

SONY CORP  
Form 6-K  
February 14, 2012

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 February 2012

Commission File Number: 001-06439

SONY CORPORATION

(Translation of registrant's name into English)

7-1, KONAN 1-CHOME, MINATO-KU, TOKYO 108-0075, 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  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

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

Edgar Filing: SONY CORP - Form 6-K

Quarterly Securities Report  
For the three months ended December 31, 2011

(TRANSLATION)

Sony Corporation

---

## CONTENTS

|            |  | Page |
|------------|--|------|
|            | <u>Note for readers of this English translation</u>  | 1    |
|            | <u>Cautionary Statement</u>  | 1    |
| <u>I</u>   | <u>Corporate Information</u>   | 2    |
|            | (1) <u>Selected Consolidated Financial Data</u>  | 2    |
|            | (2) <u>Business Overview</u>   | 3    |
| <u>II</u>  | <u>State of Business</u>   | 4    |
|            | (1) <u>Risk Factors</u>  | 4    |
|            | (2) <u>Material Contracts</u>  | 6    |
|            | (3) <u>Management's Discussion and Analysis of Financial Condition, Results of Operations and Status of Cash Flows</u> | 6    |
| <u>III</u> | <u>Company Information</u>   | 10   |
|            | (1) <u>Information on the Company's Shares</u>   | 10   |
|            | (2) <u>Directors and Corporate Executive Officers</u>  | 13   |
| <u>IV</u>  | <u>Financial Statements</u>  | 14   |
|            | (1) <u>Consolidated Financial Statements</u>   | 15   |
|            | (2) <u>Other Information</u>   | 39   |

---

Note for readers of this English translation

On February 14, 2012, Sony Corporation (the “Company” or “Sony Corporation”) filed its Japanese-language Quarterly Securities Report (Shihanki Houkokusho) for the three months ended December 31, 2011 with the Director-General of the Kanto Local Finance Bureau in Japan pursuant to the Financial Instruments and Exchange Act of Japan. This document is an English translation of the Quarterly Securities Report in its entirety, except for (i) information that had been previously filed with or submitted to the U.S. Securities and Exchange Commission (the “SEC”) in a Form 20-F, Form 6-K or any other form and (ii) a description of differences between generally accepted accounting principles in the U.S. (“U.S. GAAP”) and generally accepted accounting principles in Japan (“J-GAAP”), which are required to be described in the Quarterly Securities Report under the Financial Instruments and Exchange Act of Japan if the Company prepares its financial statements in conformity with accounting principles other than J-GAAP.

Cautionary Statement

Statements made in this translation with respect to the current plans, estimates, strategies and beliefs and other statements of the Company and its consolidated subsidiaries (collectively “Sony”) 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,” “intend,” “seek,” “may,” “might,” “could” or “should,” and words of similar meaning in connection with a discussion of future operations, financial performance, events or conditions. From time to time, oral or written forward-looking statements may also be included in other materials released to the public. These statements are based on management’s assumptions, judgments 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 and the economic conditions in Sony’s markets, particularly levels of consumer spending; (ii) foreign exchange rates, particularly between the yen and the U.S. dollar, the euro and other currencies in which Sony makes significant sales and incurs production costs, 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 LCD televisions and game platforms, which are offered in highly competitive markets characterized by continual new product and service introductions, rapid development in technology and subjective and changing consumer preferences; (iv) Sony’s ability and timing to recoup large-scale investments required for technology development and production capacity; (v) Sony’s ability to implement successful business restructuring and transformation efforts under changing market conditions; (vi) Sony’s ability to implement successful hardware, software, and content integration strategies for all segments excluding the Financial Services segment, and to develop and implement successful sales and distribution strategies 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 prioritize investments correctly (particularly in the Consumer Products & Services and the Professional, Device & Solutions segments); (viii) Sony’s ability to maintain product quality; (ix) the effectiveness of Sony’s strategies and their execution, including but not limited to the success of Sony’s acquisitions, joint ventures and other strategic investments; (x) Sony’s ability to forecast demands, manage timely procurement and control inventories; (xi) the outcome of pending legal and/or regulatory proceedings; (xii) 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; (xiii) the impact of unfavorable conditions or developments (including market fluctuations or volatility) in the Japanese equity markets on the revenue and operating income of the Financial Services segment; and (xiv) risks related to catastrophic disasters or similar events, including the Great East Japan Earthquake and its aftermath as well as the October 2011 floods in Thailand. Risks and uncertainties also include the impact of any future events with material adverse impact.



## I Corporate Information

## (1) Selected Consolidated Financial Data

|  | Yen in millions, Yen per share amounts       |  |   |
|--|--|--|---|
|  | Nine months<br>Ended<br>December<br>31, 2010 | Nine months<br>Ended<br>December<br>31, 2011 | Fiscal year<br>Ended<br>March 31,<br>2011 |
| Sales and operating revenue  | 5,600,447                                    | 4,892,786                                    | 7,181,273                                 |
| Operating income (loss)  | 273,189                                      | (65,863 )                                    | 199,821                                   |
| Income (loss) before income taxes  | 273,155                                      | (82,700 )                                    | 205,013                                   |
| Net income (loss) attributable to Sony Corporation's stockholders  | 129,217                                      | (201,447 )                                   | (259,585 )                                |
| Comprehensive income (loss)  | (2,328 )                                     | (262,502 )                                   | (359,727 )                                |
| Total equity   | 3,266,792                                    | 2,655,542                                    | 2,936,579                                 |
| Total assets   | 13,086,208                                   | 12,916,000                                   | 12,924,988                                |
| Net income (loss) attributable to Sony Corporation's stockholders per share of common stock, basic (yen)   | 128.76                                       | (200.73 )                                    | (258.66 )                                 |
| Net income (loss) attributable to Sony Corporation's stockholders per share of common stock, diluted (yen) | 128.58                                       | (200.73 )                                    | (258.66 )                                 |
| Ratio of stockholders' equity to total assets (%)  | 22.3   | 17.2   | 19.7                                      |
| Net cash provided by operating activities  | 403,911                                      | 283,791                                      | 616,245                                   |
| Net cash used in investing activities  | (582,405 )                                   | (607,168 )                                   | (714,439 )                                |
| Net cash provided by (used in) financing activities  | (10,263 )                                    | 159,495                                      | (10,112 )                                 |
| Cash and cash equivalents at end of the period   | 919,765                                      | 801,708                                      | 1,014,412                                 |

|  | Yen in millions, Yen per share amounts           |  |
|--|--|--|
|  | Three<br>months<br>Ended<br>December<br>31, 2010 | Three<br>months<br>Ended<br>December<br>31, 2011 |
| Sales and operating revenue  | 2,206,246  | 1,822,876  |
| Net income (loss) attributable to Sony Corporation's stockholders  | 72,334   | (158,968 )                                       |
| Net income (loss) attributable to Sony Corporation's stockholders per share of common stock, basic (yen) | 72.08  | (158.40 )  |

## Notes:

1. The Company's consolidated financial statements are prepared in conformity with U.S. GAAP.
2. The Company reports equity in net income (loss) of affiliated companies as a component of operating income (loss).
3. Consumption taxes are not included in sales and operating revenue.
4. Total equity is presented based on U.S. GAAP.
5. Ratio of stockholders' equity to total assets is calculated by using total equity attributable to the stockholders of the Company.
6. The Company prepares consolidated financial statements. Therefore parent-only selected financial data is not presented.



(2) Business Overview

There was no significant change in the business of Sony during the nine months ended December 31, 2011.

Sony realigned its reportable segments effective from the first quarter of the fiscal year ending March 31, 2012. For further information on the realignment, please refer to “IV Financial Statements – Notes to Consolidated Financial Statements – 9. Business segment information.”

As of December 31, 2011, the Company had 1,290 subsidiaries and 97 affiliated companies, of which 1,259 companies are consolidated subsidiaries (including variable interest entities) of the Company. The Company has applied the equity accounting method for 89 affiliated companies.



## II State of Business

### (1) Risk Factors

Note for readers of this English translation:

Except for the revised risk factors below, there was no significant change from the information presented in the Risk Factors section of the Annual Report on Form 20-F filed with the Securities and Exchange Commission (the "SEC") on June 28, 2011. The changes are indicated by underline below. Any forward-looking statement included in the descriptions below is based on the current judgment of management.

URL: The Annual Report on Form 20-F filed with the SEC on June 28, 2011  
<http://www.sec.gov/Archives/edgar/data/313838/000095012311062283/k02583e20vf.htm>

Sony's business restructuring and transformation efforts are costly and may not attain their objectives.

Sony continued to implement restructuring initiatives in the fiscal year ended March 31, 2011 that focused on a review of the Sony group's investment plan, the realignment of its manufacturing sites, the reallocation of its workforce, and headcount reductions. As a result of these restructuring initiatives, a total of 67.1 billion yen in restructuring charges has been recorded in the fiscal year ended March 31, 2011. While Sony anticipates recording approximately 55 billion yen of restructuring charges for the fiscal year ending March 31, 2012, significant additional or future restructuring charges may be recorded due to reasons such as the impact of economic downturns or exiting from unprofitable businesses. Restructuring charges are recorded in cost of sales, selling, general and administrative expenses and loss (gain) on sale, disposal or impairment of assets and other (net) and thus initially adversely affect Sony's operating income (loss) and net income (loss) attributable to Sony's stockholders. Sony plans to continue rationalizing its manufacturing operations, shifting and consolidating manufacturing to lower-cost countries, increasing the utilization of OEMs and ODMs and outsourcing its support functions and information processing operations to external partners. In addition, Sony continues to undertake business process optimization and enhance profitability through four horizontal platforms for (i) global sales and marketing, (ii) manufacturing, logistics, procurement and customer services, (iii) R&D, and (iv) common software development functions.

Due to internal or external factors, efficiencies and cost savings from the above-mentioned restructuring and transformation initiatives may not be realized as scheduled and, even if those benefits are realized, Sony may not be able to achieve the level of profitability expected due to market conditions worsening beyond expectations. Such possible internal factors may include, for example, changes in restructuring and transformation plans, an inability to implement the initiatives effectively with available resources, an inability to coordinate effectively across different business groups, delays in implementing the new business processes or strategies, or an inability to effectively manage and monitor the post-transformation performance of the operation. Possible external factors may include, for example, increased burdens from regional labor regulations, labor union agreements and Japanese customary labor practices that may prevent Sony from executing its restructuring initiatives as planned. The inability to fully and successfully implement restructuring and transformation programs may adversely affect Sony's operating results and financial condition. Additionally, operating cash flows may be reduced as a result of the payment for restructuring charges.

Sony's acquisitions and joint ventures within strategic business areas may not be successful.

Sony actively engages in acquisitions, joint ventures and other strategic investments in order to acquire new technologies, efficiently develop new businesses, and enhance its business competitiveness.

Sony may incur significant integration expenses to incorporate acquired businesses. Additionally, Sony may not achieve strategic objectives, planned revenue improvements and cost savings, and may not retain key personnel of the acquired businesses. Sony's operating results may also be adversely affected by the assumption of liabilities related to any acquired businesses.

Sony currently has investments in several joint ventures, including Sharp Display Products Corporation, a joint venture with Sharp Corporation for the production and sale of large-sized liquid crystal display ("LCD") panels and modules. If Sony and its partners are unable to reach their common financial objectives successfully, due to changes in the competitive environment or other reasons, Sony's operating results may be adversely affected. Sony's operating results may also be adversely affected in the short- and medium-term during the partnership, even if Sony and its partners remain on course to achieve their common financial objectives. In addition, by participating in joint ventures or other strategic investments, Sony may encounter conflicts of interest, may not maintain sufficient control over these relationships, including over cash flow, and may be faced with an increased risk of the loss of proprietary technology or know-how. Sony's reputation may be harmed by the actions or activities of a joint venture that uses the Sony brand. Sony may also be required to provide additional funding or debt guarantees to a joint venture, whether as a result of significant or persistent underperformance, or otherwise.

