SONY

6-7-35 Kitashinagawa
Shinagawa-ku
Tokyo 141-0001 Japan

News & Information

No: 04-019E
3:00 P.M. JST, April 27, 2004

Consolidated Financial Results for the Fiscal Year

Tokyo, April 27, 2004 -- Sony Corporation today announced its consolidated results for the fiscal year ended March 31, 2004 (April 1, 2003 to March 31, 2004).

(Billions of yen, millions of U.S. dollars, except per share amounts)

	Year ended March 31			
	2003	**2004**	Change	**2004***
Sales and operating revenue	¥7,473.6	**¥7,496.4**	+0.3%	**$72,081**
Operating income	185.4	**98.9**	-46.7	**951**
Income before income taxes	247.6	**144.1**	-41.8	**1,385**
Net income	115.5	**88.5**	-23.4	**851**
Net income per share of common stock				
— Basic	¥125.74	**¥95.97**	-23.7%	**$0.92**
— Diluted	118.21	**90.88**	-23.1	**0.87**

* U.S. dollar amounts have been translated from yen, for convenience only, at the rate of ¥104=U.S.$1, the approximate Tokyo foreign exchange market rate as of March 31, 2004.

Unless otherwise specified, all amounts are on a U.S. GAAP basis.

Consolidated Results for the Fiscal Year ended March 31, 2004

Sales increased 0.3% year on year; on a local currency basis, sales grew 3%. (For all references herein to results on a local currency basis, see Note I on page 8.) In the Electronics segment, sales to outside customers increased, while overall sales declined slightly due to a decrease in sales between consolidated companies resulting from the outsourcing of PlayStation 2 ("PS 2") production to third parties in China. With respect to major products in the Electronics segment, despite a decrease in sales of CRT televisions and portable audio, sales of cellular phones (sold mainly to Sony Ericsson Mobile Communications ("Sony Ericsson")), digital still cameras, and flat panel televisions increased. Sales declined in the Game segment due to lower sales of both hardware and software. In the Pictures segment, although sales on a U.S. dollar basis increased due to the contribution of television revenues, sales decreased due to foreign exchange rate fluctuations. Sales in the Music segment also decreased primarily due to foreign exchange rate fluctuations. At the same time, Financial Services revenue increased mainly due to improvements in valuation gains and losses from investments at Sony Life Insurance Co., Ltd. ("Sony Life").

Operating income decreased 46.7% (47% decrease on a local currency basis) compared with the previous fiscal year mainly due to an increase in restructuring expenses. The Electronics segment recorded an operating loss owing mainly to an increase in restructuring expenses, principally from severance related expenses. In the Game segment, operating income declined due to the decrease in sales and an increase in research and development expenses for future businesses. In the Pictures segment, despite the contribution from higher television revenues, operating income decreased compared with the previous year, which had benefited from the profits generated by *Spider-Man*. By contrast, improvements in valuation gains and losses from investments in the general account at Sony Life resulted in an increase in operating income in the Financial Services segment. In the Music segment, operating income was recorded, compared with an operating loss recorded in the prior year, due to the benefits of restructuring, a reduction in advertising and promotion expenses and a decrease in restructuring expenses.

Restructuring expenses for the fiscal year amounted to ¥168.1 billion ($1,616 million) compared to ¥106.3 billion in the previous fiscal year. In the Electronics segment, restructuring expenses were ¥143.3 billion ($1,378 million) compared to ¥72.5 billion in the previous fiscal year.

Income before income taxes decreased 41.8% compared with the previous fiscal year. Although royalty income and net foreign exchange gain increased compared to the previous fiscal year, other income declined in this fiscal year due to the gain on the sale in the previous year of Sony's equity interest in Telemundo Communications Group, Inc. and its subsidiaries ("Telemundo"), a U.S. based Spanish language television network and station group that was accounted for by the equity method.

Net income decreased 23.4% compared with the previous fiscal year. Equity in net income of affiliated companies consisted of an equity gain, primarily due to profits recorded at Sony Ericsson (the profit Sony recorded from its equity holding was ¥6.4 billion ($62 million)) as compared with equity losses recorded in the previous fiscal year. The effective tax rate for the fiscal year of 36.6% was lower than the statutory rate in Japan due to a decrease in deferred tax liabilities on undistributed earnings of foreign subsidiaries and because U.S. income was taxed at a lower rate due to utilization of tax loss and foreign tax credit carryforwards. However, this rate was higher than the effective tax rate of 32.6% in the prior fiscal year, which benefited from a reversal in valuation allowances on deferred tax assets held by Aiwa Co., Ltd.

Remarks by Nobuyuki Idei, Chairman and Group CEO of Sony Corporation

During the fiscal year ended March 31, 2004, we worked to enhance the competitiveness of our products, especially in the Electronics segment, through the aggressive introduction of new models in such categories as digital still cameras, flat panel televisions and DVD recorders. The result was a strong contribution to sales by these products in the year-end and new-year selling season. In the area of restructuring, we worked to concentrate management resources in focused business areas and reduce fixed costs, including via headcount reduction, on a more accelerated basis than originally planned. In the Financial Services segment, in April 2004, we established a holding company to integrate financial functions and provide a higher level of customer service.

In the fiscal year ending March 31, 2005, we will work to concentrate management resources on growing businesses through initiatives such as proactive investment in key devices, including next generation broadband microprocessors, and we will strive to bring value into the Sony Group and differentiate our products. Through the release of enticing products such as the PSP handheld entertainment system, the online distribution of music, and other initiatives, we will venture into new businesses. Moreover, we will continue to enhance our management structure through restructuring and promote greater efficiencies in product development and design.

Through these actions, the entire Sony Group will endeavor to strengthen a foundation designed to achieve mid- to long-term growth and improved profitability.

Operating Performance Highlights by Business Segment

Electronics

(Billions of yen, millions of U.S. dollars)

	Year ended March 31			
	2003	**2004**	Change	**2004**
Sales and operating revenue	¥4,940.5	**¥4,897.4**	-0.9%	**$47,090**
Operating income (loss)	41.4	**(35.3)**	-	**(339)**

Unless otherwise specified, all amounts are on a U.S. GAAP basis.

Sales decreased 0.9% (1% increase on a local currency basis) due to a significant decline in intersegment sales to the Game segment primarily owing to outsourcing of PS 2 game console production to third parties in China. On the other hand, sales to outside customers increased 4.7% compared to the previous year. Although market conditions had a negative effect on sales of such products as CRT televisions and portable audio, this was more than offset by an increase in sales of cellular phones (sold mainly to Sony Ericsson), which benefited from increased demand for camera-equipped models in Japan and Europe; Cybershot digital still cameras, which saw continued market growth and an increase in the number of units sold; and flat panel televisions, which exhibited significantly increased sales in all geographic regions.

Operating loss of ¥35.3 billion was recorded, a deterioration of ¥76.7 billion compared to the profit recorded in the previous year. Although sales to outside customers increased, the operating loss primarily resulted from a ¥70.8 billion increase in restructuring expenses (mainly severance related expenses) and a decline in prices. Operating performance of CRT televisions, CLIE personal digital assistants, and optical pickups deteriorated, mainly due to price declines. On the other hand, operating performance of VAIO PCs improved because emphasis was placed on high value-added models. Operating performance of CCDs also improved due to an increase in sales mainly for digital still cameras.

Inventory as of March 31, 2004 was ¥490.5 billion ($4,716 million), a ¥58.1 billion, or 13.4%, increase compared with the level as of March 31, 2003 and a ¥43.5 billion, or 8.1%, decrease compared with the level as of December 31, 2003.

Game

(Billions of yen, millions of U.S. dollars)

	Year ended March 31			
	2003	**2004**	Change	**2004**
Sales and operating revenue	¥955.0	**¥780.2**	-18.3%	**$7,502**
Operating income	112.7	**67.6**	-40.0	**650**

Unless otherwise specified, all amounts are on a U.S. GAAP basis.

Sales decreased 18.3% compared with the previous year (18% decrease on a local currency basis) as sales of hardware and software decreased.

Hardware: Although PS 2 unit sales in Europe and Japan increased compared with the previous year, unit sales in the U.S. decreased, contributing to an overall unit sales decline. This overall unit sales decline, combined with strategic price reductions on the PS 2 undertaken in Japan, the U.S. and Europe during the fiscal year, caused a decrease in sales.

Software: Although PS 2 software unit sales and revenue increased, PlayStation software unit sales and revenue decreased, resulting in an overall decrease in software sales. Revenue increased in Europe but decreased in Japan and the U.S.

Operating income decreased by ¥45.1 billion, or 40.0%, due to an increase in research and development expenses for future businesses and the decrease in hardware sales. Profit from software was nearly unchanged compared with the previous fiscal year.

Worldwide hardware production shipments*:
- → PS 2: 20.10 million units (a decrease of 2.42 million units)
- → PS one: 3.31 million units (a decrease of 3.47 million units)

Worldwide software production shipments*:
- → PS 2: 222 million units (an increase of 32 million units)
- → PlayStation: 32 million units (a decrease of 29 million units)

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

Inventory on March 31, 2004 was ¥130.9 billion ($1,259 million), a ¥12.6 billion, or 8.7%, decrease compared with the level on March 31, 2003 and a ¥2.3 billion, or 1.8%, increase compared with the level on December 31, 2003.

Music

(Billions of yen, millions of U.S. dollars)

	Year ended March 31			
	2003	**2004**	Change	**2004**
Sales and operating revenue	¥597.5	**¥559.9**	- 6.3%	**$5,384**
Operating income (loss)	(7.9)	**19.0**	-	**182**

The amounts presented above are the sum of the yen-translated results of Sony Music Entertainment Inc. ("SMEI"), a U.S. based operation which aggregates the results of its worldwide subsidiaries on a U.S. dollar basis, and the results of Sony Music Entertainment (Japan) Inc. ("SMEJ"), a Japan based operation which aggregates results in yen. Management analyzes the results of SMEI in U.S. dollars, so discussion of certain portions of its results are specified as being on "a U.S. dollar basis."

