SONY

News & Information

6-7-35 Kitashinagawa
Shinagawa-ku
Tokyo 141-0001 Japan

Consolidated Financial Results for the Third Quarter ended December 31, 2002

No: 03-005E
3:00 P.M. JST, January 29, 2003

Sony Achieves Record Quarterly Sales and Net Income
Pictures, Electronics and Game Segments Contribute to Profitability

Tokyo, January 29, 2003 -- Sony Corporation announced today its consolidated results for the third quarter ended December 31, 2002 (October 1, 2002 to December 31, 2002).

Highlights

- For the three months ended December 31, 2002, consolidated sales increased slightly year on year to achieve a quarterly record for Sony of ¥2,307.7 billion ($19.2 billion). Operating income increased ¥40.9 billion year on year to ¥199.5 billion ($1.7 billion). Net income reached ¥125.4 billion ($1.05 billion), the highest quarterly net income Sony has ever recorded. The depreciation of the yen against the euro had a positive impact on results.

- In the Pictures business, strong home entertainment sales of motion pictures, including *Spider-Man* and *Men in Black II*, that had strong theatrical performances earlier in the year, resulted in a significant increase in sales and operating income.

- In the Electronics segment, although sales decreased due to the severe operating environment, the strong performance of components, semiconductors and consumer audio-visual products, which resulted from an improvement in profit structure, resulted in an increase in total operating income.

- In the Game segment, the market penetration of hardware continued to expand as hardware unit sales, primarily in the U.S. and Europe, increased significantly during the quarter. As a result, software sales worldwide increased, and this enabled the segment to again achieve the high level of sales and operating income recorded in the same quarter of the previous year.

- Cash flow was positive throughout the nine months ended December 31, 2002, a significant improvement over the same period of the previous year. This was due to an increase in the operating income of the Electronics, Game, and Pictures businesses. Total interest-bearing debt on December 31, 2002 was lower than as of December 31, 2001 and as of March 31, 2002.

- Based on management's belief that uncertain market conditions and the implementation of additional restructuring initiatives will make the fourth quarter a difficult one, Sony has not changed its forecast for the fiscal year ending March 31, 2003, which was announced in October 2002.

(Billions of yen, millions of U.S. dollars, except per share amounts)				
	Third quarter ended December 31			
	2001	**2002**	Change	**2002***
Sales and operating revenue	¥2,279.3	**¥2,307.7**	+1.2%	**$19,231**
Operating income	158.6	**199.5**	+25.8	**1,663**
Income before income taxes	119.3	**201.9**	+69.3	**1,683**
Net income	64.0	**125.4**	+95.9	**1,045**
Net income per share for common stock				
— Basic	¥69.72	**¥136.19**	+95.3	**$1.13**
— Diluted	64.87	**126.05**	+94.3	**1.05**

* U.S. dollar amounts have been translated from yen, for convenience only, at the rate of ¥120=U.S.$1, the approximate Tokyo foreign exchange market rate as of December 30, 2002.

Remarks by Nobuyuki Idei, Chairman and CEO of Sony Corporation

Despite prior concerns that sales over the year-end selling season, especially in the U.S., would be slow, Sony performed relatively well, achieving record sales and net income for the third quarter of the fiscal year.

The Pictures business recorded its largest ever sales and operating income for the third quarter, as earlier box office hits continued to generate profits through their release on DVD and VHS. In the Game business, PlayStation 2's strong market position was further strengthened by a large increase in unit sales of both PlayStation 2 hardware and software.

Although its sales decreased, the Electronics business made a significant contribution to operating income with restructuring initiatives leading to an improvement in profitability. Through further reductions in inventory and other initiatives, we will continue to work to build upon our achievements to date. In the Music business, which has been impacted by industry-wide difficulties, we welcome Mr. Andrew Lack as the new Chairman and CEO of U.S.-based Sony Music Entertainment. I look forward to his exercising considerable expertise in improving financial results.

Consolidated Results for the Third Quarter

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

Sales were ¥2,307.7 billion ($19.2 billion), a slight increase year on year (almost flat on a local currency basis - see Note I on page 8).

- Although sales in the Pictures segment increased by ¥98.0 billion, sales to external customers in the Electronics segment decreased by ¥59.7 billion.

Operating income of ¥199.5 billion ($1,663 million) was recorded, an increase of ¥40.9 billion, or 25.8%, year on year (7% increase on a local currency basis).

- Operating income in the Pictures segment increased ¥31.4 billion due to the contribution of record home entertainment sales mainly from summer 2002 theatrical releases. The Electronics segment achieved a ¥10.1 billion increase in operating income due to the depreciation of the yen against the euro and further cost reductions. Operating income in the Game segment increased ¥5.3 billion because of the strength of software sales, the depreciation of the yen against the euro, and continuing reductions in the cost of manufacturing hardware.
- Selling, general and administrative expenses increased ¥24.1 billion mainly as a result of an increase in advertising and marketing expenses in the Pictures segment in support of increased sales.

Income before income taxes was ¥201.9 billion ($1,683 million), an increase of ¥82.6 billion, or 69.3%, year on year.

- Income before income taxes increased because operating income increased ¥40.9 billion, other income increased ¥6.2 billion and other expenses decreased ¥35.5 billion.
  - → Other income increased due to a ¥2.8 billion ($24 million) foreign exchange gain.
  - → Other expenses decreased because of the absence of the ¥30.7 billion foreign exchange loss recorded in the same quarter of the previous year, and because interest expense decreased by ¥3.2 billion due to lower interest rates and reduced outstanding debt.

Net income of ¥125.4 billion ($1,045 million) was recorded, an increase of ¥61.4 billion, or 95.9%, year on year.

- The significant improvement occurred as a result of the increase in income before income taxes discussed above and a decrease in losses from affiliates accounted for under the equity method.
  - → Equity in net losses of affiliated companies decreased ¥6.9 billion to ¥10.0 billion ($83 million).
    - ~ This decrease was mainly due to a reduction in losses at Sony Ericsson Mobile Communications, AB (“SEMC”) and at American Video Glass Company (“AVGC”), a joint venture in the U.S. which produces glass components for televisions. Losses at SEMC decreased ¥3.2 billion to ¥4.2 billion ($35 million). Compared with a loss in the same quarter of the previous year, AVGC improved ¥1.9 billion to record a small profit.
- Partially offsetting the improvement was a ¥26.5 billion increase to ¥65.5 billion yen ($546 million) in income taxes due to the increase in income before taxes mentioned above.

