

SONY CORP
Form 6-K
August 05, 2015

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 August 2015
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)

By: /s/ Kenichiro Yoshida
(Signature)
Kenichiro Yoshida
Executive Deputy President and
Chief Financial Officer

Date: August 5, 2015

Quarterly Securities Report

For the three months ended June 30, 2015

(TRANSLATION)

Sony Corporation

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Note for readers of this English translation

On August 5, 2015, Sony Corporation (the “Company” or “Sony Corporation”) filed its Japanese-language Quarterly Securities Report (Shihanki Houkokusho) for the three months ended June 30, 2015 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 release with respect to Sony’s 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,” “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 investors 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 investors should not place undue reliance on them. Investors 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 televisions, game platforms, and smartphones, which are offered in highly competitive markets characterized by severe price competition and 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 electronics businesses); (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) significant volatility and disruption in the global financial markets or a ratings downgrade; (xi) Sony’s ability to forecast demands, manage timely procurement and control inventories; (xii) the outcome of pending and/or future legal and/or regulatory proceedings; (xiii) 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; (xiv)

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; (xv) Sony's ability to anticipate and manage cybersecurity risk, including the risk of unauthorized access to Sony's business information, potential business disruptions or financial losses; and (xvi) risks related to catastrophic disasters or similar events. Risks and uncertainties also include the impact of any future events with material adverse impact.

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I Corporate Information**(1) Selected Consolidated Financial Data**

| | Yen in millions, Yen per share amounts | | |
|---|---|---|--|
| | Three months ended June 30, 2014 | Three months ended June 30, 2015 | Fiscal year ended March 31, 2015 |
| Sales and operating revenue | 1,809,908 | 1,808,059 | 8,215,880 |
| Operating income | 69,814 | 96,907 | 68,548 |
| Income before income taxes | 68,377 | 138,710 | 39,729 |
| Net income (loss) attributable to Sony Corporation's stockholders | 26,808 | 82,441 | (125,980) |
| Comprehensive income | 23,702 | 79,005 | 34,317 |
| Total equity | 2,791,967 | 3,001,055 | 2,928,469 |
| Total assets | 15,166,121 | 16,091,366 | 15,834,331 |
| Net income (loss) attributable to Sony Corporation's stockholders per share of common stock, basic (yen) | 25.69 | 70.52 | (113.04) |
| Net income (loss) attributable to Sony Corporation's stockholders per share of common stock, diluted (yen) | 22.94 | 70.36 | (113.04) |
| Ratio of stockholders' equity to total assets (%) | 14.9 | 14.8 | 14.6 |
| Net cash provided by (used in) operating activities | 66,242 | (154,290) | 754,640 |
| Net cash used in investing activities | (124,697) | (172,002) | (639,636) |
| Net cash used in financing activities | (291,354) | (7,823) | (263,195) |
| Cash and cash equivalents at end of the period | 687,405 | 628,087 | 949,413 |

Notes:

1. The Company's consolidated financial statements are prepared in conformity with U.S. GAAP.
2. The Company reports equity in net income of affiliated companies as a component of operating income.
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 three months ended June 30, 2015.

Sony realigned its reportable segments effective from the first quarter of the fiscal year ending March 31, 2016. For further information on the realignment, please refer to “IV Financial Statements – Notes to Consolidated Financial Statements – 9. Business segment information”.

As of June 30, 2015, the Company had 1,290 subsidiaries and 114 affiliated companies, of which 1,266 companies are consolidated subsidiaries (including variable interest entities) of the Company. The Company has applied the equity accounting method for 104 affiliated companies.

II State of Business

(1) Risk Factors

Note for readers of this English translation:

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 23, 2015. Any forward-looking statements included in the descriptions in that section are based on management’s current judgment.

URL: The Annual Report on Form 20-F filed with the SEC on June 23, 2015

<http://www.sec.gov/Archives/edgar/data/313838/000119312515231346/d895998d20f.htm>

(2) Material Contracts

There were no material contracts executed or determined to be executed during the three months ended June 30, 2015.

Note for readers of this English translation:

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 23, 2015.

URL: The Annual Report on Form 20-F filed with the SEC on June 23, 2015

<http://www.sec.gov/Archives/edgar/data/313838/000119312515231346/d895998d20f.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 June 30, 2015, since it is the same as described in a press release previously submitted to the SEC. Please refer to “Consolidated Financial Results for the First Quarter Ended June 30, 2015” submitted to the SEC on Form 6-K on July 30, 2015.

URL: The press release titled “Consolidated Financial Results for the First Quarter Ended June 30, 2015”

<http://www.sec.gov/Archives/edgar/data/313838/000115752315002632/a51150995.htm>

Foreign Exchange Fluctuations and Risk Hedging

Note for readers of this English translation:

Except for the information set forth below, there was no significant change from the information presented in the Foreign Exchange Fluctuations and Risk Hedging section of the Annual Report on Form 20-F filed with the SEC on June 23, 2015. Although foreign exchange rates have fluctuated during the three-month period ended June 30, 2015, there has been no significant change in Sony’s risk hedging policy as described in the Annual Report on Form 20-F.

URL: The Annual Report on Form 20-F filed with the SEC on June 23, 2015

<http://www.sec.gov/Archives/edgar/data/313838/000119312515231346/d895998d20f.htm>

During the three months ended June 30, 2015, the average rate of the yen was 121.3 yen against the U.S. dollar, which is 15.8 percent lower than the same quarter of the previous fiscal year (“year-on-year”) and 134.2 yen against the euro, which is 4.5 percent higher year-on-year.

For the three months ended June 30, 2015, sales and operating revenue (“Sales”) were 1,808.1 billion yen, a decrease of 0.1 percent year-on-year, while on a constant currency basis Sales decreased approximately 7 percent year-on-year. For references to information on a constant currency basis, see Note at the bottom of this section.

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Consolidated operating income of 96.9 billion yen was recorded for the three months ended June 30, 2015, an increase of 27.1 billion yen year-on-year compared to operating income of 69.8 billion yen in the same quarter of the previous fiscal year (an improvement of approximately 59.8 billion yen year-on-year on a constant currency basis). Most of the foreign exchange rate impact was attributable to the Mobile Communications (“MC”), Game & Network Services (“G&NS”), Imaging Products & Solutions (“IP&S”), Home Entertainment & Sound (“HE&S”) and Devices segments.

The table below indicates the impact of changes in foreign exchange rates on sales and operating results of each of the above-mentioned five segments. For a detailed analysis of segment performance, please refer to the “*Results of Operations*” section above, which discusses the impact of foreign exchange rates within each segment.

| | | (Billions of yen) | | | | | | |
|-----------------|------------------|-----------------------------------|----------------|---------------|-----------------------------------|---|--|--|
| | | Three months ended June 30 | | Change in yen | Change on constant currency basis | Impact of changes in foreign exchange rates | | |
| | | 2014 | 2015 | | | | | |
| MC | Sales | 335.0 | 280.5 | -16.3 % | -18 % | +6.0 | | |
| | Operating loss | (1.6) | (22.9) | -¥21.3 | +¥4.0 | -¥25.4 | | |
| G&NS | Sales | 257.5 | 288.6 | +12.1 % | +7 % | +11.9 | | |
| | Operating income | 4.3 | 19.5 | +¥15.1 | +¥30.7 | -¥15.6 | | |
| IP&S | Sales | 164.6 | 170.4 | +3.5 % | -5 % | +13.3 | | |
| | Operating income | 17.4 | 21.3 | +¥3.9 | +¥1.9 | +¥2.0 | | |
| HE&S | Sales | 293.7 | 253.1 | -13.8 % | -21 % | +20.7 | | |
| | Operating income | 8.8 | 10.9 | +¥2.1 | +¥9.8 | -¥7.7 | | |
| Devices | Sales | 176.1 | 237.9 | +35.1 % | +18 % | +29.3 | | |
| | Operating income | 11.5 | 30.3 | +¥18.8 | +¥7.9 | +¥11.0 | | |

In addition, sales for the Pictures segment decreased 11.9 percent year-on-year to 171.5 billion yen, an approximately 26 percent decrease on a constant currency (U.S. dollar) basis. In the Music segment, sales increased 8.5 percent year-on-year to 130.2 billion yen, an approximately 3 percent decrease on a constant currency basis. As most of the operations in Sony’s Financial Services segment are based in Japan, Sony’s management analyzes the performance of the Financial Services segment on a yen basis only.

Note: In this section, for all segments other than Pictures and Music, the impact of foreign exchange rate fluctuations on sales is calculated by applying the change in the yen’s quarterly weighted average exchange rate for the three months ended June 30, 2014 from the three months ended June 30, 2015 to the major transactional currencies in which the sales are denominated. The impact of foreign exchange rate fluctuations on operating income (loss) described herein is calculated by subtracting from the impact on sales the impact on cost of sales and selling, general and administrative expenses calculated by applying the same major transactional currencies calculation process to cost of sales and selling, general and administrative expenses as for the impact on sales. Since the worldwide subsidiaries of

the Pictures segment and of SME and Sony/ATV in the Music segment are aggregated on a U.S. dollar basis and are translated into yen, the impact of foreign exchange rate fluctuations is calculated by applying the change in the periodic weighted average exchange rate for the three months ended June 30, 2014 from the three months ended June 30, 2015 from U.S. dollar to yen to the U.S. dollar basis operating results. This information is not a substitute for Sony's consolidated financial statements measured in accordance with U.S. GAAP. However, Sony believes that these disclosures provide additional useful analytical information to investors regarding the operating performance of Sony.

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 June 30, 2015, since it is the same as described in a press release previously submitted to the SEC. Please refer to "Consolidated Financial Results for the First Quarter Ended June 30, 2015" submitted to the SEC on Form 6-K on July 30, 2015.

URL: The press release titled "Consolidated Financial Results for the First Quarter Ended June 30, 2015"

<http://www.sec.gov/Archives/edgar/data/313838/000115752315002632/a51150995.htm>

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

Note for readers of this English translation:

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 23, 2015. Any forward-looking statements included in the descriptions in that section are based on management's current judgment.

