 2006, of Sony Corporation's 14 Board members, 1 is female and 4 are non-Japanese nationals; of the 7 Corporate Executive Officers, 1 is female and 2 are non-Japanese nationals.

Employing Individuals with Disabilities

Japanese law requires that individuals with disabilities constitute at least 1.8% of the workforce of companies of a certain size. Consistent with this law, the Sony Group in Japan strives to provide individuals with disabilities opportunities to play a more active role in society.

In fiscal 2005, individuals with disabilities accounted for 2.11% of Sony Corporation's workforce. Several Sony subsidiaries are recognized as companies providing special employment opportunities for individuals with disabilities: Sony Taiyo Corporation, established in 1987; Sony Hikari Corporation, established in 2002; and Sony Kibo Corporation, established in 2003. To promote the employment of individuals with disabilities throughout the Sony Group in Japan, the Office for Employment of the Disabled at Sony Corporation takes the initiative to encourage hiring in Group companies.

Sony Corporation Disabled Employees Ratio*1



*1 Average of month-end ratios for each fiscal year

Sony Taiyo's integrated operations encompass all stages of manufacturing, from device production to after-sales service. The company operates on the basis of custom cells, an approach which makes it possible for individuals to manufacture entire products. The manufacturing methods for models are adapted to the individual, thereby minimizing fatigue and accommodating individual disabilities.



A custom cell at Sony Taiyo

Sony Music Manufacturing Inc. conducts surveys regarding job openings suitable for individuals with disabilities at its various workplaces, and also conducts sign language classes at workplaces prior to the hiring of hearing-impaired employees. The company has also upgraded its facilities to accommodate employees with disabilities. As a result of such initiatives, Sony Music Manufacturing's disabled employees ratio was 3.65% as of March 31, 2006.

Employing Senior Citizens

In accordance with the revised Law Concerning Stabilization of Employment of Older Persons, the Sony Group in Japan is updating its reemployment system, which enables employees to continue working after mandatory retirement age. For example, Sony Corporation is revising certain aspects of its reemployment system, which has been in place since 2001, expanding the applicability of the system to include management-level employees as well as non-managerial employees and increasing the number of times annual reemployment contracts can be renewed. In addition to full-time work, various part-time options as well as positions at other Sony Group companies in Japan will be made available.

For Employees: Human Resources System and Personnel Development

Sony aims to build an appealing workplace that inspires the fulfillment of the creative and innovative potential of all Sony employees. Sony also strives to provide employees with sufficient opportunities, education and training.

Personnel Development

Sony endeavors to create a work environment that motivates employees to pursue new challenges and grow into independent professionals. In addition to learning on the job, employees have access to a variety of programs tailored to different regional needs, including the education of next-generation business leaders, management skill improvement training, and training aimed at enhancing the abilities and skills of individual employees. As indicated by its internal open recruitment system, introduced by Sony Corporation in 1966, Sony also respects the desire of employees to pursue new careers, enabling it to place the right people in the right jobs.

Employee Opinion Surveys

Sony surveys its employees in each region and uses the results to create better workplaces. Since fiscal 2004, Sony Corporation in Japan has surveyed all its employees with the aim of evaluating workplace culture, individual awareness and management conditions, soliciting employee opinions and requests, and in addition, holding interviews for individuals if employees request it. Based on survey results, related departments organize discussions and workshops, thereby promoting communication across technological and professional lines, and assist with efforts to revitalize the organization. Since fiscal 2005, Sony Corporation has provided feedback to individual managers and used the results to enhance management capabilities.

Sales companies in Latin America have conducted regular opinion surveys of their employees since 2002. Based on survey results, they continue to offer training aimed at raising management and leadership skills.

Evaluation and Compensation Systems

To ensure all its employees are able to realize their full potential, Sony has consistently initiated new evaluation and compensation systems with a perspective toward the future. In 1992, Sony Corporation in Japan introduced a self-assessment system that involves setting personal objectives and conducting reviews, and more recently changed its traditional grading system into a compensation structure that emphasizes the policy of “contribution = compensation (pay for performance).” As an independent professional, each employee can enhance his/her capabilities and expertise under this new system and is awarded compensation according to his/her contribution level.

Work-Life Balance

Sony seeks to offer versatile working styles that cater to different lifestyles and enable employees to fully express their abilities. In

Japan, Sony Corporation offers the “Flex-time System” and “Expert System” (a discretionary work system) and supports the efforts of employees, both male and female, who are struggling to balance the demands of work and caring for children or ill family members through a system that includes leaves of absence and other forms of assistance in addition to those mandated by law. Sony Corporation also offers the “Child Care Flexible Work” program, which enables employees to work at home during child care leave. In recognition of these efforts, Sony Corporation was named the top company in the Family-Friendly Company Awards, awarded by Japan’s Ministry of Health, Labour and Welfare, in 2005.

