SONY CORP
Form 6-K
April 27, 2004

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 2004

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.

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)

By: /s/ Teruhisa Tokunaka

(Signature)

Teruhisa Tokunaka
Executive Deputy President and
Group Chief Strategy Officer

Date: April 27, 2004

List of materials

Documents attached hereto:

i) A press release announcing Sony Corporation's consolidated financial results for the fiscal year ended March 31, 2004.

ii) A press release announcing Sony Communication Network Corporation's consolidated financial results for the fiscal year ended March 31, 2004.

iii) A press release regarding stock options at Sony Corporation.

iv) A press release regarding executive appointments at Sony Corporation.

Sony Corporation: Consolidated Financial Results for the Fiscal Year

TOKYO, April 27 /PRNewswire-FirstCall/ -- Sony Corporation (NYSE: SNE) today announced its consolidated results for the fiscal year ended March 31, 2004 (April 1, 2003 to March 31, 2004).

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

	Year ended March 31			
	2003	2004	Change	2004*
Sales and operating revenue	Y7,473.6	Y7,496.4	+0.3%	$72,081
Operating income	185.4	98.9	-46.7	951
Income before income taxes	247.6	144.1	-41.8	1,385
Net income	115.5	88.5	-23.4	851
Net income per share of common stock				
- Basic	Y125.74	Y95.97	-23.7%	$0.92
- Diluted	118.21	90.88	-23.1	0.87

* U.S. dollar amounts have been translated from yen, for convenience only, at the rate of Y104=U.S.$1, the approximate Tokyo foreign exchange market rate as of March 31, 2004.

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

Consolidated Results for the Fiscal Year ended March 31, 2004

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

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

Restructuring expenses for the fiscal year amounted to Y168.1 billion ($1,616 million) compared to Y106.3 billion in the previous fiscal year. In the Electronics segment, restructuring expenses were Y143.3 billion ($1,378 million) compared to Y72.5 billion in the previous fiscal year.

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

Net income decreased 23.4% compared with the previous fiscal year. Equity in net income of affiliated companies consisted of an equity gain, primarily due to profits recorded at Sony Ericsson (the profit Sony recorded from its equity holding was Y6.4 billion ($62 million)) as compared with equity losses recorded in the previous fiscal year. The effective tax rate for the fiscal year of 36.6% was lower than the statutory rate in Japan due to a decrease in deferred tax liabilities on undistributed earnings of foreign subsidiaries and because U.S. income was taxed at a lower rate due to utilization of tax loss and foreign tax credit carryforwards. However, this rate was higher than the effective tax rate of 32.6% in the prior fiscal year, which benefited from a reversal in valuation allowances on deferred tax assets held by Aiwa Co., Ltd.

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

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

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

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

Operating Performance Highlights by Business Segment

Electronics

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

	Year ended March 31			
	2003	2004	Change	2004
Sales and operating revenue	Y4,940.5	Y4,897.4	-0.9%	$47,090
Operating income (loss)	41.4	(35.3)	-	(339)

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

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

Operating loss of Y35.3 billion was recorded, a deterioration of Y76.7 billion compared to the profit recorded in the previous year. Although sales to outside customers increased, the operating loss primarily resulted from a Y70.8 billion increase in restructuring expenses (mainly severance related expenses) and a decline in prices. Operating performance of CRT televisions, CLIE personal digital assistants, and optical pickups deteriorated, mainly due to price declines. On the other hand, operating performance of VAIO PCs improved because emphasis was placed on high value-added models. Operating performance of CCDs also improved due to an increase in sales mainly for digital still cameras.

Inventory as of March 31, 2004 was Y490.5 billion ($4,716 million), a Y58.1 billion, or 13.4%, increase compared with the level as of March 31, 2003 and a Y43.5 billion, or 8.1%, decrease compared with the level as of December 31, 2003.

Game

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

	Year ended March 31			
	2003	2004	Change	2004
Sales and operating revenue	Y955.0	Y780.2	-18.3%	$7,502
Operating income	112.7	67.6	-40.0	650

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

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

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

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

Operating income decreased by Y45.1 billion, or 40.0%, due to an increase in research and development expenses for future businesses and the decrease in hardware sales. Profit from software was nearly unchanged compared with the previous fiscal year.

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

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

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

Inventory on March 31, 2004 was Y130.9 billion ($1,259 million), a Y12.6 billion, or 8.7%, decrease compared with the level on March 31, 2003 and a Y2.3 billion, or 1.8%, increase compared with the level on December 31, 2003.

Music

	(Billions of yen, millions of U.S. dollars)			
	Year ended March 31			
	2003	2004	Change	2004
Sales and operating revenue	Y597.5	Y559.9	- 6.3%	$5,384
Operating income (loss)	(7.9)	19.0	-	182

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

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

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

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

Operating income of Y19.0 billion was recorded compared with an operating loss of Y7.9 billion in the prior year, an improvement of Y26.9 billion year on year, as operating performance at both SMEI and SMEJ improved.

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

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

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

Pictures

	(Billions of yen, millions of U.S. dollars)			
	Year ended March 31			
	2003	2004	Change	2004
Sales and operating revenue	Y802.8	Y756.4	- 5.8%	$7,273

Operating income	59.0	35.2	- 40.3	339

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

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

Operating income decreased by Y23.7 billion, or 40.3%, from the prior year (30% decrease on a U.S. dollar basis). The higher television revenues noted above contributed significantly to operating income in the year. However, the primary reason for the decline was the absence of profits contributed by the breakaway performance of Spider-Man in the prior year. Results for the year were negatively impacted by the disappointing performances of Gigli, Hollywood Homicide, The Missing and Charlie's Angels: Full Throttle.

Financial Services

	(Billions of yen, millions of U.S. dollars)			
		Year ended March 31		
	2003	2004	Change	2004
Financial Services revenue	Y537.3	Y593.5	+10.5%	$5,707
Operating income	22.8	55.2	+142.4	530

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

Financial Services revenue increased 10.5% compared with the previous fiscal year mainly due to an increase in revenue at Sony Life. Regarding Sony Life, the method of recognizing insurance premiums received on certain products was changed from being recorded as revenues to being offset against the related provision for future insurance policy benefits since the third quarter beginning October 1, 2003. Although revenue was reduced by Y30.8 billion as a result of this change, revenue at Sony Life increased by Y46.4 billion or 9.9% to Y513.0 billion ($4,933 million) due to improvements in valuation gains and losses from investments compared with the previous year.*

Operating income increased by Y32.4 billion, or 142.4%, compared with the previous year due to improvements in valuation gains and losses from investments in the general account at Sony Life. Operating income at Sony Life increased by Y33.6 billion or 113.3% to Y63.2 billion ($608 million).* The above mentioned change in revenue recognition method did not have a material effect on operating income at Sony Life.

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

Other

	(Billions of yen, millions of U.S. dollars)			
		Year ended March 31		
	2003	2004	Change	2004
Sales and operating revenue	Y306.3	Y330.4	+7.9%	$3,177
Operating loss	(25.0)	(10.0)	-	(96)

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

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

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

Cash Flow

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

Cash Flow - Consolidated (excluding Financial Services segment)

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

	Year ended March 31			
Cash flow	2003	2004	Change	2004
- From operating activities	Y544.1	Y401.1	Y -143.0	$3,856
- From investing activities	(185.9)	(352.5)	-166.6	(3,389)
- From financing activities	(251.2)	153.8	+405.0	1,478
Cash and cash equivalents at beginning of the fiscal year	356.6	438.5	+82.0	4,216
Cash and cash equivalents at end of the fiscal year	438.5	592.9	+154.4	5,700

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

Investing Activities: During the fiscal year, proactive capital expenditures were made, primarily in the Electronics and Game segments, for semiconductor manufacturing and other equipment. Compared with the previous fiscal year, net cash used in investing activities increased because, in the previous fiscal year, proceeds were received from the sale of Sony's equity interest in Telemundo (Y88.4 billion) and because, during this fiscal year, capital expenditures increased, as noted above.

As a result, cash flow from operating activities exceeded cash flow from investing activities by Y48.6 billion in the fiscal year.

Financing Activities: In the fiscal year, repayments of short-term debt, such as commercial paper, were made while long-term financing was received through the issuance of Y250 billion of convertible bonds (bonds with stock acquisition rights). Proceeds from the issuance are expected to be applied towards investment in semiconductors and key devices.

Cash and Cash Equivalents: The total balance of cash and cash equivalents, accounting for the effect of exchange rate fluctuations, increased Y154.4

billion to Y592.9 billion as of March 31, 2004 compared to March 31, 2003.

Cash Flow - Financial Services segment

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

Cash flow	2003	2004	Change	2004
	Year ended March 31			
- From operating activities	Y314.8	Y241.6	Y -73.1	$2,323
- From investing activities	(516.7)	(401.6)	+115.1	(3,860)
- From financing activities	149.2	141.7	-7.5	1,362
Cash and cash equivalents at beginning of the fiscal year	327.2	274.5	-52.7	2,640
Cash and cash equivalents at end of the fiscal year	274.5	256.3	-18.2	2,465

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

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

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

Cash and Cash Equivalents: Cash and cash equivalents decreased Y18.2 billion to Y256.3 billion as of March 31, 2004 compared to March 31, 2003.

Consolidated Results for the Fourth Quarter ended March 31, 2004

Sales were Y1,772.2 billion ($17.0 billion), an increase of 7.1% compared to the same quarter of the prior year (12% increase on a local currency basis). In the Electronics segment, sales to outside customers (excludes sales between consolidated companies) increased 10.9%. Sales of digital still cameras and flat panel televisions, which benefited from growing demand, and sales of cellular phones (sold mainly to Sony Ericsson) increased, while sales of CRT televisions continued to decline. In the Pictures segment, sales increased significantly due to a television syndication sale and a licensing agreement extension. In the Financial Services segment, despite a decrease in sales as a result of a change in the method of recognizing insurance premiums received, sales increased because of improvements in valuation gains and losses from investments at Sony Life. However, a decline in the sales of both software and hardware resulted in a decrease in sales in the Game segment. As a result of foreign exchange rate fluctuations, sales in the Music segment decreased.

Operating loss was Y109.8 billion ($1.1 billion), an improvement of Y6.7 billion compared with the same quarter of the previous year. The operating loss of the Electronics segment increased due to an increase in restructuring expenses, principally from severance related expenses. The Game segment recorded an operating loss compared to a profit in the same quarter of the previous year due to an increase in research and development expenses for future businesses. In contrast, operating income of the Pictures segment increased significantly due to the syndication sale and the licensing agreement extension noted above. Improvements in valuation gains and losses from investments in the general account at Sony Life resulted in a substantial increase in operating income in the Financial Services segment. The operating loss of the Music segment decreased due to lower restructuring expenses compared with the same quarter of the previous year.

Restructuring expenses for the quarter amounted to Y96.8 billion ($931 million) compared to Y48.7 billion in the fourth quarter of the previous year. In the Electronics segment, restructuring expenses were Y86.9 billion ($836 million) compared to Y32.9 billion in the same quarter of the previous year.

Loss before income taxes was Y93.6 billion ($900 million), an improvement of Y26.2 billion compared with the previous year's same quarter. A net foreign exchange gain was recorded in other income while a net foreign exchange loss was recorded in the same quarter of the prior year.

Net loss was Y38.2 billion ($367 million), an improvement of Y73.0 billion compared with the same quarter of the previous year. Income tax benefit increased due to the utilization of tax loss and foreign and other tax credit carryforwards. In addition, equity in net income of affiliated companies was recorded during the quarter compared to equity in net losses in the same quarter of the previous year. The change from loss to income from equity affiliates was primarily due to the contribution of Sony Ericsson (the profit Sony recorded from its equity holding was Y5.4 billion ($52 million)).

Notes

Note I: During the fiscal year ended March 31, 2004, the average value of the yen was Y112.1 against the U.S. dollar and Y131.1 against the euro, which was 7.3% higher against the U.S. dollar and 9.7% lower against the euro, compared with the average rates for the previous fiscal year. Operating results on a local currency basis described herein reflect sales and operating revenue ("sales") and operating income obtained by applying the yen's average exchange rate in the previous fiscal year to local currency-denominated monthly sales, cost of sales, and selling, general and administrative expenses in the fiscal year. Local currency basis results are not reflected in Sony's financial statements and are not measures conforming with Generally Accepted Accounting Principles in the U.S. ("U.S. GAAP"). In addition, Sony does not believe that these measures are a substitute for U.S. GAAP measures. However, Sony believes that local currency basis results provide additional useful analytical information to investors regarding operating performance.

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

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

Note IV: During the fourth quarter ended March 31, 2004, the average value of the yen was Y106.3 against the U.S. dollar and Y132.6 against the euro, which was 9.8% higher against the U.S. dollar and 5.1% lower against the euro, compared with the average rates for the same quarter of the previous fiscal year.

Rewarding Shareholders

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

A year-end cash dividend of Y12.5 ($0.12) per share of Sony Corporation common stock was approved at the Board of Directors meeting held on April 26, 2004 and will be payable on June 1, 2004. Sony Corporation has already paid an interim dividend of Y12.5 per share to each shareholder; accordingly, the total annual cash dividend per share is Y25.0.

