

The Sony logo is positioned in the top right corner of the slide. It consists of the word "SONY" in a bold, white, sans-serif font. The background of the slide is a vibrant, abstract pattern of vertical, overlapping bands in shades of orange, yellow, green, and pink, creating a sense of motion and energy.

# Second Quarter FY2005

## Consolidated Results

(Quarter ended September 30, 2005)

*Sony Corporation Investor Relations*

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# Results Overview and Topics Q2 FY05

## Results Overview

- Q2 FY05 consolidated results included steady sales, while operating income increased 52% to ¥65.9 bln, including a one time gain of ¥73.5 bln related to the completion of transfer to the Japanese Government of the substitutional portion of Sony's Employee Pension Fund
- Game segment sales jumped primarily on contribution from PlayStation® Portable ("PSP") hardware and software and higher sales of PlayStation 2® hardware
- Financial services grew revenue and operating income on extremely strong performance at Sony Life

## Topics



BRAVIA® branded LCD televisions were launched in North America in August, quickly achieving #1 market share position in that market with over 30% of the market in value terms  
(based on latest data, 1<sup>st</sup> week October)

Launched in July, the HDR-HC1 high definition consumer camcorder has performed extremely well, helping Sony achieve #1 market share position in Japan with 40% of the market in value terms  
(based on latest data, 3<sup>rd</sup> week October)



During the quarter, Sony Ericsson launched its first Walkman™ phone, the W800, which has been exceptionally successful. The Walkman™ lineup further expands with the W600 and W550 swivel design handsets and the coming 3G model - W900.

On October 21st, cumulative production shipments of PSP® reached 10 mln units worldwide - making it the fastest penetration of any PlayStation platform. As of September, shipments of PSP® Game software reached 19.6 mln units. Movie and Music "UMD® Video" software shipments are growing, particularly in Europe and North America.



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# Consolidated Results Q2 FY05

	Q2 FY04	Q2 FY05	Change	Change (LC basis*)
				(bln yen)
<b>Sales &amp; operating revenue</b>	1,702.3	1,703.0	+0.0 %	-1 %
<b>Operating income</b>	43.4	65.9	+51.9 %	+34 %
<b>Income before income taxes</b>	63.3	95.4	+50.8 %	
<b>Equity in net income (loss) of affiliates</b>	6.1	-2.6	-	
<b>Net income</b>	53.2	28.5	-46.5 %	
<b>Net income per share of common stock (diluted)</b>	51.47 yen	27.32 yen	-46.9 %	
<b>Restructuring charges**</b>	18.8	32.9	+14.1 bln yen	
<b>Pension return benefits**</b>	-	73.5	-	
<b>Foreign exchange impact</b>				
		Average Rate	Q2 FY04	Q2 FY05
<b>Sales &amp; operating revenue:</b> approx. +24.8 bln yen		1 Dollar	109 yen	110 yen
<b>Operating income:</b> approx. +7.7 bln yen		1 Euro	133 yen	134 yen

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

\*\* Restructuring charges are recorded as operating expenses, and pension return benefits are recorded within operating income.

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## Segments and Affiliates Q2 FY05

CONSOLIDATED SEGMENTS		Q2 FY04	Q2 FY05	Change	(bln yen) Change (LC basis*)
Electronics	Sales	1,219.4	1,216.1	-0.3%	-2%
	Operating income**	7.1	17.3	+144.6%	+43%
	Pension return benefits (inc. above)	-	63.9	-	-
Game	Sales	119.6	214.2	+79.1%	+77%
	Operating income (loss)	-0	8.2	-	-
Pictures	Sales	191.7	158.9	-17.2%	
	Operating income (loss)	27.4	-6.6	-	
Financial Services	Revenue	125.9	175.9	+39.7%	
	Operating income**	14.9	40.0	+169.1%	
Other	Sales	112.9	100.0	-11.4%	
	Operating income**	0.7	7.7	+972.7%	

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

\*\* Includes pension return benefits

MAJOR EQUITY METHOD AFFILIATES		Jul-Sep '04	Jul-Sep '05	Change
Sony Ericsson (mln euros)	Sales	1,678	2,055	+22%
	Income before taxes	136	151	+11%
SONY BMG (mln dollars)	Sales	733	986	
	Income (loss) before taxes	-26	-58	

Sony Ericsson Mobile Communications AB & SONY BMG MUSIC ENTERTAINMENT are 50-50 joint ventures with LM Ericsson & Bertelsmann AG, respectively, both of which are accounted for by the equity method.

