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SONY CORP  
Form 6-K  
April 27, 2005

Form 6-K

SECURITIES AND EXCHANGE COMMISSION  
WASHINGTON, D. C. 20549

FORM 6-K

REPORT OF FOREIGN PRIVATE ISSUER

Pursuant to Rule 13a-16 or 15d-16 of  
the Securities Exchange Act of 1934

For the month of April 2005  
Commission File Number: 001-06439

SONY CORPORATION  
(Translation of registrant's name into English)

7-35 KITASHINAGAWA 6-CHOME, SHINAGAWA-KU, TOKYO, JAPAN

(Address of principal executive offices)

The registrant files annual reports under cover of Form 20-F.

Indicate by check mark whether the registrant files or will file annual reports  
under cover of Form 20-F or Form 40-F,

Form 20-F  X

Form 40-F  \_\_\_

Indicate by check mark whether the registrant by furnishing the information  
contained in this Form is also thereby furnishing the information to the  
Commission pursuant to Rule 12g3-2(b) under the Securities Exchange Act of 1934,  
Yes No  X

If "Yes" is marked, indicate below the file number assigned to the registrant in  
connection with Rule 12g3-2(b):82-\_\_\_\_\_

SIGNATURE

Pursuant to the requirements of the Securities Exchange Act of 1934, the  
registrant has duly caused this report to be signed on its behalf by the  
undersigned, thereunto duly authorized.

SONY CORPORATION  
(Registrant)

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By: /s/ Katsumi Ihara  
(Signature)

Katsumi Ihara  
Executive Deputy President,  
Group Chief Strategy Officer and  
Chief Financial Officer

Date: April 27, 2005

List of materials

Documents attached hereto:

- i) Press Release announcing Consolidated Financial Results for the Fiscal Year Ended March 31, 2005

No: 05-025E  
3:30 P.M. JST, April 27, 2005

## Consolidated Financial Results for the Fiscal Year Ended March 31, 2005

Tokyo, April 27, 2005 -- Sony Corporation today announced its consolidated results for the fiscal year ended March 31, 2005 (April 1, 2004 to March 31, 2005).

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

	2004	2005	Year ended March 31 Change in Yen	2005*
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Sales and operating revenue	Y7,496.4	Y7,159.6	-4.5%	\$66,912
Operating income	98.9	113.9	+15.2	1,065
Income before income taxes	144.1	157.2	+9.1	1,469
Equity in net income of affiliated companies	1.7	29.0	+1,594.2	271
Net income	88.5	163.8	+85.1	1,531
Net income per share of common stock				
- Basic	Y95.97	Y175.90	+83.3%	\$1.64
- Diluted	87.00	158.07	+81.7	1.48

\* U.S. dollar amounts have been translated from yen, for convenience only, at the rate of Y107=U.S.\$1, the approximate Tokyo foreign exchange market rate as of March 31, 2005.

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Unless otherwise specified, all amounts are on the basis of Generally Accepted Accounting Principles in the U.S. ("U.S. GAAP").

Consolidated Results for the Fiscal Year Ended March 31, 2005  
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Sales and operating revenue ("sales") decreased 4.5% compared with the previous fiscal year; on a local currency basis sales decreased 3%. (For all references herein to results on a local currency basis, see Note I.) This reflects both the establishment of Sony BMG Music Entertainment ("Sony BMG") (please refer to note) and a change in revenue recognition method at Sony Life Insurance Co., Ltd. ("Sony Life").

Sales within the Electronics segment remained largely unchanged. Although sales of flat panel televisions, digital still cameras and LCD rear projection televisions increased, there was a decrease in sales primarily of CRT televisions and portable audio products. In the Game segment, an increase in software sales was more than offset by a decline in hardware sales mainly due to strategic price reductions, resulting in a decrease to overall segment sales. In the Music segment, although sales at Sony Music Entertainment (Japan) Inc. ("SMEJ") increased, overall sales decreased due to the fact that Sony BMG, a recorded music business joint venture formed with Bertelsmann AG, has been accounted for by the equity method since August 2004 (please refer to note). In the Pictures segment, despite the strong contribution of Spider-Man 2, there was a decrease in sales as a result of the appreciation of the yen. In the Financial Services segment, revenue decreased mainly due to a decrease in revenue from insurance premiums at Sony Life.

Operating income increased 15.2% (a 26% increase on a local currency basis) compared with the previous fiscal year.

In the Electronics segment, the operating loss increased mainly due to a continued deterioration in the cost of sales ratio associated with a decline in unit selling prices. In the Game segment, as a result of a decline in hardware sales, there was a decrease in operating income. The Pictures segment had record operating income primarily due to the substantial contribution from Spider-Man 2.

Restructuring charges, which are recorded as operating expenses, amounted to Y90.0 billion (\$841.1 million) for the fiscal year compared to Y168.1 billion in the previous fiscal year. In the Electronics segment, restructuring charges were Y81.8 billion (\$764.5 million) compared to Y147.8 billion in the previous fiscal year.

Income before income taxes increased 9.1% compared to the previous fiscal year. There was a deterioration in the net effect of other income and expenses compared to the previous fiscal year despite an improvement due to a smaller loss on the devaluation of securities investments compared to the previous year, and gains of Y9.0 billion (\$84 million) from a change in interest from Monex Inc., an equity affiliate of Sony, following its business integration by way of a share transfer with Nikko Beans, Inc., and total gains of Y4.7 billion (\$44 million) from the sale of stock and a change in interest in a subsidiary resulting from the initial public offering of So-net M3 Inc., a consolidated subsidiary of Sony Communication Network Corporation. This deterioration was mainly the result of the recording of a net foreign exchange loss in the current fiscal year, compared to the net foreign exchange gain recorded in the previous

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fiscal year.

Income taxes: Compared to an effective tax rate of 36.6% in the previous fiscal year, the effective tax rate was 10.2% in the current fiscal year. As fully discussed in Sony's Annual Report on Form 20-F for the fiscal year ended March 31, 2004, as a result of the recording of operating losses in the past, the U.S. subsidiaries of Sony have had valuation allowances against deferred tax assets for U.S. federal and certain state taxes. However, in the current fiscal year, based on both an improvement in recent years and a sound outlook for the operating performance at Sony's U.S. subsidiaries, Sony reversed ¥67.9 billion (\$635 million) of such valuation allowances, resulting in a reduction to income tax expense. This reversal was the major factor impacting the effective tax rate decline for the fiscal year.

Equity in net income of affiliated companies increased ¥27.3 billion compared to the previous fiscal year. Sony Ericsson Mobile Communications AB ("Sony Ericsson") contributed ¥17.4 billion (\$163 million) to equity in net income, an increase of ¥11.0 billion compared to the previous fiscal year. Equity in net income of affiliated companies for the current fiscal year includes the recording of ¥12.6 billion (\$118 million) as equity in net income from InterTrust Technologies Corporation ("InterTrust"). This amount reflects InterTrust's proceeds from a license agreement with Microsoft Corporation arising from the settlement of a patent-related lawsuit. In addition, an equity loss of ¥3.4 billion (\$32 million) was recorded at Sony BMG, established in August 2004. Furthermore, equity in net loss was recorded at affiliates such as Star Channel Inc., a Japan-based subscription television company specializing in the broadcast of movies, and S-LCD Corporation, a joint-venture with Samsung Electronics Co., Ltd. for the manufacture of amorphous TFT LCD panels.

Net income, as a result, increased 85.1% compared to the previous fiscal year.

### Operating Performance Highlights by Business Segment

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Note: As of August 1, 2004, Sony and Bertelsmann AG combined their recorded music businesses in a joint venture. The newly formed company, Sony BMG, is 50% owned by each parent company. Under U.S. GAAP, Sony BMG is accounted for by Sony using the equity method and, since August 1, 2004, 50% of net profits or losses of this business have been included under "Equity in net income (loss) of affiliated companies."

In connection with the establishment of this joint venture, Sony's non-Japan based disc manufacturing and physical distribution businesses, formerly included within the Music segment, have been reclassified to the Electronics segment to reflect the new management reporting structure whereby Sony's Electronics segment has now assumed responsibility for these businesses. Results for the previous fiscal year in the Electronics and Music segments have been restated to account for this reclassification.

In the Music segment, results for this fiscal year only include the results of Sony Music Entertainment Inc.'s ("SMEI") recorded music business for the months of April through July 2004, and the twelve months results of SMEI's music publishing business and SMEJ. However,

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results for the previous fiscal year in the Music segment include the consolidated results for SMEI's recorded music business for all twelve months, as well as the full year's results for SMEI's publishing business and SMEJ.

### Electronics

	(Billions of yen, millions of U.S. dollars)			
	Year ended March 31			
	2004	2005	Change in	2005
			Yen	
Sales and operating revenue	Y5,042.3	Y5,021.6	-0.4%	\$46,931
Operating loss	(6.8)	(34.3)	-	(321)

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

Sales remained largely unchanged (a 1% increase on a local currency basis). Sales to outside customers decreased 1.1% compared to the previous fiscal year. There was a decline in sales of CRT televisions, due to a continued shift in demand towards flat panel televisions, and portable audio, faced with a difficult competitive environment due to the shift towards hard disc- and flash-based memory players. However, there was an increase in sales of several products including flat panel televisions, which saw increased sales in all geographic areas, digital still cameras, where sales increased outside of Japan, and LCD rear projection televisions, which saw increased unit sales particularly in the U.S.

