SONY

News & Information

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Consolidated Financial Results for the Third Quarter Ended December 31, 2006

Tokyo, January 30, 2007 -- Sony Corporation today announced its consolidated results for the third quarter of the fiscal year ending March 31, 2007 (October 1, 2006 to December 31, 2006).

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

	Third quarter ended December 31			
	2005	**2006**	Change in Yen	**2006***
Sales and operating revenue**	¥2,375.1	**¥2,607.7**	+9.8%	**$ 21,913**
Operating income	210.3	**178.9**	-14.9	**1,503**
Income before income taxes	225.9	**179.8**	-20.4	**1,511**
Equity in net income of affiliated companies	19.5	**43.0**	+120.5	**362**
Net income	168.9	**159.9**	-5.3	**1,344**
Net income per share of common stock				
— Basic	¥169.36	**¥159.70**	-5.7	**$1.34**
— Diluted	161.60	**152.49**	-5.6	**1.28**

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

** U.S. dollar amounts have been translated from yen, for convenience only, at the rate of ¥119=U.S.$1, the approximate Tokyo foreign exchange market rate as of December 29, 2006.*

*** Effective April 1, 2006, Sony reclassified royalty income as a component of sales and operating revenue, rather than as a component of other income as previously recorded. In connection with this reclassification, sales and operating revenue, operating income and other income for the third quarter of the fiscal year ended March 31, 2006 have been reclassified to conform with the presentation of these items for the third quarter of the fiscal year ending March 31, 2007. Royalty income for the third quarters ended December 31, 2005 and 2006 was ¥7.5 billion and ¥9.5 billion, respectively. These amounts were recorded primarily within the Electronics segment.*

Consolidated Results for the Third Quarter Ended December 31, 2006

Sales and operating revenue ("sales") increased 9.8% compared with the same quarter of the previous fiscal year; on a local currency basis sales increased 7%. (For all references herein to results on a local currency basis, see Note I on page 8.)

Sales within the Electronics segment increased 16.9%. Products such as "BRAVIA™" LCD televisions and "Cyber-shot™" digital cameras contributed to the increase in sales to outside customers. This was partially offset by a decline in sales of such products as LCD rear-projection televisions, due to an increasingly competitive market environment, and CRT televisions, where the market continues to contract. In the Game segment, sales increased by 5.6% compared to the same quarter of the previous fiscal year due to the launch of PLAYSTATION®3 ("PS3") in both Japan and North America. In the Pictures segment, there was a 46.8% increase in revenue primarily due to significantly higher DVD revenues on films led by the releases of *The Da*

Vinci Code and *Talladega Nights: The Ballad of Ricky Bobby*. In the Financial Services segment, revenue decreased by 9.2% mainly due to a decrease in valuation gains in the general account and the separate account at Sony Life Insurance Co., Ltd. ("Sony Life").

Operating income of ¥178.9 billion ($1,503 million) was recorded, a decrease of 14.9% compared to the same quarter of the previous fiscal year.

In the Electronics segment, operating income increased principally as a result of an increase in sales to outside customers and the positive impact from the depreciation of the yen. In particular, the favorable performance of products such as "BRAVIA" LCD televisions and "Cyber-shot" digital cameras during the year-end sales season resulted in new quarterly records for sales and operating income within the Electronics segment, and approximately twice the amount of operating income was recorded in this segment as in the same quarter of the previous fiscal year.

In the Game segment, an operating loss was recorded primarily as a result of the loss arising from the sale of PS3 at strategic price points. In the Pictures segment, operating income was recorded as a result of the strong performance of films during the quarter in both the home entertainment and theatrical markets as compared to an operating loss in the same quarter of the previous fiscal year in which losses were recorded on several films. In the Financial Services segment, operating income declined primarily as a result of decreased valuation gains from investments in the general account, including valuation gains from convertible bonds.

During the current quarter, a credit to restructuring charges of ¥0.3 billion ($3 million) was recorded due to a gain of ¥3.6 billion ($31 million) on sale of assets associated with restructuring activities, compared to ¥14.7 billion of restructuring charges recorded in the same quarter of the previous fiscal year. Most of the above credit was recorded in the Electronics segment. In the same quarter of the previous fiscal year ¥14.6 billion of restructuring charges were recorded within the Electronics segment.

In addition, resolutions of pending patent claims resulted in a gain of ¥9.7 billion ($82 million) in this quarter as a result of the reversal of a portion of provisions recorded in prior periods.

Income before income taxes of ¥179.8 billion ($1,511 million) was recorded, a decline of 20.4% compared to the same quarter of the previous fiscal year. This resulted because the net effect of other income and expenses was ¥14.7 billion lower compared to the same quarter of the previous fiscal year, and because of a decline in operating income.

The lower net effect of other income and expenses was primarily a result of an increase in the amount of net foreign exchange loss and a decrease in the gain on change in interest in subsidiaries and investees resulting from lower year-on-year gains. During the current quarter, a ¥9.4 billion ($79 million) gain was recorded from the sale of a portion of stock in StylingLife Holdings Inc. ("StylingLife"). In the same quarter of the previous fiscal year, a gain of ¥19.0 billion was recorded on the change in interest resulting from the initial public offering of So-net Entertainment Corporation ("So-net").

Income taxes: During the current quarter, Sony recorded ¥61.5 billion ($517 million) of income taxes at an effective tax rate of 34.2%. The effective tax rate was lower than the Japanese statutory tax rate due primarily to the reversal of valuation allowances against deferred tax assets previously recorded by Sony Corporation and certain Japanese subsidiaries resulting from the utilization of net operating loss carryforwards.

Equity in net income of affiliated companies of ¥43.0 billion ($362 million) was recorded, an increase of 120.5% compared to the same quarter of the previous fiscal year. Sony recorded equity in net income for Sony Ericsson Mobile Communications AB ("Sony Ericsson") of ¥33.6 billion ($282 million), an increase of ¥23.8 billion compared to the same quarter of the previous fiscal year. Sony also recorded equity in net income of ¥13.1 billion ($110 million) for SONY BMG MUSIC ENTERTAINMENT ("SONY BMG"), an increase of ¥2.8 billion compared to the same quarter of the previous fiscal year. S-LCD Corporation ("S-LCD"), a joint-venture with Samsung Electronics Co., Ltd. for the manufacture of amorphous TFT LCD panels, recorded equity in net loss of ¥0.7 billion ($5 million) (before the elimination of unrealized intercompany profits), a decrease of ¥1.6 billion compared to the same quarter of the previous fiscal year. Sony recorded equity in net loss of ¥5.4 billion ($45 million) for Metro-Goldwyn-Mayer Inc. ("MGM")*, an increase in the amount of equity loss of ¥3.0 billion compared to the same quarter of the previous fiscal year. The equity in net loss for MGM includes non-cash interest of ¥2.1 billion ($18 million) on cumulative preferred stock compared to the ¥1.5 billion of non-cash interest on cumulative preferred stock recorded in the same quarter of the previous fiscal year.

**On April 8, 2005, a consortium led by Sony Corporation of America and its equity partners completed the acquisition of MGM. As part of the acquisition, Sony invested $257 million in exchange for 20% of the total equity. However, based on the percentage of common stock owned, Sony records 45% of MGM's net income (loss) as equity in net income (loss) of affiliated companies.*

As a result, **net income** of ¥159.9 billion ($1,344 million) was recorded, a decrease of 5.3% compared to the same quarter of the previous fiscal year.

Operating Performance Highlights by Business Segment

Electronics

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

	Third quarter ended December 31			
	2005	**2006**	Change in Yen	**2006**
Sales and operating revenue	¥1,601.5	**¥1,872.7**	+16.9%	**$15,737**
Operating income	87.5	**177.4**	+102.8	**1,491**

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

Sales increased by 16.9% compared to the same quarter of the previous fiscal year (a 14% increase on a local currency basis). Sales to outside customers increased 10.4% compared to the same quarter of the previous fiscal year. There was an increase in sales of products including "BRAVIA" LCD televisions and "Cyber-shot" digital cameras, which both experienced favorable sales in all regions. This was partially offset by a decrease in sales of LCD rear-projection televisions, due to an increasingly competitive market environment, and CRT televisions, where the market continues to contract. There was a significant increase in intersegment sales mainly due to increased sales of semiconductors to the Game segment.