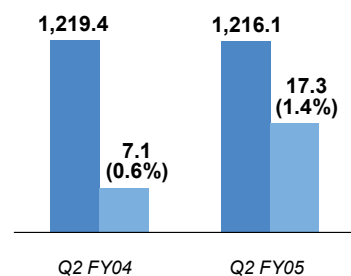
The previous year data for SONY BMG includes only the results for August and September 2004. Therefore, the YoY change is not included.

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## Electronics Q2 FY05

### SALES & OPERATING INCOME

(bln yen)



### Q2 FY05 RESULTS

Sales declined by 0.3%  
(sales to outside customers decreased 7.8%)

- Decrease: CRT TVs, plasma TVs, digital cameras
- Increase: LCD TVs, camcorders

Operating income: increase of 10.2 bln yen

- (+) factors: Pension return benefits
- (-) factors: Decrease in sales to outside customers, increase in restructuring charges

	Change	(LC)
Sales	-0.3%	-2%
Operating income	+144.6%	+43%

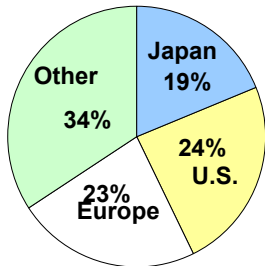
Restructuring charges: 32.3 bln yen (Q2 FY04: 15.6 bln yen)

Pension return benefits: 63.9 bln yen

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

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## Electronics Sales by Area Q2 FY05



Sales to outside customers excluding operating revenue 1,082.1 bln yen, -8% (LC -10%)

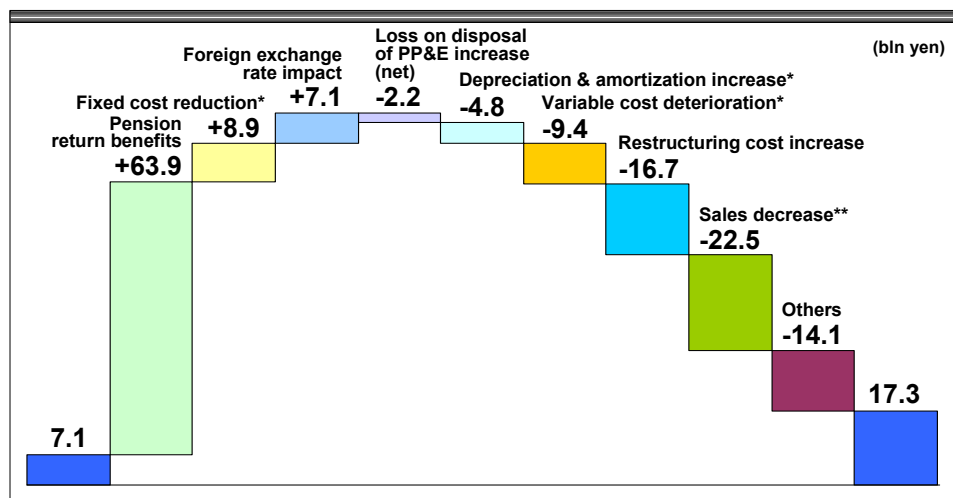
- **Japan: -19%**
  - Increase: VAIO PCs, HDD and flash memory Walkman
  - Decrease: Cellular phones, digital cameras, CRT TVs
- **U.S.: -11% (LC -12%)**
  - Increase: LCD TVs, LCD rear-projection TVs
  - Decrease: VAIO PCs, CRT TVs, plasma TVs, digital cameras
- **Europe: -8% (LC -8%)**
  - Increase: LCD TVs, camcorders, HDD and flash memory Walkman
  - Decrease: CRT TVs, CD Walkman, digital cameras, plasma TVs
- **Other Areas: +3% (LC -1%)**
  - Increase: Cellular phone camera modules, cellular phones, LCD rear-projection TVs
  - Decrease: Optical pickups, CRT TVs, CRT projection TVs

• Sales composition is based on customer location (yen basis)

• Sales are to outside customers and exclude operating revenue

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## Electronics Operating Income Q2 FY05



Q2 FY04








Q2 FY05

- \* The basis for the calculation of fixed costs, variable costs, depreciation, amortization and other related costs excludes the impact of the transfer of disc manufacturing from the Music segment since Q2 FY04.
- \*\* Decrease in gross profit from the decrease in sales to outside customers.