Operating Performance Highlights by Business Segment

Electronics

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

	Third quarter ended December 31			
	2001	**2002**	Change	**2002**
Sales and operating revenue	¥1,539.7	**¥1,468.2**	- 4.6%	**$12,235**
Operating income	72.0	**82.1**	+14.1	**685**

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

Sales were ¥1,468.2 billion ($12.2 billion), a decrease of 4.6% year on year (6% decrease on a local currency basis).

- On a product category basis, sales increased in “Semiconductors” by 33.5%, in “Components” by 7.5%, and in “Video” by 3.0%.
- Sales decreased in “Information and Communications” by 18.2% and “Audio” by 9.6%.
  - → On a local currency basis:
    - ~ Products with significant increases in sales were digital still cameras (“Cybershot”), semiconductors (especially CCDs and LCDs, which increased due to higher demand for digital still cameras and personal digital assistants), projection televisions, plasma televisions and personal digital assistants (“CLIÉ”).
    - ~ Products with significant decreases in sales were VAIO PCs, CRT computer displays and CRT televisions.
    - ~ On a geographic basis, sales in Other areas increased, while sales in the U.S., Europe and Japan decreased.

Operating income was ¥82.1 billion ($685 million), an increase of ¥10.1 billion, or 14.1%, year on year (10% decrease on a local currency basis).

- Despite the negative impact of the decrease in sales, the following factors led to the increase in profit:
  - → The depreciation of the yen against the euro.

- → An improvement in the profitability of such business as CRTs for computer displays, where a reduction in fixed costs led to greater financial viability, and semiconductors, where utilization at manufacturing facilities increased.

- The following product categories achieved an increase in profitability: "Components," in which CRTs for computer displays, recording media and battery businesses benefited from structural changes, "Audio" in which home theatre products performed well, and "Televisions" in which large screen televisions performed well. "Semiconductors" changed from loss to profit, mainly due to the strong performance of CCDs. However, "Information and Communications" turned from profit to loss due to the deterioration of the profit performance of PCs.

Regarding the performance during the quarter of the Aiwa business, sales decreased and the implementation of restructuring initiatives led to an operating loss. Sony merged with Aiwa Co., Ltd. on December 1, 2002 (see Note III on page 8).

Inventory as of December 31, 2002 was ¥506.5 billion ($4,221 million), a ¥120.9 billion, or 19.3%, decrease compared with the level as of December 31, 2001.

Game

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

	Third quarter ended December 31			
	2001	**2002**	Change	**2002**
Sales and operating revenue	¥383.2	**¥384.1**	+ 0.3%	**$3,201**
Operating income	66.4	**71.7**	+ 7.9	**597**

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

Sales were ¥384.1 billion ($3,201 million), almost flat year on year (4% decrease on a local currency basis).

- Hardware sales decreased, but software sales increased, compared with the same quarter of the previous year.
  - → Unit sales of both PlayStation 2 and PS one hardware decreased in Japan, but increased significantly in other areas, particularly the U.S. and Europe. Strategic price reductions in all major regions led to a year on year decrease in sales revenue in the U.S. and Japan, although sales revenue increased in Europe.
  - → Software sales increased worldwide due to an increase in PlayStation 2 software unit sales resulting from the continuing market penetration of PlayStation 2 hardware. (Worldwide hardware production shipments of PlayStation 2 were 49.59 million units as of December 31, 2002 on a cumulative basis.)
- Worldwide hardware production shipments:*
  - → PS 2: 8.03 million units (an increase of 2.61 million units)
  - → PS one: 3.02 million units (an increase of 1.99 million units)
- Worldwide software production shipments:*
  - → PS 2: 79.00 million units (an increase of 26.30 million units)
  - → PlayStation: 22.00 million units (a decrease of 16.00 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.

Operating income was ¥71.7 billion ($597 million), an increase of ¥5.3 billion, or 7.9%, year on year (12% decrease on a local currency basis).

- Strong software sales worldwide led to an overall increase in operating income. Although hardware sales decreased due to strategic price reductions in all major regions, the positive impact of the depreciation of the yen against the euro, in addition to continued reduction of manufacturing costs, resulted in only a slight negative impact on operating income.

Inventory as of December 31, 2002 was ¥144.7 billion ($1,206 million), a ¥4.4 billion, or 3.1%, increase compared with the level as of December 31, 2001.

Music

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

	Third quarter ended December 31			
	2001	**2002**	Change	**2002**
Sales and operating revenue	¥205.5	**¥198.8**	- 3.3%	**$1,657**
Operating income	23.1	**20.9**	- 9.5	**174**

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

Sales were ¥198.8 billion ($1,657 million), a decrease of 3.3% year on year (3% decrease on a local currency basis). Of the Music segment's sales, 74% were generated by SMEI, and 26% were generated by SMEJ.

- SMEI's sales (on a U.S. dollar basis) decreased 1%.
  - → Sales decreased because continuing difficult market conditions caused a decline in record sales in many regions worldwide.
  - → Partially offsetting this decline was increased DVD software manufacturing sales to the Pictures and Game segments.
  - → Titles that contributed the most to sales were Jennifer Lopez's *This is Me…Then* and Dixie Chicks' *Home*.
- SMEJ's sales decreased 8%.
  - → Sales decreased because of the continued contraction of the record industry.
  - → Titles that contributed the most to sales were Chemistry's *Second to None* and The Gospellers' *aCappella*.

Operating income was ¥20.9 billion ($174 million), a decrease of ¥2.2 billion, or 9.5% year on year (9% decrease on a local currency basis).

- SMEI's operating income (on a U.S. dollar basis) decreased 10% as compared to the same quarter of the prior year.
  - → Operating income declined as a result of the decrease in record sales, higher talent-related expenses, and increased costs recorded for ongoing restructuring activities, including continuing worldwide headcount reductions.
  - → Partially offsetting this decrease was a decrease in advertising and promotion expenses, increased income generated by the increased DVD software manufacturing activity, and savings realized from SMEI's previously implemented cost savings initiatives.
- SMEJ's operating income decreased 6% as compared to the same quarter of the prior year.
  - → Although a reduction in advertising and promotion expenses led to a decrease in selling, general and administrative expenses, the drop in record sales resulted in a decline in operating income.