URL: The Annual Report on Form 20-F filed with the SEC on June 23, 2015

<http://www.sec.gov/Archives/edgar/data/313838/000119312515231346/d895998d20f.htm>

iii) Research and Development

Note for readers of this English translation:

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 23, 2015.

URL: The Annual Report on Form 20-F filed with the SEC on June 23, 2015

<http://www.sec.gov/Archives/edgar/data/313838/000119312515231346/d895998d20f.htm>

Research and development costs for the three months ended June 30, 2015 totaled 111.3 billion yen. There were no significant changes in research and development activities for the period.

iv) Liquidity and Capital Resources

Note for readers of this English translation:

Except for the information related to the committed lines of credit below, there was no significant change from the information presented in the Annual Report on Form 20-F filed with the SEC on June 23, 2015. The changes are indicated by underline below. Any forward-looking statements included in the descriptions below are based on management's current judgment.

URL: The Annual Report on Form 20-F filed with the SEC on June 23, 2015

<http://www.sec.gov/Archives/edgar/data/313838/000119312515231346/d895998d20f.htm>

Sony typically raises funds through straight bonds, CP programs and bank loans (including syndicated loans). If market disruption and volatility occur and Sony could not raise sufficient funds from these sources, Sony may also draw down funds from contractually committed lines of credit from various financial institutions. Sony has a total, translated into yen, of 716.8 billion yen in unused committed lines of credit, as of June 30, 2015. 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 2016, a 1.5 billion U.S. dollar multi-currency committed line of credit also with a syndicate of Japanese banks, effective until December 2018, and a 475 million U.S. dollar multi-currency committed line of credit contracted with a syndicate of foreign banks, effective until March 2016, in all of which Sony Corporation and SGTS are defined as borrowers. (On July 31, 2015, the above-mentioned committed line was renewed and will remain effective until July 2018. The amount of this line of credit was changed from 475.0 billion yen to 300.0 billion yen.) These contracts are aimed at securing sufficient liquidity in a quick and stable manner even in the event of turmoil within the financial and capital markets.

On June 30, 2015, Sony Corporation announced that it decided to issue new shares, in conjunction with a secondary offering of shares, and to issue convertible bonds with stock acquisition rights. Sony received the proceeds (total amount from all the offerings of approximately 406.0 billion yen) from the issuance of 87.2 million new shares by way of the Japanese public offering and the international offering (approximately 286.0 billion yen) and the issuance of convertible bonds with stock acquisition rights (120.0 billion yen) on July 21, 2015. In addition, the possible issuance of new shares by way of third-party allotment in connection with a secondary offering of shares to cover over-allotments is scheduled for August 18, 2015 and is expected to raise up to an additional approximately 15.7 billion yen in proceeds. Sony Corporation intends to use 188.0 billion yen of the funds raised by this issuance of new shares to fund capital expenditures in the Devices segment, and the remainder to fund research and development expenditures in the Devices segment. In addition, Sony Corporation intends to use 51.0 billion yen of the funds raised by this issuance of convertible bonds with stock acquisition rights to fund capital expenditures in the Devices segment and the remainder to repay long-term indebtedness.

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 first quarterly period (June 30, 2015) | As of the filing the Quarterly Securities Report (August 5, 2015) | | |
| Common stock | 1,170,154,560 | 1,257,362,260 | Tokyo Stock Exchange New York Stock Exchange | The number of shares constituting one full unit is one hundred (100). |
| Total | 1,170,154,560 | 1,257,362,260 | — | — |

Notes:

- The Company's shares of common stock are listed on the First Section of the Tokyo Stock 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") during August 2015, 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 June 30, 2015. 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>

130% callable unsecured convertible bonds with stock acquisition rights (6th series) (with an inter-bond *pari passu* clause)

| | |
|--|---|
| Date of resolution | June 23, 2015 (Delegation by resolution of the Board of Directors) and June 30 (Decision of the Representative Director, President and CEO pursuant to such delegation) |
| Number of the Stock Acquisition Rights | 120,000 *1 |
| <i>Of which:</i> Number of treasury stock acquisition rights held by the Company | - |
| Class of shares to be acquired upon exercise of the Stock Acquisition Rights | Shares of common stock 100 shares constitute one unit. |
| Number of shares to be acquired upon exercise of the Stock Acquisition Rights | 23,961,661 shares *2 |
| Amount to be paid upon exercise of the Stock Acquisition Rights | 1 million yen per Stock Acquisition Right *3 |
| Exercise period of the Stock Acquisition Rights | Period from and including September 1, 2015 up to and including September 28, 2022 *4 |
| Issue price and amount to be accounted for as stated capital in case of an issue of shares upon exercise of the Stock Acquisition Rights | Issue price per share: 5,008 yen Amount to be accounted for as stated capital per share: 2,504 yen |
| Condition for exercise of the Stock Acquisition Rights | No Stock Acquisition Rights may be exercised in part only |
| Matters concerning transfers of the Stock Acquisition Rights | Neither the Stock Acquisition Rights nor the Bonds (as defined below) shall be transferable separately from the other. Upon exercise of a Stock Acquisition Right, the Bond relating to such Stock Acquisition Right shall be contributed and the amount of the Bond to be contributed shall be equal to the amount of payment for each Bond |
| Matters concerning substitute payments | |
| Matters concerning delivery of the Stock Acquisition Rights associated with Reorganization | *5 |
| Outstanding amount of the Convertible Bonds with Stock Acquisition Rights | 120,000 million yen |

Notes:

The number of shares of common stock of the Company (the “Shares”) that the Company shall deliver upon exercise of the Stock Acquisition Rights will be determined by dividing the aggregate principal amount of the bonds with *1 respect to the Stock Acquisition Rights (the “Bonds”) to be exercised by the applicable Conversion Price (as defined in Note 3) on the date of such exercise of the Stock Acquisition Rights. In such case, fractions of a Share will not be issued and no adjustment by means of cash payment will be made in respect thereof.

*2In the case where the Conversion Price (as defined in Note 3) is adjusted in accordance with Note 3, the number of Shares to be acquired upon exercise of the Stock Acquisition Rights shall be adjusted to the number obtained by

dividing the aggregate principal amount of the Bonds by the Conversion Price after adjustment.

*₃ Upon exercise of a Stock Acquisition Right, the Bond relating to such Stock Acquisition Right shall be contributed and the amount of the Bond to be contributed shall be equal to the amount of payment for each bond.

The price for calculating the number of Shares that shall be delivered upon the exercise of each Stock Acquisition Right (the "Conversion Price") shall initially be 5,008 yen.

Subsequent to the issuance of the Convertible Bonds with Stock Acquisition Rights, the Conversion Price shall be adjusted in accordance with the following formula, if the total number of Shares outstanding is changed or may be changed by any of the following events; i) if the Company offers Shares to be subscribed at an amount of payment below the current market price of the Shares; ii) if the Company makes a stock split or a free share distribution of Shares; iii) if the Company issues (x) shares with put options, shares subject to call options, or stock acquisition rights subject to call options (including stock acquisition rights incorporated into bonds with stock acquisition rights) to acquire Shares that shall be delivered at a price below the current market price of the Shares, (y) Stock Acquisition Rights (including stock acquisition rights incorporated into bonds with stock acquisition rights) to acquire the Shares that shall be delivered at a price below the current market price of the Shares.

$$\begin{array}{r}
 \text{Conversion Price after adjustment} \\
 \text{Conversion Price before adjustment} \\
 \text{Number of Shares outstanding} \\
 \times \\
 \text{Number of Shares to be delivered} \\
 \times \\
 \text{Amount of payment per Share} \\
 + \\
 \text{Market price per Share} \\
 + \\
 \text{Number of Shares to be delivered}
 \end{array}$$

If the Company distributes any dividend in excess of 25 yen per Share per fiscal year (a “Special Dividend”) subsequent to the issuance of the Convertible Bonds with Stock Acquisition Rights, the Conversion Price shall be adjusted in accordance with the following formula:

$$\begin{array}{r}
 \text{Conversion Price after adjustment} \\
 \text{Conversion Price before adjustment} \\
 \times \\
 \text{Market price per share} \\
 - \\
 \text{Special Dividend per Share} \\
 \times \\
 \text{Market price per Share}
 \end{array}$$

“Special Dividend per Share” shall be the amount obtained by dividing the Special Dividend by the number of Shares to be acquired upon exercise of the Stock Acquisition Right for the amount of each Bond (1 million yen) on the final record date of the relevant fiscal year with respect to the surplus dividends. Such calculation of the Special Dividend per Share shall be made to units of JPY 0.01 and rounded to the first decimal place.

The Conversion Price will also be required to be adjusted by the Company upon consultation with the bond administrator in the case of the following;

- (1) In the event of a consolidation of shares, reduction of stated capital or additional paid-in capital, merger (excluding dissolution of the Company due to the merger), a share exchange or a company split;
- (2) In addition to item (1) above, the occurrence of an event that causes or may cause a change in the total number of Shares outstanding of the Company;
- (3) The Conversion Price is required to be adjusted in order to make a free share distribution of other classes of shares to the shareholders of the Shares;

- (4) The Conversion Price is required to be adjusted in order to distribute a surplus dividend in the form of an asset other than money, the financial value of which will be the same as if it is a Special Dividend; and

(5) When two or more events which require adjustment of the Conversion Price coincide in proximate timing, and it is necessary to take into consideration the impact of one event upon the market price which must be used for the calculation of Conversion Price to be adjusted due to the other event(s).

Furthermore, when a public notice is made pursuant to the provisions for Early Redemption Due to Reorganization or Early Redemption Due to Delisting (each as defined in the Terms and Conditions of the Convertible Bonds with Stock Acquisition Rights (the "Terms and Conditions")), the Conversion Price shall be reduced in accordance with the specified manner set forth in the Terms and Conditions.

