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SONY CORP
Form 6-K
January 30, 2007

Form 6-K

SECURITIES AND EXCHANGE COMMISSION
WASHINGTON, D. C. 20549

FORM 6-K

REPORT OF FOREIGN PRIVATE ISSUER

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

For the month of January 2007
Commission File Number: 001-06439

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

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

(Address of principal executive offices)

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

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

Form 20-F X

Form 40-F ___

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

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

SIGNATURE

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

SONY CORPORATION
(Registrant)

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By: /s/ Nobuyuki Oneda
(Signature)
Nobuyuki Oneda
Executive Vice President and
Chief Financial Officer

Date: January 30, 2007

List of materials

Documents attached hereto:

i) Press release announcing Consolidated Financial Results for the Third Quarter Ended December 31, 2006

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

No: 07-009E
3:00 P.M. JST, January 30, 2007

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

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

(Billions of yen, millions of U.S. dollars, except per share amounts)
Third quarter ended December 31

| | 2005 | 2006 | Change in Yen | 2006* |
|--|----------|----------|------------------|-----------|
| ----- | ----- | ----- | ----- | ----- |
| Sales and operating revenue** | Y2,375.1 | Y2,607.7 | +9.8% | \$ 21,913 |
| Operating income | 210.3 | 178.9 | -14.9 | 1,503 |
| Income before income taxes | 225.9 | 179.8 | -20.4 | 1,511 |
| Equity in net income of affiliated companies | 19.5 | 43.0 | +120.5 | 362 |
| Net income | 168.9 | 159.9 | -5.3 | 1,344 |
| Net income per share of common stock | | | | |
| - Basic | Y169.36 | Y159.70 | -5.7 | \$1.34 |
| - Diluted | 161.60 | 152.49 | -5.6 | 1.28 |

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

* U.S. dollar amounts have been translated from yen, for convenience only, at the rate of Y119=U.S.\$1, the approximate Tokyo foreign exchange market rate as of December 29, 2006.

** Effective April 1, 2006, Sony reclassified royalty income as a component of sales and operating revenue, rather than as a component of other income as previously recorded. In connection with this reclassification, sales and operating revenue, operating income and other income for the third quarter of the fiscal year ended March 31, 2006 have been reclassified to conform with the presentation of these items for the third quarter of the fiscal year ending March 31, 2007. Royalty income for the third quarters ended December 31, 2005 and 2006 was Y7.5 billion and Y9.5 billion, respectively. These amounts were recorded primarily within the Electronics segment.

Consolidated Results for the Third Quarter Ended December 31, 2006

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

Sales within the Electronics segment increased 16.9%. Products such as "BRAVIA(TM)" LCD televisions and "Cyber-shot(TM)" digital cameras contributed to the increase in sales to outside customers. This was partially offset by a decline in sales of such products as LCD rear-projection televisions, due to an increasingly competitive market environment, and CRT televisions, where the market continues to contract. In the Game segment, sales increased by 5.6% compared to the same quarter of the previous fiscal year due to the launch of PLAYSTATION(R)3 ("PS3") in both Japan and North America. In the Pictures segment, there was a 46.8% increase in revenue primarily due to significantly higher DVD revenues on films led by the releases of The Da Vinci Code and Talladega Nights: The Ballad of Ricky Bobby. In the Financial Services segment, revenue decreased by 9.2% mainly due to a decrease in valuation gains in the general account and the separate account at Sony Life Insurance Co., Ltd. ("Sony Life").

Operating income of Y178.9 billion (\$1,503 million) was recorded, a decrease of 14.9% compared to the same quarter of the previous fiscal year.

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

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

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

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

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

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

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

Equity in net income of affiliated companies of ¥43.0 billion (\$362 million) was recorded, an increase of 120.5% compared to the same quarter of the previous fiscal year. Sony recorded equity in net income for Sony Ericsson Mobile Communications AB ("Sony Ericsson") of ¥33.6 billion (\$282 million), an increase of ¥23.8 billion compared to the same quarter of the previous fiscal year. Sony also recorded equity in net income of ¥13.1 billion (\$110 million) for SONY BMG MUSIC ENTERTAINMENT ("SONY BMG"), an increase of ¥2.8 billion compared to the same quarter

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of the previous fiscal year. S-LCD Corporation ("S-LCD"), a joint-venture with Samsung Electronics Co., Ltd. for the manufacture of amorphous TFT LCD panels, recorded equity in net loss of Y0.7 billion (\$5 million) (before the elimination of unrealized intercompany profits), a decrease of Y1.6 billion compared to the same quarter of the previous fiscal year. Sony recorded equity in net loss of Y5.4 billion (\$45 million) for Metro-Goldwyn-Mayer Inc. ("MGM")*, an increase in the amount of equity loss of Y3.0 billion compared to the same quarter of the previous fiscal year. The equity in net loss for MGM includes non-cash interest of Y2.1 billion (\$18 million) on cumulative preferred stock compared to the Y1.5 billion of non-cash interest on cumulative preferred stock recorded in the same quarter of the previous fiscal year.

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

As a result, net income of Y159.9 billion (\$1,344 million) was recorded, a decrease of 5.3% compared to the same quarter of the previous fiscal year.

Operating Performance Highlights by Business Segment

Electronics

| (Billions of yen, millions of U.S. dollars) | | | | |
|---|----------|----------|------------------|----------|
| Third quarter ended December 31 | | | | |
| | 2005 | 2006 | Change in Yen | 2006 |
| ----- | ----- | ----- | ----- | ----- |
| Sales and operating revenue | Y1,601.5 | Y1,872.7 | +16.9% | \$15,737 |
| Operating income | 87.5 | 177.4 | +102.8 | 1,491 |

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

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

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semiconductors to the Game segment.

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

Inventory, as of December 31, 2006, was Y851.7 billion (\$7,157 million), a Y252.9 billion, or 42.2%, increase compared with the level as of December 31, 2005 and a Y120.0 billion, or 12.3%, decrease compared with the level as of September 30, 2006. The year-on-year increase was primarily due to an increase in LCD television inventory, as a result of increasing sales, as well as an increase in the inventory of semiconductors for PS3.

Operating Results for Sony Ericsson Mobile Communications AB

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

| | (Millions of Euros) | | |
|-----------------------------|--------------------------------|----------|--------------------|
| | Three months ended December 31 | | |
| | 2005 | 2006 | Change in Euros |
| ----- | ----- | ----- | ----- |
| Sales and operating revenue | EUR2,310 | EUR3,782 | +64% |
| Income before income taxes | 206 | 502 | +144 |
| Net income | 144 | 447 | +210 |

Sales for the quarter increased by 64% compared to the same quarter of the previous fiscal year. Sales of hit models such as "Cyber-shot" phones and "Walkman(R)" phones boosted results, helping Sony Ericsson achieve record quarterly sales, income before income taxes and net income. As a result, equity in net income of Y33.6 billion (\$282 million) was recorded by Sony.

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Game

| (Billions of yen, millions of U.S. dollars) | | | | |
|---|--------|--------|------------------|---------|
| Third quarter ended December 31 | | | | |
| | 2005 | 2006 | Change in Yen | 2006 |
| | | | | |
| Sales and operating revenue | Y419.2 | Y442.8 | +5.6% | \$3,721 |
| Operating income (loss) | 67.8 | (54.2) | - | (455) |

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

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

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

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

An operating loss of Y54.2 billion (\$455 million) was recorded compared to the Y67.8 billion of operating income recorded during the same quarter of the previous fiscal year. This deterioration was primarily the result of the loss arising from the sale of PS3 at strategic price points, as well as the recording of other charges in association with preparation for the launch of the PS3 platform. In addition, operating income from the PS2 business and PSP business declined due to sales declines.

