

SONY CORP
Form 6-K
December 01, 2008
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 December 2008
Commission File Number: 001-06439

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

1-7-1 KONAN, MINATO-KU, TOKYO, 108-0075, JAPAN
(Address of principal executive offices)

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

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

Form 20-F

Form 40-F

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

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

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

Date: December 1, 2008

Quarterly Securities Report

For the three months ended September 30, 2008

(TRANSLATION)

Sony Corporation

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Note for readers of this English translation:

On November 14, 2008, Sony Corporation (the Company) filed its Japanese-language Quarterly Securities Report (Shihanki Houkokusho) for the three months ended September 30, 2008 with the Kanto Financial Bureau in Japan (the Report) pursuant to the Financial Instruments and Exchange Act of Japan. This document is an English translation of the Report in its entirety, except for (i) information which had been previously submitted to the U.S. Securities and Exchange Commission in a Form 20-F, Form 6-K and any other forms and (ii) a description of differences between generally accepted accounting principles in the U.S. (U.S. GAAP) and generally accepted accounting principles in Japan (J-GAAP) which are required to be described in the Quarterly Securities Report under the Financial Instruments and Exchange Act of Japan if the Company prepares its financial statements in conformity with accounting principles other than J-GAAP.

Cautionary Statement

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

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

| | Yen in millions, Yen per share amounts | | |
|--|--|--------------------|-------------------|
| | Six Months Ended | Three Months Ended | Fiscal Year Ended |
| | September 30, 2008 | September 30, 2008 | March 31, 2008 |
| Sales and operating revenue | 4,051,349 | 2,072,305 | 8,871,414 |
| Operating income | 84,487 | 11,048 | 475,299 |
| Income before income taxes | 70,229 | 7,307 | 567,134 |
| Net income | 55,793 | 20,816 | 369,435 |
| Stockholders' equity | — | 3,431,916 | 3,465,089 |
| Total assets | — | 12,972,416 | 12,552,739 |
| Stockholders' equity per share of common stock (yen) | — | 3,419.98 | 3,453.25 |
| Net income per share of common stock, basic (yen) | 55.60 | 20.74 | 368.33 |
| Net income per share of common stock, diluted (yen) | 53.11 | 19.83 | 351.10 |
| Ratio of stockholders' equity to total assets (%) | — | 26.5 | 27.6 |
| Net cash provided by (used in) operating activities | (144,078) | — | 757,684 |
| Net cash provided by (used in) investing activities | (488,106) | — | (910,442) |
| Net cash provided by (used in) financing activities | 236,585 | — | 505,518 |
| Cash and cash equivalents at the end of the period | — | 700,923 | 1,086,431 |
| Number of employees | — | 185,800 | 180,500 |

Notes:

1. The Company's consolidated financial statements are prepared in conformity with U.S. GAAP.
2. Effective April 1, 2008, the Company reports equity in net income of affiliated companies as a component of operating income. Prior to April 1, 2008, equity in net income of affiliated companies was shown below minority interest in income (loss) of consolidated subsidiaries and above net income in the Company's consolidated results of operations. In connection with this reclassification, operating income and income before income taxes for the fiscal year ended March 31, 2008 have been reclassified to conform with the presentation of these items for the second quarter ended September 30, 2008.
3. Consumption taxes are not included in sales and operating revenue.
4. The Company prepares its consolidated financial statements, and therefore parent-alone financial data is not prepared.

(2) Business Overview

There was no significant change in the business of the Company and its consolidated subsidiaries (collectively Sony) during the three months ended September 30, 2008.

As of September 30, 2008, the Company had 1,069 subsidiaries and 78 affiliated companies, among which 1,029 companies are consolidated subsidiaries (including variable interest entities) of the Company. It has applied the equity accounting method for 71 affiliated companies.

(3) Changes in Subsidiaries and Affiliated Companies

There was no significant change in subsidiaries and affiliated companies during the three months ended September 30, 2008.

(4) Number of Employees

The following table shows the number of employees as of September 30, 2008.

| | |
|--------------|----------|
| Consolidated | 185,800* |
| Parent-alone | 18,040 |

* Figures less than one hundred are rounded to the nearest unit.

II State of Business

(1) Manufacturing, Orders Received and Sales

The products that Sony manufactures and sells are extremely diverse. Due to the nature of electronics devices, home game consoles, game software, and music and video software, Sony generally manufactures products based on forecasts. Because Sony maintains a relatively stable and necessary level of product inventory in order to carry out manufacturing for the Electronics segment, its level of production is similar to its level of sales. As a result, please refer to the description of the Electronics segment results in Management's Discussion and Analysis of Financial Condition and Results of Operations below.