Operating loss increased by Y27.5 billion compared with the previous fiscal year. Although there was a decrease in restructuring charges compared with the previous fiscal year, operating loss increased due to a significant deterioration in the cost of sales ratio as a result of a decline in unit selling prices. With regard to products within the Electronics segment, the decrease in sales of CRT televisions and portable audio, as well as the decline of unit selling prices of camcorders, contributed to the increase in operating loss.

Inventory, as of March 31, 2005, was Y514.4 billion (\$4,807 million), a Y18.4 billion, or 3.7%, increase compared with the level as of March 31, 2004 and a Y56.5 billion, or 9.9%, decrease compared with the level as of December 31, 2004.

Note: In association with the completion of business integration of Sony Group's semiconductor manufacturing businesses in July 2004, it was decided to account for semiconductor manufacturing operations inventory, which was previously recorded in the Game segment, within the Electronics segment as of the quarter beginning July 1, 2004. (Regarding the integration of Sony Group's semiconductor manufacturing operations, please refer to note 6.)

### Game

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

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	2004	2005	Year ended March 31	
			Change in	2005
			Yen	
Sales and operating revenue	Y780.2	Y729.8	-6.5%	\$6,821
Operating income	67.6	43.2	-36.1	404

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

Sales decreased 6.5% compared with the previous fiscal year (a 6% decrease on a local currency basis).

Hardware: In addition to a decline of PlayStation 2 ("PS2") unit sales in Japan, the U.S. and Europe, strategic price reductions on the PS2 undertaken in each of the abovementioned territories resulted in a decline in sales.

Software: Overall software sales increased mainly as a result of an increase in unit sales of PS2 software, which recorded all-time record sales. Revenue increased in Japan, the U.S. and Europe.

PlayStation Portable, on sale in Japan from December 2004 and in the U.S. from March 2005, has recorded strong hardware and software unit sales.

Operating income decreased by Y24.4 billion, or 36.1%, compared with the previous fiscal year as a result mainly of a decrease in hardware sales coupled with the start-up expenses for PlayStation Portable, despite being partially offset by an increase in software sales.

Worldwide hardware production shipments:\*

- > PS2: 16.17 million units (a decrease of 3.93 million units)
- > PS one: 2.77 million units (a decrease of 0.54 million units)
- > PlayStation Portable 2.97 million units

Worldwide software production shipments:\*

- > PS2: 252 million units (an increase of 30 million units)
- > PlayStation: 10 million units (a decrease of 22 million units)
- > PlayStation Portable 5.7 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, as of March 31, 2005, was Y77.5 billion (\$724 million), a Y53.4 billion, or 40.8%, decrease compared with the level as of March 31, 2004 and a Y32.1 billion, or 70.7%, increase compared with the level as of December 31, 2004. (Regarding inventory, please refer to the note in the above Electronics segment.)

Music

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

	2004	2005	Year ended March 31	
			Change in	2005

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			Yen	
Sales and operating revenue	Y440.3	Y249.1	-43.4%	\$2,328
Operating income (loss)	(6.0)	8.8	-	82

The amounts presented above are the sum of the yen-translated results of SMEI, a U.S.-based operation which aggregates the results of its worldwide subsidiaries on a U.S. dollar basis, and the results of SMEJ, a Japan-based operation which aggregates results in yen. In addition, please refer to the note regarding the establishment of Sony BMG.

Sales decreased Y191.2 billion or 43.4% compared with the previous fiscal year. Of the Music segment's sales, 62% were generated by SMEJ and 38% were generated by SMEI. As noted above, due to the establishment of the Sony BMG joint venture, there were no recorded music sales at SMEI after July 31, 2004. Therefore, SMEI's results are not comparable with results of the prior year.

SMEJ: Sales increased 6.9% compared with the previous fiscal year mainly due to an increase in album and single sales. Best-selling albums and singles during the year included musiQ by ORANGE RANGE, SENTIMENTALovers by Ken Hirai and PORNO GRAFFITTI BEST BLUE'S by Porno Graffitti.

Operating income at SMEJ increased significantly compared to the previous fiscal year due to the higher sales noted above and an improvement in the cost of sales ratio. As noted above, SMEI's results are not comparable with the results in the prior year.

Pictures

(Billions of yen, millions of U.S. dollars)  
Year ended March 31

	2004	2005	Change in Yen	2005
Sales and operating revenue	Y756.4	Y733.7	- 3.0%	\$6,857
Operating income	35.2	63.9	+81.4	597

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 discussions of certain portions of its results are specified as being on "a U.S. dollar basis."

Sales decreased 3.0% compared with the previous fiscal year (1% increase on a U.S. dollar basis) due to the appreciation of the yen. Sales, on a U.S. dollar basis, increased primarily due to higher worldwide home entertainment, international television syndication and worldwide theatrical revenues on films. Worldwide home

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entertainment and international television syndication revenues were higher as a result of the performance of prior year films including 50 First Dates, Big Fish and Bad Boys 2. For theatrical revenues, the success of the current year film slate, particularly Spider-Man 2, Hitch and The Grudge, more than offset the impact of releasing fewer films this year. The higher sales from films were partially offset by a decrease in television sales due to the absence in the current year of several transactions that occurred in the prior fiscal year. These included syndication sales of King of Queens and Seinfeld as well as the extension of a licensing agreement for Wheel of Fortune. Television sales in the current year benefited from the highly successful DVD release of Seinfeld.

Operating income increased Y28.7 billion to Y63.9 billion (\$597 million), compared with the previous fiscal year. This represented record operating income for SPE. The large increase in operating income is due to the strong overall performance of the current year film slate and the home entertainment and international television syndication carryover performance of the prior year films noted above. Spider-Man 2's worldwide success contributed substantially to this year's earnings offset somewhat by the disappointing theatrical performance of Spanglish. Television's operating income decreased due to the same factors noted above for revenue.

On April 8, 2005 a consortium led by Sony Corporation of America ("SCA") and its equity partners; Providence Equity Partners, Texas Pacific Group, Comcast Corporation and DLJ Merchant Banking Partners completed the acquisition of Metro-Goldwyn-Mayer Inc. ("MGM"). Under the terms of the acquisition agreement the aforementioned investor group acquired MGM for \$12.00 in cash per MGM share, for a total purchase price of approximately \$5.0 billion. As part of this transaction, SPE will co-finance and produce new motion pictures with MGM as well as distribute MGM's existing film and television content through SPE's global distribution channels. MGM will continue to operate under the Metro-Goldwyn-Mayer name as a private company headquartered in Los Angeles. As part of the acquisition, SCA invested \$257 million for 20% of the total equity capital. However, based on the percentage of common stock owned, Sony will record 45% of MGM's net income (loss) as equity in net income of affiliated companies.

### Financial Services

	(Billions of yen, millions of U.S. dollars)			
	Year ended March 31			
	2004	2005	Change in	2005
			Yen	
Financial service revenue	Y593.5	Y560.6	5.6%	\$5,238
Operating income	55.2	55.5	+0.6	519

Unless otherwise specified, all amounts are on a U.S. GAAP basis. Therefore, they differ from the results that Sony Life discloses on a Japanese statutory basis.

Financial service revenue decreased 5.6% compared with the previous fiscal year, mainly due to a decrease in revenue at Sony Life.



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Revenue at Sony Life was ¥474.3 billion (\$4,433 million), a ¥38.7 billion, or 7.5% decrease compared with the previous fiscal year. The main reasons for this decrease were a change in the method of recognizing insurance premiums received on certain products, as of the third quarter beginning October 1, 2003, from being recorded as revenues to being offset against the related provision for future insurance policy benefits, coupled with a small decrease in valuation gains in the current fiscal year compared to the previous year in which significant valuation gains were recorded against stock conversion rights from convertible bonds.

Operating income increased by ¥0.3 billion or 0.6% compared with the previous fiscal year, as a result of the recording of losses in the previous fiscal year by Sony Finance International Inc., associated with reorganization proceedings instituted by Crosswave Communications Inc. under the Corporate Reorganization Law of Japan during the same year. Operating income at Sony Life decreased by ¥2.2 billion or 3.4% to ¥61.0 billion (\$570 million), mainly due to a decrease in valuation gains against stock conversion rights from convertible bonds, although this was partially offset by an increase in revenue from insurance premiums excluding the effect of the change in revenue recognition method noted above.

Other

	(Billions of yen, millions of U.S. dollars)			
	Year ended March 31			
	2004	2005	Change in	2005
			Yen	
Sales and operating revenue	¥268.3	¥254.4	-5.2%	\$2,378
Operating loss	(12.1)	(4.1)	-	(38)

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

Sales decreased 5.2% compared with the previous fiscal year. This was primarily the result of a decrease in intersegment sales due to contract changes at a Japanese subsidiary involved in the advertising agency business.

An operating loss of ¥4.1 billion (\$38 million) was recorded, representing an improvement of ¥8.0 billion compared with the operating loss of ¥12.1 billion recorded in the previous fiscal year. This improvement was mainly due to a reduction of fixed costs, a gain from the sale of a retail and showroom building in Japan and the strong performance of a business engaged in the production and marketing of animation products during the current fiscal year, although this was partially offset by the recording of a one-time gain of ¥7.7 billion by a business operated by a U.S. subsidiary on the sale of rights related to a portion of the Sony Credit Card portfolio in the previous fiscal year.

