SONY FY00 Results

Cautionary Statements With Respect to Forward-Looking Statements

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

FY2000 (year ended March 31, 2001)

<table>
<thead>
<tr>
<th></th>
<th>YOY change</th>
<th>LC*</th>
</tr>
</thead>
<tbody>
<tr>
<td>Sales and operating revenue</td>
<td>7,315 bln yen</td>
<td>+9%</td>
</tr>
<tr>
<td>Operating income</td>
<td>225 bln yen</td>
<td>+1%</td>
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<td>Income before income taxes</td>
<td>266 bln yen</td>
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</tr>
<tr>
<td>Net income</td>
<td>17 bln yen</td>
<td>-86%</td>
</tr>
</tbody>
</table>

### Impact of Exchange Rates (FY00 vs FY99)

- Sales impact: -177 bln yen
- Oper. Income impact: -104 bln yen

**($1 = 110 yen vs 111 yen; 1 euro = 99 yen vs 114 yen)**

### Impact of Change in Pictures Accounting

- Operating Income: -29 bln yen
- Net Income: -130 bln yen (of which 102 is one time charge for previously carried amount)

### Impact of Change in Accounting for Revenue Recognition

- Net Income: -2.8 bln yen (for previously carried amount)

*LC=local currency  ** average market rate in period
Electronics FY00

SALES

FY99: 4,720
FY00: 5,524

+17% (LC: +21%)

OPERATING INCOME (and as % of sales)

FY99: 101, 2.1%
FY00: 249, 4.5%

+145% (LC: +249%)

including intersegment transactions
LC=local currency basis
% change over year earlier period
line graph is operating margin
Electronics Sales by Area FY00

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

Japan

Percentage change on year earlier period

00.4Q positive factors
- Cellular Phones
- VAIO PCs
- Semiconductors
- Digital Still Cameras

00.4Q negative factors
- Camcorders

excluding other operating revenue
Electronics Sales Trends by Area

U.S.

Local currency base;
Percentage change on year earlier period

00.4Q positive factors
- VAIO PCs
- Camcorders
- CD-R/RW

00.4Q negative factors
- Broadcast & Professional equipment

excluding other operating revenue
Electronics Sales Trends by Area

Europe

Local currency base;
Percentage change on year earlier period

00.4Q positive factors
- Cellular Phones
- PC Displays
- VAIO PCs

00.4Q negative factors
- Televisions

excluding other operating revenue
Electronics Sales Trends by Area

Other Area

Local currency base;
Percentage change on year earlier period

-75
-50
-25
0
25
50
75

98.1Q 2Q 3Q 4Q 99.1Q 2Q 3Q 4Q 00.1Q 2Q 3Q 4Q

00.4Q positive factors
- Cellular Phones
- Camcorders
- Semiconductors

00.4Q negative factors
- CD-R/RW

excluding other operating revenue
Composition of Electronics Sales

FY00 (yen base)

Electronic components and other (+17%)

Information and communications (+27%)

Televisions (+13%)

Audio (-1%)

Video (+12%)

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

<table>
<thead>
<tr>
<th></th>
<th>AE</th>
<th>Audio Entertainment</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>VE</td>
<td>Visual Entertainment (Televisions, etc.)</td>
</tr>
<tr>
<td></td>
<td>PV</td>
<td>Personal Video (Camcorders, Digital Still Cameras, etc.)</td>
</tr>
<tr>
<td></td>
<td>DD</td>
<td>Display Devices (PC Displays, etc.)</td>
</tr>
<tr>
<td></td>
<td>IT</td>
<td>Information Technology (PCs, etc.)</td>
</tr>
<tr>
<td></td>
<td>SNC</td>
<td>Semiconductor</td>
</tr>
</tbody>
</table>

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

*Semiconductor, etc. includes internal sales.
Electronics: Major Areas Sales Changes

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

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

FY00 yen base

<table>
<thead>
<tr>
<th>FY99 level</th>
<th>Increase</th>
<th>Decrease</th>
</tr>
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<tbody>
<tr>
<td>IT</td>
<td></td>
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<tr>
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*Semiconductor, etc. includes internal sales.*
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*Semiconductor, etc. includes internal sales
Electronics: Factors in Operating Profit

- Improvement in cost of sales ratio:* +122 (about a 2 point improvement on previous year)
- Increased sales volume:** +217
- Other: +4
- SGA increase: -89 (about a 2 point improvement on previous year)
- Exchange rate: -106

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

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

<table>
<thead>
<tr>
<th>FY99</th>
<th>FY00</th>
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<tbody>
<tr>
<td>101</td>
<td>249</td>
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</table>

( bln yen )
Electronics Inventory Levels by Area (bln yen)