Note for readers of this English translation:

The description of the Electronics segment results in Management's Discussion and Analysis of Financial Condition and Results of Operations referred to the above item II.(1) is the same as described in the Operating Performance Highlights by Business Segment in the press release titled Consolidated Financial Results for the Second Quarter Ended September 30, 2008 submitted to the SEC under Form 6-K on October 29, 2008.

URL: The press release titled Consolidated Financial Results for the Second Quarter Ended September 30, 2008

<http://www.sec.gov/Archives/edgar/data/313838/000115752308008486/a5813878.htm>

(2) Material Contracts

There was no execution of material contracts during the three months ended September 30, 2008.

Note for readers of this English translation:

The above means that there is no update from the description in the Securities Report (Yukashoken Houkokusho) and the Company's Annual Report on Form 20-F (Patents and Licenses in item 4) for the fiscal year ended March 31, 2008, as well as the Quarterly Securities Report (Shihanki Houkokusho) for the three months ended June 30, 2008.

(3) Management's Discussion and Analysis of Financial Condition and Results of Operations

i) Results of Operation

Note for readers of this English translation:

Except for information specifically described in this English translation, the translation of the description set out in the Japanese-language Quarterly Securities Report is omitted in this document, since it is the same as described in the press release previously submitted to the SEC. Please refer to Consolidated Financial Results for the Second Quarter Ended September 30, 2008 submitted to the SEC on Form 6-K on October 29, 2008.

URL: The press release titled Consolidated Financial Results for the Second Quarter Ended September 30, 2008

<http://www.sec.gov/Archives/edgar/data/313838/000115752308008486/a5813878.htm>

Foreign Exchange Fluctuations and Risk Hedging

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There was no significant change during the three months ended September 30, 2008.

Note for readers of this English translation:

The above means that there was no significant change from the description in the Annual Report on Form 20-F filed with the SEC on June 23, 2008.

URL: The Form 20-F filed with the SEC on June 23, 2008

<http://www.sec.gov/Archives/edgar/data/313838/000114554908001104/k01608e20vf.htm>

Status of Cash Flow

Operating Activities: During the three months ended September 30, 2008, there was a net cash inflow of 72.9 billion yen in operating activities, an increase of 48.0 billion yen, or 192.5 percent year-on-year. For all segments excluding the Financial Services segment, 4.9 billion yen of net cash was provided in operating activities, a decrease of 0.4 billion yen, or 7.9 percent year-on-year. The Financial Services segment had a net cash inflow of 67.9 billion yen from operating activities, an increase of 42.4 billion yen, or 165.7 percent year-on-year.

During the three months ended September 30, 2008, with respect to all segments excluding the Financial Services segment, the major inflow factors included an increase in notes and accounts payable, trade and a cash contribution from net income, after taking into account depreciation and amortization. This exceeded cash outflow, which included an increase in inventory within the Electronics and Game segments. The Financial Services segment generated net cash mainly from an increase in revenue from insurance premiums reflecting a steady increase in insurance-in-force at Sony Life.

Compared with the same period of the previous fiscal year, within all segments excluding the Financial Services segment, although there was a significant decrease in cash outflow from notes and accounts receivable, trade, net cash inflow decreased slightly mainly as a result of an increase in inventory within the Electronics and Game segments. Within the Financial Services segment, net cash generated increased year-on-year mainly due to an increase in revenue from insurance premiums reflecting a steady increase in insurance-in-force at Sony Life.

Investing Activities: During the three months ended September 30, 2008, Sony used 273.8 billion yen of net cash in investing activities, an increase of 124.8 billion yen, or 83.7 percent year-on-year. For all segments excluding the Financial Services segment, 128.0 billion yen of net cash was used in investing activities, an increase of 84.4 billion yen, or 193.2 percent year-on-year. The Financial Services segment used 149.0 billion yen in net cash, a increase of 51.6 billion yen, or 53.0 percent year-on-year.

During the three months ended September 30, 2008, with respect to all segments excluding the Financial Services segment, there were payments for items such as purchases of manufacturing equipment in the Electronics segment. Within the Financial Services segment, payments for investments carried out at Sony Life, and payments for investments and advances carried out at Sony Bank, where operations are expanding, exceeded proceeds from the maturities and sales of marketable securities and collections of advances.

Compared with the same period of the previous fiscal year, net cash used in investing activities increased within all segments excluding the Financial Services segment, mainly due to the proceeds from the sale of a portion of Sony's former headquarters site in the same period of the previous fiscal year. Within the Financial Services segment, net cash used in investing activities increased year-on-year mainly due to a decrease in proceeds from the maturities and sales of marketable securities and collections of advances, which were partially offset by a decrease in payments for investments, carried out at Sony Life.