Pictures

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

	Third quarter ended December 31			
	2001	**2002**	Change	**2002**
Sales and operating revenue	¥158.4	**¥256.3**	+ 61.9%	**$2,136**
Operating income	0.3	**31.7**	+10,761.3	**264**

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 were ¥256.3 billion ($2,136 million), an increase of 61.9% year on year (64% increase on a U.S dollar basis).

- The reasons for the substantial increase in sales (on a U.S. dollar basis) were:
  - → Record SPE home entertainment sales as a result of the releases of *Spider-Man, Men in Black II, xXx, Stuart Little 2,* and *Mr. Deeds.*
    - ~ Over 40 million initial DVD and VHS units of *Spider-Man* were shipped worldwide during the quarter.
  - → Higher television revenues primarily from a library sale to a cable channel of the television program *The Nanny* and higher advertising revenues from *Wheel of Fortune*.

Operating income was ¥31.7 billion ($264 million), an increase of ¥31.4 billion year on year.

- The reasons for the increase in profitability were:
  - → Substantially higher home entertainment revenues, as noted above, driven by SPE's successful summer 2002 theatrical release slate.
  - → Higher television operating income from the increased revenues noted above.
  - → The absence of a television restructuring charge recorded in the prior year.
- Partially offsetting the increase in profitability was:
  - → The disappointing theatrical performance of *I Spy*.

Financial Services

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

	Third quarter ended December 31			
	2001	**2002**	Change	**2002**
Financial Service revenue	¥127.1	**¥133.9**	+ 5.4%	**$1,116**
Operating income	2.1	**3.6**	+72.4	**30**

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

Financial Service revenue was ¥133.9 billion ($1,116 million), an increase of 5.4% year on year.

- Revenue increased primarily due to an increase in revenue at Sony Life Insurance Co., Ltd. ("Sony Life").
  - → Revenue increased because valuation gains and losses from investments in the general account improved compared to a loss recorded on Argentine government bonds in the same quarter of the previous year, and because insurance revenue rose due to an increase in insurance-in-force.
  - → The above revenue gains were partially offset by an increase in valuation losses from investments in the separate account, which resulted from the stock market downturn. Valuation gains and losses from investments in the separate account accrue directly to the account of policyholders and, therefore, do not affect operating income.
- In addition, the following factors affected Financial Services segment revenue:
  - → Revenue at Sony Assurance Inc. increased due to higher insurance revenue brought about by an expansion in insurance-in-force.
  - → Revenue at Sony Finance International, Inc. ("Sony Finance") was almost flat year on year.
  - → Revenue at Sony Bank increased only slightly reflecting the severe market environment though the total balance of deposited funds increased.

Operating income increased ¥1.5 billion or 72.4% year on year to ¥3.6 billion ($30 million).

- Operating income increased primarily due to the improvement in valuation gains and losses from investments in the general account and increase in insurance revenue.
- In addition, the following factors affected Financial Services segment operating income:
  - → Losses at Sony Assurance Inc. decreased due to an increase in insurance revenue and a decrease in payments for insurance benefits.

→ Operating income at Sony Finance was almost flat year on year.
→ Sony Bank, which began operations in June 2001, recorded a loss similar to that of the same quarter in the previous year.

Other

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

	Third quarter ended December 31			
	2001	**2002**	Change	**2002**
Sales and operating revenue	¥53.0	**¥64.1**	+ 21.0%	**$535**
Operating income (loss)	(3.5)	**(6.6)**	-	**(55)**

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

Sales were ¥64.1 billion ($535 million), an increase of 21.0% year on year.

- Sales of NACS-related businesses (see Note II on page 8) and sales at an advertising agency business subsidiary in Japan increased.

In terms of profitability, an operating loss of ¥6.6 billion ($55 million) was recorded compared with an operating loss of ¥3.5 billion in the same quarter of the previous year, a deterioration of ¥3.2 billion year on year.

- Losses increased at NACS-related businesses in the aggregate, mainly because of losses incurred in connection with the creation of a platform business for the networked era, although operating income was recorded at Sony Communication Network Corporation.

Cash Flow

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

	Nine months ended December 31			
	2001	**2002**	Difference	**2002**
Cash flow				
- From operating activities	¥330.8	**¥503.1**	¥ + 172.3	**$4,192**
- From investing activities	(590.9)	**(404.6)**	+ 186.3	**(3,371)**
- From financing activities	366.7	**40.5**	- 326.2	**338**
Cash and cash equivalents as of December 31	744.2	**798.6**	+ 54.4	**6,655**

Cash provided by operating activities for the nine months ended December 31, 2002 was ¥503.1 billion ($4,192 million), an increase of ¥172.3 billion.

- While cash was used for an increase in notes and accounts receivable during the nine months, the contribution to profit of the Electronics, Game and Pictures businesses and an increase in notes and accounts payable caused cash generated from operating activities to exceed expenditures.
- Although the amount of increase in notes and accounts receivable increased and inventories changed from a decrease to an increase, leading to a decrease in cash provided by operating activities, an increase in the operating income of the Electronics, Game and Pictures businesses, and a change from a decrease to an increase in notes and accounts payable contributed to the increase in cash provided by operating activities compared with the same period of the previous year.

Cash used in investing activities for the nine months was ¥404.6 billion ($3,371 million), a decrease of ¥186.3 billion.

- The use of cash derived primarily from the fact that, reflecting an increase in assets under management in the life insurance and banking businesses, investments and advances of ¥686.8 billion ($5,723 million) exceeded sales and maturities of securities investments and collections of advances of ¥386.0 billion ($3,216 million) in the Financial Services business.

- In addition, ¥203.6 billion ($1,696 million) was used to purchase fixed assets, primarily in the Electronics business but, as a result of the prioritization of investments, the figure decreased by ¥89.6 billion compared with the same nine months of the previous fiscal year. Cash proceeds of ¥127.4 billion ($1,062 million) were also generated from the sales of securities investments and collections of advances, including ¥88.4 billion* from the sale of equity in Telemundo Communications Group, Inc. and its subsidiaries, a U.S. based television network and station group.
  (*The U.S. dollar amount of the cash proceeds recorded on the sale of Telemundo was $679 million.)

Cash provided by financing activities for the nine months was ¥40.5 billion ($338 million), a decrease of ¥326.2 billion.

- Although cash was used during the nine months to pay down borrowings of the Sony group as a whole and ¥23.0 billion ($191 million) in dividends were paid, cash was provided by a ¥106.5 billion ($887 million) increase in deposits from customers in the banking business.