Holders of the Convertible Bonds with Stock Acquisition Rights may exercise the Stock Acquisition Rights and request the Company to deliver the Shares at any time during the period from September 1, 2015 to September 28, 2022; provided, however, that the application to exercise such rights may not be made during the following times:

- (1) The date on which the shareholders of the Shares are determined and the immediately preceding business day;
- (2) A day deemed necessary by a book-entry transfer institution;

- (3) In the case of early redemption of the Bonds on or before September 28, 2022 pursuant to the provisions for the Early Redemption Due to Reorganization, the Early Redemption Due to Delisting, and the 130% Call Option (as defined in the Terms and Conditions), on or after the immediately preceding business day of the day on which the principal for such redemption is to be paid;
- (4) In the case where the Bonds become due and payable, on or after the date when such Bonds become due and payable;
- (5) In the case where, in a Reorganization (as defined in the Terms and Conditions), the stock acquisition rights of a New Obligor (as defined in the Terms and Conditions) are delivered and it is necessary to suspend the application to exercise the Stock Acquisition Rights, the period with respect to which Sony gives to the bond administrator(s) a prior written notice stating the period for the suspension of the application to exercise the rights (such period shall not exceed one month) and other necessary matters, and gives a public notice for the necessary matters no later than one month before the commencement date of such period.

In the case of a Reorganization in which a New Obligor's common stock is delivered to the shareholder of the Company, excluding the case of early redemption of the Bonds pursuant to the Early Redemption Due to Reorganization, the Company shall deliver the stock acquisition rights of a New Obligor ("New Stock Acquisition Rights"), the details of which are set forth in (2) below, to the holder of the Stock Acquisition Rights that are outstanding immediately prior to the effective date of such Reorganization (the "Reorganization Effective Date"). In such case, as of such Reorganization Effective Date, the Stock Acquisition Rights lapse and the obligations of the Bonds are assumed by a New Obligor (the Bonds assumed by a New Obligor are hereinafter referred to as the "New Bonds"), New Stock Acquisition Rights become stock acquisition rights attached to the New Bonds, and holders of the Stock Acquisition Rights become holders of the New Stock Acquisition Rights. Provisions of the Stock Acquisition Rights in the Terms and Conditions apply *mutatis mutandis* to the New Stock Acquisition Rights.

(2) The details of the New Stock Acquisition Rights are set forth below:

(a) Number of New Stock Acquisition Rights:

The number of New Stock Acquisition Rights to be granted will be equal to the number of the Stock Acquisition Rights that are outstanding immediately prior to the relevant Reorganization Effective Date.

(b) Class of shares to be issued or transferred upon the exercise of the New Stock Acquisition Rights:

Shares of the New Obligor's common stock.

(c) Method of determination of the number of shares to be issued or transferred upon exercise of the New Stock Acquisition Rights:

The number of shares to be issued or transferred is the number that is obtained by dividing the total value of the New Bonds, to which the New Stock Acquisition Rights exercised are attached, by the Conversion Price as set forth in (d) below. In such case, fractions of a share will not be issued and no adjustment by means of cash payment will be made in respect thereof.

(d) Conversion Price for the New Bonds to which the New Stock Acquisition Rights are attached

The Conversion Price for the New Bonds to which the New Stock Acquisition Rights are attached shall be such that the holder of a New Stock Acquisition Right shall, upon the exercise of such rights immediately after the Reorganization Effective Date, receive an equivalent economic value to be determined by the Company as that which the holder of Stock Acquisition Rights would have received had such Stock Acquisition Right been exercised immediately before the relevant Reorganization Effective Date. On or after the Reorganization Effective Date, the Conversion Price for the New Bonds to which the New Stock Acquisition Rights are attached shall be subject to the same kind of adjustment or reduction as described in Note 3.

(e) Description of asset to be contributed upon exercise of the New Stock Acquisition Rights and amount thereof:

Upon the exercise of each New Stock Acquisition Right, each New Bond to which each such New Stock Acquisition Right is attached shall be contributed and the amount to be contributed by such New Bonds shall be equal to the subscription amount of the Bond.

(f) Period during which the New Stock Acquisition Rights are exercisable:

The New Stock Acquisition Rights may be exercised at any time during the period from the relevant Reorganization Effective Date (or, if the Company determines the period during which the application to exercise such rights is suspended as set forth in (5) of Note 4, the later of the date of such Reorganization Effective Date or the business day immediately following the last day of such suspension period) up to, and including, the last day of the period for the application to exercise the Stock Acquisition Rights as set forth in Note 4.

(g) Amount of stated capital and additional paid-in capital increased by issuance of shares upon exercise of the New Stock Acquisition Rights:

The amount of stated capital to be increased upon exercise of New Stock Acquisition Rights shall be half of the maximum amount of the stated capital increased, as calculated in accordance with Article 17 of the Rules of Account Settlement of Corporations with any fraction less than one yen resulting from such calculation being rounded up to the nearest one yen. The amount of additional paid-in capital to be increased shall be the amount obtained by subtracting the relevant amount of stated capital to be increased from the relevant maximum amount of the stated capital increase.

(h) Other conditions for the exercise of the New Stock Acquisition Rights:

No application for partial exercise of each New Stock Acquisition Right may be made.

(i) Mandatory Repurchase of Stock Acquisition Rights:

Not applicable.

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 (Thousands) | Balance of the total number of shares issued (Thousands) | Change in the amount of common stock (Yen in Millions) | Balance of the amount of common stock (Yen in Millions) | Change in the legal capital surplus (Yen in Millions) | Balance of the legal capital surplus (Yen in Millions) |
|-------------------------------|--|---|---|--|--|---|
| From April 1 to June 30, 2015 | 381 | 1,170,155 | 565 | 707,603 | 565 | 921,296 |

Notes:

1. The increase is due to the exercise of SARs.

Upon the exercise of SARs during the period from July 1, 2015 to July 31, 2015 the total number of shares issued increased by 8 thousand shares and the amount of common stock and the legal capital surplus increased by 13 million yen.

Upon the issuance of new shares through the Japanese public offering and the international offering whose payment date was July 21, 2015, the total number of shares issued increased by 87,200 thousand shares and the amount of common stock and the legal capital surplus increased by 142,984 million yen.

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vi) Status of Major Shareholders

(As of June 30, 2015)

| Name | Address | Number of shares held (Thousands) | Percentage of shares held to total shares issued (%) |
|--|---|-----------------------------------|--|
| Citibank as Depositary Bank for Depositary Receipt Holders *1 (Local Custodian: The Bank of Tokyo-Mitsubishi UFJ, Ltd.) | New York, U.S.A. (2-7-1, Marunouchi, Chiyoda-ku, Tokyo) | 128,430 | 10.98 |
| The Master Trust Bank of Japan, Ltd. (Trust account) *2 | 2-11-3, Hamamatsu-cho, Minato-ku, Tokyo | 52,664 | 4.50 |
| Japan Trustee Services Bank, Ltd. (Trust account) *2 | 1-8-11, Harumi, Chuo-ku, Tokyo | 50,865 | 4.35 |
| Goldman, Sachs & Co. Reg *3 (Local Custodian: Goldman Sachs Japan Co., Ltd.) | New York, U.S.A. (Roppongi Hills Mori Tower, 6-10-1, Roppongi, Minato-ku, Tokyo) | 31,887 | 2.73 |
| 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) | 26,201 | 2.24 |
| The Bank of New York Mellon SA/NV 10 *3 (Local Custodian: The Bank of Tokyo-Mitsubishi UFJ, Ltd.) | Brussels, Belgium (2-7-1, Marunouchi, Chiyoda-ku, Tokyo) | 20,042 | 1.71 |
| State Street Bank West Client - Treaty 505234 *3 (Local Custodian: Mizuho Bank, Ltd.) | North Quincy, U.S.A. (4-16-13, Tsukishima, Chuo-ku, Tokyo) | 16,628 | 1.42 |
| State Street Bank and Trust Company 505225 *3 (Local Custodian: Mizuho Bank, Ltd.) | Boston, U.S.A. (4-16-13, Tsukishima, Chuo-ku, Tokyo) | 14,408 | 1.23 |
| CBNY - Government of Norway *3 (Local Custodian: Citibank Japan Ltd.) | New York, U.S.A. (6-27-30, Shinjuku, Shinjuku-ku, Tokyo) | 13,868 | 1.19 |
| State Street Bank and Trust Company 505223 *3 (Local Custodian: Mizuho Bank, Ltd.) | Boston, U.S.A. (4-16-13, Tsukishima, Chuo-ku, Tokyo) | 13,585 | 1.16 |
| Total | | 368,580 | 31.50 |

Notes:

*1. Citibank as Depositary Bank for Depositary Receipt Holders is the nominee of Citibank, N.A.

*2. The shares held by each shareholder are held in trust for investors, including shares in securities investment trusts.

*3.

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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.

Sumitomo Mitsui Trust Bank, Limited sent a copy of its “Bulk Shareholding Report” (which was filed with the Kanto Financial Bureau in Japan) to the Company as of April 4, 2014 and reported that it held shares of the Company as of 4. March 31, 2014 as provided in the below table. As of June 30, 2015, the Company has not been able to confirm any entry of Sumitomo Mitsui Trust Bank, Limited in the register of shareholders.

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| Name | Number of shares held (Thousands) | Percentage of shares held to total shares issued (%) |
|--|--------------------------------------|---|
| Sumitomo Mitsui Trust Bank, Limited and the 2 Joint Holders | 52,312 | 5.04 |

5. BlackRock Japan Co., Ltd. sent a copy of its “Bulk Shareholding Report” (which was filed with the Kanto Financial Bureau in Japan) to the Company as of July 22, 2014 and reported that it held shares of the Company as of July 15, 2014 as provided in the below table. As of June 30, 2015, the Company has not been able to confirm any entry of BlackRock Japan Co., Ltd. in the register of shareholders.

| Name | Number of shares held (Thousands) | Percentage of shares held to total shares issued (%) |
|--|--------------------------------------|---|
| BlackRock Japan Co., Ltd. and the 8 Joint Holders | 52,314 | 5.01 |

vii) Status of Voting Rights

1) Shares Issued

(As of June 30, 2015)

| 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.) | 1,040,200 | — | — |
| Shares with full voting rights (Others) | 1,166,865,300 | 11,668,653 | — |
| Shares constituting less than one full unit | 2,249,060 | — | Shares constituting less than one full unit (100 shares) |
| Total number of shares issued | 1,170,154,560 | — | — |
| Total voting rights held by all shareholders | — | 11,668,653 | — |

Note:

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Included in “Shares with full voting rights (Others)” under “Number of shares of common stock” are 19,500 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 195 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.