Operating Results for Major Affiliates Accounted for by the Equity Method

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The following operating results for significant companies accounted for by the equity method are not consolidated in Sony's consolidated financial statements. However, Sony believes that this disclosure provides additional useful analytical information to investors regarding operating performance. In addition, please note that the operating results of Sony Ericsson discussed below are reported on an International Financial Reporting Standards basis, and thereby differ from the operating results reported on a U.S. GAAP basis contained within Sony's equity in net income of affiliated companies. Furthermore, as Sony Ericsson and Sony BMG report their results on a calendar year basis, the operating results presented below have been adjusted according to Sony's fiscal year.

Sony Ericsson recorded sales for the one year period ended March 31, 2005 of Euro 6,475 million, representing a Euro 1,269 million or 24% increase compared to the same period of the previous year. Income before taxes was Euro 460 million, a Euro 380 million increase compared to the same period of the previous year, and net income of Euro 267 million was recorded, a Euro 167 million increase compared to the same period of the previous year. Sony Ericsson experienced a strong year led by consumer demand for mid and high-end GSM models. As a result, equity in net income of ¥17.4 billion (\$163 million) was recorded by Sony.

Sony BMG recorded sales revenue of \$3,258 million, loss before income taxes of \$53 million, and a net loss of \$66 million during the period that the venture began operations on August 1, 2004 through the end of Sony's fiscal year. Loss before income taxes includes \$290 million of restructuring charges. As a result, equity in net loss of ¥3.4 billion (\$32 million) was recorded by Sony.

### Cash Flow

The following charts show Sony's unaudited condensed statements of cash flows 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)

Cash flow	(Billions of yen, millions of U.S. dollars)			
	2004	2005	Change in Yen	2005
- From operating activities	¥401.1	¥485.4	¥ +84.3	\$4,537
- From investing activities	(352.5)	(472.1)	-119.6	(4,412)
- From financing	153.8	(95.4)	-249.1	(892)

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activities				
Cash and cash equivalents at beginning of the fiscal year	438.5	592.9	+154.4	5,541
Cash and cash equivalents at end of the fiscal year	592.9	519.7	-73.2	4,857

Operating Activities: During the fiscal year ended March 31, 2005, although there was an increase in notes and accounts receivable, trade mainly within the Game segment, in addition to the recording of net income, excluding depreciation and amortization primarily within the Pictures and Game segments, there was a decrease in inventory within the Electronics and Game segments and an increase in notes and accounts payable, trade, within the Game segment.

Investing Activities: During the fiscal year ended March 31, 2005, Sony made significant capital investments in semiconductors, particularly the advanced microprocessor "Cell," as well as investments associated with the amorphous TFT LCD panel manufacturing joint venture (S-LCD Corporation) established with Samsung Electronics Co., Ltd.

As a result, cash flow from operating activities exceeded cash flow from investing activities by Y13.3 billion (\$125 million).

Financing Activities: During the fiscal year ended March 31, 2005, Sony redeemed a portion of its long-term debt. In addition, of the Y300.0 billion of convertible bonds due on March 31, 2005, Y5.0 billion were redeemed on the maturity date with the remainder being converted into common stock.

Cash and Cash Equivalents: The total balance of cash and cash equivalents, accounting for the effect of foreign currency exchange rate fluctuations, was Y519.7 billion (\$4,857 million) as of March 31, 2005, a decrease of Y73.2 billion compared to March 31, 2004.

Cash Flow - Financial Services segment

	(Billions of yen, millions of U.S. dollars)			
			Year ended March 31	
Cash flow	2004	2005	Change in Yen	2005
- From operating activities	Y241.6	Y168.1	Y-73.5	\$1,571
- From investing activities	(401.6)	(421.4)	-19.8	(3,938)
- From financing activities	141.7	256.4	+114.7	2,396
Cash and cash equivalents at beginning of the	274.5	256.3	-18.2	2,395

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fiscal year				
Cash and cash	256.3	259.4	+3.1	2,424
equivalents at end				
of fiscal year				

**Operating Activities:** The cash inflows from insurance premiums and other exceeded the related cash outflows, reflecting primarily an increase in insurance-in-force at Sony Life.

**Investing Activities:** Payments for investments and advances exceeded proceeds from sales of securities investments, maturities of marketable securities and collections of advances primarily as a result of both investments in mainly Japanese fixed income securities resulting from an increase in insurance-in-force at Sony Life, and a housing loan campaign carried out at Sony Bank.

**Financing Activities:** In addition to the increase in policyholders' accounts at Sony Life, deposits from customers in the banking business increased primarily due to an increase in the number of accounts.

**Cash and Cash Equivalents:** As a result of the above, the balance of cash and cash equivalents was Y259.4 billion (\$2,424 million) as of March 31, 2005, which was an increase of Y3.1 billion compared to March 31, 2004.

### Consolidated Results for the Fourth Quarter ended March 31, 2005

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Sales were Y1,697 billion (\$15,860 million), a decrease of 4.2% compared with the same quarter of the previous fiscal year; on a local currency basis sales decreased 4%. This reflects the establishment of Sony BMG (please refer to note).

In the Electronics segment, an increase in intersegment sales to the Game segment resulted in an increase in sales although sales to outside customers declined 5.5%. Although sales primarily of flat panel televisions and LCD rear projection televisions increased, there was a decrease in sales of mobile phones (primarily to Sony Ericsson), portable audio products and CRT televisions. In the Game segment, there was a significant increase in sales as a result of an increase in both hardware and software sales, primarily associated with the launch of PlayStation Portable. In the Music segment, sales decreased due to the establishment of Sony BMG (please refer to note). In the Pictures segment, sales decreased due to the absence in the fourth quarter of the current year of transactions that occurred in the same quarter of the previous year. These included syndication sales of Seinfeld and the extension of a licensing agreement for Wheel of Fortune. In the Financial Services segment, revenue increased mainly due to an increase in revenue from insurance premiums at Sony Life.

An operating loss of Y77.4 billion (\$723 million) was recorded, an improvement of Y32.3 billion from the same quarter of the previous year. In the Electronics segment, although there was a deterioration in the cost of sales ratio associated with a decline in unit selling prices, there was a reduction in operating loss due to lower restructuring charges compared to the same quarter of the previous year. The Game segment recorded operating income, compared to the

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operating loss in the same quarter of the previous year, as a result of an increase in software sales. In the Music segment, a lower operating loss was recorded primarily due to the establishment of Sony BMG mentioned above. In the Pictures segment, the absence in the fourth quarter of the current year of transactions that occurred in the same quarter of the previous year led to a decrease in operating income.

Restructuring charges, which are recorded as operating expenses, for the fourth quarter amounted to Y48.6 billion (\$454 million) compared to Y98.3 billion in the same quarter of the previous fiscal year. In the Electronics segment, restructuring charges were Y44.9 billion (\$420 million) compared to Y89.0 billion in the same quarter of the previous fiscal year.

The loss before income taxes was Y61.9 billion (\$578 million), a Y31.7 billion improvement compared to the same quarter of the previous fiscal year. The recording of valuation allowances against deferred tax assets mainly at European and Japanese subsidiaries of Sony resulted in smaller tax benefits for the quarter of Y5.3 billion.

Equity in net income of affiliated companies of Y0.5 billion (\$4 million) was recorded, a 91.6% decrease from the same quarter of the previous fiscal year. Sony Ericsson contributed Y2.6 billion (\$24 million) to equity in net income, a 52% decrease compared to the same quarter of the previous year. However, an equity in net loss was recorded of Y3.1 billion (\$29 million) at Sony BMG. Equity in net loss was also recorded at S-LCD Corporation.

As a result, a net loss of Y56.5 billion (\$528 million) was recorded, a Y18.3 billion deterioration compared to the same quarter of the previous fiscal year.

Operating Results for the Fourth Quarter ending March 31, 2005 for Major Affiliates Accounted for by the Equity Method

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The following operating results for significant companies accounted for by the equity method are not consolidated in Sony's consolidated financial statements. However, Sony believes that this disclosure provides additional useful analytical information to investors regarding operating performance. In addition, please note that the operating results of Sony Ericsson discussed below are reported on an International Financial Reporting Standards basis, and thereby differ from the operating results reported on a U.S. GAAP basis contained within Sony's equity in net income of affiliated companies.

Sony Ericsson recorded sales for the quarter ended March 31, 2005 of Euro 1,289 million, representing a Euro 50 million or 4% decrease compared to the same quarter of the previous fiscal year. Income before taxes was Euro 70 million, a 27%, or Euro 26 million decrease compared to the same quarter of the previous fiscal year, and net income of Euro 32 million was recorded, a Euro 49 million, or 60% decrease year on year. Although there was an increase in units shipped, slower market growth during the quarter coupled with a decrease in Sony Ericsson's average selling price led to a decline in sales. As a result, equity in net income of Y2.6 billion (\$24 million) was recorded by Sony.

Sony BMG recorded sales revenue of \$962 million, loss before income

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taxes of \$61.5 million, and a net loss of \$61.8 million during the quarter ended March 31, 2005. Loss before income taxes includes \$92 million of restructuring charges. As a result, equity in net loss of ¥3.1 billion (\$29 million) was recorded by Sony.