Notes

Note I: During the third quarter ended December 31, 2002, the average value of the yen was ¥121.58 against the U.S. dollar and ¥121.05 against the euro, which was 0.8% higher against the U.S. dollar and 9.8% lower against the euro, compared with the average rate for the third quarter of the previous fiscal year. Operating results on a local currency basis described herein reflect sales and operating revenue ("sales") and operating income obtained by applying the yen's average exchange rate in the third quarter of the previous fiscal year to local currency-denominated monthly sales, cost of sales, and selling, general and administrative expenses in the third quarter of the current fiscal year. Local currency basis results are not reflected in Sony's financial statements and are not measures conforming with Generally Accepted Accounting Principles in the U.S. ("U.S. GAAP"). In addition, Sony does not believe that these measures are a substitute for U.S. GAAP measures. However, Sony believes that local currency basis results provide additional useful information to investors regarding operating performance.

Note II: Commencing with the first quarter ended June 30, 2002, Sony has partly realigned its business segment configuration and Electronics segment product category configuration. In accordance with this realignment, results of the third quarter of the previous fiscal year have been reclassified to conform to the presentation for the third quarter of the current fiscal year. Sales of related businesses in the Network Application and Contents Service Sector ("NACS"), established in April 2002 to enhance network businesses, are included in the "Other" segment. In addition to Sony Communication Network Corporation, which was originally contained in the "Other" segment, NACS-related businesses include an in-house oriented information system service business and an IC card business formerly contained in the "Other" category of the Electronics segment.

Note III: On October 1, 2002, Sony implemented a share exchange as a result of which Aiwa Co., Ltd. became a wholly-owned subsidiary. As a result of this share exchange, Sony issued 2,502,491 new shares, the minority interest in Aiwa was eliminated from the balance sheet, and additional paid-in capital increased ¥15.9 billion. On December 1, 2002, Sony absorbed Aiwa by merger. The merger had no effect on Sony's financial statements.

Note IV: "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. "Sales on a product category basis" in the Electronics segment represents only sales of products to external customers, i.e. those sales recorded after intersegment and intercategory transactions have been eliminated.

Other Matters

In November 2002, Sony Corporation of America, a subsidiary of Sony Corporation, together with other investors, executed a definitive agreement to acquire all of the outstanding common stock of InterTrust Technologies Corporation ("InterTrust") for approximately $453 million. In January 2003, the acquisition of InterTrust by Sony Corporation of America, Koninklijke Philips Electronics N.V. of Holland, and another investor was successfully completed. InterTrust is a leading holder of intellectual property in digital rights management. The objective of this transaction fits with Sony's network strategy which is to enable wide access to secure digital content through networks.

In January 2003, Sony and Telefonaktiebolaget LM Ericsson announced that they will each invest an additional 150 million euro in SEMC to strengthen its financial position.

Outlook for the Fiscal Year ending March 31, 2003

Despite the solid results that Sony achieved in the third quarter, we believe that the business environment in which Sony operates will remain unstable because of the uncertain economic outlook and waning consumer confidence. Due to these uncertainties in the market, and the implementation of restructuring, we believe that the fourth quarter will be a difficult one. Therefore we have not changed our October forecast.

		Change from previous year
Sales and operating revenue	¥7,600 billion	Unchanged
Operating income	280 billion	+ 108%
Income before income taxes	310 billion	+ 234
Net income	180 billion	+ 1,076

Assumed exchange rates for the fourth quarter: approximately ¥120 to the dollar and ¥125 to the euro. (Exchange rates assumed in October for the third quarter: approximately ¥120 to the dollar and ¥115 to the euro.)

No change was made in capital expenditures and depreciation and amortization.

Capital expenditures (additions to fixed assets)	¥280 billion	- 14%
Depreciation and amortization*	350 billion	- 1
(Depreciation expenses for tangible assets	260 billion	- 13)

* 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 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 or financial performance. From time to time, oral or written forward-looking statements may also be included in other materials released to the public. These statements are based on management's assumptions and beliefs in light of the information currently available to it. Sony cautions you that a number of important risks and uncertainties could cause actual results to differ materially from those discussed in the forward-looking statements, and therefore you should not place undue reliance on them. You also should not rely on any obligation of Sony to update or revise any forward-looking statements, whether as a result of new information, future events or otherwise. Sony disclaims any such obligation. Risks and uncertainties that might affect Sony include, but are not limited to (i) the global economic environment in which Sony operates, as well as the economic conditions in Sony's markets, particularly levels of consumer spending; (ii) exchange rates, particularly between the yen and the U.S. dollar, euro, and other currencies in which Sony makes significant sales or in which Sony's assets and liabilities are denominated; (iii) Sony's ability to continue to design and develop and win acceptance of its products and services, which are offered in highly competitive markets characterized by continual new product introductions, rapid development in technology (particularly in the Electronics business), and subjective and changing consumer preferences (particularly in the Game, Music, and Pictures businesses); (iv) Sony's ability to implement successfully the restructuring initiatives in its Electronics, Music and Pictures businesses and its network strategy for its Electronics, Music, Pictures, and Game businesses; (v) Sony's ability to compete and develop and implement successful sales and distribution strategies in light of Internet and other technological developments in its Music and Pictures businesses; (vi) Sony's continued ability to devote sufficient resources to research and development and, with respect to capital expenditures, to prioritize investments (particularly in the Electronics business); (vii) the success of Sony's joint ventures and alliances; and (viii) the outcome of contingencies. Risks and uncertainties also include the impact of any future events with material unforeseen impacts.

Investor Relations Contacts:

Tokyo	New York	London
Takeshi Sudo	Yas Hasegawa/Kumiko Koyama	Hanako Muto/Chris Hohman
+81-(0)3-5448-2180	+1-212-833-6820/5011	+44-(0)20-7426-8760/8739

Home Page: www.sony.net/IR/

Business Segment Information (Unaudited)