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

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

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

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

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

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Inventory, as of December 31, 2006, was Y103.2 billion (\$868 million), which represents a Y0.7 billion, or 0.7%, decrease compared with the level as of December 31, 2005. Inventory, as of December 31, 2006, decreased by Y84.9 billion, or 45.1%, compared with the level as of September 30, 2006.

Pictures

(Billions of yen, millions of U.S. dollars)
Third quarter ended December 31

| | 2005 | 2006 | Change in Yen | 2006 |
|-----------------------------|--------|--------|------------------|---------|
| | | | | |
| Sales and operating revenue | Y202.2 | Y297.0 | +46.8% | \$2,495 |
| Operating income (loss) | (0.4) | 26.2 | - | 220 |

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

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

Operating income of Y26.2 billion (\$220 million) was recorded as compared to an operating loss of Y0.4 billion in the same quarter of the previous fiscal year. These results were achieved through the strong performance during the quarter of the films noted above in both the home entertainment and theatrical markets as compared to the film results from the same quarter of the previous fiscal year in which losses were recorded on several films. In the television business, operating income remained relatively unchanged compared with the same quarter of the previous fiscal year, as the benefit from The King of Queens syndication sales was largely offset by production and marketing expenses associated with several new network and made-for-syndication television shows.

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Financial Services

| | (Billions of yen, millions of U.S. dollars) | | | |
|---------------------------|---|--------|------------------|---------|
| | Third quarter ended December 31 | | | |
| | 2005 | 2006 | Change in Yen | 2006 |
| ----- | ----- | ----- | ----- | ----- |
| Financial service revenue | Y190.4 | Y172.9 | -9.2% | \$1,453 |
| Operating income | 47.0 | 25.5 | -45.9 | 214 |

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

Financial service revenue decreased 9.2% compared with the same quarter of the previous fiscal year due to a decrease in revenue at Sony Life. Although revenue from insurance premiums increased at Sony Life reflecting an increase in insurance-in-force, revenue at Sony Life decreased by Y19.7 billion or 11.8% to Y147.5 billion (\$1,239 million). This was primarily a result of lower valuation gains in the general account and the separate account reflecting the fact that there was only a modest increase in Japanese stock market prices during the quarter as opposed to the significant increase experienced in the same quarter of the previous fiscal year.

Operating income decreased by 45.9% compared with the same quarter of the previous fiscal year due to a decrease in operating income at Sony Life. Despite an increase in insurance premium revenue, operating income at Sony Life declined by Y22.1 billion or 46.1%, compared to the same quarter of the previous fiscal year, to Y25.9 billion (\$218 million). This decline was principally due to a decrease in valuation gains from investments in the general account, including valuation gains from convertible bonds, reflecting the abovementioned modest increase in Japanese stock market prices during the quarter compared to the same quarter of the previous fiscal year.

All Other

| | (Billions of yen, millions of U.S. dollars) | | | |
|-----------------------------|---|-------|------------------|-------|
| | Third quarter ended December 31 | | | |
| | 2005 | 2006 | Change in Yen | 2006 |
| ----- | ----- | ----- | ----- | ----- |
| Sales and operating revenue | Y122.7 | Y99.3 | -19.1% | \$834 |
| Operating income | 16.3 | 13.9 | -14.9 | 117 |

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

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

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

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

Operating Results for SONY BMG MUSIC ENTERTAINMENT

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

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

During the three months ended December 31, 2006, sales revenue at SONY BMG decreased by 1.6% compared to the same period of the previous fiscal year primarily due to greater contraction in physical compact disc sales than growth in digital download sales in many markets. Despite the decrease in sales, income before income taxes improved by 10.3% compared to the same period of the previous fiscal year primarily due to lower overhead and restructuring costs. The company also benefited from an

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industry-related legal settlement affecting the major record companies. Income before income taxes includes \$41 million of restructuring charges, a year-on-year reduction of \$7 million. As a result, equity in net income of Y13.1 billion (\$110 million) was recorded by Sony. Best selling albums during the quarter included Il Divo's Siempre, the compilation release NOW That's What I Call Music Vol. 23 and Oasis' Stop The Clocks.

Cash Flow

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

Cash Flow - Excluding Financial Services segment

(Billions of yen, millions of U.S. dollars)
Nine months ended December 31

| | 2005 | 2006 | Change in Yen | 2006 |
|---|---------|---------|------------------|---------|
| ----- | ----- | ----- | ----- | ----- |
| - From operating activities | Y43.7 | (Y11.6) | Y-55.3 | (\$97) |
| - From investing activities | (203.9) | (374.7) | -170.7 | (3,149) |
| - From financing activities | 50.9 | 305.6 | +254.7 | 2,568 |
| Cash and cash equivalents at beginning of the fiscal year | 519.7 | 585.5 | +65.7 | 4,920 |
| Cash and cash equivalents as of December 31 | 438.7 | 510.9 | +72.2 | 4,293 |

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

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

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S-LCD.

As a result, the total amount of cash flow from operating activities and from investing activities during the nine months ended December 31, 2006 was a use of cash of Y386.3 billion (\$3,246 million).

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

Cash and Cash Equivalents: As a result of the above factors, the total balance of cash and cash equivalents, accounting for the effect of foreign currency exchange rate fluctuations, decreased Y74.6 billion compared to March 31, 2006, and increased by Y72.2 billion compared to December 31, 2005, to Y510.9 billion (\$4,293 million) as of December 31, 2006.

Cash Flow - Financial Services segment

| | (Billions of yen, millions of U.S. dollars) | | | |
|---|---|---------|------------------|---------|
| | Nine months ended December 31 | | | |
| Cash flow | 2005 | 2006 | Change in Yen | 2006 |
| ----- | ----- | ----- | ----- | ----- |
| - From operating activities | Y79.8 | Y170.3 | Y+90.5 | \$1,431 |
| - From investing activities | (371.4) | (199.0) | +172.4 | (1,673) |
| - From financing activities | 208.7 | 133.6 | -75.1 | 1,123 |
| Cash and cash equivalents at beginning of the fiscal year | 259.4 | 117.6 | -141.7 | 988 |
| Cash and cash equivalents as of December 31 | 176.4 | 222.4 | +46.0 | 1,869 |

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

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

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

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Cash and Cash Equivalents: As a result of the above, cash and cash equivalents increased Y104.8 billion compared to March 31, 2006, and increased Y46.0 billion compared to December 31, 2005, to Y222.4 billion (\$1,869 million) as of December 31, 2006.

Notes

Note I: During the quarter ended December 31, 2006, the average value of the yen was Y116.8 against the U.S. dollar and Y150.4 against the Euro, which was 0.4% lower against the U.S. dollar and 8.3% lower against the Euro, compared with the average rates for the same quarter of the previous fiscal year. Operating results on a local currency basis described herein reflect sales and operating income obtained by applying the yen's monthly average exchange rate in the same quarter of the previous fiscal year to local currency-denominated monthly sales, cost of sales, and selling, general and administrative expenses in the current quarter. Local currency basis results are not reflected in Sony's financial statements and are not measures conforming with U.S. GAAP. In addition, Sony does not believe that these measures are a substitute for U.S. GAAP measures. However, Sony believes that local currency basis results provide additional useful analytical information to investors regarding operating performance.