### Notes

Note I: During the fiscal year ended March 31, 2005, the average value of the yen was ¥106.5 against the U.S. dollar and ¥133.7 against the euro, which was 5.2% higher against the U.S. dollar and 1.9% 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 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 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: In the third quarter ended December 31, 2004, Sony adopted Emerging Issues Task Force ("EITF") Issue No. 04-8, "The Effect of Contingently Convertible Instruments on Diluted Earnings per Share." As a result of adopting EITF Issue No. 04-8, diluted earnings per share of net income for the fiscal year ended March 31, 2004 have been restated (see Note 9 regarding EITF Issue No. 04-8).

Note IV: During the quarter ended March 31, 2005, the average value of the yen was ¥103.5 against the U.S. dollar and ¥135.4 against the euro, which was 2.7% higher against the U.S. dollar and 2.1% 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 will be presented for approval at the Board of Directors meeting to be held on May 16, 2005 and, if approved, will be payable on June 1, 2005. Sony Corporation has already paid an interim dividend of ¥12.5 per share to each shareholder; accordingly, the total annual cash dividend per share would be ¥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

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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.

### Number of Employees

The number of employees at the end of March 2005 was approximately 151,400, a decrease of approximately 10,600 employees from the end of March 2004. Although employees increased at manufacturing facilities in Asia, particularly in China, the total number of employees declined due to the reductions associated with the implementation of restructuring activities in Japan, the U.S., Europe and South-East Asia, and a decrease in the number of employees due to the establishment of Sony BMG.

### Outlook for the Fiscal Year ending March 31, 2006

-----

		Change from previous year -----
Sales and operating revenue	Y7,450 billion	+4%
Operating income	160 billion	+40
Income before income taxes	170 billion	+8
Equity in net income of affiliated companies	5 billion	-83
Net income	80 billion	-51
Capital expenditures (additions to fixed assets)	Y410 billion	+15%
Depreciation and amortization*	390 billion	+5
(Depreciation expenses for tangible assets)	(320 billion)	(+6)
* Including amortization of intangible assets and amortization of deferred insurance acquisition costs.		
Research and development expenses	520 billion	+4%

Assumed exchange rates: approximately Y103 to the U.S. dollar,  
approximately Y133 to the euro.

The forecast for the consolidated operating results stated above, has been prepared based on the current business environment and reflects the factors noted below.

During the fiscal year, primarily in the Electronics segment, restructuring charges of approximately Y72 billion are expected to be incurred across the Sony Group (Y90 billion of restructuring expenses were recorded in the fiscal year ended March 31, 2005). The above forecast for operating income reflects these restructuring charges as operating expenses.

As part of this forecast, the forecast for operating income and income before income taxes reflects an estimated gain of approximately Y60 billion related to the transfer to the Japanese Government of the substitutional portion, the benefit obligation

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related to past employee service, of Sony's Employee Pension Fund. Furthermore, Y35 billion of this estimated gain is reflected in the forecast for net income after deductions for the effect of income taxes.

The forecast for each business segment (excluding the anticipated gain from the transfer of the substitutional portion of Sony's Employee Pension Fund) is as follows:

### Electronics

Sales are expected to increase primarily due to an increase in the sales of products such as flat panel televisions and LCD projection televisions. With regard to operating performance, although an improvement is expected due to the increase in sales and a reduction in fixed costs relating to restructuring implemented during the previous fiscal year, a decline in unit prices, appreciation of the yen and increase in both depreciation and amortization and research and development expenses is also anticipated. An improvement in operating performance is expected, as in addition to the abovementioned factors, a reduction in restructuring charges is also anticipated.

### Game

Sales are expected to increase due to the contribution from both PlayStation Portable hardware and software. Although PS2 and PlayStation Portable are expected to contribute to operating income, increased research and development costs primarily for the next generation computer entertainment system are expected to leave operating income relatively unchanged.

### Music

Due to the establishment of Sony BMG (please refer to note) sales are expected to decrease. A small increase in operating income is anticipated.

### Pictures

Although sales are expected to increase due to the impact of the acquisition of MGM, operating income is expected to decrease compared to the previous fiscal year, in which Spider-Man 2 was a substantial contributor.

### Financial Services

Although revenue is expected to continue to grow mainly due to an increase in revenue from insurance premiums at Sony Life, a small decrease is expected in operating income due to an anticipated increase in insurance claim payments.

### Semiconductor capital expenditures

Capital expenditures within the semiconductor business during the fiscal year are expected to amount to approximately Y160 billion (the actual amount in the fiscal year ended March 31, 2005 was approximately Y150 billion).

As of March 31, 2005, Sony had deferred tax assets on tax loss carry forwards in relation to Japanese local income taxes totaling Y77.5 billion. However, there is a possibility that, depending on future



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operating performance, Sony may establish a valuation allowance against part or all of its deferred tax assets that would be charged to income as an increase in tax expense. It should be noted, though, that the forecast above does not include this possibility.

For your reference, further details about valuation allowances against deferred tax assets can be found under the "Deferred tax asset valuation" section of "Critical Accounting Policies" in Item 5. Operating and Financial Review and Prospects of Sony Corporation's Form 20-F for the fiscal year ended March 31, 2004.  
URL:<http://www.sec.gov/Archives/edgar/data/313838/000114554904000801/0001145549-04-000801-index.htm>

### Cautionary Statement

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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, 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); and (vii) the success of Sony's joint ventures and alliances. Risks and uncertainties also include the impact of any future events with material unforeseen impacts.

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Business Segment Information

(Millions of yen, millions of U.S. dollars)				
Sales and operating revenue	2004	2005	Year ended March 31 Change	2005
-----	-----	-----	-----	-----
Electronics				
Customers	Y4,838,268	Y4,786,236	-1.1%	\$ 44,731
Intersegment	204,051	235,411		2,200
-----	-----	-----		-----
Total	5,042,319	5,021,647	-0.4	46,931
Game				
Customers	753,732	702,524	-6.8	6,566
Intersegment	26,488	27,230		255
-----	-----	-----		-----
Total	780,220	729,754	-6.5	6,821
Music				
Customers	409,487	216,779	-47.1	2,026
Intersegment	30,819	32,326		302
-----	-----	-----		-----
Total	440,306	249,105	-43.4	2,328
Pictures				
Customers	756,370	733,677	-3.0	6,857
Intersegment	0	0		0
-----	-----	-----		-----
Total	756,370	733,677	-3.0	6,857
Financial Services				
Customers	565,752	537,715	-5.0	5,025
Intersegment	27,792	22,842		213
-----	-----	-----		-----
Total	593,544	560,557	-5.6	5,238
Other				
Customers	172,782	182,685	+5.7	1,707
Intersegment	95,535	71,742		671
-----	-----	-----		-----
Total	268,317	254,427	-5.2	2,378
Elimination	(384,685)	(389,551)	-	(3,641)
-----	-----	-----		-----
Consolidated total	Y7,496,391	Y7,159,616	-4.5	\$ 66,912

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.

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Operating income (loss)	2004	2005	Change	2005
-----	-----	-----	-----	-----
Electronics	Y(6,824)	Y(34,305)	-	\$ (321)
Game	67,578	43,170	-36.1%	404
Music	(5,997)	8,783	-	82
Pictures	35,230	63,899	+81.4	597
Financial Services	55,161	55,490	+0.6	519
Other	(12,054)	(4,077)	-	(38)
-----	-----	-----	-----	-----
Total	133,094	132,960	-0.1	1,243
Unallocated corporate expenses and elimination	(34,192)	(19,041)	-	(178)
-----	-----	-----	-----	-----
Consolidated total	Y98,902	Y113,919	+15.2%	\$1,065

Commencing April 1, 2004, Sony has partly realigned its business segment configuration. Results of the previous year have been reclassified to conform to the presentations for the current year (See Notes 5 and 6).

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

Three months ended March 31  
(Unaudited)

Sales and operating revenue	2004	2005	Change	2005
-----	-----	-----	-----	-----
Electronics				
Customers	Y1,123,418	Y1,061,464	-5.5%	\$ 9,920
Intersegment	23,991	110,892		1,036
-----	-----	-----	-----	-----
Total	1,147,409	1,172,356	+2.2	10,956
Game				
Customers	121,436	213,990	+76.2	2,000
Intersegment	5,301	8,133		76
-----	-----	-----	-----	-----
Total	126,737	222,123	+75.3	2,076
Music				
Customers	100,708	31,148	-69.1	291
Intersegment	4,337	8,069		75
-----	-----	-----	-----	-----
Total	105,045	39,217	-62.7	366
Pictures				
Customers	236,602	190,647	-19.4	1,782
Intersegment	0	0		0
-----	-----	-----	-----	-----
Total	236,602	190,647	-19.4	1,782
Financial Services				
Customers	144,679	150,887	+4.3	1,410
Intersegment	7,462	5,222		49

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-----	-----	-----	-----	-----
Total	152,141	156,109	+2.6	1,459
Other				
Customers	45,348	48,885	+7.8	457
Intersegment	24,643	20,314		190
-----	-----	-----	-----	-----
Total	69,991	69,199	-1.1	647
Elimination	(65,734)	(152,630)	-	(1,426)
-----	-----	-----	-----	-----
Consolidated total	Y1,772,191	Y1,697,021	-4.2%	\$ 15,860

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)	2004	2005	Change	2005
-----	-----	-----	-----	-----
Electronics	Y(129,257)	Y(99,428)	-	\$ (929)
Game	(6,886)	1,488	-	14
Music	(9,126)	(2,629)	-	(25)
Pictures	36,634	13,734	-62.5%	128
Financial Services	17,192	16,302	-5.2	153
Other	(6,506)	(4,174)	-	(39)
-----	-----	-----	-----	-----
Total	(97,949)	(74,707)	-	(698)
Unallocated corporate expenses and elimination	(11,807)	(2,706)	-	(25)
-----	-----	-----	-----	-----
Consolidated total	Y(109,756)	Y(77,413)	-	\$ (723)

Commencing April 1, 2004, Sony has partly realigned its business segment configuration. Results of the previous year have been reclassified to conform to the presentations for the current quarter (See Notes 5 and 6).