(As of June 30, 2015)

| Name of shareholder | Address of shareholder | Number of shares held under own name | Number of shares held under the names of others | Total number of shares held | Percentage of shares held to total shares issued (%) |
|-----------------------------------|--------------------------------|--------------------------------------|---|-----------------------------|--|
| Sony Corporation (Treasury stock) | 1-7-1, Konan, Minato-ku, Tokyo | 1,040,200 | — | 1,040,200 | 0.09 |
| Total | — | 1,040,200 | — | 1,040,200 | 0.09 |

In addition to the 1,040,200 shares listed above, there are 300 shares of common stock held in the name of the Note: 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, 2015 to the filing date of this Quarterly Securities Report (Shihanki Houkokusho).

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IV Financial Statements

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(1) Consolidated Financial Statements

(i) Consolidated Balance Sheets (Unaudited)

Sony Corporation and Consolidated Subsidiaries

| | Yen in millions | |
|---|-------------------------|---------------------|
| | At March 31, 2015 | At June 30, 2015 |
| ASSETS | | |
| Current assets: | | |
| Cash and cash equivalents | 949,413 | 628,087 |
| Marketable securities | 936,731 | 971,231 |
| Notes and accounts receivable, trade | 986,500 | 1,087,321 |
| Allowance for doubtful accounts and sales returns | (86,598) | (82,047) |
| Inventories | 665,432 | 780,356 |
| Other receivables | 231,947 | 275,748 |
| Deferred income taxes | 47,788 | 49,559 |
| Prepaid expenses and other current assets | 466,688 | 517,487 |
| Total current assets | 4,197,901 | 4,227,742 |
| Film costs | 305,232 | 353,208 |
| Investments and advances: | | |
| Affiliated companies | 171,063 | 166,820 |
| Securities investments and other | 8,360,290 | 8,440,738 |
| | 8,531,353 | 8,607,558 |
| Property, plant and equipment: | | |
| Land | 123,629 | 124,084 |
| Buildings | 679,125 | 686,185 |
| Machinery and equipment | 1,764,241 | 1,797,563 |
| Construction in progress | 35,786 | 53,215 |
| | 2,602,781 | 2,661,047 |
| Less – Accumulated depreciation | 1,863,496 | 1,882,372 |
| | 739,285 | 778,675 |
| Other assets: | | |
| Intangibles, net | 642,361 | 650,817 |
| Goodwill | 561,255 | 608,945 |
| Deferred insurance acquisition costs | 520,571 | 528,103 |
| Deferred income taxes | 89,637 | 87,769 |
| Other | 246,736 | 248,549 |
| | 2,060,560 | 2,124,183 |
| Total assets | 15,834,331 | 16,091,366 |

(Continued on following page.)

Consolidated Balance Sheets (Unaudited)

| | Yen in millions | |
|--|-------------------------|---------------------|
| | At March 31, 2015 | At June 30, 2015 |
| LIABILITIES | | |
| Current liabilities: | | |
| Short-term borrowings | 62,008 | 130,175 |
| Current portion of long-term debt | 159,517 | 136,018 |
| Notes and accounts payable, trade | 622,215 | 758,028 |
| Accounts payable, other and accrued expenses | 1,374,099 | 1,309,658 |
| Accrued income and other taxes | 98,414 | 104,525 |
| Deposits from customers in the banking business | 1,872,965 | 1,866,583 |
| Other | 556,372 | 532,135 |
| Total current liabilities | 4,745,590 | 4,837,122 |
| Long-term debt | 712,087 | 670,777 |
| Accrued pension and severance costs | 298,753 | 301,954 |
| Deferred income taxes | 445,876 | 426,651 |
| Future insurance policy benefits and other | 4,122,372 | 4,215,771 |
| Policyholders' account in the life insurance business | 2,259,514 | 2,321,115 |
| Other | 316,422 | 311,060 |
| Total liabilities | 12,900,614 | 13,084,450 |
| Redeemable noncontrolling interest | 5,248 | 5,861 |
| Commitments and contingent liabilities | | |
| EQUITY | | |
| Sony Corporation's stockholders' equity: | | |
| Common stock, no par value – | | |
| At March 31, 2015—Shares authorized: 3,600,000,000, shares issued: 1,169,773,260 | 707,038 | |
| At June 30, 2015—Shares authorized: 3,600,000,000, shares issued: 1,170,154,560 | | 707,603 |
| Additional paid-in capital | 1,185,777 | 1,186,694 |
| Retained earnings | 813,765 | 896,200 |
| Accumulated other comprehensive income – | | |
| Unrealized gains on securities, net | 154,153 | 110,797 |
| Unrealized losses on derivative instruments, net | — | (636) |
| Pension liability adjustment | (201,131) | (200,931) |
| Foreign currency translation adjustments | (338,305) | (311,409) |
| | (385,283) | (402,179) |
| Treasury stock, at cost | | |
| Common stock | | |
| At March 31, 2015—1,031,323 shares | (4,220) | |
| At June 30, 2015—1,040,219 shares | | (4,253) |
| | 2,317,077 | 2,384,065 |
| Noncontrolling interests | 611,392 | 616,990 |

| | | |
|-------------------------------------|------------|------------|
| Total equity | 2,928,469 | 3,001,055 |
| Total liabilities and equity | 15,834,331 | 16,091,366 |

The accompanying notes are an integral part of these statements.

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(ii) Consolidated Statements of Income (Unaudited)

Sony Corporation and Consolidated Subsidiaries

Yen in millions
 Three months ended June
 30
 2014 2015

Sales and operating revenue:

| | | |
|----------------------------|-----------|-----------|
| Net sales | 1,539,806 | 1,503,311 |
| Financial services revenue | 245,750 | 277,689 |
| Other operating revenue | 24,352 | 27,059 |
| | 1,809,908 | 1,808,059 |

Costs and expenses:

| | | |
|---------------------------------------|-----------|-----------|
| Cost of sales | 1,150,839 | 1,134,269 |
| Selling, general and administrative | 410,447 | 378,722 |
| Financial services expenses | 201,678 | 232,038 |
| Other operating (income) expense, net | (19,669) | (33,454) |
| | 1,743,295 | 1,711,575 |

Equity in net income of affiliated companies

| | | |
|-------------------------|--------|--------|
| | 3,201 | 423 |
| Operating income | 69,814 | 96,907 |

Other income:

| | | |
|---|-------|--------|
| Interest and dividends | 3,415 | 2,652 |
| Gain on sale of securities investments, net | 5,200 | 50,782 |
| Other | 617 | 647 |
| | 9,232 | 54,081 |

Other expenses:

| | | |
|----------------------------|--------|--------|
| Interest | 6,412 | 4,394 |
| Foreign exchange loss, net | 1,976 | 5,746 |
| Other | 2,281 | 2,138 |
| | 10,669 | 12,278 |

Income before income taxes

| | | |
|--|--------|---------|
| | 68,377 | 138,710 |
|--|--------|---------|

Income taxes

| | | |
|--|--------|--------|
| | 26,046 | 39,812 |
|--|--------|--------|

Net income

| | | |
|--|--------|--------|
| | 42,331 | 98,898 |
|--|--------|--------|

| | | |
|--|--------|--------|
| Less - Net income attributable to noncontrolling interests | 15,523 | 16,457 |
|--|--------|--------|

| | | |
|---|--------|--------|
| Net income attributable to Sony Corporation's stockholders | 26,808 | 82,441 |
|---|--------|--------|

Yen
 Three months
 ended June 30
 2014 2015

Per share data:

| | | |
|--|---|---|
| Net income attributable to Sony Corporation's stockholders | - | - |
|--|---|---|

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| | | |
|-----------|-------|-------|
| – Basic | 25.69 | 70.52 |
| – Diluted | 22.94 | 70.36 |

The accompanying notes are an integral part of these statements.

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(iii) Consolidated Statements of Comprehensive Income (Unaudited)

Sony Corporation and Consolidated Subsidiaries

| | Yen in millions | |
|--|--------------------|----------|
| | Three months ended | |
| | June 30 | |
| | 2014 | 2015 |
| Net income | 42,331 | 98,898 |
| Other comprehensive income, net of tax | | |
| Unrealized gains (losses) on securities | 1,875 | (47,066) |
| Unrealized losses on derivative instruments | — | (636) |
| Pension liability adjustment | 336 | 202 |
| Foreign currency translation adjustments | (20,840) | 27,607 |
| Total comprehensive income | 23,702 | 79,005 |
| Less – Comprehensive income attributable to noncontrolling interests | 18,727 | 13,460 |
| Comprehensive income attributable to Sony Corporation's stockholders | 4,975 | 65,545 |

The accompanying notes are an integral part of these statements.

(iv) Consolidated Statements of Cash Flows (Unaudited)

Sony Corporation and Consolidated Subsidiaries

| | Yen in millions | |
|---|--------------------|-----------|
| | Three months ended | |
| | June 30 | |
| | 2014 | 2015 |
| Cash flows from operating activities: | | |
| Net income | 42,331 | 98,898 |
| Adjustments to reconcile net income to net cash provided by (used in) operating activities – | | |
| Depreciation and amortization, including amortization | 84,298 | 87,021 |
| of deferred insurance acquisition costs | | |
| Amortization of film costs | 70,892 | 63,356 |
| Accrual for pension and severance costs, less payments | (3,433) | (3,035) |
| Other operating (income) expense, net | (19,669) | (33,454) |
| Gain on sale or devaluation of securities investments, net | (5,198) | (50,706) |
| Gain on revaluation of marketable securities held in the | | |
| financial services business for trading purposes, net | (10,287) | (19,088) |
| (Gain) loss on revaluation or impairment of securities investments held in the financial services | | |
| business, net | (1,196) | 2,069 |
| Deferred income taxes | 4,888 | 5,471 |
| Equity in net (income) loss of affiliated companies, net of dividends | (2,046) | 798 |
| Changes in assets and liabilities: | | |
| Increase in notes and accounts receivable, trade | (38,005) | (83,030) |
| Increase in inventories | (65,977) | (103,603) |
| Increase in film costs | (63,690) | (105,273) |
| Increase in notes and accounts payable, trade | 51,364 | 132,276 |
| Decrease in accrued income and other taxes | (1,776) | (6,378) |
| Increase in future insurance policy benefits and other | 101,663 | 128,265 |
| Increase in deferred insurance acquisition costs | (18,526) | (21,790) |
| Increase in marketable securities held in the financial services business for trading purposes | (8,143) | (21,679) |
| Increase in other current assets | (19,940) | (62,015) |
| Decrease in other current liabilities | (43,164) | (147,587) |
| Other | 11,856 | (14,806) |
| Net cash provided by (used in) operating activities | 66,242 | (154,290) |

(Continued on following page.)