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

Outlook for the Fiscal Year ending March 31, 2007

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

| | Current Forecast | Change from October Forecast | October Forecast |
|---|---------------------|------------------------------------|---------------------|
| | ----- | ----- | ----- |
| Sales and operating revenue | Y8,230 billion | No Change | Y8,230 billion |
| Operating income (Restructuring charges recorded as operating expenses | 60 billion | +20% | 50 billion |
| Income before income taxes | 30 billion | -25% | 40 billion) |
| Equity in net income of affiliated companies | 80 billion | +14% | 70 billion |
| Net income | 60 billion | +50% | 40 billion |
| | 110 billion | +38% | 80 billion |

*Assumed foreign currency exchange rates for the fourth quarter: approximately Y117 to the U.S. dollar and approximately Y153 to

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the Euro.

The principal reasons for the revision are as follows:

1. As a result of the strong performance of the Electronics segment during the third quarter, operating results for the segment are trending higher than anticipated at the time of our previous forecast in October 2006.
2. Despite the continued favorable performance of the PS2 business, the overall performance of the Game segment is trending below that anticipated at the time of our previous forecast in October 2006 due to lower than expected sales from the PSP business and higher than anticipated charges associated with the launch of the PS3 platform.
3. Restructuring charges, recorded as operating expenses, are now forecast to be Y30 billion, compared to an anticipated Y40 billion of restructuring charges included in the October forecast. This reduction was a result of a revision to the timing of business rationalization scheduled to be carried out in several business areas.
4. Equity in net income of affiliated companies is now forecast to be Y60 billion, compared to the October forecast of Y40 billion. This revision is the result of the favorable performance of Sony Ericsson.

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

| | Forecast ----- | Change from previous fiscal year ----- |
|---|-------------------|---|
| Capital expenditures (additions to fixed assets) | Y460 billion | +20% |
| Depreciation and amortization* | 410 billion | +7 |
| (Depreciation expenses for tangible assets | 340 billion | +9) |

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

Research and development expenses 550 billion +3

Cautionary Statement

Statements made in this release with respect to Sony's current plans, estimates, strategies and beliefs and other statements that are not historical facts are forward-looking statements about the future performance of Sony. Forward-looking statements include, but are not limited to, those statements using words such as "believe," "expect," "plans," "strategy," "prospects," "forecast," "estimate," "project," "anticipate," "aim," "may" or "might" and words of similar meaning in connection with a

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

Business Segment Information (Unaudited)

(Millions of yen, millions of U.S. dollars)
Third quarter ended December 31

| Sales and operating revenue | 2005 | 2006 | Change | 2006 |
|--------------------------------|------|------|--------|------|
|--------------------------------|------|------|--------|------|

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

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

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

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Commencing with the third quarter ended December 31, 2006, Sony has partly realigned its business segment configuration.

In accordance with this change, results of the previous fiscal year have been reclassified to conform to the presentation for the quarter ended December 31, 2006.

(Millions of yen, millions of U.S. dollars)
Nine months ended December 31

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

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

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

| Operating income (loss) | 2005 | 2006 | Change | 2006 |
|-------------------------|----------|-----------|----------|----------|
| ----- | ----- | ----- | ----- | ----- |
| Electronics | Y 88,475 | Y 230,880 | +161.0 % | \$ 1,940 |

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| | | | | |
|------------------------------|-----------|-----------|---------|----------|
| Game | 70,144 | (124,498) | - | (1,046) |
| Pictures | (2,765) | 9,796 | - | 82 |
| Financial Services | 109,017 | 54,616 | -49.9 | 459 |
| All Other | 29,473 | 26,971 | -8.5 | 227 |
| ----- | ----- | ----- | ----- | ----- |
| Total | 294,344 | 197,765 | -32.8 | 1,662 |
| Corporate and elimination | (16,026) | (12,643) | - | (106) |
| ----- | ----- | ----- | ----- | ----- |
| Consolidated total | Y 278,318 | Y 185,122 | -33.5 % | \$ 1,556 |

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

Electronics Sales and Operating Revenue to Customers by Product Category

(Millions of yen, millions of U.S. dollars)
Third quarter ended December 31

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

Nine months ended December 31

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

The above table is a breakdown of Electronics sales and operating revenue to customers in the Business Segment Information. The Electronics segment is managed as a single operating segment by Sony's management.

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However, Sony believes that the information in this table is useful to investors in understanding the product categories in this business segment. Commencing April 1, 2006, Sony has partly realigned its product category configuration in the Electronics segment. Accordingly, results for the same period of the previous fiscal year have been reclassified. The primary change is as shown below;

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

Geographic Segment Information (Unaudited)

(Millions of yen, millions of U.S. dollars)
Third quarter ended December 31

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

Nine months ended December 31

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

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

Consolidated Statements of Income (Unaudited)

(Millions of yen, millions of U.S. dollars, except per share amounts)
Third quarter ended December 31

| Sales and operating revenue | | 2005 | | 2006 | Change % | | 2006 |
|-----------------------------|--|------|--|------|-------------|--|------|
|-----------------------------|--|------|--|------|-------------|--|------|

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

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| | | | | | | |
|-------------------------|---|---------|---|---------|------|----------|
| of affiliated companies | | | | | | |
| Net income | Y | 168,944 | Y | 159,917 | -5.3 | \$ 1,344 |
| Per share data: | | | | | | |
| Common stock | | | | | | |
| Net income | | | | | | |
| - Basic | Y | 169.36 | Y | 159.70 | -5.7 | \$ 1.34 |
| - Diluted | | 161.60 | | 152.49 | -5.6 | 1.28 |

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

| | | 2005 | | 2006 | Change | 2006 |
|---|---|-----------|---|-----------|--------|-----------|
| | | ----- | | ----- | ----- | ----- |
| Sales and operating revenue: | | | | | % | |
| Net sales | Y | 5,080,764 | Y | 5,680,568 | | \$ 47,736 |
| Financial service revenue | | 503,277 | | 447,798 | | 3,763 |
| Other operating revenue | | 70,812 | | 77,724 | | 653 |
| | | ----- | | ----- | | ----- |
| | | 5,654,853 | | 6,206,090 | +9.7 | 52,152 |
| Costs and expenses: | | | | | | |
| Cost of sales | | 3,850,900 | | 4,318,663 | | 36,291 |
| Selling, general and administrative expenses | | 1,097,032 | | 1,303,483 | | 10,954 |
| Financial service expenses | | 394,202 | | 393,195 | | 3,304 |
| Loss on sale, disposal or impairment of assets, net | | 34,401 | | 5,627 | | 47 |
| | | ----- | | ----- | | ----- |
| | | 5,376,535 | | 6,020,968 | | 50,596 |
| Operating income | | 278,318 | | 185,122 | -33.5 | 1,556 |
| Other income: | | | | | | |
| Interest and dividends | | 17,476 | | 17,856 | | 150 |
| Gain on sale of securities investments, net | | 8,847 | | 9,319 | | 79 |
| Gain on change in interest in subsidiaries and equity investees | | 57,477 | | 31,452 | | 264 |
| Other | | 16,080 | | 12,964 | | 109 |
| | | ----- | | ----- | | ----- |
| | | 99,880 | | 71,591 | | 602 |
| Other expenses: | | | | | | |
| Interest | | 19,964 | | 20,449 | | 172 |
| Loss on devaluation of securities investments | | 3,115 | | 1,044 | | 9 |
| Foreign exchange loss, net | | 3,289 | | 13,803 | | 116 |
| Other | | 17,638 | | 13,696 | | 115 |
| | | ----- | | ----- | | ----- |
| | | 44,006 | | 48,992 | | 412 |

