

Statements made in this presentation with respect to Sony's current plans, estimates, strategies and beliefs and other statements that are not historical facts are forward-looking statements about the future performance of Sony. 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, the 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, Music and Pictures 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 unable to obtain regulatory or shareholder approval to successfully complete the acquisition of MGM. Risks and uncertainties also include the impact of any future events with material unforeseen impacts.

Q2 FY04 Consolidated Results

	Q2 FY03	Q2 FY04	Change	Change (LC basis*)
Sales & operating revenue	1,797.0	1,702.3	-5.3 %	-2 %
Operating income	33.2	43.4	+30.6 %	+62 %
Income before income taxes	44.1	63.3	+43.6 %	
Equity in net income of affiliates	2.9	6.1	+109.6 %	
Net income	32.9	53.2	+61.6 %	
Restructuring expenses**	9.7	18.8	+9.1 bln yen	

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

** Restructuring expenses are included within operating income

Foreign exchange impact	Average Rate	Q2 FY03	Q2 FY04
Sales and operating revenue: approx. -55.6 bln yen	1\$	117 yen	109 yen
Operating income: approx. -10.5 bln yen	1 Euro	131 yen	133 yen

Q2 FY04 Earnings Highlights

- ✓ Local currency operating income increased 62%, despite 2% lower sales
- ✓ Strong growth achieved in key products including digital still cameras, flat panel TVs, rear projection LCD TVs and semiconductors
- ✓ Pictures segment delivers 32 bln yen improvement in operating income, boosted by theatrical box office successes, including the hugely successful hit *Spider-Man 2*
- ✓ Improvements in results at joint ventures, including Sony Ericsson, contribute to 6.1 bln yen equity in net income of affiliated companies
- ✓ Sony full-year forecasts include: operating income growth of 62%, income before income taxes increase of 18%, and net income increase of 24%

Current Business Topics

Rapid expansion of High Definition products announced, including:

- New flat panel and projection TV line-up
- World's first consumer 1080i High Definition HDR-FX1 camcorder
- type-X VAIO PC offering HD recording and editing
- Key components for Blu-ray Disc drives



Sony Computer Entertainment unveiled a stunning new look for the PS2; the smaller, slimmer and network-ready model will hit worldwide market in November

Sony Music Entertainment and BMG united to create Sony BMG Music Entertainment; new joint venture brings together premier worldwide labels as well as top global and local artists



In October, Sony Pictures Entertainment made company history, crossing the \$1 billion mark in both North American and overseas ticket sales for the third calendar year in a row; strong contributors included *Spider-Man 2*, *50 First Dates* and *Hellboy*

A consortium led by Sony, Providence Equity Partners, Texas Pacific Group, Comcast Corporation and DLJ Merchant Banking Partners entered into a definitive agreement to acquire Metro-Goldwyn-Mayer

Q2 FY04 Business Segment Changes

1. Establishment of Sony BMG Music Entertainment

- Established Aug 1, 2004, Sony BMG is accounted for using the equity method, with 50% of net profit or loss now included under "Equity in net income (loss) of affiliated companies."
- Music segment results for the second quarter of this fiscal year include SMEI's recorded music business results only for the month of July.
- SMEJ and SMEI's music publishing business are still reported within the Music segment.
- Sony's non-Japan based disc manufacturing and physical distribution businesses, formerly included within the Music segment, have been reclassified to the Electronics segment. Prior period results in the Electronics and Music segments have been restated to account for this reclassification.

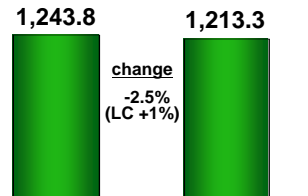
2. Unification of Sony's Semiconductor Manufacturing Business

- Sony Computer Entertainment's semiconductor manufacturing operation has been transferred from the Game segment to the Electronics segment; results for the same period of the previous fiscal year have not been restated.