Sony recorded an impairment loss of 63.4 billion yen on its equity interest in S-LCD Corporation ("S-LCD") in the third quarter of the fiscal year ending on March 31, 2012. In addition, Sony sold all of its equity interest in S-LCD to Samsung Electronics Co., Ltd. ("Samsung") for a sale price of 1.07 trillion Korean Won (72.3 billion yen as of the sale date) in January 2012 and terminated the LCD panel manufacturing joint venture of the two companies pursuant to agreements signed with Samsung on December 26, 2011.

On October 27, 2011, Sony and Telefonaktiebolaget LM Ericsson ("Ericsson") agreed that Sony would acquire Ericsson's 50 percent equity interest in Sony Ericsson Mobile Communications AB ("Sony Ericsson") and establish a broad intellectual property cross-licensing agreement covering all products and services of Sony as well as ownership of five essential patent families relating to wireless handset technology. Sony and Ericsson also agreed to make Sony Ericsson a wholly-owned subsidiary of Sony and thereby to terminate the mobile handset business joint venture between Sony and Ericsson. The acquisition is expected to close in February 2012, subject to customary closing conditions including regulatory approvals, and Sony will pay Ericsson cash consideration of 1.05 billion euros.

Sony may not be able to recoup the capital expenditures or investments it makes to increase production capacity.

Sony continues to invest in production equipment in the CPS and PDS segments. Sony also invests in production-related joint ventures. One example is the investment Sony and Samsung Electronics Co., Ltd. (“Samsung”) made in connection with 8th generation production capacity for amorphous thin film transistor (“TFT”) LCD panel production, following investments in 7th generation production capacity at S-LCD, a joint venture of the two companies in Korea. Another example is the additional investment by Sony in image sensor fabrication facilities to meet the increasing demand for image sensors. Sony anticipates investing approximately 120 billion yen to increase its image sensor fabrication capacity for the year ending March 31, 2012. If unforeseen market changes and corresponding decline in demand result in a mismatch between sales volume and anticipated production volumes, or if unit sales prices decline due to market oversupply, Sony may not be able to recover its capital expenditures or investments, in part or in full, or the recovery of these capital expenditures or investments may take longer than expected. As a result, the carrying value of the related assets may be subject to an impairment charge, which may adversely affect Sony’s profitability. Sony recorded an impairment loss of 63.4 billion yen on its equity interest in S-LCD in the third quarter of the fiscal year ending on March 31, 2012; in addition, Sony sold all of its equity interest in S-LCD to Samsung for a sale price of 1.07 trillion Korean Won (72.3 billion yen as of the sale date) in January 2012,

(2) Material Contracts

There were no material contracts executed during the three months ended December 31, 2011.

Note for readers of this English translation:

Excluding the matters as updated in the Quarterly Securities Report on Form 6-K submitted to the SEC on November 14, 2011, there was no significant change from the information presented in the Annual Report on Form 20-F (“Patents and Licenses” in item 4) filed with the SEC on June 28, 2011.

URL: The Annual Report on Form 20-F filed with the SEC on June 28, 2011

<http://www.sec.gov/Archives/edgar/data/313838/000095012311062283/k02583e20vf.htm>

URL: The Quarterly Securities Report on Form 6-K submitted to the SEC on November 14, 2011

[http://www.sec.gov/Archives/edgar/data/313838/000090342311000558/sony-6k\\_1114.htm](http://www.sec.gov/Archives/edgar/data/313838/000090342311000558/sony-6k_1114.htm)

(3) Management’s Discussion and Analysis of Financial Condition, Results of Operations and Status of Cash Flows

i) Results of Operations

Note for readers of this English translation:

Except for information specifically included in this English translation, this document omits certain information set out in the Japanese-language Quarterly Securities Report for the three-month period ended December 31, 2011, since it is the same as described in the press release previously submitted to the SEC. Please refer to “Consolidated Financial Results for the Third Quarter Ended December 31, 2011” submitted to the SEC on Form 6-K on February 2, 2012.

URL: The press release titled “Consolidated Financial Results for the Third Quarter Ended December 31, 2012”

<http://www.sec.gov/Archives/edgar/data/313838/000115752312000447/a50151420.htm>



## Foreign Exchange Fluctuations and Risk Hedging

Note for readers of this English translation:

Even though foreign exchange rates have fluctuated, there was no significant change in Sony's risk hedging policy from the description in the Annual Report on Form 20-F filed with the SEC on June 28, 2011.

URL: The Annual Report on Form 20-F filed with the SEC on June 28, 2011  
<http://www.sec.gov/Archives/edgar/data/313838/000095012311062283/k02583e20vf.htm>

## Status of Cash Flows

Note for readers of this English translation:

Except for information specifically included in this English translation, this document omits certain information set out in the Japanese-language Quarterly Securities Report for the three-month period ended December 31, 2011, since it is the same as described in the press release previously submitted to the SEC. Please refer to "Consolidated Financial Results for the Third Quarter Ended December 31, 2011" submitted to the SEC on Form 6-K on February 2, 2012.

URL: The press release titled "Consolidated Financial Results for the Third Quarter Ended December 31, 2011"  
<http://www.sec.gov/Archives/edgar/data/313838/000115752312000447/a50151420.htm>

## ii) Issues Facing Sony and Management's Response to those Issues

Note for readers of this English translation:

Excluding the matters mentioned below, there was no significant change from the information presented as the Issues Facing Sony and Management's Response to those Issues in the Trend Information section of the Annual Report on Form 20-F filed with the SEC on June 28, 2011. Any forward-looking statement included in the descriptions below is based on the current judgment of management.

URL: The Annual Report on Form 20-F filed with the SEC on June 28, 2011  
<http://www.sec.gov/Archives/edgar/data/313838/000095012311062283/k02583e20vf.htm>

The world economy currently faces lingering concerns surrounding the downturn of economic conditions in developed countries due to high unemployment and housing issues in the United States, the debt crisis in Europe, and concern over weakening export growth to Europe and the U.S. by emerging economies, resulting in a heightened sense of uncertainty regarding the future. To respond to these challenges, particularly in the CPS and PDS segments, Sony is implementing measures to reform its operational structure with priority on speed and profitability.

Regarding the television business, in the mid-range plan announced in November 2009, Sony outlined plans to create a structure under which it could attain a market share of 20%, or 40 million unit sales, in the fiscal year ending March 31, 2013 based on the expectation that the LCD TV market would continue its high level of growth. However, since then, market conditions have changed drastically, with overall industry growth slowing, and developed countries experiencing negative growth, especially the U.S. and in Europe where economic conditions have deteriorated. Furthermore, while there was an LCD panel shortage at the time of the mid-range plan announcement, there is now a surplus of LCD panels in the market. In light of these changes, Sony is revising its forecasted global unit sales to 20

million in the fiscal year ending March 31, 2012 and implementing a series of measures with the goal of establishing a stable business platform from which Sony aims to generate profit even with this reduced sales volume. Specifically, as presented on November 2, 2011, the following measures are planned to improve profitability. First, Sony is implementing measures to reduce LCD panel costs. Second, Sony plans to enhance product competitiveness and reform operations to improve marginal profit ratio. For this purpose, Sony plans to focus on improving model mix in developed countries, while aiming to expand business in developing nations at a greater than market growth rate by enhancing models designed specifically for the needs of those regions, which can be expected to result in further profitability improvement. In the area of supply chain management,

new systems are being introduced with the aim of further reducing inventory turnover. Further, Sony aims to deploy unique technology such as super-resolution high image quality engines and accelerate the development of a next generation TV. Additionally, Sony plans to increase added value of TV by providing consumers with an integrated user experience across multiple devices and network services. Third, Sony plans to implement a reduction of selling, general and administrative expenses at sales companies, improve R&D efficiency, and reduce indirect costs. Through these measures, Sony is endeavoring to return the television business to profitability in the near term.

On December 26, 2011, Sony signed agreements with Samsung Electronics Co., Ltd. (“Samsung”) to transition the current business relationship with respect to LCD panels, as part of Sony’s plan to reduce LCD panel costs. Under the agreement, Sony sold all of its equity interest in S-LCD Corporation (“S-LCD”), the LCD panel manufacturing joint venture owned by Sony and Samsung, making S-LCD a wholly-owned subsidiary of Samsung. In consideration for the share transfer, cash consideration of 1.07 trillion Korean Won (72.3 billion yen as of the sale date) was paid to Sony by Samsung. Concurrently, the two companies entered into a new strategic agreement for the supply and purchase of LCD panels with the goal of enhancing the competitiveness of both companies.

For Sony, this transaction has enabled it to monetize its equity interest in S-LCD and allow it to secure a flexible and steady supply of LCD panels from Samsung, based on market prices and without the responsibility and costs of operating a manufacturing facility. Sony estimates that the transaction will result in substantial savings on and after January 1, 2012 in respect of costs associated with its procurement of LCD panels.

On October 27, 2011, Sony and Telefonaktiebolaget LM Ericsson (“Ericsson”) agreed that Sony will acquire Ericsson’s 50 percent equity interest in Sony Ericsson Mobile Communications AB (“Sony Ericsson”), making the mobile handset business a wholly-owned subsidiary of Sony. The acquisition is expected to close in February 2012, subject to customary closing conditions including regulatory approvals. During the past ten years, the mobile market has shifted focus from simple mobile phones to rich smartphones that include access to internet services and content. The transaction is a logical strategic step that takes into account the nature of this evolution and its impact on the marketplace. The transaction gives Sony an opportunity to rapidly integrate smartphones into its broad array of network-connected consumer electronics devices – including tablets, televisions and personal computers – for the benefit of consumers and the growth of its business. The transaction also provides Sony with a broad intellectual property (IP) cross-licensing agreement covering all products and services of Sony as well as ownership of five essential patent families relating to wireless handset technology. Sony believes that this acquisition will afford operational efficiencies in engineering, network development and marketing, among other areas.

Due to direct damage from inundation of Sony’s manufacturing facilities and difficulty in procuring parts and components resulting from the floods in Thailand in October 2011, Sony’s business operations were negatively impacted primarily due to temporary cessation of production at several manufacturing facilities, postponement of certain product launches and significantly lowered demand from commercial customers. The site with the largest damage, located in Ayuthaya, temporarily transferred production of interchangeable single lens cameras and other products to manufacturing facilities located in Chunburi (Thailand), China, and Japan. Sony plans to continue to work for the rapid restoration of production. Certain domestic and overseas manufacturing sites not directly affected by the disaster have also temporarily reduced operating rates on some production lines to accommodate difficulties with the procurement of raw materials, parts and other supplies. Sony plans to continue to work for the rapid restoration of disrupted production by reallocating inventory of raw materials and parts within the Sony group, using alternative materials or parts, and expanding sourcing for these materials and parts, among other measures.

### iii) Research and Development

Note for readers of this English translation:

Edgar Filing: SONY CORP - Form 6-K

Excluding the below, there was no significant change from the information presented as the Research and Development in the Annual Report on Form 20-F filed with the SEC on June 28, 2011.

URL: The Annual Report on Form 20-F filed with the SEC on June 28, 2011

<http://www.sec.gov/Archives/edgar/data/313838/000095012311062283/k02583e20vf.htm>

Research and development costs for the nine months ended December 31, 2011 totaled 304.9 billion yen. There were no significant changes in research and development activities during the period.



iv) Liquidity and Capital Resources

Note for readers of this English translation:

Excluding the change of the description of the commitment lines and changes in credit ratings discussed below, there was no significant change from the information presented in the Annual Report on Form 20-F filed with the SEC on June 28, 2011. The changes are indicated by underline below. Any forward-looking statement included in the descriptions below is based on the current judgment of management.