Operating income increased by 102.8% compared with the same quarter of the previous fiscal year. Operating income increased significantly due to an increase in sales to outside customers and the positive impact from the depreciation of the yen. With regard to products within the Electronics segment, there was a positive contribution to operating income from strong sales of such products as "Cyber-shot" digital cameras and "BRAVIA" LCD televisions. However, products such as LCD rear-projection televisions, which were impacted by price deterioration and lower sales volume, contributed negatively compared to the same quarter of the previous fiscal year.

Inventory, as of December 31, 2006, was ¥851.7 billion ($7,157 million), a ¥252.9 billion, or 42.2%, increase compared with the level as of December 31, 2005 and a ¥120.0 billion, or 12.3%, decrease compared with the level as of September 30, 2006. The year-on-year increase was primarily due to an increase in LCD television inventory, as a result of increasing sales, as well as an increase in the inventory of semiconductors for PS3.

Operating Results for Sony Ericsson Mobile Communications AB

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

	(Millions of Euros)		
	Three months ended December 31		
	2005	**2006**	Change in Euros
Sales and operating revenue	€2,310	**€3,782**	+64%
Income before income taxes	206	**502**	+144
Net income	144	**447**	+210

Sales for the quarter increased by 64% compared to the same quarter of the previous fiscal year. Sales of hit models such as "Cyber-shot" phones and "Walkman®" phones boosted results, helping Sony Ericsson achieve record quarterly sales, income before income taxes and net income. As a result, equity in net income of ¥33.6 billion ($282 million) was recorded by Sony.

Game

	(Billions of yen, millions of U.S. dollars)			
	Third quarter ended December 31			
	2005	**2006**	Change in Yen	**2006**
Sales and operating revenue	¥419.2	**¥442.8**	+5.6%	**$3,721**
Operating income (loss)	67.8	**(54.2)**	-	**(455)**

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

Sales increased 5.6% compared with the same quarter of the previous fiscal year (a 3% increase on a local currency basis).

<u>Hardware:</u> There was an increase in overall sales as a result of the launch of PS3 in Japan and North America. However, PlayStation®2 ("PS2") sales declined as a result of strategic price reductions despite the fact that unit sales were relatively unchanged compared to the same quarter of the previous fiscal year. PSP® (PlayStation®Portable) ("PSP") sales declined due to a decrease in unit sales compared with the same quarter of the previous fiscal year.

<u>Software:</u> Despite an increase in sales from PSP software compared to the same quarter of the previous fiscal year, as well as the contribution from PS3 software sales, overall software sales decreased as a result of lower PS2 software sales.

An **operating loss** of ¥54.2 billion ($455 million) was recorded compared to the ¥67.8 billion of operating income recorded during the same quarter of the previous fiscal year. This deterioration was primarily the result of the loss arising from the sale of PS3 at strategic price points, as well as the recording of other charges in association with preparation for the launch of the PS3 platform. In addition, operating income from the PS2 business and PSP business declined due to sales declines.

Worldwide hardware production shipments (and decrease compared to the same quarter of the previous fiscal year):*

- → PS2: 4.11 million units (a decrease of 1.25 million units)
- → PSP: 1.76 million units (a decrease of 4.46 million units)
- → PS3: 1.84 million units

Worldwide software production shipments (and increase/decrease compared to the same quarter of the previous fiscal year):*

- → PS2: 78 million units (a decrease of 15 million units)
- → PSP: 21.2 million units (an increase of 4.1 million units)
- → PS3: 5.2 million units

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

Inventory, as of December 31, 2006, was ¥103.2 billion ($868 million), which represents a ¥0.7 billion, or 0.7%, decrease compared with the level as of December 31, 2005. Inventory, as of December 31, 2006, decreased by ¥84.9 billion, or 45.1%, compared with the level as of September 30, 2006.

Pictures

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

	Third quarter ended December 31			
	2005	**2006**	Change in Yen	**2006**
Sales and operating revenue	¥202.2	**¥297.0**	+46.8%	**$2,495**
Operating income (loss)	(0.4)	**26.2**	-	**220**

Unless otherwise specified, all amounts are on a U.S. GAAP basis. 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 increased 46.8% compared to the same quarter of the previous fiscal year (a 46% increase on a U.S. dollar basis). Sales increased primarily due to significantly higher DVD revenues on films led by the releases of *The Da Vinci Code, Talladega Nights: The Ballad of Ricky Bobby* and *Click*. Theatrical revenues were also higher in the current fiscal year's third quarter due to the box office performance of *Casino Royale* and *The Pursuit of Happyness,* while television revenues increased primarily from additional syndication sales of *The King of Queens*.

Operating income of ¥26.2 billion ($220 million) was recorded as compared to an operating loss of ¥0.4 billion in the same quarter of the previous fiscal year. These results were achieved through the strong performance during the quarter of the films noted above in both the home entertainment and theatrical markets as compared to the film results from the same quarter of the previous fiscal year in which losses were recorded on several films. In the television business, operating income remained relatively unchanged compared with the same quarter of the previous fiscal year, as the benefit from *The King of Queens* syndication sales was largely offset by production and marketing expenses associated with several new network and made-for-syndication television shows.

Financial Services

	(Billions of yen, millions of U.S. dollars)			
	Third quarter ended December 31			
	2005	**2006**	Change in Yen	**2006**
Financial service revenue	¥190.4	**¥172.9**	-9.2%	**$1,453**
Operating income	47.0	**25.5**	-45.9	**214**

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

Financial service revenue decreased 9.2% compared with the same quarter of the previous fiscal year due to a decrease in revenue at Sony Life. Although revenue from insurance premiums increased at Sony Life reflecting an increase in insurance-in-force, revenue at Sony Life decreased by ¥19.7 billion or 11.8% to ¥147.5 billion ($1,239 million). This was primarily a result of lower valuation gains in the general account and the separate account reflecting the fact that there was only a modest increase in Japanese stock market prices during the quarter as opposed to the significant increase experienced in the same quarter of the previous fiscal year.

Operating income decreased by 45.9% compared with the same quarter of the previous fiscal year due to a decrease in operating income at Sony Life. Despite an increase in insurance premium revenue, operating income at Sony Life declined by ¥22.1 billion or 46.1%, compared to the same quarter of the previous fiscal year, to ¥25.9 billion ($218 million). This decline was principally due to a decrease in valuation gains from investments in the general account, including valuation gains from convertible bonds, reflecting the abovementioned modest increase in Japanese stock market prices during the quarter compared to the same quarter of the previous fiscal year.

All Other

	(Billions of yen, millions of U.S. dollars)			
	Third quarter ended December 31			
	2005	**2006**	Change in Yen	**2006**
Sales and operating revenue	¥122.7	**¥99.3**	-19.1%	**$834**
Operating income	16.3	**13.9**	-14.9	**117**

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

Sales decreased 19.1% compared with the same quarter of the previous fiscal year. This sales decrease mainly reflects the deconsolidation of StylingLife, a holding company that comprised six of Sony's retail businesses, following the sale of 51% of the stock in the company during the first quarter of the current fiscal year, and a decline in sales at Sony Music Entertainment (Japan) Inc. ("SMEJ").

Best-selling albums and singles at SMEJ during the current quarter included CHEMISTRY's *ALL THE BEST*, ORANGE RANGE's *ORANGE RANGE* and PORNO GRAFFITTI's *m-CABI.* Despite these successes, album and singles sales declined compared to sales in the same quarter of the previous fiscal year, which included the strong performance of Ken Hirai's *Ken Hirai 10th Anniversary Complete Single Collection '95-'05 "Uta Baka."* Sales at SMEJ also declined as a result of lower intersegment sales in association with the transfer of business activity relating to Sony's disc custom press business, carried out at SMEJ during the same quarter of the previous fiscal year, from SMEJ to other segments within the Sony Group.

Operating income decreased by 14.9% compared to the same quarter of the previous fiscal year. Although operating income at So-net increased in association with greater revenue relating to an increase in fiber optic service subscribers, operating income within All Other declined as a result of the sales decrease at SMEJ and the sale of stock in StylingLife as noted above.