Electronics Q2 FY04

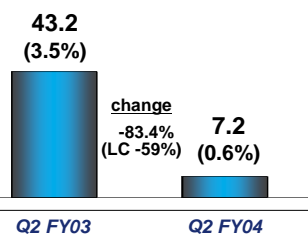
(bln yen)

SALES



- Growth in digital still cameras, flat panel TVs and LCD rear projection TVs was offset by declines in CRT TVs and portable audio

OPERATING INCOME



- Decline caused by deterioration in cost of sales ratio due to falling prices, yen appreciation and an increase in restructuring costs
- Included restructuring charges of 15.6 bln yen in Q2 FY04, compared to 6.3 bln yen in Q2 FY03

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

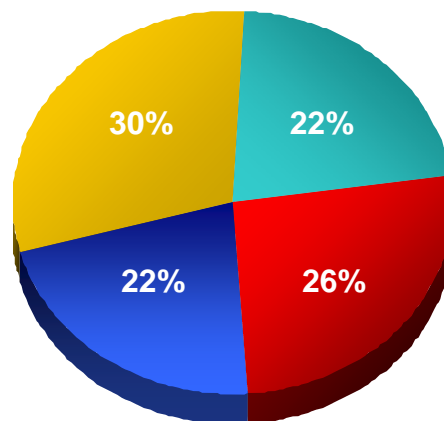
Electronics Sales by Area Q2 FY04

Other Areas
+11%
(LC +18%)

Increase:
Digital still cameras,
VAIO PCs, PC drives

Europe
-1%
(LC -3%)

Increase:
Digital still cameras
Decrease:
Portable audio



Japan
-7%

Decrease:
VAIO PCs,
Broadcast &
professional video

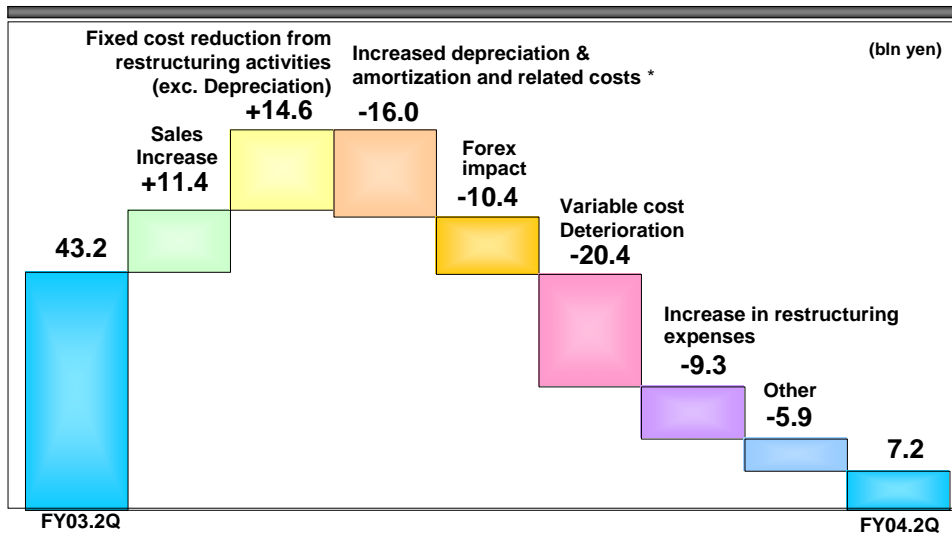
USA
-2%
(LC +4%)

Increase:
LCD rear projection TVs
Decrease:
CRT TVs

Sales to outside customers
excluding operating revenue
1,173.9 bln yen, +1% (LC +4%)

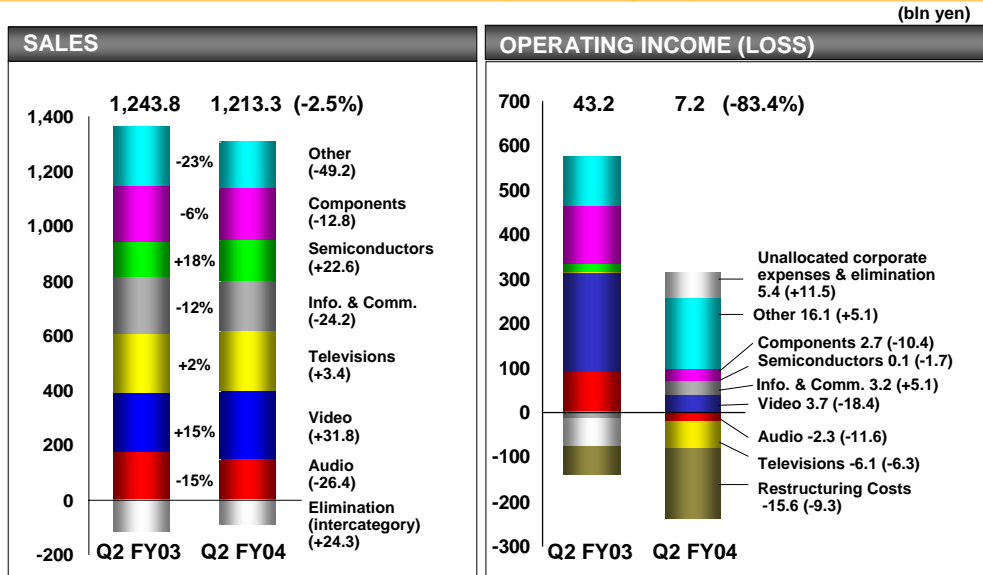
Based on location of customer (yen basis); change over year earlier period; "LC" is local currency comparison; Sales are to outside customers and exclude operating revenue