Number of Employees Taking Leave-of-Absence for Child Care at Sony Corporation (Japan) (Fiscal 2005)

Leave of absence for child care	356 (incl. 5 males)
Percentage of eligible employees	95%*1

*1 Calculated based on the number of employees who gave birth during fiscal 2005

Interview: My Experience with Child Care Leave

When my daughter was 9 months old, I took a 3-month leave of absence for child care. Children grow so much and so quickly at that age and I wanted to be around, to play a part in my daughter’s life at this important time. The other reason was that my wife was hoping to return to work sooner than planned after her child care leave. At that time, I was working on the development of a new display device and was extremely busy, so I became a pilot participant in the Child Care Flexible Work program. This enabled me to work 20% of the normal workload and to base myself at home.

While on leave, it was all I could do to take care of my daughter and keep up with the housework. I was that busy every day—the only time I could work was when she was asleep. But it turned out to be a valuable experience not only because I was able to spend precious, quality time with my daughter but also because I learned to work more efficiently, which is important when one has only a limited amount of time to achieve results. This was something that I was able to apply back in the workplace. My wife and I are both back at work now, so we share the child-rearing duties each day.



Hidenori Ishikawa
Semiconductor Group,
Sony Corporation

Awards for Employees Contributing to the Creation of Sony Value

Sony introduced the Sony MVP award in fiscal 2003. Honoring employees around the globe, particularly those who have applied specialized technology and knowledge to create enhanced value for Sony, this award is designed to motivate employees to pursue greater challenges and achievements. In fiscal 2005, a total of 37 employees from Group companies were certified as MVPs.

Developing Future Business Leaders

Sony established Sony University in 2000 to help develop future leaders of the Sony Group. In fiscal 2005, approximately 200 Sony employees from various countries, regions and businesses participated in the university's 5 original programs. Through direct dialogue with top executives, offered by each of these programs, the engaged participants proposed management-related themes based on discussions with experts from within and outside the company and exchanged frank opinions with top executives. For their part, top executives spoke with attendees to gain a better understanding of the circumstances in different workplaces and convey management-related messages directly. As part of the Sony University Program, there is also training to develop the future leaders at global manufacturing sites.

Fostering Local Leaders

Sony operates worldwide according to a basic philosophy of "global localization," which aims to promote harmony with the countries in which it operates. This philosophy also applies to human resources, including a commitment to seeking the best people wherever we do business.

Sony (China) Limited introduced the Management Associate Program in fiscal 2005 with the aim of identifying and fostering the development of promising new recruits. The program comprises 1 year of on-the-job training and study followed by 2 years of on-the-job training overseas, and is designed to cultivate Sony (China)'s next generation of leaders.

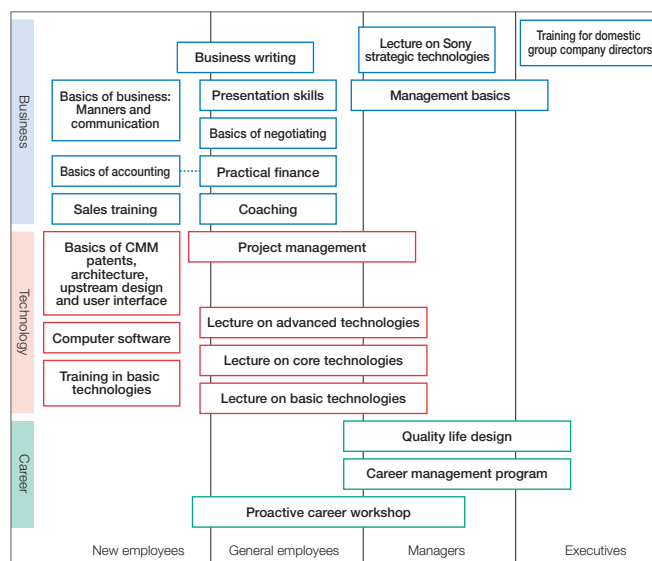
Sony (China) continues to implement the Sony CEIBS Management Development Program, an MBA-based course that was started in 2000 in cooperation with the China Europe International Business School (CEIBS) to promote local management. This program contributes to the creation of a foundation for inter-departmental communication and an environment conducive to the development of top-notch local personnel.

Sony also offers an executive management training program in Pan-Asia. The success of this program has inspired companies in the region to establish their own personnel development programs. For example, in fiscal 2005, Sony India Pvt. Ltd., introduced a new program for mid-level managers aimed at recruiting and nurturing leaders capable of supporting the company's business growth today and in the future. Going forward, this program will contribute to efforts to localize key leadership positions.

Employee Training Designed to Satisfy a Variety of Needs

Sony organizes various training programs for employees of all levels, from new graduates to senior executives suitable to each region and business.

Employee Training Programs in Japan



In Japan, the Sony Group is reinforcing its technological training to share information on core technologies and nurture advances in cutting-edge technologies. Approximately 200 Sony employees with frontline technological expertise serve as instructors.