Sales decreased 6.3% compared with the previous year (flat on a local currency basis). Of the Music segment's sales, 74% were generated by SMEI, and 26% were generated by SMEJ.

SMEI: Sales on a U.S. dollar basis were flat compared with the previous year. Appreciation of European currencies contributed to higher sales outside of the U.S. which were offset by lower sales in the U.S. Album sales decreased worldwide due to the continued contraction of the global music industry brought on by piracy (i.e. unauthorized file sharing and CD burning) and competition from other entertainment sectors. Best selling albums during the year included Beyonce's *Dangerously in Love* and Evanescence's *Fallen*.

SMEJ: Sales were flat compared with the previous year. Best selling albums during the year were Mika Nakashima's *LOVE* and Chemistry's *Between the Lines*.

Operating income of ¥19.0 billion was recorded compared with an operating loss of ¥7.9 billion in the prior year, an improvement of ¥26.9 billion year on year, as operating performance at both SMEI and SMEJ improved.

SMEI: Operating income was recorded this year, compared with an operating loss recorded in the prior year, as SMEI realized benefits from the worldwide restructuring activities implemented over the past two years. These activities included the rationalization of manufacturing, distribution and support functions including record label shared services. Also contributing to the improved operating results were lower advertising and promotion expenses. In addition, restructuring expenses decreased compared with the prior year.

SMEJ: Operating income increased compared with the prior year due to a reduction in selling, general and administrative expenses, primarily advertising and promotion expenses, and strong sales of Japanese artists' recordings.

In December 2003, Sony and Bertelsmann AG announced that they had signed a binding agreement to combine their recorded music businesses in a joint venture. The newly formed company, which will be known as Sony BMG, will be 50% owned by each parent company. It will not include SMEI's music publishing, physical distribution and disc manufacturing business or SMEJ. The merger is subject to regulatory approvals in the United States and the European Union.

Pictures

	(Billions of yen, millions of U.S. dollars)			
	Year ended March 31			
	2003	**2004**	Change	**2004**
Sales and operating revenue	¥802.8	**¥756.4**	- 5.8%	**$7,273**
Operating income	59.0	**35.2**	- 40.3	**339**

The results presented above are a yen-translation of the results of Sony Pictures Entertainment ("SPE"), a U.S. based operation which aggregates the results of its worldwide subsidiaries on a U.S. dollar basis. Management analyzes the results of SPE in U.S. dollars, so discussion of certain portions of its results are specified as being on "a U.S. dollar basis."

Sales decreased 5.8% compared with the prior year (2% increase on a U.S. dollar basis). The U.S. dollar revenues represented a new record for SPE, led by higher television performance in the fiscal year. Television revenues increased significantly due to initial syndication sales of *The King of Queens* and third cycle syndication sales of *Seinfeld*, as well as the extension of a licensing agreement for *Wheel of Fortune*. Notable film releases during the year included *Bad Boys 2*, *S.W.A.T.*, *Anger Management* and *Something's Gotta Give*.

Operating income decreased by ¥23.7 billion, or 40.3%, from the prior year (30% decrease on a U.S. dollar basis). The higher television revenues noted above contributed significantly to operating income in the year. However, the primary reason for the decline was the absence of profits contributed by the breakaway performance of *Spider-Man* in the prior year. Results for the year were negatively impacted by the disappointing performances of *Gigli*, *Hollywood Homicide*, *The Missing* and *Charlie's Angels: Full Throttle*.

Financial Services

	(Billions of yen, millions of U.S. dollars)			
	Year ended March 31			
	2003	**2004**	Change	**2004**
Financial Services revenue	¥537.3	**¥593.5**	+10.5%	**$5,707**
Operating income	22.8	**55.2**	+142.4	**530**

Unless otherwise specified, all amounts are on a U.S. GAAP basis.

Financial Services revenue increased 10.5% compared with the previous fiscal year mainly due to an increase in revenue at Sony Life. Regarding Sony Life, the method of recognizing insurance premiums received on certain products was changed from being recorded as revenues to being offset against the related provision for future insurance policy benefits since the third quarter beginning October 1, 2003. Although revenue was reduced by ¥30.8 billion as a result of this change, revenue at Sony Life increased by ¥46.4 billion or 9.9% to ¥513.0 billion ($4,933 million) due to improvements in valuation gains and losses from investments compared with the previous year.*

Operating income increased by ¥32.4 billion, or 142.4%, compared with the previous year due to improvements in valuation gains and losses from investments in the general account at Sony Life. Operating income at Sony Life increased by ¥33.6 billion or 113.3% to ¥63.2 billion ($608 million).* The above mentioned change in revenue recognition method did not have a material effect on operating income at Sony Life.

*The Financial Services revenue and operating income at Sony Life are calculated on a U.S. GAAP basis. Therefore, they differ from the results that Sony Life discloses on a Japanese statutory basis. The above mentioned change in revenue recognition method did not have an impact on results on a Japanese statutory basis.

Other

	(Billions of yen, millions of U.S. dollars)			
	Year ended March 31			
	2003	**2004**	Change	**2004**
Sales and operating revenue	¥306.3	**¥330.4**	+7.9%	**$3,177**
Operating loss	(25.0)	**(10.0)**	-	**(96)**

Unless otherwise specified, all amounts are on a U.S. GAAP basis.

Sales increased 7.9% compared with the previous year due to an increase in sales of a business which provides information system services to other businesses within the Sony Group and of an IC card business. Of the sales in the Other segment, 53% were sales to outside customers.

Operating loss was reduced because a Network Application and Contents Service Sector ("NACS") -related business operated by a U.S. subsidiary recorded a one-time gain on the sale of rights related to a portion of the Sony Credit Card portfolio.

Cash Flow

The following charts show Sony's unaudited condensed statements of cash flow on a consolidated basis for all segments excluding the Financial Services segment and for the Financial Services segment alone. These separate condensed presentations are not required under U.S. GAAP, which is used in Sony's consolidated financial statements. However, because the Financial Services segment is different in nature from Sony's other segments, Sony believes that these presentations may be useful in understanding and analyzing Sony's consolidated financial statements.

Cash Flow - Consolidated (excluding Financial Services segment)

	(Billions of yen, millions of U.S. dollars)			
	Year ended March 31			
Cash flow	2003	**2004**	Change	**2004**
- From operating activities	¥544.1	**¥401.1**	¥ -143.0	**$3,856**
- From investing activities	(185.9)	**(352.5)**	-166.6	**(3,389)**
- From financing activities	(251.2)	**153.8**	+405.0	**1,478**
Cash and cash equivalents at beginning of the fiscal year	356.6	**438.5**	+82.0	**4,216**
Cash and cash equivalents at end of the fiscal year	438.5	**592.9**	+154.4	**5,700**

Operating Activities: During the fiscal year, cash increased primarily due to profit contributions from the Game, Pictures and Music segments and an increase in notes and accounts payable, trade, while cash decreased primarily due to an increase in inventory and notes and accounts receivable, trade in the Electronics segment. Compared with the previous fiscal year, although there was an increase in the growth in notes and accounts payable, trade, cash flow from operating activities declined due to factors such as an increase in the growth in notes and accounts receivable, trade, the increase in inventory in the Electronics segment, the recording of an operating loss in the Electronics segment, and a decrease in profits in the Game and Pictures segments.

Investing Activities: During the fiscal year, proactive capital expenditures were made, primarily in the Electronics and Game segments, for semiconductor manufacturing and other equipment. Compared with the previous fiscal year, net cash used in investing activities increased because, in the previous fiscal year, proceeds were received from the sale of Sony's equity interest in Telemundo (¥88.4 billion) and because, during this fiscal year, capital expenditures increased, as noted above.

As a result, cash flow from operating activities exceeded cash flow from investing activities by ¥48.6 billion in the fiscal year.

Financing Activities: In the fiscal year, repayments of short-term debt, such as commercial paper, were made while long-term financing was received through the issuance of ¥250 billion of convertible bonds (bonds with stock acquisition rights). Proceeds from the issuance are expected to be applied towards investment in semiconductors and key devices.

Cash and Cash Equivalents: The total balance of cash and cash equivalents, accounting for the effect of exchange rate fluctuations, increased ¥154.4 billion to ¥592.9 billion as of March 31, 2004 compared to March 31, 2003.

<u>Cash Flow - Financial Services segment</u>

(Billions of yen, millions of U.S. dollars)

	Year ended March 31			
Cash flow	2003	**2004**	Change	**2004**
- From operating activities	¥314.8	**¥241.6**	¥ -73.1	**$2,323**
- From investing activities	(516.7)	**(401.6)**	+115.1	**(3,860)**
- From financing activities	149.2	**141.7**	-7.5	**1,362**
Cash and cash equivalents at beginning of the fiscal year	327.2	**274.5**	-52.7	**2,640**
Cash and cash equivalents at end of the fiscal year	274.5	**256.3**	-18.2	**2,465**

Operating Activities: Operating activities generated more cash than was used due to an increase in future insurance policy benefits and other in the fiscal year, reflecting an increase in insurance-in-force.

Investing Activities: In the fiscal year, payments for investments and advances exceeded proceeds from sales of securities investments, maturities of marketable securities and collections of advances, reflecting an increase in assets under management in the Financial Services businesses.

Financing Activities: Deposits from customers in the banking business increased in the fiscal year due to factors including an increase in the number of accounts.

Cash and Cash Equivalents: Cash and cash equivalents decreased ¥18.2 billion to ¥256.3 billion as of March 31, 2004 compared to March 31, 2003.

