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SONY CORP
Form 6-K
January 31, 2008

Form 6-K

SECURITIES AND EXCHANGE COMMISSION
WASHINGTON, D. C. 20549

FORM 6-K

REPORT OF FOREIGN PRIVATE ISSUER

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

For the month of January 2008
Commission File Number: 001-06439

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

1-7-1 KONAN, 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 X

Form 40-F __

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

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

SIGNATURE

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

SONY CORPORATION
(Registrant)

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

Date: January 31, 2008

List of materials

Documents attached hereto:

i) Press release announcing 3rd Quarter Results

Sony Corporation
1-7-1 Konan, Minato-ku
Tokyo 108-0075 Japan

No: 08-011E
3:00 P.M. JST, January 31, 2008

Consolidated Financial Results for the Third Quarter Ended December 31, 2007

Tokyo, January 31, 2008 -- Sony Corporation today announced its consolidated results for the third quarter of the fiscal year ending March 31, 2008 (October 1, 2007 to December 31, 2007).

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

| | 2006 | 2007 | Change in yen | 2007* |
|--|----------|----------|------------------|----------|
| | ----- | ----- | ----- | ----- |
| Sales and operating revenue | Y2,607.7 | Y2,859.0 | +9.6% | \$25,079 |
| Operating income | 178.9 | 189.4 | +5.8 | 1,661 |
| Income before income taxes | 179.8 | 288.5 | +60.4 | 2,530 |
| Equity in net income of affiliated companies | 43.0 | 46.9 | +9.0 | 411 |
| Net income | 159.9 | 200.2 | +25.2 | 1,756 |
| Net income per share of common stock | | | | |
| - Basic | Y159.70 | Y199.60 | +25.0 | \$1.75 |
| - Diluted | 152.49 | 190.29 | +24.8 | 1.67 |

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

* U.S. dollar amounts have been translated from yen, for convenience only, at the rate of Y114=U.S.\$1, the approximate Tokyo foreign exchange market rate as of December 31, 2007.

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Consolidated Results for the Third Quarter Ended December 31, 2007

- New quarterly records were achieved for consolidated sales and operating revenue, income before income taxes, equity in net income of affiliated companies and net income.
- In the Electronics segment, Sony recorded double-digit sales growth compared with the same quarter of the previous fiscal year ("year-on-year"). After achieving record operating income in the same quarter of the previous fiscal year, Sony achieved its second highest Electronics segment profit level in history.
- In the Game segment, the PS3 platform expanded on a worldwide basis with PS3 hardware sales of 4.90 million units.

Sales and operating revenue ("sales") increased 9.6% year-on-year.

Electronics segment sales increased 10.2% year-on-year due to the increase in sales of products such as BRAVIA(TM)LCD televisions. In the Game segment, sales increased 31.2% year-on-year primarily as a result of the contribution to sales from PLAYSTATION(R)3 ("PS3"). In the Pictures segment, there was a 24.6% decrease year-on-year in sales primarily due to a decrease in film revenues in both the theatrical and television markets. In the Financial Services segment, revenue decreased by 21.4% year-on-year mainly due to deterioration in net valuation gains from convertible bonds in the general account and in net gains from investments in the separate account and partially offset by an increase in insurance premium revenue at Sony Life Insurance Co., Ltd. ("Sony Life").

On a local currency basis, sales increased 9% year-on-year. For references herein to sales on a local currency basis, see Note.

Operating income increased 5.8% year-on-year.

In the Electronics segment, although an increase in sales and the depreciation of the yen against the euro impacted positively on operating income, operating income decreased year-on-year, primarily due to declining prices which exceeded cost improvements. In the Game segment, operating income was reported as compared to an operating loss in the same quarter of the previous year primarily due to a significant decrease in the operating losses of the PS3 business as a result of successful PS3 hardware cost reductions. In the Pictures segment, operating income decreased due to the relative underperformance of films released theatrically in the current quarter as compared to those released in the same quarter of the previous year, as well as lower revenues from films released in the television market. In the Financial Services segment, an operating loss this quarter was mainly attributable to deterioration in net valuation gains from convertible bonds at Sony Life as a result of the rapid deterioration in Japanese stock market conditions.

Restructuring charges of Y11.2 billion (\$98 million) were recorded as operating expenses this quarter. (A credit to restructuring charges of Y0.3 billion was recorded in the same quarter of the previous fiscal year due to the recording of a gain of Y3.6 billion on the sale of assets associated with restructuring activities.) Substantially all of these restructuring charges in both periods relate to the Electronics segment.

Operating income during the current quarter included a gain from the reversal of a portion of a legal provision as a result of the resolution of a pending legal matter, while a comparable gain was recorded in the same quarter of the previous fiscal year attributed to the reversal of a portion of patent-related provisions.

Income before income taxes was Y288.5 billion (\$2,530 million), a year-on-year

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increase of 60.4%. This was mainly due to an improvement of Y98.2 billion in the net effect of other income and expenses. The improvement in the net effect of other income and expenses was due to the recording of a gain of Y81.0 billion (\$711 million) for the change in ownership interest in subsidiaries and investees as a result of the global initial public offering of shares of Sony Financial Holdings Inc. ("SFH") in connection with the listing of shares of SFH on the First Section of the Tokyo Stock Exchange in October 2007, and the recording of a net foreign exchange gain in the current quarter versus a net foreign exchange loss recorded in the same quarter of the previous fiscal year.

Income taxes: During the current quarter, Sony recorded Y135.2 billion (\$1,186 million) of income taxes resulting in an effective tax rate of 46.9%.

Equity in net income of affiliated companies increased 9.0% year-on-year to Y46.9 billion (\$411 million). Sony recorded equity in net income for Sony Ericsson Mobile Communications AB ("Sony Ericsson") of Y30.4 billion (\$266 million), a decrease of Y3.2 billion year-on-year due to a lower effective tax rate in the prior year. Sony also recorded equity in net income of Y11.5 billion (\$101 million) for SONY BMG MUSIC ENTERTAINMENT ("SONY BMG"), a year-on-year decrease of Y1.6 billion, primarily due to a benefit from an industry-related legal settlement recorded in the same quarter of the previous fiscal year. Equity in net income of Y3.1 billion (\$27 million) was recorded for S-LCD Corporation ("S-LCD"), a joint-venture with Samsung Electronics Co., Ltd., a year-on-year increase of Y2.5 billion.

Sony did not record any equity gain or loss for Metro-Goldwyn-Mayer Inc. ("MGM") in the current quarter compared to equity in net loss of Y5.4 billion recorded in the same quarter of the prior fiscal year. As of March 31, 2007, Sony no longer has any book basis in MGM and accordingly, no additional losses are recorded.

As a result of the changes in the items discussed above, net income increased 25.2% year-on-year, to Y200.2 billion (\$1,756 million).

Operating Performance Highlights by Business Segment

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

Electronics

| | (Billions of yen, millions of U.S. dollars) | | | |
|-----------------------------|---|----------|------------------|----------|
| | Third quarter ended December 31 | | | |
| | 2006 | 2007 | Change in yen | 2007 |
| | ----- | ----- | ----- | ----- |
| Sales and operating revenue | Y1,877.8 | Y2,069.4 | +10.2% | \$18,153 |
| Operating income | 179.0 | 166.5 | -7.0 | 1,461 |

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

Sales increased by 10.2% year-on-year (a 10% increase on a local currency basis) to Y2,069.4 billion (\$18,153 million), a new quarterly record. Sales to outside customers increased 14.0% year-on-year. There was an increase in sales of products including BRAVIA LCD televisions and VAIO PCs, both of which experienced higher sales in all regions, and Cyber-shot digital cameras, which recorded favorable sales outside of

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Japan. On the other hand, there was a decrease in sales of products including LCD rear-projection televisions, the market for which is shrinking.

Operating income of Y166.5 billion (\$1,461 million) was reported, a 7.0% decrease year-on-year. This was primarily the result of declining prices which exceeded cost improvements, although there was a positive impact from the increase in sales and the depreciation of the yen against the euro. With regard to products within the Electronics segment, operating income increased for VAIO PCs, which experienced higher sales, while the decreased operating income was mainly attributable to system LSIs, which saw a decrease in sales of semiconductors for the Game segment, and BRAVIA LCD televisions, due to unit price declines.

Inventory, as of December 31, 2007, was Y893.3 billion (\$7,836 million), which increased Y41.6 billion, or 4.9%, compared with the level as of December 31, 2006 and decreased Y113.3 billion, or 11.3%, compared with the level as of September 30, 2007.

Operating Results for Sony Ericsson Mobile Communications AB

The following operating results for Sony Ericsson, which is accounted for by the equity method as Sony Corporation's ownership percentage is 50%, are not consolidated in Sony's consolidated financial statements. However, Sony believes that this disclosure provides additional useful analytical information to investors regarding operating performance.

| | (Millions of euro) | | |
|-----------------------------|--------------------|-----------------------------------|----------------|
| | 2006 | Quarter ended December 31 2007 | Change in euro |
| | ----- | ----- | ----- |
| Sales and operating revenue | EUR3,782 | EUR3,771 | -0% |
| Income before income taxes | 502 | 501 | -0 |
| Net income | 447 | 373 | -17 |

Mobile phones sold in the current quarter increased 18% year-on-year to 30.8 million units as a result of the strong sales of Walkman(R) and Cyber-shot phones. However, total sales were relatively unchanged year-on-year at EUR3,771 million. This was due to a decrease in the average unit selling price, in line with a strategic shift to a greater proportion of lower priced handsets, with the aim of gaining market share. Income before income taxes for the current quarter was EUR501 million, relatively unchanged year-on-year, while net income decreased 17%, reflecting the lower effective tax rate during the same quarter of the previous year. The lower effective tax rate in the prior year was the result of the release of valuation allowances on deferred tax assets at certain subsidiaries. Sony recorded equity in net income of Y30.4 billion (\$266 million) for the current quarter.

Game

| | (Billions of yen, millions of U.S. dollars) | | | |
|-----------------------------|---|--------|------------------|---------|
| | Third quarter ended December 31 | | | |
| | 2006 | 2007 | Change in yen | 2007 |
| | ----- | ----- | ----- | ----- |
| Sales and operating revenue | Y442.8 | Y581.2 | +31.2% | \$5,098 |
| Operating income (loss) | (54.2) | 12.9 | - | 113 |

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

Sales increased 31.2% year-on-year (a 29% increase on a local currency basis) to Y581.2 billion (\$5,098 million), a new quarterly record.

