Cautionary Statements With Respect to Forward-Looking Statements

Statements made in this presentation with respect to Sony's current plans, estimates, strategies and beliefs and other statements that are not historical facts are forward-looking statements about the future performance of Sony. These statements are based on management’s assumptions and beliefs in light of the information currently available to it and therefore you should not place undue reliance on them. Sony cautions you that a number of important factors could cause actual results to differ materially from those discussed in the forward-looking statements. Such factors include, but are not limited to (i) general economic conditions in Sony’s markets, particularly levels of consumer spending; (ii) exchange rates, particularly between the yen and the U.S. dollar, and other currencies in which Sony makes significant sales or in which Sony’s assets and liabilities are denominated; and (iii) Sony’s ability to continue to design and develop and win acceptance of its products and services, which are offered in highly competitive markets characterized by continual new product introductions, rapid developments in technology (particularly in the Electronics business), and subjective and changing consumer preferences (particularly in the Game, Music and Pictures businesses).
## Consolidated Results

**FY2000.3Q (quarter ended December 31, 2000)**

<table>
<thead>
<tr>
<th>Category</th>
<th>Amount</th>
<th>YOY change</th>
<th>LC*</th>
</tr>
</thead>
<tbody>
<tr>
<td>Sales and operating revenue</td>
<td>2,110 bln yen</td>
<td>+10%</td>
<td>+10%</td>
</tr>
<tr>
<td>Operating income</td>
<td>146 bln yen</td>
<td>- 11%</td>
<td>+5%</td>
</tr>
<tr>
<td>Income before income taxes</td>
<td>133 bln yen</td>
<td>- 20%</td>
<td></td>
</tr>
<tr>
<td>Net income</td>
<td>72 bln yen</td>
<td>- 23%</td>
<td></td>
</tr>
</tbody>
</table>

**Impact of Exchange Rates (00.3Q vs 99.3Q)**

- Sales impact: -4 bln yen
- Oper. Income impact: -25 bln yen

**Impact of Change in Pictures Accounting**

- Operating Income: -14 bln yen

*LC=local currency
Electronics FY00.3Q

(bln yen)

<table>
<thead>
<tr>
<th></th>
<th>FY99.3Q</th>
<th>FY00.3Q</th>
</tr>
</thead>
<tbody>
<tr>
<td>SALES</td>
<td>1,311</td>
<td>1,590</td>
</tr>
<tr>
<td>OPERATING INCOME</td>
<td>86</td>
<td>132</td>
</tr>
</tbody>
</table>

including intersegment transactions
LC=local currency basis
% change over year earlier period
Electronics Sales by Area FY00.3Q

Other Area
+29%
(LC+27%)

Japan
+21%

Europe
+5%
(LC+17%)

U.S.
+14%
(LC+9%)

based on location of customer
change over year earlier period, LC = local currency
excluding other operating revenue
Electronics Sales Trends by Area

Japan

Percentage change on year earlier period

00.3Q positive factors
- VAIO PCs
- Digital Still Cameras
- Semiconductors
- Cellular Phones

00.3Q negative factors
- no major factors

excluding other operating revenue
Electronics Sales Trends by Area

**U.S.**

Local currency base;
Percentage change on year earlier period

- **99.1Q**
- **00.1Q**
- **2Q**
- **3Q**
- **4Q**

**00.3Q positive factors**
- VAIO PCs
- Televisions
- DVD Players
- Camcorders

**00.3Q negative factors**
- no major factors

excluding other operating revenue
Electronics Sales Trends by Area

Europe

Local currency base;
Percentage change on year earlier period

00.3Q positive factors
• VAIO PCs
• Cellular Phones
• Camcorders
• Digital Still Cameras

00.3Q negative factors
• no major factors

excluding other operating revenue
Electronics Sales Trends by Area

Other Area

Local currency base;
Percentage change on year earlier period

00.3Q positive factors
- CD-R/RW
- Televisions
- Semiconductors
- Hi-Fi audio

00.3Q negative factors
- no major factors

excluding other operating revenue
Composition of Electronics Sales

FY00.3Q
(yen base)

- Electronic components and other (+16%)
- Information and communications (+31%)
- Television (+14%)
- Video (+19%)
- Audio (-0%)

Percentage of total Electronics business; year on year growth rates; excluding intersegment transactions
Electronics: Sales by Major Product Area

AE | Audio Entertainment
VE | Visual Entertainment (Televisions, etc.)
PV | Personal Video (Camcorders, Digital Still Cameras, etc.)
DD | Display Devices (PC Displays, etc.)
IT | Information Technology (PCs, etc.)
SNC | Semiconductor

*Note that the total of these categories is different from the actual total of the Electronics segment, and only includes major product areas.
*Semiconductor, etc. includes internal sales

00.3Q yen base
Electronics: Major Areas Sales Changes

<table>
<thead>
<tr>
<th>Area</th>
<th>Description</th>
</tr>
</thead>
<tbody>
<tr>
<td>IT</td>
<td>Information Technology (PCs, etc.)</td>
</tr>
<tr>
<td>PV</td>
<td>Personal Video (Camcorders, Digital Still Cameras, etc.)</td>
</tr>
<tr>
<td>SNC</td>
<td>Semiconductor</td>
</tr>
<tr>
<td>VE</td>
<td>Visual Entertainment (Televisions, etc.)</td>
</tr>
<tr>
<td>DT</td>
<td>Digital Telecommunications (Cell Phones)</td>
</tr>
</tbody>
</table>

*Note that the total of these categories is different from the actual total of the Electronics segment, and only includes product areas with major absolute changes.