In fiscal 2005, technological training focused on a Project Leadership course to improve the quality of software. A new addition was the Productivity-Enhancement Technology course, which focuses on Sony's tradition of craftsmanship and aims to strengthen the capabilities of employees in the workplace. A total of 7,800 employees participated in technological training during the period.

Since fiscal 2003, the Sony Group in Japan has also offered Management Basics, a training program to reinforce the ability of managers to develop the skills of their subordinates. The program consists of a 2-day group training session and 40 hours of e-learning and focuses on coaching, leadership-building and methods for evaluating employee achievements that help foster personnel development. In fiscal 2005, approximately 1,000 employees took part in this program, bringing the cumulative total to date to more than 3,600.

For Employees: Work Environment and Occupational Health & Safety

Sony strives to adopt sound labor and employment practices and to maintain a healthy, safe and productive work environment.

Basic Policy and Management System

In 1998, Sony enacted a Global Policy on Occupational Health and Safety (OH&S), which serves as a Group standard and reflects Sony's commitment to the health and safety of employees. The policy not only stipulates compliance with countries' and regions' laws concerning occupational health and safety, but also sets out additional activities to be undertaken through its health and safety management structure.

To further supplement the policy, Sony is continuously improving the OH&S management system at each site. Each site has set its own goals, in line with Sony's OH&S policy, and is implementing ongoing initiatives. Under this system, sites are also promoting a comprehensive approach to OH&S, including protection measures in the event of fires and earthquakes, as well as anti-terrorist and other security measures, in light of the potential threat of such occurrences to safety and health.

Risk Assessment

Sony conducts risk assessments to ascertain the types and degrees of risk to its employees and property and implements appropriate measures to prevent and manage risks. Sony uses risk identification check sheets to identify potential risks and, in accordance with the risk management system, individual sites take steps to reduce and manage risks related to occupational accidents, fires, earthquakes, severe weather and site security.



Gas safety check in the clean room of Sony Semiconductor Kyushu Corporation Kagoshima Technology Center

Efforts to Protect Employee Safety

Through Sony's global OH&S management system and/or related programs, Sony companies around the world strive to protect the health and safety of employees through a variety of initiatives.

The health and safety initiatives of the Ayuthaya Technology Center of Sony Technology (Thailand) Co., Ltd., were recognized with a safety award from Thailand's Ministry of Labour. Achievements that were cited include the complete automation of television lifting, a task that was previously performed manually.



Fully automated television lifting at the Ayuthaya Technology Center of Sony Technology (Thailand)

Sony Group companies in Europe are managing health and safety improvement programs based on a Plan-Do-Check-Act (PDCA) cycle*1. Since fiscal 2004, these companies have conducted employee training using a comprehensive e-learning program that covers Sony's Global Policy on OH&S and OH&S management system, as well as health and safety initiatives related to dangerous and hazardous work procedures. As of the end of fiscal 2005, a cumulative total of more than 350 middle management employees had participated in this program. In 2006, Sony Group companies in Europe established the Occupational Health and Safety Best Practices Award to recognize companies with outstanding internal practices. The awards are also presented to serve as examples to other Sony sites.

*1 Repeating the cycle of making policies and plans (Plan), executing the plans (Do), assessment (Check) and review by management (Act)



The Barcelona Distribution Center of Sony España, S.A., won the 2006 OHS Best Practice Award for developing this box-pulling tool, which prevents back strain in warehouse operations.

Global Workplace Injury Statistics

Since fiscal 2001, Sony has built and employed a data collection system to gather annual injury workplace data in the countries and regions in which it has operations. Sony analyzes these statistics to gain an understanding of circumstances and analyze trends in terms of country/region, injury, accident and illness, and the related practices of Sony companies. Corporate audits are also conducted regularly with the aim of improving the health and safety performance of all Sony sites.

In fiscal 2005, improvements were seen in workplace injury statistics in all regions. The main causes of workplace injury were slipping, tripping and falling as well as work posture issues related to assembly and the handling of tools.

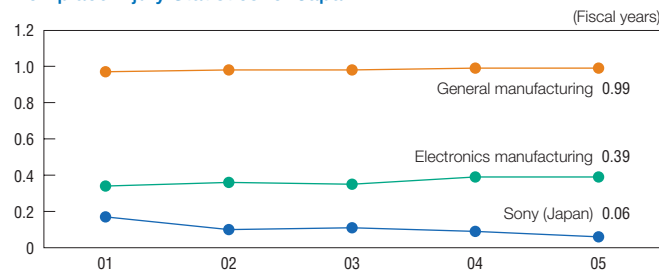
In Japan, the frequency of workplace injuries resulting in lost days in fiscal 2005 declined from the previous period. This was attributable to a renewed effort to identify risks in production facilities and of chemical substances and limit or eliminate them prior to use and to ongoing measures implemented in line with the OH&S management system to reduce and manage procedure-related risk.

Overall safety performance improved in the Americas as a result of better workstation designs, more frequent safety inspections and frequent safety awareness promotion and training.