Hardware: Overall hardware sales increased as a result of the contribution to sales from PS3, which was released during the second half of the previous fiscal year, in addition to increased sales of PSP(R) (PlayStation(R)Portable) ("PSP"), for which a new slimmer, lighter model was released. Sales of PlayStation(R)2 ("PS2") decreased year-on-year.

Software: Despite the decrease in PS2 and PSP software sales, overall software sales increased as a result of an increase in PS3 software sales.

Operating income of Y12.9 billion (\$113 million) was reported, compared to an operating loss of Y54.2 billion reported in the same quarter of the previous year. This improvement was primarily due to a significant decrease in the operating losses of the PS3 business as a result of successful PS3 hardware cost reductions. While profit from the PS2 business decreased year-on-year, due to a decline in sales of PS2 software, profit from the PSP business increased due to increased sales of PSP hardware.

Worldwide hardware unit sales (increase/decrease year-on-year):*

- PS2: 5.40 million units (a decrease of 1.35 million units)
- PSP: 5.76 million units (an increase of 1.05 million units)
- PS3: 4.90 million units (an increase of 3.24 million units)

Worldwide software unit sales (increase/decrease year-on-year):*

- PS2: 60.9 million units (a decrease of 17.7 million units)
- PSP: 18.3 million units (a decrease of 3.0 million units)
- PS3: 26.0 million units (an increase of 20.7 million units)

*Beginning with the quarter ended June 30, 2007, the method of reporting hardware and software unit sales has been changed from production shipments to recorded sales.

Inventory, as of December 31, 2007, was Y183.0 billion (\$1,605 million), which represents a Y79.7 billion, or 77.2%, increase compared with the level as of December 31, 2006. This increase was primarily due to the build-up of finished goods inventory following the worldwide expansion of the PS3 business. Inventory decreased by Y64.9 billion, or 26.2%, compared with the level as of September 30, 2007.

Pictures

| | (Billions of yen, millions of U.S. dollars) | | | |
|-----------------------------|---|--------|------------------|---------|
| | Third quarter ended December 31 | | | |
| | 2006 | 2007 | Change in yen | 2007 |
| | ----- | ----- | ----- | ----- |
| Sales and operating revenue | Y297.0 | Y223.8 | -24.6% | \$1,963 |
| Operating income | 26.2 | 13.2 | -49.7 | 116 |

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

Sales decreased 24.6% year-on-year (a 21% decrease on a U.S. dollar basis).

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Sales decreased primarily due to lower revenues from films released in the theatrical and television markets. Theatrical revenues decreased because there were fewer films released during the current quarter and none of these films were comparable to the highly-successful films Casino Royale and Pursuit of Happyness released in the same quarter of the prior fiscal year. Television revenues were lower than the same quarter of the previous year as the previous year included several large sales of films in the U.S. television market. Home entertainment revenues in the quarter were consistent with the strong performance from the same quarter of the previous year, with the current quarter receiving significant contributions from the home entertainment releases of Spider-Man 3 and Superbad.

Operating income of ¥13.2 billion (\$116 million) was reported, a 49.7% decrease year-on-year. Operating income decreased due to the relative underperformance of films released theatrically in the current quarter as compared to those released in the same quarter of the previous year, as well as the lower revenues from films released in the television market as referenced above. This was partially offset by lower marketing expenses due to the fewer number of theatrical releases in the current quarter.

Financial Services

| | (Billions of yen, millions of U.S. dollars) | | | |
|---------------------------|---|--------|--------|----------------|
| | Third quarter ended December 31 | | | |
| | 2006 | 2007 | in yen | Change 2007 |
| | ----- | ----- | ----- | ----- |
| Financial service revenue | ¥172.9 | ¥135.9 | -21.4% | \$1,192 |
| Operating income (loss) | 25.5 | (4.2) | - | (37) |

In Sony's Financial Services segment, results include SFH, Sony Life, Sony Assurance Inc., Sony Bank Inc. ("Sony Bank") and Sony Finance International Inc. Unless otherwise specified, all amounts are reported on a U.S. GAAP basis. Therefore, the results of Sony Life shown below differ from the results that SFH and Sony Life disclose on a Japanese statutory basis. As a result of the global initial public offering of shares of SFH, Sony Corporation's ownership percentage in SFH is 60%. Consolidated results for SFH continue to be consolidated in Sony's consolidated financial statements.

Financial service revenue decreased 21.4% year-on-year due to a decrease in revenue at Sony Life. Revenue at Sony Life was ¥107.8 billion (\$946 million), a ¥39.7 billion or 26.9% decrease year-on-year. Revenues decreased due to deterioration in net valuation gains from convertible bonds and an impairment loss on equity securities in the general account and in net gains from investments in the separate account reflecting a decline in the Japanese stock market this quarter compared with a rise in the market in the same quarter of the previous fiscal year. Partially offsetting this was an increase in insurance premium revenue reflecting an increase in policy amounts in force.

The operating loss of ¥4.2 billion (\$37 million) was the result of a deterioration in profitability at Sony Life. The operating loss at Sony Life was ¥6.0 billion (\$52 million) compared to operating income of ¥25.9 billion in the same quarter of the previous fiscal year. This decrease was mainly due to deterioration in net valuation gains from convertible bonds and an impairment loss on equity securities in the general account which more than offset the contribution from increased insurance premium revenue at Sony Life.

All Other

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

| | 2006 ----- | 2007 ----- | Change in yen ----- | 2007 ----- |
|-----------------------------|---------------|---------------|---------------------------|---------------|
| Sales and operating revenue | Y94.0 | Y96.0 | +2.1% | \$842 |
| Operating income | 12.3 | 10.3 | -16.1 | 91 |

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

Sales increased 2.1% year-on-year. Sales within All Other increased mainly due to the contribution from the sales at the U.S. music publishing company Famous Music LLC ("Famous Music"), acquired by Sony's U.S.-based music publishing subsidiary Sony/ATV Music Publishing LLC ("Sony/ATV") and consolidated in the second quarter of the current fiscal year, and higher fee revenue from broadband connection services, especially fiber-optic, at So-net Entertainment Corporation. An increase in trademark royalty income from Sony Ericsson also contributed to the increase in sales. However, sales at Sony Music Entertainment (Japan) Inc. ("SMEJ") decreased year-on-year mainly as a result of a decrease in album and animation DVD sales.

SMEJ's best-selling albums during the current quarter included KISS by L'Arc-en-Ciel and Dareka no Chijoe by Aqua Timez.

Operating income decreased 16.1% year-on-year. Operating income within All Other decreased principally as a result of decreased operating income at SMEJ which were partially offset by the above-mentioned increase in trademark royalty income from Sony Ericsson.

Operating Results for SONY BMG MUSIC ENTERTAINMENT

The following operating results for SONY BMG, which is accounted for by the equity method as Sony Corporation's ownership percentage is 50%, are not consolidated in Sony's consolidated financial statements. However, Sony believes that this disclosure provides additional useful analytical information to investors regarding operating performance.

| | (Millions of U.S. dollars) Quarter ended December 31 | | |
|-----------------------------|---|---------------|------------------------------------|
| | 2006 ----- | 2007 ----- | Change in U.S. dollars ----- |
| Sales and operating revenue | \$1,475 | \$1,471 | -0% |
| Income before income taxes | 277 | 265 | -4 |
| Net income | 236 | 208 | -12 |

During the quarter ended December 31, 2007, despite a continuing decline in the worldwide physical music market, sales revenue at SONY BMG was essentially flat year-on-year as a result of the favorable sales of several recent releases and the favorable impact of exchange rates on sales outside of the U.S. Income before income taxes decreased by 4% year-on-year. Income before income taxes includes \$13 million of restructuring charges, a decrease of \$7 million from the same quarter of the prior year. The decrease in profitability for the quarter was primarily due to the recording of a benefit from an industry-wide legal settlement in the same quarter of the previous year. Sony's 50% share of the net income aggregating Y11.5 billion (\$101 million) was recorded as equity in net income of affiliated companies. Best selling albums during the quarter included Alicia Keys' As I Am, Celine Dion's Taking Chances, Carrie Underwood's Carnival Ride and Leona Lewis' Spirit.

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Cash Flows

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

Cash Flows - Consolidated (Excluding Financial Services segment)

| Cash flows | (Billions of yen, millions of U.S. dollars) | | | |
|---|---|--------|---------|---------|
| | Nine months ended December 31 | | Change | |
| | 2006 | 2007 | in yen | 2007 |
| | ----- | ----- | ----- | ----- |
| - From (used in) operating activities | Y(11.6) | Y179.5 | Y+191.1 | \$1,574 |
| - From (used in) investing activities | (374.7) | 31.2 | +405.8 | 273 |
| - From financing activities | 305.6 | 84.4 | -221.2 | 740 |
| Cash and cash equivalents at beginning of the fiscal year | 585.5 | 522.9 | -62.6 | 4,587 |
| Cash and cash equivalents at December 31 | 510.9 | 811.2 | +300.3 | 7,115 |

Operating Activities: During the nine months ended December 31, 2007, although there was an increase in notes and accounts receivable, trade, principally within the Electronics and Game segments, net cash was generated due to the recording of net income primarily from the contribution of the Electronics segment.

Investing Activities: During the nine months ended December 31, 2007, although cash was used for the purchase of semiconductor fabrication equipment and the acquisition of U.S. music publishing company Famous Music by Sony/ATV, net cash was generated from the sale of SFH shares as well as the sale of a portion of the site of Sony's former headquarters.

As a result, total net cash generated by operating activities and net proceeds from investing activities during the nine months ended December 31, 2007 was Y210.6 billion (\$1,848 million).

Financing Activities: During the nine months ended December 31, 2007, financing was carried out principally through the issuance of commercial paper. These sources were partially offset by cash used to redeem straight bonds and for dividend payments.

Cash and Cash Equivalents: As a result of the above factors, and taking into account the effect of foreign currency exchange rate fluctuations, the total balance of cash and cash equivalents was Y811.2 billion (\$7,115 million) at December 31, 2007, an increase of Y288.3 billion compared to March 31, 2007 and an increase of Y300.3 billion compared to December 31, 2006.