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| | ----- | | ----- | | ----- |
|--|-----------|---|---------|-------|----------|
| Income before income taxes | 334,192 | | 207,721 | -37.8 | 1,746 |
| Income taxes | 152,943 | | 78,746 | | 662 |
| Income before minority interest and equity in net income of affiliated companies | 181,249 | | 128,975 | -28.8 | 1,084 |
| Minority interest in income (loss) of consolidated subsidiaries | (1,093) | | 1,431 | | 12 |
| Equity in net income of affiliated companies | 7,807 | | 66,344 | | 557 |
| Net income | Y 190,149 | Y | 193,888 | +2.0 | \$ 1,629 |
| Per share data: | | | | | |
| Common stock | | | | | |
| Net income | | | | | |
| - Basic | Y 189.45 | Y | 193.64 | +2.2 | \$ 1.63 |
| - Diluted | 180.76 | | 184.81 | +2.2 | 1.55 |

Consolidated Balance Sheets (Unaudited)

| | (Millions of yen, millions of U.S. dollars) | | | |
|---|---|-----------|-----------|----------|
| | December | March | December | December |
| | 31 | 31 | 31 | 31 |
| ASSETS | 2005 | 2006 | 2006 | 2006 |
| | ----- | ----- | ----- | ----- |
| Current assets: | | | | |
| Cash and cash equivalents | Y 615,072 | Y 703,098 | Y 733,323 | \$ 6,162 |
| Marketable securities | 527,689 | 536,968 | 488,585 | 4,106 |
| Notes and accounts receivable, trade | 1,448,520 | 1,075,071 | 1,811,216 | 15,220 |
| Allowance for doubtful accounts and sales returns | (100,516) | (89,563) | (112,641) | (947) |
| Inventories | 751,545 | 804,724 | 966,205 | 8,119 |
| Deferred income taxes | 177,123 | 221,311 | 247,536 | 2,080 |
| Prepaid expenses and other current assets | 570,661 | 517,915 | 705,928 | 5,934 |
| | ----- | ----- | ----- | ----- |
| | 3,990,094 | 3,769,524 | 4,840,152 | 40,674 |
| Film costs | 371,895 | 360,372 | 337,616 | 2,837 |

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| | | | | |
|--------------------------------------|-------------|-------------|--------------|------------|
| Investments and advances: | | | | |
| Affiliated companies | 299,996 | 285,870 | 445,544 | 3,744 |
| Securities investments and other | 3,083,230 | 3,234,037 | 3,382,862 | 28,427 |
| | ----- | ----- | ----- | ----- |
| | 3,383,226 | 3,519,907 | 3,828,406 | 32,171 |
| Property, plant and equipment: | | | | |
| Land | 182,297 | 178,844 | 173,262 | 1,456 |
| Buildings | 954,464 | 926,783 | 1,002,042 | 8,421 |
| Machinery and equipment | 2,370,265 | 2,327,676 | 2,477,664 | 20,821 |
| Construction in progress | 76,774 | 116,149 | 61,754 | 519 |
| Less-Accumulated depreciation | (2,202,122) | (2,160,905) | (2,262,609) | (19,014) |
| | ----- | ----- | ----- | ----- |
| | 1,381,678 | 1,388,547 | 1,452,113 | 12,203 |
| Other assets: | | | | |
| Intangibles, net | 194,959 | 207,034 | 215,145 | 1,808 |
| Goodwill | 296,601 | 299,024 | 301,643 | 2,535 |
| Deferred insurance acquisition costs | 389,933 | 383,156 | 394,527 | 3,315 |
| Deferred income taxes | 183,349 | 178,751 | 156,032 | 1,311 |
| Other | 474,700 | 501,438 | 415,227 | 3,489 |
| | ----- | ----- | ----- | ----- |
| | 1,539,542 | 1,569,403 | 1,482,574 | 12,458 |
| | ----- | ----- | ----- | ----- |
| Y | 10,666,435 | Y10,607,753 | Y 11,940,861 | \$ 100,343 |
| | ----- | ----- | ----- | ----- |

LIABILITIES AND STOCKHOLDERS' EQUITY

| | | | | |
|---|-----------|-----------|-----------|----------|
| Current liabilities: | | | | |
| Short-term borrowings | Y 198,969 | Y 142,766 | Y 316,203 | \$ 2,657 |
| Current portion of long-term debt | 200,763 | 193,555 | 45,304 | 381 |
| Notes and accounts payable, trade | 925,997 | 813,332 | 1,174,004 | 9,866 |
| Accounts payable, other and accrued expenses | 828,850 | 854,886 | 971,932 | 8,167 |
| Accrued income and other taxes | 93,721 | 87,295 | 54,484 | 458 |
| Deposits from customers in the banking business | 601,446 | 599,952 | 717,528 | 6,030 |
| Other | 487,502 | 508,442 | 480,118 | 4,034 |
| | ----- | ----- | ----- | ----- |
| | 3,337,248 | 3,200,228 | 3,759,573 | 31,593 |
| Long-term liabilities: | | | | |
| Long-term debt | 650,514 | 764,898 | 1,003,159 | 8,430 |

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| | | | | |
|--|--------------|--------------|--------------|------------|
| Accrued pension and severance costs | 222,834 | 182,247 | 170,501 | 1,433 |
| Deferred income taxes | 193,193 | 216,497 | 254,331 | 2,137 |
| Future insurance policy benefits and other | 2,680,265 | 2,744,321 | 2,960,559 | 24,879 |
| Other | 248,953 | 258,609 | 290,970 | 2,444 |
| | ----- | ----- | ----- | ----- |
| | 3,995,759 | 4,166,572 | 4,679,520 | 39,323 |
| Minority interest in consolidated subsidiaries | 37,014 | 37,101 | 41,967 | 353 |
| Stockholders' equity: | | | | |
| Capital stock | 621,775 | 624,124 | 625,305 | 5,255 |
| Additional paid-in capital | 1,134,289 | 1,136,638 | 1,140,639 | 9,585 |
| Retained earnings | 1,681,691 | 1,602,654 | 1,780,228 | 14,960 |
| Accumulated other comprehensive income | (138,330) | (156,437) | (82,928) | (697) |
| Treasury stock, at cost | (3,011) | (3,127) | (3,443) | (29) |
| | ----- | ----- | ----- | ----- |
| | 3,296,414 | 3,203,852 | 3,459,801 | 29,074 |
| | ----- | ----- | ----- | ----- |
| | Y 10,666,435 | Y 10,607,753 | Y 11,940,861 | \$ 100,343 |
| | ----- | ----- | ----- | ----- |

Consolidated Statements of Cash Flows (Unaudited)

| | (Millions of yen, millions of U.S. dollars) | | |
|---|---|-----------|----------|
| | Nine months ended December 31 | | |
| | 2005 | 2006 | 2006 |
| | ----- | ----- | ----- |
| Cash flows from operating activities: | | | |
| Net income | Y 190,149 | Y 193,888 | \$ 1,629 |
| Adjustments to reconcile net income to net cash provided by operating activities: | | | |
| Depreciation and amortization, including amortization of deferred insurance acquisition costs | 278,259 | 284,854 | 2,394 |
| Amortization of film costs | 190,603 | 261,327 | 2,196 |
| Accrual for pension and severance costs, less payments | (4,146) | (8,109) | (68) |
| Gain on the transfer to the Japanese Government of the substitutional portion of employee pension fund, net | (73,472) | - | - |
| Loss on sale, disposal or impairment of assets, net | 34,401 | 5,627 | 47 |
| Gain on sale or loss on devaluation of securities investments, net | (5,732) | (8,275) | (70) |