In Pan-Asia and East Asia, various efforts contributed to an improved safety performance and better awareness of workplace safety. These efforts included the improvement of ergonomics to reduce musculoskeletal disorders, thorough safety risk assessment reviews and the ongoing commitment of top management.

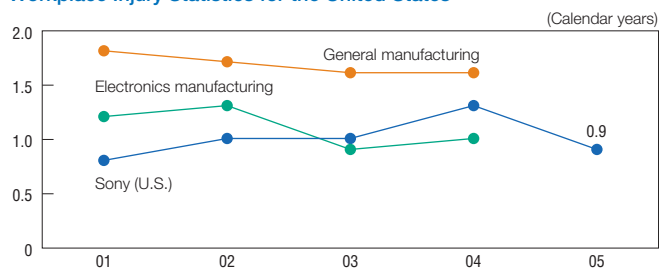
In Europe, the implementation of a joint regional safety program using Sony Six Sigma customized methodologies has improved safety performance.

Workplace Injury Statistics for Japan*1



*1 Frequency rate = Number of injuries resulting in more than 1 lost day ÷ Total working hours × 1,000,000

Workplace Injury Statistics for the United States*2



Workplace Injury Statistics for Brazil, Canada and Mexico*2

(Calendar years)

Country	2001	2002	2003	2004	2005
Brazil	N/A	N/A	1.7	1.6	0.6
Canada	N/A	N/A	N/A	N/A	4.1
Mexico	N/A	2.4	3.5	2.0	1.4

*2 Rate of incidence = Number of cases of injuries requiring any days of missed work ÷ Actual number of hours worked × 200,000

Incidence rates for electronic device manufacturers are based on NAICS Code 3343, Household Audio and Video Equipment. Included in the above Sony statistics are incidence rates for its CRT manufacturers, which had a BLS rate in 2003 of 1.4, and its glass manufacturing, with a BLS rate of 1.8. Brazil does not include all manufacturing sites. The scope of Canada has been changed from year 2005.

Workplace Injury Statistics for Pan-Asia and East Asia*3

(Fiscal years)

Country/Region	2001	2002	2003	2004	2005
Malaysia	N/A	2.2	1.2	2.9	1.5
Singapore	N/A	1.6	1.4	0.7	1.3
Thailand	N/A	0.1	0.2	0.5	0.1
Mainland China	0.5	0.4	0.3	0.3	0.2
South Korea	N/A	1.7	1.1	1.9	1.7

*3 Frequency rate = Number of injuries resulting in more than 1 lost day ÷ Total working hours × 1,000,000. Rates include all Sony employees and Sony temporary employees in manufacturing companies.

Workplace Injury Statistics for Europe*4

(Calendar years)

Country	Sony vs. National Industry	2001	2002	2003	2004	2005
Austria	Sony National industry	13.5 38.0	13.3 37.0	12.5 39.0	13.5 39.0	17.7 38.5
France	Sony National industry	34.7 42.8	28.5 43.0	26.8 40.9	25.4 N/A	16.7 N/A
Hungary	Sony National industry	26.5 N/A	13.2 N/A	35.6 N/A	26.9 N/A	18.2 N/A
Slovakia	Sony National industry	9.4 15.4	13.7 14.6	15.6 13.0	9.4 10.5	7.7 N/A
Spain	Sony National industry	105.3 110.4	142.9 105.2	116.6 99.6	120.6 102.4	123.0 N/A
UK	Sony National industry	23.7 11.3	25.2 11.6	30.5 10.8	18.6 10.2	7.7 N/A

*4 Units used: Number of injuries per thousand employees

The definition of workplace injury statistics varies from country to country. Statistics for Spain include both occupational and non-occupational illnesses as required by legislation. As such, the definition is different and direct comparison cannot be made with other European countries.

Asbestos-related Issues in Japan

Since the latter half of the 1970s, Sony has taken steps to protect the health of employees of Sony Group companies in Japan in buildings where sprayed asbestos has been used as insulation and fire retardant by removing asbestos or preventing asbestos dust emissions. However, in light of the increasing awareness in Japan of the dangers of asbestos, in October 2005 Sony undertook a survey of all its sites in Japan to determine the extent of asbestos use. As a result, the presence of certain building materials containing asbestos or sprayed asbestos was confirmed at a number of sites. In all cases, however, effective controls were in place, precluding any danger of asbestos dust emissions. In cases where asbestos is exposed, either effective controls are in place or employees periodically measure asbestos concentrations in the air to confirm they are within the limits specified under Japanese law.

Sony also investigated the use of asbestos in manufacturing processes. As a result, Sony discovered that asbestos had been used in Japan in the 1980s in adhesive substrates and the cushion materials of conveyor belts used in the production of cathode ray tubes. Although adequate steps were taken at the time to protect employees from inhaling asbestos dust, in December 2005 Sony organized health checkups for all potentially affected individuals.