Electronics Sales and Operating Revenue to Customers by Product Category

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

	Year ended March 31			
Sales and operating revenue	2004	2005	Change	2005
-----	-----	-----	-----	-----
Audio	Y 675,496	Y 571,864	-15.3%	\$ 5,345
Video	949,261	1,034,736	+9.0	9,670

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Televisions	925,501	957,122	+3.4	8,945
Information and Communications	834,757	778,374	-6.8	7,275
Semiconductors	253,237	246,314	-2.7	2,302
Components	623,799	619,477	-0.7	5,789
Other	576,217	578,349	+0.4	5,405
-----	-----	-----	-----	-----
Total	Y4,838,268	Y4,786,236	-1.1%	\$ 44,731

	Three months ended March 31 (Unaudited)			
Sales and operating revenue	2004	2005	Change	2005
-----	-----	-----	-----	-----
Audio	Y 132,115	Y 106,476	-19.4%	\$ 995
Video	197,515	207,912	+5.3	1,943
Televisions	215,257	222,639	+3.4	2,081
Information and Communications	208,816	204,563	-2.0	1,912
Semiconductors	66,163	50,657	-23.4	473
Components	159,464	142,640	-10.6	1,333
Other	144,088	126,577	-12.2	1,183
-----	-----	-----	-----	-----
Total	Y1,123,418	1,061,464	-5.5%	\$ 9,920

The above table is a breakdown of Electronics sales and operating revenue to customers in the Business Segment Information. 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 April 1, 2004, Sony has partly realigned its product category configuration in the Electronics segment. Accordingly, results of the previous year have been restated. (See Note 7)

Geographic Segment Information

	(Millions of yen, millions of U.S. dollars)			
Sales and operating revenue	2004	2005	Change	2005
-----	-----	-----	-----	-----
Japan	Y2,220,747	Y2,100,793	-5.4%	\$ 19,634
United States	2,121,110	1,977,310	-6.8	18,479
Europe	1,765,053	1,612,536	-8.6	15,070
Other Areas	1,389,481	1,468,977	+5.7	13,729
-----	-----	-----	-----	-----
Total	Y7,496,391	Y7,159,616	-4.5%	\$ 66,912

	Three months ended March 31 (Unaudited)			
Sales and operating revenue	2004	2005	Change	2005
-----	-----	-----	-----	-----

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Japan	Y 549,960	Y 527,811	-4.0%	\$ 4,933
United States	492,729	455,513	-7.6	4,257
Europe	406,956	367,949	-9.6	3,439
Other Areas	322,546	345,748	+7.2	3,231
<hr style="border-top: 1px dashed black;"/>				
Total	Y1,772,191	Y1,697,021	-4.2%	\$ 15,860

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			
	2004	2005	Change	2005
	-----	-----	-----	-----
<b>Sales and operating revenue:</b>			%	
Net sales	Y6,883,478	Y6,565,010		\$ 61,355
Financial service revenue	565,752	537,715		5,025
Other operating revenue	47,161	56,891		532
	-----	-----		-----
	7,496,391	7,159,616	-4.5	66,912
<b>Costs and expenses:</b>				
Cost of sales	5,058,205	5,000,112		46,730
Selling, general and administrative	1,798,239	1,535,015		14,346
Financial service expenses	505,550	482,576		4,510
Loss on sale, disposal or impairment of assets, net	35,495	27,994		261
	-----	-----		-----
	7,397,489	7,045,697		65,847
<b>Operating income</b>	98,902	113,919	+15.2	1,065
<b>Other income:</b>				
Interest and dividends	18,756	14,708		137
Royalty income	34,244	31,709		296
Foreign exchange gain, net	18,059	-		-
Gain on sale of securities investments, net	11,774	5,437		51
Gain on change in interest in subsidiaries and equity investees	4,870	16,322		153
Other	34,587	29,447		275
	-----	-----		-----
	122,290	97,623		912
<b>Other expenses:</b>				
Interest	27,849	24,578		230
Loss on devaluation of securities investments	16,481	3,715		35
Foreign exchange loss, net	-	524		5
Other	32,795	25,518		238
	-----	-----		-----
	77,125	54,335		508
	-----	-----		-----

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Income before income taxes	144,067	157,207	+9.1	1,469
Income taxes	52,774	16,044		150
	-----	-----		-----
Income before minority interest, equity in net income of affiliated companies and cumulative effect of an accounting change	91,293	141,163	+54.6	1,319
Minority interest in income of consolidated subsidiaries	2,379	1,651		15
Equity in net income of affiliated companies	1,714	29,039		271
	-----	-----		-----
Income before cumulative effect of an accounting change	90,628	168,551	+86.0	1,575
Cumulative effect of an accounting change (2004: Net of income taxes of Y0 million) (2005: Net of income taxes of Y2,675 million)	(2,117)	(4,713)		(44)
	-----	-----		-----
Net income	Y 88,511	Y 163,838	+85.1	\$ 1,531
	-----	-----		-----
Per share data:				
Common stock				
Income before cumulative effect of an accounting change				
- Basic	Y 98.26	Y 180.96	+84.2	\$ 1.69
- Diluted	89.03	162.59	+82.6	1.52
Net income				
- Basic	95.97	175.90	+83.3	1.64
- Diluted	87.00	158.07	+81.7	1.48
Subsidiary tracking stock				
Net income (loss)				
- Basic	(41.80)	17.21	-	0.16

Additional Paid-in Capital and Retained Earnings

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The following information shows change in additional paid-in capital and change in retained earnings for the years ended March 31, 2004 and 2005.

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		
	2004	2005	2005
	-----	-----	-----

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Additional Paid-in Capital:

Balance, beginning of year	Y 984,196	Y 992,817	\$ 9,279
Conversion of convertible bonds	3,988	141,407	1,321
Exchange offerings	5,409	-	-
Stock based compensation	-	340	3
Reissuance of treasury stock	(776)	(342)	(3)
	-----	-----	-----
Balance, end of year	Y 992,817	Y 1,134,222	\$ 10,600

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

	Year ended March 31		
	2004	2005	2005
	-----	-----	-----
Retained Earnings:			
Balance, beginning of year	Y 1,301,740	Y 1,367,060	\$ 12,776
Net income	88,511	163,838	1,531
Cash dividends	(23,138)	(24,030)	(224)
Reissuance of treasury stock	-	(245)	(2)
Common stock issue costs, net of tax	(53)	(541)	(5)
	-----	-----	-----
Balance, end of year	Y 1,367,060	Y 1,506,082	\$ 14,076

Consolidated Statements of Income (Unaudited)

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

	Three months ended March 31			
	2004	2005	Change	2005
	-----	-----	-----	-----
Sales and operating revenue:				
Net sales	Y1,615,836	Y1,529,187		\$ 14,292
Financial service revenue	144,679	150,887		1,410
Other operating revenue	11,676	16,947		158
	-----	-----		-----
	1,772,191	1,697,021	-4.2	15,860
Costs and expenses:				
Cost of sales	1,238,300	1,223,358		11,433
Selling, general and administrative	495,378	403,126		3,768
Financial service expenses	126,385	134,457		1,256
Loss on sale, disposal or impairment of assets, net	21,884	13,493		126
	-----	-----		-----
	1,881,947	1,774,434		16,583
Operating income (loss)	(109,756)	(77,413)	-	(723)
Other income:				
Interest and dividends	5,388	4,191		39
Royalty income	10,389	9,692		91
Foreign exchange gain, net	7,588	29		0
Gain on sale of securities	28	-		-



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investments, net				
Gain on change in interest in subsidiaries and equity investees	3,951	1,215		12
Other	8,139	10,840		101
	-----	-----		-----
	35,483	25,967		243
Other expenses:				
Interest	7,179	2,755		26
Loss on devaluation of securities investments	3,931	1,296		12
Loss on sales of securities investments, net	-	14		0
Other	8,190	6,382		60
	-----	-----		-----
	19,300	10,447		98
Income (loss) before income taxes	(93,573)	(61,893)	-	(578)
Income taxes	(50,498)	(5,334)		(49)
Income (loss) before minority interest and equity in net income of affiliated companies	(43,075)	(56,559)	-	(529)
Minority interest in income of consolidated subsidiaries	557	351		3
Equity in net income of affiliated companies	5,477	460		4
Net income (loss)	Y (38,155)Y	(56,450)	- \$	(528)
Per share data:				
Common stock				
Net income (loss)				
- Basic	Y (41.23)Y	(59.40)	- \$	(0.56)
- Diluted	(41.23)	(59.40)	-	(0.56)
Subsidiary tracking stock				
Net income (loss)			-	
- Basic	(13.12)	(28.20)	-	(0.26)