Consolidated Results for the Fourth Quarter ended March 31, 2004

Sales were ¥1,772.2 billion ($17.0 billion), an increase of 7.1% compared to the same quarter of the prior year (12% increase on a local currency basis). In the Electronics segment, sales to outside customers (excludes sales between consolidated companies) increased 10.9%. Sales of digital still cameras and flat panel televisions, which benefited from growing demand, and sales of cellular phones (sold mainly to Sony Ericsson) increased, while sales of CRT televisions continued to decline. In the Pictures segment, sales increased significantly due to a television syndication sale and a licensing agreement extension. In the Financial Services segment, despite a decrease in sales as a result of a change in the method of recognizing insurance premiums received, sales increased because of improvements in valuation gains and losses from investments at Sony Life. However, a decline in the sales of both software and hardware resulted in a decrease in sales in the Game segment. As a result of foreign exchange rate fluctuations, sales in the Music segment decreased.

Operating loss was ¥109.8 billion ($1.1 billion), an improvement of ¥6.7 billion compared with the same quarter of the previous year. The operating loss of the Electronics segment increased due to an increase in restructuring expenses, principally from severance related expenses. The Game segment recorded an operating loss compared to a profit in the same quarter of the previous year due to an increase in research and development expenses for future businesses. In contrast, operating income of the Pictures segment increased significantly due to the syndication sale and the licensing agreement extension noted above. Improvements in valuation gains and losses from investments in the general account at Sony Life resulted in a substantial increase in operating income in the Financial Services segment. The operating loss of the Music segment decreased due to lower restructuring expenses compared with the same quarter of the previous year.

Restructuring expenses for the quarter amounted to ¥96.8 billion ($931 million) compared to ¥48.7 billion in the fourth quarter of the previous year. In the Electronics segment, restructuring expenses were ¥86.9 billion ($836 million) compared to ¥32.9 billion in the same quarter of the previous year.

Loss before income taxes was ¥93.6 billion ($900 million), an improvement of ¥26.2 billion compared with the previous year's same quarter. A net foreign exchange gain was recorded in other income while a net foreign exchange loss was recorded in the same quarter of the prior year.

Net loss was ¥38.2 billion ($367 million), an improvement of ¥73.0 billion compared with the same quarter of the previous year. Income tax benefit increased due to the utilization of tax loss and foreign and other tax credit carryforwards. In addition, equity in net income of affiliated companies was recorded during the quarter compared to equity in net losses in the same quarter of the previous year. The change from loss to income from equity affiliates was primarily due to the contribution of Sony Ericsson (the profit Sony recorded from its equity holding was ¥5.4 billion ($52 million)).

Notes

Note I: During the fiscal year ended March 31, 2004, the average value of the yen was ¥112.1 against the U.S. dollar and ¥131.1 against the euro, which was 7.3% higher against the U.S. dollar and 9.7% lower against the euro, compared with the average rates for the previous fiscal year. Operating results on a local currency basis described herein reflect sales and operating revenue ("sales") and operating income obtained by applying the yen's average exchange rate in the previous fiscal year to local currency-denominated monthly sales, cost of sales, and selling, general and administrative expenses in the fiscal year. Local currency basis results are not reflected in Sony's financial statements and are not measures conforming with Generally Accepted Accounting Principles in the U.S. ("U.S. GAAP"). In addition, Sony does not believe that these measures are a substitute for U.S. GAAP measures. However, Sony believes that local currency basis results provide additional useful analytical information to investors regarding operating performance.

Note II: "Sales and operating revenue" in each business segment represents sales and operating revenue recorded before intersegment transactions are eliminated. "Operating income" in each business segment represents operating income recorded before intersegment transactions and unallocated corporate expenses are eliminated.

Note III: Commencing with the first quarter ended June 30, 2003, Sony has partly realigned its business segment configuration. Also, in the Network Application and Content Service Sector ("NACS"), expenses incurred in connection with the creation of a network platform business have been transferred out of the Other segment and reclassified as unallocated corporate expenses, because the expected future benefits of this business will be spread across the Sony Group. In accordance with this realignment, results for the previous fiscal year have been reclassified to conform to the presentation of the current fiscal year.

Note IV: During the fourth quarter ended March 31, 2004, the average value of the yen was ¥106.3 against the U.S. dollar and ¥132.6 against the euro, which was 9.8% higher against the U.S. dollar and 5.1% lower against the euro, compared with the average rates for the same quarter of the previous fiscal year.

Rewarding Shareholders

Sony believes that continuously increasing corporate value and providing dividends are essential to rewarding shareholders. It is Sony's policy to utilize retained earnings, after ensuring the perpetuation of stable dividends, to carry out various investments that contribute to an increase in corporate value such as those that ensure future growth and strengthen competitiveness.

A year-end cash dividend of ¥12.5 ($0.12) per share of Sony Corporation common stock was approved at the Board of Directors meeting held on April 26, 2004 and will be payable on June 1, 2004. Sony Corporation has already paid an interim dividend of ¥12.5 per share to each shareholder; accordingly, the total annual cash dividend per share is ¥25.0.

Regarding shares of subsidiary tracking stock issued in Japan by Sony Corporation, Sony Communication Network Corporation ("SCN") has been working to manage its operations so as to expand cash flow, fully solidify its financial base, and increase its retained earnings to aggressively expand its business to strengthen its foundation and respond to the quickly expanding Internet market. For these reasons, SCN does not plan to distribute earnings to SCN shareholders for the time being. As such, Sony Corporation will continue its policy of not paying dividends to shareholders of the subsidiary tracking stock.

Numbers of Employees

Although employees were reduced through restructuring activities, due to an increase at manufacturing facilities in Asia, primarily in China, the number of employees at the end of March 2004 was approximately 162,000, an increase of approximately 900 from the end of March 2003. Approximately 3,600 employees in Japan who left Sony on March 31, 2004, through the early retirement program and other means, are counted as a part of this total.

Outlook for the Fiscal Year ending March 31, 2005

		Change from previous year
Sales and operating revenue	¥7,550 billion	+1%
Operating income	160 billion	+62
Income before income taxes	160 billion	+11
Net income	100 billion	+13
Capital expenditures (additions to fixed assets)	¥410 billion	+8%
Depreciation and amortization*	370 billion	+1
(Depreciation expenses for tangible assets)	(290 billion)	(+1)
* Including amortization of intangible assets and amortization of deferred insurance acquisition costs.		
Research and development expenses	550 billion	+7%

Assumed exchange rates: approximately ¥105 to the U.S. dollar, approximately ¥125 to the euro.

During the fiscal year, primarily in the Electronics segment, restructuring expenses of approximately ¥130 billion are expected to be incurred across the Sony Group (¥168.1 billion in restructuring expenses were recorded in the fiscal year ended March 31, 2004).

During the fiscal year, approximately $100 million is expected to be recorded as equity in net income from InterTrust Technologies Corporation, an equity affiliate of Sony. This equity in net income includes the proceeds from the settlement of a patent-related suit against another company and is included in the above net income forecast.

The forecast for each business segment is as follows:

Electronics

Sales of products such as digital still cameras, flat panel televisions and DVD recorders are expected to continue to increase, resulting in an anticipated increase in overall sales of the segment, despite an expected decrease in sales of CRT televisions. Operating income is expected to increase due to the increase in sales and the benefit of restructuring activities undertaken in the previous fiscal year, despite an anticipated appreciation of the yen and an expected increase in research and development expenses.

From the fiscal year ending March 31, 2005, research and development expenses associated with process technologies, including those technologies used in the Game segment, will be recorded in the Electronics segment, due to an integration of the semiconductor businesses in the Electronics and Game segments.

Game

Although software production shipments are expected to remain unchanged year on year, production shipments of PS one and PS 2 hardware are expected to decrease compared with the previous year, resulting in a decrease in sales for the segment. Although a portion of research and development expenses will be recorded in the Electronics segment, as described above, operating income is expected to decrease due to continued investment in products such as the PSP handheld entertainment system and the next generation computer entertainment system.

Music

Sales are expected to decrease due to an anticipated continued contraction of the market for music and a reduction in the unit price of DVDs in the manufacturing division. However, due to factors such as the benefits of restructuring activities already carried out, operating income is expected to increase.

Pictures

Sales are expected to decrease due to the absence of the significant television revenues in the fiscal year ended March 31, 2004. However, operating income is expected to remain unchanged primarily due to the contribution of films scheduled for release during the year, most notably *Spider-Man 2*.

Financial Services

Although an increase in insurance-in-force is expected at Sony Life, a decrease in insurance revenue is expected due to a change, at Sony Life, in the recognition method of insurance premiums received on certain products from being recorded as revenue to being offset against the related provision for future insurance policy benefits. A decrease in operating income is also expected because valuation gains from marketable securities are not included in the forecast.

Semiconductor capital expenditures

Capital expenditures on semiconductors (in the Electronics and Game segments) during the fiscal year are expected to amount to ¥190 billion (actual amount in the fiscal year ended March 31, 2004 was ¥175 billion). Of that amount, ¥120 billion is expected to be spent for the installation of semiconductor production equipment designed for next generation broadband microprocessors (actual amount in the fiscal year ended March 31, 2004 was ¥69 billion).