Based on the results of its investigations, in December 2005 Sony established asbestos management guidelines. Going forward, Sony will periodically survey sites where asbestos is present, replacing asbestos with alternative materials and taking adequate steps to prevent health risks arising when structures containing asbestos are demolished.

In 2005, asbestos was removed from the Nakada Factory of Sony Miyagi Corporation in accordance with relevant laws and regulations. As part of a project conducted by the Ministry of the Environment, the factory was monitored during asbestos removal to ascertain that concentrations inside the boundaries of the factory site remained below legislated limits.

Employee Health

Sony Corporation is committed to creating workplaces conducive to sound health. Related activities focus on monitoring the health of its employees through regular health checks, providing counseling and publishing information on the Internet to increase understanding of health-related issues.

Clinical studies in recent years have shown an increasing incidence of illnesses resulting from changes in eating habits, a lack of exercise and other lifestyle-related problems. Among the general working population such illnesses correlate closely with longer working hours, which often result in inadequate exercise and irregular, unhealthy eating habits. The increasing complexity of tasks, changes in the industrial structure and diversifying work styles are compelling society to search for solutions to health problems caused by long working hours and working practices that threaten mental health. To counter this trend, Sony Corporation

provides access to industrial medicine practitioners and counseling if desired for employees with health problems related to, among others, long working hours. It also provides managers with special training so they can identify symptoms of disorders at early stages and prevent such disorders from developing into other serious illnesses. Sony Corporation has also established in-house and external counseling services to advise employees regarding mental and physical health issues and help them deal with a variety of work-related and other concerns.

Initiatives to Combat HIV/AIDS

Recognizing HIV/AIDS as an urgent issue for humankind, Sony is implementing various initiatives, focusing on areas having a high prevalence. For example, Sony Device Technology (Thailand) Co., Ltd., initiated HIV/AIDS awareness training for all employees in 1993 and developed a specific policy in 1998. The policy covers nondiscrimination in hiring, awareness training, the confidentiality of employee medical information and other matters. Sony Device Technology (Thailand) also recognizes drugs as a serious social problem in Thailand and has combined its HIV/AIDS policy with antidrug use policies to enhance effectiveness.

Sony South Africa Pty. Ltd. is also undertaking various initiatives to combat HIV/AIDS. In addition to prohibiting discrimination in hiring and in the workplace, Sony South Africa is implementing an ongoing HIV/AIDS awareness program, under which medical specialists give talks to employees on the causes and prevention of transmission of HIV/AIDS and other related topics. In 2005, the company launched the Community Upliftment Program, one theme of which is to provide food and medicine to school-age children infected with the virus and their families and to implement various HIV/AIDS-related public education programs. (For more information on Sony South Africa's Community Upliftment Program, please see page 35.)

For the Community: Social Contribution Activities

Sony undertakes a wide variety of social contribution activities in fields in which it is best able to do so, to help address the needs of communities in regions around the world where Sony conducts business.

Social Contribution Activities

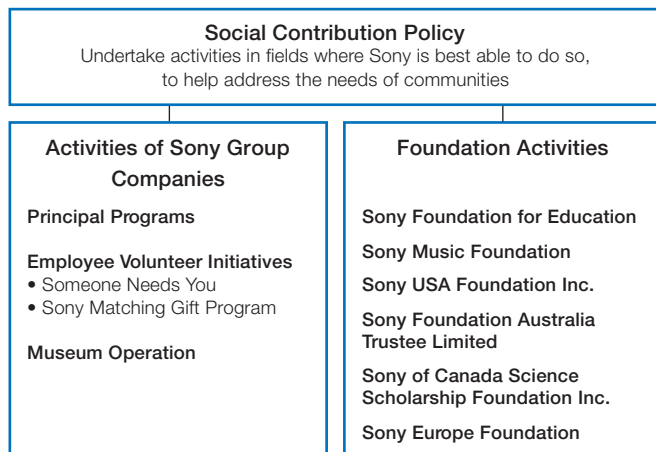
In Sony's Founding Prospectus, Sony's co-founder, Masaru Ibuka, declared the enhancement of scientific literacy as one of the missions of the company. Thirteen years after Sony's establishment, he set up the Sony Fund for Education to support primary schools that pursue excellence in science education. Mr. Ibuka was convinced that promoting science and technology would be critical to the recovery of postwar Japan and that education for children was the key.

As Sony's business activities have expanded around the globe, Sony has extended its social contribution activities to different regions around the world. Sony's conviction that it must contribute according to current social need—especially in fields where Sony is best able to do so—has been inherited from the company's founders.

Structure

Sony's companies, offices and foundations around the world engage in social contribution activities. In fiscal 2005, Sony established the Social Contribution Committee to help review the Sony Group's social contribution policies and share information.

