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Sony Q1 FY2001 Results

<table>
<thead>
<tr>
<th></th>
<th>Q1 FY2001 (three months ended June 30, 2001)</th>
<th>YOY change, local currency</th>
</tr>
</thead>
<tbody>
<tr>
<td>Sales and operating revenue</td>
<td>1,638 bln yen</td>
<td>+ 5%</td>
</tr>
<tr>
<td>Operating income</td>
<td>3 bln yen</td>
<td>- 90%</td>
</tr>
<tr>
<td>Income (loss) before income taxes</td>
<td>- 14 bln yen</td>
<td>- 51 bln</td>
</tr>
<tr>
<td>Net income (loss)</td>
<td>- 30 bln yen</td>
<td>+ 62 bln</td>
</tr>
</tbody>
</table>

Impact of Exchange Rates (Q1 FY01 vs Q1 FY00)

| Sales: +121 bln yen | Operating income: +28 bln yen |

Impact of Changes in Accounting Principle

1. Impact of change regarding goodwill and other intangible assets:
   - Operating income: +5.1 bln yen
   - Net income: +4.8 bln yen
2. Impact of change in derivatives and hedge accounting standards:
   - Net income: +6 bln yen
3. In the year earlier period, one-time non-cash cumulative effect adjustment of ¥101.7 bln loss (net-of-tax) for a change in acctg. principle in the pictures industry and ¥2.8 bln loss (net-of-tax) for a change in acctg. principle for revenue recognition, were recorded.

* average market rate in period
**SONY**

### Electronics Q1 FY01

**SALES**
- Q1 FY00: 1,160
- Q1 FY01: 1,227
  - +6% (LC - 1%)

**OPERATING INCOME (LOSS)**
- Q1 FY00: 53
- Q1 FY01: (LC - 1%)
  - 4.6% - 0.8

*Including intersegment transactions. LC = local currency basis.*

*% change over year earlier period. Line graph is operating margin.*

### Electronics Sales by Area Q1 FY01

- **Other Area**: +5% (LC - 5%)
- **Japan**: -5%
- **Europe**: -8% (LC - 15%)
- **U.S.**: +3% (LC - 10%)

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

Japan

Percentage change on year earlier period

Q1’01 positive factors
- PCs
- digital still cameras

Q1’01 negative factors
- mobile phones
- video cameras

excluding other operating revenue

Sony Electronics Sales Trends by Area

U.S.

Local currency base:
Percentage change on year earlier period

Q1’01 positive factors
- video cameras

Q1’01 negative factors
- computer displays
- digital still cameras
- broadcast & professional-use equipment

excluding other operating revenue
Electronics Sales Trends by Area

Europe
Local currency base:
Percentage change on year earlier period

Q1’01 negative factors
• televisons

Other Areas
Local currency base:
Percentage change on year earlier period

Q1’01 positive factors
• video cameras
• low temp. LCDs

Q1’01 negative factors
• CD-R/RWs
• televisons

excluding other operating revenue
Elec. Performance by Product Category

Audio

Sales

Operating Income

Video

Sales

Operating Income

* % is change over year earlier period
* Line graph is operating margin
* Includes internal sales

Note: Operating income and loss figures by product category reflect allocations of expenses of the Electronics business which Sony believes are reasonable in showing operating results but are not in accordance with US GAAP.
Elec. Performance by Product Category

Televisions

Sales

Operating Income (Loss)

* % is change over year earlier period
* includes internal sales

Note: Operating income and loss figures by product category reflect allocations of expenses of the Electronics business which Sony believes are reasonable in showing operating results but are not in accordance with US GAAP.

Information and Communication

Sales

Operating Income (Loss)

* % is change over year earlier period
* includes internal sales

Note: Operating income and loss figures by product category reflect allocations of expenses of the Electronics business which Sony believes are reasonable in showing operating results but are not in accordance with US GAAP.
Sony

Elec. Performance by Product Category

**Semiconductors**

<table>
<thead>
<tr>
<th></th>
<th>Q1'00</th>
<th>Q1'01</th>
</tr>
</thead>
<tbody>
<tr>
<td>Sales</td>
<td>101</td>
<td>104</td>
</tr>
<tr>
<td>Operating Income</td>
<td>14.9%</td>
<td>6.3%</td>
</tr>
</tbody>
</table>

* % is change over year earlier period
* Includes internal sales

Note: Operating income and loss figures by product category reflect allocations of expenses of the Electronics business which Sony believes are reasonable in showing operating results but are not in accordance with US GAAP.