URL: The Annual Report on Form 20-F filed with the SEC on June 28, 2011  
<http://www.sec.gov/Archives/edgar/data/313838/000095012311062283/k02583e20vf.htm>

Sony typically raises funds through straight bonds, commercial paper programs and bank loans (including syndicated loans); however, in the unlikely event Sony could not access liquidity from these sources, Sony can also draw on committed lines of credit from various financial institutions. Sony has a total, translated into yen, of 737.0 billion yen in committed lines of credit, none of which had been used as of December 31, 2011. Details of those committed lines of credit are: a 475.0 billion yen committed line of credit contracted with a syndicate of Japanese banks, effective until November 2014; a 1.5 billion U.S. dollar multi-currency committed line of credit also with a syndicate of Japanese banks, effective until December 2013; and a 1.87 billion U.S. dollar multi-currency committed line of credit contracted with a syndicate of global banks, effective until April 2012; in all of which Sony Corporation and its consolidated subsidiary Sony Global Treasury Services Plc are defined as the borrowers. In October 2011, Sony extended by one year the term for the 475 billion yen committed line of credit contracted with a syndicate of Japanese banks. These contracts are aimed at securing sufficient liquidity by enabling Sony to raise funds in a quick and stable manner even in the event of financial and capital market turmoil similar to that which occurred in the period following the fall of 2008.

Ratings

Sony considers one of its management's top priorities to be the maintenance of stable and appropriate credit ratings in order to ensure financial flexibility for liquidity and capital management and continued adequate access to sufficient funding resources in the financial and capital markets.

In order to facilitate access to global capital markets, Sony obtains credit ratings from two rating agencies, Moody's Investors Service, Inc. ("Moody's") and Standard and Poor's Rating Services ("S&P"). In addition, Sony maintains a rating from Rating and Investment Information, Inc. ("R&I"), a rating agency in Japan, for access to the Japanese capital market.

Sony's current debt ratings from each agency as of February 14, 2012 are noted below:

|                 | Moody's                     | S&P                         | R&I                       |
|-----------------|-----------------------------|-----------------------------|---------------------------|
| Long-term debt  | Baa1<br>(Outlook: negative) | BBB+<br>(Outlook: negative) | A+<br>(Outlook: negative) |
| Short-term debt | P-2                         | A-2                         | a-1                       |

v) Property, Plant and Equipment

On April 1, 2011, Sony Semiconductor Kyushu Corporation, a wholly owned subsidiary of Sony Corporation, acquired semiconductor fabrication equipment from Toshiba Corporation for 51,083 million yen in order to increase

the production capacity for CMOS image sensors in Sony Semiconductor Kyushu Corporation's Nagasaki Technology Center. Sony Semiconductor Kyushu Corporation has subsequently changed its company name to Sony Semiconductor Corporation, effective November 1, 2011.

## III Company Information

## (1) Information on the Company's Shares

## i) Total Number of Shares

## 1) Total Number of Shares

| Class        | Total number of shares authorized to be issued |
|--------------|--|
| Common stock | 3,600,000,000                                  |
| Total        | 3,600,000,000                                  |

## 2) Number of Shares Issued

| Class        | Number of shares issued   |  | Name of Securities Exchanges where the shares are listed or authorized Financial Instruments Firms Association where the shares are registered | Description   |
|--------------|---|--|--|---|
|              | As of the end of the third quarterly period (December 31, 2011) | As of the filing date of the Quarterly Securities Report (February 14, 2012) |  |   |
| Common stock | 1,004,638,164   | 1,004,638,164  | Tokyo Stock Exchange<br>Osaka Securities Exchange<br>New York Stock Exchange<br>London Stock Exchange  | The number of shares constituting one full unit is one hundred (100). |
| Total        | 1,004,638,164   | 1,004,638,164  | —  | —   |

## Notes:

- The Company's shares of common stock are listed on the First Sections of the Tokyo Stock Exchange and the Osaka Securities Exchange in Japan.
- The number of shares issued as of the filing date of this Quarterly Securities Report does not include shares issued upon the exercise of stock acquisition rights ("SARs") (including the conversion of convertible bonds issued under the former Commercial Code of Japan) during February 2012, the month in which this Quarterly Securities Report (Shihanki Houkokusho) was filed.

## ii) Stock Acquisition Rights

## Note for readers of this English translation:

The Japanese-language Quarterly Securities Report includes a summary of the main terms and conditions of the SARs listed below which were issued during the three months ended December 31, 2011. A summary of such terms and conditions has previously been filed with or submitted to the SEC under Form 6-K or Form S-8. There has been no change to such terms and conditions since the applicable date of such filings or submissions.

URL: The list of documents previously filed or submitted by the Company

<http://www.sec.gov/cgi-bin/browse-edgar?action=getcompany&CIK=0000313838&owner=include&count=40>

| Name<br>(Date of resolution of the Board of Directors)      | Number of<br>SARs issued | Number of shares of<br>common stock to be<br>issued or transferred |
|---|--------------------------|--|
| The twenty-second series of Common Stock Acquisition Rights | 8,353                    | 835,300  |

(November 1, 2011)

The twenty-third series of Common Stock Acquisition  
Rights

17,022

1,702,200

(November 1, 2011)

10

---

iii) Status of the Exercise of Moving Strike Convertible Bonds

Not applicable.

iv) Description of Rights Plan

Not applicable.

v) Changes in the Total Number of Shares Issued and the Amount of Common Stock, etc.

| Period                              | Change in the total number of shares issued<br>(Thousands) | Balance of the total number of shares issued<br>(Thousands) | Change in the amount of common stock<br>(Yen in Millions) | Balance of the amount of common stock<br>(Yen in Millions) | Change in the additional paid-in capital<br>(Yen in Millions) | Balance of the additional paid-in capital<br>(Yen in Millions) |
|-------------------------------------|--|---|---|--|---|--|
| From October 1 to December 31, 2011 | —  | 1,004,638   | —   | 630,923  | —   | 837,611  |

Note: The total number of shares issued, the amount of common stock and the additional paid-in capital did not change during the period from January 1, 2012 to January 31, 2012.

## vi) Status of Major Shareholders

|  |   | (As of December 31, 2011)               |   |
|--|---|---|---|
| Name   | Address   | Number of<br>shares held<br>(Thousands) | Percentage of<br>shares held to<br>total shares<br>issued (%) |
| Moxley and Company *1 (Local Custodian: The Bank of Tokyo-Mitsubishi UFJ, Ltd.)  | New York, U.S.A. (2-7-1, Marunouchi, Chiyoda-ku, Tokyo) | 70,222                                  | 6.99  |
| Japan Trustee Services Bank, Ltd. (Trust account) *2   | 1-8-11, Harumi, Chuo-ku, Tokyo                          | 63,574                                  | 6.33  |
| The Master Trust Bank of Japan, Ltd. (Trust account) *2  | 2-11-3, Hamamatsu-cho, Minato-ku, Tokyo                 | 50,414                                  | 5.02  |
| SSBT OD05 Omnibus Account - Treaty Clients *3 (Local Custodian: The Hongkong and Shanghai Banking Corporation Limited) | Sydney, Australia (3-11-1, Nihonbashi, Chuo-ku, Tokyo)  | 24,027                                  | 2.39  |
| Japan Trustee Services Bank, Ltd. (Trust account 9) *2   | 1-8-11, Harumi, Chuo-ku, Tokyo                          | 20,756                                  | 2.07  |
| State Street Bank and Trust Company *3 (Local Custodian: The Hongkong and Shanghai Banking Corporation Limited)        | Boston, U.S.A. (3-11-1, Nihonbashi, Chuo-ku, Tokyo)     | 12,881                                  | 1.28  |
| Japan Trustee Services Bank, Ltd. (Trust account 1) *2   | 1-8-11, Harumi, Chuo-ku, Tokyo                          | 9,724                                   | 0.97  |
| State Street Bank - West Pension Fund Clients - Exempt *3 (Local Custodian: Mizuho Corporate Bank, Ltd.)               | Quincy, U.S.A. (4-16-13, Tsukishima, Chuo-ku, Tokyo)    | 9,669                                   | 0.96  |
| The Chase Manhattan Bank, N.A. London Secs Lending Omnibus Account *3 (Local Custodian: Mizuho Corporate Bank, Ltd.)   | London, U.K. (4-16-13, Tsukishima, Chuo-ku, Tokyo)      | 9,337                                   | 0.93  |
| Japan Trustee Services Bank, Ltd. (Trust account 6) *2   | 1-8-11, Harumi, Chuo-ku, Tokyo                          | 9,307                                   | 0.93  |
| Total  |   | 279,910                                 | 27.86   |

## Notes:

- \*1. Moxley and Company is the nominee of JPMorgan Chase Bank, N.A., which is the Depository for holders of the Company's American Depositary Receipts ("ADRs").
- \*2. The shares held by each shareholder are held in trust for investors, including shares in securities investment trusts.
- \*3. Each shareholder provides depository services for shares owned by institutional investors, mainly in Europe and North America. They are also the nominees for these investors.

## vii) Status of Voting Rights

## 1) Shares Issued

(As of December 31, 2011)

| Classification  | Number of shares of common stock | Number of voting rights (Units) | Description  |
|---|----------------------------------|---------------------------------|--|
| Shares without voting rights                                | —                                | —                               | —  |
| Shares with restricted voting rights (Treasury stock, etc.) | —                                | —                               | —  |
| Shares with restricted voting rights (Others)               | —                                | —                               | —  |
| Shares with full voting rights (Treasury stock, etc.)       | 1,057,300                        | —                               | —  |
| Shares with full voting rights (Others)                     | 1,001,017,100                    | 10,010,171                      | —  |
| Shares constituting less than one full unit                 | 2,563,764                        | —                               | Shares constituting less than one full unit (100 shares) |
| Total number of shares issued                               | 1,004,638,164                    | —                               | —  |
| Total voting rights held by all shareholders                | —                                | 10,010,171                      | —  |

Note: Included in “Shares with full voting rights (Others)” under “Number of shares of common stock” are 19,700 shares of common stock held under the name of Japan Securities Depository Center, Incorporated. Also included in “Shares with full voting rights (Others)” under “Number of voting rights (Units)” are 197 units of voting rights relating to the shares of common stock with full voting rights held under the name of Japan Securities Depository Center, Incorporated.

## 2) Treasury Stock, Etc.

| Name of shareholder               | Address of shareholder         | Number of shares held under own name | Number of shares held under the names of others | (As of December 31, 2011)   |  |
|-----------------------------------|--------------------------------|--------------------------------------|---|-----------------------------|--|
|                                   |                                |                                      |   | Total number of shares held | Percentage of shares held to total shares issued (%) |
| Sony Corporation (Treasury stock) | 1-7-1, Konan, Minato-ku, Tokyo | 1,057,300                            | —   | 1,057,300                   | 0.11   |
| Total                             | —                              | 1,057,300                            | —   | 1,057,300                   | 0.11   |

Note: In addition to the 1,057,300 shares listed above, there are 300 shares of common stock held in the name of the Company in the register of shareholders that the Company does not beneficially own. These shares are included in “Shares with full voting rights (Others)” in table 1 “Shares Issued” above.

## (2) Directors and Corporate Executive Officers

There was no change in directors or corporate executive officers in the period from the filing date of the Securities Report (Yukashoken Houkokusho) for the fiscal year ended March 31, 2011 to the filing date of this Quarterly Securities Report (Shihanki Houkokusho).