Electronics: Operating Income Breakdown Q2 FY04



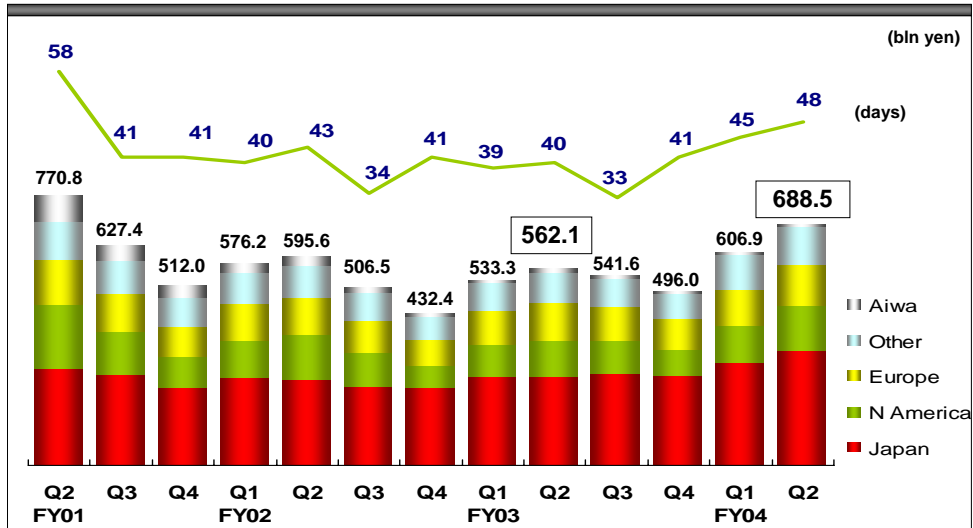
* The basis for the calculation of depreciation, amortization and other related costs for the same quarter of the previous year excludes the impact of the transfer of disc manufacturing from the Music segment in the current quarter.

Electronics Performance by Category Q2 FY04



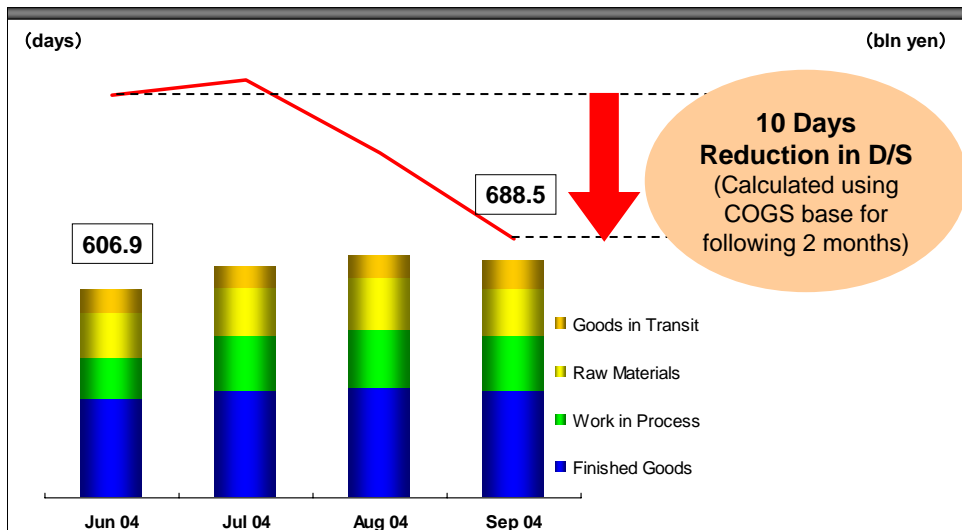
* () Bln yen change.