**Components**

<table>
<thead>
<tr>
<th></th>
<th>Q1'00</th>
<th>Q1'01</th>
</tr>
</thead>
<tbody>
<tr>
<td>Sales</td>
<td>234</td>
<td>232</td>
</tr>
<tr>
<td>Operating Income</td>
<td>10</td>
<td>1</td>
</tr>
</tbody>
</table>

* % is change over year earlier period
* Includes internal sales

Note: Operating income and loss figures by product category reflect allocations of expenses of the Electronics business which Sony believes are reasonable in showing operating results but are not in accordance with US GAAP.
Elec. Performance by Product Category

Note: Operating income and loss figures by product category reflect allocations of expenses of the Electronics business which Sony believes are reasonable in showing operating results but are not in accordance with US GAAP.

Electronics: Factors in Operating Profit

* Decreased sales volume impact = amount change in sales X year earlier period’s gross profit margin

** Worsening in Cost of sales ratio impact = % change in cost of sales ratio X year earlier period’s sales
Electronics Inventory Levels by Area

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

FY00 Inventories have been restated to reflect business segment changes

Game Q1 FY01

- including intersegment transactions
- LC=local currency basis
- % change over year earlier period
- line graph is operating margin
PS, PS2 Hardware Shipments (by quarter)

<table>
<thead>
<tr>
<th></th>
<th>Q1 '99</th>
<th>Q1 '00</th>
<th>Q1 '01</th>
</tr>
</thead>
<tbody>
<tr>
<td>EUR</td>
<td>2.29</td>
<td>1.34</td>
<td>1.01</td>
</tr>
<tr>
<td>USA</td>
<td>0.91</td>
<td>0.63</td>
<td>1.44</td>
</tr>
<tr>
<td>JPN</td>
<td>0.78</td>
<td>0.33</td>
<td>1.44</td>
</tr>
</tbody>
</table>

PS2:
3.98 mln

PS/PS one:
3.21 mln

YOY:
3.8x

PS, PS2 Software Shipments (by quarter)

<table>
<thead>
<tr>
<th></th>
<th>Q1 '99</th>
<th>Q1 '00</th>
<th>Q1 '01</th>
</tr>
</thead>
<tbody>
<tr>
<td>EUR</td>
<td>9.0</td>
<td>1.7</td>
<td>3.2</td>
</tr>
<tr>
<td>USA</td>
<td>13.0</td>
<td>8.0</td>
<td>5.2</td>
</tr>
<tr>
<td>JPN</td>
<td>10.0</td>
<td>6.0</td>
<td>9.0</td>
</tr>
</tbody>
</table>

PS2:
6.8x

PS:
-10%
### Music Q1 FY01

**SALES**
- 131 bln yen (LC +3%)
- 147 bln yen (+13%)

**OPERATING INCOME (LOSS)**
- 4 bln yen (3.0%)
- 3 bln yen (-5)

% change over year earlier period:
- +13% (LC +3%)
- +26% (LC +9%)

*Including intersegment transactions
*LC=local currency basis (for Music, on a US$ basis)
*% change over year earlier period
*line graph is operating margin

### Pictures Q1 FY01

**SALES**
- 109 bln yen (LC +9%)
- 136 bln yen (+26%)

**OPERATING LOSS**
- 3 bln yen (-3)
- 6 bln yen (-5)

% change over year earlier period:
- +26% (LC +9%)
- +51% (LC +9%)

*Including intersegment transactions
*LC=local currency basis (for Pictures, on a US$ basis)
*% change over year earlier period
*line graph is operating margin
SONY

Financial Services Q1 FY01

(bln yen)

SALES

OPERATING INCOME
(and as % of sales)

- including intersegment transactions
- % change over year earlier period
- line graph is operating margin

SONY

Other Q1 FY01

(bln yen)

SALES

OPERATING LOSS
(and as % of sales)

- including intersegment transactions
- LC=local currency basis
- % change over year earlier period
- line graph is operating margin
<table>
<thead>
<tr>
<th>FY2001 Forecast</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>As of April</strong></td>
</tr>
<tr>
<td>Sales and operating revenue</td>
</tr>
<tr>
<td>Operating income</td>
</tr>
<tr>
<td>Income before income taxes</td>
</tr>
<tr>
<td>Net income</td>
</tr>
</tbody>
</table>

*Includes “Goodwill and Other Intangible Assets” account. standard.