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| | | | |
|--|-------------|-----------|---------|
| Gain on evaluation of marketable securities held in the financial service business for trading purpose, net | (42,919) | (10,756) | (89) |
| Gain on change in interest in subsidiaries and equity investees | (57,477) | (31,452) | (264) |
| Deferred income taxes | 80,709 | 26,418 | 222 |
| Equity in net income of affiliated companies, net of dividends | (4,160) | (64,226) | (540) |
| Changes in assets and liabilities: | | | |
| Increase in notes and accounts receivable, trade | (325,032) | (664,338) | (5,583) |
| Increase in inventories | (90,694) | (139,796) | (1,175) |
| Increase in film costs | (251,836) | (236,775) | (1,990) |
| Increase in notes and accounts payable, trade | 104,058 | 351,645 | 2,955 |
| Increase (Decrease) in accrued income and other taxes | 27,061 | (20,579) | (173) |
| Increase in future insurance policy benefits and other | 110,014 | 127,210 | 1,069 |
| Increase in deferred insurance acquisition costs | (47,667) | (46,133) | (388) |
| (Increase) Decrease in marketable securities held in the financial service business for trading purpose | (29,896) | 16,969 | 143 |
| Increase in other current assets | (66,110) | (82,246) | (691) |
| Increase in other current liabilities | 101,471 | 120,176 | 1,010 |
| Other | 6,678 | 81,396 | 684 |
| | ----- | ----- | ----- |
| Net cash provided by operating activities | 124,262 | 156,825 | 1,318 |
| | ----- | ----- | ----- |
| Cash flows from investing activities: | | | |
| Payments for purchases of fixed assets | (326,200) | (410,217) | (3,447) |
| Proceeds from sales of fixed assets | 11,632 | 41,580 | 349 |
| Payments for investments and advances by financial service business | (1,061,286) | (651,961) | (5,479) |
| Payments for investments and advances (other than financial service business) | (20,944) | (92,163) | (774) |
| Proceeds from maturities of marketable securities, sales of securities investments and collections of advances by financial service business | 722,132 | 488,153 | 4,102 |
| Proceeds from maturities of marketable securities, | 22,202 | 15,415 | 130 |

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| | | | |
|---------------------------------|-----------|-----------|---------|
| sales of securities | | | |
| investments and collections | | | |
| of advances (other than | | | |
| financial service business) | | | |
| Proceeds from sales of | 72,045 | 43,157 | 362 |
| subsidiaries' and | | | |
| equity investees' stocks | | | |
| Other | (198) | (1,349) | (11) |
| | ----- | ----- | ----- |
| Net cash used in investing | (580,617) | (567,385) | (4,768) |
| activities | | | |
| Cash flows from financing | | | |
| activities: | | | |
| Proceeds from issuance of | 127,653 | 267,085 | 2,244 |
| long-term debt | | | |
| Payments of long-term debt | (132,776) | (179,492) | (1,508) |
| Increase in short-term | 73,731 | 256,577 | 2,156 |
| borrowings | | | |
| Increase in deposits from | 160,348 | 206,420 | 1,735 |
| customers in the financial | | | |
| service business | | | |
| Increase (Decrease) in | 52,800 | (92,700) | (779) |
| call money and bills sold | | | |
| in the banking business | | | |
| Dividends paid | (24,853) | (25,085) | (211) |
| Other | 7,182 | 1,916 | 16 |
| | ----- | ----- | ----- |
| Net cash provided by | 264,085 | 434,721 | 3,653 |
| financing activities | ----- | ----- | ----- |
| Effect of exchange rate changes | 28,239 | 6,064 | 51 |
| on cash and cash equivalents | ----- | ----- | ----- |
| Net increase (decrease) in cash | (164,031) | 30,225 | 254 |
| and cash equivalents | | | |
| Cash and cash equivalents at | 779,103 | 703,098 | 5,908 |
| beginning of the fiscal year | ----- | ----- | ----- |
| Cash and cash equivalents at | Y615,072 | Y733,323 | \$6,162 |
| December 31 | ----- | ----- | ----- |

(Notes)

1. U.S. dollar amounts have been translated from yen, for convenience only, at the rate of Y119 = U.S. \$1, the approximate Tokyo foreign exchange market rate as of December 29, 2006.
2. As of December 31, 2006, Sony had 949 consolidated subsidiaries (including variable interest entities). It has applied the equity accounting method in respect to 61 affiliated companies.
3. Prior to December 1, 2005, Sony calculated and presented per share data separately for Sony's common stock and for the subsidiary tracking stock applying "two-class" method based on Statement of Financial Accounting Standards ("FAS") No.128, "Earnings per Share". On October 26, 2005, the Board of Directors of Sony

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Corporation decided to terminate all shares of subsidiary tracking stock with the method of compulsory conversion to shares of Sony's common stock. All shares of subsidiary tracking stock were converted to shares of Sony's common stock on December 1, 2005. As a result of the conversion, earnings per share of the subsidiary tracking stock has not been presented since the third quarter of the fiscal year ended March 31, 2006.

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

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

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

4. Sony's comprehensive income is comprised of net income and other comprehensive income. Other comprehensive income includes changes in unrealized gains or losses on securities, unrealized gains or losses on derivative instruments, minimum pension liabilities adjustments and foreign currency translation adjustments. Net income, other comprehensive income and comprehensive income for the third quarter and the nine months of the fiscal year ended March 31, 2006 and for the third quarter and the nine months of the fiscal year ending March 31, 2007 were as follows:

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

| | Third quarter ended December 31 | | | Nine months ended December 31 | | |
|------------|------------------------------------|----------|---------|----------------------------------|----------|---------|
| | ----- | ----- | ----- | ----- | ----- | ----- |
| | 2005 | 2006 | 2006 | 2005 | 2006 | 2006 |
| | ----- | ----- | ----- | ----- | ----- | ----- |
| Net income | Y168,944 | Y159,917 | \$1,344 | Y190,149 | Y193,888 | \$1,629 |

Other
comprehensive

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| | | | | | | |
|---|----------|----------|---------|----------|----------|---------|
| income : | | | | | | |
| Unrealized gains (losses) on securities | 49,614 | 3,515 | 29 | 82,588 | (18,174) | (153) |
| Unrealized gains (losses) on derivative instruments | 272 | 947 | 8 | 1,004 | (79) | (0) |
| Minimum pension liabilities adjustments | (3) | (1,906) | (16) | 31,429 | (4,553) | (38) |
| Foreign currency translation adjustments | 78,443 | 59,138 | 497 | 132,324 | 96,315 | 809 |
| | ----- | ----- | ----- | ----- | ----- | ----- |
| | 128,326 | 61,694 | 518 | 247,345 | 73,509 | 618 |
| ----- | ----- | ----- | ----- | ----- | ----- | ----- |
| Comprehensive income | Y297,270 | Y221,611 | \$1,862 | Y437,494 | Y267,397 | \$2,247 |
| ----- | ----- | ----- | ----- | ----- | ----- | ----- |

- Effective April 1, 2006, Sony reclassified royalty income as a component of sales and operating revenue, rather than as a component of other income as previously recorded. In connection with this reclassification, sales and operating revenue, operating income and other income for the third quarter and the nine months of the fiscal year ended March 31, 2006 have been reclassified to conform with the presentation of these items for the third quarter and the nine months of the fiscal year ending March 31, 2007. Royalty income for the third quarter and the nine months of the fiscal year ended March 31, 2006 was Y7,529 million and Y24,878 million, respectively. Royalty income for the third quarter and the nine months of the fiscal year ending March 31, 2007 was Y9,548 million and Y25,492 million, respectively. These amounts were recorded primarily within the Electronics segment.
- In December 2004, the Financial Accounting Standards Board ("FASB") issued FAS No. 123 (revised 2004), "Share-Based Payment" ("FAS No. 123(R)"). This statement requires the use of the fair value based method of accounting for employee stock-based compensation and eliminates the alternative to use of the intrinsic value method prescribed by APB No. 25. With limited exceptions, FAS No. 123(R) requires that the grant-date fair value of share-based payments to employees be expensed over the period the service is received. Sony had accounted for its employee stock-based compensation in accordance with the intrinsic value method prescribed by APB No. 25 and its related interpretations and had disclosed the net effect on net income and net income per share allocated to the common stock if Sony had applied the fair value recognition provisions of FAS No. 123 to stock-based compensation. Sony adopted FAS No. 123(R) on April 1, 2006. Sony elected the modified prospective method of transition prescribed in FAS No. 123(R), which requires that compensation expense be recorded for all unvested stock acquisition rights as the requisite service is rendered beginning with the first period of adoption. As a result of

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adoption of FAS No. 123(R), Sony's operating income decreased Y693 million and Y2,090 million for the third quarter and the nine months of the fiscal year ending March 31, 2007, respectively.