*Semiconductor, etc. includes internal sales
Electronics: Factors in Operating Profit

- **Improvement in cost of sales ratio** +22
- **SGA increase** -24
- **Exchange rate** -23
- **Increased sales volume** +71

99.3Q 00.3Q (bln yen)

* Improvement in cost of sales ratio = % change in cost of sales ratio X year earlier period’s sales

** Increased sales volume = amount change in sales X year earlier period’s gross profit margin
Electronics Inventory Levels by Area

(bln yen)

98.1Q 3Q 99.1Q 3Q 00.1Q 3Q

* months of sales (average inventory level in quarter divided by average monthly sales in quarter)

** inventory levels

- Japan
- U.S.
- Europe
- non-categorized Other Areas
Game FY00.3Q

(bln yen)

SALES
- 2%

LC: - 1%

OPERATING INCOME (LOSS)

FY99.3Q
SALES: 240
Operating Income (Loss): 58

FY00.3Q
SALES: 235
Operating Income (Loss): (14)

including intersegment transactions
LC=local currency basis
% change over year earlier period
PS, PS2 Hardware Shipments FY00.3Q

(mln units)

Quarterly Totals
PS:  7.56 mln  6.61 mln  3.69 mln (- 44%)
PS2:  1.56 mln  2.65 mln  0.65 mln

Europe  1.75 mln
U.S.  1.65 mln
Japan  0.29 mln

Europe  1.00 mln
U.S.  1.46 mln
Japan  0.42 mln

Europe  1.75 mln
U.S.  1.65 mln
Japan  0.29 mln
### Quarterly Totals

**PS**: 84 mln

**PS2**: 16.9 mln

Europe: 4.4 mln

U.S.: 8.5 mln

Japan: 4.0 mln

Total Q3 FY00: 54 mln (-33%)
Music FY00.3Q

including intersegment transactions
LC=local currency basis
% change over year earlier period

SALES
- 12%
LC: - 15%

OPERATING INCOME
+9%
LC: +7%

(bln yen)
Pictures FY00.3Q

(bln yen)

SALES
+8%
LC: +3%

OPERATING INCOME (LOSS)

including intersegment transactions
LC=constant currency basis
% change over year earlier period

*Impact of Change in Pictures Accounting on Operating Income: -14 bln yen
Insurance FY00.3Q

(sa in yen)

<table>
<thead>
<tr>
<th></th>
<th>FY99.3Q</th>
<th>FY00.3Q</th>
</tr>
</thead>
<tbody>
<tr>
<td>Sales</td>
<td>95</td>
<td>107</td>
</tr>
<tr>
<td>Income</td>
<td>8</td>
<td>6</td>
</tr>
</tbody>
</table>

% change over year earlier period

SALES: +13%
OPERATING INCOME: -21%
Other FY00.3Q

(bln yen)

FY99.3Q

94

(4)

FY00.3Q

109

(2)

SALES

+16%

OPERATING INCOME (LOSS)

including intersegment transactions

% change over year earlier period
### Main Factors

- **# Increase in accounts receivables due to strong Electronics sales**
- **# Increase in inventories in Electronics business**
- **# Increase in investments and advances in connection with increase in life insurance-in-force at Sony Life**
- **#excluding impact of currency changes, increase of about 700**
- **# Increase in accounts payable due to strong Electronics sales**
- **# Increase in short-term debt due to increase in working capital from CF issuance and conversion of 2001 unsecured bonds to short-term borrowings**
- **# Increase in future insurance policy benefits due to increase in life insurance-in-force at Sony Life**

*amounts are rounded off to the nearest billion yen*
## FY2000 9-months Cash Flow

(units: bln yen, unaudited)