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

Numbers of Employees

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

Outlook for the Fiscal Year ending March 31, 2005

		Change from previous year
Sales and operating revenue	Y7,550 billion	+1%
Operating income	160 billion	+62
Income before income taxes	160 billion	+11
Net income	100 billion	+13
Capital expenditures (additions to fixed assets)	Y410 billion	+8%
Depreciation and amortization*	370 billion	+1
(Depreciation expenses for tangible assets)	(290 billion)	(+1)

* Including amortization of intangible assets and amortization of deferred insurance acquisition costs.

Research and development expenses	550 billion	+7%

Assumed exchange rates: approximately Y105 to the U.S. dollar, approximately Y125 to the euro.

During the fiscal year, primarily in the Electronics segment, restructuring expenses of approximately Y130 billion are expected to be incurred across the Sony Group (Y168.1 billion in restructuring expenses were recorded in the fiscal year ended March 31, 2004).

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

The forecast for each business segment is as follows:

Electronics

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

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

Game

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

Music

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

Pictures

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

Financial Services

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

Semiconductor capital expenditures

Capital expenditures on semiconductors (in the Electronics and Game segments) during the fiscal year are expected to amount to Y190 billion (actual amount in the fiscal year ended March 31, 2004 was Y175 billion). Of that amount, Y120 billion is expected to be spent for the installation of semiconductor production equipment designed for next generation broadband microprocessors (actual amount in the fiscal year ended March 31, 2004 was Y69 billion).

Cautionary Statement

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

Business Segment Information

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

Sales and operating revenue	2003	2004	Change	2004
Electronics				
Customers	Y4,543,313	Y4,758,400	+4.7%	$45,754
Intersegment	397,137	138,995		1,336
Total	4,940,450	4,897,395	-0.9	47,090
Game				
Customers	936,274	753,732	-19.5	7,247
Intersegment	18,757	26,488		255
Total	955,031	780,220	-18.3	7,502
Music				
Customers	512,908	487,457	-5.0	4,687
Intersegment	84,598	72,431		697
Total	597,506	559,888	-6.3	5,384
Pictures				
Customers	802,770	756,370	-5.8	7,273
Intersegment	0	0		0
Total	802,770	756,370	-5.8	7,273
Financial Services				
Customers	509,398	565,752	+11.1	5,440
Intersegment	27,878	27,792		267
Total	537,276	593,544	+10.5	5,707
Other				
Customers	168,970	174,680	+3.4	1,680
Intersegment	137,323	155,712		1,497
Total	306,293	330,392	+7.9	3,177
Elimination	(665,693)	(421,418)	-	(4,052)
Consolidated total	Y7,473,633	Y7,496,391	+0.3%	$72,081

Electronics intersegment amounts primarily consist of transactions with the Game business.
Music intersegment amounts primarily consist of transactions with the

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

Operating income (loss)	2003	2004	Change	2004
Electronics	Y41,380	Y(35,298)	-	$(339)
Game	112,653	67,578	-40.0%	650
Music	(7,867)	18,995	-	182
Pictures	58,971	35,230	-40.3	339
Financial Services	22,758	55,161	+142.4	530
Other	(24,983)	(10,030)	-	(96)
Total	202,912	131,636	-35.1	1,266
Unallocated corporate expenses and elimination	(17,472)	(32,734)	-	(315)
Consolidated total	Y185,440	Y98,902	-46.7%	$951

Commencing with the first quarter ended June 30, 2003, Sony has partly realigned its business segment configuration. In the NACS, expenses incurred in connection with the creation of a network platform business have been transferred out of the Other segment and reclassified as unallocated corporate expenses, because the expected future benefits of this business will be spread across the Sony Group. In accordance with these realignments, results for the previous year have been reclassified to conform to the presentation for the current year.

In the quarter ended December 31, 2003, regarding Sony Life, the recognition method of insurance premiums received on certain products was changed from being recorded as revenues to being offset against the related provision for future insurance policy benefits, reducing revenue in the Financial Services segment in the year ended March 31, 2004, by Y30.8 billion. This change did not have a material effect on operating income.

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

	Three months ended March 31 (Unaudited)			
Sales and operating revenue	2003	2004	Change	2004
Electronics				
Customers	Y995,663	Y1,104,378	+10.9%	$10,619
Intersegment	29,632	7,825		75
Total	1,025,295	1,112,203	+8.5	10,694
Game				
Customers	163,715	121,436	-25.8	1,168
Intersegment	3,623	5,301		51
Total	167,338	126,737	-24.3	1,219
Music				
Customers	124,358	119,139	-4.2	1,145
Intersegment	17,707	14,966		144
Total	142,065	134,105	-5.6	1,289
Pictures				
Customers	187,240	236,602	+26.4	2,275
Intersegment	0	0		0
Total	187,240	236,602	+26.4	2,275
Financial Services				
Customers	140,142	144,679	+3.2	1,391
Intersegment	7,258	7,462		72
Total	147,400	152,141	+3.2	1,463

Other				
Customers	43,246	45,957	+6.3	442
Intersegment	40,975	42,655		410
Total	84,221	88,612	+5.2	852
Elimination	(99,195)	(78,209)	-	(752)
Consolidated total	Y1,654,364	Y1,772,191	+7.1%	$17,040

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

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

Commencing with the first quarter ended June 30, 2003, Sony has partly realigned its business segment configuration. In the NACS, expenses incurred in connection with the creation of a network platform business have been transferred out of the Other segment and reclassified as unallocated corporate expenses, because the expected future benefits of this business will be spread across the Sony Group. In accordance with these realignments, results for the previous year have been reclassified to conform to the presentation for the current year.

In the quarter ended December 31, 2003, regarding Sony Life, the recognition method of insurance premiums received on certain products was changed from being recorded as revenues to being offset against the related provision for future insurance policy benefits, reducing revenue in the Financial Services segment in the quarter ended March 31, 2004, by Y15.3 billion. This change did not have a material effect on operating income.

Electronics Sales and Operating Revenue to Customers by Product Category
(Millions of yen, millions of U.S. dollars)
Year ended March 31

Sales and operating revenue	2003	2004	Change	2004
Audio	Y682,517	Y623,582	-8.6%	$5,996
Video	851,064	948,111	+11.4	9,116
Televisions	950,166	917,207	-3.5	8,819
Information and Communications	836,724	834,757	-0.2	8,027
Semiconductors	204,710	253,237	+23.7	2,435
Components	527,782	623,799	+18.2	5,998
Other	490,350	557,707	+13.7	5,363
Total	Y4,543,313	Y4,758,400	+4.7%	$45,754

Three months ended March 31 (Unaudited)

Sales and operating

revenue	2003	2004	Change	2004
Audio	Y133,555	Y121,460	-9.1%	$1,168
Video	153,197	197,456	+28.9	1,899
Televisions	203,035	213,794	+5.3	2,056
Information and Communications	214,822	208,816	-2.8	2,008
Semiconductors	52,453	66,163	+26.1	636
Components	131,128	159,464	+21.6	1,533
Other	107,473	137,225	+27.7	1,319
Total	Y995,663	Y1,104,378	+10.9%	$10,619

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

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

Geographic Segment Information

	(Millions of yen, millions of U.S. dollars)			
	Year ended March 31			
Sales and operating revenue	2003	2004	Change	2004
Japan	Y2,093,880	Y2,220,747	+6.1%	$21,353
United States	2,403,946	2,121,110	-11.8	20,395
Europe	1,665,976	1,765,053	+5.9	16,972
Other Areas	1,309,831	1,389,481	+6.1	13,361
Total	Y7,473,633	Y7,496,391	+0.3%	$72,081
	Three months ended March 31 (Unaudited)			
Sales and operating revenue	2003	2004	Change	2004
Japan	Y517,933	Y549,960	+6.2%	$5,288
United States	481,747	492,729	+2.3	4,738
Europe	363,360	406,956	+12.0	3,913
Other Areas	291,324	322,546	+10.7	3,101
Total	Y1,654,364	Y1,772,191	+7.1%	$17,040

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

Consolidated Statements of Income

	(Millions of yen, millions of U.S. dollars, except per share amounts)			
	Year ended March 31			
	2003	2004	Change %	2004
Sales and operating revenue:				
Net sales	Y6,916,042	Y6,883,478		$66,187
Financial service revenue	509,398	565,752		5,440
Other operating revenue	48,193	47,161		454
	7,473,633	7,496,391	+0.3	72,081

Costs and expenses:

Cost of sales	4,979,421	5,058,205		48,637
Selling, general and administrative	1,782,367	1,798,239		17,291
Financial service expenses	486,464	505,550		4,861
Loss on sale, disposal or impairment of assets, net	39,941	35,495		341
	7,288,193	7,397,489		71,130
Operating income	185,440	98,902	-46.7	951
Other income:				
Interest and dividends	14,441	18,756		180
Royalty income	32,375	34,244		329
Foreign exchange gain, net	1,928	18,059		174
Gain on sale of securities investments, net	72,552	11,774		113
Gain on issuances of stock by subsidiaries and equity investees	-	4,870		47
Other	36,232	34,587		333
	157,528	122,290		1,176
Other expenses:				
Interest	27,314	27,849		268
Loss on devaluation of securities investments	23,198	16,481		159
Other	44,835	32,795		315
	95,347	77,125		742
Income before income taxes	247,621	144,067	-41.8	1,385
Income taxes	80,831	52,774		507
Income before minority interest, equity in net income (loss) of affiliated companies and cumulative effect of an accounting change	166,790	91,293	-45.3	878
Minority interest in income of consolidated subsidiaries	6,581	2,379		23
Equity in net income (loss) of affiliated companies	(44,690)	1,714		16
Income before cumulative effect of an accounting change	115,519	90,628	-21.5	871
Cumulative effect of an accounting change(2004: Net of income taxes of Y0 million)	-	(2,117)		(20)

Net income	Y115,519	Y88,511	-23.4	$851

Per share data:				
Common stock				
Income before cumulative effect of an accounting change				
- Basic	Y125.74	Y98.26	-21.9	$0.94
- Diluted	118.21	93.00	-21.3	0.89
Net income				
- Basic	125.74	95.97	-23.7	0.92
- Diluted	118.21	90.88	-23.1	0.87
Subsidiary tracking stock				
Net income (loss)				
- Basic	(41.98)	(41.80)	-	(0.40)

Additional Paid-in Capital and Retained Earnings

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

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

	(Millions of yen, millions of U.S. dollars) Year ended March 31		
	2003	2004	2004
Additional Pain-in Capital:			
Balance, beginning of year	Y968,223	Y984,196	$9,463
Conversion of convertible bonds	172	3,988	38
Exchange offerings	15,791	5,409	52
Reissuance of treasury stock	10	(776)	(7)
Balance, end of year	Y984,196	Y992,817	$9,546

	(Millions of yen, millions of U.S. dollars) Year ended March 31		
	2003	2004	2004
Retained Earnings:			
Balance, beginning of year	Y1,209,262	1,301,740	$12,517
Net income	115,519	88,511	851
Cash dividends	(23,022)	(23,138)	(222)
Common stock issue costs, net of tax	(19)	(53)	(1)
Balance, end of year	Y1,301,740	Y1,367,060	$13,145

Consolidated Statements of Income (Unaudited)

	(Millions of yen, millions of U.S. dollars, except per share amounts) Three months ended March 31			
	2003	2004	Change %	2004
Sales and operating revenue:				
Net sales	Y1,503,150	Y1,615,836		$15,537
Financial service revenue	140,142	144,679		1,391
Other operating revenue	11,072	11,676		112
	1,654,364	1,772,191	+7.1	17,040
Costs and expenses:				
Cost of sales	1,140,533	1,238,300		11,907
Selling, general and administrative	476,883	495,378		4,763
Financial service expenses	137,013	126,385		1,215

Loss on sale, disposal or impairment of assets, net	16,402	21,884		210
	1,770,831	1,881,947		18,095
Operating income (loss)	(116,467)	(109,756)	-	(1,055)
Other income:				
Interest and dividends	4,280	5,388		52
Royalty income	10,129	10,389		100
Foreign exchange gain, net	-	7,588		73
Gain on sale of securities investments, net	1,682	28		0
Gain on issuances of stock by subsidiaries and equity investees	-	3,951		38
Other	11,560	8,139		78
	27,651	35,483		341
Other expenses:				
Interest	7,251	7,179		69
Loss on devaluation of securities investments	5,273	3,931		38
Foreign exchange loss, net	264	-		-
Other	18,138	8,190		79
	30,926	19,300		186
Income (loss) before income taxes	(119,742)	(93,573)	-	(900)
Income taxes	(23,412)	(50,498)		(486)
Income (loss) before minority interest, equity in net income (loss) of affiliated companies	(96,330)	(43,075)	-	(414)
Minority interest in income (loss) of consolidated subsidiaries	(90)	557		6
Equity in net income (loss) of affiliated companies	(14,904)	5,477		53
Net income (loss)	Y(111,144)	Y(38,155)	-	$(367)
Per share data:				
Common stock				
Net income (loss)				
- Basic	Y(120.47)	Y(41.23)	-	$(0.40)
- Diluted	(120.47)	(41.23)	-	(0.40)
Subsidiary tracking stock				
Net income (loss)				
- Basic	(69.86)	(13.12)	-	(0.13)