7. In February 2006, the FASB issued FAS No. 155, "Accounting for Certain Hybrid Financial Instruments", an amendment of FAS No. 133 and FAS No. 140. This statement permits an entity to elect fair value remeasurement for any hybrid financial instrument if the hybrid instrument contains an embedded derivative that would otherwise be required to be bifurcated and accounted for separately under FAS No. 133. The election to measure the hybrid instrument at fair value is made on an instrument-by-instrument basis and is irreversible. The statement is effective for all financial instruments acquired, issued, or subject to a remeasurement event occurring after the beginning of an entity's fiscal years beginning after September 15, 2006, with earlier adoption permitted as of the beginning of fiscal year, provided that financial statements for any interim period of that fiscal year have not been issued. Sony early adopted FAS No. 155 on April 1, 2006. As a result of adoption of FAS No. 155, Sony's operating income increased approximately Y0.4 billion and Y0.5 billion for the third quarter and the nine months of the fiscal year ending March 31, 2007, respectively. Additionally, on April 1, 2006, Sony recognized Y3,785 million of loss (net of income taxes of Y2,148 million) as a cumulative-effect adjustment to beginning retained earnings.

Other Consolidated Financial Data

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

| | Third quarter ended December 31 | | | |
|---|---------------------------------|----------|--------|-------|
| | 2005 | 2006 | Change | 2006 |
| | ----- | ----- | ----- | ----- |
| Capital expenditures (additions to property, plant and equipment) | Y76,139 | Y87,965 | +15.5% | \$739 |
| Depreciation and amortization expenses* | 96,843 | 99,935 | + 3.2 | 840 |
| (Depreciation expenses for tangible assets) | (79,780) | (80,477) | +0.9 | (676) |
| R&D expenses | 121,668 | 133,522 | + 9.7 | 1,122 |

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

| | Nine months ended December 31 | | | |
|---|-------------------------------|-----------|--------|---------|
| | 2005 | 2006 | Change | 2006 |
| | ----- | ----- | ----- | ----- |
| Capital expenditures (additions to property, plant and equipment) | Y261,920 | Y312,045 | +19.1% | \$2,622 |
| Depreciation and amortization expenses* | 278,259 | 284,854 | + 2.4 | 2,394 |
| (Depreciation expenses for tangible assets) | (226,506) | (225,969) | -0.2 | (1,899) |
| R&D expenses | 371,425 | 396,377 | + 6.7 | 3,331 |

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

(Condensed Financial Services Financial Statements)

The results of the Financial Services segment are included in Sony's consolidated financial statements. The following schedules show unaudited condensed financial statements for the Financial Services segment and all other segments excluding Financial Services.

These presentations are not required under U.S. GAAP, which is used in Sony's consolidated financial statements. However, because the Financial Services segment is different in nature from Sony's other segments, Sony believes that a comparative presentation may be useful in understanding and analyzing Sony's consolidated financial statements.

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

Condensed Statements of Income (Unaudited)

(Millions of yen, millions of U.S. dollars)
Financial Services Third quarter ended December 31

| | 2005 | 2006 | Change | 2006 |
|------------------------------|----------|----------|--------|---------|
| | ----- | ----- | ----- | ----- |
| | | | % | |
| Financial service revenue | Y190,391 | Y172,910 | -9.2 | \$1,453 |
| Financial service expenses | 143,343 | 147,440 | +2.9 | 1,239 |
| | ----- | ----- | | ----- |
| Operating income | 47,048 | 25,470 | -45.9 | 214 |
| Other income (expenses), net | 1,412 | 5,893 | +317.4 | 50 |
| | ----- | ----- | | ----- |
| Income before income taxes | 48,460 | 31,363 | -35.3 | 264 |
| Income taxes and other | 17,086 | 11,868 | -30.5 | 100 |
| | ----- | ----- | | ----- |
| Net income | Y31,374 | Y19,495 | -37.9 | \$164 |
| | ----- | ----- | | ----- |

(Millions of yen, millions of U.S. dollars)
Sony without Financial Services Third quarter ended December 31

| | 2005 | 2006 | Change | 2006 |
|---------------------------------|------------|------------|--------|----------|
| | ----- | ----- | ----- | ----- |
| | | | % | |
| Net sales and operating revenue | Y2,192,428 | Y2,442,878 | +11.4 | \$20,528 |
| Costs and expenses | 2,029,276 | 2,289,791 | +12.8 | 19,242 |
| | ----- | ----- | | ----- |
| Operating income | 163,152 | 153,087 | -6.2 | 1,286 |

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| | | | | |
|---------------------------------|----------|----------|-------|---------|
| Other income (expenses), net | 14,294 | (4,634) | - | (38) |
| | ----- | ----- | | ----- |
| Income before income taxes | 177,446 | 148,453 | -16.3 | 1,248 |
| Income taxes and other | 39,875 | 8,031 | -79.9 | 68 |
| | ----- | ----- | | ----- |
| Net income | Y137,571 | Y140,422 | +2.1 | \$1,180 |
| | ----- | ----- | | ----- |

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

| | | | | |
|------------------------------------|---------------------------------|-----------|--------|---------|
| Consolidated | Third quarter ended December 31 | | | |
| | 2005 | 2006 | Change | 2006 |
| | ----- | ----- | ----- | ----- |
| | | | % | |
| Financial service revenue | Y184,586 | Y167,060 | -9.5 | \$1,404 |
| Net sales and operating revenue | 2,190,500 | 2,440,615 | +11.4 | 20,509 |
| | ----- | ----- | | ----- |
| Costs and expenses | 2,375,086 | 2,607,675 | +9.8 | 21,913 |
| | 2,164,741 | 2,428,768 | +12.2 | 20,410 |
| | ----- | ----- | | ----- |
| Operating income | 210,345 | 178,907 | -14.9 | 1,503 |
| Other income (expenses), net | 15,561 | 908 | -94.2 | 8 |
| | ----- | ----- | | ----- |
| Income before income taxes | 225,906 | 179,815 | -20.4 | 1,511 |
| Income taxes and other | 56,962 | 19,898 | -65.1 | 167 |
| | ----- | ----- | | ----- |
| Net income | Y168,944 | Y159,917 | -5.3 | \$1,344 |
| | ----- | ----- | | ----- |

Condensed Statements of Income (Unaudited)