The Sony Group's Social Contribution Organization

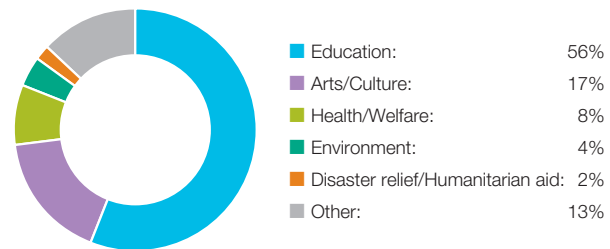


Activities during the Fiscal Year

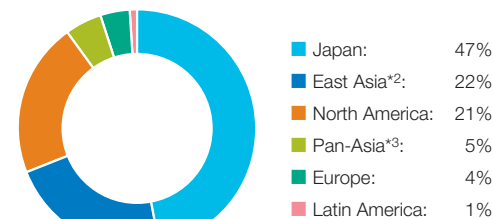
In accordance with Sony's social contribution policies, Sony's activities—conducted in areas where Sony has operations—focused on education, particularly science education, as well as the arts, music and culture. This was accomplished by making good use of Sony's resources, such as technology and products. During fiscal 2005, the Sony Group spent approximately ¥4.2 billion on social contribution activities*1.

*1 Expenditures for social contribution activities include: (a) donations in cash; (b) sponsorships; (c) program expenses; (d) market values of contributed products; (e) employee support, calculated based on the number of hours devoted to social contribution activities during working hours; and (f) renting of facilities, calculating the value of opening facilities for regional activity use based on facility rental fees.

Social Contribution Expenditures by Field



Social Contribution Expenditures by Region



*2 Mainland China, Hong Kong, Taiwan and South Korea

*3 Southeast Asia, Middle East, Africa and Oceania

For the Community: Local Involvement

With the goal of fostering positive relationships with the communities in which they operate, Sony Group companies, offices and foundations engage in a variety of activities to address local needs and encourage employees to play an active role in their communities through an extensive employee volunteer activity support system.

Initiatives Tailored to Local Characteristics

Sony plays an active role in the various communities in which it operates. The needs of each region vary according to social, cultural and historical background. Sony respects diversity and tries to tailor its activities to reflect local characteristics and local customs.

Sony also provides employees with many opportunities to participate in volunteer activities in their communities, supporting their efforts with a variety of initiatives. We believe such activities not only benefit local communities but also enhance employees' perspectives and provide opportunities for greater social interaction. During fiscal 2005, nearly 30,000 Sony Group employees in 21 countries participated in volunteering activities.

Some of the programs organized by Sony Group companies are introduced below.

Support for Education Programs (United States)

Sony Pictures Entertainment Inc. continues to support the Sony Pictures Media Arts Program, a partnership with the California Institute of the Arts (CalArts) Community Arts Partnership and the Los Angeles Cultural Affairs Department. This program features workshops that cover drawing, painting, animation and media arts taught by CalArts faculty, alumni and students. The workshops operate at 5 different community centers throughout Los Angeles and are held twice weekly after school for students aged 10–14. In 2005, Sony Pictures Entertainment donated new equipment and materials, including personal computers and digital camcorders, for use by this program.

Sony Corporation of America regularly supports organizations like the Inner-City Scholarship Fund, New Visions for Public Schools and Teach For America to improve schools in some of the poorest neighborhoods in New York City and around the country.



Participants learning how to use video equipment in Sony Pictures Media Arts Program

Community Upliftment Program (South Africa)

Sony South Africa Pty. Ltd. has started a Community Upliftment Program (CUP) as part of its CSR initiatives. By adopting 2 schools based in Alexandra, a community with a high unemployment rate, the program aims to improve the learning environment for children. Each month CUP selects and sponsors 1 project related to arts and culture, science and technology, sports, health, education or the environment. This program has also taken up HIV/AIDS as an important theme, as South Africa has a high prevalence of HIV/AIDS—a situation that has left many children orphans, many of whom are also infected with the virus. The CUP also works with the school governing bodies to provide food parcels and medicine to patients and their families each month, as well as to implement education programs.



HIV/AIDS education program

Sony Nature Photography Project (Malaysia)

In 2005, Sony (Malaysia) Sdn. Bhd. held its inaugural "Sony Nature Photography Project" on the theme of "Living with Nature." This project seeks to promote public awareness of the environment through photography and includes nature photography talks by prominent professional photographers, a nature camp for 100 secondary school students and teachers, and a nature photography contest and exhibition. The nature photography contest was open to amateur and student photographers and attracted more than 2,000 entries, with Sony products and cash prizes awarded to 16 talented winners.



Nature camp

Sony Volunteer Program

Someone Needs You

Someone Needs You is a global, in-house volunteer program designed to enhance community relationships. Under the program, Sony Group companies formulate volunteer programs tailored to local needs and encourage employee participation. Several volunteer programs in fiscal 2005 are introduced below.



Report from Russia

Park Restoration

ZAO Sony CIS held a cleanup event at a national park in Moscow in which 22 employees participated. The park is popular among Moscow residents, but park authorities are unable to conduct proper maintenance due to a lack of funding, so the support of volunteers is essential. One of the more useful projects involved cleaning the area near the park's central entrance, which is one of the most popular areas but also one that was in need of the most maintenance. It was a rather hot day, so cleaning everything well and within the time allotted was quite an undertaking.