Electronics Inventory Levels by Area



- Line graph: Inventory turnover (average inventory in quarter divided by average daily sales in quarter)
- Inventory figures between Q1'03 to Q1'04 have been restated to reflect business segment changes

Electronics Inventory Levels by Account



- Line graph: Inventory turnover (average inventory in a given month divided by the average cost of goods sold of the following two months)

Product Line-Up for Holiday Sales Season in Japan

HANDYCAM HDV

VAIO

QUALIA

S-master Digital Amplifier

WEGA ENGINE HD

LCD WEGA

Cyber-shot

WALKMAN

120GB+VHS **160GB+HDMI/iLink** **160GB** **250GB** **400GB**

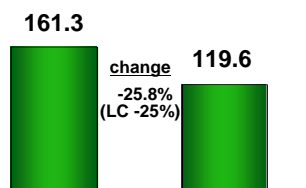
スゴ録 DVDレコーダー

Sony Corporation Investor Relations 13

Game Q2 FY04

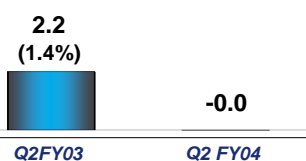
(bln yen)

SALES



- Hardware: Sales decreased due to the strategic curtailment of PS2 production shipments in preparation for the launch of the newly redesigned PS2, as well as strategic price reductions
- Software: Increased due to the contribution from PS2 software
PlayStation/PS2 software production shipments: Q2FY03: 54 mln units → Q2FY04: 59 mln units

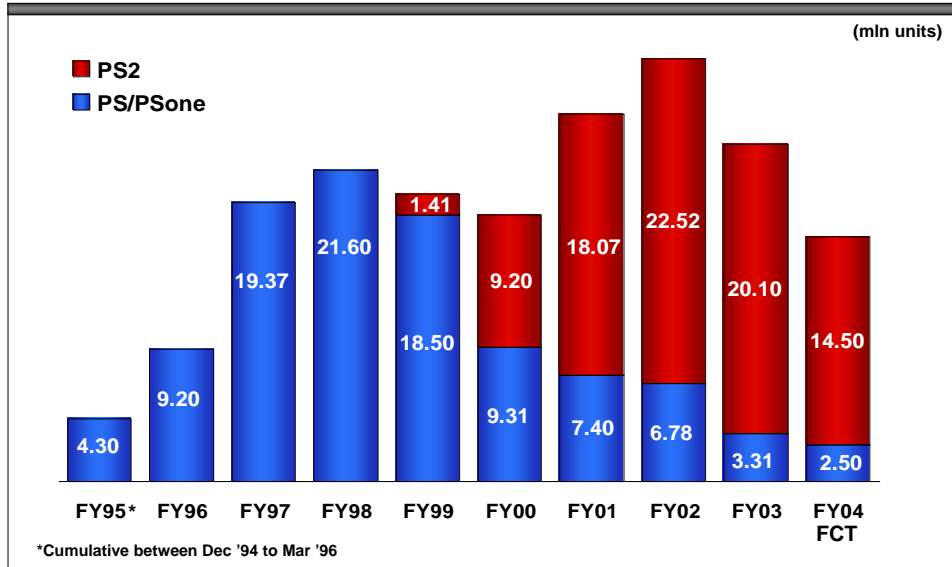
OPERATING INCOME (LOSS)