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

| | | | | |
|---------------------------------|-------------------------------|----------|--------|---------|
| Financial Services | Nine months ended December 31 | | | |
| | 2005 | 2006 | Change | 2006 |
| | ----- | ----- | ----- | ----- |
| | | | % | |
| Financial service revenue | Y520,087 | Y465,112 | -10.6 | \$3,909 |
| Financial service expenses | 411,070 | 410,496 | -0.1 | 3,450 |
| | ----- | ----- | | ----- |
| Operating income | 109,017 | 54,616 | -49.9 | 459 |
| Other income (expenses), net | 24,646 | 5,698 | -76.9 | 48 |
| | ----- | ----- | | ----- |
| Income before income taxes | 133,663 | 60,314 | -54.9 | 507 |
| Income taxes and other | 49,325 | 21,794 | -55.8 | 183 |
| | ----- | ----- | | ----- |
| Net income | Y84,338 | Y38,520 | -54.3 | \$324 |
| | ----- | ----- | | ----- |

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

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| Sony without Financial Services | Nine months ended December 31 | | | |
|---------------------------------|-------------------------------|------------|--------|----------|
| | 2005 | 2006 | Change | 2006 |
| | ----- | ----- | ----- | ----- |
| | | | % | |
| Net sales and operating revenue | Y5,157,684 | Y5,765,255 | +11.8 | \$48,448 |
| Costs and expenses | 4,989,392 | 5,635,762 | +13.0 | 47,360 |
| | ----- | ----- | | ----- |
| Operating income | 168,292 | 129,493 | -23.1 | 1,088 |
| Other income (expenses), net | 32,107 | 24,025 | -25.2 | 202 |
| | ----- | ----- | | ----- |
| Income before income taxes | 200,399 | 153,518 | -23.4 | 1,290 |
| Income taxes and other | 94,718 | (8,125) | - | (68) |
| | ----- | ----- | | ----- |
| Net income | Y105,681 | Y161,643 | +53.0 | \$1,358 |
| | ----- | ----- | | ----- |

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

| Consolidated | Nine months ended December 31 | | | |
|---------------------------------|-------------------------------|-----------|--------|---------|
| | 2005 | 2006 | Change | 2006 |
| | ----- | ----- | ----- | ----- |
| | | | % | |
| Financial service revenue | Y503,277 | Y447,798 | -11.0 | \$3,763 |
| Net sales and operating revenue | 5,151,576 | 5,758,292 | +11.8 | 48,389 |
| | ----- | ----- | | ----- |
| Costs and expenses | 5,654,853 | 6,206,090 | +9.7 | 52,152 |
| | 5,376,535 | 6,020,968 | +12.0 | 50,596 |
| | ----- | ----- | | ----- |
| Operating income | 278,318 | 185,122 | -33.5 | 1,556 |
| Other income (expenses), net | 55,874 | 22,599 | -59.6 | 190 |
| | ----- | ----- | | ----- |
| Income before income taxes | 334,192 | 207,721 | -37.8 | 1,746 |
| Income taxes and other | 144,043 | 13,833 | -90.4 | 117 |
| | ----- | ----- | | ----- |
| Net income | Y190,149 | Y193,888 | +2.0 | \$1,629 |
| | ----- | ----- | | ----- |

Condensed Balance Sheet (Unaudited)

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

| Financial Services | December | March | December | December |
|--------------------|----------|-------|----------|----------|
| | 31 | 31 | 31 | 31 |
| ASSETS | 2005 | 2006 | 2006 | 2006 |
| | ----- | ----- | ----- | ----- |
| Current assets: | | | | |

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| | | | | |
|--------------------------------------|------------|------------|------------|----------|
| Cash and cash equivalents | Y176,411 | Y117,630 | Y222,442 | \$1,869 |
| Marketable securities | 523,612 | 532,895 | 485,502 | 4,080 |
| Other | 206,092 | 200,929 | 303,162 | 2,548 |
| | ----- | ----- | ----- | ----- |
| | 906,115 | 851,454 | 1,011,106 | 8,497 |
| Investments and advances | 2,964,784 | 3,131,269 | 3,298,833 | 27,721 |
| Property, plant and equipment | 36,339 | 37,422 | 39,214 | 330 |
| Other assets: | | | | |
| Deferred insurance acquisition costs | 389,933 | 383,156 | 394,527 | 3,315 |
| Other | 141,837 | 164,827 | 107,280 | 901 |
| | ----- | ----- | ----- | ----- |
| | 531,770 | 547,983 | 501,807 | 4,216 |
| | ----- | ----- | ----- | ----- |
| | Y4,439,008 | Y4,568,128 | Y4,850,960 | \$40,764 |
| | ----- | ----- | ----- | ----- |

LIABILITIES AND STOCKHOLDERS' EQUITY

| | | | | |
|---|------------|------------|------------|----------|
| Current liabilities: | | | | |
| Short-term borrowings | Y94,848 | Y136,723 | Y69,563 | \$585 |
| Notes and accounts payable, trade | 12,142 | 11,707 | 14,935 | 126 |
| Deposits from customers in the banking business | 601,446 | 599,952 | 717,528 | 6,030 |
| Other | 128,119 | 169,956 | 134,785 | 1,131 |
| | ----- | ----- | ----- | ----- |
| | 836,555 | 918,338 | 936,811 | 7,872 |
| Long-term liabilities: | | | | |
| Long-term debt | 134,785 | 128,097 | 131,671 | 1,106 |
| Accrued pension and severance costs | 13,614 | 13,479 | 13,038 | 110 |
| Future insurance policy benefits and other | 2,680,265 | 2,744,321 | 2,960,559 | 24,879 |
| Other | 189,180 | 170,294 | 198,987 | 1,671 |
| | ----- | ----- | ----- | ----- |
| | 3,017,844 | 3,056,191 | 3,304,255 | 27,766 |
| Minority interest in consolidated subsidiaries | 4,054 | 4,089 | 4,587 | 39 |
| Stockholders' equity | 580,555 | 589,510 | 605,307 | 5,087 |
| | ----- | ----- | ----- | ----- |
| | Y4,439,008 | Y4,568,128 | Y4,850,960 | \$40,764 |
| | ----- | ----- | ----- | ----- |

| | (Millions of yen, millions of U.S. dollars) | | | |
|--|---|---------------|------------------|------------------|
| Sony without Financial Services ASSETS | December 31 2005 | March 31 2006 | December 31 2006 | December 31 2006 |
| | ----- | ----- | ----- | ----- |
| Current assets: | | | | |
| Cash and cash equivalents | Y438,661 | Y585,468 | Y510,881 | \$4,293 |

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| | | | | |
|--|------------|------------|------------|----------|
| Marketable securities | 4,077 | 4,073 | 3,083 | 26 |
| Notes and accounts receivable, trade | 1,337,504 | 973,675 | 1,676,464 | 14,088 |
| Other | 1,334,372 | 1,393,306 | 1,692,507 | 14,223 |
| | ----- | ----- | ----- | ----- |
| | 3,114,614 | 2,956,522 | 3,882,935 | 32,630 |
| Film costs | 371,895 | 360,372 | 337,616 | 2,837 |
| Investments and advances | 500,288 | 474,568 | 614,597 | 5,165 |
| Investments in Financial Services, at cost | 187,400 | 187,400 | 187,400 | 1,575 |
| Property, plant and equipment | 1,345,339 | 1,351,125 | 1,412,900 | 11,873 |
| Other assets | 1,079,943 | 1,056,726 | 1,029,913 | 8,654 |
| | ----- | ----- | ----- | ----- |
| | Y6,599,479 | Y6,386,713 | Y7,465,361 | \$62,734 |
| | ----- | ----- | ----- | ----- |