Cautionary Statement

Statements made in this release 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. Forward-looking statements include, but are not limited to, those statements using words such as "believe," "expect," "plans," "strategy," "prospects," "forecast," "estimate," "project," "anticipate," "may" or "might" and words of similar meaning in connection with a discussion of future operations, financial performance, events or conditions. From time to time, oral or written forward-looking statements may also be included in other materials released to the public. These statements are based on management's assumptions and beliefs in light of the information currently available to it. Sony cautions you that a number of important risks and uncertainties could cause actual results to differ materially from those discussed in the forward-looking statements, and therefore you should not place undue reliance on them. You also should not rely on any obligation of Sony to update or revise any forward-looking statements, whether as a result of new information, future events or otherwise. Sony disclaims any such obligation. Risks and uncertainties that might affect Sony include, but are not limited to (i) the global economic environment in which Sony operates, as well as the economic conditions in Sony's markets, particularly levels of consumer spending; (ii) exchange rates, particularly between the yen and the U.S. dollar, euro, and other currencies in which Sony makes significant sales or in which Sony's assets and liabilities are denominated; (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 development in technology, and subjective and changing consumer preferences (particularly in the Electronics, Game, Music and Pictures segments); (iv) Sony's ability to implement successfully personnel reduction and other business reorganization activities in its Electronics and Music segments; (v) Sony's ability to implement successfully its network strategy for its Electronics, Music, Pictures and Other segments and to develop and implement successful sales and distribution strategies in its Music and Pictures segments in light of the Internet and other technological developments; (vi) Sony's continued ability to devote sufficient resources to research and development and, with respect to capital expenditures, to correctly prioritize investments (particularly in the Electronics segment); (vii) the success of Sony's joint ventures and alliances; and (viii) the risk of being able to obtain regulatory approval and successfully form a jointly owned recorded music company with BMG. Risks and uncertainties also include the impact of any future events with material unforeseen impacts.

Investor Relations Contacts:

Tokyo	New York	London
Yukio Ozawa	Masaaki Konoo/Kumiko Koyama	Chris Hohman/Shinji Tomita
+81-(0)3-5448-2180	+1-212-833-6722	+44-(0)20-7444-9713

Home Page: www.sony.net/IR/

Business Segment Information

(Millions of yen, millions of U.S. dollars)

Sales and operating revenue	2003	2004	Change	2004
		Year ended March 31		
Electronics				
Customers	¥ 4,543,313	¥ **4,758,400**	+4.7%	$ **45,754**
Intersegment	397,137	**138,995**		**1,336**
Total	4,940,450	**4,897,395**	-0.9	**47,090**
Game				
Customers	936,274	**753,732**	-19.5	**7,247**
Intersegment	18,757	**26,488**		**255**
Total	955,031	**780,220**	-18.3	**7,502**
Music				
Customers	512,908	**487,457**	-5.0	**4,687**
Intersegment	84,598	**72,431**		**697**
Total	597,506	**559,888**	-6.3	**5,384**
Pictures				
Customers	802,770	**756,370**	-5.8	**7,273**
Intersegment	0	**0**		**0**
Total	802,770	**756,370**	-5.8	**7,273**
Financial Services				
Customers	509,398	**565,752**	+11.1	**5,440**
Intersegment	27,878	**27,792**		**267**
Total	537,276	**593,544**	+10.5	**5,707**
Other				
Customers	168,970	**174,680**	+3.4	**1,680**
Intersegment	137,323	**155,712**		**1,497**
Total	306,293	**330,392**	+7.9	**3,177**
Elimination	(665,693)	**(421,418)**	—	**(4,052)**
Consolidated total	¥ 7,473,633	¥ **7,496,391**	+0.3%	$ **72,081**

Electronics intersegment amounts primarily consist of transactions with the Game business.
Music intersegment amounts primarily consist of transactions with the Game and Pictures businesses.
Other intersegment amounts primarily consist of transactions with the Electronics business.

Operating income (loss)	2003	2004	Change	2004
Electronics	¥ 41,380	¥ **(35,298)**	—	$ **(339)**
Game	112,653	**67,578**	-40.0%	**650**
Music	(7,867)	**18,995**	—	**182**
Pictures	58,971	**35,230**	-40.3	**339**
Financial Services	22,758	**55,161**	+142.4	**530**
Other	(24,983)	**(10,030)**	—	**(96)**
Total	202,912	**131,636**	-35.1	**1,266**
Unallocated corporate expenses and elimination	(17,472)	**(32,734)**	—	**(315)**
Consolidated total	¥ 185,440	¥ **98,902**	-46.7%	$ **951**

Commencing with the first quarter ended June 30, 2003, Sony has partly realigned its business segment configuration. In the NACS, expenses incurred in connection with the creation of a network platform business have been transferred out of the Other segment and reclassified as unallocated corporate expenses, because the expected future benefits of this business will be spread across the Sony Group. In accordance with these realignments, results for the previous year have been reclassified to conform to the presentation for the current year.
In the quarter ended December 31, 2003, regarding Sony Life, the recognition method of insurance premiums received on certain products was changed from being recorded as revenues to being offset against the related provision for future insurance policy benefits, reducing revenue in the Financial Services segment in the year ended March 31, 2004, by ¥30.8billion. This change did not have a material effect on operating income.

(Millions of yen, millions of U.S. dollars)

Three months ended March 31 (Unaudited)

Sales and operating revenue	2003	**2004**	Change	**2004**
Electronics				
Customers	¥ 995,663	¥ **1,104,378**	+10.9%	$ **10,619**
Intersegment	29,632	**7,825**		**75**
Total	1,025,295	**1,112,203**	+8.5	**10,694**
Game				
Customers	163,715	**121,436**	-25.8	**1,168**
Intersegment	3,623	**5,301**		**51**
Total	167,338	**126,737**	-24.3	**1,219**
Music				
Customers	124,358	**119,139**	-4.2	**1,145**
Intersegment	17,707	**14,966**		**144**
Total	142,065	**134,105**	-5.6	**1,289**
Pictures				
Customers	187,240	**236,602**	+26.4	**2,275**
Intersegment	0	**0**		**0**
Total	187,240	**236,602**	+26.4	**2,275**
Financial Services				
Customers	140,142	**144,679**	+3.2	**1,391**
Intersegment	7,258	**7,462**		**72**
Total	147,400	**152,141**	+3.2	**1,463**
Other				
Customers	43,246	**45,957**	+6.3	**442**
Intersegment	40,975	**42,655**		**410**
Total	84,221	**88,612**	+5.2	**852**
Elimination	(99,195)	**(78,209)**	—	**(752)**
Consolidated total	¥ 1,654,364	¥ **1,772,191**	+7.1%	$ **17,040**

Electronics intersegment amounts primarily consist of transactions with the Game business.
Music intersegment amounts primarily consist of transactions with the Game and Pictures businesses.
Other intersegment amounts primarily consist of transactions with the Electronics business.

Operating income (loss)	2003	**2004**	Change	**2004**
Electronics	¥ (116,144)	¥ **(133,364)**	—	$ **(1,282)**
Game	13,631	**(6,886)**	—	**(66)**
Music	(12,443)	**(5,576)**	—	**(54)**
Pictures	8,089	**36,634**	+352.9%	**352**
Financial Services	3,113	**17,192**	+452.3	**165**
Other	(9,587)	**(6,343)**	—	**(61)**
Total	(113,341)	**(98,343)**	—	**(946)**
Unallocated corporate expenses and elimination	(3,126)	**(11,413)**	—	**(109)**
Consolidated total	¥ (116,467)	¥ **(109,756)**	—	$ **(1,055)**

Commencing with the first quarter ended June 30, 2003, Sony has partly realigned its business segment configuration. In the NACS, expenses incurred in connection with the creation of a network platform business have been transferred out of the Other segment and reclassified as unallocated corporate expenses, because the expected future benefits of this business will be spread across the Sony Group. In accordance with these realignments, results for the previous year have been reclassified to conform to the presentation for the current year.
In the quarter ended December 31, 2003, regarding Sony Life, the recognition method of insurance premiums received on certain products was changed from being recorded as revenues to being offset against the related provision for future insurance policy benefits, reducing revenue in the Financial Services segment in the quarter ended March 31, 2004, by ¥15.3 billion. This change did not have a material effect on operating income.

Electronics Sales and Operating Revenue to Customers by Product Category

(Millions of yen, millions of U.S. dollars)

Sales and operating revenue	Year ended March 31 2003	2004	Change	2004
Audio	¥ 682,517	¥ **623,582**	-8.6%	$ **5,996**
Video	851,064	**948,111**	+11.4	**9,116**
Televisions	950,166	**917,207**	-3.5	**8,819**
Information and Communications	836,724	**834,757**	-0.2	**8,027**
Semiconductors	204,710	**253,237**	+23.7	**2,435**
Components	527,782	**623,799**	+18.2	**5,998**
Other	490,350	**557,707**	+13.7	**5,363**
Total	¥ 4,543,313	¥ **4,758,400**	+4.7%	$ **45,754**

Sales and operating revenue	Three months ended March 31 (Unaudited) 2003	2004	Change	2004
Audio	¥ 133,555	¥ **121,460**	-9.1%	$ **1,168**
Video	153,197	**197,456**	+28.9	**1,899**
Televisions	203,035	**213,794**	+5.3	**2,056**
Information and Communications	214,822	**208,816**	-2.8	**2,008**
Semiconductors	52,453	**66,163**	+26.1	**636**
Components	131,128	**159,464**	+21.6	**1,533**
Other	107,473	**137,225**	+27.7	**1,319**
Total	¥ 995,663	¥ **1,104,378**	+10.9%	$ **10,619**

The above table is a breakdown of Electronics sales and operating revenue to customers in the Business Segment Information on pages F-1 and F-2. The Electronics segment is managed as a single operating segment by Sony's management. However, Sony believes that the information in this table is useful to investors in understanding the product categories in this business segment. In addition, commencing with the first quarter ended June 30, 2003, Sony has partly realigned its product category configuration in the Electronics segment. Accordingly, results of the previous year have been reclassified. The primary changes are as follows:

Main Product	Previous Product Category		New Product Category
Set-top box	"Televisions"	→	"Video"
Computer display	"Information and Communications"	→	"Televisions"
LCD television	"Information and Communications"	→	"Televisions"
CRT	"Components"	→	"Televisions"

Geographic Segment Information

(Millions of yen, millions of U.S. dollars)

Sales and operating revenue	Year ended March 31 2003	2004	Change	2004
Japan	¥ 2,093,880	¥ **2,220,747**	+6.1%	$ **21,353**
United States	2,403,946	**2,121,110**	-11.8	**20,395**
Europe	1,665,976	**1,765,053**	+5.9	**16,972**
Other Areas	1,309,831	**1,389,481**	+6.1	**13,361**
Total	¥ 7,473,633	¥ **7,496,391**	+0.3%	$ **72,081**

Sales and operating revenue	Three months ended March 31 (Unaudited) 2003	2004	Change	2004
Japan	¥ 517,933	¥ **549,960**	+6.2%	$ **5,288**
United States	481,747	**492,729**	+2.3	**4,738**
Europe	363,360	**406,956**	+12.0	**3,913**
Other Areas	291,324	**322,546**	+10.7	**3,101**
Total	¥ 1,654,364	¥ **1,772,191**	+7.1%	$ **17,040**

Classification of Geographic Segment Information shows sales and operating revenue recognized by location of customers.