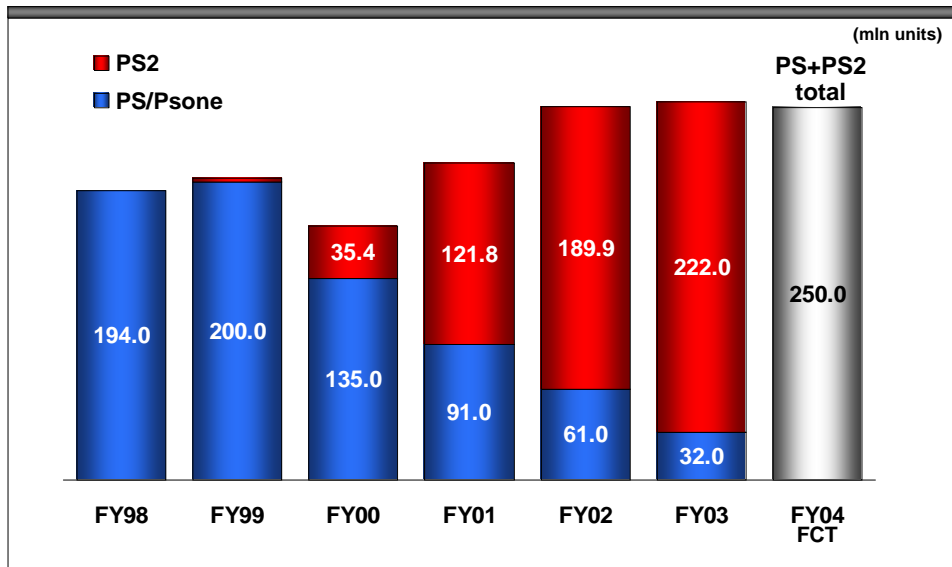
- Mainly due to a decrease in hardware sales, despite an increase in software sales revenue

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

PlayStation H/W Production Shipments & Forecast



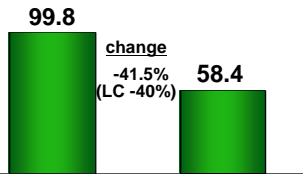
PlayStation Software Shipments & Forecast



Music Q2 FY04

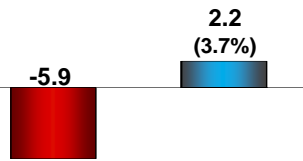
Sony's Consolidated Music Business (bln yen)

SALES



- Due to the Sony BMG merger (excludes SMEJ), Q2 FY04 SMEI recorded music sales only include July, while Q2 FY03 include 3 months
- Sales composition: 38% from SMEI and remaining 62% from SMEJ

OPERATING INCOME (LOSS)



- SMEI: Results improved.
- SMEJ: Improved due to higher sales and lower administrative expenses.

Q2FY03 Q2 FY04

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

Sony BMG (mln US dollars)

SALES

\$733

NET LOSS BEFORE INCOME TAXES

-\$26

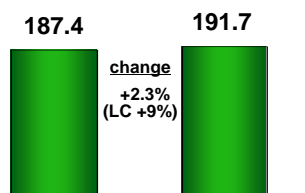
Aug and Sep '04

Above sales and net loss before taxes are the results of 50:50 joint venture Sony BMG and are not consolidated
Above net loss before taxes includes \$30 mln restructuring expenses

Pictures Q2 FY04

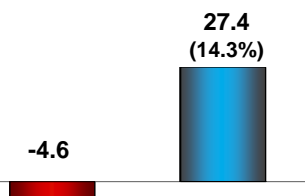
(bln yen)

SALES



- *Spider-Man 2* led outstanding box office performance
- Home entertainment revenues benefited from films including *Hellboy* and *13 Going on 30* while pay television revenues also increased

OPERATING INCOME (LOSS)



- Substantial profit contribution from *Spider-Man 2*
- Net contribution from home entertainment and pay television revenues

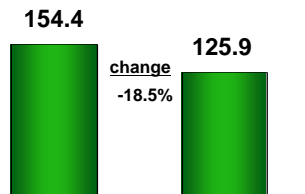
Q2FY03 Q2 FY04

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

Financial Services Q2 FY04

(bln yen)

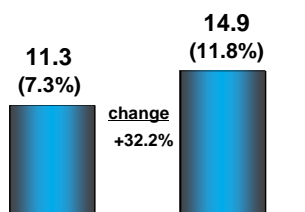
FINANCIAL SERVICES REVENUE



- Revenue at Sony Life (84% of segment total) decreased 21% due to a change in revenue recognition method and lower valuation gains and losses from investments

Sony Life Revenue
03.2Q: 133.8 → 04.2Q: 105.9

OPERATING INCOME



- The loss related to Crosswaive was recorded in Q2 FY03
- Despite a deterioration in valuation gains and losses from investments in the general account, operating income at Sony Life increased by 11%, due to an increase in life insurance-in-force, and a decrease in the amount accrued to future benefit reserves