LIABILITIES AND STOCKHOLDERS' EQUITY

Current liabilities:

| | | | | |
|-----------------------------------|-----------|-----------|-----------|---------|
| Short-term borrowings | Y321,783 | Y225,082 | Y338,052 | \$2,841 |
| Notes and accounts payable, trade | 916,700 | 804,394 | 1,160,617 | 9,753 |
| Other | 1,296,755 | 1,299,809 | 1,387,184 | 11,657 |
| | ----- | ----- | ----- | ----- |
| | 2,535,238 | 2,329,285 | 2,885,853 | 24,251 |

Long-term liabilities:

| | | | | |
|-------------------------------------|-----------|-----------|-----------|--------|
| Long-term debt | 595,784 | 701,372 | 927,711 | 7,796 |
| Accrued pension and severance costs | 209,220 | 168,768 | 157,463 | 1,323 |
| Other | 323,070 | 352,457 | 415,043 | 3,487 |
| | ----- | ----- | ----- | ----- |
| | 1,128,074 | 1,222,597 | 1,500,217 | 12,606 |

| | | | | |
|--|------------|------------|------------|----------|
| Minority interest in consolidated subsidiaries | 32,571 | 32,623 | 36,363 | 306 |
| Stockholders' equity | 2,903,596 | 2,802,208 | 3,042,928 | 25,571 |
| | ----- | ----- | ----- | ----- |
| | Y6,599,479 | Y6,386,713 | Y7,465,361 | \$62,734 |
| | ----- | ----- | ----- | ----- |

| | (Millions of yen, millions of U.S. dollars) | | | |
|--------------------------------------|---|-----------|-----------|----------|
| Consolidated | December | March | December | December |
| | 31 | 31 | 31 | 31 |
| ASSETS | 2005 | 2006 | 2006 | 2006 |
| | ----- | ----- | ----- | ----- |
| Current assets: | | | | |
| Cash and cash equivalents | Y615,072 | Y703,098 | Y733,323 | \$6,162 |
| Marketable securities | 527,689 | 536,968 | 488,585 | 4,106 |
| Notes and accounts receivable, trade | 1,348,004 | 985,508 | 1,698,575 | 14,273 |
| Other | 1,499,329 | 1,543,950 | 1,919,669 | 16,133 |
| | ----- | ----- | ----- | ----- |
| | 3,990,094 | 3,769,524 | 4,840,152 | 40,674 |

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| | | | | |
|--------------------------------------|-------------|-------------|-------------|-----------|
| Film costs | 371,895 | 360,372 | 337,616 | 2,837 |
| Investments and advances | 3,383,226 | 3,519,907 | 3,828,406 | 32,171 |
| Property, plant and equipment | 1,381,678 | 1,388,547 | 1,452,113 | 12,203 |
| Other assets: | | | | |
| Deferred insurance acquisition costs | 389,933 | 383,156 | 394,527 | 3,315 |
| Other | 1,149,609 | 1,186,247 | 1,088,047 | 9,143 |
| | ----- | ----- | ----- | ----- |
| | 1,539,542 | 1,569,403 | 1,482,574 | 12,458 |
| | ----- | ----- | ----- | ----- |
| | Y10,666,435 | Y10,607,753 | Y11,940,861 | \$100,343 |
| | ----- | ----- | ----- | ----- |

LIABILITIES AND STOCKHOLDERS' EQUITY

Current liabilities:

| | | | | |
|---|-----------|-----------|-----------|---------|
| Short-term borrowings | Y399,732 | Y336,321 | Y361,507 | \$3,038 |
| Notes and accounts payable, trade | 925,997 | 813,332 | 1,174,004 | 9,866 |
| Deposits from customers in the banking business | 601,446 | 599,952 | 717,528 | 6,030 |
| Other | 1,410,073 | 1,450,623 | 1,506,534 | 12,659 |
| | ----- | ----- | ----- | ----- |
| | 3,337,248 | 3,200,228 | 3,759,573 | 31,593 |

Long-term liabilities:

| | | | | |
|--|-----------|-----------|-----------|--------|
| Long-term debt | 650,514 | 764,898 | 1,003,159 | 8,430 |
| Accrued pension and severance costs | 222,834 | 182,247 | 170,501 | 1,433 |
| Future insurance policy benefits and other | 2,680,265 | 2,744,321 | 2,960,559 | 24,879 |
| Other | 442,146 | 475,106 | 545,301 | 4,581 |
| | ----- | ----- | ----- | ----- |
| | 3,995,759 | 4,166,572 | 4,679,520 | 39,323 |

| | | | | |
|--|-------------|-------------|-------------|-----------|
| Minority interest in consolidated subsidiaries | 37,014 | 37,101 | 41,967 | 353 |
| Stockholders' equity | 3,296,414 | 3,203,852 | 3,459,801 | 29,074 |
| | ----- | ----- | ----- | ----- |
| | Y10,666,435 | Y10,607,753 | Y11,940,861 | \$100,343 |
| | ----- | ----- | ----- | ----- |

Condensed Statements of Cash Flows (Unaudited)

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

Financial Services

Nine months ended December 31

| | | | |
|--|-------|-------|-------|
| | 2005 | 2006 | 2006 |
| | ----- | ----- | ----- |

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| | | | |
|---|-----------|-----------|---------|
| Net cash provided by operating activities | Y79,798 | Y170,258 | \$1,431 |
| Net cash used in investing activities | (371,441) | (199,042) | (1,673) |
| Net cash provided by financing activities | 208,683 | 133,596 | 1,123 |
| | ----- | ----- | ----- |
| Net increase (decrease) in cash and cash equivalents | (82,960) | 104,812 | 881 |
| Cash and cash equivalents at beginning of the fiscal year | 259,371 | 117,630 | 988 |
| | ----- | ----- | ----- |
| Cash and cash equivalents at December 31 | Y176,411 | Y222,442 | \$1,869 |
| | ----- | ----- | ----- |

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

| Sony without Financial Services | 2005 | 2006 | 2006 |
|--|-----------|-----------|---------|
| | ----- | ----- | ----- |
| Net cash provided by (used in) operating activities | Y43,704 | Y(11,574) | \$(97) |
| Net cash used in investing activities | (203,931) | (374,679) | (3,149) |
| Net cash provided by financing activities | 50,917 | 305,602 | 2,568 |
| Effect of exchange rate changes on cash and cash equivalents | 28,239 | 6,064 | 51 |
| | ----- | ----- | ----- |
| Net decrease in cash and cash equivalents | (81,071) | (74,587) | (627) |
| Cash and cash equivalents at beginning of the fiscal year | 519,732 | 585,468 | 4,920 |
| | ----- | ----- | ----- |
| Cash and cash equivalents at December 31 | Y438,661 | Y510,881 | \$4,293 |
| | ----- | ----- | ----- |

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

| Consolidated | 2005 | 2006 | 2006 |
|--|-----------|-----------|---------|
| | ----- | ----- | ----- |
| Net cash provided by operating activities | Y124,262 | Y156,825 | \$1,318 |
| Net cash used in investing activities | (580,617) | (567,385) | (4,768) |
| Net cash provided by financing activities | 264,085 | 434,721 | 3,653 |
| Effect of exchange rate changes on cash and cash equivalents | 28,239 | 6,064 | 51 |
| | ----- | ----- | ----- |
| Net increase (decrease) in cash and cash equivalents | (164,031) | 30,225 | 254 |
| Cash and cash equivalents at beginning of the | 779,103 | 703,098 | 5,908 |

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| fiscal year | ----- | ----- | ----- |
|---|----------|----------|---------|
| Cash and cash equivalents at December 31 | Y615,072 | Y733,323 | \$6,162 |
| | ----- | ----- | ----- |

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