Consolidated Statements of Income

(Millions of yen, millions of U.S. dollars, except per share amounts)

	Year ended March 31			
	2003	**2004**	Change	**2004**
Sales and operating revenue:			%	
Net sales	¥ 6,916,042	¥ **6,883,478**		$ **66,187**
Financial service revenue	509,398	**565,752**		**5,440**
Other operating revenue	48,193	**47,161**		**454**
	7,473,633	**7,496,391**	+0.3	**72,081**
Costs and expenses:				
Cost of sales	4,979,421	**5,058,205**		**48,637**
Selling, general and administrative	1,782,367	**1,798,239**		**17,291**
Financial service expenses	486,464	**505,550**		**4,861**
Loss on sale, disposal or impairment of assets, net	39,941	**35,495**		**341**
	7,288,193	**7,397,489**		**71,130**
Operating income	185,440	**98,902**	-46.7	**951**
Other income:				
Interest and dividends	14,441	**18,756**		**180**
Royalty income	32,375	**34,244**		**329**
Foreign exchange gain, net	1,928	**18,059**		**174**
Gain on sale of securities investments, net	72,552	**11,774**		**113**
Gain on issuances of stock by subsidiaries and equity investees	—	**4,870**		**47**
Other	36,232	**34,587**		**333**
	157,528	**122,290**		**1,176**
Other expenses:				
Interest	27,314	**27,849**		**268**
Loss on devaluation of securities investments	23,198	**16,481**		**159**
Other	44,835	**32,795**		**315**
	95,347	**77,125**		**742**
Income before income taxes	247,621	**144,067**	-41.8	**1,385**
Income taxes	80,831	**52,774**		**507**
Income before minority interest, equity in net income (loss) of affiliated companies and cumulative effect of an accounting change	166,790	**91,293**	-45.3	**878**
Minority interest in income of consolidated subsidiaries	6,581	**2,379**		**23**
Equity in net income (loss) of affiliated companies	(44,690)	**1,714**		**16**
Income before cumulative effect of an accounting change	115,519	**90,628**	-21.5	**871**
Cumulative effect of an accounting change (2004: Net of income taxes of ¥0 million)	—	**(2,117)**		**(20)**
Net income	¥ 115,519	¥ **88,511**	-23.4	$ **851**
Per share data:				
Common stock				
Income before cumulative effect of an accounting change				
— Basic	¥ 125.74	¥ **98.26**	-21.9	$ **0.94**
— Diluted	118.21	**93.00**	-21.3	**0.89**
Net income				
— Basic	125.74	**95.97**	-23.7	**0.92**
— Diluted	118.21	**90.88**	-23.1	**0.87**
Subsidiary tracking stock				
Net income (loss)				
— Basic	(41.98)	**(41.80)**	—	**(0.40)**

Additional Paid-in Capital and Retained Earnings

The following information shows change in additional paid-in capital for the year ended March 31, 2003 and 2004 and change in retained earnings for the year ended March 31, 2003 and 2004.

Sony discloses this supplemental information in accordance with disclosure requirements of the Japanese Securities and Exchange Law, to which Sony, as a Japanese public company, is subject.

	(Millions of yen, millions of U.S. dollars)		
	Year ended March 31		
	2003	**2004**	**2004**
Additional Pain-in Capital:			
Balance, beginning of year	¥ 968,223	¥ **984,196**	$ **9,463**
Conversion of convertible bonds	172	**3,988**	**38**
Exchange offerings	15,791	**5,409**	**52**
Reissuance of treasury stock	10	**(776)**	**(7)**
Balance, end of year	¥ 984,196	¥ **992,817**	$ **9,546**

	(Millions of yen, millions of U.S. dollars)		
	Year ended March 31		
	2003	**2004**	**2004**
Retained Earnings:			
Balance, beginning of year	¥ 1,209,262	¥ **1,301,740**	$ **12,517**
Net income	115,519	**88,511**	**851**
Cash dividends	(23,022)	**(23,138)**	**(222)**
Common stock issue costs, net of tax	(19)	**(53)**	**(1)**
Balance, end of year	¥ 1,301,740	¥ **1,367,060**	$ **13,145**

Consolidated Statements of Income (Unaudited)

(Millions of yen, millions of U.S. dollars, except per share amounts)

	Three months ended March 31			
	2003	**2004**	Change	**2004**
Sales and operating revenue:			%	
Net sales	¥ 1,503,150	¥ **1,615,836**		$ **15,537**
Financial service revenue	140,142	**144,679**		**1,391**
Other operating revenue	11,072	**11,676**		**112**
	1,654,364	**1,772,191**	+7.1	**17,040**
Costs and expenses:				
Cost of sales	1,140,533	**1,238,300**		**11,907**
Selling, general and administrative	476,883	**495,378**		**4,763**
Financial service expenses	137,013	**126,385**		**1,215**
Loss on sale, disposal or impairment of assets, net	16,402	**21,884**		**210**
	1,770,831	**1,881,947**		**18,095**
Operating income (loss)	(116,467)	**(109,756)**	—	**(1,055)**
Other income:				
Interest and dividends	4,280	**5,388**		**52**
Royalty income	10,129	**10,389**		**100**
Foreign exchange gain, net	—	**7,588**		**73**
Gain on sale of securities investments, net	1,682	**28**		**0**
Gain on issuances of stock by subsidiaries and equity investees	—	**3,951**		**38**
Other	11,560	**8,139**		**78**
	27,651	**35,483**		**341**
Other expenses:				
Interest	7,251	**7,179**		**69**
Loss on devaluation of securities investments	5,273	**3,931**		**38**
Foreign exchange loss, net	264	**—**		**—**
Other	18,138	**8,190**		**79**
	30,926	**19,300**		**186**
Income (loss) before income taxes	(119,742)	**(93,573)**	—	**(900)**
Income taxes	(23,412)	**(50,498)**		**(486)**
Income (loss) before minority interest, equity in net income (loss) of affiliated companies	(96,330)	**(43,075)**	—	**(414)**
Minority interest in income (loss) of consolidated subsidiaries	(90)	**557**		**6**
Equity in net income (loss) of affiliated companies	(14,904)	**5,477**		**53**
Net income (loss)	¥ (111,144)	¥ **(38,155)**	—	$ **(367)**
Per share data:				
Common stock				
Net income (loss)				
— Basic	¥ (120.47)	¥ **(41.23)**	—	$ **(0.40)**
— Diluted	(120.47)	**(41.23)**	—	**(0.40)**
Subsidiary tracking stock				
Net income (loss)				
— Basic	(69.86)	**(13.12)**	—	**(0.13)**

Consolidated Balance Sheets

	(Millions of yen, millions of U.S. dollars)		
	March 31		
ASSETS	2003	**2004**	**2004**
Current assets:			
Cash and cash equivalents	¥ 713,058	**¥ 849,211**	**$ 8,165**
Time deposits	3,689	**4,662**	**45**
Marketable securities	241,520	**274,748**	**2,642**
Notes and accounts receivable, trade	1,117,889	**1,123,863**	**10,806**
Allowance for doubtful accounts and sales returns	(110,494)	**(112,674)**	**(1,083)**
Inventories	625,727	**666,507**	**6,409**
Deferred income taxes	143,999	**125,532**	**1,207**
Prepaid expenses and other current assets	418,826	**431,506**	**4,149**
	3,154,214	**3,363,355**	**32,340**
Film costs	287,778	**256,740**	**2,469**
Investments and advances:			
Affiliated companies	111,510	**86,253**	**829**
Securities investments and other	1,882,613	**2,426,697**	**23,334**
	1,994,123	**2,512,950**	**24,163**
Property, plant and equipment:			
Land	188,365	**189,785**	**1,825**
Buildings	872,228	**930,983**	**8,952**
Machinery and equipment	2,054,219	**2,053,085**	**19,741**
Construction in progress	60,383	**98,480**	**947**
Less–Accumulated depreciation	(1,896,845)	**(1,907,289)**	**(18,340)**
	1,278,350	**1,365,044**	**13,125**
Other assets:			
Intangibles, net	258,624	**248,010**	**2,385**
Goodwill	290,127	**277,870**	**2,672**
Deferred insurance acquisition costs	327,869	**349,194**	**3,358**
Deferred income taxes	328,091	**203,203**	**1,954**
Other	451,369	**514,296**	**4,944**
	1,656,080	**1,592,573**	**15,313**
	¥ 8,370,545	**¥ 9,090,662**	**$ 87,410**
LIABILITIES AND STOCKHOLDERS' EQUITY			
Current liabilities:			
Short-term borrowings	¥ 124,360	**¥ 91,260**	**$ 878**
Current portion of long-term debt	34,385	**383,757**	**3,690**
Notes and accounts payable, trade	697,385	**778,773**	**7,488**
Accounts payable, other and accrued expenses	864,188	**812,175**	**7,809**
Accrued income and other taxes	109,199	**57,913**	**557**
Deposits from customers in the banking business	248,721	**378,851**	**3,643**
Other	356,810	**479,486**	**4,610**
	2,435,048	**2,982,215**	**28,675**
Long-term liabilities:			
Long-term debt	807,439	**777,649**	**7,477**
Accrued pension and severance costs	496,174	**368,382**	**3,542**
Deferred income taxes	159,079	**96,193**	**925**
Future insurance policy benefits and other	1,914,410	**2,178,626**	**20,948**
Other	255,478	**286,737**	**2,758**
	3,632,580	**3,707,587**	**35,650**
Minority interest in consolidated subsidiaries	22,022	**22,858**	**220**
Stockholders' equity:			
Capital stock	476,278	**480,267**	**4,618**
Additional paid-in capital	984,196	**992,817**	**9,546**
Retained earnings	1,301,740	**1,367,060**	**13,145**
Accumulated other comprehensive income	(471,978)	**(449,959)**	**(4,327)**
Treasury stock, at cost	(9,341)	**(12,183)**	**(117)**
	2,280,895	**2,378,002**	**22,865**
	¥ 8,370,545	**¥ 9,090,662**	**$ 87,410**