Sales and operating revenue	2001	2002	Change	2002
	(Millions of yen, millions of U.S. dollars)			
	Three months ended December 31			
Electronics				
Customers	¥ 1,402,933	**¥ 1,343,231**	-4.3%	**$ 11,194**
Intersegment	136,765	**125,017**		**1,041**
Total	1,539,698	**1,468,248**	-4.6	**12,235**
Game				
Customers	378,747	**377,027**	-0.5	**3,142**
Intersegment	4,412	**7,096**		**59**
Total	383,159	**384,123**	+0.3	**3,201**
Music				
Customers	188,715	**173,354**	-8.1	**1,445**
Intersegment	16,811	**25,488**		**212**
Total	205,526	**198,842**	-3.3	**1,657**
Pictures				
Customers	158,358	**256,332**	+61.9	**2,136**
Intersegment	0	**0**		**0**
Total	158,358	**256,332**	+61.9	**2,136**
Financial Services				
Customers	119,952	**127,132**	+6.0	**1,059**
Intersegment	7,102	**6,755**		**57**
Total	127,054	**133,887**	+5.4	**1,116**
Other				
Customers	30,601	**30,657**	+0.2	**255**
Intersegment	22,411	**33,483**		**280**
Total	53,012	**64,140**	+21.0	**535**
Elimination	(187,501)	**(197,839)**	—	**(1,649)**
Consolidated total	¥ 2,279,306	**¥ 2,307,733**	+1.2%	**$ 19,231**

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

Operating income (loss)	2001	2002	Change	2002
Electronics	¥ 72,008	**¥ 82,146**	+14.1%	**$ 685**
Game	66,410	**71,664**	+7.9	**597**
Music	23,096	**20,902**	-9.5	**174**
Pictures	292	**31,715**	+10,761.3	**264**
Financial Services	2,063	**3,557**	+72.4	**30**
Other	(3,469)	**(6,622)**	—	**(55)**
Total	160,400	**203,362**	+26.8	**1,695**
Corporate and elimination	(1,789)	**(3,846)**	—	**(32)**
Consolidated total	¥ 158,611	**¥ 199,516**	+25.8%	**$ 1,663**

Commencing with the first quarter ended June 30, 2002, Sony has partly realigned its business segment configuration. In accordance with this change, results of the previous year have been reclassified to conform to the presentation for the current year.

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

Sales and operating revenue	Nine months ended December 31 2001	2002	Change	2002
Electronics				
Customers	¥ 3,611,799	**¥ 3,547,650**	-1.8%	**$ 29,564**
Intersegment	422,126	**367,505**		**3,062**
Total	4,033,925	**3,915,155**	-2.9	**32,626**
Game				
Customers	768,789	**772,559**	+0.5	**6,438**
Intersegment	12,106	**15,134**		**126**
Total	780,895	**787,693**	+0.9	**6,564**
Music				
Customers	447,695	**422,598**	-5.6	**3,522**
Intersegment	41,460	**61,290**		**510**
Total	489,155	**483,888**	-1.1	**4,032**
Pictures				
Customers	441,065	**615,530**	+39.6	**5,129**
Intersegment	0	**0**		**0**
Total	441,065	**615,530**	+39.6	**5,129**
Financial Services				
Customers	342,179	**371,493**	+8.6	**3,096**
Intersegment	21,285	**20,620**		**172**
Total	363,464	**392,113**	+7.9	**3,268**
Other				
Customers	82,180	**89,439**	+8.8	**745**
Intersegment	67,597	**91,609**		**764**
Total	149,777	**181,048**	+20.9	**1,509**
Elimination	(564,574)	**(556,158)**	—	**(4,634)**
Consolidated total	¥ 5,693,707	**¥ 5,819,269**	+2.2%	**$ 48,494**

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

Operating income (loss)	2001	2002	Change	2002
Electronics	¥ 50,188	**¥ 157,524**	+213.9%	**$ 1,313**
Game	67,357	**99,022**	+47.0	**825**
Music	22,232	**5,027**	-77.4	**42**
Pictures	19,660	**50,882**	+158.8	**424**
Financial Services	11,346	**20,314**	+79.0	**169**
Other	(11,418)	**(21,269)**	—	**(177)**
Total	159,365	**311,500**	+95.5	**2,596**
Corporate and elimination	(1,142)	**(9,593)**	—	**(80)**
Consolidated total	¥ 158,223	**¥ 301,907**	+90.8%	**$ 2,516**

Commencing with the first quarter ended June 30, 2002, Sony has partly realigned its business segment configuration. In accordance with this change, results of the previous year have been reclassified to conform to the presentation for the current year.

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 2001	2002	Change	2002
Audio	¥ 238,422	¥ **215,565**	-9.6%	$ **1,797**
Video	249,742	**257,274**	+3.0	**2,144**
Televisions	280,968	**283,956**	+1.1	**2,366**
Information and Communications	307,593	**251,718**	-18.2	**2,098**
Semiconductors	39,595	**52,844**	+33.5	**440**
Components	134,759	**144,855**	+7.5	**1,207**
Other	151,854	**137,019**	-9.8	**1,142**
Total	¥ 1,402,933	¥ **1,343,231**	-4.3%	$ **11,194**

Sales and operating revenue	Nine months ended December 31 2001	2002	Change	2002
Audio	¥ 599,073	¥ **548,962**	-8.4%	$ **4,575**
Video	648,973	**676,462**	+4.2	**5,637**
Televisions	623,013	**666,683**	+7.0	**5,556**
Information and Communications	854,607	**715,741**	-16.2	**5,964**
Semiconductors	136,967	**152,257**	+11.2	**1,269**
Components	384,127	**404,412**	+5.3	**3,370**
Other	365,039	**383,133**	+5.0	**3,193**
Total	¥ 3,611,799	¥ **3,547,650**	-1.8%	$ **29,564**

The above table is a breakdown of Electronics sales and operating revenue to customers in the Business Segment Information on page F-1 F-2. The Electronics business 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 sales contributions of the products in this business segment. In addition, commencing with the first quarter ended June 30, 2002, Sony has partly realigned its product category configuration in the Electronics business. In accordance with this change, results of the previous year have been reclassified to conform to the presentations for the current year.

Sales of mobile phones are no longer recorded in the “Information and Communications” category as of the third quarter ended December 31, 2001. From the third quarter of the previous year, sales of mobile phones manufactured for Sony Ericsson Mobile Communications, AB are recorded in the “Other” product category.