<table>
<thead>
<tr>
<th>CF Item</th>
<th>99.4-12</th>
<th>00.4-12</th>
<th>change</th>
<th>Main Factors</th>
</tr>
</thead>
<tbody>
<tr>
<td>Operating</td>
<td>253</td>
<td>125</td>
<td>-129</td>
<td># Decrease in net income</td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td></td>
<td># Increase in inventories in Electronics business</td>
</tr>
<tr>
<td>Investing</td>
<td>-308</td>
<td>-446</td>
<td>-137</td>
<td># Increase in capital expenditures, primarily in Electronics and Game businesses</td>
</tr>
<tr>
<td>Financing</td>
<td>180</td>
<td>261</td>
<td>81</td>
<td># Increase in payments for investments and advances due to increase in life insurance-in-force at Sony Life</td>
</tr>
<tr>
<td>Effect of exchange rate</td>
<td>-33</td>
<td>12</td>
<td>45</td>
<td># Increase in long-term debt from issuance of straight bonds</td>
</tr>
<tr>
<td>Cash and cash equivalents at beginning of year</td>
<td>592</td>
<td>626</td>
<td>34</td>
<td></td>
</tr>
<tr>
<td>Cash and cash equivalents at end of third quarter</td>
<td>684</td>
<td>577</td>
<td>-107</td>
<td>*amounts are rounded off to the nearest billion yen</td>
</tr>
</tbody>
</table>
### FY2000 Forecast

<table>
<thead>
<tr>
<th>(bln yen)</th>
<th>10/00</th>
<th>current</th>
<th>YoY change</th>
</tr>
</thead>
<tbody>
<tr>
<td>Sales and operating revenue</td>
<td>7,200</td>
<td>7,200</td>
<td>+ 8%</td>
</tr>
<tr>
<td>Operating income</td>
<td>230</td>
<td>260</td>
<td>+ 8%</td>
</tr>
<tr>
<td>Income before income taxes</td>
<td>255</td>
<td>255</td>
<td>- 4%</td>
</tr>
<tr>
<td>Net income</td>
<td>10</td>
<td>5</td>
<td>- 96%</td>
</tr>
</tbody>
</table>

### Assumed Exchange Rates
(for remainder of FY00)

<table>
<thead>
<tr>
<th></th>
<th>as of 10/00</th>
<th>as of 1/01</th>
</tr>
</thead>
<tbody>
<tr>
<td>1 U.S. dollar</td>
<td>= 105 yen</td>
<td>116 yen</td>
</tr>
<tr>
<td>1 euro</td>
<td>= 93 yen</td>
<td>110 yen</td>
</tr>
</tbody>
</table>

### FY00.4Q Forecast

<table>
<thead>
<tr>
<th></th>
<th>YoY change</th>
</tr>
</thead>
<tbody>
<tr>
<td>Sales and operating revenue</td>
<td>+11%</td>
</tr>
<tr>
<td>Oper. Income/ IBIT/ Net Income</td>
<td>Change from loss to profit (99.4Q: 36 bln yen oper. loss)</td>
</tr>
</tbody>
</table>
## PlayStation FY2000 Forecast

### Hardware

<table>
<thead>
<tr>
<th></th>
<th>As of 00.7</th>
<th>As of 00.10</th>
<th>Current</th>
<th>YoY</th>
</tr>
</thead>
<tbody>
<tr>
<td>PS/PSone</td>
<td>8 mln</td>
<td>9 mln</td>
<td>9 mln</td>
<td>-51%</td>
</tr>
<tr>
<td>PS2</td>
<td>10 mln</td>
<td>10 mln</td>
<td>9 mln</td>
<td>n.a.</td>
</tr>
</tbody>
</table>

### Software

Total shipments (PS/PS2) are expected to be about 15% less than the total in FY99.  
(Previously, 10% decrease was expected.)
PS, PS2 Hardware Shipments (by year)

<table>
<thead>
<tr>
<th>Year</th>
<th>Europe</th>
<th>U.S.</th>
<th>Japan</th>
</tr>
</thead>
<tbody>
<tr>
<td>FY95</td>
<td>~4.3 mln</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>FY96</td>
<td>5.0 mln</td>
<td>6.7 mln</td>
<td>7.7 mln</td>
</tr>
<tr>
<td>FY97</td>
<td>6.5 mln</td>
<td>8.9 mln</td>
<td>9.0 mln</td>
</tr>
<tr>
<td>FY98</td>
<td>9.9 mln</td>
<td>1.4 mln</td>
<td>1.0 mln</td>
</tr>
<tr>
<td>FY99</td>
<td>3.0 mln</td>
<td>3.0 mln</td>
<td>3.0 mln</td>
</tr>
<tr>
<td>FY00E</td>
<td>9.0 mln</td>
<td>3.0 mln</td>
<td>3.0 mln</td>
</tr>
</tbody>
</table>

00.4Q Assumptions

Hardware:  
PS2  | 4 mln units  (Japan 0.47, N.A. 1.54, Eur. 2.00)  
PS   | 2.3 mln units (YoY +110%)  

Software:  
34 mln units (YoY -19%)
PS, PS2 Software Shipments (by year)

(mln units)

FY97

138
38
44
56

FY98

194
56
75
63

FY99

200(PS)
59
88
53

FY00E

vs. FY99,
- 15% est.

PS2
Europe
U.S.
Japan

PS+PS2 software