Consolidated Statements of Cash Flows

	(Millions of yen, millions of U.S. dollars) Year ended March 31		
	2003	**2004**	**2004**
Cash flows from operating activities:			
Net income	¥ 115,519	**¥ 88,511**	**$ 851**
Adjustments to reconcile net income to net cash provided by operating activities			
Depreciation and amortization, including amortization of deferred insurance acquisition costs	351,925	**366,269**	**3,522**
Amortization of film costs	312,054	**305,786**	**2,940**
Accrual for pension and severance costs, less payments	37,858	**35,562**	**342**
Loss on sale, disposal or impairment of assets, net	39,941	**35,495**	**341**
Gain on sales of securities investments, net	(72,552)	**(11,774)**	**(113)**
Deferred income taxes	(98,016)	**(34,445)**	**(331)**
Equity in net (income) losses of affiliated companies, net of dividends	46,692	**1,732**	**17**
Cumulative effect of an accounting change	—	**2,117**	**20**
Changes in assets and liabilities:			
(Increase) decrease in notes and accounts receivable, trade	174,679	**(63,010)**	**(606)**
(Increase) decrease in inventories	36,039	**(78,656)**	**(756)**
Increase in film costs	(317,953)	**(299,843)**	**(2,883)**
Increase (decrease) in notes and accounts payable, trade	(58,384)	**93,950**	**903**
Increase (decrease) in accrued income and other taxes	14,637	**(46,067)**	**(443)**
Increase in future insurance policy benefits and other	233,992	**264,216**	**2,541**
Increase in deferred insurance acquisition costs	(66,091)	**(71,219)**	**(685)**
(Increase) decrease in other current assets	29,095	**(34,991)**	**(336)**
Increase in other current liabilities	26,205	**44,772**	**431**
Other	48,148	**34,230**	**328**
Net cash provided by operating activities	853,788	**632,635**	**6,083**
Cash flows from investing activities:			
Payments for purchases of fixed assets	(275,285)	**(427,344)**	**(4,109)**
Proceeds from sales of fixed assets	25,711	**33,987**	**327**
Payments for investments and advances by financial service business	(1,012,508)	**(1,167,945)**	**(11,231)**
Payments for investments and advances (other than financial service business)	(123,839)	**(33,329)**	**(320)**
Proceeds from sales of securities investments, maturities of marketable securities and collections of advances by financial service business	529,395	**791,188**	**7,607**
Proceeds from sales of securities investments, maturities of marketable securities and collections of advances (other than financial service business)	148,977	**35,521**	**342**
(Increase) decrease in time deposits	1,124	**(1,456)**	**(14)**
Cash assumed upon acquisition by stock exchange offering	—	**3,634**	**35**
Gain on issuances of stock by subsidiaries	—	**3,952**	**38**
Net cash used in investing activities	(706,425)	**(761,792)**	**(7,325)**
Cash flows from financing activities:			
Proceeds from issuance of long-term debt	12,323	**267,864**	**2,575**
Payments of long-term debt	(238,144)	**(32,042)**	**(308)**
Decrease in short-term borrowings	(7,970)	**(57,708)**	**(555)**
Increase in deposits from customers in the banking business	142,023	**129,874**	**1,249**
Dividends paid	(22,871)	**(23,106)**	**(222)**
Other	21,505	**28,401**	**273**
Net cash provided by (used in) financing activities	(93,134)	**313,283**	**3,012**
Effect of exchange rate changes on cash and cash equivalents	(24,971)	**(47,973)**	**(461)**
Net increase in cash and cash equivalents	29,258	**136,153**	**1,309**
Cash and cash equivalents at beginning of the fiscal year	683,800	**713,058**	**6,856**
Cash and cash equivalents at end of the fiscal year	¥ 713,058	**¥ 849,211**	**$ 8,165**

(Notes)

1. U.S. dollar amounts have been translated from yen, for convenience only, at the rate of ¥104 = U.S. $1, the approximate Tokyo foreign exchange market rate as of March 31, 2004.

2. As of March 31, 2004, Sony had 1,048 consolidated subsidiaries (including variable interest entities). It has applied the equity accounting method in respect to 66 affiliated companies.

3. Sony calculates and presents per share data separately for Sony's common stock and for the subsidiary tracking stock which is linked to the economic value of Sony Communication Network Corporation, based on Statement of Financial Accounting Standards ("FAS") No.128, "Earnings per Share". The holders of the tracking stock have the right to participate in earnings, together with common stock holders. Accordingly, Sony calculates per share data by the "two-class" method based on FAS No.128. Under this method, basic net income per share for each class of stock is calculated based on the earnings allocated to each class of stock for the applicable period, divided by the weighted-average number of outstanding shares in each class during the applicable period. The earnings allocated to the subsidiary tracking stock are determined based on the subsidiary tracking stockholders' economic interest in the targeted subsidiary's earnings available for dividends or change in accumulated losses that do not include those of the targeted subsidiary's subsidiaries. The earnings allocated to common stock are calculated by subtracting the earnings allocated to the subsidiary tracking stock from Sony's net income for the period.

   Weighted-average shares used for computation of earnings per share of common stock are as follows. The dilutive effect in the weighted-average shares for the three months and the year ended March 31, 2003 and 2004 mainly resulted from convertible bonds. No additional shares were included in the computation of diluted net loss per share for the three months ended March 31, 2003 and 2004 because to do so would have been antidilutive.

Weighted-average shares	(Thousands of shares) Year ended March 31	
	2003	**2004**
Income before cumulative effect of an accounting change and net income		
— Basic	919,706	923,650
— Diluted	998,591	1,000,215

Weighted-average shares	(Thousands of shares) Three months ended March 31	
	2003	**2004**
Net income		
— Basic	920,814	924,439
— Diluted	920,814	924,439

   Weighted-average shares used for computation of earnings per share of the subsidiary tracking stock for the three months and the year ended March 31, 2003 and 2004 are 3,072 thousand shares. There were no potentially dilutive securities or options granted for earnings per share of the subsidiary tracking stock.

4. Sony's comprehensive income is comprised of net income and other comprehensive income. Other comprehensive income includes changes in unrealized gains or losses on securities, unrealized gains or losses on derivative instruments, minimum pension liabilities adjustments and foreign currency translation adjustments. Net income, other comprehensive income (loss) and comprehensive income (loss) for the three months and the year ended March 31, 2003 and 2004 were as follows:

(Millions of yen, millions of U.S. dollars)

	Year ended March 31			Three months ended March 31		
	2003	**2004**	**2004**	2003	**2004**	**2004**
Net income (loss)	¥ 115,519	¥ **88,511**	$ **851**	¥ (111,144)	¥ **(38,155)**	$ **(367)**
Other comprehensive income (loss):						
Unrealized gains (losses) on Securities	(5,339)	**52,292**	**503**	2,834	**21,385**	**206**
Unrealized gains (losses) on derivative instruments	(4,082)	**4,193**	**40**	(668)	**1,302**	**13**
Minimum pension liabilities Adjustments	(110,636)	**93,415**	**898**	(110,636)	**95,611**	**919**
Foreign currency translation adjustments	(76,328)	**(127,881)**	**(1,229)**	25,387	**(27,752)**	**(267)**
	(196,385)	**22,019**	**212**	(83,083)	**90,546**	**871**
Comprehensive income (loss)	¥ (80,866)	¥ **110,530**	$ **1,063**	¥ (194,227)	¥ **52,391**	$ **504**

5. On April 1, 2002, Sony adopted FAS No.144, "Accounting for the Impairment or Disposal of Long-Lived Assets". FAS No.144 addresses financial accounting and reporting for the impairment or disposal of long-lived assets. FAS No.144 establishes a single accounting model for long-lived assets to be disposed of by sale and modifies the accounting and disclosure rules for discontinued operations. The adoption of the provision of FAS No.144 did not have a material impact on Sony's results of operations and financial position for the year ended March 31, 2003.

6. In April 2002, the Financial Accounting Standards Board ("FASB") issued FAS No.145, "Rescission of FASB Statements No.4, 44 and 64, Amendment of FASB Statement No.13, and Technical Corrections". This statement rescinds certain authoritative pronouncements and amends, clarifies or describes the applicability of others, effective for fiscal years beginning or transactions occurring after May 15, 2002, with early adoption encouraged. Sony elected early adoption of this statement retroactive to April 1, 2002. The adoption of this statement did not have an impact on Sony's results of operations and financial position.