Operating Results for SONY BMG MUSIC ENTERTAINMENT

The following operating results for SONY BMG, which is accounted for by the equity method, are not consolidated in Sony's consolidated financial statements. However, Sony believes that this disclosure provides additional useful analytical information to investors regarding operating performance. Please note that the operating results of Sony BMG discussed below are reported on a U.S. GAAP basis.

	(Millions of U.S. dollars)		
	Three months ended December 31		
	2005	**2006**	Change in Dollars
Sales and operating revenue	$1,464	**$1,441**	-1.6%
Income before income taxes	252	**278**	+10.3
Net income	178	**225**	+26.4

During the three months ended December 31, 2006, sales revenue at SONY BMG decreased by 1.6% compared to the same period of the previous fiscal year primarily due to greater contraction in physical compact disc sales than growth in digital download sales in many markets. Despite the decrease in sales, income before income taxes improved by 10.3% compared to the same period of the previous fiscal year primarily due to lower overhead and restructuring costs. The company also benefited from an industry-related legal settlement affecting the major record companies. Income before income taxes includes $41 million of restructuring charges, a year-on-year reduction of $7 million. As a result, equity in net income of ¥13.1 billion ($110 million) was recorded by Sony. Best selling albums during the quarter included Il Divo's *Siempre*, the compilation release *NOW That's What I Call Music Vol. 23* and Oasis' *Stop The Clocks*.

Cash Flow

The following charts show Sony's unaudited condensed statements of cash flow 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 - Excluding Financial Services segment

	(Billions of yen, millions of U.S. dollars)			
	Nine months ended December 31			
Cash flow	2005	**2006**	Change in Yen	**2006**
- From operating activities	¥43.7	**(¥11.6)**	¥-55.3	**($97)**
- From investing activities	(203.9)	**(374.7)**	-170.7	**(3,149)**
- From financing activities	50.9	**305.6**	+254.7	**2,568**
Cash and cash equivalents at beginning of the fiscal year	519.7	**585.5**	+65.7	**4,920**
Cash and cash equivalents as of December 31	438.7	**510.9**	+72.2	**4,293**

Operating Activities: During the nine months ended December 31, 2006, although net income was recorded, cash flow from operating activities resulted in a net use of cash primarily due to an increase in notes and accounts receivable, trade, principally within the Electronics and Game segments.

Investing Activities: During the nine months ended December 31, 2006, although cash was generated primarily from the sale of a majority of Sony's holding in StylingLife, pursuant to Sony's planned gradual reduction in its stake in the company, cash was used by Sony within the Electronics segment primarily for the purchase of fixed assets, principally semiconductor manufacturing facilities, and part of the investment towards the manufacturing facilities for 8th generation TFT LCD panels at S-LCD.

As a result, the total amount of cash flow from operating activities and from investing activities during the nine months ended December 31, 2006 was a use of cash of ¥386.3 billion ($3,246 million).

Financing Activities: During the nine months ended December 31, 2006, although Sony redeemed a portion of its long-term debt including bonds and used cash to make dividend payments, financing was carried out through the issuance of commercial paper and syndicated bank loans.

Cash and Cash Equivalents: As a result of the above factors, the total balance of cash and cash equivalents, accounting for the effect of foreign currency exchange rate fluctuations, decreased ¥74.6 billion compared to March 31, 2006, and increased by ¥72.2 billion compared to December 31, 2005, to ¥510.9 billion ($4,293 million) as of December 31, 2006.

Cash Flow - Financial Services segment

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

	Nine months ended December 31			
Cash flow	2005	**2006**	Change in Yen	**2006**
- From operating activities	¥79.8	**¥170.3**	¥+90.5	**$1,431**
- From investing activities	(371.4)	**(199.0)**	+172.4	**(1,673)**
- From financing activities	208.7	**133.6**	-75.1	**1,123**
Cash and cash equivalents at beginning of the fiscal year	259.4	**117.6**	-141.7	**988**
Cash and cash equivalents as of December 31	176.4	**222.4**	+46.0	**1,869**

Operating Activities: Net cash from operating activities was generated mainly due to an increase in revenue from insurance premiums, reflecting primarily an increase in insurance-in-force at Sony Life.

Investing Activities: Sony Life carried out investments primarily in Japanese fixed income securities.

Financing Activities: Despite a decrease in the balance of call money within the banking business, net cash from financing activities was generated as a result of an increase in policyholders' accounts at Sony Life and an increase in deposits from customers in the banking business.

Cash and Cash Equivalents: As a result of the above, cash and cash equivalents increased ¥104.8 billion compared to March 31, 2006, and increased ¥46.0 billion compared to December 31, 2005, to ¥222.4 billion ($1,869 million) as of December 31, 2006.

Notes

Note I: During the quarter ended December 31, 2006, the average value of the yen was ¥116.8 against the U.S. dollar and ¥150.4 against the Euro, which was 0.4% lower against the U.S. dollar and 8.3% lower against the Euro, compared with the average rates for the same quarter of the previous fiscal year. Operating results on a local currency basis described herein reflect sales and operating income obtained by applying the yen's monthly average exchange rate in the same quarter of the previous fiscal year to local currency-denominated monthly sales, cost of sales, and selling, general and administrative expenses in the current quarter. Local currency basis results are not reflected in Sony's financial statements and are not measures conforming with U.S. GAAP. In addition, Sony does not believe that these measures are a substitute for U.S. GAAP measures. However, Sony believes that local currency basis results provide additional useful analytical information to investors regarding operating performance.

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

Outlook for the Fiscal Year ending March 31, 2007

Sony's consolidated results forecast for the fiscal year ending March 31, 2007, as announced on October 19, 2006, has been revised as per the table below:

	Current Forecast	Change from October Forecast	October Forecast
Sales and operating revenue	¥8,230 billion	No Change	¥8,230 billion
Operating income	60 billion	+20%	50 billion
(Restructuring charges recorded as operating expenses	30 billion	-25%	40 billion)
Income before income taxes	80 billion	+14%	70 billion
Equity in net income of affiliated companies	60 billion	+50%	40 billion
Net income	110 billion	+38%	80 billion

*Assumed foreign currency exchange rates for the fourth quarter: approximately ¥117 to the U.S. dollar and approximately ¥153 to the Euro.

The principal reasons for the revision are as follows:

1. As a result of the strong performance of the Electronics segment during the third quarter, operating results for the segment are trending higher than anticipated at the time of our previous forecast in October 2006.

2. Despite the continued favorable performance of the PS2 business, the overall performance of the Game segment is trending below that anticipated at the time of our previous forecast in October 2006 due to lower than expected sales from the PSP business and higher than anticipated charges associated with the launch of the PS3 platform.

3. Restructuring charges, recorded as operating expenses, are now forecast to be ¥30 billion, compared to an anticipated ¥40 billion of restructuring charges included in the October forecast. This reduction was a result of a revision to the timing of business rationalization scheduled to be carried out in several business areas.

4. Equity in net income of affiliated companies is now forecast to be ¥60 billion, compared to the October forecast of ¥40 billion. This revision is the result of the favorable performance of Sony Ericsson.

Our forecast for capital expenditures, depreciation and amortization or research and development expenses, as per the table below, is unchanged from the forecast of July 27, 2006.

	Forecast	Change from previous fiscal year
Capital expenditures (additions to fixed assets)	¥460 billion	+20%
Depreciation and amortization*	410 billion	+7
(Depreciation expenses for tangible assets	340 billion	+9)

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

Research and development expenses	550 billion	+3

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," "aim," "may" or "might" and words of similar meaning in connection with a discussion of future operations, financial performance, events or conditions. From time to time, oral or written forward-looking statements may also be included in other materials released to the public. These statements are based on management's assumptions and beliefs in light of the information currently available to it. Sony cautions you that a number of important risks and uncertainties could cause actual results to differ materially from those discussed in the forward-looking statements, and therefore you should not place undue reliance on them. You also should not rely on any obligation of Sony to update or revise any forward-looking statements, whether as a result of new information, future events or otherwise. Sony disclaims any such obligation. Risks and uncertainties that might affect Sony include, but are not limited to (i) the global economic environment in which Sony operates, as well as the economic conditions in Sony's markets, particularly levels of consumer spending; (ii) exchange rates, particularly between the yen and the U.S. dollar, the Euro and other currencies in which Sony makes significant sales or in which Sony's assets and liabilities are denominated; (iii) Sony's ability to continue to design and develop and win acceptance of, as well as achieve sufficient cost reductions for, its products and services including newly introduced platforms within the Game segment, 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 and Pictures segments, and music business); (iv) Sony's ability to recoup large-scale investment required for technology development and increasing production capacity; (v) Sony's ability to implement successfully personnel reduction and other business reorganization activities in its Electronics segment; (vi) Sony's ability to implement successfully its network strategy for its Electronics, Game and Pictures segments and All Other, including the music business, and to develop and implement successful sales and distribution strategies in its Pictures segment and music business in light of the Internet and other technological developments; (vii) 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); (viii) shifts in customer demand for financial services such as life insurance and Sony's ability to conduct successful Asset Liability Management in the Financial Services segment; and (ix) the success of Sony's joint ventures and alliances. Risks and uncertainties also include the impact of any future events with material unforeseen impacts.

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Business Segment Information (Unaudited)

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

Sales and operating revenue	Third quarter ended December 31 2005	2006	Change	2006
Electronics				
Customers	¥ 1,483,592	¥ **1,638,560**	+10.4 %	$ **13,769**
Intersegment	117,921	**234,098**		**1,968**
Total	1,601,513	**1,872,658**	+16.9	**15,737**
Game				
Customers	402,925	**424,331**	+5.3	**3,566**
Intersegment	16,321	**18,468**		**155**
Total	419,246	**442,799**	+5.6	**3,721**
Pictures				
Customers	202,241	**296,955**	+46.8	**2,495**
Intersegment	—	—		—
Total	202,241	**296,955**	+46.8	**2,495**
Financial Services				
Customers	184,586	**167,060**	-9.5	**1,404**
Intersegment	5,805	**5,850**		**49**
Total	190,391	**172,910**	-9.2	**1,453**
All Other				
Customers	101,742	**80,769**	-20.6	**679**
Intersegment	20,934	**18,491**		**155**
Total	122,676	**99,260**	-19.1	**834**
Elimination	(160,981)	**(276,907)**	—	**(2,327)**
Consolidated total	¥ 2,375,086	¥ **2,607,675**	+9.8 %	$ **21,913**

Electronics intersegment amounts primarily consist of transactions with the Game segment, Pictures segment and All Other.
All Other intersegment amounts primarily consist of transactions with the Electronics and Game segments.

Operating income (loss)	2005	2006	Change	2006
Electronics	¥ 87,487	¥ **177,394**	+102.8 %	$ **1,491**
Game	67,819	**(54,168)**	—	**(455)**
Pictures	(378)	**26,238**	—	**220**
Financial Services	47,048	**25,470**	-45.9	**214**
All Other	16,343	**13,908**	-14.9	**117**
Total	218,319	**188,842**	-13.5	**1,587**
Corporate and elimination	(7,974)	**(9,935)**	—	**(84)**
Consolidated total	¥ 210,345	¥ **178,907**	-14.9 %	$ **1,503**

Commencing with the third quarter ended December 31, 2006, Sony has partly realigned its business segment configuration. In accordance with this change, results of the previous fiscal year have been reclassified to conform to the presentation for the quarter ended December 31, 2006.

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

Sales and operating revenue	Nine months ended December 31 2005	2006	Change	2006
Electronics				
Customers	¥ 3,614,003	¥ **4,147,247**	+14.8 %	$ **34,851**
Intersegment	339,193	**375,738**		**3,157**
Total	3,953,196	**4,522,985**	+14.4	**38,008**
Game				
Customers	772,396	**703,928**	-8.9	**5,915**
Intersegment	33,874	**31,680**		**266**
Total	806,270	**735,608**	-8.8	**6,181**
Pictures				
Customers	505,477	**679,859**	+34.5	**5,713**
Intersegment	—	**—**		**—**
Total	505,477	**679,859**	+34.5	**5,713**
Financial Services				
Customers	503,277	**447,798**	-11.0	**3,763**
Intersegment	16,810	**17,314**		**146**
Total	520,087	**465,112**	-10.6	**3,909**
All Other				
Customers	259,700	**227,258**	-12.5	**1,910**
Intersegment	59,729	**50,894**		**428**
Total	319,429	**278,152**	-12.9	**2,338**
Elimination	(449,606)	**(475,626)**	—	**(3,997)**
Consolidated total	¥ 5,654,853	¥ **6,206,090**	+9.7 %	$ **52,152**

Electronics intersegment amounts primarily consist of transactions with the Game segment, Pictures segment and All Other.
All Other intersegment amounts primarily consist of transactions with the Electronics and Game segments.

Operating income (loss)	2005	2006	Change	2006
Electronics	¥ 88,475	¥ **230,880**	+161.0 %	$ **1,940**
Game	70,144	**(124,498)**	—	**(1,046)**
Pictures	(2,765)	**9,796**	—	**82**
Financial Services	109,017	**54,616**	-49.9	**459**
All Other	29,473	**26,971**	-8.5	**227**
Total	294,344	**197,765**	-32.8	**1,662**
Corporate and elimination	(16,026)	**(12,643)**	—	**(106)**
Consolidated total	¥ 278,318	¥ **185,122**	-33.5 %	$ **1,556**

Commencing with the third quarter ended December 31, 2006, Sony has partly realigned its business segment configuration.
In accordance with this change, results of the first half of the current fiscal year and the previous fiscal year have been reclassified to conform to the presentation for the quarter ended December 31, 2006.

Electronics Sales and Operating Revenue to Customers by Product Category

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

Sales and operating revenue	Third quarter ended December 31 2005	2006	Change	2006
Audio	¥ 184,559	¥ **174,689**	-5.3 %	$ **1,468**
Video	313,082	**355,433**	+13.5	**2,987**
Televisions	359,248	**420,817**	+17.1	**3,536**
Information and Communications	220,157	**256,724**	+16.6	**2,157**
Semiconductors	44,695	**52,199**	+16.8	**439**
Components	226,580	**227,588**	+0.4	**1,912**
Other	135,271	**151,110**	+11.7	**1,270**
Total	¥ 1,483,592	¥ **1,638,560**	+10.4 %	$ **13,769**

Sales and operating revenue	Nine months ended December 31 2005	2006	Change	2006
Audio	¥ 431,503	¥ **412,636**	-4.4 %	$ **3,467**
Video	812,041	**908,534**	+11.9	**7,635**
Televisions	680,725	**934,357**	+37.3	**7,852**
Information and Communications	589,317	**690,215**	+17.1	**5,800**
Semiconductors	127,602	**152,672**	+19.6	**1,283**
Components	602,513	**653,659**	+8.5	**5,493**
Other	370,302	**395,174**	+6.7	**3,321**
Total	¥ 3,614,003	¥ **4,147,247**	+14.8 %	$ **34,851**

The above table is a breakdown of Electronics sales and operating revenue to customers in the Business Segment Information on pages F-1 and F-2. 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.

Commencing April 1, 2006, Sony has partly realigned its product category configuration in the Electronics segment. Accordingly, results for the same period of the previous fiscal year have been reclassified. The primary change is as shown below;

Main Product	Previous Product Category		New Product Category
Low-temperature polysilicon thin film transistor LCD	"Semiconductors"	→	"Components"
Chemical component	"Other"	→	"Components"

Geographic Segment Information (Unaudited)

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

Sales and operating revenue	Third quarter ended December 31 2005	2006	Change	2006
Japan	¥ 618,438	¥ **609,734**	-1.4 %	$ **5,124**
United States	659,222	**763,651**	+15.8	**6,417**
Europe	619,481	**682,402**	+10.2	**5,734**
Other Areas	477,945	**551,888**	+15.5	**4,638**
Total	¥ 2,375,086	¥ **2,607,675**	+9.8 %	$ **21,913**

Sales and operating revenue	Nine months ended December 31 2005	2006	Change	2006
Japan	¥ 1,607,434	¥ **1,583,365**	-1.5 %	$ **13,306**
United States	1,514,000	**1,691,037**	+11.7	**14,210**
Europe	1,319,516	**1,498,273**	+13.5	**12,591**
Other Areas	1,213,903	**1,433,415**	+18.1	**12,045**
Total	¥ 5,654,853	¥ **6,206,090**	+9.7 %	$ **52,152**

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

Consolidated Statements of Income (Unaudited)

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

	Third quarter ended December 31			
	2005	**2006**	Change	**2006**
Sales and operating revenue:			%	
Net sales	¥ 2,165,618	**¥ 2,413,485**		**$ 20,281**
Financial service revenue	184,586	**167,060**		**1,404**
Other operating revenue	24,882	**27,130**		**228**
	2,375,086	**2,607,675**	+9.8	**21,913**
Costs and expenses:				
Cost of sales	1,574,321	**1,820,172**		**15,296**
Selling, general and administrative	447,277	**470,346**		**3,952**
Financial service expenses	137,337	**141,621**		**1,190**
(Gain) loss on sale, disposal or impairment of assets, net	5,806	**(3,371)**		**(28)**
	2,164,741	**2,428,768**		**20,410**
Operating income	210,345	**178,907**	-14.9	**1,503**
Other income:				
Interest and dividends	6,633	**5,914**		**50**
Gain on sale of securities investments, net	2,447	**4,867**		**41**
Gain on change in interest in subsidiaries and equity investees	18,946	**11,377**		**96**
Other	5,254	**2,533**		**21**
	33,280	**24,691**		**208**
Other expenses:				
Interest	7,983	**9,064**		**76**
Loss on devaluation of securities investments	171	**294**		**2**
Foreign exchange loss, net	2,223	**10,309**		**87**
Other	7,342	**4,116**		**35**
	17,719	**23,783**		**200**
Income before income taxes	225,906	**179,815**	-20.4	**1,511**
Income taxes	75,749	**61,530**		**517**
Income before minority interest and equity in net income of affiliated companies	150,157	**118,285**	-21.2	**994**
Minority interest in income of consolidated subsidiaries	715	**1,369**		**12**
Equity in net income of affiliated companies	19,502	**43,001**		**362**
Net income	¥ 168,944	**¥ 159,917**	-5.3	**$ 1,344**
Per share data:				
Common stock				
Net income				
— Basic	¥ 169.36	**¥ 159.70**	-5.7	**$ 1.34**
— Diluted	161.60	**152.49**	-5.6	**1.28**

	(Millions of yen, millions of U.S. dollars, except per share amounts)			
	Nine months ended December 31			
	2005	**2006**	Change	**2006**
Sales and operating revenue:			%	
Net sales	¥ 5,080,764	**¥ 5,680,568**		**$ 47,736**
Financial service revenue	503,277	**447,798**		**3,763**
Other operating revenue	70,812	**77,724**		**653**
	5,654,853	**6,206,090**	+9.7	**52,152**
Costs and expenses:				
Cost of sales	3,850,900	**4,318,663**		**36,291**
Selling, general and administrative	1,097,032	**1,303,483**		**10,954**
Financial service expenses	394,202	**393,195**		**3,304**
Loss on sale, disposal or impairment of assets, net	34,401	**5,627**		**47**
	5,376,535	**6,020,968**		**50,596**
Operating income	278,318	**185,122**	-33.5	**1,556**
Other income:				
Interest and dividends	17,476	**17,856**		**150**
Gain on sale of securities investments, net	8,847	**9,319**		**79**
Gain on change in interest in subsidiaries and equity investees	57,477	**31,452**		**264**
Other	16,080	**12,964**		**109**
	99,880	**71,591**		**602**
Other expenses:				
Interest	19,964	**20,449**		**172**
Loss on devaluation of securities investments	3,115	**1,044**		**9**
Foreign exchange loss, net	3,289	**13,803**		**116**
Other	17,638	**13,696**		**115**
	44,006	**48,992**		**412**
Income before income taxes	334,192	**207,721**	-37.8	**1,746**
Income taxes	152,943	**78,746**		**662**
Income before minority interest and equity in net income of affiliated companies	181,249	**128,975**	-28.8	**1,084**
Minority interest in income (loss) of consolidated subsidiaries	(1,093)	**1,431**		**12**
Equity in net income of affiliated companies	7,807	**66,344**		**557**
Net income	¥ 190,149	**¥ 193,888**	+2.0	**$ 1,629**
Per share data:				
Common stock				
Net income				
— Basic	¥ 189.45	**¥ 193.64**	+2.2	**$ 1.63**
— Diluted	180.76	**184.81**	+2.2	**1.55**

Consolidated Balance Sheets (Unaudited)

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

ASSETS	December 31 2005	March 31 2006	**December 31 2006**	**December 31 2006**
Current assets:				
Cash and cash equivalents	¥ 615,072	¥ 703,098	**¥ 733,323**	**$ 6,162**
Marketable securities	527,689	536,968	**488,585**	**4,106**
Notes and accounts receivable, trade	1,448,520	1,075,071	**1,811,216**	**15,220**
Allowance for doubtful accounts and sales returns	(100,516)	(89,563)	**(112,641)**	**(947)**
Inventories	751,545	804,724	**966,205**	**8,119**
Deferred income taxes	177,123	221,311	**247,536**	**2,080**
Prepaid expenses and other current assets	570,661	517,915	**705,928**	**5,934**
	3,990,094	3,769,524	**4,840,152**	**40,674**
Film costs	371,895	360,372	**337,616**	**2,837**
Investments and advances:				
Affiliated companies	299,996	285,870	**445,544**	**3,744**
Securities investments and other	3,083,230	3,234,037	**3,382,862**	**28,427**
	3,383,226	3,519,907	**3,828,406**	**32,171**
Property, plant and equipment:				
Land	182,297	178,844	**173,262**	**1,456**
Buildings	954,464	926,783	**1,002,042**	**8,421**
Machinery and equipment	2,370,265	2,327,676	**2,477,664**	**20,821**
Construction in progress	76,774	116,149	**61,754**	**519**
Less-Accumulated depreciation	(2,202,122)	(2,160,905)	**(2,262,609)**	**(19,014)**
	1,381,678	1,388,547	**1,452,113**	**12,203**
Other assets:				
Intangibles, net	194,959	207,034	**215,145**	**1,808**
Goodwill	296,601	299,024	**301,643**	**2,535**
Deferred insurance acquisition costs	389,933	383,156	**394,527**	**3,315**
Deferred income taxes	183,349	178,751	**156,032**	**1,311**
Other	474,700	501,438	**415,227**	**3,489**
	1,539,542	1,569,403	**1,482,574**	**12,458**
	¥ 10,666,435	¥ 10,607,753	**¥ 11,940,861**	**$ 100,343**
LIABILITIES AND STOCKHOLDERS' EQUITY				
Current liabilities:				
Short-term borrowings	¥ 198,969	¥ 142,766	**¥ 316,203**	**$ 2,657**
Current portion of long-term debt	200,763	193,555	**45,304**	**381**
Notes and accounts payable, trade	925,997	813,332	**1,174,004**	**9,866**
Accounts payable, other and accrued expenses	828,850	854,886	**971,932**	**8,167**
Accrued income and other taxes	93,721	87,295	**54,484**	**458**
Deposits from customers in the banking business	601,446	599,952	**717,528**	**6,030**
Other	487,502	508,442	**480,118**	**4,034**
	3,337,248	3,200,228	**3,759,573**	**31,593**
Long-term liabilities:				
Long-term debt	650,514	764,898	**1,003,159**	**8,430**
Accrued pension and severance costs	222,834	182,247	**170,501**	**1,433**
Deferred income taxes	193,193	216,497	**254,331**	**2,137**
Future insurance policy benefits and other	2,680,265	2,744,321	**2,960,559**	**24,879**
Other	248,953	258,609	**290,970**	**2,444**
	3,995,759	4,166,572	**4,679,520**	**39,323**
Minority interest in consolidated subsidiaries	37,014	37,101	**41,967**	**353**
Stockholders' equity:				
Capital stock	621,775	624,124	**625,305**	**5,255**
Additional paid-in capital	1,134,289	1,136,638	**1,140,639**	**9,585**
Retained earnings	1,681,691	1,602,654	**1,780,228**	**14,960**
Accumulated other comprehensive income	(138,330)	(156,437)	**(82,928)**	**(697)**
Treasury stock, at cost	(3,011)	(3,127)	**(3,443)**	**(29)**
	3,296,414	3,203,852	**3,459,801**	**29,074**
	¥ 10,666,435	¥ 10,607,753	**¥ 11,940,861**	**$ 100,343**

Consolidated Statements of Cash Flows (Unaudited)

	2005	2006	2006
	(Millions of yen, millions of U.S. dollars)		
	Nine months ended December 31		
Cash flows from operating activities:			
Net income	¥ 190,149	¥ **193,888**	$ **1,629**
Adjustments to reconcile net income to net cash provided by operating activities:			
Depreciation and amortization, including amortization of deferred insurance acquisition costs	278,259	**284,854**	**2,394**
Amortization of film costs	190,603	**261,327**	**2,196**
Accrual for pension and severance costs, less payments	(4,146)	**(8,109)**	**(68)**
Gain on the transfer to the Japanese Government of the substitutional portion of employee pension fund, net	(73,472)	**-**	**-**
Loss on sale, disposal or impairment of assets, net	34,401	**5,627**	**47**
Gain on sale or loss on devaluation of securities investments, net	(5,732)	**(8,275)**	**(70)**
Gain on evaluation of marketable securities held in the financial service business for trading purpose, net	(42,919)	**(10,756)**	**(89)**
Gain on change in interest in subsidiaries and equity investees	(57,477)	**(31,452)**	**(264)**
Deferred income taxes	80,709	**26,418**	**222**
Equity in net income of affiliated companies, net of dividends	(4,160)	**(64,226)**	**(540)**
Changes in assets and liabilities:			
Increase in notes and accounts receivable, trade	(325,032)	**(664,338)**	**(5,583)**
Increase in inventories	(90,694)	**(139,796)**	**(1,175)**
Increase in film costs	(251,836)	**(236,775)**	**(1,990)**
Increase in notes and accounts payable, trade	104,058	**351,645**	**2,955**
Increase (Decrease) in accrued income and other taxes	27,061	**(20,579)**	**(173)**
Increase in future insurance policy benefits and other	110,014	**127,210**	**1,069**
Increase in deferred insurance acquisition costs	(47,667)	**(46,133)**	**(388)**
(Increase) Decrease in marketable securities held in the financial service business for trading purpose	(29,896)	**16,969**	**143**
Increase in other current assets	(66,110)	**(82,246)**	**(691)**
Increase in other current liabilities	101,471	**120,176**	**1,010**
Other	6,678	**81,396**	**684**
Net cash provided by operating activities	124,262	**156,825**	**1,318**
Cash flows from investing activities:			
Payments for purchases of fixed assets	(326,200)	**(410,217)**	**(3,447)**
Proceeds from sales of fixed assets	11,632	**41,580**	**349**
Payments for investments and advances by financial service business	(1,061,286)	**(651,961)**	**(5,479)**
Payments for investments and advances (other than financial service business)	(20,944)	**(92,163)**	**(774)**
Proceeds from maturities of marketable securities, sales of securities investments and collections of advances by financial service business	722,132	**488,153**	**4,102**
Proceeds from maturities of marketable securities, sales of securities investments and collections of advances (other than financial service business)	22,202	**15,415**	**130**
Proceeds from sales of subsidiaries' and equity investees' stocks	72,045	**43,157**	**362**
Other	(198)	**(1,349)**	**(11)**
Net cash used in investing activities	(580,617)	**(567,385)**	**(4,768)**
Cash flows from financing activities:			
Proceeds from issuance of long-term debt	127,653	**267,085**	**2,244**
Payments of long-term debt	(132,776)	**(179,492)**	**(1,508)**
Increase in short-term borrowings	73,731	**256,577**	**2,156**
Increase in deposits from customers in the financial service business	160,348	**206,420**	**1,735**
Increase (Decrease) in call money and bills sold in the banking business	52,800	**(92,700)**	**(779)**
Dividends paid	(24,853)	**(25,085)**	**(211)**
Other	7,182	**1,916**	**16**
Net cash provided by financing activities	264,085	**434,721**	**3,653**
Effect of exchange rate changes on cash and cash equivalents	28,239	**6,064**	**51**
Net increase (decrease) in cash and cash equivalents	(164,031)	**30,225**	**254**
Cash and cash equivalents at beginning of the fiscal year	779,103	**703,098**	**5,908**
Cash and cash equivalents at December 31	¥ 615,072	¥ **733,323**	$ **6,162**

(Notes)

1. U.S. dollar amounts have been translated from yen, for convenience only, at the rate of ¥119 = U.S. $1, the approximate Tokyo foreign exchange market rate as of December 29, 2006.

2. As of December 31, 2006, Sony had 949 consolidated subsidiaries (including variable interest entities). It has applied the equity accounting method in respect to 61 affiliated companies.

3. Prior to December 1, 2005, Sony calculated and presented per share data separately for Sony's common stock and for the subsidiary tracking stock applying "two-class" method based on Statement of Financial Accounting Standards ("FAS") No.128, "Earnings per Share". On October 26, 2005, the Board of Directors of Sony Corporation decided to terminate all shares of subsidiary tracking stock with the method of compulsory conversion to shares of Sony's common stock. All shares of subsidiary tracking stock were converted to shares of Sony's common stock on December 1, 2005. As a result of the conversion, earnings per share of the subsidiary tracking stock has not been presented since the third quarter of the fiscal year ended March 31, 2006.

   Weighted-average number of outstanding shares used for computation of earnings per share of common stock are as follows. The dilutive effect in the weighted-average number of outstanding shares mainly resulted from convertible bonds.

Weighted-average number of outstanding shares	(Thousands of shares) Third quarter ended December 31	
	2005	**2006**
Net income		
— Basic	997,683	**1,001,333**
— Diluted	1,045,558	**1,048,692**

Weighted-average number of outstanding shares	(Thousands of shares) Nine months ended December 31	
	2005	**2006**
Net income		
— Basic	996,764	**1,001,276**
— Diluted	1,044,546	**1,049,130**

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 and comprehensive income for the third quarter and the nine months of the fiscal year ended March 31, 2006 and for the third quarter and the nine months of the fiscal year ending March 31, 2007 were as follows:

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

	Third quarter ended December 31			**Nine months ended December 31**		
	2005	**2006**	**2006**	2005	**2006**	**2006**
Net income	¥ 168,944	**¥ 159,917**	**$ 1,344**	¥ 190,149	**¥ 193,888**	**$ 1,629**
Other comprehensive income :						
Unrealized gains (losses) on securities	49,614	**3,515**	**29**	82,588	**(18,174)**	**(153)**
Unrealized gains (losses) on derivative instruments	272	**947**	**8**	1,004	**(79)**	**(0)**
Minimum pension liabilities adjustments	(3)	**(1,906)**	**(16)**	31,429	**(4,553)**	**(38)**
Foreign currency translation adjustments	78,443	**59,138**	**497**	132,324	**96,315**	**809**
	128,326	**61,694**	**518**	247,345	**73,509**	**618**
Comprehensive income	¥ 297,270	**¥ 221,611**	**$ 1,862**	¥ 437,494	**¥ 267,397**	**$ 2,247**

5. Effective April 1, 2006, Sony reclassified royalty income as a component of sales and operating revenue, rather than as a component of other income as previously recorded. In connection with this reclassification, sales and operating revenue, operating income and other income for the third quarter and the nine months of the fiscal year ended March 31, 2006 have been reclassified to conform with the presentation of these items for the third quarter and the nine months of the fiscal year ending March 31, 2007. Royalty income for the third quarter and the nine months of the fiscal year ended March 31, 2006 was ¥7,529 million and ¥24,878 million, respectively. Royalty income for the third quarter and the nine months of the fiscal year ending March 31, 2007 was ¥9,548 million and ¥25,492 million, respectively. These amounts were recorded primarily within the Electronics segment.

6. In December 2004, the Financial Accounting Standards Board ("FASB") issued FAS No. 123 (revised 2004), "Share-Based Payment" ("FAS No. 123(R)"). This statement requires the use of the fair value based method of accounting for employee stock-based compensation and eliminates the alternative to use of the intrinsic value method prescribed by APB No. 25. With limited exceptions, FAS No. 123(R) requires that the grant-date fair value of share-based payments to employees be expensed over the period the service is received. Sony had accounted for its employee stock-based compensation in accordance with the intrinsic value method prescribed by APB No. 25 and its related interpretations and had disclosed the net effect on net income and net income per share allocated to the common stock if Sony had applied the fair value recognition provisions of FAS No. 123 to stock-based compensation. Sony adopted FAS No. 123(R) on April 1, 2006. Sony elected the modified prospective method of transition prescribed in FAS No. 123(R), which requires that compensation expense be recorded for all unvested stock acquisition rights as the requisite service is rendered beginning with the first period of adoption. As a result of adoption of FAS No. 123(R), Sony's operating income decreased ¥693 million and ¥2,090 million for the third quarter and the nine months of the fiscal year ending March 31, 2007, respectively.

7. In February 2006, the FASB issued FAS No. 155, "Accounting for Certain Hybrid Financial Instruments", an amendment of FAS No. 133 and FAS No. 140. This statement permits an entity to elect fair value remeasurement for any hybrid financial instrument if the hybrid instrument contains an embedded derivative that would otherwise be required to be bifurcated and accounted for separately under FAS No. 133. The election to measure the hybrid instrument at fair value is made on an instrument-by-instrument basis and is irreversible. The statement is effective for all financial instruments acquired, issued, or subject to a remeasurement event occurring after the beginning of an entity's fiscal years beginning after September 15, 2006, with earlier adoption permitted as of the beginning of fiscal year, provided that financial statements for any interim period of that fiscal year have not been issued. Sony early adopted FAS No. 155 on April 1, 2006. As a result of adoption of FAS No. 155, Sony's operating income increased approximately ¥0.4 billion and ¥0.5 billion for the third quarter and the nine months of the fiscal year ending March 31, 2007, respectively. Additionally, on April 1, 2006, Sony recognized ¥3,785 million of loss (net of income taxes of ¥2,148 million) as a cumulative-effect adjustment to beginning retained earnings.

Other Consolidated Financial Data

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

	Third quarter ended December 31			
	2005	**2006**	Change	**2006**
Capital expenditures (additions to property, plant and equipment)	¥ 76,139	¥ **87,965**	+15.5%	$ **739**
Depreciation and amortization expenses*	96,843	**99,935**	+ 3.2	**840**
(Depreciation expenses for tangible assets)	(79,780)	**(80,477)**	+0.9	**(676)**
R&D expenses	121,668	**133,522**	+ 9.7	**1,122**

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

	Nine months ended December 31			
	2005	**2006**	Change	**2006**
Capital expenditures (additions to property, plant and equipment)	¥ 261,920	¥ **312,045**	+19.1%	$ **2,622**
Depreciation and amortization expenses*	278,259	**284,854**	+ 2.4	**2,394**
(Depreciation expenses for tangible assets)	(226,506)	**(225,969)**	-0.2	**(1,899)**
R&D expenses	371,425	**396,377**	+ 6.7	**3,331**

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

(Condensed Financial Services Financial Statements)

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.

Condensed Statements of Income (Unaudited)

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

Financial Services	Third quarter ended December 31			
	2005	**2006**	Change	**2006**
			%	
Financial service revenue	¥ 190,391	¥ **172,910**	-9.2	$ **1,453**
Financial service expenses	143,343	**147,440**	+2.9	**1,239**
Operating income	47,048	**25,470**	-45.9	**214**
Other income (expenses), net	1,412	**5,893**	+317.4	**50**
Income before income taxes	48,460	**31,363**	-35.3	**264**
Income taxes and other	17,086	**11,868**	-30.5	**100**
Net income	¥ 31,374	¥ **19,495**	-37.9	$ **164**

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

Sony without Financial Services	Third quarter ended December 31			
	2005	**2006**	Change	**2006**
			%	
Net sales and operating revenue	¥ 2,192,428	¥ **2,442,878**	+11.4	$ **20,528**
Costs and expenses	2,029,276	**2,289,791**	+12.8	**19,242**
Operating income	163,152	**153,087**	-6.2	**1,286**
Other income (expenses), net	14,294	**(4,634)**	—	**(38)**
Income before income taxes	177,446	**148,453**	-16.3	**1,248**
Income taxes and other	39,875	**8,031**	-79.9	**68**
Net income	¥ 137,571	¥ **140,422**	+2.1	$ **1,180**

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

Consolidated	Third quarter ended December 31			
	2005	**2006**	Change	**2006**
			%	
Financial service revenue	¥ 184,586	¥ **167,060**	-9.5	$ **1,404**
Net sales and operating revenue	2,190,500	**2,440,615**	+11.4	**20,509**
	2,375,086	**2,607,675**	+9.8	**21,913**
Costs and expenses	2,164,741	**2,428,768**	+12.2	**20,410**
Operating income	210,345	**178,907**	-14.9	**1,503**
Other income (expenses), net	15,561	**908**	-94.2	**8**
Income before income taxes	225,906	**179,815**	-20.4	**1,511**
Income taxes and other	56,962	**19,898**	-65.1	**167**
Net income	¥ 168,944	¥ **159,917**	-5.3	$ **1,344**

Condensed Statements of Income (Unaudited)

Financial Services

	2005	2006	Change	2006
	(Millions of yen, millions of U.S. dollars) Nine months ended December 31			
			%	
Financial service revenue	¥ 520,087	¥ **465,112**	-10.6	$ **3,909**
Financial service expenses	411,070	**410,496**	-0.1	**3,450**
Operating income	109,017	**54,616**	-49.9	**459**
Other income (expenses), net	24,646	**5,698**	-76.9	**48**
Income before income taxes	133,663	**60,314**	-54.9	**507**
Income taxes and other	49,325	**21,794**	-55.8	**183**
Net income	¥ 84,338	¥ **38,520**	-54.3	$ **324**

Sony without Financial Services

	2005	2006	Change	2006
	(Millions of yen, millions of U.S. dollars) Nine months ended December 31			
			%	
Net sales and operating revenue	¥ 5,157,684	¥ **5,765,255**	+11.8	$ **48,448**
Costs and expenses	4,989,392	**5,635,762**	+13.0	**47,360**
Operating income	168,292	**129,493**	-23.1	**1,088**
Other income (expenses), net	32,107	**24,025**	-25.2	**202**
Income before income taxes	200,399	**153,518**	-23.4	**1,290**
Income taxes and other	94,718	**(8,125)**	—	**(68)**
Net income	¥ 105,681	¥ **161,643**	+53.0	$ **1,358**

Consolidated

	2005	2006	Change	2006
	(Millions of yen, millions of U.S. dollars) Nine months ended December 31			
			%	
Financial service revenue	¥ 503,277	¥ **447,798**	-11.0	$ **3,763**
Net sales and operating revenue	5,151,576	**5,758,292**	+11.8	**48,389**
	5,654,853	**6,206,090**	+9.7	**52,152**
Costs and expenses	5,376,535	**6,020,968**	+12.0	**50,596**
Operating income	278,318	**185,122**	-33.5	**1,556**
Other income (expenses), net	55,874	**22,599**	-59.6	**190**
Income before income taxes	334,192	**207,721**	-37.8	**1,746**
Income taxes and other	144,043	**13,833**	-90.4	**117**
Net income	¥ 190,149	¥ **193,888**	+2.0	$ **1,629**

Condensed Balance Sheet (Unaudited)

Financial Services

ASSETS	December 31 2005	March 31 2006	**December 31 2006**	**December 31 2006**
	(Millions of yen, millions of U.S. dollars)			
Current assets:				
Cash and cash equivalents	¥ 176,411	¥ 117,630	¥ **222,442**	$ **1,869**
Marketable securities	523,612	532,895	**485,502**	**4,080**
Other	206,092	200,929	**303,162**	**2,548**
	906,115	851,454	**1,011,106**	**8,497**
Investments and advances	2,964,784	3,131,269	**3,298,833**	**27,721**
Property, plant and equipment	36,339	37,422	**39,214**	**330**
Other assets:				
Deferred insurance acquisition costs	389,933	383,156	**394,527**	**3,315**
Other	141,837	164,827	**107,280**	**901**
	531,770	547,983	**501,807**	**4,216**
	¥ 4,439,008	¥ 4,568,128	¥ **4,850,960**	$ **40,764**
LIABILITIES AND STOCKHOLDERS' EQUITY				
Current liabilities:				
Short-term borrowings	¥ 94,848	¥ 136,723	¥ **69,563**	$ **585**
Notes and accounts payable, trade	12,142	11,707	**14,935**	**126**
Deposits from customers in the banking business	601,446	599,952	**717,528**	**6,030**
Other	128,119	169,956	**134,785**	**1,131**
	836,555	918,338	**936,811**	**7,872**
Long-term liabilities:				
Long-term debt	134,785	128,097	**131,671**	**1,106**
Accrued pension and severance costs	13,614	13,479	**13,038**	**110**
Future insurance policy benefits and other	2,680,265	2,744,321	**2,960,559**	**24,879**
Other	189,180	170,294	**198,987**	**1,671**
	3,017,844	3,056,191	**3,304,255**	**27,766**
Minority interest in consolidated subsidiaries	4,054	4,089	**4,587**	**39**
Stockholders' equity	580,555	589,510	**605,307**	**5,087**
	¥ 4,439,008	¥ 4,568,128	¥ **4,850,960**	$ **40,764**

Sony without Financial Services

ASSETS	December 31 2005	March 31 2006	**December 31 2006**	**December 31 2006**
	(Millions of yen, millions of U.S. dollars)			
Current assets:				
Cash and cash equivalents	¥ 438,661	¥ 585,468	¥ **510,881**	$ **4,293**
Marketable securities	4,077	4,073	**3,083**	**26**
Notes and accounts receivable, trade	1,337,504	973,675	**1,676,464**	**14,088**
Other	1,334,372	1,393,306	**1,692,507**	**14,223**
	3,114,614	2,956,522	**3,882,935**	**32,630**
Film costs	371,895	360,372	**337,616**	**2,837**
Investments and advances	500,288	474,568	**614,597**	**5,165**
Investments in Financial Services, at cost	187,400	187,400	**187,400**	**1,575**
Property, plant and equipment	1,345,339	1,351,125	**1,412,900**	**11,873**
Other assets	1,079,943	1,056,726	**1,029,913**	**8,654**
	¥ 6,599,479	¥ 6,386,713	¥ **7,465,361**	$ **62,734**
LIABILITIES AND STOCKHOLDERS' EQUITY				
Current liabilities:				
Short-term borrowings	¥ 321,783	¥ 225,082	¥ **338,052**	$ **2,841**
Notes and accounts payable, trade	916,700	804,394	**1,160,617**	**9,753**
Other	1,296,755	1,299,809	**1,387,184**	**11,657**
	2,535,238	2,329,285	**2,885,853**	**24,251**
Long-term liabilities:				
Long-term debt	595,784	701,372	**927,711**	**7,796**
Accrued pension and severance costs	209,220	168,768	**157,463**	**1,323**
Other	323,070	352,457	**415,043**	**3,487**
	1,128,074	1,222,597	**1,500,217**	**12,606**
Minority interest in consolidated subsidiaries	32,571	32,623	**36,363**	**306**
Stockholders' equity	2,903,596	2,802,208	**3,042,928**	**25,571**
	¥ 6,599,479	¥ 6,386,713	¥ **7,465,361**	$ **62,734**

Consolidated	December 31	March 31	**December 31**	**December 31**
	(Millions of yen, millions of U.S. dollars)			
ASSETS	2005	2006	**2006**	**2006**
Current assets:				
Cash and cash equivalents	¥ 615,072	¥ 703,098	**¥ 733,323**	**$ 6,162**
Marketable securities	527,689	536,968	**488,585**	**4,106**
Notes and accounts receivable, trade	1,348,004	985,508	**1,698,575**	**14,273**
Other	1,499,329	1,543,950	**1,919,669**	**16,133**
	3,990,094	3,769,524	**4,840,152**	**40,674**
Film costs	371,895	360,372	**337,616**	**2,837**
Investments and advances	3,383,226	3,519,907	**3,828,406**	**32,171**
Property, plant and equipment	1,381,678	1,388,547	**1,452,113**	**12,203**
Other assets:				
Deferred insurance acquisition costs	389,933	383,156	**394,527**	**3,315**
Other	1,149,609	1,186,247	**1,088,047**	**9,143**
	1,539,542	1,569,403	**1,482,574**	**12,458**
	¥ 10,666,435	¥ 10,607,753	**¥ 11,940,861**	**$ 100,343**
LIABILITIES AND STOCKHOLDERS' EQUITY				
Current liabilities:				
Short-term borrowings	¥ 399,732	¥ 336,321	**¥ 361,507**	**$ 3,038**
Notes and accounts payable, trade	925,997	813,332	**1,174,004**	**9,866**
Deposits from customers in the banking business	601,446	599,952	**717,528**	**6,030**
Other	1,410,073	1,450,623	**1,506,534**	**12,659**
	3,337,248	3,200,228	**3,759,573**	**31,593**
Long-term liabilities:				
Long-term debt	650,514	764,898	**1,003,159**	**8,430**
Accrued pension and severance costs	222,834	182,247	**170,501**	**1,433**
Future insurance policy benefits and other	2,680,265	2,744,321	**2,960,559**	**24,879**
Other	442,146	475,106	**545,301**	**4,581**
	3,995,759	4,166,572	**4,679,520**	**39,323**
Minority interest in consolidated subsidiaries	37,014	37,101	**41,967**	**353**
Stockholders' equity	3,296,414	3,203,852	**3,459,801**	**29,074**
	¥ 10,666,435	¥ 10,607,753	**¥ 11,940,861**	**$ 100,343**

Condensed Statements of Cash Flows (Unaudited)

Financial Services

	(Millions of yen, millions of U.S. dollars) Nine months ended December 31		
	2005	**2006**	**2006**
Net cash provided by operating activities	¥ 79,798	¥ **170,258**	$ **1,431**
Net cash used in investing activities	(371,441)	**(199,042)**	**(1,673)**
Net cash provided by financing activities	208,683	**133,596**	**1,123**
Net increase (decrease) in cash and cash equivalents	(82,960)	**104,812**	**881**
Cash and cash equivalents at beginning of the fiscal year	259,371	**117,630**	**988**
Cash and cash equivalents at December 31	¥ 176,411	¥ **222,442**	$ **1,869**

Sony without Financial Services

	(Millions of yen, millions of U.S. dollars) Nine months ended December 31		
	2005	**2006**	**2006**
Net cash provided by (used in) operating activities	¥ 43,704	¥ **(11,574)**	$ **(97)**
Net cash used in investing activities	(203,931)	**(374,679)**	**(3,149)**
Net cash provided by financing activities	50,917	**305,602**	**2,568**
Effect of exchange rate changes on cash and cash equivalents	28,239	**6,064**	**51**
Net decrease in cash and cash equivalents	(81,071)	**(74,587)**	**(627)**
Cash and cash equivalents at beginning of the fiscal year	519,732	**585,468**	**4,920**
Cash and cash equivalents at December 31	¥ 438,661	¥ **510,881**	$ **4,293**

Consolidated

	(Millions of yen, millions of U.S. dollars) Nine months ended December 31		
	2005	**2006**	**2006**
Net cash provided by operating activities	¥ 124,262	¥ **156,825**	$ **1,318**
Net cash used in investing activities	(580,617)	**(567,385)**	**(4,768)**
Net cash provided by financing activities	264,085	**434,721**	**3,653**
Effect of exchange rate changes on cash and cash equivalents	28,239	**6,064**	**51**
Net increase (decrease) in cash and cash equivalents	(164,031)	**30,225**	**254**
Cash and cash equivalents at beginning of the fiscal year	779,103	**703,098**	**5,908**
Cash and cash equivalents at December 31	¥ 615,072	¥ **733,323**	$ **6,162**