Sony Life Operating Income
03.2Q: 15.9 → 04.2Q: 17.6

Q2FY03

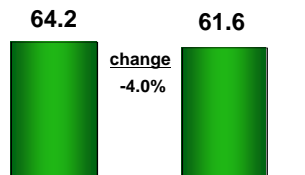
Q2 FY04

Includes intersegment transactions; % under operating income is operating margin

Other Q2 FY04

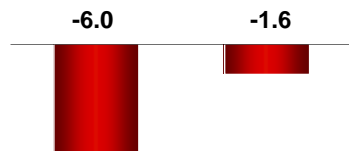
(bln yen)

SALES



- Primary factor was lower intersegment sales at a Japanese subsidiary involved in the advertising agency business
- Includes an increase in sales in animation products and in retail sales of imported general merchandise

OPERATING LOSS



- Decreased loss mainly due to the reduction of fixed costs, primarily from business realignments at several businesses in the segment

Q2FY03

Q2 FY04

Includes intersegment transactions

Sony Ericsson Mobile Communications

 Sony Ericsson		Jul-Sep '04	YoY Change
Number of units shipped	(mln units)	10.7	+51 %
Sales	(mln euros)	1,678	+29 %
Income before tax		136	+249 %
Net income		90	+45 %
Sony share in earnings (bln yen)*		6	+50 %

* Sony accounts for Sony Ericsson, a 50:50 joint venture, by the equity method with 50% of net income recorded as net income in Sony's consolidated statements of income.

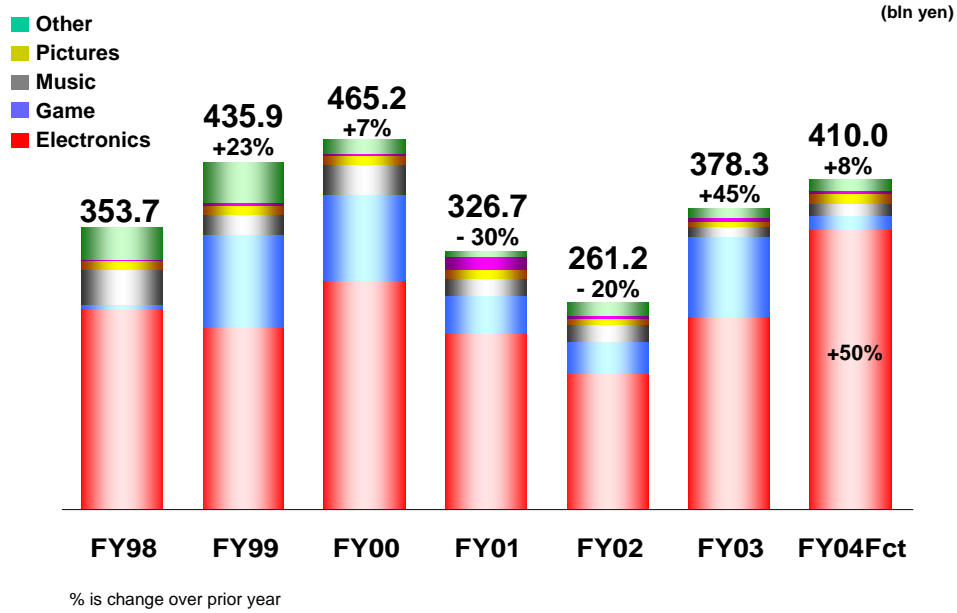
FY04 Forecast

As of October 28, 2004	FY03	FY04 Fct	Change	July Fct
Sales & operating revenue	7,496.4	7,350.0	-2%	7,550
Operating income	98.9	160.0	+62%	160
Income before income taxes	144.1	170.0	+18%	160
Net income	88.5	110.0	+24%	100
Restructuring expenses*	168.1	110.0	-35%	130
Capital Expenditures (for semiconductors)	378.3 175.0	410.0 190.0	+8% +9%	410 190
Depreciation & Amortization** (dep. for tangible assets)	366.3 286.9	370.0 290.0	+1% +1%	370 290
Research & Development Expense	514.5	550.0	+7%	550

* Restructuring expenses are included within operating income
 ** Including amortization expenses for intangible assets and for deferred insurance acquisition costs

Foreign Exchange	FY03 Actual	Q3-Q4 Assumption
1 \$	112 yen	105 yen
1 Euro	131 yen	125 yen

FY04 Capital Expenditures Forecast



FY04 Depreciation & Amortization Forecast