Consolidated Statements of Cash Flows (Unaudited)

| | Yen in millions | |
|---|--------------------|-----------|
| | Three months ended | |
| | June 30 | |
| | 2014 | 2015 |
| Cash flows from investing activities: | | |
| Payments for purchases of fixed assets | (51,490) | (77,034) |
| Proceeds from sales of fixed assets | 26,014 | 2,484 |
| Payments for investments and advances by financial services business | (224,724) | (316,299) |
| Payments for investments and advances (other than financial services business) | (4,481) | (4,323) |
| Proceeds from sales or return of investments and collections of advances by financial services business | 101,317 | 153,984 |
| Proceeds from sales or return of investments and collections of advances (other than financial services business) | 26,092 | 74,358 |
| Proceeds from sales of businesses | — | 17,790 |
| Other | 2,575 | (22,962) |
| Net cash used in investing activities | (124,697) | (172,002) |
| Cash flows from financing activities: | | |
| Proceeds from issuance of long-term debt | 8,999 | 9,712 |
| Payments of long-term debt | (219,689) | (84,767) |
| Increase (decrease) in short-term borrowings, net | (19,015) | 62,111 |
| Increase (decrease) in deposits from customers in the financial services business, net | (32,462) | 20,392 |
| Dividends paid | (13,100) | (59) |
| Other | (16,087) | (15,212) |
| Net cash used in financing activities | (291,354) | (7,823) |
| Effect of exchange rate changes on cash and cash equivalents | (9,252) | 12,789 |
| Net decrease in cash and cash equivalents | (359,061) | (321,326) |
| Cash and cash equivalents at beginning of the fiscal year | 1,046,466 | 949,413 |
| Cash and cash equivalents at end of the period | 687,405 | 628,087 |

The accompanying notes are an integral part of these statements.

Index to Notes to Consolidated Financial Statements

Sony Corporation and Consolidated Subsidiaries

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Notes to Consolidated Financial Statements (Unaudited)

Sony Corporation and Consolidated Subsidiaries

1. Summary of significant accounting policies

The accompanying consolidated financial statements are presented in accordance with accounting principles generally accepted in the United States of America (“U.S. GAAP”), except for certain disclosures which have been omitted. Certain adjustments and reclassifications have been incorporated in the accompanying consolidated financial statements to conform with U.S. GAAP. These adjustments were not recorded in the statutory books and records as Sony Corporation and its subsidiaries in Japan maintain their records and prepare their statutory financial statements in accordance with accounting principles generally accepted in Japan while its foreign subsidiaries maintain their records and prepare their financial statements in conformity with accounting principles generally accepted in the countries of their domiciles.

(1) Recently adopted accounting pronouncements:

Reporting discontinued operations and disclosures of disposals of components of an entity -

In April 2014, the Financial Accounting Standards Board (“FASB”) issued new accounting guidance that changes the requirements for reporting discontinued operations and requires additional disclosures about discontinued operations. Under the new guidance, only disposals representing a strategic shift in operations that has, or will have, a major effect on the entity’s operations and financial results should be presented as discontinued operations. Additionally, the revised guidance requires additional disclosures for discontinued operations as well as for disposals of significant components of an entity that do not qualify for discontinued operations presentation. This guidance was effective for Sony as of April 1, 2015. The adoption of this guidance did not have a material impact on Sony’s results of operations and financial position.

Repurchase-to-maturity transactions and repurchase financings -

In June 2014, the FASB issued new accounting guidance for the accounting and disclosure of repurchase-to-maturity transactions and repurchase financings. The guidance requires that repurchase-to-maturity transactions be accounted for as secured borrowings, and requires that a transfer of a financial asset and a repurchase agreement executed contemporaneously be accounted for separately. The guidance also requires additional disclosures about certain transferred financial assets accounted for as sales and certain transactions accounted for as secured borrowings. Except for the disclosure for transactions accounted for as secured borrowings, the guidance was effective for Sony as of January 1, 2015. The guidance for disclosure for transactions accounted for as secured borrowings was effective for Sony as of April 1, 2015. The adoption of this guidance 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 it occurs.

(3) Reclassifications:

Certain reclassifications of the financial statements and accompanying footnotes for the three months ended June 30, 2014 have been made to conform to the presentation for the three months ended June 30, 2015.

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 | | | | | | | |
|---|-----------------|------------------------------|-------------------------------|------------|---------------|------------------------------|-------------------------------|------------|
| | March 31, 2015 | | | | June 30, 2015 | | | |
| | Cost | Gross unrealized gains | Gross unrealized losses | Fair value | Cost | Gross unrealized gains | Gross unrealized losses | Fair value |
| Available-for-sale: | | | | | | | | |
| Debt securities: | | | | | | | | |
| Japanese national government bonds | 1,074,900 | 147,274 | (80) | 1,244,094 | 1,103,729 | 134,162 | (195) | 1,237,696 |
| Japanese local government bonds | 66,442 | 465 | (16) | 66,891 | 73,781 | 420 | (19) | 74,182 |
| Japanese corporate bonds | 108,109 | 767 | (7) | 108,869 | 131,629 | 807 | (12) | 132,424 |
| Foreign government bonds | 34,168 | 7,397 | (111) | 41,454 | 31,812 | 6,924 | (110) | 38,626 |
| Foreign corporate bonds | 452,145 | 13,645 | (942) | 464,848 | 436,990 | 13,254 | (1,029) | 449,215 |
| | 1,735,764 | 169,548 | (1,156) | 1,904,156 | 1,777,941 | 155,567 | (1,365) | 1,932,143 |
| Equity securities | 73,411 | 127,322 | (741) | 199,992 | 46,796 | 73,166 | (427) | 119,535 |
| Held-to-maturity securities: | | | | | | | | |
| Japanese national government bonds * | 4,846,986 | 819,386 | (103) | 5,666,269 | 4,940,979 | 699,954 | (293) | 5,640,640 |
| Japanese local government bonds | 4,996 | 428 | — | 5,424 | 4,687 | 403 | — | 5,090 |
| Japanese corporate bonds | 26,848 | 4,501 | — | 31,349 | 28,785 | 4,071 | (9) | 32,847 |

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| | | | | | | | | |
|--------------------------|-----------|-----------|----------|-----------|-----------|---------|----------|-----------|
| Foreign government bonds | 32,682 | 11,534 | — | 44,216 | 36,364 | 4,239 | (163) | 40,440 |
| Foreign corporate bonds | 57,783 | 25 | — | 57,808 | 45,791 | 24 | — | 45,815 |
| | 4,969,295 | 835,874 | (103) | 5,805,066 | 5,056,606 | 708,691 | (465) | 5,764,832 |
| Total | 6,778,470 | 1,132,744 | (2,000) | 7,909,214 | 6,881,343 | 937,424 | (2,257) | 7,816,510 |

* As of June 30, 2015, held-to-maturity securities include 36,414 million yen of pledged Japanese national government bonds as collateral for transactions with short-term repurchase agreement.

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 March 31, 2015 | | | | Presentation in the consolidated balance sheets | | | |
|------------------------------------|-----------------------------------|------------------|---------------|------------------|---|----------------------------------|----------------------------------|-------------------------------------|
| | Level 1 | Level 2 | Level 3 | Total | Marketable securities | Securities investments and other | Other current assets/liabilities | Other noncurrent assets/liabilities |
| Assets: | | | | | | | | |
| Trading securities | 452,830 | 311,643 | — | 764,473 | 764,473 | — | — | — |
| Available-for-sale securities | | | | | | | | |
| Debt securities | | | | | | | | |
| Japanese national government bonds | — | 1,222,094 | — | 1,222,094 | 3,124 | 1,218,970 | — | — |
| Japanese local government bonds | — | 66,891 | — | 66,891 | 1,474 | 65,471 | — | — |
| Japanese corporate bonds | — | 105,363 | 3,506 | 108,869 | 27,030 | 81,839 | — | — |
| Foreign government bonds | 2,861 | 38,593 | — | 41,454 | 136 | 41,318 | — | — |
| Foreign corporate bonds | — | 455,357 | 9,491 | 464,848 | 139,540 | 325,308 | — | — |
| Equity securities | 199,874 | 118 | — | 199,992 | — | 199,992 | — | — |
| Other investments *1 | 9,306 | 4,606 | 74,641 | 88,553 | — | 88,553 | — | — |
| Derivative assets *2, *3 | — | 30,407 | — | 30,407 | — | — | 29,951 | 456 |
| Total assets | 664,871 | 2,235,072 | 87,638 | 2,987,581 | 935,777 | 2,021,397 | 29,951 | 456 |
| Liabilities: | | | | | | | | |
| Derivative liabilities*2,*3 | 612 | 47,712 | — | 48,324 | — | — | 23,092 | 25,232 |
| Total liabilities | 612 | 47,712 | — | 48,324 | — | — | 23,092 | 25,232 |

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Yen in millions
June 30, 2015

| | Yen in millions June 30, 2015 | | | | Presentation in the consolidated balance sheets | | | |
|------------------------------------|----------------------------------|------------------|---------------|------------------|---|----------------------------------|----------------------------------|-------------------------------------|
| | Level 1 | Level 2 | Level 3 | Total | Marketable securities | Securities investments and other | Other current assets/liabilities | Other noncurrent assets/liabilities |
| Assets: | | | | | | | | |
| Trading securities | 488,530 | 311,944 | — | 800,474 | 800,474 | — | — | — |
| Available-for-sale securities | | | | | | | | |
| Debt securities | | | | | | | | |
| Japanese national government bonds | — | 1,237,696 | — | 1,237,696 | 3,653 | 1,234,043 | — | — |
| Japanese local government bonds | — | 74,182 | — | 74,182 | 6,694 | 67,488 | — | — |
| Japanese corporate bonds | — | 124,938 | 7,486 | 132,424 | 25,150 | 107,274 | — | — |
| Foreign government bonds | — | 38,626 | — | 38,626 | 588 | 38,038 | — | — |
| Foreign corporate bonds | — | 439,249 | 9,966 | 449,215 | 133,480 | 315,735 | — | — |
| Equity securities | 119,386 | 149 | — | 119,535 | — | 119,535 | — | — |
| Other investments *1 | 9,620 | 4,865 | 62,623 | 77,108 | — | 77,108 | — | — |
| Derivative assets *2, *3 | 23 | 17,333 | — | 17,356 | — | — | 16,707 | 649 |
| Total assets | 617,559 | 2,248,982 | 80,075 | 2,946,616 | 970,039 | 1,959,221 | 16,707 | 649 |
| Liabilities: | | | | | | | | |
| Derivative liabilities*2,*3 | 72 | 40,410 | — | 40,482 | — | — | 18,344 | 22,138 |
| Total liabilities | 72 | 40,410 | — | 40,482 | — | — | 18,344 | 22,138 |

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

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

*3 The potential effect of offsetting on assets and liabilities, which primarily consists of derivatives subject to master netting

agreements and/or collateral, is insignificant.

4. Supplemental equity and comprehensive income information**(1) Stockholders' Equity**

A reconciliation of the beginning and ending carrying amounts of Sony Corporation's stockholders' equity, noncontrolling interests and the total equity for the three months ended June 30, 2014 and 2015 are as follows:

| | Yen in millions | | |
|---|--|-----------------------------|-----------------|
| | Sony Corporation's stockholders' equity | Noncontrolling interests | Total equity |
| Balance at March 31, 2014 | 2,258,137 | 525,004 | 2,783,141 |
| Exercise of stock acquisition rights | 19 | — | 19 |
| Stock-based compensation | 377 | — | 377 |
| Comprehensive income: | | | |
| Net income | 26,808 | 15,523 | 42,331 |
| Other comprehensive income, net of tax | | | |
| Unrealized gains (losses) on securities | (498 |) 2,373 | 1,875 |
| Pension liability adjustment | 366 | (30 |) 336 |
| Foreign currency translation adjustments | (21,701 |) 861 | (20,840) |
| Total comprehensive income | 4,975 | 18,727 | 23,702 |
| Dividends declared | — | (8,712 |) (8,712) |
| Transactions with noncontrolling interests shareholders and other | (2,509 |) (4,051 |) (6,560) |
| Balance at June 30, 2014 | 2,260,999 | 530,968 | 2,791,967 |

| | Yen in millions | | |
|--|--|-----------------------------|-----------------|
| | Sony Corporation's stockholders' equity | Noncontrolling interests | Total equity |
| Balance at March 31, 2015 | 2,317,077 | 611,392 | 2,928,469 |
| Exercise of stock acquisition rights | 1,130 | — | 1,130 |
| Stock-based compensation | 287 | — | 287 |
| Comprehensive income: | | | |
| Net income | 82,441 | 16,457 | 98,898 |
| Other comprehensive income, net of tax | | | |
| Unrealized losses on securities | (43,356 |) (3,710 |) (47,066) |

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| | | | | | |
|--|-----------|---|---------|-----------|--------|
| Unrealized losses on derivative instruments | (636 |) | — | (636 |) |
| Pension liability adjustment | 200 | | 2 | 202 | |
| Foreign currency translation adjustments | 26,896 | | 711 | 27,607 | |
| Total comprehensive income | 65,545 | | 13,460 | 79,005 | |
| Dividends declared | — | | (9,847 |) | (9,847 |
| Transactions with noncontrolling interests shareholders and other | 26 | | 1,985 | 2,011 | |
| Balance at June 30, 2015 | 2,384,065 | | 616,990 | 3,001,055 | |

There was no material effect of changes in Sony Corporation's ownership interest in its subsidiaries on Sony Corporation's stockholders' equity for the three months ended June 30, 2014 and 2015.

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(2) Other Comprehensive Income

Changes in accumulated other comprehensive income, net of tax by component for the three months ended June 30, 2014 and 2015 are as follows:

| | Yen in millions | | | |
|---|---|------------------------------------|---|-----------|
| | Unrealized gains (losses) on securities | Pension liability adjustment | Foreign currency translation adjustments | Total |
| Balance at March 31, 2014 | 127,509 | (180,039) | (399,055) | (451,585) |
| Other comprehensive income (loss) before reclassifications | 7,085 | (18) | (20,840) | (13,773) |
| Amounts reclassified out of accumulated other comprehensive income | (5,210) | 354 | — | (4,856) |
| Net current-period other comprehensive income (loss) | 1,875 | 336 | (20,840) | (18,629) |
| Less: Other comprehensive income (loss) attributable to noncontrolling interests | 2,373 | (30) | 861 | 3,204 |
| Balance at June 30, 2014 | 127,011 | (179,673) | (420,756) | (473,418) |

| | Yen in millions | | | | |
|---|---|---|------------------------------------|---|-----------|
| | Unrealized gains (losses) on securities | Unrealized gains (losses) on derivative instruments | Pension liability adjustment | Foreign currency translation adjustments | Total |
| Balance at March 31, 2015 | 154,153 | — | (201,131) | (338,305) | (385,283) |
| Other comprehensive income (loss) before reclassifications | (11,710) | (636) | (384) | 27,607 | 14,877 |
| Amounts reclassified out of accumulated other comprehensive income | (35,356) | — | 586 | — | (34,770) |
| Net current-period other comprehensive income (loss) | (47,066) | (636) | 202 | 27,607 | (19,893) |
| Less: Other comprehensive income (loss) attributable to noncontrolling interests | (3,710) | — | 2 | 711 | (2,997) |
| Balance at June 30, 2015 | 110,797 | (636) | (200,931) | (311,409) | (402,179) |

5. Reconciliation of the differences between basic and diluted EPS

Reconciliation of the differences between basic and diluted net income attributable to Sony Corporation's stockholders per share ("EPS") for three months ended June 30, 2014 and 2015 is as follows:

| | Yen in millions | |
|--|----------------------------|--------|
| | Three months ended June 30 | |
| | 2014 | 2015 |
| Net income attributable to Sony Corporation's stockholders for basic and diluted EPS computation | 26,808 | 82,441 |

| | Thousands of shares | |
|---|---------------------|-----------|
| | 2014 | 2015 |
| Weighted-average shares outstanding | 1,043,681 | 1,168,969 |
| Effect of dilutive securities: | | |
| Stock acquisition rights | 718 | 2,777 |
| Zero coupon convertible bonds | 124,117 | — |
| Weighted-average shares for diluted EPS computation | 1,168,516 | 1,171,746 |

| | Yen | |
|-------------|-------|-------|
| Basic EPS | 25.69 | 70.52 |
| Diluted EPS | 22.94 | 70.36 |

Potential shares of common stock which were excluded from the computation of diluted EPS for the three months ended June 30, 2014 and 2015 were 15,416 thousand shares and 6,149 thousand shares, respectively. The potential shares related to stock acquisition rights were excluded as anti-dilutive for the three months ended June 30, 2014 and 2015 as the exercise price for those shares was in excess of the average market value of Sony's common stock for the period.

6. Orchard Acquisition

In April 2015, Sony Music Entertainment ("SME"), a wholly owned subsidiary of Sony, increased its shareholding in Orchard Media, Inc. ("The Orchard") to 100% by acquiring Orchard Asset Holdings, LLC's 49% equity interest.

Prior to the acquisition, SME's interest in The Orchard was accounted for under the equity method of accounting. As a result of SME's obtaining a controlling interest in The Orchard, Sony consolidated The Orchard using the acquisition method of accounting. In accordance with the accounting guidance for business combinations achieved in stages, Sony remeasured the 51% equity interest in The Orchard that it owned prior to the acquisition at a fair value which recognized a gain of 18,085 million yen (151 million U.S. dollars) in other operating (income) expense, net in the consolidated statement of income for the three months ended June 30, 2015. The purchase price allocation for this transaction is still in process and not yet finalized.

7. Sale of the logistics business

On April 1, 2015, in connection with the formation of a logistics joint venture, Sony sold a part of its logistics business in Japan, Thailand, and Malaysia within Corporate to MITSUI-SOKO HOLDINGS Co., Ltd. for a sales price of 19,211 million yen. As a result of the sale, Sony recognized a gain of 12,284 million yen in other operating (income) expense, net in the consolidated statement of income for the three months ended June 30, 2015.

8. Commitments, contingent liabilities and other

(1) 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 June 30, 2015, the total unused portion of the lines of credit extended under these contracts was 26,064 million yen. The aggregate amounts of future year-by-year payments for these loan commitments cannot be determined.

(2) Purchase commitments and other

Purchase commitments and other outstanding commitments as of June 30, 2015 amounted to 429,356 million yen. The major components of these commitments are as follows:

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 three years. As of June 30, 2015, these subsidiaries were committed to make payments under such contracts of 131,892 million yen.

Certain subsidiaries in the Music segment have entered into long-term contracts with recording artists, songwriters and companies for the future production, distribution and/or licensing of music product. These contracts cover various periods mainly within five years. As of June 30, 2015, these subsidiaries were committed to make payments of 63,451 million yen under such long-term contracts.

Sony has entered into long-term sponsorship contracts related to advertising and promotional rights. These contracts cover various periods mainly within five years. As of June 30, 2015, Sony has committed to make payments of 27,791 million yen under such long-term contracts.

(3) Litigation

In October 2009, Sony Corporation's U.S. subsidiary, Sony Optiarc America Inc., received a subpoena from the U.S. Department of Justice ("DOJ") seeking information about its optical disk drive business. Sony understands that the European Commission and certain other governmental agencies outside the United States also opened investigations of competition in the optical disk drives market. The DOJ has notified Sony that it has closed its investigation, and Sony understands that the investigations by several other agencies have now ended, but the European Commission and one other agency continue to investigate. A number of direct and indirect purchaser lawsuits, including class actions, were filed in certain jurisdictions, including the United States, in which the plaintiffs alleged that Sony Corporation and certain of its subsidiaries violated antitrust laws and sought recovery of damages and other remedies. In October 2014, the United States District Court hearing the U.S. class actions denied motions for class certification in both the direct and indirect purchaser class actions. The class plaintiffs filed petitions to appeal these rulings, and in January 2015, the appellate court denied the petitions to appeal. However, in February 2015 the district court gave the plaintiffs an opportunity to seek certification of narrower classes, and the civil actions continue. Based on the investigations and cases, it is not possible to estimate the amount of losses or range of possible losses, if any, that might ultimately result from adverse judgments, settlements or other resolution of all of these matters.

In May 2011, Sony Corporation's U.S. subsidiary, Sony Electronics Inc., received a subpoena from the DOJ Antitrust Division seeking information about its secondary batteries business. Sony understands that the European Commission and certain other governmental agencies outside the United States also opened investigations of competition in the secondary batteries market. The DOJ has notified Sony that it has closed its investigation, but the European Commission and one other agency continue to investigate. A number of direct and indirect purchaser lawsuits,

including class actions, have been 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 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 all of these matters.

Beginning in early 2011, the network services of PlayStation®Network, Qriocity™, Sony Online Entertainment LLC and websites of other subsidiaries came under cyber-attack. As of August 5, 2015, 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 formal and/or informal requests for information from Attorneys General from a number of states in the United States. Additionally, Sony Corporation and/or certain of its subsidiaries were named in a number of purported class actions in certain jurisdictions, including the United States. The U.S. class action suits have been settled, and the settlement has received the final approval of the court. A non-U.S. class action suit remains pending. Based on the 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 all of these matters.

In the fall of 2014, Sony Corporation's U.S. subsidiary, Sony Pictures Entertainment Inc. ("SPE"), was subject to a cyber-attack that resulted in unauthorized access to, and theft and disclosure of SPE business information, including employee information and other information. In connection with the theft and disclosure of information, SPE has been named in a number of purported class action suits in the United States brought by former employees of SPE. Based on the 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 proceedings.

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, Sony believes that the outcome from such legal and regulatory proceedings would not have a material impact on Sony's results of operations and financial position.

(4) Guarantees

Sony has issued guarantees that contingently require payments to guaranteed parties if certain specified events or conditions occur. The maximum potential amount of future payments under these guarantees as of June 30, 2015 amounted to 43,725 million yen. The major components of these guarantees are as follows:

Sony has agreed to repay the outstanding principal plus accrued interest up to a maximum of 272.5 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. As of June 30, 2015, the fair value of the collateral exceeded 272.5 million U.S. dollars.

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 Chief Executive Officer and President.

Sony realigned its business segments for the first quarter of the fiscal year ending March 31, 2016 to reflect modifications to its organizational structure as of April 1, 2015, primarily repositioning certain operations in All Other and the Devices segment. In connection with this realignment, the operations of Sony's disc manufacturing business in Japan, which were included in All Other are now included in the Music segment and the operations of So-net Corporation and its subsidiaries, which were included in All Other are now included in the Mobile Communications ("MC") segment. Certain operations regarding pre-installed automotive audio products which were included in the Devices segment are now included in the Home Entertainment & Sound ("HE&S") segment. In connection with these realignments, the sales and operating revenue and operating income (loss) of each segment for the comparable period have been reclassified to conform to the current presentation.

The MC segment includes the manufacture and sale of mobile phones and an Internet-related service business. The Game & Network Services ("G&NS") segment includes the manufacture and sales of home gaming products, network services business and production and sales of software. The Imaging Products & Solutions ("IP&S") segment includes Digital Imaging Products, and Professional Solutions. The HE&S segment includes Televisions, and Audio and Video. The Devices segment includes Semiconductors and Components. The Pictures segment includes Motion Pictures, Television Productions and Media Networks. The Music segment includes Recorded Music, Music Publishing and Visual Media and Platform. The Financial Services segment primarily represents individual life insurance and non-life insurance businesses in the Japanese market and a bank business in Japan. All Other consists of various operating activities, including, the medical business, the disc manufacturing business and the PC business. Sony's products and services are generally unique to a single operating segment.

Business segments -

Sales and operating revenue:

| | Yen in millions | |
|--------------------------------|--------------------|---------|
| | Three months ended | |
| | June 30 | |
| | 2014 | 2015 |
| Sales and operating revenue: | | |
| Mobile Communications - | | |
| Customers | 334,742 | 279,536 |
| Intersegment | 238 | 988 |
| Total | 334,980 | 280,524 |
| Game & Network Services - | | |
| Customers | 231,368 | 265,898 |
| Intersegment | 26,162 | 22,691 |
| Total | 257,530 | 288,589 |
| Imaging Products & Solutions - | | |
| Customers | 164,136 | 168,257 |
| Intersegment | 464 | 2,114 |
| Total | 164,600 | 170,371 |
| Home Entertainment & Sound - | | |
| Customers | 293,049 | 252,487 |
| Intersegment | 694 | 662 |
| Total | 293,743 | 253,149 |
| Devices - | | |
| Customers | 136,735 | 193,005 |
| Intersegment | 39,350 | 44,892 |
| Total | 176,085 | 237,897 |
| Pictures - | | |
| Customers | 194,666 | 171,420 |
| Intersegment | 104 | 129 |
| Total | 194,770 | 171,549 |
| Music - | | |
| Customers | 114,861 | 126,980 |
| Intersegment | 5,176 | 3,211 |
| Total | 120,037 | 130,191 |
| Financial Services - | | |
| Customers | 245,750 | 277,689 |
| Intersegment | 1,217 | 1,697 |
| Total | 246,967 | 279,386 |
| All Other - | | |
| Customers | 82,822 | 60,475 |
| Intersegment | 20,097 | 18,866 |
| Total | 102,919 | 79,341 |

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| | | |
|---------------------------|-----------|-----------|
| Corporate and elimination | (81,723) | (82,938) |
| Consolidated total | 1,809,908 | 1,808,059 |

G&NS intersegment amounts primarily consist of transactions with All Other.

Devices intersegment amounts primarily consist of transactions with the MC segment, the G&NS segment and the IP&S segment.

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

Corporate and elimination includes certain brand and patent royalty income.

Segment profit or loss:

| | Yen in millions | |
|---|--------------------|-----------|
| | Three months ended | |
| | June 30 | |
| | 2014 | 2015 |
| Operating income (loss): | | |
| Mobile Communications | (1,609) | (22,924) |
| Game & Network Services | 4,319 | 19,459 |
| Imaging Products & Solutions | 17,409 | 21,271 |
| Home Entertainment & Sound | 8,834 | 10,923 |
| Devices | 11,500 | 30,342 |
| Pictures | 7,831 | (11,687) |
| Music | 11,634 | 31,750 |
| Financial Services | 43,772 | 45,972 |
| All Other | (19,951) | (4,960) |
| Total | 83,739 | 120,146 |
| Corporate and elimination | (13,925) | (23,239) |
| Consolidated operating income | 69,814 | 96,907 |
| Other income | 9,232 | 54,081 |
| Other expenses | (10,669) | (12,278) |
| Consolidated income before income taxes | 68,377 | 138,710 |

Operating income (loss) is sales and operating revenue less costs and expenses, and includes equity in net income (loss) of affiliated companies.

Corporate and elimination includes headquarters restructuring costs, restructuring costs related to the reduction in scale of sales companies following the decision to exit from the PC business, and certain other corporate expenses, including the amortization of certain intellectual property assets such as the cross-licensing of intangible assets acquired from Ericsson at the time of the Sony Mobile Communications acquisition, which are not allocated to segments.

Within the HE&S segment, the operating income of Televisions, which primarily consists of LCD televisions, for the three months ended June 30, 2014 and 2015 was 7,916 million yen and 7,003 million yen, respectively. The operating income of Televisions excludes restructuring charges which are included in the overall segment results and not allocated to product categories.

Other Significant Items:

The following table includes a breakdown of sales and operating revenue to external customers by product category for certain segments. Sony management views each segment as a single operating segment.

| | Yen in millions | |
|------------------------------|--------------------|---------|
| | Three months ended | |
| | June 30 | |
| Sales and operating revenue: | 2014 | 2015 |
| Mobile Communications | 334,742 | 279,536 |
| Game & Network Services | | |
| Hardware | 136,873 | 129,465 |
| Network | 69,253 | 105,801 |
| Other | 25,242 | 30,632 |
| Total | 231,368 | 265,898 |
| Imaging Products & Solutions | | |
| Digital Imaging Products | 106,135 | 107,156 |
| Professional Solutions | 55,716 | 57,120 |
| Other | 2,285 | 3,981 |
| Total | 164,136 | 168,257 |
| Home Entertainment & Sound | | |
| Televisions | 204,989 | 168,920 |
| Audio and Video | 87,414 | 81,311 |
| Other | 646 | 2,256 |
| Total | 293,049 | 252,487 |
| Devices | | |
| Semiconductors | 84,948 | 140,415 |
| Components | 50,039 | 50,155 |
| Other | 1,748 | 2,435 |
| Total | 136,735 | 193,005 |
| Pictures | | |
| Motion Pictures | 104,626 | 58,175 |
| Television Productions | 42,362 | 50,975 |
| Media Networks | 47,678 | 62,270 |
| Total | 194,666 | 171,420 |
| Music | | |
| Recorded Music | 79,395 | 89,328 |

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| | | |
|---------------------------|-----------|-----------|
| Music Publishing | 16,288 | 17,844 |
| Visual Media and Platform | 19,178 | 19,808 |
| Total | 114,861 | 126,980 |
| | | |
| Financial Services | 245,750 | 277,689 |
| All Other | 82,822 | 60,475 |
| Corporate | 11,779 | 12,312 |
| Consolidated total | 1,809,908 | 1,808,059 |