In all segments excluding the Financial Services segment, net cash used by operating and investing activities combined was 123.1 billion yen compared to net cash used of 38.3 billion yen in the same period of the previous fiscal year.

Financing Activities: During the three months ended September 30, 2008, 122.9 billion yen of net cash was provided by financing activities, a decrease of 192.9 billion yen, or 61.1 percent year-on-year. For all segments excluding the Financial Services segment, there was a net cash inflow of 4.8 billion yen in financing activities, a decrease of 176.6 billion yen compared to a net cash inflow of 181.4 billion yen in the same period of the previous fiscal year. This was primarily due to an issuance of commercial paper in the same period of the previous fiscal year. There was no such issuance in the period of this fiscal year. In the Financial Services segment, as a result of an increase in policyholder accounts at Sony Life and an increase in deposits from customers at Sony Bank, financing activities generated 121.3 billion yen of net cash, an increase of 0.9 billion yen, or 0.7 percent year-on-year.

Total Cash and Cash Equivalents: Accounting for the above factors and the effect of fluctuations in the exchange rate, the total outstanding balance of cash and cash equivalents at September 30, 2008 was 700.9 billion yen, a decrease of 86.8 billion yen, or 11.0 percent compared with the balance as of June 30, 2008. This is an increase of 73.9 billion yen, or 11.8 percent compared with the balance as of September 30, 2007. The outstanding balance of cash and cash equivalents of all segments excluding the Financial Services segment, was 533.7 billion yen, a decrease of 127.1 billion yen, or 19.2 percent compared with the balance as of June 30, 2008. This is an increase of 78.5 billion yen, or 17.3 percent compared with the balance as of September 30, 2007. Within the Financial Services segment, the outstanding balance of cash and cash equivalents was 167.3 billion yen, an increase of 40.2 billion yen, or 31.7 percent compared with the balance as of June 30, 2008. This is a decrease of 4.6 billion yen, or 2.7 percent compared with the balance as of September 30, 2007.

Information of Cash Flows Separating Out the Financial Services Segment (Unaudited)

The following charts show Sony's unaudited cash flow information for all segments excluding the Financial Services segment and for the Financial Services segment alone. These separate condensed presentations are not required under U.S. GAAP, which is used in Sony's consolidated financial statements. However, because the Financial Services segment is different in nature from Sony's other segments, Sony utilizes this information to analyze its results without Financial Services segment and believes that these presentations may be useful in understanding and analyzing Sony's consolidated financial statements. Transactions between the Financial Services segment and all other segments excluding the Financial Services segment are eliminated in the consolidated figures shown below.

Condensed Statements of Cash Flows (Unaudited)

| Financial Services | Yen in millions Three months ended September 30 2008 |
|--|---|
| Net cash provided by operating activities | ¥ 67,925 |
| Net cash used in investing activities | (149,006) |
| Net cash provided by financing activities | 121,323 |
| Net increase in cash and cash equivalents | 40,242 |
| Cash and cash equivalents at beginning of the period | 127,024 |
| Cash and cash equivalents at the end of the period | ¥ 167,266 |
| | Yen in millions Three months ended September 30 2008 |
| | Yen in millions Three months ended September 30 2008 |
| Net cash provided by operating activities | ¥ 4,915 |
| Net cash used in investing activities | (128,032) |
| Net cash provided by financing activities | 4,816 |
| Effect of exchange rate changes on cash and cash equivalents | (8,782) |
| Net decrease in cash and cash equivalents | (127,083) |
| Cash and cash equivalents at beginning of the period | 660,740 |
| Cash and cash equivalents at the end of the period | ¥ 533,657 |
| | Yen in millions Three months ended September 30 2008 |
| | Yen in millions Three months ended September 30 2008 |
| Net cash provided by operating activities | ¥ 72,859 |
| Net cash used in investing activities | (273,844) |
| Net cash provided by financing activities | 122,926 |
| Effect of exchange rate changes on cash and cash equivalents | (8,782) |
| Net decrease in cash and cash equivalents | (86,841) |
| Cash and cash equivalents at beginning of the period | 787,764 |
| Cash and cash equivalents at the end of the period | ¥ 700,923 |

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

There was no significant change during the three months ended September 30, 2008.

Note for readers of this English translation:

The above means that there was no significant change from the description in the Annual Report on Form 20-F filed with the SEC on June 23, 2008.