The park authorities were very grateful for the assistance. The reaction to the event from the ZAO Sony CIS employees was also very positive.

Ivan Kumarin, ZAO Sony CIS



Report from South Korea

Happy Melody Day

Approximately 80 employees of the Sony Group in South Korea visited the Seoul National University Hospital for Happy Melody Day, an event aimed at providing encouragement to children suffering from cancer and other serious illnesses. The event included a performance by a band made up of employees and a concert by a Sony BMG Music Entertainment singing group, after which an employee dressed up as a game character toured the wards and handed out gifts.

For the past 6 years, Sony Korea Corporation has been encouraging employee participation in volunteer activities related



to underprivileged children and the environment. As an employee, I am proud of our company's efforts to contribute to society. Efforts to promote participation in such events have made employees more aware of the importance of relations with our local community. Sony Korea Corporation and its employees will continue to undertake a variety of volunteer activities.

HaeNa Woo, Sony Korea Corporation

Report from Singapore

Environmental Event

Approximately 400 Sony Group employees in Singapore and children from underprivileged homes spent a day touring the NEWater water recycling plant to learn about resource reuse, greening and environmental problems through various interactive games and activities, including an exhibit in the plant on environmental protection efforts. This activity was part of an annual community/environment program, this year titled "Our Home to Care," which aims to remind us of the importance of doing our part in caring for the community and the environment. This program, which began in July 1999 and is now in its seventh year, is organized jointly by Sony companies in Singapore and various government agencies.

I am very honored to have led the organizing committee for this year's event. Our staff served as mentors for the invited children for the first time this year, and it was such a joy to hear the children exclaim how much they were learning about environmental conservation. I am glad that through this event, Sony was able to contribute positively to the local society and at the same time help to promote environmental awareness.

Mustafa Ibrahim, Sony Electronics Asia Pacific Pte. Ltd.



Report from Japan

Environmental Beautification

A total of 485 employees of the Sony Group in Sendai, their families and local residents took part in a project to clean up a municipal road and replant flowers in flowerbeds in the city of Tagajo. This biannual activity was launched in 2000 and has continued, thanks to a group of regular volunteers composed of both employees and residents. In addition to contributing to local beautification, the activity is an opportunity for children to learn about the environment. For this reason, we were really pleased to see the children show initiative in helping with the flower planting effort and playing with a handmade *taketombo*, a traditional helicopter-like bamboo toy, in our workshop. I look forward to participating in this activity again.

Shinji Honda, Sony Corporation



Report from the United States

Support for Education

Employees of Sony Electronics Inc. in San Diego worked with Junior Achievement and Rolling Readers, 2 nonprofit organizations that support education for children. With Junior Achievement, employees visit first- through fifth-grade classrooms weekly for a period of 6 weeks to teach students the basic concepts of business and economics and show them how education is relevant to the workplace. With Rolling Readers, employees visit kindergarten through third-grade classrooms once weekly during the school year to read to the children. In addition, Sony Electronics Inc. donated books to the participating schools.

There are many positive aspects of Junior Achievement and Rolling Readers, both of which allow us to interact directly with children. I really enjoy coordinating these programs because it's so rewarding for our employee volunteers and because they understand the value of working with children in these areas.

Rosanne Brown, Sony Electronics Inc.



Emergency Humanitarian Assistance

Sony aims to take immediate action to provide emergency humanitarian assistance to the victims of large-scale natural disasters and regional conflicts.

Hurricane Relief (United States)

In an effort spearheaded by Sony Corporation of America, the Sony Group supported relief efforts for victims of several massive hurricanes that caused catastrophic flooding and related damage in parts of the southern United States in 2005. Contributions made by Sony employees were matched by Sony Group companies in North America and Japan, resulting in a significant cash contribution to hurricane relief. Sony Group companies contributed in numerous other ways as well, donating radios to disaster-stricken areas and providing free studio space for televised benefit concerts.

Disaster Relief (Pakistan Earthquake)

The Sony Group made contributions to disaster relief for the victims of the devastating earthquake that struck Pakistan, India and Afghanistan.

Funds collected from Sony Group employees in Japan were matched by Sony Corporation and were donated to Japan Platform, an organization dedicated to providing international humanitarian assistance. Three months after the earthquake, Japan Platform gave a presentation on its relief efforts to Sony Group employees in Japan.

The Sony Building, in Tokyo's Ginza district, also participated in this effort, collecting donations for earthquake victims and staging a presentation to report the extent of damage and the activities of nongovernmental organizations (NGOs) in the stricken area.



Japan Platform's presentation held at Sony Corporation headquarters in Tokyo

For the Community

For the Next Generation

Sony strives to enhance the creativity of children through a variety of programs that offer memorable experiences.