IV Financial Statements

|   | Page   |
|---|--------|
| <u>(1) Consolidated Financial Statements</u>              | 15     |
| <u>(i)</u> <u>Consolidated Balance Sheets</u>             | 15     |
| <u>(ii)</u> <u>Consolidated Statements of Income</u>      | 17     |
| <u>(iii)</u> <u>Consolidated Statements of Cash Flows</u> | 19     |
| <br><u>(2) Other Information</u>                          | <br>39 |

## (1) Consolidated Financial Statements

## (i) Consolidated Balance Sheets (Unaudited)

## Sony Corporation and Consolidated Subsidiaries

|   | Yen in millions      |                         |
|---|----------------------|-------------------------|
|   | At March 31,<br>2011 | At December 31,<br>2011 |
| <b>ASSETS</b>                                     |                      |                         |
| Current assets:                                   |                      |                         |
| Cash and cash equivalents                         | 1,014,412            | 801,708                 |
| Marketable securities                             | 646,171              | 616,058                 |
| Notes and accounts receivable, trade              | 834,221              | 926,384                 |
| Allowance for doubtful accounts and sales returns | (90,531 )            | (80,349 )               |
| Inventories                                       | 704,043              | 659,446                 |
| Other receivables                                 | 215,181              | 173,854                 |
| Deferred income taxes                             | 133,059              | 95,030                  |
| Prepaid expenses and other current assets         | 387,490              | 450,862                 |
| Total current assets                              | 3,844,046            | 3,642,993               |
| Film costs  | 275,389              | 269,953                 |
| Investments and advances:                         |                      |                         |
| Affiliated companies                              | 221,993              | 105,968                 |
| Securities investments and other                  | 5,670,662            | 6,056,081               |
|   | 5,892,655            | 6,162,049               |
| Property, plant and equipment:                    |                      |                         |
| Land  | 145,968              | 140,691                 |
| Buildings   | 868,615              | 824,786                 |
| Machinery and equipment                           | 2,016,956            | 1,939,983               |
| Construction in progress                          | 53,219               | 30,354                  |
|   | 3,084,758            | 2,935,814               |
| Less – Accumulated depreciation                   | 2,159,890            | 2,011,684               |
|   | 924,868              | 924,130                 |
| Other assets:                                     |                      |                         |
| Intangibles, net                                  | 391,122              | 363,114                 |
| Goodwill  | 469,005              | 452,306                 |
| Deferred insurance acquisition costs              | 428,262              | 432,686                 |
| Deferred income taxes                             | 239,587              | 197,120                 |
| Other   | 460,054              | 471,649                 |
|   | 1,988,030            | 1,916,875               |
| Total assets                                      | 12,924,988           | 12,916,000              |

(Continued on following page.)



## Consolidated Balance Sheets (Unaudited)

|  | Yen in millions      |                         |
|--|----------------------|-------------------------|
|  | At March 31,<br>2011 | At December 31,<br>2011 |
| <b>LIABILITIES</b>   |                      |                         |
| Current liabilities:   |                      |                         |
| Short-term borrowings  | 53,737               | 206,507                 |
| Current portion of long-term debt  | 109,614              | 254,311                 |
| Notes and accounts payable, trade  | 793,275              | 663,567                 |
| Accounts payable, other and accrued expenses   | 1,013,037            | 945,794                 |
| Accrued income and other taxes   | 79,076               | 122,899                 |
| Deposits from customers in the banking business  | 1,647,752            | 1,687,534               |
| Other  | 430,488              | 414,541                 |
| Total current liabilities  | 4,126,979            | 4,295,153               |
| Long-term debt   | 812,235              | 630,565                 |
| Accrued pension and severance costs  | 271,320              | 274,845                 |
| Deferred income taxes  | 306,227              | 261,142                 |
| Future insurance policy benefits and other   | 4,225,373            | 4,510,316               |
| Other  | 226,952              | 270,018                 |
| Total liabilities  | 9,969,086            | 10,242,039              |
| Redeemable noncontrolling interest   | 19,323               | 18,419                  |
| Commitments and contingent liabilities   |                      |                         |
| <b>EQUITY</b>  |                      |                         |
| Sony Corporation's stockholders' equity:   |                      |                         |
| Common stock, no par value –   |                      |                         |
| At March 31, 2011—Shares authorized: 3,600,000,000,<br>shares issued: 1,004,636,664    | 630,921              |                         |
| At December 31, 2011—Shares authorized: 3,600,000,000,<br>shares issued: 1,004,638,164 |                      | 630,923                 |
| Additional paid-in capital   | 1,159,666            | 1,159,745               |
| Retained earnings  | 1,566,274            | 1,352,284               |
| Accumulated other comprehensive income –   |                      |                         |
| Unrealized gains on securities, net  | 50,336               | 57,588                  |
| Unrealized gains (losses) on derivative instruments, net                               | (1,589 )             | 185                     |
| Pension liability adjustment   | (152,165 )           | (153,122 )              |
| Foreign currency translation adjustments   | (700,786 )           | (815,387 )              |
|  | (804,204 )           | (910,736 )              |
| Treasury stock, at cost  |                      |                         |
| Common stock   |                      |                         |
| At March 31, 2011—1,051,588 shares   | (4,670 )             |                         |
| At December 31, 2011—1,057,347 shares  |                      | (4,632 )                |
|  | 2,547,987            | 2,227,584               |
| Noncontrolling interests   | 388,592              | 427,958                 |
| Total equity   | 2,936,579            | 2,655,542               |
| Total liabilities and equity   | 12,924,988           | 12,916,000              |

The accompanying notes are an integral part of these statements.

## (ii) Consolidated Statements of Income (Unaudited)

## Sony Corporation and Consolidated Subsidiaries

|  | Yen in millions               |            |
|--|-------------------------------|------------|
|  | Nine months ended December 31 |            |
|  | 2010                          | 2011       |
| Sales and operating revenue:   |                               |            |
| Net sales  | 4,948,628                     | 4,236,557  |
| Financial services revenue   | 593,104                       | 603,636    |
| Other operating revenue  | 58,715                        | 52,593     |
|  | 5,600,447                     | 4,892,786  |
| Costs and expenses:  |                               |            |
| Cost of sales  | 3,729,306                     | 3,278,103  |
| Selling, general and administrative                                  | 1,126,212                     | 1,021,213  |
| Financial services expenses  | 485,631                       | 516,554    |
| (Gain) loss on sale, disposal or impairment of assets and other, net | 432                           | 30,269     |
|  | 5,341,581                     | 4,846,139  |
| Equity in net income (loss) of affiliated companies                  | 14,323                        | (112,510 ) |
| Operating income (loss)  | 273,189                       | (65,863 )  |
| Other income:  |                               |            |
| Interest and dividends   | 8,265                         | 9,084      |
| Gain on sale of securities investments, net                          | 3,463                         | 643        |
| Foreign exchange gain, net   | 12,203                        | —          |
| Other  | 6,025                         | 6,885      |
|  | 29,956                        | 16,612     |
| Other expenses:  |                               |            |
| Interest   | 16,518                        | 17,544     |
| Loss on devaluation of securities investments                        | 7,059                         | 3,155      |
| Foreign exchange loss, net   | —                             | 7,436      |
| Other  | 6,413                         | 5,314      |
|  | 29,990                        | 33,449     |
| Income (loss) before income taxes                                    | 273,155                       | (82,700 )  |
| Income taxes   | 112,009                       | 74,807     |
| Net income (loss)  | 161,146                       | (157,507 ) |
| Less - Net income attributable to noncontrolling interests           | 31,929                        | 43,940     |
| Net income (loss) attributable to Sony Corporation's stockholders    | 129,217                       | (201,447 ) |

|   | Yen                           |           |
|---|-------------------------------|-----------|
|   | Nine months ended December 31 |           |
|   | 2010                          | 2011      |
| Per share data:   |                               |           |
| Net income (loss) attributable to Sony Corporation's stockholders |                               |           |
| – Basic   | 128.76                        | (200.73 ) |
| – Diluted   | 128.58                        | (200.73 ) |

The accompanying notes are an integral part of these statements.



## Consolidated Statements of Income (Unaudited)

## Sony Corporation and Consolidated Subsidiaries

|  | Yen in millions                |            |
|--|--------------------------------|------------|
|  | Three months ended December 31 |            |
|  | 2010                           | 2011       |
| Sales and operating revenue:   |                                |            |
| Net sales  | 1,980,721                      | 1,588,421  |
| Financial services revenue   | 207,030                        | 219,374    |
| Other operating revenue  | 18,495                         | 15,081     |
|  | 2,206,246                      | 1,822,876  |
| Costs and expenses:  |                                |            |
| Cost of sales  | 1,492,388                      | 1,262,557  |
| Selling, general and administrative                                  | 403,047                        | 355,674    |
| Financial services expenses  | 173,780                        | 186,421    |
| (Gain) loss on sale, disposal or impairment of assets and other, net | 2,099                          | 1,155      |
|  | 2,071,314                      | 1,805,807  |
| Equity in net income (loss) of affiliated companies                  | 2,590                          | (108,797 ) |
| Operating income (loss)  | 137,522                        | (91,728 )  |
| Other income:  |                                |            |
| Interest and dividends   | 2,585                          | 2,469      |
| Gain on sale of securities investments, net                          | 888                            | 323        |
| Other  | 2,716                          | 1,613      |
|  | 6,189                          | 4,405      |
| Other expenses:  |                                |            |
| Interest   | 4,556                          | 4,983      |
| Loss on devaluation of securities investments                        | 376                            | 2,341      |
| Foreign exchange loss, net   | 5,528                          | 9,386      |
| Other  | 1,716                          | 1,881      |
|  | 12,176                         | 18,591     |
| Income (loss) before income taxes                                    | 131,535                        | (105,914 ) |
| Income taxes   | 47,590                         | 28,916     |
| Net income (loss)  | 83,945                         | (134,830 ) |
| Less - Net income attributable to noncontrolling interests           | 11,611                         | 24,138     |
| Net income (loss) attributable to Sony Corporation's stockholders    | 72,334                         | (158,968 ) |

|   | Yen                            |           |
|---|--------------------------------|-----------|
|   | Three months ended December 31 |           |
|   | 2010                           | 2011      |
| Per share data:   |                                |           |
| Net income (loss) attributable to Sony Corporation's stockholders |                                |           |
| – Basic   | 72.08                          | (158.40 ) |
| – Diluted   | 71.96                          | (158.40 ) |

The accompanying notes are an integral part of these statements.





## (iii) Consolidated Statements of Cash Flows (Unaudited)

## Sony Corporation and Consolidated Subsidiaries

|   | Yen in millions               |            |
|---|-------------------------------|------------|
|   | Nine months ended December 31 |            |
|   | 2010                          | 2011       |
| Cash flows from operating activities:   |                               |            |
| Net income (loss)   | 161,146                       | (157,507 ) |
| Adjustments to reconcile net income (loss) to net cash provided by operating activities –                     |                               |            |
| Depreciation and amortization, including amortization of deferred insurance acquisition costs                 | 245,637                       | 244,283    |
| Amortization of film costs  | 170,386                       | 124,263    |
| Stock-based compensation expense  | 1,436                         | 1,604      |
| Accrual for pension and severance costs, less payments  | (18,979 )                     | 9,636      |
| (Gain) loss on sale, disposal or impairment of assets and other, net  | 432                           | 30,269     |
| Loss on sale or devaluation of securities investments, net  | 3,596                         | 2,512      |
| Loss on revaluation of marketable securities held in the financial service business for trading purposes, net | 15,032                        | 19,300     |
| Loss on revaluation or impairment of securities investments held in the financial service business, net       | 2,345                         | 8,762      |
| Deferred income taxes   | (5,738 )                      | (53,716 )  |
| Equity in net (income) losses of affiliated companies, net of dividends                                       | (13,409 )                     | 129,544    |
| Changes in assets and liabilities:  |                               |            |
| Increase in notes and accounts receivable, trade  | (223,114 )                    | (150,924 ) |
| Increase in inventories   | (161,059 )                    | (7,055 )   |
| Increase in film costs  | (175,574 )                    | (136,785 ) |
| Increase (decrease) in notes and accounts payable, trade  | 83,727                        | (90,908 )  |
| Increase in accrued income and other taxes  | 38,312                        | 31,466     |
| Increase in future insurance policy benefits and other  | 190,550                       | 224,435    |
| Increase in deferred insurance acquisition costs  | (51,898 )                     | (53,961 )  |
| Increase in marketable securities held in the financial service business for trading purposes                 | (26,778 )                     | (25,595 )  |
| Increase in other current assets  | (96,887 )                     | (22,904 )  |
| Increase in other current liabilities   | 125,478                       | 25,900     |
| Other   | 139,270                       | 131,172    |
| Net cash provided by operating activities   | 403,911                       | 283,791    |

(Continued on following page.)