Consolidated Balance Sheets

	(Millions of yen, millions of U.S. dollars)		
	March 31		
ASSETS	2003	2004	2004
Current assets:			
Cash and cash equivalents	Y713,058	Y849,211	$8,165
Time deposits	3,689	4,662	45

Marketable securities	241,520	274,748	2,642
Notes and accounts receivable, trade	1,117,889	1,123,863	10,806
Allowance for doubtful accounts and sales returns	(110,494)	(112,674)	(1,083)
Inventories	625,727	666,507	6,409
Deferred income taxes	143,999	125,532	1,207
Prepaid expenses and other current assets	418,826	431,506	4,149
	3,154,214	3,363,355	32,340
Film costs	287,778	256,740	2,469
Investments and advances:			
Affiliated companies	111,510	86,253	829
Securities investments and other	1,882,613	2,426,697	23,334
	1,994,123	2,512,950	24,163
Property, plant and equipment:			
Land	188,365	189,785	1,825
Buildings	872,228	930,983	8,952
Machinery and equipment	2,054,219	2,053,085	19,741
Construction in progress	60,383	98,480	947
Less-Accumulated depreciation	(1,896,845)	(1,907,289)	(18,340)
	1,278,350	1,365,044	13,125
Other assets:			
Intangibles, net	258,624	248,010	2,385
Goodwill	290,127	277,870	2,672
Deferred insurance acquisition costs	327,869	349,194	3,358
Deferred income taxes	328,091	203,203	1,954
Other	451,369	514,296	4,944
	1,656,080	1,592,573	15,313
	Y8,370,545	Y9,090,662	$87,410
LIABILITIES AND STOCKHOLDERS' EQUITY			
Current liabilities:			
Short-term borrowings	Y124,360	Y91,260	$878
Current portion of long-term debt	34,385	326,450	3,139
Notes and accounts payable, trade	697,385	778,773	7,488
Accounts payable, other and accrued expenses	864,188	812,175	7,809
Accrued income and other taxes	109,199	57,913	557
Deposits from customers in the banking business	248,721	378,851	3,643
Other	356,810	479,486	4,610
	2,435,048	2,924,908	28,124
Long-term liabilities:			
Long-term debt	807,439	834,956	8,028
Accrued pension and severance costs	496,174	368,382	3,542
Deferred income taxes	159,079	96,193	925
Future insurance policy benefits and other	1,914,410	2,178,626	20,948
Other	255,478	286,737	2,758
	3,632,580	3,764,894	36,201
Minority interest in			

consolidated subsidiaries	22,022	22,858	220
Stockholders' equity:			
Capital stock	476,278	480,267	4,618
Additional paid-in capital	984,196	992,817	9,546
Retained earnings	1,301,740	1,367,060	13,145
Accumulated other comprehensive income	(471,978)	(449,959)	(4,327)
Treasury stock, at cost	(9,341)	(12,183)	(117)
	2,280,895	2,378,002	22,865
	Y8,370,545	Y9,090,662	$87,410

Consolidated Statements of Cash Flows

	(Millions of yen, millions of U.S. dollars)		
	Year ended March 31		
	2003	2004	2004
Cash flows from operating activities:			
Net income	Y115,519	Y88,511	$851
Adjustments to reconcile net income to net cash provided by operating activities			
Depreciation and amortization, including amortization of deferred insurance acquisition costs	351,925	366,269	3,522
Amortization of film costs	312,054	305,786	2,940
Accrual for pension and severance costs, less payments	37,858	35,562	342
Loss on sale, disposal or impairment of assets, net	39,941	35,495	341
Gain on sales of securities investments, net	(72,552)	(11,774)	(113)
Deferred income taxes	(98,016)	(34,445)	(331)
Equity in net (income) losses of affiliated companies, net of dividends	46,692	1,732	17
Cumulative effect of an accounting change	-	2,117	20
Changes in assets and liabilities:			
(Increase) decrease in notes and accounts receivable, trade	174,679	(63,010)	(606)
(Increase) decrease in inventories	36,039	(78,656)	(756)
Increase in film costs	(317,953)	(299,843)	(2,883)
Increase (decrease) in notes and accounts payable, trade	(58,384)	93,950	903
Increase (decrease) in accrued income and other taxes	14,637	(46,067)	(443)
Increase in future insurance policy benefits and other	233,992	264,216	2,541
Increase in deferred insurance acquisition costs	(66,091)	(71,219)	(685)
(Increase) decrease in other current assets	29,095	(34,991)	(336)
Increase in other current liabilities	26,205	44,772	431
Other	48,148	34,230	328
Net cash provided by operating activities	853,788	632,635	6,083

Cash flows from investing activities:			
Payments for purchases of fixed assets	(275,285)	(427,344)	(4,109)
Proceeds from sales of fixed assets	25,711	33,987	327
Payments for investments and advances by financial service business	(1,012,508)	(1,167,945)	(11,231)
Payments for investments and advances (other than financial service business)	(123,839)	(33,329)	(320)
Proceeds from sales of securities investments, maturities of marketable securities and collections of advances by financial service business	529,395	791,188	7,607
Proceeds from sales of securities investments, maturities of marketable securities and collections of advances (other than financial service business)	148,977	35,521	342
(Increase) decrease in time deposits	1,124	(1,456)	(14)
Cash assumed upon acquisition by stock exchange offering	-	3,634	35
Gain on issuances of stock by subsidiaries	-	3,952	38
Net cash used in investing activities	(706,425)	(761,792)	(7,325)
Cash flows from financing activities:			
Proceeds from issuance of long-term debt	12,323	267,864	2,575
Payments of long-term debt	(238,144)	(32,042)	(308)
Decrease in short-term borrowings	(7,970)	(57,708)	(555)
Increase in deposits from customers in the banking business	142,023	129,874	1,249
Dividends paid	(22,871)	(23,106)	(222)
Other	21,505	28,401	273
Net cash provided by (used in) financing activities	(93,134)	313,283	3,012
Effect of exchange rate changes on cash and cash equivalents	(24,971)	(47,973)	(461)
Net increase in cash and cash equivalents	29,258	136,153	1,309
Cash and cash equivalents at beginning of the fiscal year	683,800	713,058	6,856
Cash and cash equivalents at end of the fiscal year	Y713,058	Y849,211	$8,165

(Notes)
1. U.S. dollar amounts have been translated from yen, for convenience only, at the rate of Y104 = U.S. $1, the approximate Tokyo foreign

exchange market rate as of March 31, 2004.

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

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

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

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

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

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

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

	Year ended March 31			Three months ended March 31 (Millions of yen, millions of U.S. dollars)		
	2003	2004	2004	2003	2004	2004
Net income (loss)	Y115,519	Y88,511	$851	Y(111,144)	Y(38,155)	$(367)
Other comprehensive income (loss):						
Unrealized gains (losses) on Securities	(5,339)	52,292	503	2,834	21,385	206
Unrealized gains (losses) on derivative instruments	(4,082)	4,193	40	(668)	1,302	13
Minimum pension liabilities Adjustments	(110,636)	93,415	898	(110,636)	95,611	919
Foreign currency translation adjustments	(76,328)	(127,881)	(1,229)	25,387	(27,752)	(267)
	(196,385)	22,019	212	(83,083)	90,546	871
Comprehensive income (loss)	Y(80,866)	Y110,530	$1,063	Y(194,227)	Y52,391	$504

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

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

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

8. In November 2002, the FASB issued FASB Interpretation ("FIN") No.45, "Guarantor's Accounting and Disclosure Requirements for Guarantees, Including Indirect Guarantees of Indebtedness of Others, an interpretation of FASB Statements No.5, 57, and 107 and rescission of FASB Interpretation No.34". The interpretation elaborates on the existing disclosure requirements for most guarantees. It also clarifies that at the time a company issues a guarantee, the company

must recognize an initial liability for the fair value of the obligations it assumes under the guarantee. The initial recognition and initial measurement provisions of FIN No.45 are applicable on a prospective basis to guarantees issued or modified after December 31, 2002. The initial recognition and initial measurement provisions of FIN No.45 did not have a material effect on Sony's results of operations and financial position as at and for the year ended March 31, 2003.

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

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

11. Adoption of New Accounting Standards

Consolidation of Variable Interest Entities

In January 2003, the FASB issued FIN No.46, "Consolidation of Variable Interest Entities - an Interpretation of ARB No.51", and the revised FIN No.46 was issued in December 2003. This interpretation addresses consolidation by a primary beneficiary of a variable interest entity ("VIE"). FIN No.46 is effective immediately for all new VIEs created or acquired after January 31, 2003. Sony has not entered into any new arrangements with VIEs on or after February 1, 2003. For VIEs created or acquired prior to February 1, 2003, the provisions of FIN No.46 must be adopted by the end of the third quarter of the year ending March 31, 2004, with early adoption from the second quarter encouraged. For VIEs acquired prior to February 1, 2003, any difference between the net amount added to the balance sheet and the amount of any previously recognized interest in the VIE will be recognized as a cumulative effect of accounting change. For VIEs created or acquired prior to February 1, 2003, Sony adopted FIN No.46 on July 1, 2003. As a result of the adoption of FIN No.46, Sony recognized Y2,117 million ($20 million) of loss as the cumulative effect of accounting change. Additionally, Sony's assets and liabilities increased as non-cash transactions, which resulted in no cash flows, by Y95,255 million ($916 million) and Y97,950 million ($942 million), respectively, as well as cash and cash equivalents of Y1,521 million ($15 million).

Accounting for Asset Retirement Obligations

In June 2001, the FASB issued FAS No.143, "Accounting for Asset

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

Multiple Element Revenue Arrangements

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

Derivative Instruments and Hedging Activities

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

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

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

Other Consolidated Financial Data

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

	Year ended March 31			
	2003	2004	Change	2004
Capital expenditures (additions to property, plant and equipment)	Y261,241	Y378,264	+44.8%	$3,637
Depreciation and amortization expenses*	351,925	366,269	+4.1	3,522
(Depreciation expenses for tangible assets)	(279,476)	(286,911)	(+2.7)	(2,759)
Research and development expenses	443,128	514,483	+16.1	4,947

	Three months ended March 31			
	2003	2004	Change	2004
Capital expenditures (additions to property, plant and equipment)	Y76,610	Y109,582	+43.0%	$1,054
Depreciation and amortization				

expenses*	96,241	99,339	+3.2	955
(Depreciation expenses for tangible assets)	(74,340)	(76,485)	(+2.9)	(735)
Research and development expenses	131,379	140,368	+6.8	1,350

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

Condensed Financial Services Financial Statements (Unaudited)

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

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

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

Condensed Statements of Income	Year ended March 31			
Financial Services	2003	2004	Change %	2004
Financial service revenue	Y537,276	Y593,544	+10.5	$5,707
Financial service expenses	514,518	538,383	+4.6	5,177
Operating income	22,758	55,161	+142.4	530
Other income (expenses), net	(1,282)	1,958	-	19
Income before income taxes	21,476	57,119	+166.0	549
Income taxes and other	13,071	22,975	+75.8	221
Net income	Y8,405	Y34,144	+306.2	$328

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

	Year ended March 31			
Sony without Financial Services	2003	2004	Change %	2004
Net sales and operating revenue	Y6,974,980	Y6,939,964	-0.5	$66,730
Costs and expenses	6,811,292	6,896,377	+1.2	66,311
Operating income	163,688	43,587	-73.4	419
Other income (expenses), net	67,846	52,746	-22.3	507
Income before income taxes	231,534	96,333	-58.4	926
Income taxes and other	120,089	30,916	-74.3	297
Income before cumulative effect of an accounting change	111,445	65,417	-41.3	629
Cumulative effect of an accounting change	-	(2,117)	-	(20)
Net income	Y111,445	Y63,300	-43.2	$609

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

Consolidated	2003	2004	Change %	2004
	Year ended March 31			
Financial service revenue	Y509,398	Y565,752	+11.1	$5,440
Net sales and operating revenue	6,964,235	6,930,639	-0.5	66,641
	7,473,633	7,496,391	+0.3	72,081
Costs and expenses	7,288,193	7,397,489	+1.5	71,130
Operating income	185,440	98,902	-46.7	951
Other income (expenses), net	62,181	45,165	-27.4	434
Income before income taxes	247,621	144,067	-41.8	1,385
Income taxes and other	132,102	53,439	-59.5	514
Income before cumulative effect of an accounting change	115,519	90,628	-21.5	871
Cumulative effect of an accounting change	-	(2,117)	-	(20)
Net income	Y115,519	Y88,511	-23.4	$851

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

Condensed Statements of Income	Three months ended March 31			
Financial Services	2003	2004	Change %	2004
Financial service revenue	Y147,400	Y152,141	+3.2	$1,463
Financial service expenses	144,287	134,949	-6.5	1,298
Operating income	3,113	17,192	+452.3	165
Other income (expenses), net	1,173	(92)	-	(1)
Income before income taxes	4,286	17,100	+299.0	164
Income taxes and other	3,751	7,103	+89.4	68
Net income	Y535	Y9,997	+1768.6	$96