Consolidated Balance Sheets

	(Millions of yen, millions of U.S. dollars)		
	March 31		
ASSETS	2004	2005	2005
	-----	-----	-----
Current assets:			
Cash and cash equivalents	Y 849,211	Y 779,103	\$ 7,281
Time deposits	4,662	1,492	14
Marketable securities	274,748	460,202	4,301

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Notes and accounts receivable, trade	1,123,863	1,113,071	10,403
Allowance for doubtful accounts and sales returns	(112,674)	(87,709)	(820)
Inventories	666,507	631,349	5,900
Deferred income taxes	125,532	141,154	1,319
Prepaid expenses and other current assets	431,506	517,509	4,837
	-----	-----	-----
	3,363,355	3,556,171	33,235
Film costs	256,740	278,961	2,607
Investments and advances:			
Affiliated companies	86,253	252,905	2,364
Securities investments and other	2,426,697	2,492,784	23,297
	-----	-----	-----
	2,512,950	2,745,689	25,661
Property, plant and equipment:			
Land	189,785	182,900	1,709
Buildings	930,983	925,796	8,652
Machinery and equipment	2,053,085	2,192,038	20,486
Construction in progress	98,480	92,611	866
Less-Accumulated depreciation	(1,907,289)	(2,020,946)	(18,887)
	-----	-----	-----
	1,365,044	1,372,399	12,826
Other assets:			
Intangibles, net	248,010	187,024	1,748
Goodwill	277,870	283,923	2,653
Deferred insurance acquisition costs	349,194	374,805	3,503
Deferred income taxes	203,203	240,396	2,247
Other	514,296	459,732	4,297
	-----	-----	-----
	1,592,573	1,545,880	14,448
	-----	-----	-----
	Y 9,090,662	Y 9,499,100	\$ 88,777
	-----	-----	-----
LIABILITIES AND STOCKHOLDERS' EQUITY			
Current liabilities:			
Short-term borrowings	Y 91,260	Y 63,396	\$ 592
Current portion of long-term debt	383,757	166,870	1,560
Notes and accounts payable, trade	778,773	806,044	7,533
Accounts payable, other and accrued expenses	812,175	746,466	6,976
Accrued income and other taxes	57,913	55,651	520
Deposits from customers in the banking business	378,851	546,718	5,110
Other	479,486	424,223	3,965
	-----	-----	-----
	2,982,215	2,809,368	26,256
Long-term liabilities:			
Long-term debt	777,649	678,992	6,346
Accrued pension and severance costs	368,382	352,402	3,293
Deferred income taxes	96,193	72,227	675

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Future insurance policy benefits and other	2,178,626	2,464,295	23,031
Other	286,737	227,631	2,127
	-----	-----	-----
	3,707,587	3,795,547	35,472
Minority interest in consolidated subsidiaries	22,858	23,847	223
Stockholders' equity:			
Capital stock	480,267	621,709	5,810
Additional paid-in capital	992,817	1,134,222	10,600
Retained earnings	1,367,060	1,506,082	14,076
Accumulated other comprehensive income	(449,959)	(385,675)	(3,604)
Treasury stock, at cost	(12,183)	(6,000)	(56)
	-----	-----	-----
	2,378,002	2,870,338	26,826
	-----	-----	-----
	Y 9,090,662	Y 9,499,100	\$ 88,777
	-----	-----	-----

Consolidated Statements of Cash Flows

	(Millions of yen, millions of U.S. dollars)		
	Year ended March 31		
	2004	2005	2005
	-----	-----	-----
Cash flows from operating activities:			
Net income	Y 88,511	Y 163,838	\$ 1,531
Adjustments to reconcile net income to net cash provided by operating activities			
Depreciation and amortization, including amortization of deferred insurance acquisition costs	366,269	372,865	3,485
Amortization of film costs	305,786	276,320	2,582
Accrual for pension and severance costs, less payments	35,562	22,837	214
Loss on sale, disposal or impairment of assets, net	35,495	27,994	261
Gain on sale of securities investments, net	(11,774)	(5,437)	(51)
Gain on change in interest in subsidiaries and equity investees	(4,870)	(16,322)	(153)
Deferred income taxes	(34,445)	(69,466)	(649)
Equity in net (income) loss of affiliated companies, net of dividends	1,732	(15,648)	(146)
Cumulative effect of an accounting change	2,117	4,713	44
Changes in assets and liabilities:			
Increase in notes and accounts	(63,010)	(22,056)	(206)

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receivable, trade			
(Increase) decrease in inventories	(78,656)	34,128	319
Increase in film costs	(299,843)	(294,272)	(2,750)
Increase in notes and accounts payable, trade	93,950	31,473	294
Increase (decrease) in accrued income and other taxes	(46,067)	3	0
Increase in future insurance policy benefits and other	264,216	144,143	1,347
Increase in deferred insurance acquisition costs	(71,219)	(65,051)	(608)
(Increase) decrease in marketable securities held in the financial service business for trading purpose	369	(28,524)	(266)
Increase in other current assets	(34,991)	(29,699)	(278)
Increase in other current liabilities	44,772	46,545	435
Other	38,731	68,613	642
	-----	-----	-----
Net cash provided by operating activities	632,635	646,997	6,047
	-----	-----	-----
Cash flows from investing activities:			
Payments for purchases of fixed assets	(427,344)	(453,445)	(4,238)
Proceeds from sales of fixed assets	33,987	34,184	319
Payments for investments and advances by financial service business	(1,167,945)	(1,309,092)	(12,235)
Payments for investments and advances (other than financial service business)	(33,329)	(158,151)	(1,478)
Proceeds from maturities of marketable securities, sales of securities investments and collections of advances by financial service business	791,188	923,593	8,632
Proceeds from maturities of marketable securities, sales of securities investments and collections of advances (other than financial service business)	35,521	25,849	242
Other	6,130	5,890	55
	-----	-----	-----
Net cash used in investing activities	(761,792)	(931,172)	(8,703)
	-----	-----	-----
Cash flows from financing activities:			
Proceeds from issuance of long-term debt	267,864	57,232	535
Payments of long-term debt	(32,042)	(94,862)	(887)
Increase (decrease) in short-term borrowings	(57,708)	11,397	107
Increase in deposits from customers in the financial service business	129,874	294,352	2,751
Dividends paid	(23,106)	(22,978)	(215)

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Other	28,401	(39,964)	(373)
	-----	-----	-----
Net cash provided by financing activities	313,283	205,177	1,918
	-----	-----	-----
Effect of exchange rate changes on cash and cash equivalents	(47,973)	8,890	83
	-----	-----	-----
Net increase (decrease) in cash and cash equivalents	136,153	(70,108)	(655)
Cash and cash equivalents at beginning of the fiscal year	713,058	849,211	7,936
	-----	-----	-----
Cash and cash equivalents at end of the fiscal year	Y 849,211	Y 779,103	\$ 7,281
	-----	-----	-----

(Notes)

- U.S. dollar amounts have been translated from yen, for convenience only, at the rate of Y107 = U.S. \$1, the approximate Tokyo foreign exchange market rate as of March 31, 2005.
- As of March 31, 2005, Sony had 913 consolidated subsidiaries (including variable interest entities). It has applied the equity accounting method in respect to 56 affiliated companies.
- 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, 2004 and 2005 mainly resulted from convertible bonds.

Weighted-average shares	(Thousands of shares)
-----	Year ended March 31

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	2004 -----	2005 -----
Income before cumulative effect of an accounting change and net income		
- Basic	923,650	931,125
- Diluted	1,044,818	1,043,775
Weighted-average shares	(Thousands of shares)	
-----	Three months ended March 31	
	2004	2005
	-----	-----
Net income		
- Basic	924,439	948,950
- Diluted	924,439	948,950

By adopting the Emerging Issues Task Force ("EITF") Issue No. 04-8, "The Effect of Contingently Convertible Instruments on Diluted Earnings per Share", issued in July 2004, diluted earnings per share of income before cumulative effect of an accounting change and net income for the year ended March 31, 2004 were restated respectively (see Note 9. Adoption of New Accounting Standards).

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, 2004 and 2005 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 liability adjustment and foreign currency translation adjustments. Net income (loss), other comprehensive income and comprehensive income (loss) for the three months and the year ended March 31, 2004 and 2005 were as follows:

	(Millions of yen, millions of U.S. dollars)					
	Year ended March 31			Three months ended March 31		
	2004	2005	2005	2004	2005	2005
	-----					
Net income	Y 88,511	Y 163,838	\$1,531	Y(38,155)	Y (56,450)	\$(528)
(loss)						
Other comprehensive income:						
Unrealized gains (losses) on securities	52,292	(7,281)	(68)	21,385	7,012	66
Unrealized gains (losses) on derivative	4,193	(1,890)	(18)	1,302	(2,009)	(19)

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instruments						
Minimum pension liability adjustment	93,415	(769)	(7)	95,611	(29,304)	(274)
Foreign currency translation adjustments	(127,881)	74,224	694	(27,752)	43,858	410
	-----	-----	-----	-----	-----	-----
	22,019	64,284	601	90,546	19,557	183
Comprehensive income (loss)	Y 110,530	Y228,122	\$2,132	Y52,391	Y (36,893)	\$(345)
	-----	-----	-----	-----	-----	-----

5. As of August 1, 2004, Sony and Bertelsmann AG combined their recorded music businesses in a joint venture. In connection with the establishment of this joint venture, the non-Japan based disc manufacturing and physical distribution businesses, formerly included within the Music segment, have been reclassified to the "Other" category in the Electronics segment. Results for the same period of the previous year in the Electronics and Music segments have been restated to conform to the presentation for this year.