7. In June 2002, the FASB issued FAS No.146, "Accounting for Costs Associated with Exit or Disposal Activities". FAS No.146 is effective for exit or disposal activities that are initiated after December 31, 2002. FAS No.146 addresses financial accounting and reporting for costs associated with exit or disposal activities. Sony adopted FAS No.146 on January 1, 2003. The adoption of this statement did not have a material effect on Sony's results of operations and financial position.

8. In November 2002, the FASB issued FASB Interpretation ("FIN") No.45, "Guarantor's Accounting and Disclosure Requirements for Guarantees, Including Indirect Guarantees of Indebtedness of Others, an interpretation of FASB Statements No.5, 57, and 107 and rescission of FASB Interpretation No.34". The interpretation elaborates on the existing disclosure requirements for most guarantees. It also clarifies that at the time a company issues a guarantee, the company must recognize an initial liability for the fair value of the obligations it assumes under the guarantee. The initial recognition and initial measurement provisions of FIN No.45 are applicable on a prospective basis to guarantees issued or modified after December 31, 2002. The initial recognition and initial measurement provisions of FIN No.45 did not have a material effect on Sony's results of operations and financial position as at and for the year ended March 31, 2003.

9. In December 2002, the FASB issued FAS No.148, "Accounting for Stock-Based Compensation - Transition and Disclosure - an Amendment of FASB Statement No.123". FAS No.148 amends FAS No.123, "Accounting for Stock-Based Compensation", to provide alternative methods of transition for a voluntary change to the fair value based method of accounting for stock-based employee compensation. FAS No.148 also requires that disclosures of the pro forma effect of using the fair value method of accounting for stock-based employee compensation be displayed more prominently and in a tabular format. Sony adopted the disclosure-only requirements in accordance with FAS No.148 for the year ended March 31, 2003. Sony has accounted for its employee stock-based compensation in accordance with Accounting Principles Board Opinion No.25, "Accounting for Stock Issued to Employees" and, therefore, the adoption of the provisions of FAS No.148 did not have an impact on Sony's results of operations and financial position.

10. Effective with the first quarter ended June 30, 2003, "(Gain) loss on sale, disposal or impairment of assets, net" which was previously included in "Selling, general and administrative" is disclosed separately in "Costs and expenses". Such amounts for the three months and the year ended March 31, 2003 have been reclassified to conform to the presentation for this year.

11. Adoption of New Accounting Standards

Consolidation of Variable Interest Entities

In January 2003, the FASB issued FIN No.46, "Consolidation of Variable Interest Entities – an Interpretation of ARB No.51", and the revised FIN No.46 was issued in December 2003. This interpretation addresses consolidation by a primary beneficiary of a variable interest entity ("VIE"). FIN No.46 is effective immediately for all new VIEs created or acquired after January 31, 2003. Sony has not entered into any new arrangements with VIEs on or after February 1, 2003. For VIEs created or acquired prior to February 1, 2003, the provisions of FIN No.46 must be adopted by the end of the third quarter of the year ending March 31, 2004, with early adoption from the second quarter encouraged. For VIEs acquired prior to February 1, 2003, any difference between the net amount added to the balance sheet and the amount of any previously recognized interest in the VIE will be recognized as a cumulative effect of accounting change. For VIEs created or acquired prior to February 1, 2003, Sony adopted FIN No.46 on July 1, 2003. As a result of the adoption of FIN No.46, Sony recognized ¥2,117 million ($20 million) of loss as the cumulative effect of accounting change. Additionally, Sony's assets and liabilities increased as non-cash transactions, which resulted in no cash flows, by ¥95,255 million ($916 million) and ¥97,950 million ($942 million), respectively, as well as cash and cash equivalents of ¥1,521 million ($15 million).

Accounting for Asset Retirement Obligations

In June 2001, the FASB issued FAS No.143, "Accounting for Asset Retirement Obligations". This statement addresses financial accounting and reporting for obligations associated with the retirement of tangible long-lived assets and the associated asset retirement costs. Sony adopted FAS No.143 on April 1, 2003. The adoption of FAS No.143 did not have a material impact on Sony's results of operations and financial position.

Multiple Element Revenue Arrangements

In November 2002, the FASB issued Emerging Issues Task Force ("EITF") Issue No.00-21, "Accounting for Revenue Arrangements with Multiple Deliverables". EITF Issue No.00-21 provides guidance on when and how to account for arrangements that involve the delivery or performance of multiple products, services and/or rights to use assets. Sony adopted EITF Issue No.00-21 on July 1, 2003. The adoption of EITF Issue No.00-21 did not have a material impact on Sony's results of operations and financial position.

Derivative Instruments and Hedging Activities

In April 2003, the FASB issued FAS No.149, "Amendment of Statement 133 on Derivative Instruments and Hedging Activities". This statement amends and clarifies financial accounting and reporting for derivative instruments, including derivative instruments embedded in other contracts and for hedging activities under FAS No.133. Sony adopted FAS No.149 on July 1, 2003. The adoption of FAS No.149 did not have an impact on Sony's results of operations and financial position.

Accounting for Certain Financial Instruments with Characteristics of both Liabilities and Equity

In May 2003, the FASB issued FAS No.150, "Accounting for Certain Financial Instruments with Characteristics of both Liabilities and Equity". FAS No.150 establishes standards for how certain financial instruments with characteristics of both liabilities and equity shall be classified and measured. This statement is effective for financial instruments entered into or modified after May 31, 2003, and otherwise is effective at the beginning of the first interim period beginning after June 15, 2003. Sony adopted FAS No.150 on April 1, 2003. The adoption of FAS No.150 did not have an impact on Sony's results of operations and financial position.

Other Consolidated Financial Data

(Millions of yen, millions of U.S. dollars)

	Year ended March 31			
	2003	**2004**	Change	**2004**
Capital expenditures (additions to property, plant and equipment)	¥ 261,241	**¥ 378,264**	+44.8%	**$ 3,637**
Depreciation and amortization expenses*	351,925	**366,269**	+4.1	**3,522**
(Depreciation expenses for tangible assets)	(279,476)	**(286,911)**	(+2.7)	**(2,759)**
Research and development expenses	443,128	**514,483**	+16.1	**4,947**

	Three months ended March 31			
	2003	**2004**	Change	**2004**
Capital expenditures (additions to property, plant and equipment)	¥ 76,610	**¥ 109,582**	+43.0%	**$ 1,054**
Depreciation and amortization expenses*	96,241	**99,339**	+3.2	**955**
(Depreciation expenses for tangible assets)	(74,340)	**(76,485)**	(+2.9)	**(735)**
Research and development expenses	131,379	**140,368**	+6.8	**1,350**

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

Condensed Financial Services Financial Statements (Unaudited)

The results of the Financial Services segment are included in Sony's consolidated financial statements. The following schedules show unaudited condensed financial statements for the Financial Services segment and all other segments excluding Financial Services. These presentations are not required under U.S. GAAP, which is used in Sony's consolidated financial statements. However, because the Financial Services segment is different in nature from Sony's other segments, Sony believes that a comparative presentation may be useful in understanding and analyzing Sony's consolidated financial statements.

Transactions between the Financial Services segment and Sony without Financial Services are eliminated in the consolidated figures shown below.

Condensed Statements of Income

(Millions of yen, millions of U.S. dollars)

Financial Services

	Year ended March 31			
	2003	**2004**	Change	**2004**
			%	
Financial service revenue	¥ 537,276	¥ **593,544**	+10.5	$ **5,707**
Financial service expenses	514,518	**538,383**	+4.6	**5,177**
Operating income	22,758	**55,161**	+142.4	**530**
Other income (expenses), net	(1,282)	**1,958**	—	**19**
Income before income taxes	21,476	**57,119**	+166.0	**549**
Income taxes and other	13,071	**22,975**	+75.8	**221**
Net income	¥ 8,405	¥ **34,144**	+306.2	$ **328**

(Millions of yen, millions of U.S. dollars)

Sony without Financial Services

	Year ended March 31			
	2003	**2004**	Change	**2004**
			%	
Net sales and operating revenue	¥ 6,974,980	¥ **6,939,964**	-0.5	$ **66,730**
Costs and expenses	6,811,292	**6,896,377**	+1.2	**66,311**
Operating income	163,688	**43,587**	-73.4	**419**
Other income (expenses), net	67,846	**52,746**	-22.3	**507**
Income before income taxes	231,534	**96,333**	-58.4	**926**
Income taxes and other	120,089	**30,916**	-74.3	**297**
Income before cumulative effect of an accounting change	111,445	**65,417**	-41.3	**629**
Cumulative effect of an accounting change	—	**(2,117)**	—	**(20)**
Net income	¥ 111,445	¥ **63,300**	-43.2	$ **609**

(Millions of yen, millions of U.S. dollars)

Consolidated

	Year ended March 31			
	2003	**2004**	Change	**2004**
			%	
Financial service revenue	¥ 509,398	¥ **565,752**	+11.1	$ **5,440**
Net sales and operating revenue	6,964,235	**6,930,639**	-0.5	**66,641**
	7,473,633	**7,496,391**	+0.3	**72,081**
Costs and expenses	7,288,193	**7,397,489**	+1.5	**71,130**
Operating income	185,440	**98,902**	-46.7	**951**
Other income (expenses), net	62,181	**45,165**	-27.4	**434**
Income before income taxes	247,621	**144,067**	-41.8	**1,385**
Income taxes and other	132,102	**53,439**	-59.5	**514**
Income before cumulative effect of an accounting change	115,519	**90,628**	-21.5	**871**
Cumulative effect of an accounting change	—	**(2,117)**	—	**(20)**
Net income	¥ 115,519	¥ **88,511**	-23.4	$ **851**

(Millions of yen, millions of U.S. dollars)