## Consolidated Statements of Cash Flows (Unaudited)

|  | Yen in millions               |            |
|--|-------------------------------|------------|
|  | Nine months ended December 31 |            |
|  | 2010                          | 2011       |
| Cash flows from investing activities:  |                               |            |
| Payments for purchases of fixed assets   | (208,803 )                    | (272,614 ) |
| Proceeds from sales of fixed assets  | 12,628                        | 16,955     |
| Payments for investments and advances by financial service business  | (1,201,350 )                  | (737,689 ) |
| Payments for investments and advances (other than financial service business)                                    | (14,772 )                     | (16,907 )  |
| Proceeds from sales or return of investments and collections of advances by financial service business           | 731,765                       | 372,619    |
| Proceeds from sales or return of investments and collections of advances (other than financial service business) | 12,259                        | 22,820     |
| Proceeds from sales of businesses  | 86,311                        | 2,502      |
| Other  | (443 )                        | 5,146      |
| Net cash used in investing activities  | (582,405 )                    | (607,168 ) |
| Cash flows from financing activities:  |                               |            |
| Proceeds from issuance of long-term debt   | 1,341                         | 18,961     |
| Payments of long-term debt   | (173,978 )                    | (96,887 )  |
| Increase in short-term borrowings, net   | 18,221                        | 158,340    |
| Increase in deposits from customers in the financial service business, net                                       | 164,601                       | 111,494    |
| Increase in call money and bills sold in the banking business, net   | 10,000                        | —          |
| Dividends paid   | (25,112 )                     | (25,108 )  |
| Other  | (5,336 )                      | (7,305 )   |
| Net cash provided by (used in) financing activities  | (10,263 )                     | 159,495    |
| Effect of exchange rate changes on cash and cash equivalents   | (83,086 )                     | (48,822 )  |
| Net decrease in cash and cash equivalents  | (271,843 )                    | (212,704 ) |
| Cash and cash equivalents at beginning of the fiscal year  | 1,191,608                     | 1,014,412  |
| Cash and cash equivalents at end of the period   | 919,765                       | 801,708    |

The accompanying notes are an integral part of these statements.

Index to Notes to Consolidated Financial Statements

---

Sony Corporation and Consolidated Subsidiaries

| <u>Notes to Consolidated Financial Statements</u> |  | Page |
|---|--|------|
| <u>1.</u>   | <u>Summary of significant accounting policies</u>                      | 22   |
| <u>2.</u>   | <u>Marketable securities and securities investments</u>                | 24   |
| <u>3.</u>   | <u>Fair value measurements</u>   | 25   |
| <u>4.</u>   | <u>Supplemental equity and comprehensive income information</u>        | 26   |
| <u>5.</u>   | <u>Thai floods</u>   | 27   |
| <u>6.</u>   | <u>Acquisitions</u>  | 28   |
| <u>7.</u>   | <u>Reconciliation of the differences between basic and diluted EPS</u> | 29   |
| <u>8.</u>   | <u>Commitments, contingent liabilities and other</u>                   | 30   |
| <u>9.</u>   | <u>Business segment information</u>                                    | 32   |
| <u>10.</u>  | <u>Subsequent events</u>   | 38   |

Notes to Consolidated Financial Statements (Unaudited)  
Sony Corporation and Consolidated Subsidiaries

1. Summary of significant accounting policies

Sony Corporation and its subsidiaries in Japan maintain their records and prepare their financial statements in accordance with accounting principles generally accepted in Japan while Sony Corporation's foreign subsidiaries maintain their records and prepare their financial statements in conformity with accounting principles generally accepted in the countries of their domiciles. Certain adjustments and reclassifications have been incorporated in the accompanying consolidated financial statements to conform with accounting principles generally accepted in the United States of America ("U.S. GAAP"), except for certain disclosures which have been omitted.

(1) Recently adopted accounting pronouncements:

Goodwill impairment testing for reporting units with zero or negative carrying amounts -

In December 2010, the Financial Accounting Standards Board ("FASB") issued new accounting guidance that modifies the first step of the goodwill impairment test for reporting units with zero or negative carrying amounts. For those reporting units, an entity is required to perform the second step of the goodwill impairment test if it is more likely than not that a goodwill impairment exists. In determining whether it is more likely than not that a goodwill impairment exists, an entity should consider whether there are any adverse qualitative factors indicating that an impairment may exist. The qualitative factors are consistent with existing authoritative guidance, which requires that goodwill of a reporting unit be tested for impairment between annual tests if an event occurs or circumstances change that would more likely than not reduce the fair value of a reporting unit below its carrying amount. This guidance is effective for Sony as of April 1, 2011. The adoption of this guidance did not have a material impact on Sony's results of operations and financial position.

Disclosure of supplementary pro forma information for business combinations -

In December 2010, the FASB issued new accounting guidance addressing when a business combination should be assumed to have occurred for the purpose of providing pro forma disclosure. The new guidance requires disclosure of revenue and income of the combined entity as though the business combination occurred as of the beginning of the comparable prior reporting period. The guidance also expands the supplemental pro forma disclosure to include a description of the nature and amount of material, nonrecurring pro forma adjustments directly attributable to the business combination included in the reported pro forma revenue and earnings. The guidance is effective for Sony as of April 1, 2011. Since this guidance impacts disclosures only, its adoption did not have a material impact on Sony's results of operations and financial position.

(2) Accounting methods used specifically for interim consolidated financial statements:

Income Taxes -

Sony estimates the annual effective tax rate ("ETR") derived from a projected annual net income before taxes and calculates the interim period income tax provision based on the year-to-date income tax provision computed by applying the ETR to the year-to-date net income before taxes at the end of each interim period. The income tax provision based on the ETR reflects anticipated income tax credits and net operating loss carryforwards; however, it excludes the income tax provision related to significant unusual or extraordinary transactions. Such income tax provision is separately reported from the provision based on the ETR in the interim period in which they occur.

(3) Out of period adjustment:

In the first quarter of the fiscal year ending March 31, 2012, Sony recorded an out of period adjustment to correct an error in the calculation of indirect taxes at a subsidiary. The indirect tax calculation error began in 2005 and continued until it was identified by Sony in the first quarter of the fiscal year ending March 31, 2012. The adjustment, substantially all of which related to the Consumer Products & Services segment, impacted net sales, selling, general and administrative expenses and interest expenses and, in the aggregate, increased loss before income taxes in consolidated statements of income by 4,413 million yen for the nine months ended December 31, 2011. Sony determined that the adjustment was not material to the consolidated financial statements for the three and nine months ended December 31, 2011 or any prior annual or interim periods, and is not expected to be material to the annual results for the year ending March 31, 2012.

(4) Tax rate change in Japan:

During the three months ended December 31, 2011, the Japanese legislature enacted tax law changes which include lowering the national tax rate. These tax law changes take effect for Sony from the beginning of the fiscal year ending March 31, 2013. However, since the accounting for income taxes requires the measurement of deferred tax assets and liabilities using the enacted tax rates, the tax law changes resulted in a net deferred tax benefit of 32,729 million yen for the three months ended December 31, 2011.

(5) Reclassifications:

Certain reclassifications of the financial statements for the prior year have been made to conform to the presentation for the nine and three months ended December 31, 2011. These reclassifications included the separate presentation of other receivables, which were previously included within prepaid expenses and other assets on the consolidated balance sheets. Other receivables include receivables which relate to arrangements with certain component manufacturers whereby Sony procures goods, including product components, for these component manufacturers.

## 2. Marketable securities and securities investments

Marketable securities and securities investments, mainly included in the Financial Services segment, are comprised of debt and equity securities of which the aggregate cost, gross unrealized gains and losses and fair value pertaining to available-for-sale securities and held-to-maturity securities are as follows:

|                                    | Yen in millions |  |                               |            |           |   |                               |            |
|------------------------------------|-----------------|--|-------------------------------|------------|-----------|---|-------------------------------|------------|
|                                    | Cost            | March 31, 2011<br>Gross<br>unrealized<br>gains | Gross<br>unrealized<br>losses | Fair value | Cost      | December 31, 2011<br>Gross<br>unrealized<br>gains | Gross<br>unrealized<br>losses | Fair value |
| Available-for-sale:                |                 |  |                               |            |           |   |                               |            |
| Debt securities:                   |                 |  |                               |            |           |   |                               |            |
| Japanese national government bonds | 1,124,704       | 24,032   | (4,971 )                      | 1,143,765  | 1,033,969 | 54,311  | (904 )                        | 1,087,376  |
| Japanese local government bonds    | 22,845          | 184  | (64 )                         | 22,965     | 25,559    | 168   | (24 )                         | 25,703     |
| Japanese corporate bonds           | 332,567         | 1,511  | (440 )                        | 333,638    | 301,131   | 1,609   | (379 )                        | 302,361    |
| Foreign corporate bonds            | 332,616         | 4,872  | (11,368 )                     | 326,120    | 355,659   | 2,809   | (13,651 )                     | 344,817    |
| Other                              | 7,941           | 109  | (117 )                        | 7,933      | 22,327    | 787   | (66 )                         | 23,048     |
|                                    | 1,820,673       | 30,708   | (16,960 )                     | 1,834,421  | 1,738,645 | 59,684  | (15,024 )                     | 1,783,305  |
| Equity securities                  | 84,417          | 69,073   | (3,447 )                      | 150,043    | 70,833    | 53,011  | (6,690 )                      | 117,154    |
| Held-to-maturity securities:       |                 |  |                               |            |           |   |                               |            |
| Japanese national government bonds | 2,902,342       | 22,420   | (48,149 )                     | 2,876,613  | 3,262,508 | 161,355   | (5,233 )                      | 3,418,630  |
| Japanese local government bonds    | 18,912          | 218  | (2 )                          | 19,128     | 13,732    | 294   | —                             | 14,026     |
| Japanese corporate bonds           | 32,349          | 158  | (67 )                         | 32,440     | 31,580    | 1,627   | —                             | 33,207     |
| Foreign corporate bonds            | 47,330          | 13   | (3 )                          | 47,340     | 40,027    | 9   | —                             | 40,036     |
|                                    | 3,000,933       | 22,809   | (48,221 )                     | 2,975,521  | 3,347,847 | 163,285   | (5,233 )                      | 3,505,899  |
| Total                              | 4,906,023       | 122,590  | (68,628 )                     | 4,959,985  | 5,157,325 | 275,980   | (26,947 )                     | 5,406,358  |