*inventory levels  ** months of sales (average inventory level in quarter divided by average monthly sales in quarter)
including intersegment transactions
LC=local currency basis
% change over year earlier period
line graph is operating margin
**PS, PS2 Hardware Shipments (by year)**

(mln units)

<table>
<thead>
<tr>
<th>Region</th>
<th>FY98</th>
<th>FY99</th>
<th>FY00</th>
</tr>
</thead>
<tbody>
<tr>
<td>EUR</td>
<td>8.9</td>
<td>9.9</td>
<td>2.9</td>
</tr>
<tr>
<td>USA</td>
<td>9.0</td>
<td>6.5</td>
<td>3.3</td>
</tr>
<tr>
<td>JPN</td>
<td>3.7</td>
<td>2.1</td>
<td>1.1</td>
</tr>
</tbody>
</table>

**Annual Totals**

- **PS/PS one:** 21.6 mln  
  18.5 mln  
  9.3 mln (-50%)  
- **PS2:** 1.4 mln  
  9.2 mln

16
PS, PS2 Software Shipments (by year)

Annual Totals

<table>
<thead>
<tr>
<th></th>
<th>FY98</th>
<th>FY99</th>
<th>FY00</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>PS:</strong></td>
<td>194 mln</td>
<td>200 mln</td>
<td>135 mln (-33%)</td>
</tr>
<tr>
<td><strong>PS2:</strong></td>
<td>3 mln</td>
<td>35 mln</td>
<td></td>
</tr>
</tbody>
</table>

*JPN* | *USA* | *EUR* |
------|-------|-------|
| 63   | 75    | 56    |

*PS2* | *PS* |
------|------|
| 14   | 14   |
| 49   | 54   |
| 32   | 32   |
including intersegment transactions
LC=local currency basis (for Music, on a US$ basis)
% change over year earlier period
line graph is operating margin
Pictures FY00

(bln yen)

SALES

FY99: 495
FY00: 555

+12%
(LC: +12%)

OPERATING INCOME
(and as % of sales)

FY99: 36
FY00: 4

7.3%
(LC: -93%)

-88%

0.8%

including intersegment transactions
LC=local currency basis (for Pictures, on a US$ basis)
% change over year earlier period
line graph is operating margin
Insurance FY00

(bln yen)

SALES

FY99: 380
FY00: 427
+12%

OPERATING INCOME (and as % of sales)

FY99: 21
FY00: 18
-14%

5.5% (FY99)
4.2% (FY00)

including intersegment transactions
LC=local currency basis
% change over year earlier period
line graph is operating margin
including intersegment transactions
LC=local currency basis
% change over year earlier period
line graph is operating margin
## FY2001 Forecast

<table>
<thead>
<tr>
<th>(bln yen)</th>
<th>FY00</th>
<th>FY01</th>
<th>YoY change</th>
</tr>
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<td>225</td>
<td>300</td>
<td>+ 33%</td>
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<td>Income before income taxes</td>
<td>266</td>
<td>280</td>
<td>+ 5%</td>
</tr>
<tr>
<td>Net income</td>
<td>17</td>
<td>150</td>
<td>+ 795%</td>
</tr>
</tbody>
</table>

### Assumed Exchange Rates

- 1 U.S. dollar = 115 yen
- 1 euro = 105 yen

### Capital Expenditures

<table>
<thead>
<tr>
<th></th>
<th>FY00</th>
<th>FY01</th>
<th>YoY change</th>
</tr>
</thead>
<tbody>
<tr>
<td>Capital Expenditures</td>
<td>465</td>
<td>400</td>
<td>- 14%</td>
</tr>
<tr>
<td>Dep. &amp; Amort.</td>
<td>348</td>
<td>410</td>
<td>+ 18%</td>
</tr>
<tr>
<td>(of that, dep. for tangible assets)</td>
<td>270</td>
<td>330</td>
<td>+ 22%</td>
</tr>
</tbody>
</table>
PS, PS2 Software Shipments (by year) (mln units)

- **PS2**
- **Europe**
- **U.S.**
- **Japan**

FY97: 138, 38, 44, 56
FY98: 194, 56, 75, 63
FY99: 200(PS), 3 (PS2), 59, 88
FY00: 35 (PS2), 135 (PS)
FY01E: PS+PS2 software, about flat with FY00

**Note:** The PS+PS2 software shipment for FY01E is estimated to be about flat with FY00.
Capex Forecast

(bln yen)

FY97: 388
FY98: 354 -9%
FY99: 436 +23%
FY00: 465 +7%
FY01E: 400 -14%

Other
Ins.
Pix
Music
Game (-75%)
Elec. (+4%)
(+17%)