Geographic Segment Information (Unaudited)

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

Sales and operating revenue	Three months ended December 31 2001	2002	Change	2002
Japan	¥ 606,985	¥ **576,943**	-4.9%	$ **4,808**
United States	774,706	**748,374**	-3.4	**6,236**
Europe	538,073	**591,181**	+9.9	**4,927**
Other Areas	359,542	**391,235**	+8.8	**3,260**
Total	¥ 2,279,306	¥ **2,307,733**	+1.2%	$ **19,231**

Sales and operating revenue	Nine months ended December 31 2001	2002	Change	2002
Japan	¥ 1,662,078	¥ **1,575,947**	-5.2%	$ **13,133**
United States	1,886,116	**1,922,199**	+1.9	**16,018**
Europe	1,200,604	**1,302,616**	+8.5	**10,855**
Other Areas	944,909	**1,018,507**	+7.8	**8,488**
Total	¥ 5,693,707	¥ **5,819,269**	+2.2%	$ **48,494**

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			
	2001	**2002**	Change	**2002**
Sales and operating revenue			%	
Net sales	¥ 2,149,813	**¥ 2,166,684**		**$ 18,056**
Financial service revenue	119,952	**127,132**		**1,059**
Other operating revenue	9,541	**13,917**		**116**
	2,279,306	**2,307,733**	+1.2	**19,231**
Costs and expenses				
Cost of sales	1,550,162	**1,507,867**		**12,566**
Selling, general and administrative	452,643	**476,775**		**3,972**
Financial service expenses	117,890	**123,575**		**1,030**
	2,120,695	**2,108,217**		**17,568**
Operating income	158,611	**199,516**	+25.8	**1,663**
Other income				
Interest and dividends	3,973	**3,340**		**28**
Royalty income	4,849	**5,581**		**47**
Foreign exchange gain, net	—	**2,840**		**24**
Other	4,729	**8,009**		**66**
	13,551	**19,770**		**165**
Other expenses				
Interest	9,842	**6,673**		**56**
Loss on devaluation of securities investments	2,789	**1,720**		**14**
Foreign exchange loss, net	30,748	**—**		**—**
Other	9,494	**8,993**		**75**
	52,873	**17,386**		**145**
Income before income taxes	119,289	**201,900**	+69.3	**1,683**
Income taxes	39,038	**65,536**		**546**
Income before minority interest and equity in net losses of affiliated companies	80,251	**136,364**	+69.9	**1,137**
Minority interest in income (loss) of consolidated subsidiaries	(706)	**928**		**9**
Equity in net losses of affiliated companies	16,934	**10,005**		**83**
Net income	¥ 64,023	**¥ 125,431**	+95.9	**$ 1,045**
Per share data:				
Common stock				
Net income				
— Basic	¥ 69.72	**¥ 136.19**	+95.3	**$ 1.13**
— Diluted	64.87	**126.05**	+94.3	**1.05**
Subsidiary tracking stock				
Net income (loss)				
— Basic	(4.06)	**1.11**	—	**0.01**

Consolidated Statements of Income (Unaudited)

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

	Nine months ended December 31			
	2001	**2002**	Change	**2002**
Sales and operating revenue			%	
Net sales	¥ 5,325,076	**¥ 5,412,892**		**$ 45,107**
Financial service revenue	342,179	**371,493**		**3,096**
Other operating revenue	26,452	**34,884**		**291**
	5,693,707	**5,819,269**	+2.2	**48,494**
Costs and expenses				
Cost of sales	3,926,022	**3,838,888**		**31,991**
Selling, general and administrative	1,278,629	**1,327,295**		**11,061**
Financial service expenses	330,833	**351,179**		**2,926**
	5,535,484	**5,517,362**		**45,978**
Operating income	158,223	**301,907**	+90.8	**2,516**
Other income				
Interest and dividends	11,618	**10,161**		**85**
Royalty income	18,743	**22,246**		**185**
Foreign exchange gain, net	—	**2,192**		**18**
Gain on sale of securities investments, net	317	**70,870**		**591**
Other	25,647	**24,672**		**206**
	56,325	**130,141**		**1,085**
Other expenses				
Interest	32,539	**20,063**		**167**
Loss on devaluation of securities investments	13,615	**17,925**		**149**
Foreign exchange loss, net	30,963	**—**		**—**
Other	31,859	**26,697**		**224**
	108,976	**64,685**		**540**
Income before income taxes	105,572	**367,363**	+248.0	**3,061**
Income taxes	74,119	**104,243**		**869**
Income before minority interest, equity in net losses of affiliated companies and cumulative effect of accounting changes	31,453	**263,120**	+736.5	**2,192**
Minority interest in income (loss) of consolidated subsidiaries	(9,635)	**6,671**		**55**
Equity in net losses of affiliated companies	26,298	**29,786**		**248**
Income before cumulative effect of accounting changes	14,790	**226,663**	+1,432.5	**1,889**
Cumulative effect of accounting changes (2001:Net of income taxes of ¥2,975 million)	5,978	**—**		**—**
Net income	¥ 20,768	**¥ 226,663**	+991.4	**$ 1,889**
Per share data:				
Common stock				
Income before cumulative effect of accounting changes				
— Basic	¥ 16.12	**¥ 246.46**	+1,428.9	**$ 2.05**
— Diluted	16.07	**228.77**	+1,323.6	**1.91**
Net income				
— Basic	22.63	**246.46**	+989.1	**2.05**
— Diluted	22.56	**228.77**	+914.1	**1.91**
Subsidiary tracking stock				
Net income (loss)				
— Basic	(4.90)	**27.88**	—	**0.23**

Consolidated Balance Sheets (Unaudited)

	(Millions of yen, millions of U.S. dollars)			
ASSETS	December 31 2001	March 31 2002	**December 31 2002**	**December 31 2002**
Current assets:				
Cash and cash equivalents	¥ 744,167	¥ 683,800	**¥ 798,635**	**$ 6,655**
Time deposits	8,329	5,176	**6,103**	**51**
Marketable securities	155,163	162,147	**218,448**	**1,820**
Notes and accounts receivable, trade	1,532,626	1,363,652	**1,635,099**	**13,626**
Allowance for doubtful accounts and sales returns	(120,543)	(120,826)	**(152,518)**	**(1,271)**
Inventories	816,114	673,437	**701,068**	**5,842**
Deferred income taxes	151,669	134,299	**149,865**	**1,249**
Prepaid expenses and other current assets	435,506	435,527	**493,120**	**4,110**
	3,723,031	3,337,212	**3,849,820**	**32,082**
Film costs	352,197	313,054	**275,801**	**2,298**
Investments and advances:				
Affiliated companies	125,279	131,068	**72,479**	**604**
Securities investments and other	1,469,205	1,566,739	**1,745,558**	**14,546**
	1,594,484	1,697,807	**1,818,037**	**15,150**
Property, plant and equipment:				
Land	187,476	195,292	**189,518**	**1,579**
Buildings	888,820	891,436	**873,645**	**7,280**
Machinery and equipment	2,257,331	2,216,347	**2,118,062**	**17,651**
Construction in progress	64,586	66,825	**61,588**	**513**
Less-Accumulated depreciation	(1,961,927)	(1,958,234)	**(1,927,595)**	**(16,063)**
	1,436,286	1,411,666	**1,315,218**	**10,960**
Other assets:				
Intangibles, net	228,113	245,639	**258,229**	**2,152**
Goodwill	312,977	317,240	**291,412**	**2,428**
Deferred insurance acquisition costs	295,533	308,204	**326,401**	**2,720**
Other	497,417	554,973	**656,430**	**5,471**
	1,334,040	1,426,056	**1,532,472**	**12,771**
	¥ 8,440,038	¥ 8,185,795	**¥ 8,791,348**	**$ 73,261**
LIABILITIES AND STOCKHOLDERS' EQUITY				
Current liabilities:				
Short-term borrowings	¥ 453,100	¥ 113,277	**¥ 80,608**	**$ 672**
Current portion of long-term debt	22,488	240,786	**230,479**	**1,921**
Notes and accounts payable, trade	789,339	767,625	**896,089**	**7,467**
Accounts payable, other and accrued expenses	896,884	869,533	**889,754**	**7,415**
Accrued income and other taxes	113,293	105,470	**172,238**	**1,435**
Deposits from customers in the banking business	63,602	106,472	**213,881**	**1,782**
Other	413,617	355,333	**377,343**	**3,145**
	2,752,323	2,558,496	**2,860,392**	**23,837**
Long-term liabilities:				
Long-term debt	1,052,778	838,617	**811,151**	**6,760**
Accrued pension and severance costs	231,900	299,089	**317,514**	**2,646**
Deferred income taxes	160,317	159,573	**162,379**	**1,353**
Future insurance policy benefits and other	1,569,068	1,680,418	**1,848,136**	**15,401**
Other	252,625	255,824	**282,878**	**2,357**
	3,266,688	3,233,521	**3,422,058**	**28,517**
Minority interest in consolidated subsidiaries	31,913	23,368	**22,220**	**185**
Stockholders' equity:				
Capital stock	476,031	476,106	**476,261**	**3,969**
Additional paid-in capital	968,147	968,223	**984,181**	**8,202**
Retained earnings	1,226,219	1,209,262	**1,424,413**	**11,870**
Accumulated other comprehensive income	(273,788)	(275,593)	**(388,895)**	**(3,242)**
Treasury stock, at cost	(7,495)	(7,588)	**(9,282)**	**(77)**
	2,389,114	2,370,410	**2,486,678**	**20,722**
	¥ 8,440,038	¥ 8,185,795	**¥ 8,791,348**	**$ 73,261**

Consolidated Statements of Cash Flows (Unaudited)

	(Millions of yen, millions of U.S. dollars)		
	Nine months ended December 31		
	2001	**2002**	**2002**
Cash flows from operating activities:			
Net income	¥ 20,768	**¥ 226,663**	**$ 1,889**
Adjustments to reconcile net income to net cash provided by operating activities -			
Depreciation and amortization, including amortization of deferred insurance acquisition costs	262,179	**255,684**	**2,131**
Amortization of film costs	165,105	**232,727**	**1,939**
Accrual for pension and severance costs, less payments	8,922	**20,125**	**168**
Loss on sale, disposal or impairment of long-lived assets, net	23,099	**23,539**	**196**
Gain on sales of securities investments, net	(317)	**(70,870)**	**(591)**
Deferred income taxes	(29,698)	**(65,648)**	**(547)**
Equity in net losses of affiliated companies, net of dividends	28,938	**30,880**	**257**
Cumulative effect of accounting changes	(5,978)	**—**	**—**
Changes in assets and liabilities:			
Increase in notes and accounts receivable, trade	(52,521)	**(298,009)**	**(2,483)**
(Increase) decrease in inventories	150,272	**(41,752)**	**(348)**
Increase in film costs	(197,605)	**(226,738)**	**(1,889)**
Increase (decrease) in notes and accounts payable, trade	(149,850)	**139,788**	**1,165**
Increase (decrease) in accrued income and other taxes	(44,042)	**69,970**	**583**
Increase in future insurance policy benefits and other	203,054	**167,718**	**1,398**
Increase in deferred insurance acquisition costs	(53,848)	**(49,808)**	**(415)**
Changes in other current assets and liabilities, net	51,479	**35,476**	**296**
Other	(49,189)	**53,321**	**443**
Net cash provided by operating activities	330,768	**503,066**	**4,192**
Cash flows from investing activities:			
Payments for purchases of fixed assets	(293,123)	**(203,552)**	**(1,696)**
Proceeds from sales of fixed assets	34,216	**23,567**	**196**
Payments for investments and advances by financial service business	(469,028)	**(686,800)**	**(5,723)**
Payments for investments and advances (other than financial service business)	(78,465)	**(49,961)**	**(416)**
Proceeds from sales of securities investments, maturities of marketable securities and collections of advances by financial service business	190,585	**385,984**	**3,216**
Proceeds from sales of securities investments, maturities of marketable securities and collections of advances (other than financial service business)	26,560	**127,389**	**1,062**
Increase in time deposits	(1,641)	**(1,196)**	**(10)**
Net cash used in investing activities	(590,896)	**(404,569)**	**(3,371)**
Cash flows from financing activities:			
Proceeds from issuance of long-term debt	223,888	**10,506**	**88**
Payments of long-term debt	(163,992)	**(23,101)**	**(193)**
Increase (decrease) in short-term borrowings	239,434	**(22,147)**	**(185)**
Increase in deposits from customers in the banking business	63,602	**106,462**	**887**
Proceeds from issuance of subsidiary tracking stock	9,529	**—**	**—**
Dividends paid	(22,951)	**(22,965)**	**(191)**
Other	17,195	**(8,219)**	**(68)**
Net cash provided by financing activities	366,705	**40,536**	**338**
Effect of exchange rate changes on cash and cash equivalents	30,345	**(24,198)**	**(202)**
Net increase in cash and cash equivalents	136,922	**114,835**	**957**
Cash and cash equivalents at beginning of the year	607,245	**683,800**	**5,698**
Cash and cash equivalents at end of the third quarter	¥ 744,167	**¥ 798,635**	**$ 6,655**

(Notes)

1. U.S. dollar amounts have been translated from yen, for convenience only, at the rate of ¥120 = U.S.$1, the approximate Tokyo foreign exchange market rate as of December 30, 2002.

2. As of December 31, 2002, Sony had 1,050 consolidated subsidiaries. It has applied the equity accounting method in respect to its 83 affiliated companies.

3. Sony calculates and presents per share data separately for Sony's Common stock and for the subsidiary tracking stock which is linked to the economic value of Sony Communication Network Corporation, based on Statement of Financial Accounting Standards ("FAS") No.128, "Earnings per Share". The holders of the tracking stock have the right to participate in earnings, together with common stock holders. Accordingly, Sony calculates per share data by the "two-class" method based on FAS No.128. Under this method, basic net income per share for each class of stock is calculated based on the earnings allocated to each class of stock for the applicable period, divided by the weighted-average number of outstanding shares in each class during the applicable period. The earnings allocated to the subsidiary tracking stock are determined based on the subsidiary tracking stockholders' economic interest in the targeted subsidiary's earnings available for dividends. The earnings allocated to Common stock are calculated by subtracting the earnings allocated to the subsidiary tracking stock from Sony's net income for the period.

   Weighted-average shares used for computation of earnings per share of Common stock are as follows. The dilutive effect mainly resulted from convertible bonds. In accordance with FAS No.128, the computation of diluted net income per share for the nine months ended December 31, 2001 uses the same weighted-average shares used for the computation of diluted income before cumulative effect of accounting changes per share, and reflects the effect of the assumed conversion of convertible bonds in diluted net income.

Weighted-average shares	(Thousands of shares)	
	Three months ended December 31	
	2001	**2002**
Net income		
— Basic	918,470	**920,961**
— Diluted	996,345	**999,828**

Weighted-average shares	(Thousands of shares)	
	Nine months ended December 31	
	2001	**2002**
Income before cumulative effect of accounting changes and net income		
— Basic	918,450	**919,337**
— Diluted	921,407	**998,275**

   Weighted-average shares used for computation of earnings per share of the subsidiary tracking stock for the three months and nine months ended December 31, 2001 and 2002 are 3,072 thousand shares. There were no potentially dilutive securities for the subsidiary tracking stock outstanding at December 31, 2001 and 2002.

4. Sony's comprehensive income is comprised of net income and other comprehensive income. Other comprehensive income includes changes in unrealized gains or losses on securities, unrealized gains or losses on derivative instruments, minimum pension liability adjustment and foreign currency translation adjustments. Net income, other comprehensive income (loss) and comprehensive income for the three months and nine months ended December 31, 2001 and 2002 were as follows:

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

	Three months ended December 31			Nine months ended December 31		
	2001	**2002**	**2002**	2001	**2002**	**2002**
Net income	¥ 64,023	**¥ 125,431**	**$ 1,045**	¥ 20,768	**¥ 226,663**	**$ 1,889**
Other comprehensive income (loss) :						
Unrealized gains (losses) on securities	(9,251)	**(744)**	**(6)**	(35,913)	**(8,173)**	**(68)**
Unrealized gains (losses) on derivative instruments	1,087	**(1,066)**	**(9)**	2,821	**(3,414)**	**(28)**
Foreign currency translation adjustments	131,886	**(12,467)**	**(104)**	87,871	**(101,715)**	**(848)**
	123,722	**(14,277)**	**(119)**	54,779	**(113,302)**	**(944)**
Comprehensive income	¥ 187,745	**¥ 111,154**	**$ 926**	¥ 75,547	**¥ 113,361**	**$ 945**

5. On April 1, 2001, Sony adopted FAS No.133, “Accounting for Derivative Instruments and Hedging Activities” as amended by FAS No.138, “Accounting for Certain Derivative Instruments and Certain Hedging Activities - an Amendment of FASB Statement No.133”. As a result of the adoption of the new standard, Sony recorded a one-time non-cash after-tax unrealized gain of ¥1,089 million in accumulated other comprehensive income in the consolidated balance sheet, as well as an after-tax gain of ¥5,978 million in the cumulative effect of accounting changes in the consolidated statement of income.

6. In the fourth quarter of the year ended March 31, 2002, Sony adopted Emerging Issues Task Force Issue No. 01-09, “Accounting for Consideration Given by a Vendor to a Customer or Reseller of the Vendor’s Products”, retroactive to April 1, 2001. As a result of the adoption of new statement, certain cooperative advertising and product placement costs previously classified as selling, general and administrative expenses for the three months and nine months ended December 31, 2001 have been reclassified as a reduction of revenues to conform to the presentation for the three months and nine months ended December 31, 2002.

7. Adoption of New Accounting Standards

Impairment or Disposal of Long-Lived Assets

On April 1, 2002, Sony adopted FAS No.144, “Accounting for the Impairment or Disposal of Long-Lived Assets”. This statement establishes a single accounting model for long-lived assets to be disposed of by sale and modifies the accounting and disclosure rules for discontinued operations. The adoption of this statement did not have an impact on Sony’s results of operations and financial position.

FAS No.145, “Rescission of FASB Statements No.4, 44 and 64, Amendment of FASB Statement No.13, and Technical Corrections”

In April 2002, the Financial Accounting Standards Board issued FAS No.145. This statement rescinds certain authoritative pronouncements and amends, clarifies or describes the applicability of others, effective for fiscal years beginning or transactions occurring after May 15, 2002, with early adoption encouraged. Sony elected early adoption of this statement retroactive to the beginning of the fiscal year. The adoption of this statement did not have an impact on Sony’s results of operations and financial position.

Other Consolidated Financial Data

	(Millions of yen, millions of U.S. dollars)			
	Three months ended December 31			
	2001	**2002**	Change	**2002**
Capital expenditures (additions to fixed assets)	¥ 75,160	**¥ 56,937**	-24.2%	**$ 474**
Depreciation and amortization expenses*	94,603	**88,716**	-6.2	**739**
(Depreciation expenses for tangible assets)	(77,572)	**(70,304)**	(-9.4)	**(586)**
R&D expenses	98,918	**105,564**	+6.7	**880**
	Nine months ended December 31			
	2001	**2002**	Change	**2002**
Capital expenditures (additions to fixed assets)	¥ 254,594	**¥ 184,631**	-27.5%	**$ 1,539**
Depreciation and amortization expenses*	262,179	**255,684**	-2.5	**2,131**
(Depreciation expenses for tangible assets)	(215,646)	**(205,136)**	(-4.9)	**(1,709)**
R&D expenses	325,283	**311,749**	-4.2	**2,598**

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