## 3. Fair value measurements

The fair value of Sony's assets and liabilities that are measured at fair value on a recurring basis are as follows:

|                                    | Yen in millions<br>At March 31, 2011 |           |         |           |
|------------------------------------|--------------------------------------|-----------|---------|-----------|
|                                    | Level 1                              | Level 2   | Level 3 | Total     |
| Assets:                            |                                      |           |         |           |
| Trading securities                 | 189,320                              | 186,482   | —       | 375,802   |
| Available-for-sale securities      |                                      |           |         |           |
| Debt securities                    |                                      |           |         |           |
| Japanese national government bonds | —                                    | 1,143,765 | —       | 1,143,765 |
| Japanese local government bonds    | —                                    | 22,965    | —       | 22,965    |
| Japanese corporate bonds           | —                                    | 329,057   | 4,581   | 333,638   |
| Foreign corporate bonds            | —                                    | 306,070   | 20,050  | 326,120   |
| Other                              | —                                    | 7,933     | —       | 7,933     |
| Equity securities                  | 141,408                              | 4,667     | 3,968   | 150,043   |
| Other investments *1               | 5,459                                | 51        | 70,058  | 75,568    |
| Derivative assets *2               | —                                    | 15,110    | —       | 15,110    |
| Total assets                       | 336,187                              | 2,016,100 | 98,657  | 2,450,944 |
| Liabilities:                       |                                      |           |         |           |
| Derivative liabilities *2          | —                                    | 33,759    | —       | 33,759    |
| Total liabilities                  | —                                    | 33,759    | —       | 33,759    |

|                                    | Yen in millions<br>At December 31, 2011 |           |         |           |
|------------------------------------|---|-----------|---------|-----------|
|                                    | Level 1                                 | Level 2   | Level 3 | Total     |
| Assets:                            |   |           |         |           |
| Trading securities                 | 179,587                                 | 201,575   | —       | 381,162   |
| Available-for-sale securities      |   |           |         |           |
| Debt securities                    |   |           |         |           |
| Japanese national government bonds | —                                       | 1,087,376 | —       | 1,087,376 |
| Japanese local government bonds    | —                                       | 25,703    | —       | 25,703    |
| Japanese corporate bonds           | —                                       | 298,744   | 3,617   | 302,361   |
| Foreign corporate bonds            | —                                       | 331,602   | 13,215  | 344,817   |
| Other                              | —                                       | 22,741    | 307     | 23,048    |
| Equity securities                  | 108,929                                 | 4,275     | 3,950   | 117,154   |
| Other investments *1               | 4,900                                   | 51        | 60,970  | 65,921    |
| Derivative assets *2               | —                                       | 18,807    | —       | 18,807    |
| Total assets                       | 293,416                                 | 1,990,874 | 82,059  | 2,366,349 |
| Liabilities:                       |   |           |         |           |
| Derivative liabilities *2          | —                                       | 36,114    | —       | 36,114    |
| Total liabilities                  | —                                       | 36,114    | —       | 36,114    |

\*1 Other investments include certain private equity investments and certain hybrid financial instruments.

\*2 Derivative assets and liabilities are recognized and disclosed on a gross basis.

25

---

## 4. Supplemental equity and comprehensive income information

A reconciliation of the beginning and ending carrying amounts of Sony Corporation's stockholders' equity, noncontrolling interests and the total equity for the nine months ended December 31, 2010 is as follows:

|  | Yen in millions                               |                             |              |
|--|---|-----------------------------|--------------|
|  | Sony Corporation's<br>stockholders'<br>equity | Noncontrolling<br>interests | Total equity |
| Balance at March 31, 2010  | 2,965,905                                     | 319,650                     | 3,285,555    |
| Exercise of stock acquisition rights                                 | 132   | 14                          | 146          |
| Stock-based compensation   | 1,365   |                             | 1,365        |
| Comprehensive income:  |   |                             |              |
| Net income   | 129,217                                       | 31,929                      | 161,146      |
| Other comprehensive income, net of tax                               |   |                             |              |
| Unrealized gains (losses) on securities                              | (1,293 )                                      | 1,180                       | (113 )       |
| Unrealized losses on derivative instruments                          | (332 )  |                             | (332 )       |
| Pension liability adjustment   | 8,302   |                             | 8,302        |
| Foreign currency translation adjustments                             | (170,422 )                                    | (909 )                      | (171,331 )   |
| Total comprehensive income (loss)                                    | (34,528 )                                     | 32,200                      | (2,328 )     |
| Dividends declared   | (12,544 )                                     | (5,280 )                    | (17,824 )    |
| Transactions with noncontrolling interests<br>shareholders and other | 46  | (168 )                      | (122 )       |
| Balance at December 31, 2010   | 2,920,376                                     | 346,416                     | 3,266,792    |

A reconciliation of the beginning and ending carrying amounts of Sony Corporation's stockholders' equity, noncontrolling interests and the total equity for the nine months ended December 31, 2011 is as follows:

|  | Yen in millions                               |                             |              |
|--|---|-----------------------------|--------------|
|  | Sony Corporation's<br>stockholders'<br>equity | Noncontrolling<br>interests | Total equity |
| Balance at March 31, 2011  | 2,547,987                                     | 388,592                     | 2,936,579    |
| Exercise of stock acquisition rights                                 | 4   | 163                         | 167          |
| Stock-based compensation   | 1,548   |                             | 1,548        |
| Comprehensive income:  |   |                             |              |
| Net income (loss)  | (201,447 )                                    | 43,940                      | (157,507 )   |
| Other comprehensive income, net of tax                               |   |                             |              |
| Unrealized gains on securities                                       | 7,252   | 2,546                       | 9,798        |
| Unrealized gains on derivative instruments                           | 1,774   |                             | 1,774        |
| Pension liability adjustment   | (957 )  |                             | (957 )       |
| Foreign currency translation adjustments                             | (114,601 )                                    | (1,009 )                    | (115,610 )   |
| Total comprehensive income (loss)                                    | (307,979 )                                    | 45,477                      | (262,502 )   |
| Dividends declared   | (12,545 )                                     | (6,515 )                    | (19,060 )    |
| Transactions with noncontrolling interests<br>shareholders and other | (1,431 )                                      | 241                         | (1,190 )     |
| Balance at December 31, 2011   | 2,227,584                                     | 427,958                     | 2,655,542    |

There was no material effect of changes in Sony Corporation's ownership interest in its subsidiaries on Sony Corporation's stockholders' equity for the nine months ended December 31, 2010 and 2011.

## 5. Thai floods

In October 2011, certain of Sony's Thailand subsidiaries temporarily closed operations due to significant floods. The disaster caused significant damage to certain fixed assets including buildings, machinery and equipment as well as inventories in manufacturing sites and warehouses located in Thailand. In addition, the floods impacted the operations of certain Sony subsidiaries in Japan and other countries.

For the three months ended December 31, 2011, Sony has incurred incremental losses and expenses including repair, removal and cleaning costs directly related to the damage caused by the disaster of 8,859 million yen, including the disposal or impairment of fixed assets of 5,816 million yen. These losses and expenses are primarily recorded within (gain) loss on sale, disposal or impairment of assets and other, net in the consolidated statements of income and are offset by insurance recoveries as described below. The restoration costs anticipated to occur on or after January 1, 2012 were not recorded in the three months ended December 31, 2011 and will be recorded when the services are rendered and liabilities incurred. In addition, Sony also incurred other losses and expenses of 4,619 million yen, which included idle facility costs at manufacturing sites and other additional expenses. These losses and expenses were mainly recorded in cost of sales in the consolidated statements of income.

Sony has insurance policies which cover certain damage directly caused by the floods for Sony Corporation and certain of its subsidiaries including manufacturing sites. The insurance policies cover the damage and costs associated with fixed assets and inventories, additional expenses including removal and cleaning costs and provide business interruption coverage, including opportunity losses. For the three months ended December 31, 2011, Sony recorded insurance receivables of 4,867 million yen, representing a portion of the unreimbursed insurance claims that were deemed probable of collection up to the extent of the amount of corresponding losses recognized in the same period. The insurance receivables recorded substantially all relate to damaged assets and inventories, and include no amounts for business interruption or opportunity losses. Sony concluded that the recoveries from insurance claims are probable based on the coverage under valid policies, communications with the insurance carriers, Sony's past claims history with the insurance carriers, and Sony's assessment that the insurance carriers have the financial ability to pay the claims. These receivables are primarily recorded within prepaid expenses and other current assets in the consolidated balance sheets.

## 6. Acquisitions

On April 1, 2011, Sony Semiconductor Kyushu Corporation, a wholly owned subsidiary of Sony Corporation, acquired from Toshiba Corporation (“Toshiba”) for 57,451 million yen semiconductor fabrication equipment and certain related assets. Sony Semiconductor Kyushu Corporation has subsequently changed its company name to Sony Semiconductor Corporation, effective November 1, 2011. Sony’s goal in acquiring the assets is to further strengthen its production capacity for CMOS image sensors.

The assets were operated by Nagasaki Semiconductor Manufacturing Corporation (“NSM”), a joint venture among Toshiba, Sony Corporation and Sony Computer Entertainment Inc., a wholly owned subsidiary of Sony Corporation. Subsequent to the acquisition, Sony entered into a three year sale and leaseback transaction regarding certain of the acquired machinery and equipment with its equity interest affiliate, SFI Leasing Company, Limited, and received proceeds of 50,537 million yen based on the amounts recorded at fair value in the acquisition. These transactions are included within other in the investing activities section of the consolidated statements of cash flows.

In connection with the acquisition, Toshiba and Sony terminated their NSM joint venture relationship. Sony also entered into a supply arrangement to manufacture and supply system LSIs to Toshiba for one year following the acquisition.

The following table summarizes the estimated fair values of the assets acquired at the acquisition date.

|                         | Yen in millions<br>Acquired assets recorded<br>at fair value |
|-------------------------|--|
| Inventories             | 4,370  |
| Other current assets    | 82   |
| Machinery and equipment | 51,083   |
| Intangibles             | 1,223  |
| Other noncurrent assets | 693  |
| Total acquired assets   | 57,451   |

As the purchase price was fully allocated to identifiable tangible and intangible assets and no liabilities were assumed, there was no goodwill recorded as part of the acquisition. The unaudited supplemental pro forma results of operations have not been presented because the effect of the acquisition was not material.

## 7. Reconciliation of the differences between basic and diluted EPS

Reconciliation of the differences between basic and diluted net income (loss) attributable to Sony Corporation's stockholders per share ("EPS") for the nine and three months ended December 31, 2010 and 2011 is as follows:

|   | Yen in millions               |            |
|---|-------------------------------|------------|
|   | Nine months ended December 31 |            |
|   | 2010                          | 2011       |
| Net income (loss) attributable to Sony Corporation's stockholders for basic and diluted EPS computation | 129,217                       | (201,447 ) |
|   | Thousands of shares           |            |
| Weighted-average shares outstanding   | 1,003,552                     | 1,003,579  |
| Effect of dilutive securities:  |                               |            |
| Stock acquisition rights  | 286                           | —          |
| Convertible bonds   | 1,136                         | —          |
| Weighted-average shares for diluted EPS computation   | 1,004,974                     | 1,003,579  |
|   | Yen                           |            |
| Basic EPS   | 128.76                        | (200.73 )  |
| Diluted EPS   | 128.58                        | (200.73 )  |

Potential shares of common stock upon the exercise of stock acquisition rights and convertible bonds, which were excluded from the computation of diluted EPS for the nine months ended December 31, 2010 and 2011 were 17,572 thousand shares and 22,424 thousand shares, respectively. The potential shares were excluded as anti-dilutive for the nine months ended December 31, 2010 since the exercise price for those shares was in excess of the average market value of Sony Corporation's common stock during the period, and all potential shares were excluded as anti-dilutive for the nine months ended December 31, 2011 due to Sony incurring a net loss attributable to Sony Corporation's stockholders for the period.

|   | Yen in millions                |            |
|---|--------------------------------|------------|
|   | Three months ended December 31 |            |
|   | 2010                           | 2011       |
| Net income (loss) attributable to Sony Corporation's stockholders for basic and diluted EPS computation | 72,334                         | (158,968 ) |
|   | Thousands of shares            |            |
| Weighted-average shares outstanding   | 1,003,562                      | 1,003,581  |
| Effect of dilutive securities:  |                                |            |
| Stock acquisition rights  | 470                            | —          |
| Convertible bonds   | 1,136                          | —          |
| Weighted-average shares for diluted EPS computation   | 1,005,168                      | 1,003,581  |
|   | Yen                            |            |
| Basic EPS   | 72.08                          | (158.40 )  |



|             |       |           |
|-------------|-------|-----------|
| Diluted EPS | 71.96 | (158.40 ) |
|-------------|-------|-----------|

Potential shares of common stock upon the exercise of stock acquisition rights and convertible bonds, which were excluded from the computation of diluted EPS for the three months ended December 31, 2010 and 2011 were 18,913 thousand shares and 22,424 thousand shares, respectively. The potential shares were excluded as anti-dilutive for the three months ended December 31, 2010 since the exercise price for those shares was in excess of the average market value of Sony Corporation's common stock during the period, and all potential shares were excluded as anti-dilutive for the three months ended December 31, 2011 due to Sony incurring a net loss attributable to Sony Corporation's stockholders for the period.