<table>
<thead>
<tr>
<th>Assumed Exchange Rates</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>As of April</strong></td>
</tr>
<tr>
<td>1 U.S. dollar</td>
</tr>
<tr>
<td>1 euro</td>
</tr>
</tbody>
</table>

| Capital Expenditures | 400 | 350 | - 25% |
| Depreciation & Amortization | 410 | 390 | + 12% |
| (of that, dep. for tangible assets) | 330 | 330 | + 22% |

<table>
<thead>
<tr>
<th>PS, PS2 Hardware Shipments (by year)</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>(mln units)</strong></td>
</tr>
<tr>
<td>FY95</td>
</tr>
<tr>
<td>FY96</td>
</tr>
<tr>
<td>FY97</td>
</tr>
<tr>
<td>FY98</td>
</tr>
<tr>
<td>FY99</td>
</tr>
<tr>
<td>FY00</td>
</tr>
<tr>
<td>FY01E</td>
</tr>
</tbody>
</table>

* FY95 FY96 FY97 FY98 FY99 FY00 FY01E
* cumulative from Dec '94 to Mar '96
### PS, PS2 Software Shipments (by year)

(mln units)

- **FY97**: 138
- **FY98**: 194
- **FY99**: 200
- **FY00**: 35
- **FY01E**: PS+PS2 (total)

*Software, about flat with FY00*

### Capex Forecast

(bln yen)

- **April Forecast**: 400 (-14%)
- **July Forecast**: 350 (-25%)

*Other Finance Pix Music Game (-54%)*

Electronics: -13% vs April forecast

Electronics: -13%
Depreciation & Amortization Forecast

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

<table>
<thead>
<tr>
<th>Year</th>
<th>April Forecast</th>
<th>July Forecast</th>
</tr>
</thead>
<tbody>
<tr>
<td>FY97</td>
<td>302</td>
<td>302</td>
</tr>
<tr>
<td>FY98</td>
<td>307 +2%</td>
<td>307 -0%</td>
</tr>
<tr>
<td>FY99</td>
<td>307 +14%</td>
<td>307 -0%</td>
</tr>
<tr>
<td>FY00</td>
<td>348 +18%</td>
<td>348 +14%</td>
</tr>
<tr>
<td>FY01E</td>
<td>410 +18%</td>
<td>390 +12%</td>
</tr>
<tr>
<td>Revised</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

*% are the change in year earlier period

Changes to Exchange Rate

<table>
<thead>
<tr>
<th>Year</th>
<th>Q1</th>
<th>Q2</th>
<th>Q3</th>
<th>Q4</th>
</tr>
</thead>
<tbody>
<tr>
<td>FY2001</td>
<td>US$ avg rate</td>
<td>122</td>
<td>106</td>
<td>106</td>
</tr>
<tr>
<td></td>
<td>contract rate</td>
<td>119</td>
<td>106</td>
<td>106</td>
</tr>
<tr>
<td></td>
<td>Euro avg rate</td>
<td>106</td>
<td>96</td>
<td>96</td>
</tr>
<tr>
<td></td>
<td>contract rate</td>
<td>107</td>
<td>106</td>
<td>106</td>
</tr>
<tr>
<td>FY2000</td>
<td>US$ avg rate</td>
<td>106</td>
<td>107</td>
<td>109</td>
</tr>
<tr>
<td></td>
<td>contract rate</td>
<td>106</td>
<td>106</td>
<td>108</td>
</tr>
<tr>
<td></td>
<td>Euro avg rate</td>
<td>98</td>
<td>96</td>
<td>94</td>
</tr>
<tr>
<td></td>
<td>contract rate</td>
<td>103</td>
<td>99</td>
<td>94</td>
</tr>
</tbody>
</table>