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Cash Flows - Financial Services segment

| | (Billions of yen, millions of U.S. dollars) | | | |
|---|---|---------|------------------|---------|
| | Nine months ended December 31 | | | |
| Cash flows | 2006 | 2007 | Change in yen | 2007 |
| | ----- | ----- | ----- | ----- |
| - From operating activities | Y170.3 | Y164.1 | Y-6.2 | \$1,439 |
| - From (used in) investing activities | (199.0) | (563.2) | -364.2 | (4,940) |
| - From financing activities | 133.6 | 334.8 | +201.2 | 2,937 |
| Cash and cash equivalents at beginning of the fiscal year | 117.6 | 277.0 | +159.4 | 2,430 |
| Cash and cash equivalents at December 31 | 222.4 | 212.7 | -9.7 | 1,866 |

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

Investing Activities: Payments for investments and advances mainly carried out at Sony Life and Sony Bank, where operations are expanding, exceeded proceeds from maturities of marketable securities, sales of securities investments and collections of advances.

Financing Activities: In addition to an increase in policyholders' accounts at Sony Life, there was an increase in deposits from customers at Sony Bank.

Cash and Cash Equivalents: As a result of the above, the balance of cash and cash equivalents was Y212.7 billion (\$1,866 million) at December 31, 2007, a decrease of Y64.3 billion compared to March 31, 2007 and a decrease of Y9.7 billion compared to December 31, 2006.

Note

During the quarter ended December 31, 2007, the average value of the yen was Y112.2 against the U.S. dollar and Y162.4 against the euro, which was 4.1% higher against the U.S. dollar and 7.4% lower against the euro, compared with the average rates for the same quarter of the previous fiscal year. Sales on a local currency basis described herein reflect sales obtained by applying the yen's monthly average exchange rate in the same quarter of the previous fiscal year to local currency-denominated monthly sales in the current quarter. Sales on a local currency basis are not reflected in Sony's consolidated financial statements and are not measures conforming with U.S. GAAP. In addition, Sony does not believe that these measures are a substitute for U.S. GAAP measures. However, Sony believes that disclosing sales information on a local currency basis provide additional useful analytical information to investors regarding operating performance.

Outlook for the Fiscal Year ending March 31, 2008

Sony's consolidated results forecast for the fiscal year ending March 31, 2008, as announced on October 25, 2007, has been revised as per the table below:

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| | Current Forecast ----- | Change from October Forecast ----- | October Forecast ----- | (Billions of yen) Change from March 31, 2007 Actual Results ----- |
|--|------------------------------|---|------------------------------|---|
| Sales and operating revenue | Y8,980 | 0% | Y8,980 | +8% |
| Operating income | 410 | -9 | 450 | +471 |
| (Restructuring charges recorded as operating expenses) | 45 | 0 | 45 | +16) |
| Income before income taxes | 490 | -2 | 500 | +380 |
| Equity in net income of affiliated companies | 100 | +11 | 90 | +27 |
| Net income | 340 | +3 | 330 | +169 |

Assumed foreign currency exchange rates for the fourth quarter: approximately Y105 to the U.S. dollar and approximately Y155 to the euro. (Assumed foreign exchange rates for the second half of the fiscal year at the time of the October forecast: approximately Y115 to the U.S. dollar and approximately Y160 to the euro.)

The principal reasons for the revisions are as follows:

1. Although consolidated operating income for the third quarter exceeded our October forecast, primarily in the Electronics segment, we revised our consolidated operating income forecast for the following reasons attributable to the deterioration in the external environment:
 - Assumed foreign exchange rates for the fourth quarter have been changed to reflect an appreciating yen compared to the October forecast;
 - The net valuation gains primarily from convertible bonds deteriorated in the third quarter compared to the October forecast at Sony Life due to a decline in the Japanese stock market; and
 - The amount to be recorded in the fourth quarter for gains on the sale of assets is expected to be lower than the October forecast as a result of deterioration in the financial markets.
2. The forecast for income before income taxes was revised, in addition to the above factors, due to an expected increase in the gain from foreign exchange contracts compared to the October forecast as the yen has been appreciating more than anticipated. Also, in connection with the global initial public offering of shares of SFH, the exercise of the greenshoe option, not included in the October forecast, occurred after the listing thereby resulting in a larger gain than originally projected.
3. The forecast for equity in net income of affiliated companies was revised due to better than expected results at Sony Ericsson compared to the October forecast.

Note to the above Forecast

The above forecasts are based on the market prices of the portfolio of our Financial Services segment as of December 31, 2007. Sony cautions that a number of risks and uncertainties, including market volatility and

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fluctuations such as the recent drop in worldwide equity markets experienced in January 2008, could cause actual results for the Financial Services segment to differ materially from the forecasts. In addition, even if this volatility continues through March 31, 2008, the impact on this portfolio may not match the changes in valuation realized in the Japanese equity markets since there may be differences between prices of individual securities and movements in market indices like the TOPIX.

According to a hypothetical sensitivity analysis based on our portfolio (primarily corporate investment trusts held for trading purposes and convertible bonds within the assets of Sony Life's general account) as of December 31, 2007, a fluctuation of 10 percentage points in the TOPIX could create an impact on Sony's consolidated operating income of approximately Y16 billion. Actual profit and loss may differ materially from the above reference analysis because the change in the prices of securities being held by Sony Life may not match the change in the price of the TOPIX and the holdings within the portfolio may change as a result of future operations such as trading or the exercise of convertible bonds. In addition, the possibility of valuation losses in equity securities (excluding equity securities included in the corporate investment trust for trading purposes) being held is not included in the analysis above.

Our forecast for capital expenditures has been reduced by Y30 billion compared to the October forecast mainly for semiconductors. Our forecast for depreciation and amortization, and research and development expenses, as per the table below, is unchanged from the October forecast.

| | | Change from October Forecast | October Forecast | (Billions of yen) Change from March 31, 2007 Actual Results |
|--|-------|------------------------------------|---------------------|--|
| Current Forecast | ----- | ----- | ----- | ----- |
| Capital expenditures (additions to fixed assets) * | Y410 | -7% | Y440 | -1% |
| Depreciation and amortization** | 430 | 0 | 430 | +7 |
| (Depreciation expenses for tangible assets | 350 | 0 | 350 | +11) |
| Research and development expenses | 550 | 0 | 550 | +1 |

* Investments in S-LCD are not included within the forecast for capital expenditures.

** The forecast for depreciation and amortization includes amortization of intangible assets and amortization of deferred insurance acquisition costs.

Cautionary Statement

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

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

(Unaudited) Consolidated Financial Statements
Consolidated Balance Sheets

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

| | December 31 | | | | March 31 | |
|--------------------------------|-------------|------------|------------------|--------|----------|-----------|
| | 2006 | 2007 | Change from 2006 | | 2007 | 2007 |
| ASSETS | | | | | | |
| Current assets: | | | | | | |
| Cash and cash equivalents | Y733,323 | Y1,023,873 | Y+290,550 | +39.6% | \$8,981 | Y799,899 |
| Marketable securities | 488,585 | 481,513 | -7,072 | -1.4 | 4,224 | 493,315 |
| Notes and accounts receivable, | 1,811,216 | 1,746,517 | -64,699 | -3.6 | 15,320 | 1,490,452 |

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| | | | | | | |
|---|-------------|-------------|------------|--------|-----------|-------------|
| trade | | | | | | |
| Allowance for doubtful accounts and sales returns | (112,641) | (131,074) | -18,433 | +16.4 | (1,150) | (120,675) |
| Inventories | 966,205 | 1,101,429 | +135,224 | +14.0 | 9,662 | 940,875 |
| Deferred income taxes | 247,536 | 268,243 | +20,707 | +8.4 | 2,353 | 243,782 |
| Prepaid expenses and other current assets | 705,928 | 1,064,855 | +358,927 | +50.8 | 9,341 | 699,075 |
| | ----- | ----- | ----- | | ----- | ----- |
| | 4,840,152 | 5,555,356 | +715,204 | +14.8 | 48,731 | 4,546,723 |
| Film costs | 337,616 | 329,920 | -7,696 | -2.3 | 2,894 | 308,694 |
| Investments and advances: | | | | | | |
| Affiliated companies | 445,544 | 450,682 | +5,138 | +1.2 | 3,953 | 448,169 |
| Securities investments and other | 3,382,862 | 3,776,523 | +393,661 | +11.6 | 33,128 | 3,440,567 |
| | ----- | ----- | ----- | | ----- | ----- |
| | 3,828,406 | 4,227,205 | +398,799 | +10.4 | 37,081 | 3,888,736 |
| Property, plant and equipment: | | | | | | |
| Land | 173,262 | 169,565 | -3,697 | -2.1 | 1,487 | 167,493 |
| Buildings | 1,002,042 | 1,030,699 | +28,657 | +2.9 | 9,041 | 978,680 |
| Machinery and equipment | 2,477,664 | 2,698,181 | +220,517 | +8.9 | 23,668 | 2,479,308 |
| Construction in progress | 61,754 | 58,887 | -2,867 | -4.6 | 517 | 64,855 |
| Less- Accumulated depreciation | (2,262,609) | (2,524,084) | -261,475 | +11.6 | (22,141) | (2,268,805) |
| | ----- | ----- | ----- | | ----- | ----- |
| | 1,452,113 | 1,433,248 | -18,865 | -1.3 | 12,572 | 1,421,531 |
| Other assets: | | | | | | |
| Intangibles, net | 215,145 | 269,223 | +54,078 | +25.1 | 2,362 | 233,255 |
| Goodwill | 301,643 | 322,600 | +20,957 | +6.9 | 2,830 | 304,669 |
| Deferred insurance acquisition costs | 394,527 | 399,591 | +5,064 | +1.3 | 3,505 | 394,117 |
| Deferred income taxes | 156,032 | 229,418 | +73,386 | +47.0 | 2,012 | 216,997 |
| Other | 415,227 | 449,952 | +34,725 | +8.4 | 3,947 | 401,640 |
| | ----- | ----- | ----- | | ----- | ----- |
| | 1,482,574 | 1,670,784 | +188,210 | +12.7 | 14,656 | 1,550,678 |
| | ----- | ----- | ----- | | ----- | ----- |
| | Y11,940,861 | Y13,216,513 | +1,275,652 | +10.7% | \$115,934 | Y11,716,362 |

LIABILITIES AND STOCKHOLDERS' EQUITY

Current liabilities:

| | | | | | | |
|-----------------------------------|----------|----------|-----------|--------|----------|---------|
| Short-term borrowings | Y316,203 | Y181,667 | Y-134,536 | -42.5% | \$ 1,594 | Y52,291 |
| Current portion of long-term debt | 45,304 | 294,393 | +249,089 | +549.8 | 2,582 | 43,170 |