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In the G&NS segment, Hardware includes home and portable game consoles; Network includes network services relating to game, video and music content provided by Sony Network Entertainment Inc.; Other includes packaged software and peripheral devices. In the IP&S segment, Digital Imaging Products includes compact digital cameras, interchangeable single-lens cameras and video cameras; Professional Solutions includes broadcast- and professional-use products. In the HE&S segment, Televisions includes LCD televisions; Audio and Video includes Blu-ray disc players and recorders, home audio, headphones and memory-based portable audio devices. In the Devices segment, Semiconductors includes image sensors; Components includes batteries and recording media. In the Pictures segment, Motion Pictures includes the production, acquisition and distribution of motion pictures; Television Productions includes the production, acquisition and distribution of television programming; Media Networks includes the operation of television and digital networks. In the Music segment, Recorded Music includes the distribution of physical and digital recorded music and revenue derived from artists' live performances; Music Publishing includes the management and licensing of the words and music of songs; Visual Media and Platform includes various service offerings for music and visual products and the production and distribution of animation titles.

| | Yen in millions | |
|--|----------------------------|--------|
| | Three months ended June 30 | |
| | 2014 | 2015 |
| Depreciation and amortization: | | |
| Mobile Communications | 6,949 | 6,196 |
| Game & Network Services | 4,000 | 4,640 |
| Imaging Products & Solutions | 6,967 | 7,012 |
| Home Entertainment & Sound | 6,105 | 5,581 |
| Devices | 21,014 | 24,135 |
| Pictures | 4,565 | 5,252 |
| Music | 3,594 | 4,181 |
| Financial Services, including deferred insurance acquisition costs | 15,619 | 16,521 |
| All Other | 2,714 | 1,700 |
| Total | 71,527 | 75,218 |
| Corporate | 12,771 | 11,803 |
| Consolidated total | 84,298 | 87,021 |

| | Yen in millions | | |
|--|---------------------------------|--|-------|
| | Three months ended June 30, | | |
| | 2014 | | |
| | Total net restructuring charges | Depreciation associated with restructured assets | Total |
| Restructuring charges and associated depreciation: | | | |
| Mobile Communications | 13 | — | 13 |

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| | | | |
|---------------------------------------|--------|-----|--------|
| Game & Network Services | 64 | — | 64 |
| Imaging Products & Solutions | 129 | — | 129 |
| Home Entertainment & Sound Devices | 540 | — | 540 |
| Pictures | 542 | — | 542 |
| Music | — | — | — |
| Financial Services | 25 | — | 25 |
| All Other and Corporate | — | — | — |
| Consolidated total | 13,280 | 669 | 13,949 |
| | 14,593 | 669 | 15,262 |

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| | Yen in millions | | |
|--|--|--|--------|
| | Three months ended June 30, 2015 | | |
| | Total net restructuring charges | Depreciation associated with restructured assets | Total |
| Restructuring charges and associated depreciation: | | | |
| Mobile Communications | 7,737 | 315 | 8,052 |
| Game & Network Services | 15 | — | 15 |
| Imaging Products & Solutions | 44 | — | 44 |
| Home Entertainment & Sound | (57) | — | (57) |
| Devices | (30) | — | (30) |
| Pictures | 49 | — | 49 |
| Music | 77 | — | 77 |
| Financial Services | — | — | — |
| All Other and Corporate | 1,578 | 403 | 1,981 |
| Consolidated total | 9,413 | 718 | 10,131 |

Depreciation associated with restructured assets as used in the context of the disclosures regarding restructuring activities refers to the increase in depreciation expense caused by revising the useful life and the salvage value of depreciable fixed assets to coincide with the earlier end of production under an approved restructuring plan. Any impairment of the assets is recognized immediately in the period it is identified.

Geographic Information -

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

| | Yen in millions | |
|------------------------------|-------------------------------|-----------|
| | Three months ended June 30 | |
| Sales and operating revenue: | 2014 | 2015 |
| Japan | 511,379 | 561,581 |
| United States | 305,286 | 352,393 |
| Europe | 392,196 | 367,705 |
| China | 133,041 | 130,701 |
| Asia-Pacific | 244,873 | 238,947 |
| Other Areas | 223,133 | 156,732 |
| Total | 1,809,908 | 1,808,059 |

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

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

There are no individually material countries with respect to sales and operating revenue included in Europe, Asia-Pacific and Other Areas.

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

There were no sales and operating revenue with any single major external customer for the three months ended June 30, 2014 and 2015.

10. Subsequent events

On July 21, 2015, Sony raised 285,967 million yen in proceeds from the issuance of new shares by way of the Japanese public offering and the international offering and 120,000 million yen in proceeds from the issuance of 130% callable unsecured zero coupon convertible bonds with stock acquisition rights (the “Zero Coupon Convertible Bonds”). In addition, the possible issuance of new shares by way of third-party allotment in connection with a secondary offering of shares to cover over-allotments is scheduled for August 18, 2015 and is expected to raise up to an additional 15,741 million yen in proceeds. The Representative Corporate Executive Officer, President & CEO of Sony Corporation made the decision to raise funds pursuant to a delegation of authority by the Board of Directors of Sony Corporation.

I. Issuance of new shares**1. Issuance of new shares through the Japanese public offering and the international offering**

| | |
|--|--|
| (1) Class and number of shares issued | 87,200,000 new shares of common stock |
| (2) Issue price | JPY3,420.5 per share |
| (3) Amount paid | JPY3,279.44 per share |
| (4) Total amount paid | JPY285,967,168,000 |
| (5) Amount of stated capital increased | JPY142,983,584,000 |
| (6) Payment date | July 21, 2015 |
| (7) Use of proceeds | Capital expenditures and research and development expenditures |

2. Issuance of new shares by way of third-party allotment in connection with secondary offering of shares to cover over-allotments

| | |
|--|--|
| (1) Class and number of shares to be issued | (Up to) 4,800,000 new shares of common stock |
| (2) Amount paid | JPY3,279.44 per share |
| (3) Total amount paid | (Up to) JPY15,741,312,000 |
| (4) Amount of stated capital to be increased | (Up to) JPY 7,870,656,000 |
| (5) Payment date | August 18, 2015 |
| (6) Use of proceeds | Capital expenditures and research and development expenditures |

II. Issuance of the callable unsecured convertible bonds with stock acquisition rights through a public offering in Japan

The bondholders are entitled to stock acquisition rights effective from September 1, 2015 to September 28, 2022. The initial conversion price is 5,008 yen per common share. In addition to the standard anti-dilution provisions, the conversion price is reduced for a certain period before an early redemption triggered upon the occurrence of certain corporate events including a merger, corporate split and delisting event. The reduced amount of the conversion price

will be determined by a formula which is based on the effective date of the reduction and Sony's common stock price. The reduced conversion price ranges from 3,526.5 yen to 5,008 yen per common share. The conversion price is also adjusted for dividends in excess of 25 yen per common share per fiscal year. Sony has the option to redeem all of the Zero Coupon Convertible Bonds outstanding at 100% of the principal amount after July 21, 2020, if the closing sales prices per share of Sony's common stock on the Tokyo Stock Exchange for 20 consecutive trading days are 130% or more of the conversion price of the Zero Coupon Convertible Bonds applicable on those trading days. There are no significant adverse debt covenants related to the Zero Coupon Convertible Bonds. Proceeds from the Zero Coupon Convertible Bonds will be used to fund capital expenditures, to redeem outstanding corporate bonds and to repay borrowings.

(2) Other Information

Litigation

In October 2009, Sony Corporation's U.S. subsidiary, Sony Optiarc America Inc., received a subpoena from the U.S. Department of Justice ("DOJ") seeking information about its optical disk drive business. Sony understands that the European Commission and certain other governmental agencies outside the United States also opened investigations of competition in the optical disk drives market. The DOJ has notified Sony that it has closed its investigation, and Sony understands that the investigations by several other agencies have now ended, but the European Commission and one other agency continue to investigate. A number of direct and indirect purchaser lawsuits, including class actions, were filed in certain jurisdictions, including the United States, in which the plaintiffs alleged that Sony Corporation and certain of its subsidiaries violated antitrust laws and sought recovery of damages and other remedies. In October 2014, the United States District Court hearing the U.S. class actions denied motions for class certification in both the direct and indirect purchaser class actions. The class plaintiffs filed petitions to appeal these rulings, and in January 2015, the appellate court denied the petitions to appeal. However, in February 2015 the district court gave the plaintiffs an opportunity to seek certification of narrower classes, and the civil actions continue. Based on the investigations and cases, it is not possible to estimate the amount of losses or range of possible losses, if any, that might ultimately result from adverse judgments, settlements or other resolution of all of these matters.

In May 2011, Sony Corporation's U.S. subsidiary, Sony Electronics Inc., received a subpoena from the DOJ Antitrust Division seeking information about its secondary batteries business. Sony understands that the European Commission and certain other governmental agencies outside the United States also opened investigations of competition in the secondary batteries market. The DOJ has notified Sony that it has closed its investigation, but the European Commission and one other agency continue to investigate. A number of direct and indirect purchaser lawsuits, including class actions, have been 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 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 all of these matters.

Beginning in early 2011, the network services of PlayStation®Network, Qriocity™, Sony Online Entertainment LLC and websites of other subsidiaries came under cyber-attack. As of August 5, 2015, 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 formal and/or informal requests for information from Attorneys General from a number of states in the United States. Additionally, Sony Corporation and/or certain of its subsidiaries were named in a number of purported class actions in certain jurisdictions, including the United States. The U.S. class action suits have been settled, and the settlement has received the final approval of the court. A non-U.S. class action suit remains pending. Based on the 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 all of these matters.

In the fall of 2014, Sony Corporation's U.S. subsidiary, Sony Pictures Entertainment Inc. ("SPE"), was subject to a cyber-attack that resulted in unauthorized access to, and theft and disclosure of SPE business information, including employee information and other information. In connection with the theft and disclosure of information, SPE has been named in a number of purported class action suits in the United States brought by former employees of SPE. Based on the 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 proceedings.

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, Sony believes that the outcome from such legal and regulatory proceedings would not have a material impact on Sony's results of operations and financial position.