Condensed Statements of Income

Financial Services

	Three months ended March 31			
	2003	**2004**	Change	**2004**
			%	
Financial service revenue	¥ 147,400	**¥ 152,141**	+3.2	**$ 1,463**
Financial service expenses	144,287	**134,949**	-6.5	**1,298**
Operating income	3,113	**17,192**	+452.3	**165**
Other income (expenses), net	1,173	**(92)**	—	**(1)**
Income before income taxes	4,286	**17,100**	+299.0	**164**
Income taxes and other	3,751	**7,103**	+89.4	**68**
Net income	¥ 535	**¥ 9,997**	+1768.6	**$ 96**

(Millions of yen, millions of U.S. dollars)

Sony without Financial Services

	Three months ended March 31			
	2003	**2004**	Change	**2004**
			%	
Net sales and operating revenue	¥ 1,517,775	**¥ 1,630,452**	+7.4	**$ 15,677**
Costs and expenses	1,636,881	**1,757,683**	+7.4	**16,900**
Operating income (loss)	(119,106)	**(127,231)**	—	**(1,223)**
Other income (expenses), net	(4,533)	**16,551**	—	**159**
Income (loss) before income taxes	(123,639)	**(110,680)**	—	**(1,064)**
Income taxes and other	(11,977)	**(62,419)**	—	**(600)**
Net income (loss)	¥ (111,662)	**¥ (48,261)**	—	**$ (464)**

(Millions of yen, millions of U.S. dollars)

Consolidated

	Three months ended March 31			
	2003	**2004**	Change	**2004**
			%	
Financial service revenue	¥ 140,142	**¥ 144,679**	+3.2	**$ 1,391**
Net sales and operating revenue	1,514,222	**1,627,512**	+7.5	**15,649**
	1,654,364	**1,772,191**	+7.1	**17,040**
Costs and expenses	1,770,831	**1,881,947**	+6.3	**18,095**
Operating income (loss)	(116,467)	**(109,756)**	—	**(1,055)**
Other income (expenses), net	(3,275)	**16,183**	—	**155**
Income (loss) before income taxes	(119,742)	**(93,573)**	—	**(900)**
Income taxes and other	(8,598)	**(55,418)**	—	**(533)**
Net income (loss)	¥ (111,144)	**¥ (38,155)**	—	**$ (367)**

Condensed Balance Sheets

Financial Services

ASSETS	2003	2004	2004
	(Millions of yen, millions of U.S. dollars) March 31		
Current assets:			
Cash and cash equivalents	¥ 274,543	¥ **256,316**	$ **2,465**
Marketable securities	236,621	**270,676**	**2,603**
Notes and accounts receivable, trade	68,188	**72,273**	**695**
Other	105,593	**100,433**	**965**
	684,945	**699,698**	**6,728**
Investments and advances	1,731,415	**2,274,510**	**21,870**
Property, plant and equipment	45,990	**40,833**	**393**
Other assets:			
Deferred insurance acquisition costs	327,869	**349,194**	**3,358**
Other	106,900	**110,804**	**1,065**
	434,769	**459,998**	**4,423**
	¥ 2,897,119	¥ **3,475,039**	$ **33,414**
LIABILITIES AND STOCKHOLDERS' EQUITY			
Current liabilities:			
Short-term borrowings	¥ 72,753	¥ **86,748**	$ **834**
Notes and accounts payable, trade	5,417	**7,847**	**75**
Deposits from customers in the banking business	248,721	**378,851**	**3,643**
Other	88,986	**175,357**	**1,686**
	415,877	**648,803**	**6,238**
Long-term liabilities:			
Long-term debt	140,908	**135,811**	**1,306**
Accrued pension and severance costs	8,737	**10,183**	**98**
Future insurance policy benefits and other	1,914,410	**2,178,626**	**20,948**
Other	104,421	**126,349**	**1,216**
	2,168,476	**2,450,969**	**23,568**
Stockholders' equity	312,766	**375,267**	**3,608**
	¥ 2,897,119	¥ **3,475,039**	$ **33,414**

Sony without Financial Services

ASSETS	2003	2004	2004
	(Millions of yen, millions of U.S. dollars) March 31		
Current assets:			
Cash and cash equivalents	¥ 438,515	¥ **592,895**	$ **5,700**
Marketable securities	4,899	**4,072**	**39**
Notes and accounts receivable, trade	943,073	**943,590**	**9,073**
Other	1,117,453	**1,151,879**	**11,077**
	2,503,940	**2,692,436**	**25,889**
Film costs	287,778	**256,740**	**2,469**
Investments and advances	383,004	**358,629**	**3,448**
Investments in Financial Services, at cost	166,905	**176,905**	**1,701**
Property, plant and equipment	1,232,359	**1,324,211**	**12,732**
Other assets	1,251,810	**1,251,901**	**12,038**
	¥ 5,825,796	¥ **6,060,822**	$ **58,277**
LIABILITIES AND STOCKHOLDERS' EQUITY			
Current liabilities:			
Short-term borrowings	¥ 126,687	¥ **409,766**	$ **3,940**
Notes and accounts payable, trade	693,589	**773,221**	**7,435**
Other	1,245,578	**1,190,563**	**11,448**
	2,065,854	**2,373,550**	**22,823**
Long-term liabilities:			
Long-term debt	802,911	**775,233**	**7,454**
Accrued pension and severance costs	487,437	**358,199**	**3,444**
Other	310,136	**348,946**	**3,355**
	1,600,484	**1,482,378**	**14,253**
Minority interest in consolidated subsidiaries	16,288	**17,554**	**169**
Stockholders' equity	2,143,170	**2,187,340**	**21,032**
	¥ 5,825,796	¥ **6,060,822**	$ **58,277**

Consolidated

ASSETS	2003	2004	2004
	(Millions of yen, millions of U.S. dollars) March 31		
Current assets:			
Cash and cash equivalents	¥ 713,058	**¥ 849,211**	**$ 8,165**
Marketable securities	241,520	**274,748**	**2,642**
Notes and accounts receivable, trade	1,007,395	**1,011,189**	**9,723**
Other	1,192,241	**1,228,207**	**11,810**
	3,154,214	**3,363,355**	**32,340**
Film costs	287,778	**256,740**	**2,469**
Investments and advances	1,994,123	**2,512,950**	**24,163**
Property, plant and equipment	1,278,350	**1,365,044**	**13,125**
Other assets:			
Deferred insurance acquisition costs	327,869	**349,194**	**3,358**
Other	1,328,211	**1,243,379**	**11,955**
	1,656,080	**1,592,573**	**15,313**
	¥ 8,370,545	**¥ 9,090,662**	**$ 87,410**
LIABILITIES AND STOCKHOLDERS' EQUITY			
Current liabilities:			
Short-term borrowings	¥ 158,745	**¥ 475,017**	**$ 4,567**
Notes and accounts payable, trade	697,385	**778,773**	**7,488**
Deposits from customers in the banking business	248,721	**378,851**	**3,643**
Other	1,330,197	**1,349,574**	**12,977**
	2,435,048	**2,982,215**	**28,675**
Long-term liabilities:			
Long-term debt	807,439	**777,649**	**7,477**
Accrued pension and severance costs	496,174	**368,382**	**3,542**
Future insurance policy benefits and other	1,914,410	**2,178,626**	**20,948**
Other	414,557	**382,930**	**3,683**
	3,632,580	**3,707,587**	**35,650**
Minority interest in consolidated subsidiaries	22,022	**22,858**	**220**
Stockholders' equity	2,280,895	**2,378,002**	**22,865**
	¥ 8,370,545	**¥ 9,090,662**	**$ 87,410**

Condensed Statements of Cash Flows

Financial Services

	(Millions of yen, millions of U.S. dollars) Year ended March 31		
	2003	**2004**	**2004**
Net cash provided by operating activities	¥ 314,764	**¥ 241,627**	**$ 2,323**
Net cash used in investing activities	(516,663)	**(401,550)**	**(3,860)**
Net cash provided by financing activities	149,207	**141,696**	**1,362**
Net decrease in cash and cash equivalents	(52,692)	**(18,227)**	**(175)**
Cash and cash equivalents at beginning of the fiscal year	327,235	**274,543**	**2,640**
Cash and cash equivalents at end of the fiscal year	¥ 274,543	**¥ 256,316**	**$ 2,465**

Sony without Financial Services

	(Millions of yen, millions of U.S. dollars) Year ended March 31		
	2003	**2004**	**2004**
Net cash provided by operating activities	¥ 544,051	**¥ 401,090**	**$ 3,856**
Net cash used in investing activities	(185,883)	**(352,496)**	**(3,389)**
Net cash provided by (used in) financing activities	(251,247)	**153,759**	**1,478**
Effect of exchange rate changes on cash and cash equivalents	(24,971)	**(47,973)**	**(461)**
Net increase in cash and cash equivalents	81,950	**154,380**	**1,484**
Cash and cash equivalents at beginning of the fiscal year	356,565	**438,515**	**4,216**
Cash and cash equivalents at end of the fiscal year	¥ 438,515	**¥ 592,895**	**$ 5,700**

Consolidated

	(Millions of yen, millions of U.S. dollars) Year ended March 31		
	2003	**2004**	**2004**
Net cash provided by operating activities	¥ 853,788	**¥ 632,635**	**$ 6,083**
Net cash used in investing activities	(706,425)	**(761,792)**	**(7,325)**
Net cash provided by (used in) financing activities	(93,134)	**313,283**	**3,012**
Effect of exchange rate changes on cash and cash equivalents	(24,971)	**(47,973)**	**(461)**
Net increase in cash and cash equivalents	29,258	**136,153**	**1,309**
Cash and cash equivalents at beginning of the fiscal year	683,800	**713,058**	**6,856**
Cash and cash equivalents at end of the fiscal year	¥ 713,058	**¥ 849,211**	**$ 8,165**