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| | | | | | | |
|---|-------------|-------------|-------------|--------|-----------|-------------|
| Notes and accounts payable, trade | 1,174,004 | 1,249,761 | +75,757 | +6.5 | 10,963 | 1,179,694 |
| Accounts payable, other and accrued expenses | 971,932 | 995,047 | +23,115 | +2.4 | 8,728 | 968,757 |
| Accrued income and other taxes | 54,484 | 206,952 | +152,468 | +279.8 | 1,815 | 70,286 |
| Deposits from customers in the banking business | 717,528 | 980,604 | +263,076 | +36.7 | 8,602 | 752,367 |
| Other | 480,118 | 570,556 | +90,438 | +18.8 | 5,005 | 485,287 |
| | ----- | ----- | ----- | | ----- | ----- |
| | 3,759,573 | 4,478,980 | +719,407 | +19.1 | 39,289 | 3,551,852 |
| Long-term liabilities: | | | | | | |
| Long-term debt | 1,003,159 | 737,534 | -265,625 | -26.5 | 6,470 | 1,001,005 |
| Accrued pension and severance costs | 170,501 | 179,352 | +8,851 | +5.2 | 1,573 | 173,474 |
| Deferred income taxes | 254,331 | 308,595 | +54,264 | +21.3 | 2,707 | 261,102 |
| Future insurance policy benefits and other | 2,960,559 | 3,245,753 | +285,194 | +9.6 | 28,472 | 3,037,666 |
| Other | 290,970 | 267,094 | -23,876 | -8.2 | 2,342 | 281,589 |
| | ----- | ----- | ----- | | ----- | ----- |
| | 4,679,520 | 4,738,328 | +58,808 | +1.3 | 41,564 | 4,754,836 |
| Minority interest in consolidated subsidiaries | 41,967 | 296,823 | +254,856 | +607.3 | 2,604 | 38,970 |
| Stockholders' equity: | | | | | | |
| Capital stock | 625,305 | 630,381 | +5,076 | +0.8 | 5,530 | 626,907 |
| Additional paid-in capital | 1,140,639 | 1,149,625 | +8,986 | +0.8 | 10,084 | 1,143,423 |
| Retained earnings | 1,780,228 | 2,042,874 | +262,646 | +14.8 | 17,920 | 1,719,506 |
| Accumulated other comprehensive income | (82,928) | (115,825) | -32,897 | +39.7 | (1,016) | (115,493) |
| Treasury stock, at cost | (3,443) | (4,673) | -1,230 | +35.7 | (41) | (3,639) |
| | ----- | ----- | ----- | | ----- | ----- |
| | 3,459,801 | 3,702,382 | +242,581 | +7.0 | 32,477 | 3,370,704 |
| | ----- | ----- | ----- | | ----- | ----- |
| | Y11,940,861 | Y13,216,513 | Y+1,275,652 | +10.7% | \$115,934 | Y11,716,362 |

Consolidated Statements of Income

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

| | Third quarter ended December 31 | | | Fiscal year ended March 31 | |
|------------------------------|---------------------------------|------|------------------|----------------------------|------|
| | 2006 | 2007 | Change from 2006 | 2007 | 2007 |
| Sales and operating revenue: | 2006 | 2007 | Change from 2006 | 2007 | 2007 |

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| | | | | | | |
|---|------------|------------|-----------|---------|-----------|------------|
| Net sales | Y2,413,485 | Y2,698,265 | Y+284,780 | +11.8 % | \$ 23,669 | Y7,567,359 |
| Financial | 167,060 | 128,927 | -38,133 | -22.8 | 1,131 | 624,282 |
| service revenue | | | | | | |
| Other | 27,130 | 31,838 | +4,708 | +17.4 | 279 | 104,054 |
| operating revenue | | | | | | |
| | 2,607,675 | 2,859,030 | +251,355 | +9.6 | 25,079 | 8,295,695 |
| Costs and expenses: | | | | | | |
| Cost of sales | 1,820,172 | 2,034,540 | +214,368 | +11.8 | 17,847 | 5,889,601 |
| Selling, general and administrative | 470,346 | 501,044 | +30,698 | +6.5 | 4,395 | 1,788,427 |
| Financial | 141,621 | 130,978 | -10,643 | -7.5 | 1,149 | 540,097 |
| service expenses | | | | | | |
| (Gain) loss on sale, disposal or impairment of assets, net | (3,371) | 3,110 | +6,481 | - | 27 | 5,820 |
| | 2,428,768 | 2,669,672 | +240,904 | +9.9 | 23,418 | 8,223,945 |
| Operating income | 178,907 | 189,358 | +10,451 | +5.8 | 1,661 | 71,750 |
| Other income: | | | | | | |
| Interest and dividends | 5,914 | 11,956 | +6,042 | +102.2 | 105 | 28,240 |
| Foreign exchange gain, net | - | 11,085 | +11,085 | - | 97 | - |
| Gain on sale of securities investments, net | 4,867 | 287 | -4,580 | -94.1 | 3 | 14,695 |
| Gain on change in interest in subsidiaries and equity investees | 11,377 | 81,038 | +69,661 | +612.3 | 711 | 31,509 |
| Other | 2,533 | 3,123 | +590 | +23.3 | 27 | 20,738 |
| | 24,691 | 107,489 | +82,798 | +335.3 | 943 | 95,182 |
| Other expenses: | | | | | | |
| Interest | 9,064 | 4,194 | -4,870 | -53.7 | 37 | 27,278 |
| Loss on devaluation of securities investments | 294 | 249 | -45 | -15.3 | 2 | 1,308 |
| Foreign exchange loss, net | 10,309 | - | -10,309 | - | - | 18,835 |
| Other | 4,116 | 3,936 | -180 | -4.4 | 35 | 17,474 |
| | 23,783 | 8,379 | -15,404 | -64.8 | 74 | 64,895 |
| Income before income taxes | 179,815 | 288,468 | +108,653 | +60.4 | 2,530 | 102,037 |

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| | | | | | | |
|--|----------|----------|----------|--------|---------|----------|
| Income taxes | 61,530 | 135,244 | +73,714 | +119.8 | 1,186 | 53,888 |
| | ----- | ----- | ----- | | ----- | ----- |
| Income before minority interest and equity in net income of affiliated companies | 118,285 | 153,224 | +34,939 | +29.5 | 1,344 | 48,149 |
| Minority interest in income (loss) of consolidated subsidiaries | 1,369 | (136) | -1,505 | - | (1) | 475 |
| Equity in net income of affiliated companies | 43,001 | 46,861 | +3,860 | +9.0 | 411 | 78,654 |
| | ----- | ----- | ----- | | ----- | ----- |
| Net income | Y159,917 | Y200,221 | Y+40,304 | +25.2 | \$1,756 | Y126,328 |
| | ----- | ----- | ----- | | ----- | ----- |
| Per share data: | | | | | | |
| Common stock | | | | | | |
| Net income | | | | | | |
| - Basic | Y159.70 | Y199.60 | Y+39.90 | +25.0 | \$1.75 | Y126.15 |
| - Diluted | 152.49 | 190.29 | +37.80 | +24.8 | 1.67 | 120.29 |

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

| | Nine months ended December 31 | | | | Fiscal year ended March 31 | |
|--|-------------------------------|------------|------------------|--------|----------------------------|------------|
| | 2006 | 2007 | Change from 2006 | | 2007 | 2007 |
| | ----- | ----- | ----- | ----- | ----- | ----- |
| Sales and operating revenue: | | | | | | |
| Net sales | Y5,680,568 | Y6,370,349 | Y+689,781 | +12.1% | \$55,880 | Y7,567,359 |
| Financial service revenue | 447,798 | 457,088 | +9,290 | +2.1 | 4,010 | 624,282 |
| Other operating revenue | 77,724 | 91,140 | +13,416 | +17.3 | 799 | 104,054 |
| | ----- | ----- | ----- | | ----- | ----- |
| | 6,206,090 | 6,918,577 | +712,487 | +11.5 | 60,689 | 8,295,695 |
| Costs and expenses: | | | | | | |
| Cost of sales | 4,318,663 | 4,867,649 | +548,986 | +12.7 | 42,699 | 5,889,601 |
| Selling, general and administrative | 1,303,483 | 1,315,381 | +11,898 | +0.9 | 11,538 | 1,788,427 |
| Financial service expenses | 393,195 | 402,096 | +8,901 | +2.3 | 3,527 | 540,097 |
| (Gain) loss on sale, disposal or impairment of | 5,627 | (45,700) | -51,327 | - | (401) | 5,820 |

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| | | | | | | |
|--|-----------|-----------|-----------|--------|---------|-----------|
| assets, net | ----- | ----- | ----- | | ----- | ----- |
| | 6,020,968 | 6,539,426 | +518,458 | +8.6 | 57,363 | 8,223,945 |
| Operating income | 185,122 | 379,151 | +194,029 | +104.8 | 3,326 | 71,750 |
| Other income: | | | | | | |
| Interest and dividends | 17,856 | 26,651 | +8,795 | +49.3 | 234 | 28,240 |
| Foreign exchange gain, net | - | 73 | +73 | - | 0 | - |
| Gain on sale of securities investments, net | 9,319 | 1,629 | -7,690 | -82.5 | 14 | 14,695 |
| Gain on change in interest in subsidiaries and equity investees | 31,452 | 81,052 | +49,600 | +157.7 | 711 | 31,509 |
| Other | 12,964 | 14,103 | +1,139 | +8.8 | 124 | 20,738 |
| | ----- | ----- | ----- | | ----- | ----- |
| | 71,591 | 123,508 | +51,917 | +72.5 | 1,083 | 95,182 |
| Other expenses: | | | | | | |
| Interest | 20,449 | 17,731 | -2,718 | -13.3 | 155 | 27,278 |
| Loss on devaluation of securities investments | 1,044 | 9,654 | +8,610 | +824.7 | 85 | 1,308 |
| Foreign exchange loss, net | 13,803 | - | -13,803 | - | - | 18,835 |
| Other | 13,696 | 15,124 | +1,428 | +10.4 | 133 | 17,474 |
| | ----- | ----- | ----- | | ----- | ----- |
| | 48,992 | 42,509 | -6,483 | -13.2 | 373 | 64,895 |
| Income before income taxes | 207,721 | 460,150 | +252,429 | +121.5 | 4,036 | 102,037 |
| | ----- | ----- | ----- | | ----- | ----- |
| Income taxes | 78,746 | 209,773 | +131,027 | +166.4 | 1,840 | 53,888 |
| Income before minority interest and equity in net income of affiliated companies | 128,975 | 250,377 | +121,402 | +94.1 | 2,196 | 48,149 |
| Minority interest in income (loss) of consolidated subsidiaries | 1,431 | (42) | -1,473 | - | (0) | 475 |
| Equity in net income of affiliated companies | 66,344 | 89,972 | +23,628 | +35.6 | 790 | 78,654 |
| | ----- | ----- | ----- | | ----- | ----- |
| Net income | Y193,888 | Y340,391 | Y+146,503 | +75.6 | \$2,986 | Y126,328 |
| | ----- | ----- | ----- | | ----- | ----- |
| Per share data: | | | | | | |

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| | | | | | | |
|--------------|---------|---------|----------|-------|--------|---------|
| Common stock | | | | | | |
| Net income | | | | | | |
| - Basic | Y193.64 | Y339.42 | Y+145.78 | +75.3 | \$2.98 | Y126.15 |
| - Diluted | 184.81 | 323.42 | +138.61 | +75.0 | 2.84 | 120.29 |

Consolidated Statements of Cash Flows

| | (Millions of yen, millions of U.S. dollars) | | | Fiscal |
|---|---|----------|---------|------------|
| | Nine months ended December 31 | | | year ended |
| | 2006 | 2007 | 2007 | March 31 |
| | ----- | ----- | ----- | ----- |
| Cash flows from operating activities: | | | | |
| Net income | Y193,888 | Y340,391 | \$2,986 | Y126,328 |
| Adjustments to reconcile net income to net cash provided by operating activities: | | | | |
| Depreciation and amortization, including amortization of deferred insurance acquisition costs | 284,854 | 314,239 | 2,756 | 400,009 |
| Amortization of film costs | 261,327 | 243,390 | 2,135 | 368,382 |
| Stock-based compensation expense | 2,587 | 2,935 | 26 | 3,838 |
| Accrual for pension and severance costs, less payments | (8,109) | (9,259) | (81) | (22,759) |
| (Gain) loss on sale, disposal or impairment of assets, net | 5,627 | (45,700) | (401) | 5,820 |
| Gain on sale or loss on devaluation of securities investments, net | (8,275) | 8,025 | 71 | (13,387) |
| (Gain) loss on revaluation of marketable securities held in the financial service business for trading purpose, net | (10,756) | 14,418 | 126 | (11,857) |
| Gain on change in interest in subsidiaries and equity investees | (31,452) | (81,052) | (711) | (31,509) |

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| | | | | |
|---|-----------|-----------|---------|-----------|
| Deferred income taxes | 26,418 | 4,713 | 41 | (13,193) |
| Equity in net income of affiliated companies, net of dividends | (64,226) | (43,526) | (382) | (68,179) |
| Changes in assets and liabilities: | | | | |
| Increase in notes and accounts receivable, trade | (664,338) | (237,269) | (2,081) | (357,891) |
| Increase in inventories | (139,796) | (152,233) | (1,335) | (119,202) |
| Increase in film costs | (236,775) | (275,536) | (2,417) | (320,079) |
| Increase in notes and accounts payable, trade | 351,645 | 67,812 | 595 | 362,079 |
| Increase (decrease) in accrued income and other taxes | (20,579) | 149,467 | 1,311 | (14,396) |
| Increase in future insurance policy benefits and other | 127,210 | 137,348 | 1,205 | 172,498 |
| Increase in deferred insurance acquisition costs | (46,133) | (48,716) | (427) | (61,563) |
| (Increase) decrease in marketable securities held in the financial service business for trading purpose | 16,969 | (47,669) | (418) | 31,732 |
| Increase in other current assets | (82,246) | (68,634) | (603) | (35,133) |
| Increase in other current liabilities | 120,176 | 88,437 | 775 | 73,222 |
| Other | 78,809 | (22,974) | (201) | 86,268 |
| Net cash provided by operating activities | 156,825 | 338,607 | 2,970 | 561,028 |
| Cash flows from investing activities: | | | | |
| Payments for purchases of | (410,217) | (337,055) | (2,957) | (527,515) |

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| | | | | |
|--|-----------|-------------|----------|-----------|
| fixed assets | | | | |
| Proceeds from sales of fixed assets | 41,580 | 77,029 | 676 | 87,319 |
| Payments for investments and advances by financial service business | (651,961) | (1,367,996) | (12,000) | (914,754) |
| Payments for investments and advances (other than financial service business) | (92,163) | (95,496) | (838) | (100,152) |
| Proceeds from maturities of marketable securities, sales of securities investments and collections of advances by financial service business | 488,153 | 831,127 | 7,291 | 679,772 |
| Proceeds from maturities of marketable securities, sales of securities investments and collections of advances (other than financial service business) | 15,415 | 45,509 | 399 | 22,828 |
| Proceeds from sales of subsidiaries' and equity investees' stocks | 43,157 | 306,208 | 2,685 | 43,157 |
| Other | (1,349) | 4,768 | 43 | (6,085) |
| Net cash used in investing activities | (567,385) | (535,906) | (4,701) | (715,430) |
| Cash flows from financing activities: | | | | |
| Proceeds from issuance of long-term debt | 267,085 | 26,780 | 235 | 270,780 |
| Payments of long-term debt | (179,492) | (32,762) | (287) | (182,374) |
| Increase in short-term borrowings, net | 256,577 | 112,953 | 991 | 6,096 |
| Increase in deposits from customers in the financial service business, net | 206,420 | 297,969 | 2,614 | 273,435 |
| Increase (decrease) in | (92,700) | 16,500 | 145 | (100,700) |

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| | | | | |
|---|----------|------------|---------|----------|
| call money and bills sold in the banking business, net | | | | |
| Dividends paid | (25,085) | (25,133) | (220) | (25,052) |
| Proceeds from issuance of shares under stock-based compensation plans | 2,362 | 7,093 | 62 | 5,566 |
| Proceeds from issuance of stocks by subsidiaries | - | 28,800 | 253 | 2,217 |
| Other | (446) | (4,226) | (39) | (2,065) |
| Net cash provided by financing activities | 434,721 | 427,974 | 3,754 | 247,903 |
| Effect of exchange rate changes on cash and cash equivalents | 6,064 | (6,701) | (59) | 3,300 |
| Net increase in cash and cash equivalents | 30,225 | 223,974 | 1,964 | 96,801 |
| Cash and cash equivalents at beginning of the fiscal year | 703,098 | 799,899 | 7,017 | 703,098 |
| Cash and cash equivalents at the end of the period | Y733,323 | Y1,023,873 | \$8,981 | Y799,899 |

(Notes)

- U.S. dollar amounts have been translated from yen, for convenience only, at the rate of Y114 = U.S. \$1, the approximate Tokyo foreign exchange market rate as of December 31, 2007.
- As of December 31, 2007, Sony had 994 consolidated subsidiaries (including variable interest entities). It has applied the equity accounting method for 60 affiliated companies.
- Weighted-average number of outstanding shares used for computation of earnings per share of common stock are as follows. The dilutive effect in the weighted-average number of outstanding shares mainly resulted from convertible bonds.

Weighted-average number of
outstanding shares

| | (Thousands of shares) | |
|------------|---------------------------------|-----------|
| | Third quarter ended December 31 | |
| | 2006 | 2007 |
| Net income | | |
| - Basic | 1,001,333 | 1,003,126 |
| - Diluted | 1,048,692 | 1,052,176 |

Weighted-average number of

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| outstanding shares ----- | (Thousands of shares) | |
|-----------------------------|-------------------------------|-----------|
| | Nine months ended December 31 | |
| | 2006 | 2007 |
| ----- | ----- | ----- |
| Net income | | |
| - Basic | 1,001,276 | 1,002,868 |
| - Diluted | 1,049,130 | 1,052,471 |

4. Sony's comprehensive income is comprised of net income and other comprehensive income. Other comprehensive income includes changes in unrealized gains or losses on securities, unrealized gains or losses on derivative instruments, minimum pension liabilities adjustments, pension liabilities adjustments and foreign currency translation adjustments. Net income, other comprehensive income (loss) and comprehensive income for the third quarter and the nine months of the fiscal year ended March 31, 2007 and for the third quarter and the nine months of the fiscal year ending March 31, 2008 were as follows:

| | (Millions of yen, millions of U.S. dollars) | | | | | |
|---|---|----------|---------|----------------------------------|----------|---------|
| | Third quarter ended December 31 | | | Nine months ended December 31 | | |
| | 2006 | 2007 | 2007 | 2006 | 2007 | 2007 |
| ----- | ----- | ----- | ----- | ----- | ----- | |
| Net income | Y159,917 | Y200,221 | \$1,756 | Y193,888 | Y340,391 | \$2,986 |
| Other comprehensive income (loss): | | | | | | |
| Unrealized gains (losses) on securities | 3,515 | (37,021) | (325) | (18,174) | (30,353) | (266) |
| Unrealized gains (losses) on derivative instruments | 947 | 27,579 | 242 | (79) | 28,000 | 246 |
| Minimum pension liabilities adjustments | (1,906) | - | - | (4,553) | - | - |
| Pension liabilities adjustments | - | 993 | 9 | - | 1,537 | 13 |
| Foreign currency translation adjustments | 59,138 | (834) | (7) | 96,315 | 484 | 4 |
| | ----- | ----- | ----- | ----- | ----- | ----- |
| | 61,694 | (9,283) | (81) | 73,509 | (332) | (3) |
| | ----- | ----- | ----- | ----- | ----- | ----- |
| Comprehensive income | Y221,611 | Y190,938 | \$1,675 | Y267,397 | Y340,059 | \$2,983 |
| | ----- | ----- | ----- | ----- | ----- | ----- |

5. In September 2005, the Accounting Standards Executive Committee of the American Institute of Certified Public Accountants issued the Statement of Position ("SOP") 05-1, "Accounting by Insurance Enterprises for Deferred Acquisition Costs in Connection with Modifications or Exchanges of Insurance Contracts." SOP 05-1 provides guidance on accounting for deferred acquisition costs on internal replacements of insurance and investment contracts other than those specifically described in FAS No. 97,

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"Accounting and Reporting by Insurance Enterprises for Certain Long-Duration Contracts and for Realized Gains and Losses from the Sales of Investments." Sony adopted SOP 05-1 on April 1, 2007. The adoption of SOP 05-1 did not have a material impact on Sony's results of operations and financial position.

6. In March 2006, the Financial Accounting Standards Board ("FASB") issued FAS No. 156, "Accounting for Servicing of Financial Assets - an amendment of FASB Statement No. 140." This statement amends FAS No. 140, "Accounting for Transfers and Servicing of Financial Assets and Extinguishments of Liabilities" with respect to the accounting for separately recognized servicing assets and servicing liabilities. Sony adopted FAS No. 156 on April 1, 2007. The adoption of FAS No. 156 did not have a material impact on Sony's results of operations and financial position.
7. In June 2006, the FASB issued FASB Interpretation ("FIN") No. 48, "Accounting for Uncertainty in Income Taxes, an interpretation of FASB Statement No. 109." FIN No. 48 clarifies the accounting for uncertainty in income taxes recognized in an enterprise's financial statements in accordance with FAS No. 109, "Accounting for Income Taxes." FIN No. 48 prescribes a minimum recognition threshold and measurement attribute for the financial statement recognition and measurement of a tax position taken or expected to be taken in a tax return. FIN No. 48 also provides guidance on derecognition, classification, interest and penalties, accounting in interim periods, disclosure, and transition. Sony adopted FIN No. 48 effective April 1, 2007. As a result of the adoption of FIN No. 48, a charge against beginning retained earnings totaling Y4,452 million (\$36 million) was recorded. As of April 1, 2007, total unrecognized tax benefits were Y223,857 million (\$1,820 million). If Sony were to prevail on all unrecognized tax benefits recorded, Y129,632 million (\$1,054 million) of the Y223,857 million would reduce the effective tax rate. Given the uncertainty regarding when tax authorities will complete their examinations, the items subject to their examinations and the possible outcomes of their examinations, an accurate estimate of significant increases or decreases that may occur within the next twelve months cannot be made at this time. Based on the items of which Sony is aware, any change to the unrecognized tax benefits that, if recognized, would affect the effective tax rate is not expected to be significant. Interest associated with a liability for unrecognized tax benefits is included in interest expense. At April 1, 2007, Sony had an accrual of Y7,899 million (\$64 million) related to interest recorded as accrued expenses. Penalties associated with income taxes are recorded within income tax expense. At April 1, 2007, Sony had an accrual of Y3,696 million (\$30 million) related to penalties recorded as a component of other non-current liabilities. For the third quarter and the nine months ended December 31, 2007, there were no material changes to the tax assets and liabilities resulting in a significant change to the effective income tax rate for the respective periods attributed to changes in Sony's uncertain tax positions under FIN No. 48. Sony is subject to income tax examinations for Japan and various foreign tax jurisdictions for tax years from 1998 through 2007.
8. In June 2006, the Emerging Issues Task Force ("EITF") issued EITF Issue No. 06-3, "How Taxes Collected from Customers and Remitted to Governmental Authorities Should be Presented in the Income Statement." EITF Issue No. 06-3 requires disclosure of the accounting policy for any tax assessed by a governmental authority that is imposed concurrently on a specific revenue-producing transaction between a seller and a customer. EITF Issue No. 06-3 should be applied to financial reports for interim and annual reporting periods beginning after December 15, 2006. Sony adopted EITF Issue No. 06-3 on April 1, 2007. The adoption of EITF Issue No. 06-3 did not have a material impact on Sony's results of operations and financial position.

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Other Consolidated Financial Data

| | Millions of yen, millions of U.S. dollars) | | | |
|---|--|----------|--------|-------|
| | Third quarter ended December 31 | | | |
| | 2006 | 2007 | Change | 2007 |
| | ----- | ----- | ----- | ----- |
| Capital expenditures (additions to property, plant and equipment) | Y87,965 | Y67,066 | -23.8% | \$588 |
| Depreciation and amortization expenses* | 99,935 | 109,663 | +9.7 | 962 |
| (Depreciation expenses for tangible assets) | (80,477) | (84,037) | +4.4 | (737) |
| Research and development expenses | 133,522 | 125,474 | -6.0 | 1,101 |

| | (Millions of yen millions of U.S.dollars) | | | |
|---|---|-----------|--------|---------|
| | Nine months ended December 31 | | | |
| | 2006 | 2007 | Change | 2007 |
| | ----- | ----- | ----- | ----- |
| Capital expenditures (additions to property, plant and equipment) | Y312,045 | Y237,864 | -23.8% | \$2,087 |
| Depreciation and amortization expenses* | 284,854 | 314,239 | +10.3 | 2,756 |
| (Depreciation expenses for tangible assets) | (225,969) | (242,624) | +7.4 | (2,128) |
| Research and development expenses | 396,377 | 383,198 | -3.3 | 3,361 |

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

Business Segment Information

| | (Millions of yen, millions of U.S. dollars) | | | |
|-----------------------------|---|------------------|--------------|---------------|
| | Third quarter ended December 31 | | | |
| Sales and operating revenue | 2006 | 2007 | Change | 2007 |
| | ----- | ----- | ----- | ----- |
| Electronics | | | | |
| Customers | Y1,643,673 | Y1,873,231 | +14.0 % | \$16,432 |
| Intersegment | 234,085 | 196,202 | | 1,721 |
| Total | 1,877,758 | 2,069,433 | +10.2 | 18,153 |
| Game | | | | |
| Customers | 424,331 | 555,296 | +30.9 | 4,871 |
| Intersegment | 18,468 | 25,859 | | 227 |
| Total | 442,799 | 581,155 | +31.2 | 5,098 |
| Pictures | | | | |
| Customers | 296,955 | 223,622 | -24.7 | 1,961 |
| Intersegment | - | 184 | | 2 |
| Total | 296,955 | 223,806 | -24.6 | 1,963 |
| Financial Services | | | | |
| Customers | 167,060 | 128,927 | -22.8 | 1,131 |
| Intersegment | 5,850 | 6,969 | | 61 |

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| | | | | |
|--------------------|------------|------------|--------|----------|
| Total | 172,910 | 135,896 | -21.4 | 1,192 |
| All Other | | | | |
| Customers | 75,656 | 77,954 | +3.0 | 684 |
| Intersegment | 18,369 | 18,059 | | 158 |
| ----- | | | | |
| Total | 94,025 | 96,013 | +2.1 | 842 |
| Elimination | (276,772) | (247,273) | - | (2,169) |
| ----- | | | | |
| Consolidated total | Y2,607,675 | Y2,859,030 | +9.6 % | \$25,079 |

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

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

| Operating income (loss) | 2006 | 2007 | Change | 2007 |
|------------------------------|----------|----------|--------|---------|
| ----- | ----- | ----- | ----- | ----- |
| Electronics | Y179,035 | Y166,546 | -7.0 % | \$1,461 |
| Game | (54,168) | 12,922 | - | 113 |
| Pictures | 26,238 | 13,210 | -49.7 | 116 |
| Financial Services | 25,470 | (4,169) | - | (37) |
| All Other | 12,327 | 10,341 | -16.1 | 91 |
| ----- | | | | |
| Total | 188,902 | 198,850 | +5.3 | 1,744 |
| Corporate and elimination | (9,995) | (9,492) | - | (83) |
| ----- | | | | |
| Consolidated total | Y178,907 | Y189,358 | +5.8 % | \$1,661 |

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

| Sales and operating revenue | 2006 | 2007 | Change | 2007 |
|--------------------------------|------------|------------|---------|----------|
| ----- | ----- | ----- | ----- | ----- |
| Electronics | | | | |
| Customers | Y4,161,339 | Y4,626,053 | +11.2 % | \$40,579 |
| Intersegment | 375,701 | 535,769 | | 4,700 |
| ----- | | | | |
| Total | 4,537,040 | 5,161,822 | +13.8 | 45,279 |
| Game | | | | |
| Customers | 703,928 | 968,437 | +37.6 | 8,495 |
| Intersegment | 31,680 | 52,724 | | 463 |
| ----- | | | | |
| Total | 735,608 | 1,021,161 | +38.8 | 8,958 |
| Pictures | | | | |
| Customers | 679,859 | 643,840 | -5.3 | 5,648 |
| Intersegment | - | 960 | | 8 |
| ----- | | | | |
| Total | 679,859 | 644,800 | -5.2 | 5,656 |
| Financial Services | | | | |
| Customers | 447,798 | 457,088 | +2.1 | 4,010 |
| Intersegment | 17,314 | 21,152 | | 185 |
| ----- | | | | |

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| | | | | |
|--------------------|------------|------------|---------|----------|
| Total | 465,112 | 478,240 | +2.8 | 4,195 |
| All Other | | | | |
| Customers | 213,166 | 223,159 | +4.7 | 1,957 |
| Intersegment | 50,484 | 52,228 | | 459 |
| ----- | ----- | ----- | ----- | ----- |
| Total | 263,650 | 275,387 | +4.5 | 2,416 |
| Elimination | (475,179) | (662,833) | - | (5,815) |
| ----- | ----- | ----- | ----- | ----- |
| Consolidated total | Y6,206,090 | Y6,918,577 | +11.5 % | \$60,689 |

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

| | | | | |
|------------------------------|-----------|-----------|----------|---------|
| Operating income (loss) | 2006 | 2007 | Change | 2007 |
| ----- | ----- | ----- | ----- | ----- |
| Electronics | Y234,481 | Y357,515 | +52.5 % | \$3,136 |
| Game | (124,498) | (112,970) | - | (991) |
| Pictures | 9,796 | 19,159 | +95.6 | 168 |
| Financial Services | 54,616 | 52,721 | -3.5 | 463 |
| All Other | 23,555 | 28,874 | +22.6 | 253 |
| ----- | ----- | ----- | ----- | ----- |
| Total | 197,950 | 345,299 | +74.4 | 3,029 |
| Corporate and elimination | (12,828) | 33,852 | - | 297 |
| ----- | ----- | ----- | ----- | ----- |
| Consolidated total | Y185,122 | Y379,151 | +104.8 % | \$3,326 |

Electronics Sales and Operating Revenue to Customers by Product Category

| | | | | |
|-----------------------------------|---|------------|---------|----------|
| | (Millions of yen, millions of U.S. dollars) | | | |
| | Third quarter ended December 31 | | | |
| Sales and operating revenue | 2006 | 2007 | Change | 2007 |
| ----- | ----- | ----- | ----- | ----- |
| Audio | Y174,689 | Y192,001 | +9.9 % | \$1,684 |
| Video | 355,433 | 390,216 | +9.8 | 3,423 |
| Televisions | 420,817 | 507,700 | +20.6 | 4,453 |
| Information and Communications | 253,596 | 322,159 | +27.0 | 2,826 |
| Semiconductors | 52,199 | 61,534 | +17.9 | 540 |
| Components | 227,588 | 234,375 | +3.0 | 2,056 |
| Other | 159,351 | 165,246 | +3.7 | 1,450 |
| ----- | ----- | ----- | ----- | ----- |
| Total | Y1,643,673 | Y1,873,231 | +14.0 % | \$16,432 |

| | | | | |
|--------------------------------|-------------------------------|-----------|--------|---------|
| | Nine months ended December 31 | | | |
| Sales and operating revenue | 2006 | 2007 | Change | 2007 |
| ----- | ----- | ----- | ----- | ----- |
| Audio | Y412,636 | Y446,490 | +8.2% | \$3,916 |
| Video | 908,534 | 1,043,628 | +14.9 | 9,155 |
| Televisions | 934,357 | 1,052,209 | +12.6 | 9,230 |
| Information and | 687,087 | 823,029 | +19.8 | 7,219 |

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| | | | | |
|----------------|------------|------------|---------|----------|
| Communications | | | | |
| Semiconductors | 152,672 | 172,726 | +13.1 | 1,515 |
| Components | 653,659 | 646,496 | -1.1 | 5,671 |
| Other | 412,394 | 441,475 | +7.1 | 3,873 |
| ----- | | | | |
| Total | Y4,161,339 | Y4,626,053 | +11.2 % | \$40,579 |

The above table is a breakdown of Electronics sales and operating revenue to customers in the Business Segment Information.

The Electronics segment is managed as a single operating segment by Sony's management. However, Sony believes that the information in this table is useful to investors in understanding the product categories in this business segment.

Geographic Segment Information

| | | | | |
|-----------------------------|---|---------------------------------|--------|----------|
| | (Millions of yen, millions of U.S. dollars) | | | |
| Sales and operating revenue | | Third quarter ended December 31 | | |
| | 2006 | 2007 | Change | 2007 |
| ----- | | | | |
| Japan | Y609,734 | Y565,990 | -7.2 % | \$4,965 |
| United States | 763,651 | 758,370 | -0.7 | 6,652 |
| Europe | 682,402 | 842,062 | +23.4 | 7,387 |
| Other Areas | 551,888 | 692,608 | +25.5 | 6,075 |
| ----- | | | | |
| Total | Y2,607,675 | Y2,859,030 | +9.6 % | \$25,079 |

| | | | | |
|-----------------------------|------------|-------------------------------|---------|----------|
| Sales and operating revenue | | Nine months ended December 31 | | |
| | 2006 | 2007 | Change | 2007 |
| ----- | | | | |
| Japan | Y1,583,365 | Y1,601,121 | +1.1 % | \$14,045 |
| United States | 1,691,037 | 1,736,896 | +2.7 | 15,236 |
| Europe | 1,498,273 | 1,810,008 | +20.8 | 15,877 |
| Other Areas | 1,433,415 | 1,770,552 | +23.5 | 15,531 |
| ----- | | | | |
| Total | Y6,206,090 | Y6,918,577 | +11.5 % | \$60,689 |

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

Condensed Financial Services Financial Statements

The results of the Financial Services segment are included in Sony's consolidated financial statements. The following schedules show unaudited condensed financial statements for the Financial Services segment and all other segments excluding Financial Services. These presentations are not required under U.S. GAAP, which is used by Sony to prepare its consolidated financial statements. However, because the Financial Services segment is different in nature from Sony's other segments, Sony believes that a comparative presentation may be useful in understanding and analyzing Sony's consolidated financial statements. Transactions between the Financial Services segment and Sony without Financial Services are eliminated in the consolidated figures shown below.

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Condensed Balance Sheet

| | | (Millions of yen, millions of U.S. dollars) | | | |
|---|------------|---|----------|------------|----------|
| Financial Services | | December 31 | | | |
| | | | | | March 31 |
| ASSETS | 2006 | 2007 | 2007 | 2007 | |
| Current assets: | | | | | |
| Cash and cash equivalents | Y222,442 | Y212,700 | \$1,866 | Y277,048 | |
| Marketable securities | 485,502 | 478,509 | 4,197 | 490,237 | |
| Other | 303,162 | 629,292 | 5,520 | 321,969 | |
| | 1,011,106 | 1,320,501 | 11,583 | 1,089,254 | |
| Investments and advances | 3,298,833 | 3,688,169 | 32,352 | 3,347,897 | |
| Property, plant and equipment | 39,214 | 38,336 | 336 | 38,671 | |
| Other assets: | | | | | |
| Deferred insurance acquisition costs | 394,527 | 399,591 | 3,505 | 394,117 | |
| Other | 107,280 | 101,687 | 893 | 107,703 | |
| | 501,807 | 501,278 | 4,398 | 501,820 | |
| | Y4,850,960 | Y5,548,284 | \$48,669 | Y4,977,642 | |
| LIABILITIES AND STOCKHOLDERS' EQUITY | | | | | |
| Current liabilities: | | | | | |
| Short-term borrowings | Y69,563 | Y73,283 | \$643 | Y48,688 | |
| Notes and accounts payable, trade | 14,935 | 17,112 | 150 | 13,159 | |
| Deposits from customers in the banking business | 717,528 | 980,604 | 8,602 | 752,367 | |
| Other | 134,785 | 209,565 | 1,838 | 143,245 | |
| | 936,811 | 1,280,564 | 11,233 | 957,459 | |
| Long-term liabilities: | | | | | |
| Long-term debt | 131,671 | 114,929 | 1,008 | 129,484 | |
| Accrued pension and severance costs | 13,038 | 6,422 | 56 | 8,773 | |
| Future insurance policy benefits and other | 2,960,559 | 3,245,753 | 28,472 | 3,037,666 | |
| Other | 198,987 | 215,809 | 1,893 | 204,317 | |
| | 3,304,255 | 3,582,913 | 31,429 | 3,380,240 | |
| Minority interest in consolidated subsidiaries | 4,587 | 4,226 | 37 | 5,145 | |

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| | | | | |
|----------------------|------------|------------|----------|------------|
| Stockholders' equity | 605,307 | 680,581 | 5,970 | 634,798 |
| | ----- | ----- | ----- | ----- |
| | Y4,850,960 | Y5,548,284 | \$48,669 | Y4,977,642 |

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

| Sony without Financial Services | December 31 | | | March 31 |
|--|-------------|------------|----------|------------|
| | 2006 | 2007 | 2007 | 2007 |
| | ----- | ----- | ----- | ----- |
| ASSETS | | | | |
| Current assets: | | | | |
| Cash and cash equivalents | Y510,881 | Y811,173 | \$7,115 | Y522,851 |
| Marketable securities | 3,083 | 3,004 | 27 | 3,078 |
| Notes and accounts receivable, trade | 1,676,464 | 1,609,327 | 14,117 | 1,343,128 |
| Other | 1,692,507 | 1,854,875 | 16,271 | 1,625,914 |
| | ----- | ----- | ----- | ----- |
| | 3,882,935 | 4,278,379 | 37,530 | 3,494,971 |
| Film costs | 337,616 | 329,920 | 2,894 | 308,694 |
| Investments and advances | 614,597 | 607,488 | 5,329 | 623,342 |
| Investments in Financial Services, at cost | 187,400 | 116,843 | 1,025 | 187,400 |
| Property, plant and equipment | 1,412,900 | 1,394,912 | 12,236 | 1,382,860 |
| Other assets | 1,029,913 | 1,216,533 | 10,671 | 1,100,795 |
| | ----- | ----- | ----- | ----- |
| | Y7,465,361 | Y7,944,075 | \$69,685 | Y7,098,062 |
| LIABILITIES AND STOCKHOLDERS' EQUITY | | | | |
| Current liabilities: | | | | |
| Short-term borrowings | Y338,052 | Y444,711 | \$3,901 | Y80,944 |
| Notes and accounts payable, trade | 1,160,617 | 1,234,036 | 10,825 | 1,167,324 |
| Other | 1,387,184 | 1,569,936 | 13,771 | 1,392,333 |
| | ----- | ----- | ----- | ----- |
| | 2,885,853 | 3,248,683 | 28,497 | 2,640,601 |
| Long-term liabilities: | | | | |
| Long-term debt | 927,711 | 661,393 | 5,802 | 925,259 |
| Accrued pension and severance costs | 157,463 | 172,930 | 1,517 | 164,701 |
| Other | 415,043 | 429,811 | 3,770 | 410,354 |
| | ----- | ----- | ----- | ----- |
| | 1,500,217 | 1,264,134 | 11,089 | 1,500,314 |

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| | | | | |
|--|------------|------------|----------|------------|
| Minority interest in consolidated subsidiaries | 36,363 | 38,538 | 338 | 32,808 |
| Stockholders' equity | 3,042,928 | 3,392,720 | 29,761 | 2,924,339 |
| | ----- | ----- | ----- | ----- |
| | Y7,465,361 | Y7,944,075 | \$69,685 | Y7,098,062 |

| Consolidated | (Millions of yen, millions of U.S. dollars) | | | |
|---|---|-------------|-----------|-------------|
| | December 31 | | | March 31 |
| ASSETS | 2006 | 2007 | 2007 | 2007 |
| | ----- | ----- | ----- | ----- |
| Current assets: | | | | |
| Cash and cash equivalents | Y733,323 | Y1,023,873 | \$8,981 | Y799,899 |
| Marketable securities | 488,585 | 481,513 | 4,224 | 493,315 |
| Notes and accounts receivable, trade | 1,698,575 | 1,615,443 | 14,171 | 1,369,777 |
| Other | 1,919,669 | 2,434,527 | 21,355 | 1,883,732 |
| | ----- | ----- | ----- | ----- |
| | 4,840,152 | 5,555,356 | 48,731 | 4,546,723 |
| Film costs | 337,616 | 329,920 | 2,894 | 308,694 |
| Investments and advances | 3,828,406 | 4,227,205 | 37,081 | 3,888,736 |
| Property, plant and equipment | 1,452,113 | 1,433,248 | 12,572 | 1,421,531 |
| Other assets: | | | | |
| Deferred insurance acquisition costs | 394,527 | 399,591 | 3,505 | 394,117 |
| Other | 1,088,047 | 1,271,193 | 11,151 | 1,156,561 |
| | ----- | ----- | ----- | ----- |
| | 1,482,574 | 1,670,784 | 14,656 | 1,550,678 |
| | ----- | ----- | ----- | ----- |
| | Y11,940,861 | Y13,216,513 | \$115,934 | Y11,716,362 |
| | ----- | ----- | ----- | ----- |