Poster for Opera for Kids—
Don Giovanni

Opera for Kids—*Don Giovanni*

Sony Music Foundation

The Sony Music Foundation's Special Concert Series offers children the opportunity to enjoy performances by world-class musicians. In fiscal 2005, the Foundation sponsored a special performance of Mozart's opera *Don Giovanni* for children in cooperation with the Royal Opera House of Belgium (La Monnaie), which made its first tour of Japan. The performance featured highlights of *Don Giovanni* with the opera house's music director and conductor, Kazushi Ono, providing commentary to help the children follow what was happening.

The Royal Opera House of Belgium is active in the area of musical education and frequently holds workshops and stages special performances for children. In addition to the special performance, the opera house held a workshop on *Don Giovanni* for students at Gunma Kokusai Academy. The children not only learned about the opera's music but also studied how characters in an opera convey emotions and examined Mozart and his life. The children presented their accomplishments from the workshop in a short performance before a large audience.



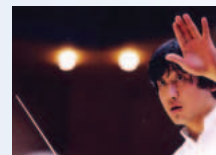
The children presented a short performance of *Don Giovanni* before a large audience.

Message from Kazushi Ono, Music Director, Royal Opera House of Belgium

Some people were doubtful about the whole idea, saying that opera—and particularly a work like *Don Giovanni*—would be beyond the grasp of most children. But we were confident it would be a success.

Opera is really ideal in many ways because it embraces so many things that are difficult to teach children about in everyday life—love, hate,

jealousy, despair, war, different countries and people. It was such an emotionally powerful experience for me to see these children experience intuitively, through the magic of Mozart's music, an event that will surely have an impact on their character and their future. My greatest hope is that this experience will help them to grow into perceptive people who can communicate well and easily. I thank everyone at the Sony Music Foundation for giving me this opportunity and wish them success with this program in the future.



Kazushi Ono
Music Director
Royal Opera House of Belgium



Sony Movie Works

Sony Corporation

Sony Corporation offers the Sony Movie Works program, which seeks to enhance creativity among youth through the medium of film production. In 2005, the theme chosen for the program was “Dreams.” High school and junior high school students who were selected for the program participated in workshops on film planning, shooting, editing and sound effects before embarking on the challenge of making an actual film. Sony Group employees volunteering for the program served as tutors and provided advice to film production teams throughout the process. The Sony Group also assisted by providing video cameras and personal computers for post-production editing.

The completed works on the theme of “Dreams,” which displayed the unique sensibilities and individuality of the students, were shown at a special presentation. Judges at the presentation critiqued each of the films and awarded prizes to those that they considered the best.



Wellspring of Science Inspiration— Children’s Schoolhouse of Dreams

Sony Foundation for Education

The Foundation strives to foster children’s curiosity and creativity through science. The Foundation does this with the aim of helping children grow up into individuals who are always open to new challenges.

In 2005, the Foundation sponsored the first “Wellspring of Science Inspiration—Children’s Schoolhouse of Dreams” program. Led by Dr. Hideki Shirakawa, recipient of the Nobel Prize in Chemistry, the program is comprised of a variety of science-related activities aimed at helping children learn from nature and increase their understanding of humanity.

In his opening presentation on the first day of the program, Dr. Shirakawa shed light on the program’s central theme of “learning from nature.” The program began with the students dividing into several groups, each including children in different school years, and choosing topics to study over the remaining 5 days.

Among the unique topics selected were: “Why are wall lizards able to climb straight-standing trees?” and “What sorts of insects do ants drag back to their nests?” After discussing their chosen topics, the groups set about to conduct research. On the final day, the groups presented their findings. The children had a great deal of fun during the 5-day program as they explored nature and attempted to discover answers to their questions.



Support-for-Schools Project

Sony (China) Limited

In classrooms in poor, rural areas of central China, there is a shortage of desks and chairs, and most of those in use are old and worn. In addition, reflections off antiquated blackboards have a detrimental effect on the health of children. In an effort to improve the environment in which these children study, Sony (China) Limited has donated desks, chairs and blackboards to approximately 60 schools in 16 provinces in the region since 2003. Sony employees visit these schools after donated items have been received, providing an opportunity for them to interact with local children.

For the past 10 years, Sony (China) Limited has also sponsored an electronic design contest in China with the cooperation of China’s Ministry of Education and Ministry of Information Industry. Sony Group employees in China also participate in tree-planting and cleanup projects and a host of other volunteer activities in their communities.

Employee Interview: Organizing the Support-for-Schools Project

I have participated in a variety of volunteer activities as an employee of Sony (China) Limited, but the one that really sticks out in my mind is the Support-for-Schools Project. It was a very valuable experience for me to go to schools and speak directly to the students in rural areas.



Cathy Lu
Sony (China) Limited

I’ll never forget the smiles and spark of hope in the eyes of the children as they sat at their bright, clean new desks—and I would like to go to rural schools to take part in such activities again. I hope we can expand this program to more schools in the future.