URL: The Form 20-F filed with the SEC on June 23, 2008

<http://www.sec.gov/Archives/edgar/data/313838/000114554908001104/k01608e20vf.htm>

iii) Research and Development

Research and development costs for the three months ended September 30, 2008 increased 0.6 billion yen, or 0.5 percent, to 132.3 billion yen, compared with the same quarter of the previous fiscal year. The ratio of research and development costs to sales (excluding Financial Services segment revenue) decreased from 6.8 percent to 6.7 percent. The bulk of research and development costs were incurred in the Electronics and Game segments. Expenses in the Electronics segment increased 1.6 billion yen, or 1.4 percent, to 112.7 billion yen and expenses in the Game segment increased 0.4 billion yen, or 2.1 percent, to 19.4 billion yen. In the Electronics segment, approximately 67 percent of expenses were for the development of new product prototypes while the remaining 33 percent were for the development of mid- to long-term new technologies in such areas as next-generation displays, semiconductors and communications.

iv) Liquidity and Capital Resources

There was no significant change during the three months ended September 30, 2008.

Note for readers of this English translation:

The above means that there was no significant change from the description in the Annual Report on Form 20-F filed with the SEC on June 23, 2008.

URL: The Form 20-F filed with the SEC on June 23, 2008

<http://www.sec.gov/Archives/edgar/data/313838/000114554908001104/k01608e20vf.htm>

III Property, Plant and Equipment

(1) Major Property, Plant and Equipment

There was no significant change during the three months ended September 30, 2008.

(2) Plan for the Purchase and Retirement of Major Property, Plant and Equipment

During the three months ended September 30, 2008, there was no significant change in the purchase and retirement of property, plant and equipment from the plan at June 30, 2008. During the three months ended September 30, 2008, there was no significant new firm plan of the purchase and retirement of major property, plant and equipment.

IV 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 As of the end of the second quarterly period (September 30, 2008) | As of the filing date of the Quarterly Securities Report (November 14, 2008) | Securities exchange where the shares are listed or registered/authorized Financial Instruments Firms Association Tokyo Stock Exchange Osaka Securities Exchange New York Stock Exchange London Stock Exchange | Description |
|--------------|--|--|--|-------------|
| Common stock | 1,004,535,364 | 1,004,535,364 | | |
| Total | 1,004,535,364 | 1,004,535,364 | | |

Notes:

1. The Company's shares of common stock are listed on the First Sections of the Tokyo Stock Exchange and the Osaka Securities Exchange in Japan.
2. The number of shares issued as of the filing date of the Quarterly Securities Report does not include shares issued upon the exercise of stock acquisition rights (SARs) (including the conversion of convertible bonds and the exercise of warrants of bonds with warrants issued under the previous Commercial Code in Japan) during November 2008, the month the 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 stock acquisitions rights, bonds with stock acquisition rights and convertible bonds listed below. A summary of such terms and conditions has previously been submitted to the Securities and Exchange Commission under Form 20-F, Form 6-K and Form S-8. There has been no change to such terms and conditions since the applicable date of such submissions, except a revision of the total outstanding number of SARs issued and number of outstanding shares to be issued or transferred, as provided in the schedule below.

URL: The list of documents previously submitted by the Company

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

Stock acquisition rights (outstanding as of September 30, 2008)

| Name (Date of Shareholders Resolution) | Total outstanding number of SARs issued | Number of outstanding shares of common stock to be issued or transferred |
|--|--|--|
| The first series of Common Stock Acquisition Rights (June 20, 2002) | 9,878 | 987,800 |

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| | | |
|--|--------|-----------|
| The third series of Common Stock Acquisition Rights | 9,332 | 933,200 |
| (June 20, 2002) | | |
| The fourth series of Common Stock Acquisition Rights | 8,145 | 814,500 |
| (June 20, 2003) | | |
| The sixth series of Common Stock Acquisition Rights | 8,941 | 894,100 |
| (June 20, 2003) | | |
| The seventh series of Common Stock Acquisition Rights | 9,540 | 954,000 |
| (June 22, 2004) | | |
| The ninth series of Common Stock Acquisition Rights | 8,085 | 808,500 |
| (June 22, 2004) | | |
| The tenth series of Common Stock Acquisition Rights | 10,093 | 1,009,300 |
| (June 22, 2005) | | |
| The eleventh series of Common Stock Acquisition Rights | 10,717 | 1,071,700 |
| (June 22, 2005) | | |
| The twelfth series of Common Stock Acquisition Rights | 10,579 | 1,057,900 |
| (June 22, 2006) | | |
| The thirteenth series of Common Stock Acquisition Rights | 13,734 | 1,373,400 |
| (June 22, 2006) | | |
| The fourteenth series of Common Stock Acquisition Rights | 7,962 | 796,200 |
| (June 21, 2007) | | |
| The fifteenth series of Common Stock Acquisition Rights | 15,844 | 1,584,400 |
| (June 21, 2007) | | |