LIABILITIES AND STOCKHOLDERS' EQUITY

| | | | | |
|--|-----------|-----------|---------|-----------|
| Current liabilities: | | | | |
| Short-term borrowings | Y361,507 | Y476,060 | \$4,176 | Y95,461 |
| Notes and accounts payable, trade | 1,174,004 | 1,249,761 | 10,963 | 1,179,694 |
| Deposits from customers in the banking business | 717,528 | 980,604 | 8,602 | 752,367 |
| Other | 1,506,534 | 1,772,555 | 15,548 | 1,524,330 |
| | ----- | ----- | ----- | ----- |
| | 3,759,573 | 4,478,980 | 39,289 | 3,551,852 |
| Long-term liabilities: | | | | |
| Long-term debt | 1,003,159 | 737,534 | 6,470 | 1,001,005 |
| Accrued | 170,501 | 179,352 | 1,573 | 173,474 |

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| | | | | |
|--|-------------|-------------|-----------|-------------|
| pension and severance costs | | | | |
| Future insurance policy benefits and other | 2,960,559 | 3,245,753 | 28,472 | 3,037,666 |
| Other | 545,301 | 575,689 | 5,049 | 542,691 |
| | ----- | ----- | ----- | ----- |
| | 4,679,520 | 4,738,328 | 41,564 | 4,754,836 |
| Minority interest in consolidated subsidiaries | 41,967 | 296,823 | 2,604 | 38,970 |
| Stockholders' equity | 3,459,801 | 3,702,382 | 32,477 | 3,370,704 |
| | ----- | ----- | ----- | ----- |
| | Y11,940,861 | Y13,216,513 | \$115,934 | Y11,716,362 |

Condensed Statements of Income

| | | | | |
|-----------------------------------|---|----------|---------|---------|
| Financial Services | (Millions of yen, millions of U.S. dollars) | | | |
| | Third quarter ended December 31 | | | |
| | 2006 | 2007 | Change | 2007 |
| | ----- | ----- | ----- | ----- |
| Financial service revenue | Y172,910 | Y135,896 | -21.4 % | \$1,192 |
| Financial service expenses | 147,440 | 140,065 | -5.0 | 1,229 |
| | ----- | ----- | | ----- |
| Operating income (loss) | 25,470 | (4,169) | - | (37) |
| Other income (expenses), net | 5,893 | (375) | - | (3) |
| | ----- | ----- | | ----- |
| Income before income taxes (loss) | 31,363 | (4,544) | - | (40) |
| Income taxes and other | 11,868 | (1,950) | - | (17) |
| | ----- | ----- | | ----- |
| Net income (loss) | Y19,495 | Y(2,594) | - % | \$(23) |

Sony without Financial Services

| | | | | |
|---------------------------------|---|------------|---------|----------|
| | (Millions of yen, millions of U.S. dollars) | | | |
| | Third quarter ended December 31 | | | |
| | 2006 | 2007 | Change | 2007 |
| | ----- | ----- | ----- | ----- |
| Net sales and operating revenue | Y2,442,878 | Y2,730,374 | +11.8 % | \$23,951 |
| Costs and expenses | 2,289,791 | 2,537,337 | +10.8 | 22,258 |
| | ----- | ----- | | ----- |
| Operating income | 153,087 | 193,037 | +26.1 | 1,693 |
| Other income (expenses), net | (4,634) | 100,012 | - | 878 |
| | ----- | ----- | | ----- |

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| | | | | |
|----------------------------|----------|----------|----------|---------|
| Income before income taxes | 148,453 | 293,049 | +97.4 | 2,571 |
| Income taxes and other | 8,031 | 90,196 | +1,023.1 | 792 |
| Net income | Y140,422 | Y202,853 | +44.5 % | \$1,779 |

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

| Consolidated | 2006 | 2007 | Change | 2007 |
|---------------------------------|-----------|-----------|-----------|---------|
| Financial service revenue | Y167,060 | Y128,927 | -22.8 % | \$1,131 |
| Net sales and operating revenue | 2,440,615 | 2,730,103 | +11.9 | 23,948 |
| Costs and expenses | 2,607,675 | 2,859,030 | +9.6 | 25,079 |
| Operating income | 178,907 | 189,358 | +5.8 | 1,661 |
| Other income, net | 908 | 99,110 | +10,815.2 | 869 |
| Income before income taxes | 179,815 | 288,468 | +60.4 | 2,530 |
| Income taxes and other | 19,898 | 88,247 | +343.5 | 774 |
| Net income | Y159,917 | Y200,221 | +25.2 % | \$1,756 |

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

| Financial Services | 2006 | 2007 | Change | 2007 |
|------------------------------|----------|----------|---------|---------|
| Financial service revenue | Y465,112 | Y478,240 | +2.8 % | \$4,195 |
| Financial service expenses | 410,496 | 425,519 | +3.7 | 3,732 |
| Operating income | 54,616 | 52,721 | -3.5 | 463 |
| Other income (expenses), net | 5,698 | (530) | - | (5) |
| Income before income taxes | 60,314 | 52,191 | -13.5 | 458 |
| Income taxes and other | 21,794 | 23,506 | +7.9 | 206 |
| Net income | Y38,520 | Y28,685 | -25.5 % | \$252 |

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

| Sony without Financial Services | 2006 | 2007 | Change | 2007 |
|---------------------------------|------------|------------|---------|----------|
| Net sales and operating revenue | Y5,765,255 | Y6,466,499 | +12.2 % | \$56,724 |
| Costs and expenses | 5,635,762 | 6,141,358 | +9.0 | 53,872 |
| Operating income | 129,493 | 325,141 | +151.1 | 2,852 |
| Other income, net | 24,025 | 89,429 | +272.2 | 785 |

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| | | | | |
|-------------------------------|----------|----------|---------|---------|
| | ----- | ----- | | ----- |
| Income before income taxes | 153,518 | 414,570 | +170.0 | 3,637 |
| Income taxes and other | (8,125) | 96,253 | - | 845 |
| | ----- | ----- | | ----- |
| Net income | Y161,643 | Y318,317 | +96.9 % | \$2,792 |

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

| | | | | |
|------------------------------------|-----------|-----------|---------|---------|
| Consolidated | | | Change | |
| | 2006 | 2007 | | 2007 |
| | ----- | ----- | ----- | ----- |
| Financial service revenue | Y447,798 | Y457,088 | +2.1 % | \$4,010 |
| Net sales and operating revenue | 5,758,292 | 6,461,489 | +12.2 | 56,679 |
| | ----- | ----- | | ----- |
| Costs and expenses | 6,206,090 | 6,918,577 | +11.5 | 60,689 |
| | 6,020,968 | 6,539,426 | +8.6 | 57,363 |
| | ----- | ----- | | ----- |
| Operating income | 185,122 | 379,151 | +104.8 | 3,326 |
| Other income, net | 22,599 | 80,999 | +258.4 | 710 |
| | ----- | ----- | | ----- |
| Income before income taxes | 207,721 | 460,150 | +121.5 | 4,036 |
| Income taxes and other | 13,833 | 119,759 | +765.7 | 1,050 |
| | ----- | ----- | | ----- |
| Net income | Y193,888 | Y340,391 | +75.6 % | \$2,986 |

Condensed Statements of Cash Flows

| | | | |
|--|-----------|---|---------|
| | | (Millions of yen, millions of U.S. dollars) | |
| Financial Services | | Nine months ended December 31 | |
| | 2006 | 2007 | 2007 |
| | ----- | ----- | ----- |
| Net cash provided by operating activities | Y170,258 | Y164,084 | \$1,439 |
| Net cash used in investing activities | (199,042) | (563,239) | (4,940) |
| Net cash provided by financing activities | 133,596 | 334,807 | 2,937 |
| | ----- | ----- | ----- |
| Net increase (decrease) in cash and cash equivalents | 104,812 | (64,348) | (564) |
| Cash and cash equivalents at beginning of the fiscal year | 117,630 | 277,048 | 2,430 |
| | ----- | ----- | ----- |
| Cash and cash equivalents at the end of the period | Y222,442 | Y212,700 | \$1,866 |
| | ----- | ----- | ----- |

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

| | | | |
|------------------------------------|-------|-------------------------------|-------|
| Sony without Financial Services | | Nine months ended December 31 | |
| | 2006 | 2007 | 2007 |
| | ----- | ----- | ----- |

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| | | | |
|--|-----------|----------|---------|
| Net cash provided by (used in) operating activities | Y(11,574) | Y179,477 | \$1,574 |
| Net cash provided by (used in) investing activities | (374,679) | 31,170 | 273 |
| Net cash provided by financing activities | 305,602 | 84,376 | 740 |
| Effect of exchange rate changes on cash and cash equivalents | 6,064 | (6,701) | (59) |
| | ----- | ----- | ----- |
| Net increase (decrease) in cash and cash equivalents | (74,587) | 288,322 | 2,528 |
| Cash and cash equivalents at beginning of the fiscal year | 585,468 | 522,851 | 4,587 |
| | ----- | ----- | ----- |
| Cash and cash equivalents at the end of the period | Y510,881 | Y811,173 | \$7,115 |

| Consolidated | (Millions of yen, millions of U.S. dollars) | | |
|--|---|---------------------------------------|---------|
| | 2006 | Nine months ended December 31 2007 | |
| | ----- | ----- | ----- |
| Net cash provided by operating activities | Y156,825 | Y338,607 | \$2,970 |
| Net cash used in investing activities | (567,385) | (535,906) | (4,701) |
| Net cash provided by financing activities | 434,721 | 427,974 | 3,754 |
| Effect of exchange rate changes on cash and cash equivalents | 6,064 | (6,701) | (59) |
| | ----- | ----- | ----- |
| Net increase in cash and cash equivalents | 30,225 | 223,974 | 1,964 |
| Cash and cash equivalents at beginning of the fiscal year | 703,098 | 799,899 | 7,017 |
| | ----- | ----- | ----- |
| Cash and cash equivalents at the end of the period | Y733,323 | Y1,023,873 | \$8,981 |

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| | | |
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