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## Electronics by Category Q2 FY05

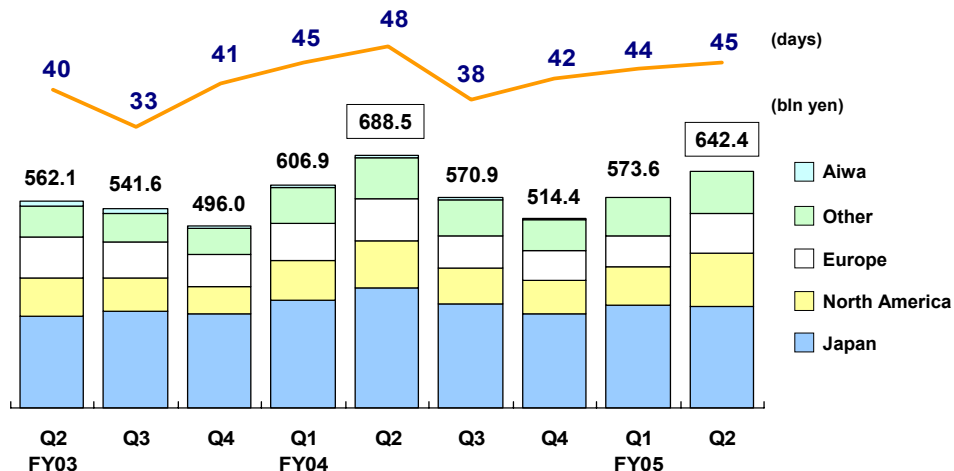
(bln yen)

ELECTRONICS CATEGORIES		Q2 FY04	Q2 FY05	Change		
 <b>Audio</b>	Sales	147.0	129.8	-11.7%	<b>AV &amp; IT</b> Sales: 735.3 bln yen (-8%) Operating loss: 8.4 bln yen (deterioration of 6.0 bln yen) (-) factors: CRT TVs, LCD TVs, (+) factor: Camcorders, VAIO PCs, broadcast equipment	
	Operating income (loss)	-1.1	-1.4			
 <b>Video</b>	Sales	248.6	247.9	-0.3%		
	Operating income	1.5	21.4	+1,365.8%		
 <b>Television</b>	Sales	212.2	171.7	-19.1%		
	Operating income (loss)	-4.8	-37.7			
 <b>Info. &amp; Comm.</b>	Sales	191.0	185.9	-2.7%		
	Operating income	2.0	9.3	+366.4%		
 <b>Semiconductors</b>	Sales	150.2	183.8	+22.4%		<b>Semiconductors &amp; Components</b> Sales: 381.9 bln yen (+12%) Operating loss: 13.5 bln yen (deterioration of 18.3 bln yen) (-) factors: CCD, low-temp polysilicon TFT LCD
	Operating income (loss)	0.9	-19.7			
 <b>Components</b>	Sales	190.4	198.1	+4.0%		
	Operating income	3.9	6.2	+58.2%		
 <b>Other</b>	Sales	172.9	266.5	+54.1%		
	Operating income	15.6	10.1	-35.4%		

Includes intersegment transactions

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## Electronics Inventory Levels by Area



- 642.4 bln yen – a 46.1 bln yen decrease from the same period last year, and a 68.8 bln yen increase from the previous quarter.

Bar graph: Inventory levels (bln yen)

Line graph: Inventory turnover (average beginning & ending inventory during the quarter divided by average daily sales in the quarter).

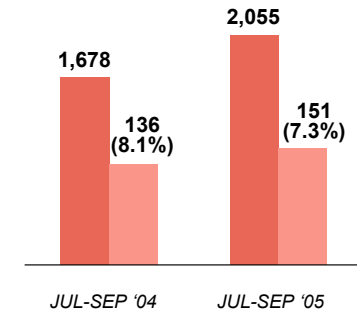
FY03 inventory levels have been restated. From FY05, Aiwa inventory have been divided by region.

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## SALES &amp; INCOME BEFORE TAXES

(mln euro)



	Change
Sales	+22%
Income before taxes	+11%

## JUL-SEP 2005 RESULTS

- Record quarterly sales and income before taxes
- Hit models included: the K750 2 megapixel auto-focus camera phone, the W800 Walkman phone and K600 series mid-tier UMTS phones
- Unit shipments: 13.8 mln, up 29% YoY from 10.7 mln, with growth outpacing the industry. Share estimated at above 7%.
- Global market continued to grow faster than expected: full year industry forecast revised up to over 760 mln units
- 7 bln yen of equity in net income recorded by Sony

## IMPACT TO SONY

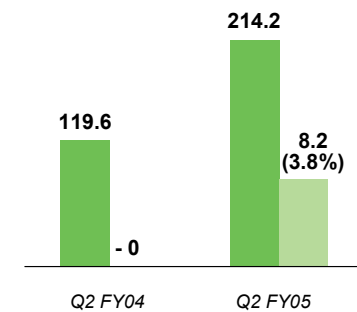
	JUL-SEP '04	JUL-SEP '05	Change
Net income (mln euro)	90	104	+16%
Equity in net income recorded by Sony (bln yen)	6	7	+17%

% under operating income is operating margin

## Game Q2 FY05

## SALES &amp; OPERATING INCOME (LOSS)

(bln yen)



	Change	(LC)
Sales	+79.1%	+77%
Operating income (loss)	-	-

## Q2 FY05 RESULTS

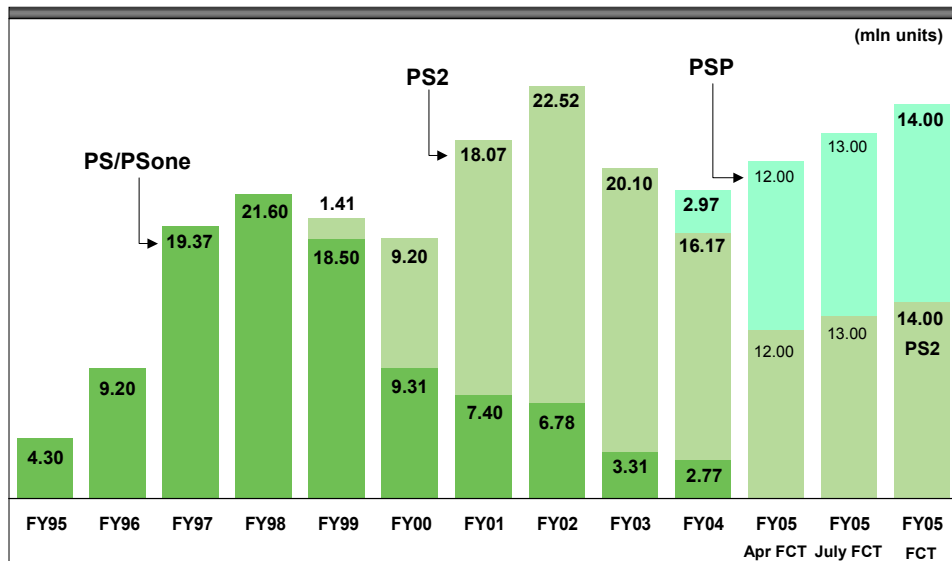
- Sales: Significant increases from both hardware & software.
- Hardware: Significant contribution from PSP. PS2 sales increase in Europe and the U.S.
  - Software: Contribution from PSP software.
- Operating income: Favorable performance from both the PS2 and PSP businesses.
- Inventory: 114.9 bln yen as of Sept. 30 (+115.2% YoY). Increased to reflect PS2 & PSP demand.

## UNIT SHIPMENTS

		Q2 FY04	Q2 FY05	Change
Hardware (mln units)	PS2	1.99	5.01	+152%
	PSP	-	3.75	-
Software (mln units)	PS2	56	50	-11%
	PSP	-	9	-

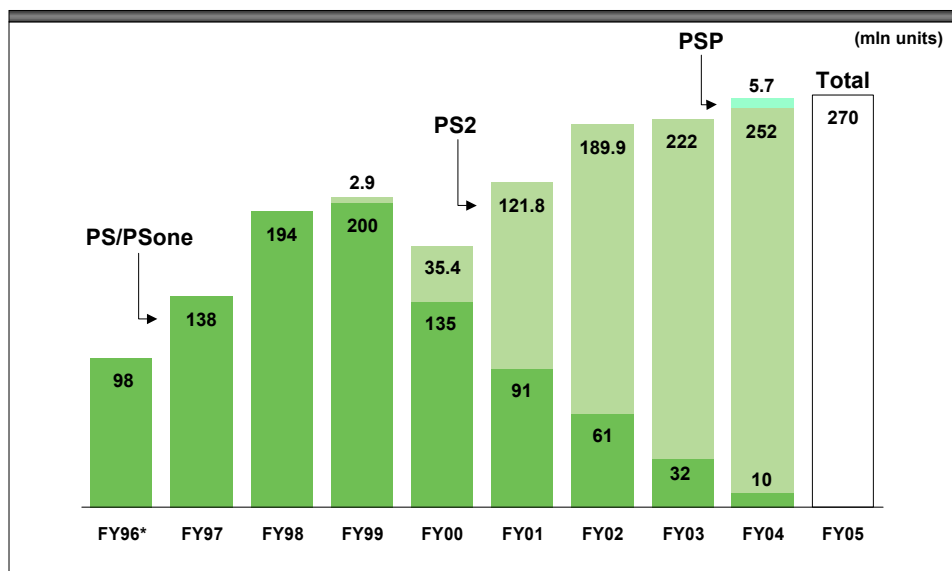
Includes intersegment transactions; "LC" is local currency comparison

## PlayStation H/W Production Shipments



\*Cumulative from Dec '94 to Mar '96

## PlayStation S/W Production Shipments

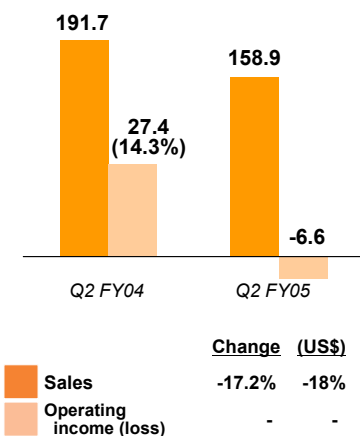


\*Cumulative from Dec '94 to Mar '97

## Pictures Q2 FY05

### SALES & OPERATING INCOME (LOSS)

(bln yen)



### Q2 FY05 RESULTS

Sales:

(-) factors: Lower theatrical revenues due to the strong performance of *Spider-Man 2* last year.  
Disappointing performance of *Stealth*.

Operating income:

(-) factor: In addition to the above factors, increased marketing costs related to forthcoming theatrical releases.  
Decreased television operating income due to comparative lack of major syndication revenues from library product.

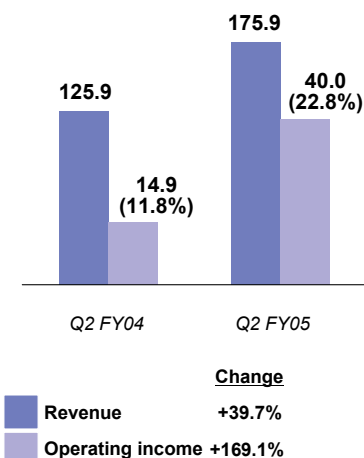
Includes intersegment transactions; "US\$" is a comparison on the basis of SPE's US dollar consolidated results; % under operating income is operating margin

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## Financial Services Q2 FY05

### FINANCIAL SERVICES REVENUE & OPERATING INCOME

(bln yen)



### Q2 FY05 RESULTS

Revenue:

(+) factor: Increase in revenue at Sony Life  
- increase in gains and losses from investments  
- increase in revenue from insurance premiums

Operating income:

(+) factor: Increase in gains on investments in the general account at Sony Life, resulting from an improvement in valuation gains from stock conversion rights in convertible bonds

### SONY LIFE RESULTS

	Q2 FY04	Q2 FY05	Change
Revenue (bln yen)	105.9	153.3	+45%
Operating income (bln yen)	17.6	39.1	+122%

Includes intersegment transactions; % under operating income is operating margin

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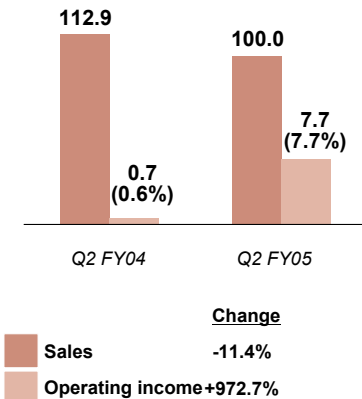
## Other Q2 FY05

### SALES & OPERATING INCOME

(bln yen)

#### Q2 FY05 RESULTS

Includes SMEI's music publishing business & SMEJ



**Sales:** In the same period last year, in addition to the above, SMEI's recorded music business was included for the month of July, leading to a YoY sales decline

SMEJ sales declined due to the absence of Porno Graffitti's greatest hits albums, which were successful in the same period last year

**Operating income:** Improved largely due to pension return benefits recorded at a number of businesses in the segment, including SMEJ

Includes intersegment transactions ; % under operating income is operating margin

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### EQUITY METHOD AFFILIATE

OPERATING RESULTS & IMPACT TO SONY		Jul-Sep '05
<b>Sales</b>	(mln dollars)	<b>936</b>
<b>Income (loss) before taxes</b>		<b>-58</b>
<b>Net income (loss)</b>		<b>-60</b>
<b>Restructuring charges</b>		<b>43</b>
<b>Equity in net income (loss) recorded by Sony</b>	(bln yen)	<b>-3.2</b>

Losses were a result of restructuring charges recorded during the quarter and harsh market conditions in many territories worldwide, most notably in the U.S., Germany, the U.K., Italy, Spain and Australia.

Note: As of August 1, 2004, Sony and Bertelsmann AG combined their recorded music businesses in a joint venture. Sony accounts for SONY BMG MUSIC ENTERTAINMENT, a 50:50 joint venture, by the equity method with 50% of net income (loss) recorded as equity in net income (loss) of affiliates in Sony's consolidated statements of income.

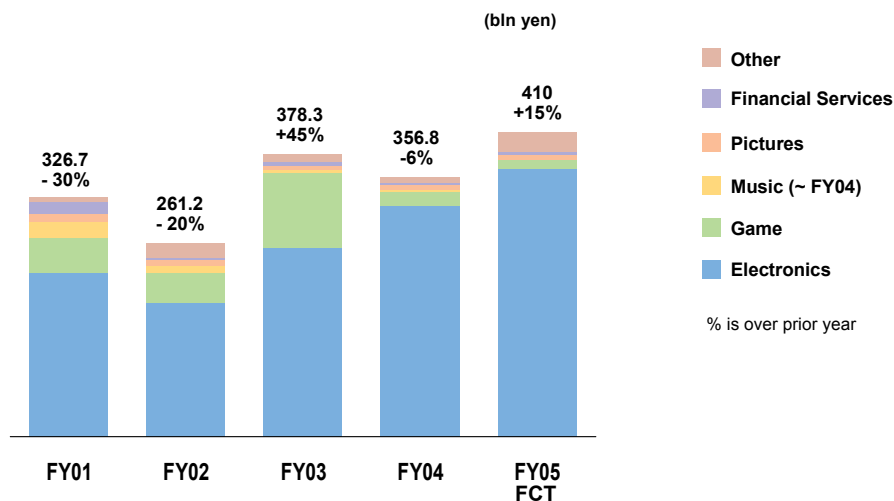
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## FY05 Consolidated Results Forecast

	FY04	FY05 FCT	Change
(bln yen)			
<b>Sales &amp; operating revenue</b>	<b>7,159.6</b>	<b>7,250</b>	<b>+1%</b>
<b>Operating income (loss)</b>	<b>113.9</b>	<b>-20</b>	<b>-</b>
Restructuring charges (included above)	90.0	140	+56%
<b>Income before income taxes</b>	<b>157.2</b>	<b>40</b>	<b>-75%</b>
<b>Equity in net income (loss) of affiliates</b>	<b>29.0</b>	<b>-8</b>	<b>-</b>
<b>Net income (loss)</b>	<b>163.8</b>	<b>-10</b>	<b>-</b>
<b>Foreign Exchange Rates</b>			
	<i>FY04 Actual</i>	<i>H2 Assumption</i>	
1 Dollar	107 yen	107 yen	
1 Euro	134 yen	130 yen	

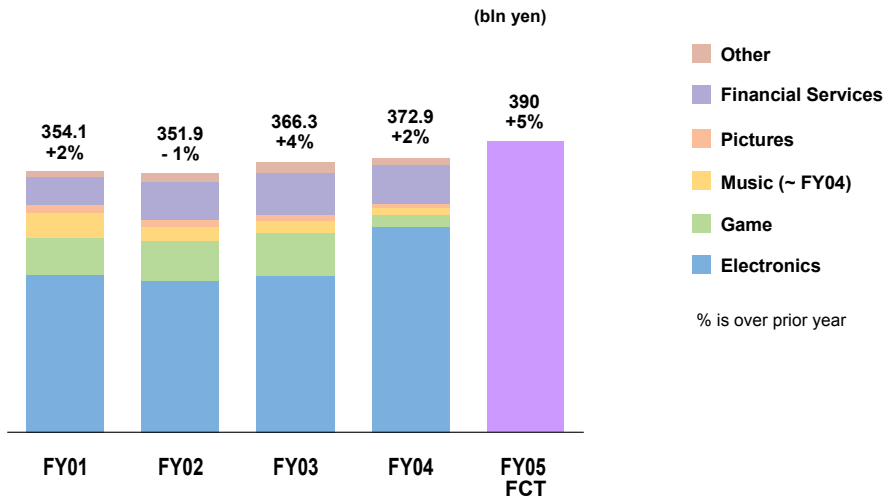
On September 22, 2005, Sony announced organizational restructuring and adjusted its forecast to reflect additional restructuring costs to be incurred. Subsequent to this, Sony realized a gain that was higher than anticipated from the transfer to the Japanese Government of the substitutional portion of Sony's Employee Pension Fund. At this point in time, however, we have not revised our forecast for the fiscal year ending March 31, 2006 from the forecast announced on September 22, 2005, as stated above, since there continue to be many uncertainties in the business environment for the second half of the fiscal year.

## FY05 Capital Expenditures Forecast



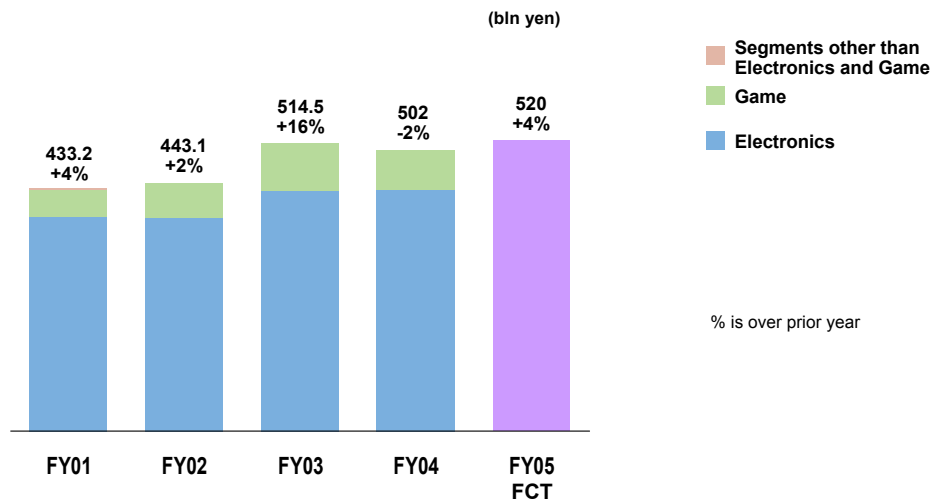
- FY05 (FCT) includes 160 bln yen for semiconductors, compared to 150 bln in FY04
- No change from April forecast

## FY05 Depreciation & Amortization Forecast



- FY05 (FCT) includes 320 bln yen for depreciation of tangible assets, compared to 300.8 bln in FY04
- No change from April forecast

## FY05 Research & Development Forecast



- No change from April forecast

## Consolidated Results H1 FY05

	H1 FY04	H1 FY05	Change	Change (LC basis*)
<b>Sales &amp; operating revenue</b>	3,314.4	3,262.4	-1.6 %	-2 %
<b>Operating income</b>	53.2	50.6	-4.7 %	-30 %
<b>Income before income taxes</b>	69.9	108.3	+55.0 %	
<b>Equity in net income (loss) of affiliates</b>	26.2	-11.7	-	
<b>Net income</b>	76.5	21.2	-72.3 %	
<b>Net income per share of common stock (diluted)</b>	74.26 yen	19.01 yen	-74.4 %	
<b>Restructuring charges**</b>	30.9	48.7	+17.8 bln yen	
<b>Pension return benefits**</b>	-	73.5	-	

<b>Foreign exchange impact</b>	Average Rate	H1 FY04	H1 FY05
<b>Sales &amp; operating revenue:</b> approx. +22.8 bln yen	1 Dollar	109 yen	108 yen
<b>Operating income:</b> approx. +13.3 bln yen	1 Euro	132 yen	134 yen

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

\*\* Restructuring charges are recorded as operating expenses, and pension return benefits are recorded within operating income.

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## Segments and Affiliates H1 FY05

CONSOLIDATED SEGMENTS		H1 FY04	H1 FY05	Change	Change (LC basis*)
<b>Electronics</b>	<b>Sales</b>	2,350.6	2,331.3	-0.8%	-2%
	<b>Operating income (loss)**</b>	15.3	-19.0	-	-
	<b>Pension return benefits (inc. above)</b>	-	63.9	-	-
<b>Game</b>	<b>Sales</b>	225.0	387.0	+72.0%	+71%
	<b>Operating income (loss)</b>	-2.9	2.3	-	-
<b>Pictures</b>	<b>Sales</b>	339.9	303.2	-10.8%	
	<b>Operating income (loss)</b>	31.5	-2.4	-	
<b>Financial Services</b>	<b>Revenue</b>	259.5	329.7	+27.1%	
	<b>Operating income**</b>	25.3	62.0	+145.1%	
<b>Other</b>	<b>Sales</b>	260.6	195.5	-25.0%	
	<b>Operating income (loss)**</b>	-2.5	12.6	-	

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

\*\* Includes pension return benefits

MAJOR EQUITY METHOD AFFILIATES		Apr-Sep '04	Apr-Sep '05	Change
<b>Sony Ericsson</b> (mln euros)	<b>Sales</b>	3,182	3,669	+15%
	<b>Income before taxes</b>	249	238	-4%
<b>SONY BMG</b> (mln dollars)	<b>Sales</b>	733	1,995	
	<b>Income (loss) before taxes</b>	-26	-81	








Sony Ericsson Mobile Communications AB & SONY BMG MUSIC ENTERTAINMENT are 50-50 joint ventures with LM Ericsson & Bertelsmann AG, respectively, both of which are account for by the equity method.

The previous year data for SONY BMG includes only the results for August and September 2004. Therefore, the YoY change is not included.

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# Electronics by Category H1 FY05

(bln yen)

ELECTRONICS CATEGORIES		H1 FY04	H1 FY05	Change	
	<b>Audio</b>	Sales 281.6 Operating income (loss) -1.4	247.2 -1.2	-12.2%	<b>AV &amp; IT</b> Sales: 1,442.2 bln yen (-8%) Operating loss: 22.6 bln yen (deterioration of 23.2 bln yen)
	<b>Video</b>	Sales 501.4 Operating income 17.8	500.6 40.7	-0.2% +128.5%	
	<b>Television</b>	Sales 402.6 Operating income (loss) -14.9	323.7 -77.0	-19.6%	
	<b>Info. &amp; Comm.</b>	Sales 375.0 Operating income (loss) -0.9	370.7 14.9	-1.1%	
	<b>Semiconductors</b>	Sales 277.7 Operating income (loss) 9.8	313.7 -28.4	+13.0%	<b>Semiconductors &amp; Components</b> Sales: 694.2 bln yen (+7%) Operating loss: 17.2 bln yen (deterioration of 38.9 bln yen)
	<b>Components</b>	Sales 372.4 Operating income 11.9	380.5 11.2	+2.2% -6.3%	
	<b>Other</b>	Sales 344.2 Operating income 22.8	489.4 14.1	+42.2% -37.6%	

Includes intersegment transactions