Bonds with stock acquisition rights (outstanding as of September 30, 2008)

| Name | Total number of SARs issued | Number of shares of common stock to be issued or transferred |
|---|-----------------------------|--|
| (Date of Management Committee's Resolution) | | |
| Bonds with Stock Acquisition Rights | 50,000 | 44,603,033 |
| (December 1, 2003) | | |

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Convertible bonds (outstanding as of September 30, 2008)

| Name | Outstanding balance |
|--|-------------------------|
| (Date of issuance) | |
| U.S. Dollar convertible bonds (April 17, 2000) | U.S. \$ 45,550 thousand |
| U.S. Dollar convertible bonds (April 16, 2001) | U.S. \$ 45,730 thousand |
| U.S. Dollar convertible bonds (April 15, 2002) | U.S. \$ 33,002 thousand |

iii) Status of Rights Plan

Not applicable.

iv) Changes in the Number of Total Shares Issued and the Amount of Common Stock

| Period | Change in the number of total shares issued | Balance of the number of total shares issued | Change in the amount of capital stock | Balance of the amount of capital stock | Change in capital reserve | Balance of capital reserve |
|---------------------------------------|---|--|---------------------------------------|--|---------------------------|----------------------------|
| | (Thousands) | (Thousands) | (Millions of yen) | (Millions of yen) | (Millions of yen) | (Millions of yen) |
| From July 1 to September 30, 2008*1,2 | 7 | 1,004,535 | 15 | 630,765 | 15 | 837,453 |

Notes:

- Increase due to the exercise of SARs.
- The total number of shares, the amount of capital stock and the capital reserve did not increase during the period from October 1 to October 31, 2008.

v) Status of Major Shareholders

(As of September 30, 2008)

| Name | Address | Number of shares held | Number of shares held as a percentage of total shares issued |
|---|--|-----------------------|--|
| | | (Thousands) | (%) |
| Moxley and Company*1 | New York, U.S.A. | 148,669 | 14.80 |
| (Local Custodian: The Bank of Tokyo-Mitsubishi UFJ, Ltd.) | (2-7-1, Marunouchi, Chiyoda-ku, Tokyo) | | |

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| | | | |
|--|--|--------|------|
| Japan Trustee Services Bank, Ltd.* ² | 1-8-11, Harumi, Chuo-ku, Tokyo | 59,995 | 5.97 |
| (Trust account) | | | |
| The Master Trust Bank of Japan, Ltd.* ² | 2-11-3, Hamamatsu-cho, Minato-ku, Tokyo | 43,397 | 4.32 |
| (Trust account) | | | |
| Japan Trustee Services Bank, Ltd.* ² | 1-8-11, Harumi, Chuo-ku, Tokyo | 40,158 | 4.00 |
| (Trust account 4G) | | | |
| State Street Bank and Trust Company* ³ | Boston, U.S.A. | | |
| (Local Custodian: Mizuho Corporate Bank, Ltd.) | (6-7, Nihonbashi Kabuto-cho, Chuo-ku, Tokyo) | 33,138 | 3.30 |

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| | | | |
|---|-------------------------------|---------|-------|
| SSBT OD05 Omnibus China Treaty 808150* ³ | Sydney, Australia | 10,373 | 1.03 |
| (Local Custodian: Sumitomo Mitsui Banking (1-3-2, Marunouchi , Chiyoda-ku, Tokyo) Corporation) | | | |
| State Street Bank and Trust Company 505223* ³ | Boston, U.S.A. | 9,551 | 0.95 |
| (Local Custodian: Mizuho Corporate Bank, (6-7, Nihonbashi Kabuto-cho, Chuo-ku, Tokyo) Ltd.) | | | |
| State Street Bank and Trust Company 505225* ³ | Boston, U.S.A. | 8,466 | 0.84 |
| (Local Custodian: Mizuho Corporate Bank, (6-7, Nihonbashi Kabuto-cho, Chuo-ku, Tokyo) Ltd.) | | | |
| The Chase Manhattan Bank, N.A. London Secs Lending Omnibus Account * ³ | London, U.K. | 8,088 | 0.81 |
| (Local Custodian: Mizuho Corporate Bank, (6-7, Nihonbashi Kabuto-cho, Chuo-ku, Tokyo) Ltd.) | | | |
| Japan Trustee Services Bank, Ltd.* ² | 1-8-11, