SONY

News & Information

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Consolidated Financial Results for the Third Quarter Ended December 31, 2005

Tokyo, January 26, 2006 -- Sony Corporation today announced its consolidated results for the third quarter ended December 31, 2005 (October 1, 2005 to December 31, 2005).

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

	Third quarter ended December 31			
	2004	**2005**	Change in Yen	**2005***
Sales and operating revenue	¥2,148.2	**¥2,367.6**	+10.2%	**$20,064**
Operating income	138.2	**202.8**	+46.8	**1,719**
Income before income taxes	149.2	**225.9**	+51.4	**1,914**
Equity in net income of affiliated companies	2.3	**19.5**	+735.6	**165**
Net income	143.8	**168.9**	+17.5	**1,432**
Net income per share of common stock				
— Basic	¥155.32	**¥169.36**	+9.0	**$1.44**
— Diluted	138.08	**161.60**	+17.0	**1.37**

* U.S. dollar amounts have been translated from yen, for convenience only, at the rate of ¥118=U.S.$1, the approximate Tokyo foreign exchange market rate as of December 30, 2005.

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

Consolidated Results for the Third Quarter Ended December 31, 2005

Sales and operating revenue ("sales") increased by 10.2% compared with the same quarter of the previous fiscal year; on a local currency basis sales increased 3%. (For all references herein to results on a local currency basis, see Note I on page 7.)

Sales within the Electronics segment increased by 4.7% compared with the same quarter of the previous fiscal year (a 2% decrease on a local currency basis). In terms of product categories within the Electronics segment, sales of LCD televisions, LCD rear-projection televisions and flash memory and hard drive Walkman® digital audio players increased, while there was a decrease in sales of CRT and plasma televisions. In the Game segment, sales increased 48.3% as a result of the contribution from hardware and software sales of PSP® (PlayStation® Portable) ("PSP"). In the Pictures segment, sales decreased 0.4%, a 10% decrease on a U.S. dollar basis (please refer to the note regarding the Pictures segment on page 5), compared with the same quarter of the prior fiscal year primarily due to the significant home entertainment contribution of *Spider-Man 2* in the prior fiscal year's third quarter and lower theatrical revenues from the underperformance of *The Legend of Zorro* and *Zathura*. In the Financial Services segment, revenue increased by 31.3% compared to the same quarter of the previous fiscal year mainly due to an improvement in gains and losses on investments primarily at Sony Life Insurance Co., Ltd. ("Sony Life").

Operating income increased 46.8% (a 30% increase on a local currency basis) compared with the same quarter of the previous fiscal year. Within the Electronics segment, an improvement in the cost of sales ratio, as well as favorable foreign exchange rates, resulted in an increase in operating income. In the Game segment, operating income increased primarily due to the steady expansion of the PSP platform in all geographic areas. In the Pictures segment, a small operating loss was recorded due to the factors noted above for sales and operating revenue. In the Financial Services segment, there was a significant increase in operating income mainly attributable to the increase in gains on investments at Sony Life.

Restructuring charges, which were recorded as operating expenses, for the third quarter amounted to ¥14.7 billion ($125 million) compared to ¥10.5 billion in the same quarter of the previous fiscal year. In the Electronics segment, restructuring charges were ¥14.6 billion ($124 million) compared to ¥10.5 billion in the same quarter of the previous fiscal year.

Income before income taxes increased 51.4% compared to the same quarter of the previous fiscal year. An improvement in the net effect of other income and other expenses was mainly the result of a gain of ¥19.0 billion ($161 million) on the change in interest resulting from the initial public offering of Sony Communication Network Corporation (“SCN”).

Income taxes: During the third quarter of the current fiscal year, Sony recorded ¥75.7 billion ($642 million) of income tax expense, resulting in an effective tax rate of 33.5%. This effective tax rate was lower than the Japanese statutory tax rate primarily as a result of an increase in profits at foreign subsidiaries subject to lower rates of tax. In the same quarter of the previous fiscal year, valuation allowances at Sony’s U.S. subsidiaries were reversed resulting in an effective tax rate of 4.7%.

Equity in net income of affiliated companies of ¥19.5 billion ($165 million) was recorded, a ¥17.2 billion increase compared to the same quarter of the previous fiscal year.

Sony recorded equity income of ¥10.3 billion ($87 million) for SONY BMG MUSIC ENTERTAINMENT (“SONY BMG”) and ¥9.8 billion ($83 million) for Sony Ericsson Mobile Communications AB (“Sony Ericsson”). However, Sony also recorded equity in net loss of approximately ¥2.4 billion ($20 million) for Metro-Goldwyn-Mayer Inc. (“MGM”)*. The equity in net loss for MGM includes non-cash interest of ¥1.5 billion ($13 million) on cumulative preferred stock. This equity in net loss is subject to adjustment reflecting the final allocation of the purchase price for the acquisition. In addition, Sony recorded equity income of ¥1.0 billion ($8 million) for S-LCD Corporation, a joint-venture with Samsung Electronics Co., Ltd. (“S-LCD”).

**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.*

Net income, as a result, was ¥168.9 billion ($1,432 million), an increase of 17.5% compared to the same quarter of the previous fiscal year.

Operating Performance Highlights by Business Segment

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

In connection with the establishment of this joint venture, Sony’s non-Japan based disc manufacturing and physical distribution businesses, formerly included within the Music segment, have been reclassified to the Electronics segment to recognize the new management reporting structure whereby Sony’s Electronics segment has now assumed responsibility for these businesses. Effective April 1, 2005, a similar change was made with respect to Sony’s Japan based disc manufacturing business. Results for the three and nine month periods ended December 31, 2004 in the Electronics segment have been restated to account for these reclassifications.

Effective April 1, 2005, Sony no longer breaks out its music business as a reportable segment as it no longer meets the materiality threshold. Accordingly, the results for Sony’s music business are now included within the Other segment and the prior fiscal year’s *results have been reclassified to the Other segment for comparative purposes. Results for the three and nine month periods ended December 31, 2005 and the three month period ended December 31, 2004 in the Other segment include the results of Sony Music Entertainment Inc.'s ("SMEI") music publishing business and Sony Music Entertainment (Japan) Inc. ("SMEJ"), excluding Sony's Japan based disc manufacturing business which, as noted above, has been reclassified to the Electronics segment. However, results for the nine month period ended December 31, 2004 in the Other segment include the consolidated results for SMEI's recorded music business for the period through August 1, 2004, as well as the results for SMEI's music publishing business and SMEJ excluding Sony's Japan based disc manufacturing business.*

Electronics

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

	Third quarter ended December 31			
	2004	**2005**	Change in Yen	**2005**
Sales and operating revenue	¥1,524.6	¥1,595.8	+4.7%	$13,523
Operating income	50.5	78.9	+56.2	668

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

Sales increased by 4.7% compared to the same quarter of the previous fiscal year (a 2% decrease on a local currency basis). Sales to outside customers increased 2.5% compared to the same quarter of the previous fiscal year. There was an increase in sales of several products including LCD televisions, following the launch of the new BRAVIA™ models, which experienced increased sales in all geographic areas, as well as LCD rear-projection televisions, which saw increased sales in the U.S., and flash memory and hard drive Walkman digital audio players, which saw increased sales in all geographic areas. On the other hand, there was a decline in sales of CRT televisions which experienced a continued shift in demand towards flat panel televisions, as well as plasma televisions, which faced intense business competition. By geographic area, declining sales in Japan and Europe were offset by increased sales in Other Areas and the U.S.

Operating income increased by ¥28.4 billion or 56.2% compared with the same quarter of the previous fiscal year, due to an improvement in the cost of sales ratio associated with enhanced product appeal and cost reductions, as well as favorable foreign exchange rates. With regard to products within the Electronics segment, products which had a positive impact on operating income included "VAIO" PCs, which experienced an increase in operating profit margin mainly due to favorable notebook PC sales and cost reductions, "Handycam®" video cameras, which experienced an increase in sales of DVD and high definition video cameras, and broadcast-use equipment, which experienced good sales performance of high definition broadcast production equipment. On the other hand, CRT televisions experienced a decrease in operating income due to a significant decrease in sales.

Inventory, as of December 31, 2005, was ¥598.8 billion ($5,075 million), a ¥27.9 billion, or 4.9%, increase compared with the level as of December 31, 2004 and a ¥43.6 billion, or 6.8%, decrease compared with the level as of September 30, 2005.

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 (loss) of affiliated companies.

Sales for the quarter were Euro 2,310 million, an increase of Euro 305 million, or 15%, compared with the same quarter of the previous fiscal year, boosted by hit models such as camera phones and "Walkman" phones. Units shipped in the quarter reached 16.1 million, a 28% increase compared to the same period last fiscal year. Income before taxes was Euro 206 million and net income was Euro 144 million, which represents a year-on-year increase of Euro 66 million, or 47%, and Euro 89 million, or 162%, respectively. As a result, equity in net income of ¥9.8 billion ($83 million) was recorded by Sony.

Game

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

	Third quarter ended December 31			
	2004	**2005**	Change in Yen	**2005**
Sales and operating revenue	¥282.6	¥419.2	+48.3%	$3,553
Operating income	44.6	67.8	+52.1	575

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

Sales increased 48.3% compared with the same quarter of the previous fiscal year (a 42% increase on a local currency basis).

Hardware: There was a significant increase in sales in all geographic areas primarily due to a significant contribution to sales from PSP, which experienced favorable growth in all geographic areas. In addition, PlayStation 2 (“PS2”) continued its favorable performance, experiencing sales on a par with those in the same quarter of the previous fiscal year.
Software: Overall software sales increased as a result of the contribution to sales from PSP software, despite a decrease in PS2 software sales. On a regional basis, revenue increased in the U.S. and Europe, although it decreased in Japan.

Operating income of ¥67.8 billion ($575 million) was recorded, an increase of ¥23.2 billion or 52.1% compared with the same quarter of the previous fiscal year mainly due to the steady expansion of the PSP platform in all geographic areas, as well as the continued favorable performance of the PS2 business. This increase was partially offset by continued aggressive research and development spending associated with PLAYSTATION® 3, as well as an increase in advertising and promotion expenses incurred during the quarter.

Worldwide hardware production shipments:*
- → PS2: 5.36 million units (a decrease of 2.03 million units)
- → PSP: 6.22 million units (an increase of 5.71 million units)

Worldwide software production shipments:*
- → PS2: 93 million units (a decrease of 16 million units)
- → PSP: 14.5 million units (an increase of 13.2 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, 2005, was ¥103.9 billion ($881 million), a ¥58.5 billion, or 128.8%, increase compared with the level as of December 31, 2004 and a ¥11.0 billion, or 9.5%, decrease compared with the level as of September 30, 2005.

Pictures

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

	Third quarter ended December 31			
	2004	**2005**	Change in Yen	**2005**
Sales and operating revenue	¥203.1	¥202.2	-0.4%	$1,714
Operating income (loss)	18.6	(0.4)	-	(3)

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

Sales decreased 0.4% compared with the same quarter of the previous fiscal year (a 10% decrease on a U.S dollar basis). Sales on a U.S. dollar basis decreased primarily due to the significant home entertainment contribution of *Spider-Man 2* in the prior fiscal year's third quarter and lower theatrical revenues from the underperformance of *The Legend of Zorro* and *Zathura*. Although there were no comparable releases to *Spider-Man 2* in the third quarter of this fiscal year, the home entertainment releases of *Christmas with the Kranks* and *The Exorcism of Emily Rose* contributed to the current quarter's revenues.

An **operating loss** of ¥0.4 billion ($3 million) was recorded as compared to operating income of ¥18.6 billion in the same quarter of the previous fiscal year. The decrease was due to the lack of a comparable *Spider-Man 2* home entertainment operating profit contribution in the current fiscal year's third quarter combined with losses recorded from the underperformance in the current quarter on the films noted above.

Financial Services

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

	Third quarter ended December 31			
	2004	**2005**	Change in Yen	**2005**
Financial service revenue	¥145.0	¥190.4	+31.3%	$1,613
Operating income	13.9	47.0	+238.4	399

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 was ¥190.4 billion ($1,613 million), a 31.3% increase compared with the same quarter of the previous fiscal year, mainly due to an increase in revenue at Sony Life. Revenue at Sony Life was ¥167.2 billion ($1,417 million), a ¥45.4 billion, or 37.3% increase compared with the same quarter of the previous fiscal year. The reasons for this increase were an improvement in gains and losses from investments and an increase in revenue from insurance premiums reflecting an increase of insurance-in-force.

Operating income was ¥47.0 billion ($399 million), a ¥33.1 billion, or 238.4% increase compared with the same quarter of the previous fiscal year, mainly as a result of an improvement in gains and losses on investments in the general account at Sony Life, primarily resulting from an improvement in valuation gains from stock conversion rights in convertible bonds. As a result of the abovementioned factors, operating income at Sony Life increased by ¥34.1 billion or 243.8% to ¥48.0 billion ($407 million).

Other

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

	Third quarter ended December 31			
	2004	**2005**	Change in Yen	**2005**
Sales and operating revenue	¥109.3	¥118.1	+8.1%	$1,001
Operating income	13.4	14.9	+11.0	126

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

Sales increased 8.1% compared with the same quarter of the previous fiscal year. This increase was mainly due to strong sales at a business within the segment engaged in the production and marketing of animation products, at a Japanese subsidiary involved in the advertising agency business, and at SMEJ.

Sales at SMEJ increased compared to the same quarter of the previous fiscal year primarily as a result of increased album and single sales. Best selling albums during the quarter included *Ken Hirai 10th Anniversary Complete Single Collection '95-'05 "Uta Baka"* by Ken Hirai, *BEST* by Mika Nakashima, and *ИATURAL* by ORANGE RANGE.

Operating income of ¥14.9 billion ($126 million) was recorded, representing an increase of ¥1.5 billion compared to the same quarter of the previous fiscal year. Despite the recording of a gain related to the sale of a retail and showroom building in Japan during the same quarter of the previous fiscal year, this increase was mainly the result of cost reductions at network related businesses within Sony Corporation and an improvement in the cost of sales ratio and the higher sales, as noted above, at SMEJ.

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.

SONY BMG recorded sales revenue of $1,496 million, a less than 1% year-on-year decline, income before income taxes of $252 million, an increase of $217 million year-on-year, and net income of $178 million, an increase of $157 million year-on-year, during the quarter ended December 31, 2005. Income before income taxes included $47 million of restructuring charges. Despite continued sluggish market conditions in a number of territories worldwide, the significant year-on-year increase in income before income taxes was due to a $121 million year-on-year reduction in restructuring charges, the realization of incremental cost savings and the success of several releases in the marketplace. Best selling albums during the quarter included Il Divo's *Ancora*, Kelly Clarkson's *Breakaway* and Kenny Chesney's *The Road and The Radio*. As a result, equity in net income of ¥10.3 billion ($87 million) was recorded by Sony.

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	2004	**2005**	Change in Yen	**2005**
- From operating activities	¥230.8	**¥45.2**	¥-185.6	**$383**
- From investing activities	(414.7)	**(205.4)**	+209.3	**(1,741)**
- From financing activities	(35.4)	**50.9**	+86.3	**432**
Cash and cash equivalents at beginning of the fiscal year	592.9	**519.7**	-73.2	**4,405**
Cash and cash equivalents as of December 31	378.1	**438.7**	+60.6	**3,717**

Operating Activities: During the nine months ended December 31, 2005, net cash was generated mainly as a result of the recording of net income resulting primarily from the contribution of the Game segment, and from the Electronics segment during the year-end sales season.

Investing Activities: During the nine months ended December 31, 2005, although Sony purchased fixed assets mainly within the Electronics segment consisting primarily of semiconductor manufacturing facilities, Sony carried out the sale of a portion of stock resulting from the initial public offering of SCN and the sale of securities investments. In the same period of the previous fiscal year, in addition to investment in semiconductor manufacturing facilities, Sony also carried out investment towards 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, 2005 was a use of cash of ¥160.2 billion ($1,358 million).

Financing Activities: During the nine months ended December 31, 2005, although Sony redeemed a portion of its long-term debt including bonds, financing was carried out through the issuance of straight bonds and commercial paper.

Cash and Cash Equivalents: In addition to the aforementioned information, the total balance of cash and cash equivalents, accounting for the effect of foreign currency exchange rate fluctuations, decreased ¥81.1 billion compared to March 31, 2005, and increased by ¥60.6 billion compared to December 31, 2004, to ¥438.7 billion ($3,717 million) as of December 31, 2005.

Cash Flow - Financial Services segment

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

	Nine months ended December 31			
Cash flow	2004	**2005**	Change in Yen	**2005**
- From operating activities	¥114.5	**¥78.3**	¥-36.2	**$664**
- From investing activities	(455.2)	**(369.9)**	+85.3	**(3,135)**
- From financing activities	281.7	**208.7**	-73.0	**1,768**
Cash and cash equivalents at beginning of the fiscal year	256.3	**259.4**	+3.1	**2,198**
Cash and cash equivalents as of December 31	197.2	**176.4**	-20.8	**1,495**

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: Payments for investments and advances exceeded proceeds from maturities of marketable securities, sales of securities investments and collections of advances primarily as a result of investments in mainly Japanese fixed income securities carried out at Sony Life, as well as an increase in advance payments for housing loans and investments in marketable securities at Sony Bank.

Financing Activities: 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 decreased ¥83.0 billion compared to March 31, 2005, and decreased ¥20.8 billion compared to December 31, 2004, to ¥176.4 billion ($1,495 million) as of December 31, 2005.

Notes

Note I: During the quarter ended December 31, 2005, the average value of the yen was ¥116.4 against the U.S. dollar and ¥137.9 against the Euro, which was 9.8% lower against the U.S. dollar and 1.7% 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" in each business segment represents operating income recorded before intersegment transactions and unallocated corporate expenses are eliminated.

Outlook for the Fiscal Year ending March 31, 2006

Sony's consolidated operating results forecast for the fiscal year ending March 31, 2006 has been revised as per the table below:

	Current Forecast	Change from September Forecast	September Forecast
Sales and operating revenue	¥7,400 billion	+2%	¥7,250 billion
Operating income (loss)	100 billion	-	(20 billion)
(Restructuring charges included within Operating income	140 billion	unchanged	140 billion)
Income before income taxes	190 billion	+375%	40 billion
Equity in net income (loss) of affiliated companies	5 billion	-	(8 billion)
Net income (loss)	70 billion	-	(10 billion)

Assumed foreign currency exchange rates for the fourth quarter of the fiscal year: approximately ¥114 to the U.S. dollar and approximately ¥138 to the Euro.

The principal reason for this revision is that, in addition to the higher than anticipated depreciation of the yen during the third quarter of the current fiscal year, operating results during the third quarter were higher than forecast mainly within the Electronics and Financial Services segments. Within the Electronics segment, the television business in particular performed significantly better than anticipated, as did the "VAIO" PC business. On the other hand, the performance of the Pictures segment for the third quarter of the current fiscal year was lower than expected.

The revision to income before income taxes, in addition to the above, reflects the change in interest resulting from SCN's initial public offering. In addition, the revision to equity in net income (loss) of affiliated companies is a result of better than anticipated results in particular at S-LCD and Sony Ericsson.

Although the factors set out above had a positive effect on operating results during the third quarter, Sony continues to operate in an uncertain global business environment during the fourth quarter of the fiscal year.

Our forecast for research and development costs has been revised down by ¥10 billion since our forecast of April 27, 2005 as per the table below. However, our forecast for capital expenditures and depreciation and amortization is unchanged from the forecast of April 27, 2005.

	Forecast	Change from previous fiscal year
Capital expenditures (additions to fixed assets)	¥410 billion	+15%
Depreciation and amortization*	390 billion	+5
(Depreciation expenses for tangible assets	320 billion	+6)
Research and development expenses	510 billion	+2

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

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, the Euro and other currencies in which Sony makes significant sales or in which Sony's assets and liabilities are denominated; (iii) Sony's ability to continue to design and develop and win acceptance of its products and services, which are offered in highly competitive markets characterized by continual new product introductions, rapid development in technology and subjective and changing consumer preferences (particularly in the Electronics, Game and Pictures segments, and music business); (iv) Sony's ability to implement successfully personnel reduction and other business reorganization activities in its Electronics segment and music business; (v) Sony's ability to implement successfully its network strategy for its Electronics, Pictures and Other segments, 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; (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) 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 (viii) 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		2004		2005	Change		2005
				Three months ended December 31			
Electronics							
Customers	¥	1,444,257	¥	**1,480,466**	+2.5 %	$	**12,546**
Intersegment		80,373		**115,288**			**977**
Total		1,524,630		**1,595,754**	+4.7		**13,523**
Game							
Customers		273,599		**402,925**	+47.3		**3,415**
Intersegment		9,022		**16,321**			**138**
Total		282,621		**419,246**	+48.3		**3,553**
Pictures							
Customers		203,097		**202,241**	-0.4		**1,714**
Intersegment		—		**—**			**—**
Total		203,097		**202,241**	-0.4		**1,714**
Financial Services							
Customers		139,479		**184,586**	+32.3		**1,564**
Intersegment		5,483		**5,805**			**49**
Total		144,962		**190,391**	+31.3		**1,613**
Other							
Customers		87,753		**97,344**	+10.9		**825**
Intersegment		21,571		**20,801**			**176**
Total		109,324		**118,145**	+8.1		**1,001**
Elimination		(116,449)		**(158,215)**	—		**(1,340)**
Consolidated total	¥	2,148,185	¥	**2,367,562**	+10.2 %	$	**20,064**

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

Operating income (loss)		2004		2005	Change		2005
Electronics	¥	50,519	¥	**78,888**	+56.2 %	$	**668**
Game		44,574		**67,819**	+52.1		**575**
Pictures		18,646		**(378)**	—		**(3)**
Financial Services		13,904		**47,048**	+238.4		**399**
Other		13,383		**14,858**	+11.0		**126**
Total		141,026		**208,235**	+47.7		**1,765**
Corporate and elimination		(2,853)		**(5,414)**	—		**(46)**
Consolidated total	¥	138,173	¥	**202,821**	+46.8 %	$	**1,719**

Commencing April 1, 2005, Sony has partly realigned its business segment configuration. Results of the previous year have been reclassified to conform to the presentations for the current quarter (see Notes 5 and 6 on page F-9).

Business Segment Information (Unaudited)

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

Sales and operating revenue	Nine months ended December 31 2004	2005	Change	2005
Electronics				
Customers	¥ 3,739,558	¥ **3,600,837**	-3.7 %	$ **30,516**
Intersegment	143,517	**333,332**		**2,824**
Total	3,883,075	**3,934,169**	+1.3	**33,340**
Game				
Customers	488,534	**772,396**	+58.1	**6,546**
Intersegment	19,097	**33,874**		**287**
Total	507,631	**806,270**	+58.8	**6,833**
Pictures				
Customers	543,030	**505,477**	-6.9	**4,284**
Intersegment	—	—		—
Total	543,030	**505,477**	-6.9	**4,284**
Financial Services				
Customers	386,828	**503,277**	+30.1	**4,265**
Intersegment	17,620	**16,810**		**143**
Total	404,448	**520,087**	+28.6	**4,408**
Other				
Customers	304,645	**248,004**	-18.6	**2,101**
Intersegment	58,968	**59,301**		**503**
Total	363,613	**307,305**	-15.5	**2,604**
Elimination	(239,202)	**(443,317)**	—	**(3,757)**
Consolidated total	¥ 5,462,595	¥ **5,629,991**	+3.1 %	$ **47,712**

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

Operating income (loss)	2004	2005	Change	2005
Electronics	¥ 66,184	¥ **60,955**	-7.9 %	$ **517**
Game	41,682	**70,144**	+68.3	**594**
Pictures	50,165	**(2,765)**	—	**(23)**
Financial Services	39,188	**109,017**	+178.2	**924**
Other	10,588	**26,460**	+149.9	**224**
Total	207,807	**263,811**	+27.0	**2,236**
Corporate and elimination	(16,475)	**(10,355)**	—	**(88)**
Consolidated total	¥ 191,332	¥ **253,456**	+32.5 %	$ **2,148**

Commencing April 1, 2005, Sony has partly realigned its business segment configuration. Results of the previous year have been reclassified to conform to the presentations for the current period (see Notes 5 and 6 on page F-9).

Electronics Sales and Operating Revenue to Customers by Product Category

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

Sales and operating revenue	Three months ended December 31			
	2004	**2005**	Change	**2005**
Audio	¥ 183,977	¥ **184,559**	+0.3 %	$ **1,564**
Video	330,815	**313,082**	-5.4	**2,653**
Televisions	307,762	**359,248**	+16.7	**3,044**
Information and Communications	228,407	**220,157**	-3.6	**1,866**
Semiconductors	53,755	**63,974**	+19.0	**542**
Components	164,746	**185,575**	+12.6	**1,573**
Other	174,795	**153,871**	-12.0	**1,304**
Total	¥ 1,444,257	¥ **1,480,466**	+2.5 %	$ **12,546**

Sales and operating revenue	Nine months ended December 31			
	2004	**2005**	Change	**2005**
Audio	¥ 465,388	¥ **431,503**	-7.3 %	$ **3,657**
Video	828,197	**812,041**	-2.0	**6,882**
Televisions	707,628	**680,725**	-3.8	**5,769**
Information and Communications	601,784	**589,317**	-2.1	**4,994**
Semiconductors	195,657	**179,529**	-8.2	**1,521**
Components	476,837	**492,879**	+3.4	**4,177**
Other	464,067	**414,843**	-10.6	**3,516**
Total	¥ 3,739,558	¥ **3,600,837**	-3.7 %	$ **30,516**

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. In addition, commencing April 1, 2005, Sony has partly realigned its product category configuration in the Electronics segment. Accordingly, results of the previous year have been restated (see Note 7 on page F-9).

Geographic Segment Information (Unaudited)

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

Sales and operating revenue	Three months ended December 31			
	2004	**2005**	Change	**2005**
Japan	¥ 605,877	¥ **610,939**	+0.8 %	$ **5,177**
United States	576,459	**659,222**	+14.4	**5,587**
Europe	548,235	**619,456**	+13.0	**5,250**
Other Areas	417,614	**477,945**	+14.4	**4,050**
Total	¥ 2,148,185	¥ **2,367,562**	+10.2 %	$ **20,064**

Sales and operating revenue	Nine months ended December 31			
	2004	**2005**	Change	**2005**
Japan	¥ 1,581,273	¥ **1,582,599**	+0.1 %	$ **13,412**
United States	1,452,425	**1,514,000**	+4.2	**12,831**
Europe	1,283,838	**1,319,489**	+2.8	**11,182**
Other Areas	1,145,059	**1,213,903**	+6.0	**10,287**
Total	¥ 5,462,595	¥ **5,629,991**	+3.1 %	$ **47,712**

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)

	Three months ended December 31			
	2004	**2005**	Change	**2005**
			%	
Sales and operating revenue:				
Net sales	¥ 1,996,676	**¥ 2,165,618**		**$ 18,353**
Financial service revenue	139,479	**184,586**		**1,564**
Other operating revenue	12,030	**17,358**		**147**
	2,148,185	**2,367,562**	+10.2	**20,064**
Costs and expenses:				
Cost of sales	1,489,359	**1,574,321**		**13,342**
Selling, general and administrative	393,269	**447,277**		**3,790**
Financial service expenses	125,609	**137,337**		**1,164**
Loss on sale, disposal or impairment of assets, net	1,775	**5,806**		**49**
	2,010,012	**2,164,741**		**18,345**
Operating income	138,173	**202,821**	+46.8	**1,719**
Other income:				
Interest and dividends	2,427	**6,633**		**56**
Royalty income	4,898	**7,524**		**64**
Foreign exchange gain, net	5,381	**—**		**—**
Gain on sale of securities investments, net	3,425	**2,447**		**21**
Gain on change in interest in subsidiaries and equity investees	1,612	**18,946**		**160**
Other	5,924	**5,254**		**44**
	23,667	**40,804**		**345**
Other expenses:				
Interest	7,265	**7,983**		**68**
Loss on devaluation of securities investments	106	**171**		**1**
Foreign exchange loss, net	—	**2,223**		**19**
Other	5,244	**7,342**		**62**
	12,615	**17,719**		**150**
Income before income taxes	149,225	**225,906**	+51.4	**1,914**
Income taxes	7,017	**75,749**		**641**
Income before minority interest and equity in net income of affiliated companies	142,208	**150,157**	+5.6	**1,273**
Minority interest in income of consolidated subsidiaries	728	**715**		**6**
Equity in net income of affiliated companies	2,334	**19,502**		**165**
Net income	¥ 143,814	**¥ 168,944**	+17.5	**$ 1,432**
Per share data:				
Common stock				
Net income				
— Basic	¥ 155.32	**¥ 169.36**	+9.0	**$ 1.44**
— Diluted	138.08	**161.60**	+17.0	**1.37**
Subsidiary tracking stock				
Net income				
— Basic *	27.29	**—**	—	**—**

* See Note 3 on page F-8.

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

	Nine months ended December 31			
	2004	**2005**	Change	**2005**
Sales and operating revenue:			%	
Net sales	¥ 5,035,823	**¥ 5,080,764**		**$ 43,057**
Financial service revenue	386,828	**503,277**		**4,265**
Other operating revenue	39,944	**45,950**		**390**
	5,462,595	**5,629,991**	+3.1	**47,712**
Costs and expenses:				
Cost of sales	3,776,754	**3,850,900**		**32,635**
Selling, general and administrative	1,131,889	**1,097,032**		**9,297**
Financial service expenses	348,119	**394,202**		**3,341**
Loss on sale, disposal or impairment of assets, net	14,501	**34,401**		**291**
	5,271,263	**5,376,535**		**45,564**
Operating income	191,332	**253,456**	+32.5	**2,148**
Other income:				
Interest and dividends	10,517	**17,476**		**148**
Royalty income	22,017	**24,862**		**211**
Gain on sale of securities investments, net	5,451	**8,847**		**75**
Gain on change in interest in subsidiaries and equity investees	15,107	**57,477**		**487**
Other	18,607	**16,080**		**136**
	71,699	**124,742**		**1,057**
Other expenses:				
Interest	21,823	**19,964**		**169**
Loss on devaluation of securities investments	2,419	**3,115**		**26**
Foreign exchange loss, net	553	**3,289**		**28**
Other	19,136	**17,638**		**150**
	43,931	**44,006**		**373**
Income before income taxes	219,100	**334,192**	+52.5	**2,832**
Income taxes	21,378	**152,943**		**1,296**
Income before minority interest, equity in net income of affiliated companies and cumulative effect of an accounting change	197,722	**181,249**	-8.3	**1,536**
Minority interest in income (loss) of consolidated subsidiaries	1,300	**(1,093)**		**(9)**
Equity in net income of affiliated companies	28,579	**7,807**		**66**
Income before cumulative effect of an accounting change	225,001	**190,149**	-15.5	**1,611**
Cumulative effect of an accounting change (2004: Net of income taxes of ¥2,675 million)	(4,713)	—		—
Net income	¥ 220,288	**¥ 190,149**	-13.7	**$ 1,611**
Per share data:				
Common stock				
Income before cumulative effect of an accounting change				
— Basic	¥ 243.04	**¥** —	—	**$** —
— Diluted	216.87	—	—	—
Net income				
— Basic	237.95	**189.45**	-20.4	**1.61**
— Diluted	212.36	**180.76**	-14.9	**1.53**
Subsidiary tracking stock				
Net income				
— Basic *	45.41	—	—	—

* See Note 3 on page F-8.

Consolidated Balance Sheets (Unaudited)

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

ASSETS	December 31 2004	March 31 2005	**December 31 2005**	**December 31 2005**
Current assets:				
Cash and cash equivalents	¥ 575,341	¥ 779,103	**¥ 615,072**	**$ 5,212**
Time deposits	2,485	1,492	**1,830**	**16**
Marketable securities	540,177	460,202	**527,689**	**4,472**
Notes and accounts receivable, trade	1,383,540	1,113,071	**1,448,520**	**12,276**
Allowance for doubtful accounts and sales returns	(97,979)	(87,709)	**(100,516)**	**(852)**
Inventories	653,790	631,349	**751,545**	**6,369**
Deferred income taxes	121,938	141,154	**177,123**	**1,501**
Prepaid expenses and other current assets	489,047	517,509	**568,831**	**4,820**
	3,668,339	3,556,171	**3,990,094**	**33,814**
Film costs	263,157	278,961	**371,895**	**3,152**
Investments and advances:				
Affiliated companies	262,287	252,905	**299,996**	**2,542**
Securities investments and other	2,501,026	2,492,784	**3,083,230**	**26,129**
	2,763,313	2,745,689	**3,383,226**	**28,671**
Property, plant and equipment:				
Land	182,133	182,900	**182,297**	**1,545**
Buildings	912,906	925,796	**954,464**	**8,089**
Machinery and equipment	2,102,492	2,192,038	**2,370,265**	**20,087**
Construction in progress	141,645	92,611	**76,774**	**651**
Less-Accumulated depreciation	(1,978,404)	(2,020,946)	**(2,202,122)**	**(18,663)**
	1,360,772	1,372,399	**1,381,678**	**11,709**
Other assets:				
Intangibles, net	209,385	187,024	**194,959**	**1,652**
Goodwill	270,645	283,923	**296,601**	**2,514**
Deferred insurance acquisition costs	373,288	374,805	**389,933**	**3,305**
Deferred income taxes	224,694	240,396	**183,349**	**1,554**
Other	465,869	459,732	**474,700**	**4,023**
	1,543,881	1,545,880	**1,539,542**	**13,048**
	¥ 9,599,462	¥ 9,499,100	**¥ 10,666,435**	**$ 90,394**
LIABILITIES AND STOCKHOLDERS' EQUITY				
Current liabilities:				
Short-term borrowings	¥ 207,504	¥ 63,396	**¥ 198,969**	**$ 1,686**
Current portion of long-term debt	450,305	166,870	**200,763**	**1,701**
Notes and accounts payable, trade	848,643	806,044	**925,997**	**7,847**
Accounts payable, other and accrued expenses	771,552	746,466	**828,850**	**7,024**
Accrued income and other taxes	79,282	55,651	**93,721**	**794**
Deposits from customers in the banking business	512,800	546,718	**601,446**	**5,097**
Other	408,991	424,223	**487,502**	**4,133**
	3,279,077	2,809,368	**3,337,248**	**28,282**
Long-term liabilities:				
Long-term debt	637,063	678,992	**650,514**	**5,513**
Accrued pension and severance costs	328,562	352,402	**222,834**	**1,888**
Deferred income taxes	66,949	72,227	**193,193**	**1,637**
Future insurance policy benefits and other	2,383,749	2,464,295	**2,680,265**	**22,714**
Other	242,628	227,631	**248,953**	**2,110**
	3,658,951	3,795,547	**3,995,759**	**33,862**
Minority interest in consolidated subsidiaries	24,140	23,847	**37,014**	**314**
Stockholders' equity:				
Capital stock	480,348	621,709	**621,775**	**5,269**
Additional paid-in capital	992,556	1,134,222	**1,134,289**	**9,613**
Retained earnings	1,575,526	1,506,082	**1,681,691**	**14,252**
Accumulated other comprehensive income	(405,232)	(385,675)	**(138,330)**	**(1,172)**
Treasury stock, at cost	(5,904)	(6,000)	**(3,011)**	**(26)**
	2,637,294	2,870,338	**3,296,414**	**27,936**
	¥ 9,599,462	¥ 9,499,100	**¥ 10,666,435**	**$ 90,394**

Consolidated Statements of Cash Flows (Unaudited)

	(Millions of yen, millions of U.S. dollars)		
	Nine months ended December 31		
	2004	**2005**	**2005**
Cash flows from operating activities:			
Net income	¥ 220,288	¥ **190,149**	$ **1,611**
Adjustments to reconcile net income to net cash provided by operating activities:			
Depreciation and amortization, including amortization of deferred insurance acquisition costs	268,740	**278,259**	**2,358**
Amortization of film costs	206,925	**190,603**	**1,615**
Accrual for pension and severance costs, less payments	14,475	**(4,146)**	**(35)**
Gain on the transfer to the Japanese Government of the substitutional portion of employee pension fund	—	**(73,472)**	**(623)**
Loss on sale, disposal or impairment of assets, net	14,501	**34,401**	**291**
Gain on sale or loss on devaluation of securities investments, net	(3,032)	**(5,732)**	**(49)**
Gain on change in interest in subsidiaries and equity investees	(15,107)	**(57,477)**	**(487)**
Deferred income taxes	(57,349)	**80,709**	**684**
Equity in net income of affiliated companies, net of dividends	(27,851)	**(4,160)**	**(35)**
Cumulative effect of an accounting change	4,713	**—**	**—**
Changes in assets and liabilities:			
Increase in notes and accounts receivable, trade	(288,539)	**(325,032)**	**(2,754)**
(Increase) Decrease in inventories	5,099	**(90,694)**	**(769)**
Increase in film costs	(217,185)	**(251,836)**	**(2,134)**
Increase in notes and accounts payable, trade	77,125	**104,058**	**882**
Increase in accrued income and other taxes	23,073	**27,061**	**229**
Increase in future insurance policy benefits and other	100,665	**110,014**	**932**
Increase in deferred insurance acquisition costs	(48,882)	**(47,667)**	**(404)**
Increase in marketable securities held in the financial service business for trading purpose	(23,138)	**(29,896)**	**(253)**
Increase in other current assets	(59,213)	**(66,110)**	**(560)**
Increase in other current liabilities	96,528	**101,471**	**860**
Other	47,009	**(36,241)**	**(306)**
Net cash provided by operating activities	338,845	**124,262**	**1,053**
Cash flows from investing activities:			
Payments for purchases of fixed assets	(345,073)	**(326,200)**	**(2,765)**
Proceeds from sales of fixed assets	27,504	**11,632**	**99**
Payments for investments and advances by financial service business	(998,760)	**(1,061,286)**	**(8,994)**
Payments for investments and advances (other than financial service business)	(143,382)	**(20,944)**	**(177)**
Proceeds from maturities of marketable securities, sales of securities investments and collections of advances by financial service business	573,218	**722,132**	**6,120**
Proceeds from maturities of marketable securities, sales of securities investments and collections of advances (other than financial service business)	22,534	**22,202**	**188**
Proceeds from sales of subsidiaries' and equity investees' stocks	3,162	**72,045**	**611**
Other	1,709	**(198)**	**(2)**
Net cash used in investing activities	(859,088)	**(580,617)**	**(4,920)**
Cash flows from financing activities:			
Proceeds from issuance of long-term debt	10,286	**127,653**	**1,082**
Payments of long-term debt	(86,516)	**(132,776)**	**(1,125)**
Increase in short-term borrowings	64,356	**73,731**	**625**
Increase in deposits from customers in the financial service business	222,735	**160,348**	**1,359**
Increase in call money and bills sold in the banking business	53,012	**52,800**	**447**
Dividends paid	(23,049)	**(24,853)**	**(211)**
Proceeds from issuance of stocks by subsidiaries	3,463	**6,937**	**59**
Other	(2,395)	**245**	**2**
Net cash provided by financing activities	241,892	**264,085**	**2,238**
Effect of exchange rate changes on cash and cash equivalents	4,481	**28,239**	**238**
Net decrease in cash and cash equivalents	(273,870)	**(164,031)**	**(1,391)**
Cash and cash equivalents at beginning of the fiscal year	849,211	**779,103**	**6,603**
Cash and cash equivalents at December 31	¥ 575,341	¥ **615,072**	$ **5,212**

(Notes)

1. U.S. dollar amounts have been translated from yen, for convenience only, at the rate of ¥118 = U.S. $1, the approximate Tokyo foreign exchange market rate as of December 30, 2005.

2. As of December 31, 2005, Sony had 928 consolidated subsidiaries (including variable interest entities). It has applied the equity accounting method in respect to 56 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 subsidiary 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.
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 for the three months and nine months ended December 31, 2005 are not calculated. The earnings allocated to common stock for the three months and nine months ended December 31, 2005 are calculated by subtracting the earnings allocated to the subsidiary tracking stock for the two months and eight months ended November 30, 2005, respectively.

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 for the three months and nine months ended December 31, 2004 and 2005 mainly resulted from convertible bonds.

Weighted-average number of outstanding shares	(Thousands of shares) Three months ended December 31	
	2004	**2005**
Net income		
— Basic	925,368	**997,683**
— Diluted	1,045,178	**1,045,558**

Weighted-average number of outstanding shares	(Thousands of shares) Nine months ended December 31	
	2004	**2005**
Income before cumulative effect of an accounting change and net income		
— Basic	925,183	**996,764**
— Diluted	1,045,037	**1,044,546**

Weighted-average number of outstanding shares used for computation of earnings per share of the subsidiary tracking stock for the three months and nine months ended December 31, 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 and comprehensive income for the three months and nine months ended December 31, 2004 and 2005 were as follows:

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

	Three months ended December 31			Nine months ended December 31		
	2004	**2005**	**2005**	2004	**2005**	**2005**
Net income	¥ 143,814	**¥ 168,944**	**$ 1,432**	¥ 220,288	**¥ 190,149**	**$ 1,611**
Other comprehensive income :						
Unrealized gains (losses) on securities	(1,779)	**49,614**	**420**	(14,293)	**82,588**	**700**
Unrealized gains (losses) on derivative instruments	2,532	**272**	**2**	119	**1,004**	**9**
Minimum pension liabilities adjustments	7,582	**(3)**	**(0)**	28,535	**31,429**	**266**
Foreign currency translation adjustments	(56,100)	**78,443**	**665**	30,366	**132,324**	**1,121**
	(47,765)	**128,326**	**1,087**	44,727	**247,345**	**2,096**
Comprehensive income	¥ 96,049	**¥ 297,270**	**$ 2,519**	¥ 265,015	**¥ 437,494**	**$ 3,707**

5. As of August 1, 2004, Sony and Bertelsmann AG combined their recorded music businesses in a joint venture. In connection with the establishment of this joint venture, the non-Japan based disc manufacturing and physical distribution businesses, formerly included within the Music segment, have been reclassified to "Other" category in the Electronics segment. In addition, effective April 1, 2005, a similar change was made with respect to the Japan based disc manufacturing businesses. Results for the same period of the previous year in the Electronics segment have been restated to account for these reclassifications.

   As a result of these changes in the Music segment, Sony no longer breaks out the Music segment as a reportable segment as it no longer meets the materiality threshold. Effective April 1, 2005, results for the Music segment are included within the Other segment. Accordingly, results for the same period of the previous year in the Electronics and the Other segments have been restated to conform to the presentation for this year.

6. In July 2004, in order to establish a more efficient and coordinated semiconductor supply structure, Sony group has integrated its semiconductor manufacturing business by transferring Sony Computer Entertainment's semiconductor manufacturing operation from the Game segment to the Electronics segment. As a result of this transfer, sales revenue and expenditures associated with this operation are now recorded within the "Semiconductor" category in the Electronics segment. The results for the three months ended June 30, 2004 have not been restated as such comparable figures cannot be practically obtained given that it was not operated as a separate line of business within the Game segment. This integration of the semiconductor manufacturing businesses is a part of Sony's semiconductor strategy of utilizing semiconductor technologies and manufacturing equipment originally developed or designed for the Game business within the Sony group as a whole.

7. Commencing April 1, 2005, Sony has partly realigned its product category configuration in the Electronics segment. Accordingly, results for the same period of the previous year have been reclassified. The primary change is as shown below:

Main Product	Previous Product Category		New Product Category
Professional-use projector	"Televisions"	→	"Information and Communications"

8. In July 2003, the Accounting Standards Executive Committee of the American Institute of Certified Public Accountants issued Statement of Position ("SOP") 03-1, "Accounting and Reporting by Insurance Enterprises for Certain Nontraditional Long-Duration Contracts and for Separate Accounts". SOP 03-1 requires insurance enterprises to record additional reserves for long-duration life insurance contracts with minimum guarantee or annuity receivable options. Additionally, SOP 03-1 provides guidance for the presentation of separate accounts. This statement is effective for fiscal years beginning after December 15, 2003. Sony adopted SOP 03-1 on April 1, 2004. As a result of the adoption of SOP 03-1, Sony's operating income for the nine months ended December 31, 2004 decreased by ¥968 million. Additionally, on April 1, 2004, Sony recognized ¥4,713 million of loss (net of income taxes of ¥2,675 million) as a cumulative effect of an accounting change.

9. In December 2004, the FASB issued FAS No. 153, "Exchanges of Nonmonetary Assets, an amendment of APB Opinion No. 29". This statement requires that exchanges of productive assets be accounted for at fair value unless fair value cannot be reasonably determined or the transaction lacks commercial substance. This statement is effective for nonmonetary asset exchanges occurring in the fiscal periods beginning after June 15, 2005. Sony adopted FAS No.153 during the quarter ended September 30, 2005. The adoption of FAS No.153 did not have a material impact on Sony's results of operations and financial position.

Other Consolidated Financial Data

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

	Three months ended December 31			
	2004	**2005**	Change	**2005**
Capital expenditures (additions to property, plant and equipment)	¥ 78,700	¥ **76,139**	-3.3%	$ **645**
Depreciation and amortization expenses*	92,036	**96,843**	+5.2	**821**
(Depreciation expenses for tangible assets)	(75,594)	**(79,780)**	+5.5	**(676)**
R&D expenses	119,430	**121,668**	+1.9	**1,031**

	Nine months ended December 31			
	2004	**2005**	Change	**2005**
Capital expenditures (additions to property, plant and equipment)	¥ 256,822	¥ **261,920**	+2.0%	$ **2,220**
Depreciation and amortization expenses*	268,740	**278,259**	+3.5	**2,358**
(Depreciation expenses for tangible assets)	(217,080)	**(226,506)**	+4.3	**(1,920)**
R&D expenses	370,030	**371,425**	+0.4	**3,148**

* 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.

Condensed Statements of Income

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

Financial Services

	Three months ended December 31			
	2004	**2005**	Change	**2005**
			%	
Financial service revenue	¥ 144,962	¥ **190,392**	+31.3	$ **1,613**
Financial service expenses	131,058	**143,344**	+9.4	**1,214**
Operating income	13,904	**47,048**	+238.4	**399**
Other income (expenses), net	861	**1,412**	+64.0	**12**
Income before income taxes	14,765	**48,460**	+228.2	**411**
Income taxes and other	5,399	**17,539**	+224.9	**149**
Net income	¥ 9,366	¥ **30,921**	+230.1	$ **262**

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

Sony without Financial Services

	Three months ended December 31			
	2004	**2005**	Change	**2005**
			%	
Net sales and operating revenue	¥ 2,012,140	¥ **2,184,904**	+8.6	$ **18,516**
Costs and expenses	1,888,195	**2,029,297**	+7.5	**17,197**
Operating income	123,945	**155,607**	+25.5	**1,319**
Other income (expenses), net	10,516	**21,840**	+107.7	**185**
Income before income taxes	134,461	**177,447**	+32.0	**1,504**
Income taxes and other	13	**39,424**	+303,161.5	**334**
Net income	¥ 134,448	¥ **138,023**	+2.7	$ **1,170**

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

Consolidated

	Three months ended December 31			
	2004	**2005**	Change	**2005**
			%	
Financial service revenue	¥ 139,479	¥ **184,586**	+32.3	$ **1,564**
Net sales and operating revenue	2,008,706	**2,182,976**	+8.7	**18,500**
	2,148,185	**2,367,562**	+10.2	**20,064**
Costs and expenses	2,010,012	**2,164,741**	+7.7	**18,345**
Operating income	138,173	**202,821**	+46.8	**1,719**
Other income (expenses), net	11,052	**23,085**	+108.9	**195**
Income before income taxes	149,225	**225,906**	+51.4	**1,914**
Income taxes and other	5,411	**56,962**	+952.7	**482**
Net income	¥ 143,814	¥ **168,944**	+17.5	$ **1,432**

Condensed Statements of Income

Financial Services

	(Millions of yen, millions of U.S. dollars)			
	Nine months ended December 31			
	2004	**2005**	Change	**2005**
			%	
Financial service revenue	¥ 404,448	¥ **520,088**	+28.6	$ **4,408**
Financial service expenses	365,260	**411,071**	+12.5	**3,484**
Operating income	39,188	**109,017**	+178.2	**924**
Other income (expenses), net	9,754	**24,646**	+152.7	**209**
Income before income taxes	48,942	**133,663**	+173.1	**1,133**
Income taxes and other	18,857	**50,827**	+169.5	**431**
Income before cumulative effect of an accounting change	30,085	**82,836**	+175.3	**702**
Cumulative effect of an accounting change	(4,713)	—	—	—
Net income	¥ 25,372	¥ **82,836**	+226.5	$ **702**

Sony without Financial Services

	(Millions of yen, millions of U.S. dollars)			
	Nine months ended December 31			
	2004	**2005**	Change	**2005**
			%	
Net sales and operating revenue	¥ 5,083,519	¥ **5,132,822**	+1.0	$ **43,498**
Costs and expenses	4,931,856	**4,989,458**	+1.2	**42,283**
Operating income	151,663	**143,364**	-5.5	**1,215**
Other income (expenses), net	24,995	**57,035**	+128.2	**483**
Income before income taxes	176,658	**200,399**	+13.4	**1,698**
Income taxes and other	(24,758)	**93,216**	—	**790**
Net income	¥ 201,416	¥ **107,183**	-46.8	$ **908**

Consolidated

	(Millions of yen, millions of U.S. dollars)			
	Nine months ended December 31			
	2004	**2005**	Change	**2005**
			%	
Financial service revenue	¥ 386,828	¥ **503,277**	+30.1	$ **4,265**
Net sales and operating revenue	5,075,767	**5,126,714**	+1.0	**43,447**
	5,462,595	**5,629,991**	+3.1	**47,712**
Costs and expenses	5,271,263	**5,376,535**	+2.0	**45,564**
Operating income	191,332	**253,456**	+32.5	**2,148**
Other income (expenses), net	27,768	**80,736**	+190.8	**684**
Income before income taxes	219,100	**334,192**	+52.5	**2,832**
Income taxes and other	(5,901)	**144,043**	—	**1,221**
Income before cumulative effect of an accounting change	225,001	**190,149**	-15.5	**1,611**
Cumulative effect of an accounting change	(4,713)	—	—	—
Net income	¥ 220,288	¥ **190,149**	-13.7	$ **1,611**

Condensed Balance Sheet

Financial Services	December 31 2004	March 31 2005	**December 31 2005**	**December 31 2005**
	(Millions of yen, millions of U.S. dollars)			
ASSETS				
Current assets:				
Cash and cash equivalents	¥ 197,245	¥ 259,371	¥ **176,411**	$ **1,495**
Marketable securities	536,099	456,130	**523,612**	**4,437**
Other	207,810	274,690	**206,092**	**1,747**
	941,154	990,191	**906,115**	**7,679**
Investments and advances	2,383,676	2,378,966	**2,962,820**	**25,109**
Property, plant and equipment	38,686	38,551	**36,339**	**308**
Other assets:				
Deferred insurance acquisition costs	373,288	374,805	**389,933**	**3,305**
Other	103,539	103,004	**141,837**	**1,201**
	476,827	477,809	**531,770**	**4,506**
	¥ 3,840,343	¥ 3,885,517	¥ **4,437,044**	$ **37,602**
LIABILITIES AND STOCKHOLDERS' EQUITY				
Current liabilities:				
Short-term borrowings	¥ 141,777	¥ 45,358	¥ **94,848**	$ **804**
Notes and accounts payable, trade	8,747	7,099	**12,142**	**103**
Deposits from customers in the banking business	512,800	546,718	**601,446**	**5,097**
Other	108,416	109,438	**128,119**	**1,085**
	771,740	708,613	**836,555**	**7,089**
Long-term liabilities:				
Long-term debt	136,472	135,750	**134,785**	**1,142**
Accrued pension and severance costs	11,518	14,362	**13,614**	**115**
Future insurance policy benefits and other	2,383,749	2,464,295	**2,680,265**	**22,714**
Other	135,749	142,272	**192,240**	**1,631**
	2,667,488	2,756,679	**3,020,904**	**25,602**
Minority interest in consolidated subsidiaries	5,560	5,476	**4,054**	**34**
Stockholders' equity	395,555	414,749	**575,531**	**4,877**
	¥ 3,840,343	¥ 3,885,517	¥ **4,437,044**	$ **37,602**

Sony without Financial Services	December 31 2004	March 31 2005	**December 31 2005**	**December 31 2005**
	(Millions of yen, millions of U.S. dollars)			
ASSETS				
Current assets:				
Cash and cash equivalents	¥ 378,096	¥ 519,732	¥ **438,661**	$ **3,717**
Marketable securities	4,078	4,072	**4,077**	**35**
Notes and accounts receivable, trade	1,212,422	952,692	**1,337,504**	**11,335**
Other	1,156,326	1,116,353	**1,334,372**	**11,308**
	2,750,922	2,592,849	**3,114,614**	**26,395**
Film costs	263,157	278,961	**371,895**	**3,152**
Investments and advances	504,131	445,446	**502,252**	**4,256**
Investments in Financial Services, at cost	187,400	187,400	**187,400**	**1,588**
Property, plant and equipment	1,322,086	1,333,848	**1,345,339**	**11,401**
Other assets	1,183,216	1,189,398	**1,083,003**	**9,178**
	¥ 6,210,912	¥ 6,027,902	¥ **6,604,503**	$ **55,970**
LIABILITIES AND STOCKHOLDERS' EQUITY				
Current liabilities:				
Short-term borrowings	¥ 537,924	¥ 204,027	¥ **321,783**	$ **2,727**
Notes and accounts payable, trade	842,852	801,252	**916,700**	**7,769**
Other	1,160,417	1,132,201	**1,296,755**	**10,989**
	2,541,193	2,137,480	**2,535,238**	**21,485**
Long-term liabilities:				
Long-term debt	630,981	627,367	**595,784**	**5,049**
Accrued pension and severance costs	317,044	338,040	**209,220**	**1,773**
Other	273,839	263,520	**323,070**	**2,738**
	1,221,864	1,228,927	**1,128,074**	**9,560**
Minority interest in consolidated subsidiaries	18,680	18,471	**32,571**	**276**
Stockholders' equity	2,429,175	2,643,024	**2,908,620**	**24,649**
	¥ 6,210,912	¥ 6,027,902	¥ **6,604,503**	$ **55,970**

Consolidated	December 31 2004	March 31 2005	**December 31 2005**	**December 31 2005**
	(Millions of yen, millions of U.S. dollars)			
ASSETS				
Current assets:				
Cash and cash equivalents	¥ 575,341	¥ 779,103	**¥ 615,072**	**$ 5,212**
Marketable securities	540,177	460,202	**527,689**	**4,472**
Notes and accounts receivable, trade	1,285,561	1,025,362	**1,348,004**	**11,424**
Other	1,267,260	1,291,504	**1,499,329**	**12,706**
	3,668,339	3,556,171	**3,990,094**	**33,814**
Film costs	263,157	278,961	**371,895**	**3,152**
Investments and advances	2,763,313	2,745,689	**3,383,226**	**28,671**
Property, plant and equipment	1,360,772	1,372,399	**1,381,678**	**11,709**
Other assets:				
Deferred insurance acquisition costs	373,288	374,805	**389,933**	**3,305**
Other	1,170,593	1,171,075	**1,149,609**	**9,743**
	1,543,881	1,545,880	**1,539,542**	**13,048**
	¥ 9,599,462	¥ 9,499,100	**¥ 10,666,435**	**$ 90,394**
LIABILITIES AND STOCKHOLDERS' EQUITY				
Current liabilities:				
Short-term borrowings	¥ 657,809	¥ 230,266	**¥ 399,732**	**$ 3,388**
Notes and accounts payable, trade	848,643	806,044	**925,997**	**7,847**
Deposits from customers in the banking business	512,800	546,718	**601,446**	**5,097**
Other	1,259,825	1,226,340	**1,410,073**	**11,950**
	3,279,077	2,809,368	**3,337,248**	**28,282**
Long-term liabilities:				
Long-term debt	637,063	678,992	**650,514**	**5,513**
Accrued pension and severance costs	328,562	352,402	**222,834**	**1,888**
Future insurance policy benefits and other	2,383,749	2,464,295	**2,680,265**	**22,714**
Other	309,577	299,858	**442,146**	**3,747**
	3,658,951	3,795,547	**3,995,759**	**33,862**
Minority interest in consolidated subsidiaries	24,140	23,847	**37,014**	**314**
Stockholders' equity	2,637,294	2,870,338	**3,296,414**	**27,936**
	¥ 9,599,462	¥ 9,499,100	**¥ 10,666,435**	**$ 90,394**

Condensed Statements of Cash Flows

Financial Services

	(Millions of yen, millions of U.S. dollars)		
	Nine months ended December 31		
	2004	**2005**	**2005**
Net cash provided by operating activities	¥ 114,487	**¥ 78,296**	**$ 664**
Net cash used in investing activities	(455,219)	**(369,939)**	**(3,135)**
Net cash provided by financing activities	281,661	**208,683**	**1,768**
Net decrease in cash and cash equivalents	(59,071)	**(82,960)**	**(703)**
Cash and cash equivalents at beginning of the fiscal year	256,316	**259,371**	**2,198**
Cash and cash equivalents at December 31	¥ 197,245	**¥ 176,411**	**$ 1,495**

Sony without Financial Services

	(Millions of yen, millions of U.S. dollars)		
	Nine months ended December 31		
	2004	**2005**	**2005**
Net cash provided by operating activities	¥ 230,785	**¥ 45,207**	**$ 383**
Net cash used in investing activities	(414,690)	**(205,433)**	**(1,741)**
Net cash provided by (used in) financing activities	(35,375)	**50,916**	**432**
Effect of exchange rate changes on cash and cash equivalents	4,481	**28,239**	**238**
Net decrease in cash and cash equivalents	(214,799)	**(81,071)**	**(688)**
Cash and cash equivalents at beginning of the fiscal year	592,895	**519,732**	**4,405**
Cash and cash equivalents at December 31	¥ 378,096	**¥ 438,661**	**$ 3,717**

Consolidated

	(Millions of yen, millions of U.S. dollars)		
	Nine months ended December 31		
	2004	**2005**	**2005**
Net cash provided by operating activities	¥ 338,845	**¥ 124,262**	**$ 1,053**
Net cash used in investing activities	(859,088)	**(580,617)**	**(4,920)**
Net cash provided by financing activities	241,892	**264,085**	**2,238**
Effect of exchange rate changes on cash and cash equivalents	4,481	**28,239**	**238**
Net decrease in cash and cash equivalents	(273,870)	**(164,031)**	**(1,391)**
Cash and cash equivalents at beginning of the fiscal year	849,211	**779,103**	**6,603**
Cash and cash equivalents at December 31	¥ 575,341	**¥ 615,072**	**$ 5,212**