6. In July 2004, in order to establish a more efficient and coordinated semiconductor supply structure, the Sony group has integrated its semiconductor manufacturing business by transferring Sony Computer Entertainment's semiconductor manufacturing operation from the Game segment to the Electronics segment. As a result of this transfer, sales revenue and expenditures associated with this operation are now recorded within the "Semiconductor" category in the Electronics segment. The results for the same period of the previous fiscal year have not been restated as such comparable figures cannot be practically obtained given that it was not operated as a separate line of business within the Game segment. This integration of the semiconductor manufacturing businesses is a part of Sony's semiconductor strategy of utilizing semiconductor technologies and manufacturing equipment originally developed or designed for the Game business within the Sony group as a whole.

7. Commencing April 1, 2004, 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
-----	-----		-----
AIWA	"Other"	->	"Audio" or "Video" or "Televisions"
Set-top box	"Video"	->	"Televisions"

8. In January 2003, the Financial Accounting Standards Board ("FASB") issued FASB Interpretation ("FIN") No.46, "Consolidation of Variable Interest Entities - an Interpretation of Accounting Research Bulletins ("ARB") No.51", and the revised FIN No.46 was issued in December 2003. This interpretation addresses consolidation by a

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primary beneficiary of a variable interest entity ("VIE"). Sony adopted FIN No.46 on July 1, 2003. As a result of the adoption of FIN No.46, Sony recognized Y2,117 million of loss as the cumulative effect of an accounting change. Additionally, Sony's assets and liabilities increased as non-cash transactions, which resulted in no cash flows, by Y95,255 million and Y97,950 million, respectively, as well as cash and cash equivalents of Y1,521 million.

### 9. Adoption of New Accounting Standards

Accounting and Reporting by Insurance Enterprises for Certain Nontraditional Long-Duration Contracts and for Separate Accounts -  
-----

In July 2003, the Accounting Standards Executive Committee of the American Institute of Certified Public Accountants issued Statement of Position ("SOP") 03-1, "Accounting and Reporting by Insurance Enterprises for Certain Nontraditional Long-Duration Contracts and for Separate Accounts". SOP 03-1 requires insurance enterprises to record additional reserves for long-duration life insurance contracts with minimum guarantee or annuity receivable options. Additionally, SOP 03-1 provides guidance for the presentation of separate accounts. This statement is effective for fiscal years beginning after December 15, 2003. Sony adopted SOP 03-1 on April 1, 2004. As a result of the adoption of SOP 03-1, Sony's operating income decreased by Y1,595 million (\$15 million) and Y5,156 million (\$48 million) for the three months and the year ended March 31, 2005, respectively. Additionally, on April 1, 2004, Sony recognized Y4,713 million (\$44 million) of loss (net of income taxes of Y2,675 million) as a cumulative effect of an accounting change. In addition, the separate account assets, which are defined by insurance business law in Japan and were previously included in "Security investments and other" on the consolidated balance sheet, were excluded from the category of separate accounts under the provision of SOP 03-1. Accordingly, the separate account assets are now treated as general accounts and included in "Marketable securities" on the consolidated balance sheet.

The Effect of Contingently Convertible Instruments on Diluted Earnings per Share -  
-----

In July 2004, the EITF issued EITF Issue No. 04-8, "The Effect of Contingently Convertible Instruments on Diluted Earnings per Share". In accordance with FAS No.128, Sony had not included in the computation of diluted earnings per share ("EPS") the number of potential common stock upon the conversion of contingently convertible debt instruments ("Co-Cos") that have not met the conditions to exercise the stock acquisition rights. EITF Issue No. 04-8 requires that the maximum number of common stock that could be issued upon the conversion of Co-Cos be included in diluted EPS computations from the date of issuance regardless of whether the conditions to exercise the rights have been met. EITF Issue No. 04-8 is effective for reporting periods ending after December 15, 2004. Sony adopted EITF Issue No. 04-8 during the quarter ended December 31, 2004. As a result of the adoption of EITF Issue No. 04-8, Sony's diluted EPS of



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income before cumulative effect of an accounting change and net income for the year ended March 31, 2004 were restated respectively. Sony's diluted EPS of income before cumulative effect of an accounting change and net income for the year ended March 31, 2005 were decreased by ¥7.26 (\$0.07) and ¥7.06 (\$0.07), respectively, compared to those before adopting EITF Issue No. 04-8.

### Other Consolidated Financial Data

		(Millions of yen, millions of U.S. dollars)			
		Year ended March 31			
		2004	2005	Change	2005
		-----	-----	-----	-----
Capital expenditures (additions to property, plant and equipment)	Y 378,264	Y 356,818	-5.7%		\$ 3,335
Depreciation and amortization expenses*	366,269	372,865	+1.8		3,485
(Depreciation expenses for tangible assets)	(286,911)	(300,752)	(+4.8)		(2,811)
Research and development expenses	514,483	502,008	-2.4		4,692
		Three months ended March 31			
		2004	2005	Change	2005
		-----	-----	-----	-----
Capital expenditures (additions to property, plant and equipment)	¥109,582	¥ 99,996	-8.7%		\$ 935
Depreciation and amortization expenses*	99,339	104,125	+4.8		973
(Depreciation expenses for tangible assets)	(76,485)	(83,672)	(+9.4)		(782)
Research and development expenses	140,368	131,978	-6.0		1,233

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

### Condensed Financial Services Financial Statements (Unaudited)

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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.

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Condensed Statements of Income

(Millions of yen, millions of U.S. dollars)				
		Year ended March 31		
Financial Services	2004	2005	Change	2005
			%	
	-----	-----	-----	-----
Financial service revenue	Y 593,544	Y 560,557	-5.6	\$ 5,238
Financial service expenses	538,383	505,067	-6.2	4,719
	-----	-----	-----	-----
Operating income	55,161	55,490	+0.6	519
Other income (expenses), net	1,958	10,204	+421.1	95
	-----	-----	-----	-----
Income before income taxes	57,119	65,694	+15.0	614
Income taxes and other	22,975	25,698	+11.9	240
	-----	-----	-----	-----
Income before cumulative effect of an accounting change	34,144	39,996	+17.1	374
Cumulative effect of an accounting change	-	(4,713)	-	(44)
	-----	-----	-----	-----
Net income	Y 34,144	Y 35,283	+3.3	\$ 330
	-----	-----	-----	-----

(Millions of yen, millions of U.S. dollars)				
		Year ended March 31		
Sony without Financial Services	2004	2005	Change	2005
			%	
	-----	-----	-----	-----
Net sales and operating revenue	Y6,939,964	Y6,632,728	-4.4	\$ 61,988
Costs and expenses	6,896,377	6,575,354	-4.7	61,452
	-----	-----	-----	-----
Operating income	43,587	57,374	+31.6	536
Other income (expenses), net	52,746	40,639	-23.0	380
	-----	-----	-----	-----
Income before income taxes	96,333	98,013	+1.7	916
Income taxes and other	30,916	(37,043)	-	(346)
	-----	-----	-----	-----
Income before cumulative effect of an accounting change	65,417	135,056	+106.5	1,262
Cumulative effect of an accounting change	(2,117)	-	-	-
	-----	-----	-----	-----
Net income	Y 63,300	Y 135,056	+113.4	\$ 1,262
	-----	-----	-----	-----

(Millions of yen, millions of U.S. dollars)				
		Year ended March 31		
Consolidated	2004	2005	Change	2005
			%	
	-----	-----	-----	-----
Financial service revenue	Y 565,752	Y 537,715	-5.0	\$ 5,025
Net sales and operating	6,930,639	6,621,901	-4.5	61,887

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revenue	-----	-----	-----	-----
	7,496,391	7,159,616	-4.5	66,912
Costs and expenses	7,397,489	7,045,697	-4.8	65,847
	-----	-----	-----	-----
Operating income	98,902	113,919	+15.2	1,065
Other income (expenses), net	45,165	43,288	-4.2	404
	-----	-----	-----	-----
Income before income taxes	144,067	157,207	+9.1	1,469
Income taxes and other	53,439	(11,344)	-	(106)
	-----	-----	-----	-----
Income before cumulative effect of an accounting change	90,628	168,551	+86.0	1,575
Cumulative effect of an accounting change	(2,117)	(4,713)	-	(44)
	-----	-----	-----	-----
Net income	Y 88,511	Y 163,838	+85.1	\$ 1,531
	-----	-----	-----	-----

Condensed Statements of Income

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

	Three months ended March 31			
	2004	2005	Change	2005
			%	
Financial Services	-----	-----	-----	-----
Financial service revenue	Y 152,141	Y 156,109	+2.6	\$ 1,459
Financial service expenses	134,949	139,807	+3.6	1,306
	-----	-----	-----	-----
Operating income	17,192	16,302	-5.2	153
Other income (expenses), net	(92)	450	-	4
	-----	-----	-----	-----
Income before income taxes	17,100	16,752	-2.0	157
Income taxes and other	7,103	6,841	-3.7	64
	-----	-----	-----	-----
Net income	Y 9,997	Y 9,911	-0.9	\$ 93

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

	Three months ended March 31			
	2004	2005	Change	2005
			%	
Sony without Financial Services	-----	-----	-----	-----
Net sales and operating revenue	Y1,630,452	Y1,549,209	-5.0	\$ 14,479
Costs and expenses	1,757,683	1,643,498	-6.5	15,360
	-----	-----	-----	-----
Operating income (loss)	(127,231)	(94,289)	-	(881)
Other income (expenses), net	16,551	15,644	-5.5	146
	-----	-----	-----	-----
Income (loss) before income taxes	(110,680)	(78,645)	-	(735)
Income taxes and other	(62,419)	(12,285)	-	(115)
	-----	-----	-----	-----
Net income (loss)	Y(48,261)	Y(66,360)	-	\$ (620)
	-----	-----	-----	-----

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

	Three months ended March 31			
	2004	2005	Change	2005
Consolidated				

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			%	
Financial service revenue	Y 144,679	Y 150,887	+4.3	\$ 1,410
Net sales and operating revenue	1,627,512	1,546,134	-5.0	14,450
	1,772,191	1,697,021	-4.2	15,860
Costs and expenses	1,881,947	1,774,434	-5.7	16,583
Operating income (loss)	(109,756)	(77,413)	-	(723)
Other income (expenses), net	16,183	15,520	-4.1	145
Income (loss) before income taxes	(93,573)	(61,893)	-	(578)
Income taxes and other	(55,418)	(5,443)	-	(50)
Net income (loss)	Y(38,155)	Y(56,450)	-	\$ (528)

Condensed Balance Sheets

(Millions of yen, millions of U.S. dollars)			
Financial Services	March 31		
ASSETS	2004	2005	2005
Current assets:			
Cash and cash equivalents	Y 256,316	Y 259,371	\$ 2,424
Marketable securities	270,676	456,130	4,263
Notes and accounts receivable, trade	72,273	77,023	720
Other	100,433	197,667	1,847
	699,698	990,191	9,254
Investments and advances	2,274,510	2,378,966	22,233
Property, plant and equipment	40,833	38,551	360
Other assets:			
Deferred insurance acquisition costs	349,194	374,805	3,503
Other	110,804	103,004	963
	459,998	477,809	4,466
	Y3,475,039	Y3,885,517	\$ 36,313
LIABILITIES AND STOCKHOLDERS' EQUITY			
Current liabilities:			
Short-term borrowings	Y 86,748	Y 45,358	\$ 424
Notes and accounts payable, trade	7,847	7,099	66
Deposits from customers in the banking business	378,851	546,718	5,110
Other	175,357	109,438	1,023
	648,803	708,613	6,623
Long-term liabilities:			
Long-term debt	135,811	135,750	1,269
Accrued pension and severance costs	10,183	14,362	134

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Future insurance policy benefits and other	2,178,626	2,464,295	23,031
Other	126,349	142,272	1,329
	-----	-----	-----
	2,450,969	2,756,679	25,763
Minority interest in consolidated subsidiaries	-	5,476	51
Stockholders' equity	375,267	414,749	3,876
	-----	-----	-----
	Y3,475,039	Y3,885,517	\$ 36,313
	-----	-----	-----

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

Sony without Financial Services	March 31		
ASSETS	2004	2005	2005
	-----	-----	-----
Current assets:			
Cash and cash equivalents	Y 592,895	Y 519,732	\$ 4,857
Marketable securities	4,072	4,072	38
Notes and accounts receivable, trade	943,590	952,692	8,904
Other	1,151,879	1,116,353	10,433
	-----	-----	-----
	2,692,436	2,592,849	24,232
Film costs	256,740	278,961	2,607
Investments and advances	358,629	445,446	4,163
Investments in Financial Services, at cost	176,905	187,400	1,751
Property, plant and equipment	1,324,211	1,333,848	12,466
Other assets	1,251,901	1,189,398	11,117
	-----	-----	-----
	Y6,060,822	Y6,027,902	\$ 56,336
	-----	-----	-----
LIABILITIES AND STOCKHOLDERS' EQUITY			
Current liabilities:			
Short-term borrowings	Y 409,766	Y 204,027	\$ 1,907
Notes and accounts payable, trade	773,221	801,252	7,488
Other	1,190,563	1,132,201	10,581
	-----	-----	-----
	2,373,550	2,137,480	19,976
Long-term liabilities:			
Long-term debt	775,233	627,367	5,863
Accrued pension and severance costs	358,199	338,040	3,159
Other	348,946	263,520	2,464
	-----	-----	-----
	1,482,378	1,228,927	11,486
Minority interest in consolidated subsidiaries	17,554	18,471	173
Stockholders' equity	2,187,340	2,643,024	24,701
	-----	-----	-----
	Y6,060,822	Y6,027,902	\$ 56,336
	-----	-----	-----

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

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Consolidated	March 31		
ASSETS	2004	2005	2005
	-----	-----	-----
<b>Current assets:</b>			
Cash and cash equivalents	Y 849,211	Y 779,103	\$ 7,281
Marketable securities	274,748	460,202	4,301
Notes and accounts receivable, trade	1,011,189	1,025,362	9,583
Other	1,228,207	1,291,504	12,070
	-----	-----	-----
	3,363,355	3,556,171	33,235
Film costs	256,740	278,961	2,607
Investments and advances	2,512,950	2,745,689	25,661
Property, plant and equipment	1,365,044	1,372,399	12,826
<b>Other assets:</b>			
Deferred insurance acquisition costs	349,194	374,805	3,503
Other	1,243,379	1,171,075	10,945
	-----	-----	-----
	1,592,573	1,545,880	14,448
	-----	-----	-----
	Y9,090,662	Y9,499,100	\$ 88,777
	-----	-----	-----
<b>LIABILITIES AND STOCKHOLDERS' EQUITY</b>			
<b>Current liabilities:</b>			
Short-term borrowings	Y 475,017	Y 230,266	\$ 2,152
Notes and accounts payable, trade	778,773	806,044	7,533
Deposits from customers in the banking business	378,851	546,718	5,110
Other	1,349,574	1,226,340	11,461
	-----	-----	-----
	2,982,215	2,809,368	26,256
<b>Long-term liabilities:</b>			
Long-term debt	777,649	678,992	6,346
Accrued pension and severance costs	368,382	352,402	3,293
Future insurance policy benefits and other	2,178,626	2,464,295	23,031
Other	382,930	299,858	2,802
	-----	-----	-----
	3,707,587	3,795,547	35,472
Minority interest in consolidated subsidiaries	22,858	23,847	223
Stockholders' equity	2,378,002	2,870,338	26,826
	-----	-----	-----
	Y9,090,662	Y9,499,100	\$ 88,777
	-----	-----	-----

Condensed Statements of Cash Flows

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

	Year ended March 31		
	2004	2005	2005
	-----	-----	-----
Financial Services			
Net cash provided by operating activities	Y 241,627	Y 168,078	\$ 1,571

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Net cash used in investing activities	(401,550)	(421,384)	(3,938)
Net cash provided by financing activities	141,696	256,361	2,396
	-----	-----	-----
Net increase (decrease) in cash and cash equivalents	(18,227)	3,055	29
Cash and cash equivalents at beginning of the fiscal year	274,543	256,316	2,395
	-----	-----	-----
Cash and cash equivalents at end of the fiscal year	Y 256,316	Y 259,371	\$ 2,424
	-----	-----	-----

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

	Year ended March 31		
Sony without Financial Services	2004	2005	2005
	-----	-----	-----
Net cash provided by operating activities	Y 401,090	Y 485,439	\$ 4,537
Net cash used in investing activities	(352,496)	(472,119)	(4,412)
Net cash provided by (used in) financing activities	153,759	(95,373)	(892)
Effect of exchange rate changes on cash and cash equivalents	(47,973)	8,890	83
	-----	-----	-----
Net increase (decrease) in cash and cash equivalents	154,380	(73,163)	(684)
Cash and cash equivalents at beginning of the fiscal year	438,515	592,895	5,541
	-----	-----	-----
Cash and cash equivalents at end of the fiscal year	Y 592,895	Y 519,732	\$ 4,857
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(Millions of yen, millions of U.S. dollars)

	Year ended March 31		
Consolidated	2004	2005	2005
	-----	-----	-----
Net cash provided by operating activities	Y 632,635	Y 646,997	\$ 6,047
Net cash used in investing activities	(761,792)	(931,172)	(8,703)
Net cash provided by financing activities	313,283	205,177	1,918
Effect of exchange rate changes on cash and cash equivalents	(47,973)	8,890	83
	-----	-----	-----
Net increase (decrease) in cash and cash equivalents	136,153	(70,108)	(655)
Cash and cash equivalents at beginning of the fiscal year	713,058	849,211	7,936
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Cash and cash equivalents at end of the fiscal year	Y 849,211	Y 779,103	\$ 7,281
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