8. Commitments, contingent liabilities and other

(1) Commitments:

A. Loan commitments

Subsidiaries in the Financial Services segment have entered into loan agreements with their customers in accordance with the condition of the contracts. As of December 31, 2011, the total unused portion of the lines of credit extended under these contracts was 19,484 million yen. The aggregate amounts of future year-by-year payments for these loan commitments cannot be determined.

B. Purchase commitments and other

Purchase commitments and other outstanding at December 31, 2011 amounted to 274,378 million yen. The major components of these commitments are as follows:

In the ordinary course of business, Sony makes commitments for the purchase of property, plant and equipment. As of December 31, 2011, such commitments outstanding were 44,069 million yen.

Certain subsidiaries in the Pictures segment have entered into agreements with creative talent for the development and production of motion pictures and television programming as well as agreements with third parties to acquire completed motion pictures, or certain rights therein, and to acquire the rights to broadcast certain live action sporting events. These agreements cover various periods mainly within 5 years. As of December 31, 2011, these subsidiaries were committed to make payments under such contracts of 96,894 million yen.

Certain subsidiaries in the Music segment have entered into long-term contracts with recording artists and companies for the production and/or distribution of prerecorded music and videos. These contracts cover various periods mainly within 5 years. As of December 31, 2011, these subsidiaries were committed to make payments of 42,848 million yen under such long-term contracts.

In addition to the above, Sony has other commitments as follows:

On October 27, 2011, Sony Corporation and Telefonaktiebolaget LM Ericsson (“Ericsson”) agreed that Sony Corporation will acquire Ericsson’s 50 percent stake in Sony Ericsson Mobile Communications AB (“Sony Ericsson”), making the mobile handset business a wholly-owned subsidiary of Sony Corporation. The transaction also provides Sony with a broad intellectual property cross-licensing agreement as well as ownership of five essential patent families relating to wireless handset technology. As part of the transaction, Sony agreed to pay cash consideration of 1.05 billion euros. The transaction is subject to customary closing conditions, including regulatory approvals.

On November 11, 2011, an investor group including Sony (the “Group”) executed a definitive agreement with Citigroup, Inc. (“Citi”) whereby the Group will acquire EMI Music Publishing from Citi for total consideration of 2.2 billion U.S. dollars. The transaction is subject to certain closing conditions, including regulatory approvals. Sony will invest approximately 325 million U.S. dollars and own approximately 38% of the newly formed entity that will acquire EMI Music Publishing, with an ability to increase the investment and ownership up to 40%.

(2) Contingent liabilities:

Sony had contingent liabilities, including guarantees given in the ordinary course of business, which amounted to 94,708 million yen at December 31, 2011. The major components of these contingent liabilities are as follows:

Sony has agreed to repay the outstanding principal plus accrued interest up to a maximum of 303 million U.S. dollars to the creditor of the third-party investor of Sony's U.S.-based music publishing subsidiary should the third-party investor default on its obligation. The obligation of the third-party investor is collateralized by its 50% interest in Sony's music publishing subsidiary. Should Sony have to make a payment under the terms of the guarantee, Sony would assume the creditor's rights to the underlying collateral. At December 31, 2011, the fair value of the collateral exceeded 303 million U.S. dollars.

Sony has agreed to guarantee a portion of Sony Ericsson's debt and its facilities up to a maximum of 225 million euros. At December 31, 2011, Sony has guaranteed 22,770 million yen (225 million euros) for a portion of Sony Ericsson's debt under this arrangement. These guarantees expire by September 2012.

In May 2011, Sony Corporation's U.S. subsidiary, Sony Electronics Inc., received a subpoena from the U.S. Department of Justice ("DOJ") Antitrust Division seeking information about its secondary batteries business. Sony understands that the DOJ is investigating competition in the secondary batteries market. Based on the current stage of the proceeding, it is not possible to estimate the amount of loss or range of possible loss, if any, that might result from adverse judgments, settlements or other resolution of this matter.

Beginning earlier in 2011, the network services of PlayStation®Network, Qriocity™, Sony Online Entertainment LLC and websites of other subsidiaries came under cyber-attack. As of February 14, 2012, Sony has not received any confirmed reports of customer identity theft issues or misuse of credit cards from such cyber-attacks. However, in connection with certain of these matters, Sony has received inquiries from authorities in a number of jurisdictions, including orders for reports issued by the Ministry of Economy, Trade and Industry of Japan as well as the Financial Services Agency of Japan, formal and/or informal requests for information from Attorneys General from a number of states in the United States and the U.S. Federal Trade Commission, various U.S. congressional inquiries and others. Additionally, Sony Corporation and/or certain of its subsidiaries have been named in a number of purported class actions in certain jurisdictions, including the United States. Based on the current stage of these inquiries and proceedings, it is not possible to estimate the amount of loss or range of possible loss, if any, that might result from adverse judgments, settlements or other resolution of these matters.

In October 2009, Sony Corporation's U.S. subsidiary, Sony Optiarc America Inc., received a subpoena from the DOJ seeking information about its optical disk drive business. Sony understands that the DOJ and agencies outside the United States are investigating competition in optical disk drives. Subsequently, a number of purported class action lawsuits were filed in certain jurisdictions, including the United States, in which the plaintiffs allege that Sony Corporation and certain of its subsidiaries violated antitrust laws and seek recovery of damages and other remedies. Based on the current stage of these proceedings, it is not possible to estimate the amount of loss or range of possible loss, if any, that might result from adverse judgments, settlements or other resolution of these matters.

In addition, Sony Corporation and certain of its subsidiaries are defendants or otherwise involved in other pending legal and regulatory proceedings. However, based upon the information currently available to Sony and its legal counsel, the management of Sony believes that the outcome of such legal and regulatory proceedings would not have a material effect on Sony's consolidated financial statements.

(3) Redeemable noncontrolling interest:

In April 2009, Sony sold a portion of its 50% ownership interest in Game Show Network, LLC ("GSN"), which operates a U.S. cable network and online business, to the other investor in GSN. In March 2011, Sony acquired an additional 5% equity interest in GSN from the successor in interest to the other investor (the "Current Investor"). As part of the acquisition, Sony obtained a controlling interest in GSN and, as a result, consolidated GSN. In addition to acquiring the additional 5% equity interest in GSN, Sony granted a put right to the Current Investor for an additional 18% interest in GSN. The put right is exercisable during three windows starting on April 1 of 2012, 2013 and 2014 and lasting for 60 business days. The exercise price of the put is calculated using a formula based on an agreed upon multiple of the earnings of GSN with a minimum price of 234 million U.S. dollars and a maximum price of 288 million U.S. dollars. The portion of the noncontrolling interest that can be put to Sony is accounted for as redeemable securities because redemption is outside of Sony's control and is reported in the mezzanine equity section in the consolidated balance sheets at December 31, 2011.



## 9. Business segment information

The reportable segments presented below are the segments of Sony for which separate financial information is available and for which operating profit or loss amounts are evaluated regularly by the chief operating decision maker (“CODM”) in deciding how to allocate resources and in assessing performance. The CODM does not evaluate segments using discrete asset information. Sony’s CODM is its Chairman, Chief Executive Officer and President.

Sony realigned its reportable segments from the first quarter of the fiscal year ending March 31, 2012, to reflect modifications to the organizational structure as of April 1, 2011, primarily repositioning the operations of the previously reported Consumer, Professional & Devices (“CPD”) and Networked Products & Services (“NPS”) segments. In connection with this realignment, the operations of the former CPD and NPS segments are included in two newly established segments, namely the Consumer Products & Services (“CPS”) segment and the Professional, Device & Solution (“PDS”) segment.

The CPS segment includes televisions, home audio and video, digital imaging, personal and mobile products, and the game business. The equity results of S-LCD Corporation are also included within the CPS segment. The PDS segment includes professional solutions, semiconductors and components. There are no modifications to the Pictures, Music and Financial Services segments and All Other is substantially unchanged. The equity results of Sony Ericsson continue to be presented as a separate segment. In connection with the realignment, all prior period amounts in the segment disclosures have been restated to conform to the current presentation.

Business segments –

Sales and operating revenue:

|                                    | Yen in millions               |            |
|------------------------------------|-------------------------------|------------|
|                                    | Nine months ended December 31 |            |
|                                    | 2010                          | 2011       |
| Sales and operating revenue:       |                               |            |
| Consumer Products & Services -     |                               |            |
| Customers                          | 3,034,290                     | 2,441,115  |
| Intersegment                       | 64,892                        | 67,369     |
| Total                              | 3,099,182                     | 2,508,484  |
| Professional, Device & Solutions - |                               |            |
| Customers                          | 813,493                       | 731,267    |
| Intersegment                       | 359,686                       | 255,933    |
| Total                              | 1,173,179                     | 987,200    |
| Pictures -                         |                               |            |
| Customers                          | 425,886                       | 474,053    |
| Intersegment                       | —                             | 230        |
| Total                              | 425,886                       | 474,283    |
| Music -                            |                               |            |
| Customers                          | 351,149                       | 327,397    |
| Intersegment                       | 9,942                         | 9,277      |
| Total                              | 361,091                       | 336,674    |
| Financial Services -               |                               |            |
| Customers                          | 593,104                       | 603,636    |
| Intersegment                       | 6,886                         | 2,197      |
| Total                              | 599,990                       | 605,833    |
| All Other -                        |                               |            |
| Customers                          | 302,007                       | 277,171    |
| Intersegment                       | 54,100                        | 49,221     |
| Total                              | 356,107                       | 326,392    |
| Corporate and elimination          | (414,988 )                    | (346,080 ) |
| Consolidated total                 | 5,600,447                     | 4,892,786  |

CPS intersegment amounts primarily consist of transactions with All Other.

PDS intersegment amounts primarily consist of transactions with the CPS segment.

All Other intersegment amounts primarily consist of transactions with the Pictures segment, the Music segment and the CPS segment.

Corporate and elimination includes certain brand and patent royalty income.

Yen in millions

Three months ended December 31  
2010 2011

|                                    |            |            |
|------------------------------------|------------|------------|
| Sales and operating revenue:       |            |            |
| Consumer Products & Services -     |            |            |
| Customers                          | 1,299,147  | 970,251    |
| Intersegment                       | 19,450     | 26,260     |
| Total                              | 1,318,597  | 996,511    |
| Professional, Device & Solutions - |            |            |
| Customers                          | 272,630    | 243,288    |
| Intersegment                       | 110,762    | 60,843     |
| Total                              | 383,392    | 304,131    |
| Pictures -                         |            |            |
| Customers                          | 149,016    | 160,426    |
| Intersegment                       | —          | 127        |
| Total                              | 149,016    | 160,553    |
| Music -                            |            |            |
| Customers                          | 136,229    | 119,671    |
| Intersegment                       | 3,603      | 3,747      |
| Total                              | 139,832    | 123,418    |
| Financial Services -               |            |            |
| Customers                          | 207,030    | 219,374    |
| Intersegment                       | 2,093      | 722        |
| Total                              | 209,123    | 220,096    |
| All Other -                        |            |            |
| Customers                          | 115,193    | 103,798    |
| Intersegment                       | 22,215     | 19,799     |
| Total                              | 137,408    | 123,597    |
| Corporate and elimination          | (131,122 ) | (105,430 ) |
| Consolidated total                 | 2,206,246  | 1,822,876  |

CPS intersegment amounts primarily consist of transactions with All Other.