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

Sony without Financial Services	2003	2004	Change %	2004
	Three months ended March 31			
Net sales and operating revenue	Y1,517,775	Y1,630,452	+7.4	$15,677
Costs and expenses	1,636,881	1,757,683	+7.4	16,900
Operating income (loss)	(119,106)	(127,231)	-	(1,223)
Other income (expenses), net	(4,533)	16,551	-	159
Income (loss) before income taxes	(123,639)	(110,680)	-	(1,064)
Income taxes and other	(11,977)	(62,419)	-	(600)
Net income (loss)	Y(111,662)	Y(48,261)	-	$(464)

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

Consolidated	2003	2004	Change %	2004
	Three months ended March 31			

Financial service revenue	Y140,142	Y144,679	+3.2	$1,391
Net sales and operating revenue	1,514,222	1,627,512	+7.5	15,649
	1,654,364	1,772,191	+7.1	17,040
Costs and expenses	1,770,831	1,881,947	+6.3	18,095
Operating income (loss)	(116,467)	(109,756)	-	(1,055)
Other income (expenses), net	(3,275)	16,183	-	155
Income (loss) before income taxes	(119,742)	(93,573)	-	(900)
Income taxes and other	(8,598)	(55,418)	-	(533)
Net income (loss)	Y(111,144)	Y(38,155)	-	$(367)

Condensed Balance Sheets

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

Financial Services	March 31		
ASSETS	2003	2004	2004
Current assets:			
Cash and cash equivalents	Y274,543	Y256,316	$2,465
Marketable securities	236,621	270,676	2,603
Notes and accounts receivable, trade	68,188	72,273	695
Other	105,593	100,433	965
	684,945	699,698	6,728
Investments and advances	1,731,415	2,274,510	21,870
Property, plant and equipment	45,990	40,833	393
Other assets:			
Deferred insurance acquisition costs	327,869	349,194	3,358
Other	106,900	110,804	1,065
	434,769	459,998	4,423
	Y2,897,119	Y3,475,039	$33,414
LIABILITIES AND STOCKHOLDERS' EQUITY			
Current liabilities:			
Short-term borrowings	Y72,753	Y86,748	$834
Notes and accounts payable, trade	5,417	7,847	75
Deposits from customers in the banking business	248,721	378,851	3,643
Other	88,986	175,357	1,686
	415,877	648,803	6,238
Long-term liabilities:			
Long-term debt	140,908	135,811	1,306
Accrued pension and severance costs	8,737	10,183	98
Future insurance policy benefits and other	1,914,410	2,178,626	20,948
Other	104,421	126,349	1,216

	2,168,476	2,450,969	23,568
Stockholders' equity	312,766	375,267	3,608
	Y2,897,119	Y3,475,039	$33,414

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

Sony without Financial Services

		March 31	
ASSETS	2003	2004	2004
Current assets:			
Cash and cash equivalents	Y438,515	Y592,895	$5,700
Marketable securities	4,899	4,072	39
Notes and accounts receivable, trade	943,073	943,590	9,073
Other	1,117,453	1,151,879	11,077
	2,503,940	2,692,436	25,889
Film costs	287,778	256,740	2,469
Investments and advances	383,004	358,629	3,448
Investments in Financial Services, at cost	166,905	176,905	1,701
Property, plant and equipment	1,232,359	1,324,211	12,732
Other assets	1,251,810	1,251,901	12,038
	Y5,825,796	Y6,060,822	$58,277
LIABILITIES AND STOCKHOLDERS' EQUITY			
Current liabilities:			
Short-term borrowings	Y126,687	Y352,459	$3,389
Notes and accounts payable, trade	693,589	773,221	7,435
Other	1,245,578	1,190,563	11,448
	2,065,854	2,316,243	22,272
Long-term liabilities:			
Long-term debt	802,911	832,540	8,005
Accrued pension and severance costs	487,437	358,199	3,444
Other	310,136	348,946	3,355
	1,600,484	1,539,685	14,804
Minority interest in consolidated subsidiaries	16,288	17,554	169
Stockholders' equity	2,143,170	2,187,340	21,032
	Y5,825,796	Y6,060,822	$58,277

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

Consolidated

		March 31	
ASSETS	2003	2004	2004
Current assets:			
Cash and cash equivalents	Y713,058	Y849,211	$8,165
Marketable securities	241,520	274,748	2,642
Notes and accounts receivable, trade	1,007,395	1,011,189	9,723
Other	1,192,241	1,228,207	11,810
	3,154,214	3,363,355	32,340
Film costs	287,778	256,740	2,469

Investments and advances	1,994,123	2,512,950	24,163
Property, plant and equipment	1,278,350	1,365,044	13,125
Other assets:			
Deferred insurance acquisition costs	327,869	349,194	3,358
Other	1,328,211	1,243,379	11,955
	1,656,080	1,592,573	15,313
	Y8,370,545	Y9,090,662	$87,410
LIABILITIES AND STOCKHOLDERS' EQUITY			
Current liabilities:			
Short-term borrowings	Y158,745	Y417,710	$4,016
Notes and accounts payable, trade	697,385	778,773	7,488
Deposits from customers in the banking business	248,721	378,851	3,643
Other	1,330,197	1,349,574	12,977
	2,435,048	2,924,908	28,124
Long-term liabilities:			
Long-term debt	807,439	834,956	8,028
Accrued pension and severance costs	496,174	368,382	3,542
Future insurance policy benefits and other	1,914,410	2,178,626	20,948
Other	414,557	382,930	3,683
	3,632,580	3,764,894	36,201
Minority interest in consolidated subsidiaries	22,022	22,858	220
Stockholders' equity	2,280,895	2,378,002	22,865
	Y8,370,545	Y9,090,662	$87,410

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

Condensed Statements of Cash Flows	Year ended March 31		
Financial Services	2003	2004	2004
Net cash provided by operating activities	Y314,764	Y241,627	$2,323
Net cash used in investing activities	(516,663)	(401,550)	(3,860)
Net cash provided by financing activities	149,207	141,696	1,362
Net decrease in cash and cash equivalents	(52,692)	(18,227)	(175)
Cash and cash equivalents at beginning of the fiscal year	327,235	274,543	2,640
Cash and cash equivalents at end of the fiscal year	Y274,543	Y256,316	$2,465

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

	Year ended March 31		
Sony without Financial Services	2003	2004	2004
Net cash provided by operating activities	Y544,051	Y401,090	$3,856
Net cash used in investing activities	(185,883)	(352,496)	(3,389)
Net cash provided by (used in) financing activities	(251,247)	153,759	1,478

Effect of exchange rate changes on cash and cash equivalents	(24,971)	(47,973)	(461)
Net increase in cash and cash equivalents	81,950	154,380	1,484
Cash and cash equivalents at beginning of the fiscal year	356,565	438,515	4,216
Cash and cash equivalents at end of the fiscal year	Y438,515	Y592,895	$5,700

	(Millions of yen, millions of U.S. dollars) Year ended March 31		
Consolidated	2003	2004	2004
Net cash provided by operating activities	Y853,788	Y632,635	$6,083
Net cash used in investing activities	(706,425)	(761,792)	(7,325)
Net cash provided by (used in) financing activities	(93,134)	313,283	3,012
Effect of exchange rate changes on cash and cash equivalents	(24,971)	(47,973)	(461)
Net increase in cash and cash equivalents	29,258	136,153	1,309
Cash and cash equivalents at beginning of the fiscal year	683,800	713,058	6,856
Cash and cash equivalents at end of the fiscal year	Y713,058	Y849,211	$8,165

SONY [LOGO]

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News & Information

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Subsidiary Tracking Stock
Sony Communication Network Corporation
Consolidated Financial Results for the
Fiscal year ended March 31, 2004

[LOGO]
So-net

Sony Communication Network Corporation (hereinafter, the "SCN"), a subsidiary the performance of which is linked to a tracking stock issued by Sony Corporation, announced today its consolidated results for the year ended March 31, 2004 (the period from April 1, 2003 to March 31, 2004).

These results are based on the generally accepted accounting standards of Japan.

o For FY2003 results, although there was an increase in broadband subscribers, there was an intensification of competition for subscribers. As a result, there was an operating loss. During the year ended March 31, 2004, sales decreased 1.6%, compared with the year ended March 31, 2003, to 38,166 million yen. An operating loss of 870 million yen and an ordinary loss of 911 million yen were recorded. Net loss for the year under review was 412 million yen.

o So-net subscribers total 2.3 million, including 550,000 broadband subscribers. The SCN maintained the level of 2.3 million subscribers reached at the end of the previous fiscal year. The number of broadband subscribers, mainly of ADSL, reached 550,000, an increase by 31% over the end of the previous fiscal year.

- Fiscal Year 2004 Forecast: expected turn towards profitability due to an expected increase in sales of Internet-related services and expected cost reductions. Regarding the Forecast of Consolidated Results for the year ending March 31, 2005, sales are expected to reach 40,000 million yen, an increase of 4.8%, as a result of a rise in revenue per subscriber due to an increase in the proportion of broadband subscribers, especially of FTTH subscribers, and an increase in Internet-related services. In terms of profitability, with judicious management of customer acquisition costs (such as marketing and sales promotion expenses) and reductions, begun in the prior year, of communication line expenses through integration of access points, it is expected that operating income of 100 million yen, ordinary income of 100 million yen, and net income of 50 million yen will be recorded. Furthermore, at the end of the year ending March 31, 2005, it is estimated that the number of So-net subscribers will reach 2.35 million, of which the SCN aims for over 700,000 to be broadband subscribers.

Consolidated Results for the year ended March 31, 2004 (Millions of Yen)

	Year ended March 31		
	2003	2004	Change (%)
Sales	38,795	38,166	(1.6)
Operating income (loss)	472	(870)	--
Ordinary income (loss)	96	(911)	--
Net income (loss)	(16)	(412)	--

[Operating Results and Financial Condition]

a. Operating Results

Summary of Consolidated Operations

During the year under review, the Japanese economy showed signs of moderate economic growth. Factors in the economic background included a correction in the strength of the yen, an improvement in corporate profitability, and an improving trend in individual consumption.

Under these economic conditions, in the Internet sector, the number of Internet users in Japan was over 36 million as of March 2004, an increase of about 6 million from the year earlier period. Within that total, as the transition from narrowband to broadband continued, the number of broadband users passed 14 million users (including ADSL, FTTH, and CATV), an increase of about 4.7 million. (Data according to the Ministry of Public Management, Home Affairs, Posts and Telecommunications.)

In this business environment, the SCN, in addition to strengthening its broadband connection services and broadband content services, began offering a portal service for televisions.

Furthermore, in order to acquire new subscribers, the SCN aggressively implemented new subscriber promotions in cooperation with carriers, such as a campaign offering three months of free broadband. As a result, the SCN was able to maintain the March 2003 level of 2.3 million subscribers, and within that, the number of broadband subscribers reached 550,000 (including users of such services as "Flets" which is operated by regional NTT East and NTT West Corporations).

Under these circumstances, sales for the SCN for the year ended March 31, 2004 decreased 1.6% to 38,166 million yen, compared with sales of 38,795 million yen in the year ended March 31, 2003. Although there was a sales increase related to a rise in broadband subscribers, and an increase in the sales of subsidiaries, there were negative impacts from a decrease in narrowband subscribers and free-promotion campaigns.

Regarding profitability, despite lower costs for communication lines as a result of access point integration, reduced expenses for outsourcing thanks to efficiency improvements at call centers, and improvements in profitability at consolidated subsidiaries, there were increases in costs related to the creation of broadband content and increased expenses for subscriber acquisition, such as sales promotion campaigns. As a result, an operating loss of 870 million yen was recorded, compared with operating income of 472 million yen in the prior fiscal year.

Furthermore, equity losses of 30 million yen, compared with 437 million yen in the prior year, were recorded due to affiliated companies accounted for by the equity method--Label Gate Co., Ltd. and DeNA Co., Ltd. As a result, an ordinary loss of 911 million yen was recorded, compared with ordinary income of 96 million yen in the prior fiscal year.

Under extraordinary gain, gain on issuance of stock by equity investee of 613 million yen and gain on sale of investment in affiliate of 81 million yen were recorded. However, under extraordinary loss, write-off of goodwill of 84 million yen, loss on revaluation of investments in other securities of 90 million yen, and loss on impairment of long-lived assets relating to decided withdrawal from certain operations of 87 million yen were recorded.

An income tax current expense of 16 million yen and income tax deferred benefit of 163 million yen were recorded. As a result, net loss during the year under review was 412 million yen, compared with a net loss of 16 million yen in the prior fiscal year.

Sales by Category

Year ended March 31, 2004

		Year ended March 31, 2003 (millions of yen)	Percentage of total (%)	Year ended March 31, 2004 (millions of yen)	P of
Operating revenue	Internet provider services	32,245	83.1	30,731	
	Internet-related services	5,161	13.3	6,523	
Merchandise sales		1,389	3.6	912	
Total		38,795	100.0	38,166	

The three-months ended March 31, 2004

		Year ended March 31, 2003 (millions of yen)	Percentage of total (%)	Three months ended March 31, 2004 (millions of yen)	P of
Operating revenue	Internet provider services	7,762	81.8	7,491	
	Internet-related services	1,355	14.3	1,812	
Merchandise sales		371	3.9	260	
Total		9,488	100.0	9,562	

Operating revenue

ISP services

In this category, the SCN has focused on broadband and worked to enrich its areas of service, including ADSL and FTTH offerings as well as newly established services such as wireless. Also, in the areas of high-value added connection services, the SCN has started an FTTH service that offers an IP telephone service, So-net Phone.

- o Connection Services
  - o FTTH (expanded cooperation with carriers)
    - o So-net Hikari (Chubu Electric) access "commuf@" service started
    - o UCOM home service started
    - o "B Flets" Family Pack started
    - o So-net Hikari (TEPCO (Tokyo Electric)) apartment service established
  - o ADSL (high-speed/area expansion)
    - o 1M, 40M courses started
    - o 156GC starts operation in FY03. (total 873GC)
  - o Mobile Wireless LAN (service start)
    - o MVNO bitwarp PDA course started
- o Valued-added Connection Services
  - o So-net Phone (for B Flets, TEPCO, UCOM)

As a result, sales of ISP services for the year ended March 31, 2004 were 30,731 million yen, a decrease of 4.7% compared with the prior fiscal year. Such sales accounted for 80.5% of total sales, a decrease of 2.6 points. This reflected the free sales promotion campaigns throughout the year, although there was a rise in revenue per subscriber thanks to an increase in the proportion of broadband subscribers.

Internet-related services

In this category, the SCN worked to efficiently manage its content offerings through careful selection of businesses, while continuing to actively develop and introduce broadband contents.

- Broadband contents
  - Launch of online jukebox "Wonder Juke" and "Wonder Juke Classic"
  - Korean dramas "Truth" and "Secret" (Internet and CS broadcasting)
- Start of service for television
  - Offering of portal services for Plasma Wega and AirBoard
- Encourage more intense usage by diversification of payment methods for subscription content
  - eMoney "Edy" settlement
  - Safe and simple settlement by "eLIO" credit card

Sales of consolidated subsidiaries (excluding sales related to Merchandise sales) increased and as a result, sales in this category during the year under review increased 26.4% to 6,523 million yen. Sales in this category accounted for 17.1% of total sales, an increase of 3.8 points.

Merchandise sales

In this category, sales for the year ended March 31, 2004 were 912 million yen, a decrease of 34.3% compared with the prior fiscal year. Such sales accounted for 2.4% of total sales, a decrease of 1.2 points. The decrease was a result of the decline of sales of the broadband unit for PlayStation 2, which had strong sales during the prior year, as well as of the Sony-made broadband AV Router "HN-RT1" and "PostPet v.3" software.

Results of Consolidated Subsidiaries and of Affiliated Companies Accounted for by the Equity Method

The SCN includes the following four consolidated subsidiaries: So-net Sports.com Corp., So-net M3 Inc., So-net M3 U.S.A. Corp.(hereinafter "M3 U.S.A.), and Skygate, Co., Ltd. Affiliated companies accounted for by the equity method include Label Gate Co., Ltd. and DeNA Co., Ltd. During the year under review, equity losses were held to 30 million yen, compared to 437 million during the prior fiscal year, due to continued profitability throughout the year at DeNA Co., Ltd.

Of these, M3 U.S.A. was established in November and began marketing activities for the purpose of beginning services of its "MR-kun" site in the United States.

On the other hand, So-net Sports.com Corp. and Skygate, Co., Ltd. saw satisfactory performance in some areas, but from a profitability standpoint, harsh conditions continued.

Furthermore, liquidation of Drivegate Inc., which had operated used-car related sites, was completed in March 2004.

b. Analysis of Financial Conditions

Assets, Liabilities, Capital Accounts

At the end of the year ended March 31, 2004, assets were 13,001 million yen, a decrease of 1,050 million yen from the end of the year ended March 31, 2003. This was primarily due to a decrease of 1,230 million yen in current assets.

The decrease in current assets was mainly due to decreases in the combined amounts of deposits in Sony group company and cash and bank deposits of 1,202 million yen and a decrease in inventories of 149 million yen. Non-current assets increased 180 million yen. This increase was mainly a result of an increase in long-term loans, software, and recognition of deferred tax assets related to net operating losses, offset somewhat by a decrease in amortization of goodwill and loss on impairment of certain investments in others.

On the other hand, at the end of the year ended March 31, 2004, liabilities had decreased by 668 million yen compared with the end of the year ended March 31, 2003. This resulted from a decrease in current liabilities of 713 million yen and an increase in long-term liabilities of 45 million yen. The main factor in the decrease in current liabilities was a repayment of long-term debt of 800 million yen to Sony Corp.

Total stockholders' equity decreased by 408 million yen. This was due to a recording of net loss of 412 million yen during the year under review.

Cash Flow

Cash and cash equivalents were 2,182 million yen at the end of the year ended March 31, 2004, a decrease of 1,202 million yen from the end of the prior fiscal year. During the year under review, the SCN generated 129 million yen of cash in operating activities, used 529 million yen of cash in investing activities, and used 800 million yen of cash in financing activities.

Cash flows from operating activities

During the year ended March 31, 2004, regarding cash flows from operating activities, the SCN generated 129 million yen, largely worse than during the year ended March 31, 2003 when the SCN generated 2,077 million yen. This was mainly due to an increase in net loss before income taxes from 269 million yen in the prior fiscal year to 534 million yen in the year under review; an increase in accounts payable, trade of 36 million yen during the year under review, compared with 460 million yen in the prior fiscal year; and a decrease in accrued expenses of 199 million yen compared with an increase of 176 million yen during the prior fiscal year. Also, net loss before income taxes during the year under review included gain on issuance of stock by equity investee of 613 million yen as a non-cash earning, compared with none the prior fiscal year, and equity in net losses of affiliated companies of 30 million yen as a non-cash charge, compared with 437 million yen in the prior fiscal year.

Cash flows from investing activities

During the year ended March 31, 2004, regarding cash flows from investing activities, the SCN used only 529 million yen, while during the year ended March 31, 2003, the SCN used 1,993 million yen. Factors influencing a decrease in net cash out flows from investing activities of the year under review compared with those of the prior fiscal year included a reduction in payment for securities investment in from 1,134 million yen in the prior fiscal year to 122 million yen during the year under review. Also, outlays for acquisition of intangible assets such as connection services and e-commerce related systems were 971 million yen, compared with outlays of 620 million yen in the prior fiscal year, and proceeds from repayment of loans to affiliated companies were 749 million yen during the year under review.

Cash flows from financing activities

During the year ended March 31, 2004, regarding cash flows from financing activities, the SCN used 800 million yen, while during the year ended March 31, 2003, the SCN used 1,340 million yen. During the year under review, this reflected the repayment of long-term debt to Sony Corp.

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Condensed Consolidated Statements of Income

For the year ended March 31, 2004 (Millions of yen)

	Year ended Mar			
	2003		2004	
Sales		38,795		3
Cost of sales		22,725		2
Gross profit		16,070		1
Selling, general and administrative expenses		15,598		1
Operating income (loss)		472		
Non-operating income		117		
Non-operating expenses				
Equity in net loss of affiliated companies	437		30	
Other	57	493	271	
Ordinary income (loss)		96		
Extraordinary gain				
Gain on issuance of stock by equity investee	0		613	
Gain on sale of investment in affiliate	--	0	81	
Extraordinary loss				
Loss on revaluation of investments in other securities	251		90	
Loss on issuance of stock by equity investee	--		1	
Loss on withdrawal from certain operations	--		56	
Loss on impairment of ling-lived assets	--		87	
Write off of goodwill	--		84	
Loss from lease cancellation due to service integration and re-examination	114	365	--	
Net income (loss) before income taxes		(269)		
Income tax current	128		16	
Income tax deferred	(332)	(204)	(163)	
Minority interests in loss (earnings) of consolidated subsidiaries		49		
Net income (loss)		(16)		

For the three-months ended March 31, 2004 (Millions of Yen)

			Three-months ended
		2003	2004
Sales		9,488	
Cost of sales		5,730	
Gross profit		3,758	
Selling, general and administrative expenses		4,259	
Operating income (loss)		(501)	
Non-operating income		55	
Non-operating expenses			
Equity in net loss of affiliated companies	163		26
Other	(9)	154	77
Ordinary income (loss)		(599)	
Extraordinary loss			
Loss on issuance of stock by equity investee	--		0
Loss on revaluation of investments in other securities	251		62
Loss on withdrawal from certain operations	--		2
Loss on impairment of ling-lived assets	--		87
Write off of goodwill	--		84
Loss from lease cancellation due to service integration and re-examination	114	365	--
Net income (loss) before income taxes		(964)	
Income tax current	(341)		(70)
Income tax deferred	(310)	(651)	(15)
Minority interests in loss (earnings) of consolidated subsidiaries		21	
Net income (loss)		(293)	

Condensed Consolidated Balance Sheets

ASSETS	March 31 2003
Current assets	8,594
Cash and bank deposit	517
Notes and account receivable, trade	3,803
Inventories	278
Deposits in Sony group company	2,867
Deferred tax assets	472
Other	704
Allowance for bad debt	(47)
Non-current assets	5,458
Property, plant and equipment	349
Furniture and fixtures	232
Other	116
Intangible assets	2,465
Software	1,141

Goodwill	1,104
Other	220
Investment and other assets	2,644
Investments in affiliates and others	1,618
Deferred tax assets	498
Other	527
Total assets	14,051
LIABILITIES AND STOCKHOLDERS' EQUITY	
Current liabilities	5,880
Account payable, trade	2,428
Current portion of long-term borrowing from parent Company	800
Accrued expense	1,889
Accrued income taxes	127
Accrued bonuses	217
Accrued customer incentive program	--
Other	419
Long-term liabilities	94
Accrued severance costs for employees	65
Accrued severance indemnities for directors	29
Total liabilities	5,974
Minority interest	33
Common stock	5,246
Additional paid-in capital	4,765
Retained earnings (accumulated losses)	(1,961)
Unrealized exchange losses of investment securities	(6)
Foreign currency translation adjustments	--
Total stockholders' equity	8,044
Total liabilities and stockholders' equity	14,051

Consolidated Statements of Additional Paid-in Capital and Retained Earnings and Accumulated Losses

(millions of yen)

Item	Year ended March 31, 2003	Year ended March 31, 2004
Additional Paid-in Capital		
Balance at the beginning of the year	4,765	4,765
Balance at the end of the year	4,765	4,765
Retained Earnings (Accumulated Losses)		
Balance at the beginning of the year	(1,945)	(1,961)
Increase		
Net loss	16	412
Balance at the end of the year	(1,961)	(2,373)

Consolidated Statements of Cash Flow

For the year ended March 31, 2004 (Millions o

	Year ended March
	2003
I. Cash flows from operating activities	
Net income(loss) before income taxes	(269)
Depreciation and amortization	773
Loss on impairment of ling-lived assets	--
Amortization for goodwill	311
Write-off of goodwill	--
Gain on issuances of stock by equity investee	(0)
Loss on issuance of stock by equity investee	--
Equity in net loss of affiliated companies	437
Loss on revaluation of investments in other securities	251
Gain on sale of investments in affiliate	--
Loss on withdrawal from certain operations	--
Increase (decrease) in accrued bonuses	(25)
Increase in accrued severance costs for employees	23
Increase in accrued severance indemnities for directors	13
Increase (decrease) in allowance for bad debt	19
Increase in accrued customer incentive program	--
Interest and dividend income	(8)
Interest expenses	7
Loss on disposal of tangible fixed assets	47
Loss on sales of tangible fixed assets	--
Gain on sales of tangible fixed assets	--
(Increase) decrease in account receivable, trade	184
(Increase) decrease in inventories	(214)
Increase in other current assets	(141)
Increase in accounts payable, trade	460
Increase (decrease) in accrued expenses	176
Increase in other current liabilities	161
Sub Total	2,207
Receipt of interest and dividends	8
Payments for interest	(7)
Payments for income taxes	(131)
Net cash provided by operating activities	2,077

	Year ende
	2003
II. Cash flows from investing activities	
Payment for securities investment	(1,134)
Proceeds from sales of securities investment	--
Payment for acquisition of fixed assets	(51)
Proceeds from sales of fixed assets	7
Payment for acquisition of intangible assets	(620)
Proceeds from sales of intangible assets	20
Payment for deposits	(43)
Proceeds from deposits	101
Payments for long-term prepaid expenses	(32)

Net cash increase resulting from acquiring subsidiary	30
Payments for loan	(271)
Repayment of loan	--
Net cash used in investing activities	(1,993)
III. Cash flows from financing activities	
Decrease in short-term borrowing	(140)
Payments of long-term debt	(1,200)
Net cash used in financing activities	(1,340)
IV. Effect of exchange rate difference on cash and cash equivalents	--
V. Decrease in cash and cash equivalents	(1,257)
VI. Cash and cash equivalents at beginning of year	4,641
VII. Cash and cash equivalents at end of the period	3,384

(Notes)

1. Consolidated financial statements of the SCN Group are based on the standards conforming with the Generally Accepted Accounting Principles in Japan.

(For reference)

(Millions of

	Fiscal year ended March 31, 2003	Fiscal year ended March 31, 2004	Ch (%
Increase in fixed assets	44	32	(2
Increase in intangible assets	562	942	6
Depreciation of fixed assets*	133	110	(1
Amortization of intangible assets*	602	657	

	Three-months ended March 31, 2003	Three-months ended March 31, 2004	Ch (%
Increase in fixed assets	11	2	(8
Increase in intangible assets	124	197	
Depreciation of fixed assets*	34	35	
Amortization of intangible assets*	142	164	

* Includes extraordinary depreciation of fixed assets, which is included in loss on decided withdrawal from certain operations, and loss on impairment of ling-lived assets (excluding those related to leased assets).

Strategy and Outlook

(a) Basic management aims

Since starting Internet connection services under the name of "So-net" in January of 1996, the SCN has strived to offer a new style of network services. The SCN offers various services including a gratifying communications environment and uniquely appealing contents.

Going forward, aiming towards the creation of corporate value and new growth in the 21st century, the SCN has raised up since October 2002 its new slogan "Sony Fun Broadband," based on a recognition of the importance of strengthening cooperation within the Sony Group in the expanding Internet market. This expresses the intention of the SCN to offer customers services including Sony Group electronic devices and game, music, pictures, and financial services in a broadband Internet environment that is truly always connected. This is the SCN management's basic aim.

Also, during the year under review, the SCN worked to deepen its services such as by offering a service aimed at televisions.

(b) Basic policy for distribution of earnings

The SCN believes that as well as working to establish and strengthen its corporate foundation, it must also work to aggressively respond to the Internet marketplace, which is characterized by rapid growth in demand for always-on broadband connections and intensifying competition to acquire share. The SCN believes that in order to rapidly ready businesses that respond to these trends, it should manage its operations by expanding cash flow, and by fully solidifying its financial base and retained earnings. For these reasons, for the time being, the SCN does not plan to distribute earnings to SCN shareholders.

(c) The view about the reduction in an investment unit

The reduction in an investment unit is not examined.

(d) Current challenges

Given the business environment in the Internet world that is shifting towards dedicated-line broadband connections, the SCN is working to increase the satisfaction of customers, including the continuous protection of customer information, and is striving to make the advance of broadband the focus of its greatest efforts.

In terms of individual business areas, the SCN is carrying out the following activities:

a) ISP services

SCN connection services include a variety of user offerings such as dial-up connections, wireless, ADSL, and FTTH. In the area of FTTH services, which are particularly expected to spread in the future, the SCN is cooperating with NTT, TEPCO, Chubu Electric, and U's Communications Corp. to cope with different customers' area, residential departmentalization, and charges. By offering a wide selection of services, such as those aimed at televisions as well as personal computers, the SCN intends to expand further its subscriber base.

b) Content and services

By cooperating with the Sony Group, the SCN aims to develop and offer contents and services focused on broadband, including services aimed at televisions. For content and other services, the SCN is striving to increase the revenue and profitability of content by integrating content, e-commerce, and advertising in a way that fully takes into account the degree of use, profitability, and page views.

c) Cooperation with the Sony Group

The SCN is working to cooperate with the Sony Group in terms of Sony electronic devices and "So-net" connection services and payment and settlement platforms. The SCN intends to deepen cooperation with the Sony Group, as will be reflected in new products and services. Already, the SCN is striving to strengthen cooperation with the Sony Group by starting a service aimed at televisions.

d) Investment aims

The SCN is seizing the challenge to focus on investments in content and services aimed at dedicated-line broadband. The SCN aims to carry out investments for the planning and development of content and services, their procurement and aggregation, and the acquisition of distribution rights, whether internally, by subsidiaries, or by affiliated companies, while at the same time, working to move forward with future investments by clearly setting out profitability and investment objectives.

e) Securing customers' private information

Since its establishment, the SCN has aggressively strived to keep customers' private information secure by organizing an independent internal unit for that area and by establishing a monitoring system for when operations-related customer information is acquired and distributed. Furthermore, in November 1999, the SCN achieved the "Privacy Mark" for protection of customer information, the first in the industry to pass this hurdle. Also, the SCN established an Information Security Management System (ISMS) which in June 2003 attained international certification (BS7799-2:2002) as well as conformation with domestic ISMS standards. In this way, the SCN is working towards a system that sufficiently manages and protects consumers' private information.

(e) Fundamental policies regarding corporate governance and related measures, implementation

In regards to the corporate governance of the SCN, the basic aims of the Sony Group are as follows.

The SCN is a subsidiary the performance of which is linked to a tracking stock issued by Sony Corporation. As a subsidiary of Sony Corporation, which in actuality has 100% of the voting rights, matters at the SCN's General Shareholders' Meeting are all controlled by Sony Corporation. Furthermore, through the directors' nominations at the General Shareholders' Meeting, Sony Corporation indirectly controls the board of directors of the SCN.

On the other hand, the directors of Sony Corporation have a fiduciary duty to Sony Corporation and bear a responsibility to work to maximize the corporate value of Sony Corporation, which includes the SCN and the other individual companies of the Sony Group. In view of the definition of the SCN as within the Sony Group, measures to maximize the corporate value of Sony Corporation and measures to maximize the corporate value of the SCN can be thought of as parallel in many cases. However, in situations where within the Sony Group there is the possibility of competition with the SCN as well as cases where the supply of the Sony Group's limited management resources is to those businesses, then it cannot be denied that there is the possibility that there will be cases where the interests of the overall Sony Group and the interests of the SCN are not parallel. In such a case, as a result of working to maximize the corporate value of the overall Sony Group including the SCN, there is the possibility of a negative impact on the corporate value of the SCN, stemming from such a limitation on a growth opportunity of the SCN.

Based on these possibilities, Sony Corporation has established the following basic aims regarding the SCN.

i) Basic management aims of the Sony Corporation Board of Directors o Indicators of management judgment:

One role of the Board of Directors of Sony Corporation is to coordinate the interests within the Group and carry out management judgment to maximize corporate value of the overall Sony Group. When the case arises that the interests of the SCN and another subsidiary or business unit of Sony Corporation are in conflict, then it is the aim to carry out an appropriate decision that maximizes the corporate value of the Sony Group and does not unreasonably harm the interests of the shareholders.

o Distribution of business opportunities and management resources, dealing with competing businesses:

When carrying out the distribution of business opportunities and management resources within the Group, the Board of Directors of Sony Corporation aims to carry out appropriate management decisions, examining whether to distribute to the SCN or another Group business so that the interests of the entire Sony Group can be increased.

Furthermore, in the development of future businesses, in the case that there exists businesses within the group where their operations replicate that of the SCN, and that it is thought that the competition is having a major impact on the corporate value of the entire Sony Group, then the board of directors and the management entities involved will work to properly adjust the matter.

o Matters for Sony Corporation's Prior Approval:

As for matters relating to SCN management, the SCN Board of Directors carries out decisions of its intentions, but for important matters relating to the management of the entire Sony Group, before the SCN carries out its operational intentions, it must get the approval of Sony Corporation.

For example, matters which fall under this category include something which greatly affects the corporate value of the Sony Group, where there is necessary close cooperation with Sony Corporation or a Sony Group business, or when there is concern that something will be contrary to profitability within the Group.

ii) Relationship of Sony Corporation and the SCN

o Dividend policy of the SCN:

Under the set terms of the articles of incorporation, Sony Corporation may pay a dividend for the tracking stock where the dividend amount is that which the SCN Board of Directors has proposed as a distribution of the SCN's earnings. The dividend policy of the SCN is decided by the SCN's Board of Directors. The approval beforehand of Sony Corporation is not necessary.

o Disclosure of the SCN:

As long as the subsidiary tracking stock is listed, Sony Corporation plans to disclose the financial information of the SCN each quarter, while also disclosing the financial accounts of the SCN in Sony Corporations's Yuka Shoken Hokokusho and Hanki Hokokusho (annual and semi-anual financial reports), as is in accordance with the law.

iii) Summary of implementation of measures relating to corporate governance of the SCN:

The SCN, as a corporation which has adopted the auditing system, has a total of seven directors, including four outside directors. There are also three auditors, all of whom are elected outside auditors. The outside directors include three from Sony Corp. and one from Sony Music Entertainment (Japan) Inc., which is an affiliated company of Sony Corp. The outside auditors include two from Sony Corp. (of which one is a full-time auditor) and one from Sony Finance International, Inc., which is a shareholder of the SCN. With this system of outside directors and auditors, the SCN aims for a corporate governance structure characterized by "checks and balances."

Also, the executive officer system has been introduced within the SCN, and in total there are eight officers. Within those are three directors who serve concurrently as executive officers, and five who are full-time executive officers.

(f) Fundamental policies regarding relations with related parties (such as parent company)

i) Regarding personnel issues

Regarding personnel issues with Sony Corp., for directors it is as stated above in (e)"iii." For employees, the SCN is defined as being within the Sony Group and predicated on the viewpoint of securing human resources and maintaining flexibility with human resources.

ii) Regarding transactional relations

Sony Corp., in terms of the entire Sony Group, works to use the capital of the Sony Group companies by concentrating resources (concentration of cash scheme), with the goal of more advantageously using working capital. The SCN as well is part of this scheme and deposits its funds with the affiliated company Sony Global Treasury Services PLC. As of the end of March 2004, the transactions of each Sony Group company had been set forth in "Transactional Relations between Related Parties."

iii) Regarding contracts related to trademarks and patents, and royalties

The SCN's brands that it uses for its services, such as "So-net" and "Smash" are trademarks that belong to Sony Corp. The SCN has contracted with Sony Corp. regarding exclusive usage rights to the trademarks for "So-net" and "Smash." Also, while making use of extensive patent assets held by Sony Corp., in order to minimize the possibility of litigation by other companies for patent rights infringement, there are contracts for comprehensive cross-licensing with Sony Corp. for patents and other intellectual property.

(g) Other important items regarding company management

Recently, society has begun to look critically at industries that manage customer private data, such as the transfer of subscriber data. This is a trend not just limited to the industries that are related to the SCN's activities.

The SCN took the lead before other companies in November 1999 in setting up a mechanism for a system for securing individuals' private data and achieved the JIS standard for protection of consumer data, the "Privacy Mark." The SCN places the handling of customers' private data in a privacy manager in each division. At the same time, the SCN has established a central department for integrating company-wide privacy policies. With this department as the center, the SCN carries out thorough employee education and implements, through each of the privacy managers, the most appropriate management methods for private data. In this way, the SCN is working to keep customers' private data secure on an ongoing basis.

(h) Risk management

At the present time, the main risk factors for the SCN are as follows:

i) The business environment in which the SCN operates

The SCN is not merely an Internet service provider, but it is a business which offers a wide-range of services including contents and such. For that reason, the SCN competes with various other companies in areas including not just Internet connection services, but also communications services, broadcasting services, and other areas. Competition is intense, especially in the area of Internet connection services, such as FTTH and ADSL. It is possible that the SCN's revenue and profitability will decline as a result of competition stemming from these areas. In addition, there is also the possibility that there may be unavoidable expenses related to price competition or the building of market share, such as marketing and promotion costs. There is the possibility that there will be a large negative impact on the SCN's financial performance.

ii) Revenue structure

The proportion of the SCN's total sales that stem from connection services was 80.5% during the year ended March 31, 2004. The profitability of these connection services is greatly impacted by such factors as trends in the number of subscribers, cost trends for such services (such as expenses related to promotional campaigns), and developments in communication line costs. Furthermore, given these circumstances where a majority of revenue is dependent on connection services, it is expected that those unpredictable factors will impact SCN's financial results in the future.

iii) Legal environment for the Internet

The SCN's Internet connection service business is impacted by regulations based on the Telecommunication Business Law. In addition, while regulations from such laws as the Unauthorized Computer Access Law and the ISP Law do not directly impact Internet-related businesses, there are regulations that indirectly concern communication methods such as the Internet. Also, in the unfolding area of e-commerce, laws protecting consumers such as the Consumer Contract Act, the Specific Commercial Transaction Act, Act about payment in installments ,Antique business Act, and the Act against Unjustifiable Premiums and Misleading Representations involve regulations that impact the SCN. If the SCN were to violate any of these laws, the reputation of the SCN might be damaged, and there could be a negative impact on future operations. Also, there is the possibility of having to establish a structure for observing new laws if there were revisions in these laws.

Also, there is the possibility of unavoidable circumstances where the SCN has to bear some legal risk. A legal judgment, including the jurisdiction or legal basis for such, against the SCN cannot be accurately forecast, such as in the case that some kind of legal trouble were to arise in the business operations of the SCN.

Furthermore, there is the possibility of restrictions on future operations of the SCN, in terms of laws and regulations in countries, including Japan, in regards to the Internet and e-commerce.

iv) Possibility of infringement upon intellectual property

Given that the SCN develops businesses related to the Internet, there is the possibility that there could be infringement on other companies' intellectual property, such as technology patents and business model patents, trademarks, or design rights. The SCN works hard to make sure that such violations of intellectual property rights do not occur, but there is the possibility of having to shoulder significant compensation for damages in the case that some company's intellectual property rights were violated. Also, there is the possibility that there will be pressure on future earnings due to the necessity of paying licensing fees in the case that another company develops technology or another company's business model becomes the standard.

v) Securing and developing human resources

In terms of developing the SCN's businesses, it is necessary to secure personnel that have creative and technological skills. However, in the area of Internet-related businesses, turnover of personnel is high and it is possible that in the future the SCN will not be able to secure the necessary human resources. Furthermore, in the SCN are many people who have transferred from various Sony Group companies, and while the SCN is working to secure flexible personnel arrangements, it is possible that the SCN will have trouble securing personnel as a result of policies designed to maximize the corporate value of the entire Sony Group. The SCN is also working to develop human capital within the company, but in the case that the SCN is unable to secure or develop sufficient human resources, there could be a negative impact on the future business developments of the SCN.

vi) System for operating servers

The SCN has laid out a system for managing all the servers that are used to manage customer data and settlement 24 hours a day, 365 days a year. With respect to the unpredictability of accidents, the SCN has back-ups for important servers depending on the substance of a service. However, there is the possibility of an inability to use the servers if there were an earthquake, fire, or other natural disaster, or a destructive act that damages the service offerings. In such a case, there is the possibility of a large negative impact on the continuation of the SCN's operations.

vii) Operation of call centers

For the SCN, appropriately responding to customer inquiries is considered indispensable in order to acquire and keep So-net subscribers. There is a dependence on temporary staff, who are the majority of personnel in SCN call centers. Regarding temporary staff who start work in call centers, while the SCN is working to continue to improve quality, such as by carrying out sufficient training, there is the possibility that service levels will decline for some reason, such as if there were a shortage of call center staff. In such a case, there is the possibility of a negative impact on the SCN's financial results.

(i) Regarding compulsory retirement of the subsidiary tracking stock or the compulsory conversion into common stock of the parent company (Sony Corporation)

At the present time, unless there are significant changes in the direction of the corporate strategy of the entire Sony Group or in the way that the SCN is defined within the Sony Group, or unless there are significant changes in a business environment which includes a variety of factors such as the growth of the SCN, there are no plans to carry our compulsory retirement or conversion into common stock three years after the issuance of the subsidiary tracking stock, that is to say, on June 20, 2004.

(j) Forecast of Consolidated Results

Regarding the forecast of the consolidated results for the fiscal year ending March 31, 2005, the SCN has the goal of achieving operating profitability.

- It is expected that there will be a further acceleration in FTTH-related services (including acquiring new subscribers).

- The SCN plans to expand usability by investing in new businesses (mainly value-added broadband contents), in particular services aimed at television. At the same time, the SCN aims to carefully select investments and will focus on profitability.

- The SCN will work to strengthen the overall management structure.

The SCN announces the following forecast for consolidated results:

(millions of yen)

Consolidated Results		Change from previous year
Sales	40,000	+4.8%
Operating income	100	--
Ordinary income	100	--
Net income	50	--

The above forecast takes into account the following expected factors:

- It is expected that the number of So-net subscribers at the end of the year ending March 31, 2005 will be 2.35 million, an increase over the year earlier period of 50,000.

- Within the above total, the number of broadband subscribers is targeted to 700,000, an increase of 150,000 over the year earlier period.

- Regarding expected sales by category: (change from p

ISP services	30,800
Internet-related services	8,100
Merchandise sales	1,100

As for ISP services, it is expected that competition for new subscribers will intensify and that the rate of growth will be slow. As for Internet-related services, it is expected that sales of broadband content will increase, and it is expected that subsidiaries' results will improve. As for Merchandise sales, it is expected that sales of goods connected with "Content" will increase.

Cautionary statement:

Statements made in this release with respect to Sony Corporation and Sony Communication Network's ("SCN") current plans, estimates, strategies and beliefs and other statements that are not historical facts are forward-looking statements about the future performance of SCN. These statements are based on management's assumptions and beliefs in light of the information currently available to it. Therefore, SCN 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.

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News & Information

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No. 04-021E

April 27, 2004

Stock Options (Stock Acquisition Rights)

Sony Corporation (the "Corporation") resolved at a meeting of its Board of Directors held on April 26, 2004, to propose an agenda asking for authorization to issue the stock acquisition rights outlined below, for the purpose of granting stock options, pursuant to Articles 280-20 and 280-21 of the Commercial Code of Japan. The proposal will be made at its 87th ordinary general meeting of shareholders to be held on June 22, 2004.

I Stock Acquisition Rights for Common Stock

1. Reason for Issue of Common Stock Acquisition Rights to Persons Other Than Shareholders without Any Consideration

The Corporation will issue the stock acquisition rights (the "Common Stock Acquisition Rights") to subscribe for shares of common stock of the Corporation ("Common Stock") to directors, corporate executive officers and employees of the Corporation and its subsidiaries without any consideration therefor pursuant to the provisions of Articles 280-20 and 280-21 of the Commercial Code of Japan upon the terms outlined below for the purposes of giving directors, corporate executive officers and employees of the Corporation and its subsidiaries an incentive to contribute towards the improvement of the business performance of the Corporation and its group companies (the "Group") and thereby improving such business performance of the Group, by making the economic interest which such directors, corporate executive officers or employees will receive correspond to the business performance of the Corporation.

2. Terms of Issue of Common Stock Acquisition Rights

(1) Persons to Whom Common Stock Acquisition Rights Will be Allocated

Directors, corporate executive officers and employees of the Corporation and its subsidiaries.

(2) Aggregate number of Common Stock Acquisition Rights

Not exceeding 27,500.

(3) Class and Number of Shares to be Issued or Transferred upon Exercise of Common Stock Acquisition Rights

Not exceeding 2,750,000 shares of Common Stock.

The number of shares to be issued or transferred upon exercise of each Common Stock Acquisition Right (the "Number of Granted Shares") shall be 100 shares of Common Stock.

However, in the case that the Number of Granted Shares is adjusted pursuant to (4) below, the number of shares to be issued or transferred upon exercise of the Common Stock Acquisition Rights shall be adjusted to the number obtained by multiplying the Number of Granted Shares after adjustment by the aggregate number of the Common Stock Acquisition Rights.

(4) Adjustment of Number of Granted Shares

In the case that the Corporation splits or consolidates the shares of

Common Stock, the Number of Granted Shares shall be adjusted in accordance with the following formula.

Number of Granted Shares after adjustment	=	Number of Granted Shares before adjustment	x	Ratio of split or consolidation

An adjustment above shall be made only with respect to the Number of Granted Shares for the Common Stock Acquisition Rights which have not been exercised at the time of the adjustment. Any fraction less than one (1) share resulting from the adjustment shall be disregarded.

(5) Issue Price of Common Stock Acquisition Rights

The Common Stock Acquisition Rights are issued without the payment to the Corporation of any consideration.

(6) Amount to be Paid In per Share to be Issued or Transferred upon Exercise of Common Stock Acquisition Rights

The amount to be paid in per share to be issued or transferred upon exercise of the Common Stock Acquisition Right (the "Exercise Price") shall be initially as follows.

[1] Common Stock Acquisition Rights with Exercise Price Denominated in Yen

The Exercise Price shall be the average of the closing prices of Common Stock in the regular trading thereof on the Tokyo Stock Exchange (each "Closing Price") for the ten (10) consecutive trading days (excluding days on which there is no Closing Price) immediately prior to the issue date of the Common Stock Acquisition Rights (any fraction less than one (1) yen arising as a result of such calculation shall be rounded up to the nearest one (1) yen); provided, however, that if such calculated price is lower than any of (i) the average of the Closing Prices for the thirty (30) consecutive trading days (excluding days on which there is no Closing Price) commencing forty-five (45) trading days immediately before the day immediately after the issue date of the Common Stock Acquisition Rights (any fraction less than one (1) yen arising as a result of such calculation shall be rounded up to the nearest one (1) yen), (ii) the average of the Closing Prices for the thirty (30) consecutive trading days (excluding days on which there is no Closing Price) commencing forty-five (45) trading days immediately before the date on which the Corporation fixes the Exercise Price (any fraction less than one (1) yen arising as a result of such calculation shall be rounded up to the nearest one (1) yen), or (iii) the Closing Price on the issue date of the Common Stock Acquisition Rights (if there is no Closing Price on such date, the Closing Price on the immediately preceding trading day), the Exercise Price shall be the highest price of (i), (ii) and (iii) above.

[2] A Common Stock Acquisition Rights with Exercise Price Denominated in U.S. Dollars

The Exercise Price shall be the U.S. dollar amount obtained by dividing the average of the Closing Prices for ten (10) consecutive trading days (excluding days on which there is no Closing Price) immediately prior to the issue date of the Common Stock Acquisition Rights (the "Reference Yen Price") by the average of the exchange rate quotations by a leading commercial bank in Tokyo for selling spot U.S. dollars by telegraphic transfer against yen for such ten (10) consecutive trading days (the "Reference Exchange Rate") (any fraction less than one (1) cent arising as a result of such calculation shall be rounded up to the nearest one (1) cent); provided, however, that if the Reference Yen Price is lower than any of (i) the average of the Closing Prices for the thirty (30) consecutive trading days (excluding days on which there is no Closing Price) commencing forty-five (45) trading days immediately before the day immediately after the issue date of the Common Stock Acquisition Rights or (ii) the average of the Closing Prices for the thirty (30) consecutive trading days (excluding days on which there is no Closing Price) commencing forty-five (45) trading days immediately before the date on which the Corporation fixes the Exercise Price, the Exercise Price shall be the U.S. dollar amount obtained by dividing the highest price of (i) and (ii) above by the Reference Exchange Rate (any fraction less than one (1) cent arising as a result of such calculation shall be rounded up to the nearest one (1) cent).

(7) Adjustment of Exercise Price

In the case that the Corporation splits or consolidates the shares of Common Stock after the issue date of the Common Stock Acquisition Rights, the Exercise Price shall be adjusted in accordance with to the following formula, and any fraction less than one (1) yen or one (1) cent resulting from the adjustment shall be rounded up to the nearest one (1) yen or one (1) cent.

$$\text{Exercise Price after adjustment} = \text{Exercise Price before adjustment} \times \frac{1}{\text{Ratio of split or consolidation}}$$

In addition, in the case of a merger with any other company, corporate split or capital reduction of the Corporation, or in any other case similar thereto where an adjustment of Exercise Price shall be required, in each case after the issue date of the Common Stock Acquisition Rights, the Exercise Price shall be appropriately adjusted to the extent reasonable.

(8) Period during Which Common Stock Acquisition Rights may be Exercised

The period during which the Common Stock Acquisition Rights may be exercised will be sometime within the period from the issue date of the Common Stock Acquisition Rights to the day on which ten (10) years have passed from such issue date, which will be determined by the Board of Directors of the Corporation or the Executive Officer to whom the determination has been delegated by a resolution of the Board of Directors of the Corporation.

(9) Conditions for Exercise of Common Stock Acquisition Rights

[1] Each Common Stock Acquisition Right may not be exercised in part.

[2] A Other conditions for exercise shall be determined by the Board of Directors of the Corporation or the Executive Officer to whom the determination has been delegated by a resolution of the Board of Directors of the Corporation.

(10) Mandatory Cancellation of Common Stock Acquisition Rights

Not applicable.

(11) Restriction on Transfer of Common Stock Acquisition Rights

The Common Stock Acquisition Rights are non-transferable, unless such transfer is expressly approved by the Board of Directors of the Corporation.

II Stock Acquisition Rights for Tracking Stock

1. Reason for Issue of Tracking Stock Acquisition Rights to Persons Other Than Shareholders without Any Consideration

The Corporation will issue the stock acquisition rights (the "Tracking Stock Acquisition Rights") to subscribe for shares of subsidiary tracking stock of the Corporation ("Tracking Stock") to directors and employees of Sony Communication Network Corporation ("SCN") without any consideration therefor pursuant to the provisions of Articles 280-20 and 280-21 of the Commercial Code of Japan upon the terms outlined below for the purposes of giving directors and employees of SCN an incentive to contribute towards the improvement of the business performance of SCN and thereby improving such business performance of SCN, by making the economic interest which such directors or employees will receive correspond to the business performance of SCN.

2. Terms of Issue of Tracking Stock Acquisition Rights

(1) Persons to Whom Tracking Stock Acquisition Rights Will be Allocated

Directors and employees of SCN.

(2) Aggregate number of Tracking Stock Acquisition Rights

Not exceeding 455.

(3) Class and Number of Shares to be Issued or Transferred upon Exercise of Tracking Stock Acquisition Rights

Not exceeding 45,000 shares of Tracking Stock.

However, on and after the Compulsory Conversion Date (as defined in Article 10-9 of the Articles of Incorporation of the Corporation, the "Compulsory Conversion Date") for the Compulsory Conversion of shares of Tracking Stock into shares of Common Stock (as defined in Article 10-9 of the Articles of Incorporation of the Corporation, the "Compulsory Conversion"), the class of shares to be issued or transferred upon exercise of the Tracking Stock Acquisition Rights shall be the Common Stock.

The number of shares to be issued or transferred upon exercise of each Tracking Stock Acquisition Right (the "Number of Granted Shares") shall be 100 shares of Tracking Stock.

However, in the case that the Number of Granted Shares is adjusted pursuant to (4) below, the number of shares to be issued or transferred upon exercise of the Tracking Stock Acquisition Rights shall be adjusted to the number obtained by multiplying the Number of Granted Shares after adjustment by the aggregate number of the Tracking Stock Acquisition Rights.

(4) Adjustment of Number of Granted Shares

In the case that an adjustment of the Exercise Price provided for in (7) below is made for any reason, the Number of Granted Shares shall be appropriately adjusted so that the amount obtained by multiplying the number of shares after adjustment by the Exercise Price after adjustment shall be equal to the amount obtained by multiplying the number of shares before adjustment by the Exercise Price before adjustment.

An adjustment above shall be made only with respect to the Number of Granted Shares for the Tracking Stock Acquisition Rights which have not been exercised at the time of the adjustment. Any fraction less than one (1) share resulting from the adjustment shall be disregarded.

(5) Issue Price of Tracking Stock Acquisition Rights

The Tracking Stock Acquisition Rights are issued without the payment to the Corporation of any consideration.

(6) Amount to be Paid In per Share to be Issued or Transferred upon Exercise of Tracking Stock Acquisition Rights

The amount to be paid in per share to be issued or transferred upon exercise of each Tracking Stock Acquisition Right (the "Exercise Price") shall be initially the average of the closing prices of Tracking Stock in the regular trading thereof on the Tokyo Stock Exchange (each "Closing Price") for the ten (10) consecutive trading days (excluding days on which there is no Closing Price) immediately prior to the issue date of the Tracking Stock Acquisition Rights (any fraction less than one (1) yen arising as a result of such calculation shall be rounded up to the nearest one (1) yen); provided, however, that if such calculated price is lower than any of (i) the average of the Closing Prices for the thirty (30) consecutive trading days (excluding days on which there is no Closing Price) commencing forty-five (45) trading days immediately before the day immediately after the issue date of the Tracking Stock Acquisition Rights (any fraction less than one (1) yen arising as a result of such calculation shall be rounded up to the nearest one (1) yen) or (ii) the Closing Price on the issue date of the Tracking Stock Acquisition Rights (if there is no Closing Price on such date, the Closing Price on the immediately preceding trading day), the Exercise Price shall be the highest price of (i) and (ii) above.

(7) Adjustment of Exercise Price

[1] Adjustment due to events which become effective prior to the Compulsory Conversion Date

In the case that the Corporation splits or consolidates the shares of Tracking Stock after the issue date of the Tracking Stock Acquisition Rights but prior to the Compulsory Conversion Date (excluding such date), the Exercise Price shall be adjusted in accordance with the following formula, and any fraction less than one (1) yen resulting from the adjustment shall be rounded up to the nearest one (1) yen.

$$\text{Exercise Price after adjustment} = \text{Exercise Price before adjustment} \times \frac{1}{\text{Ratio of split or consolidation}}$$

[2] A Adjustment due to events which become effective after the Compulsory Conversion Date

In the case that the Compulsory Conversion is made, the Excise Price shall be appropriately adjusted in accordance with the conversion ratio for the Compulsory Conversion.

In addition to the foregoing, any adjustment of the Exercise Price after the Compulsory Conversion Date shall be made in the same manner as described in [1] above with any necessary amendment by replacing Tracking Stock with Common Stock.

[3] In addition, in the case of a merger with any other company, corporate split or capital reduction of the Corporation, or in any other case similar thereto where an adjustment of Exercise Price shall be required, in each case after the issue date of the Tracking Stock Acquisition Rights, the Exercise Price shall be appropriately adjusted to the extent reasonable.

(8) Period during Which Tracking Stock Acquisition Rights may be Exercised

The period during which the Tracking Stock Acquisition Rights may be exercised will be sometime within the period from the issue date of the Tracking Stock Acquisition Rights to the day on which ten (10) years have passed from such issue date, which will be determined by the Board of Directors of the Corporation or the Executive Officer to whom the determination has been delegated by a resolution of the Board of Directors of the Corporation.

In addition, in case of the Compulsory Retirement of the shares of Tracking Stock provided for in Articles 10-7 and 10-8 of the Articles of Incorporation of the Corporation, no Tracking Stock Acquisition Right may be exercised on and after the Termination Date for such Compulsory Retirement.

(9) Conditions for Exercise of Tracking Stock Acquisition Rights

[1] Each Tracking Stock Acquisition Right may not be exercised in part.

[2] A Other conditions for exercise shall be determined by the Board of Directors of the Corporation or the Executive Officer to whom the determination has been delegated by a resolution of the Board of Directors of the Corporation.

(10) Mandatory Cancellation of Tracking Stock Acquisition Rights

Not applicable.

(11) Restriction on Transfer of Tracking Stock Acquisition Rights

The Tracking Stock Acquisition Rights are non-transferable, unless such transfer is expressly approved by the Board of Directors of the Corporation.

Note: The issue of the stock acquisition rights mentioned above is subject to the approval by shareholders on issues of the Common Stock Acquisition Rights and the Tracking Stock Acquisition Rights to be obtained at the Corporation's 87th ordinary general meeting of shareholders scheduled for June 22, 2004. In addition, respective issues of the stock acquisition rights are further subject to the resolutions of the Board of Directors or the determination by the Executive Officer to whom the determination has been delegated by a resolution of the Board of Directors on the specific terms and conditions of such issues.

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News & Information

April 27, 2004
No. 04-020E

Executive Appointments

Tokyo, Japan - At its Board of Directors Meeting held on April 26, 2004, Sony Corporation decided candidates for the positions of Member of the Board, Corporate Executive Officer, Executive Officer and Group Executive Officer.

The selections are subject to the approval of the Ordinary General Meeting of Shareholders to be held on June 22, 2004 (for Member of the Board candidates) and to the approval of the Board of Directors Meeting to be held on the same day (for Corporate Executive Officer, Executive Officer and Group Executive Officer candidates).

Members of the Board (*Independent Director)

The candidates for Board Members are as follows.

Nobuyuki Idei	
Kunitake Ando	
Teruo Masaki	
Howard Stringer	
Ken Kutaragi	
Teruhisa Tokunaka	
Goran Lindahl	
Akihisa Ohnishi	
Iwao Nakatani*	Director of Research, UFJ Institute Ltd., President, Tama University
Akishige Okada*	Chairman of the Board (Representative Director), Sumitomo Mitsui Financial Group, Inc., Chairman of the Board (Representative Director), Sumitomo Mitsui Banking Corporation
Hirobumi Kawano*	Executive Advisor, The Tokio Marine and Fire Insurance Co., Ltd.

Yotaro Kobayashi*	Chairman of the Board, Fuji Xerox Co., Ltd.
Carlos Ghosn*	President and Chief Executive Officer, Nissan Motor Co., Ltd.
Sakie T. Fukushima*	Representative Director & Regional Managing Director-Japan, Korn/Ferry International Member, Board of Directors, Korn/Ferry International, U.S.A
Yoshihiko Miyauchi*	Director, Representative Executive Officer, Chairman and Chief Executive Officer, ORIX Corporation
Yoshiaki Yamauchi*	Director, Sumitomo Mitsui Financial Group, Inc.

Members of the Board Retired

Minoru Morio

Corporate Executive Officers (** concurrent with Director)

The candidates for Representative Corporate Executive Officer and Corporate Executive Officer are as follows. Seven new Corporate Executive Officers have been selected (***).

Representative Corporate Executive Officers

Chairman	Nobuyuki Idei**	Group CEO
President	Kunitake Ando**	Global Hub President, Officer in charge of Personal Solutions Business Group

Corporate Executive Officers

Vice Chairman	Howard Stringer**	COO (in charge of Entertainment Business Group), Sony Group Americas Representative
Executive Deputy President	Shizuo Takashino	COO (in charge of IT & Mobile Solutions Network Company and Professional Solutions Network Company)
Executive Deputy President	Ken Kutaragi**	COO (in charge of Game Business Group, Home Electronics Network Company, Semiconductor Solutions Network Company (SSNC)), NC President, SSNC
Executive Deputy President	Teruo Masaki**	Group General Counsel
Executive Deputy President	Katsumi Ihara***	Group CSO&CFO
Executive Deputy President	Ryoji Chubachi***	COO (in charge of Micro Systems Network Company (MSNC) and

EMCS),NC President, MSNC

Corporate Senior Executive Vice President

Keiji Kimura***	NC President, IT & Mobile Solutions Network Company

Corporate Executive Vice President

Tsutomu Niimura***	NC President, Home Electronics Network Company

Corporate Executive Vice President

Fujio Nishida***	Officer in charge of Marketing and Corporate Communications

Corporate Senior Vice President

Takao Yuhara	Officer in charge of Finance and Investor Relations

Corporate Senior Vice President

Nobuyuki Oneda***	Officer in charge of Corporate Planning & Control and Accounting

Corporate Senior Vice President

Yasunori Kirihara***	Officer in charge of Corporate Human Resources

Corporate Executive Officer

Nicole Seligman	Group Deputy General Counsel

Corporate Executive Officers Retired

As of June 22

Teruhisa Tokunaka	Scheduled to be appointed as President, Representative Director, Sony Financial Holdings Inc. (Currently Executive Deputy President and Group CSO, Representative Corporate Executive Officer)
Minoru Morio	Scheduled to be appointed as Advisor (Currently Vice Chairman and Sony Group East Asia Representative, Group CPO, Corporate Executive Officer)
Akira Kondoh	(Currently Corporate Senior Executive Vice President and Group CIO, Corporate Executive Officer)
Goran Lindahl	(Currently Sony Group Europe Representative and Chairman of Sony Group in Europe, Corporate Executive Officer)

Executive Officers

As of June 22, 2004 the number of Executive Officers is scheduled to be 34.

New Executive Officers
Appointments as of June 22

Senior Vice President
Kenshi Manabe (Currently CTO of Semiconductor Technology)

Vice President
Masataka Kawashima (Currently General Manager, Accounting Department)

Vice President
Tadashi Saito (Currently CFO of Sony Electronics Inc., in charge of Corporate Development in Global Hub)

Vice President
Tomoyuki Suzuki (Currently President, Imaging Device Company, Semiconductor Solutions Network Company)

Vice President
Masaaki Tsuruta (Currently Deputy President of Semiconductor Solutions Network Company (SSNC), President of SoC Solution Center, SSNC)

Promoted Executive Officers
Appointments as of June 22

Executive Vice President
Yoshihide Nakamura (Currently Senior Vice President, Senior General Manager, Intellectual Property Division)

Senior Vice President
Norihisa Shirota (Currently Vice President, CTO of Home Electronics, President, Research & Development Group, Semiconductor Solutions Network Company)

Senior Vice President
Yoshihiro Taya (Currently Vice President, CFO of IT & Mobile Solutions Network Company, CFO of Personal Solutions Network Company)

Senior Vice President
Takashi Fukushima (Currently Vice President, Deputy President, IT & Mobile Solutions Network Company (IMNC), President, Personal Audio Company of IMNC)

New Group Executive Officers

As of June 22

Kazutomo Enomoto (Currently Representative Director, Sony Culture Entertainment Inc.)

Keiji Nakazawa (Currently Representative Director and CFO, S-LCD Corporation)

Michael Lynton (Currently Chairman and CEO, Sony Pictures Entertainment, Inc.)

Change from Group Executive Officers to Executive Officers

As of June 22

Executive Vice President
Eiji Kishi (Currently Group Executive Officer, President of Personal Solutions Business Group)

Senior Vice President
Masao Morita (Currently Group Executive Officer, Representative Director, Sony Music Entertainment (Japan) Inc.)

Executive Officers Retired

As of June 22

Mario Tokoro	Scheduled to be appointed as Counselor (Currently Executive Vice President, Co-President, Institute of Strategy)
Toshitada Doi	Scheduled to be appointed as Counselor (Currently Executive Vice President, General Manager, Life Dynamics Laboratories Preparation Office)
Tadao Yoshida	Scheduled to be appointed as Counselor (Currently Vice President, Creative Center)
Seiichi Watanabe	Scheduled to be appointed as Advisor (Currently Executive Vice President, Officer in charge of Environmental Affairs)
Tadasu Kawai	Scheduled to be appointed as Advisor (Currently Executive Vice President, Officer in charge of Global Audit)
Takeo Kaji	Scheduled to be appointed as Advisor (Currently Vice President, Officer in charge of External Relations, Global Professional Solutions)

Group Executive Officers Retired

As of June 22

Tadakatsu Hasebe	Scheduled to be appointed as Advisor (Currently President, Representative Director, Sony Supply Chain Solutions, Inc.)

As of April 30

Kenji Kitatani	(Currently Executive Vice President, Sony Corporation of America)

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