PDS intersegment amounts primarily consist of transactions with the CPS segment.

All Other intersegment amounts primarily consist of transactions with the Pictures segment, the Music segment and the CPS segment.

Corporate and elimination includes certain brand and patent royalty income.



## Segment profit or loss:

|  | Yen in millions               |            |
|--|-------------------------------|------------|
|  | Nine months ended December 31 |            |
|  | 2010                          | 2011       |
| Operating income (loss):                       |                               |            |
| Consumer Products & Services                   | 93,024                        | (118,606 ) |
| Professional, Device & Solutions               | 49,593                        | (24,816 )  |
| Pictures                                       | 2,733                         | 25,621     |
| Music  | 35,081                        | 33,680     |
| Financial Services                             | 105,719                       | 85,764     |
| Equity in net income (loss) of Sony Ericsson   | 3,633                         | (46,160 )  |
| All Other                                      | 6,191                         | 457        |
| Total  | 295,974                       | (44,060 )  |
| Corporate and elimination                      | (22,785 )                     | (21,803 )  |
| Consolidated operating income (loss)           | 273,189                       | (65,863 )  |
| Other income                                   | 29,956                        | 16,612     |
| Other expenses                                 | (29,990 )                     | (33,449 )  |
| Consolidated income (loss) before income taxes | 273,155                       | (82,700 )  |

|  | Yen in millions                |            |
|--|--------------------------------|------------|
|  | Three months ended December 31 |            |
|  | 2010                           | 2011       |
| Operating income (loss):                       |                                |            |
| Consumer Products & Services                   | 63,528                         | (85,739 )  |
| Professional, Device & Solutions               | 9,003                          | (14,809 )  |
| Pictures                                       | 4,697                          | 715        |
| Music  | 19,485                         | 15,260     |
| Financial Services                             | 32,734                         | 32,590     |
| Equity in net income (loss) of Sony Ericsson   | 409                            | (43,079 )  |
| All Other                                      | 9,013                          | 6,963      |
| Total  | 138,869                        | (88,099 )  |
| Corporate and elimination                      | (1,347 )                       | (3,629 )   |
| Consolidated operating income (loss)           | 137,522                        | (91,728 )  |
| Other income                                   | 6,189                          | 4,405      |
| Other expenses                                 | (12,176 )                      | (18,591 )  |
| Consolidated income (loss) before income taxes | 131,535                        | (105,914 ) |

Operating income is Sales and operating revenue less Costs and expenses, and includes Equity in net income (loss) of affiliated companies.

Corporate and elimination includes certain restructuring costs and other corporate expenses, which are attributable principally to headquarters and are not allocated to segments.

## Other Significant Items:

The following tables include a breakdown of sales and operating revenue to external customers by product category in the CPS and PDS segments. The CPS and PDS segments are each managed as a single operating segment by Sony's management.

| Sales and operating revenue:                | Yen in millions               |                  |
|---|-------------------------------|------------------|
|   | Nine months ended December 31 |                  |
|   | 2010                          | 2011             |
| <b>Consumer Products &amp; Services</b>     |                               |                  |
| Televisions                                 | 969,669                       | 693,968          |
| Home Audio and Video                        | 232,003                       | 197,685          |
| Digital Imaging                             | 523,200                       | 394,057          |
| Personal and Mobile Products                | 659,490                       | 569,402          |
| Game  | 636,512                       | 575,126          |
| Other                                       | 13,416                        | 10,877           |
| <b>Total</b>                                | <b>3,034,290</b>              | <b>2,441,115</b> |
| <b>Professional, Device &amp; Solutions</b> |                               |                  |
| Professional Solutions                      | 214,758                       | 209,226          |
| Semiconductors                              | 276,914                       | 283,022          |
| Components                                  | 314,911                       | 229,796          |
| Other                                       | 6,910                         | 9,223            |
| <b>Total</b>                                | <b>813,493</b>                | <b>731,267</b>   |
| Pictures                                    | 425,886                       | 474,053          |
| Music                                       | 351,149                       | 327,397          |
| Financial Services                          | 593,104                       | 603,636          |
| All Other                                   | 302,007                       | 277,171          |
| Corporate                                   | 80,518                        | 38,147           |
| <b>Consolidated total</b>                   | <b>5,600,447</b>              | <b>4,892,786</b> |

Yen in millions

Three months ended December 31

| Sales and operating revenue:     | 2010      | 2011      |
|----------------------------------|-----------|-----------|
| Consumer Products & Services     |           |           |
| Televisions                      | 416,914   | 238,194   |
| Home Audio and Video             | 110,888   | 89,857    |
| Digital Imaging                  | 188,477   | 120,179   |
| Personal and Mobile Products     | 257,125   | 223,720   |
| Game                             | 323,078   | 291,719   |
| Other                            | 2,665     | 6,582     |
| Total                            | 1,299,147 | 970,251   |
| Professional, Device & Solutions |           |           |
| Professional Solutions           | 73,398    | 75,305    |
| Semiconductors                   | 93,187    | 89,054    |
| Components                       | 104,060   | 76,273    |
| Other                            | 1,985     | 2,656     |
| Total                            | 272,630   | 243,288   |
| Pictures                         | 149,016   | 160,426   |
| Music                            | 136,229   | 119,671   |
| Financial Services               | 207,030   | 219,374   |
| All Other                        | 115,193   | 103,798   |
| Corporate                        | 27,001    | 6,068     |
| Consolidated total               | 2,206,246 | 1,822,876 |

Sony has partially realigned its product category configuration from the first quarter of the fiscal year ending March 31, 2012. In connection with the realignment, all prior period sales amounts by product category in the tables above have been restated to conform to the current presentation. In the CPS segment, Televisions includes LCD televisions; Home Audio and Video includes home audio, Blu-ray disc players and recorders; Digital Imaging includes compact digital cameras, video cameras and interchangeable single lens cameras; Personal and Mobile Products includes personal computers and memory-based portable audio devices; and Game includes game consoles, software and online services. In the PDS segment, Professional Solutions includes broadcast- and professional-use products; Semiconductors includes image sensors and small- and medium-sized LCD panels; and Components includes batteries, recording media and data recording systems.

## Geographic Information –

Sales and operating revenue attributed to countries based on location of external customers are as follows:

| Sales and operating revenue | Yen in millions               |           |
|-----------------------------|-------------------------------|-----------|
|                             | Nine months ended December 31 |           |
|                             | 2010                          | 2011      |
| Japan                       | 1,648,955                     | 1,525,999 |
| United States               | 1,142,356                     | 920,739   |
| Europe                      | 1,218,525                     | 961,719   |
| China                       | 437,083                       | 386,567   |
| Asia-Pacific                | 562,151                       | 490,359   |
| Other Areas                 | 591,377                       | 607,403   |
| Total                       | 5,600,447                     | 4,892,786 |

| Sales and operating revenue | Yen in millions                |           |
|-----------------------------|--------------------------------|-----------|
|                             | Three months ended December 31 |           |
|                             | 2010                           | 2011      |
| Japan                       | 654,682                        | 557,525   |
| United States               | 444,892                        | 349,785   |
| Europe                      | 539,875                        | 401,391   |
| China                       | 137,324                        | 118,360   |
| Asia-Pacific                | 198,091                        | 159,137   |
| Other Areas                 | 231,382                        | 236,678   |
| Total                       | 2,206,246                      | 1,822,876 |

The 2010 geographic information in the tables above has been restated to reflect the change in geographic classification.

Major areas in each geographic segment excluding Japan, United States and China are as follows:

- (1) Europe: United Kingdom, France, Germany, Russia and Spain
- (2) Asia-Pacific: India, South Korea and Oceania
- (3) Other Areas: The Middle East/Africa, Brazil, Mexico and Canada

There are not any individually material countries with respect to the sales and operating revenue included in Europe, Asia-Pacific and Other Areas.

Transfers between reportable business segments or geographic areas are made at amounts that Sony's management believes approximate as arms-length transactions.

There were no sales and operating revenue with any single major external customer for the nine and three months ended December 31, 2010 and 2011.

## 10. Subsequent events

On January 19, 2012, Sony sold to Samsung Electronics Co., Ltd. ("Samsung") all of its shares of S-LCD Corporation ("S-LCD"), the LCD panel manufacturing joint venture owned by the two companies, and received cash consideration of 72,348 million yen (1.07 trillion Korean won) from Samsung. An other-than-temporary impairment loss of 63,414 million yen was recorded by Sony on its shares of S-LCD in the three months ended December 31, 2011.



(2) Other Information

(1) Dividends declared

An interim cash dividend for Sony Corporation's common stock was approved at the Board of Directors meeting held on November 1, 2011 as below:

1. Total amount of interim cash dividends:

12,545 million yen

2. Amount of interim cash dividend per share:

12.50 yen

3. Payment date:

December 1, 2011

Interim cash dividends for the fiscal year ending March 31, 2012 have been incorporated in the accompanying consolidated financial statements.

Note: Interim cash dividends are to be distributed to the shareholders recorded or registered as the holders or pledgees of shares in Sony Corporation's register of shareholders at the end of September 30, 2011.

(2) Litigation

In May 2011, Sony Corporation's U.S. subsidiary, Sony Electronics Inc., received a subpoena from the U.S. Department of Justice ("DOJ") Antitrust Division seeking information about its secondary batteries business. Sony understands that the DOJ is investigating competition in the secondary batteries market. Based on the current stage of the proceeding, it is not possible to estimate the amount of loss or range of possible loss, if any, that might result from adverse judgments, settlements or other resolution of this matter.

Beginning earlier in 2011, the network services of PlayStation®Network, Qriocity™, Sony Online Entertainment LLC and websites of other subsidiaries came under cyber-attack. As of February 14, 2012, Sony has not received any confirmed reports of customer identity theft issues or misuse of credit cards from such cyber-attacks. However, in connection with certain of these matters, Sony has received inquiries from authorities in a number of jurisdictions, including orders for reports issued by the Ministry of Economy, Trade and Industry of Japan as well as the Financial Services Agency of Japan, formal and/or informal requests for information from Attorneys General from a number of states in the United States and the U.S. Federal Trade Commission, various U.S. congressional inquiries and others. Additionally, Sony Corporation and/or certain of its subsidiaries have been named in a number of purported class actions in certain jurisdictions, including the United States. Based on the current stage of these inquiries and proceedings, it is not possible to estimate the amount of loss or range of possible loss, if any, that might result from adverse judgments, settlements or other resolution of these matters.

In October 2009, Sony Corporation's U.S. subsidiary, Sony Optiarc America Inc., received a subpoena from the DOJ seeking information about its optical disk drive business. Sony understands that the DOJ and agencies outside the United States are investigating competition in optical disk drives. Subsequently, a number of purported class action lawsuits were filed in certain jurisdictions, including the United States, in which the plaintiffs allege that Sony Corporation and certain of its subsidiaries violated antitrust laws and seek recovery of damages and other remedies. Based on the current stage of these proceedings, it is not possible to estimate the amount of loss or range of possible

loss, if any, that might result from adverse judgments, settlements or other resolution of these matters.

In addition, Sony Corporation and certain of its subsidiaries are defendants or otherwise involved in other pending legal and regulatory proceedings. However, based upon the information currently available to Sony and its legal counsel, the management of Sony believes that the outcome of such legal and regulatory proceedings would not have a material effect on Sony's consolidated financial statements.

39

---

**SIGNATURE**

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

SONY CORPORATION  
(Registrant)

By: /s/ Masaru Kato  
(Signature)

Masaru Kato  
Executive Vice President and Chief  
Financial Officer

February 14, 2011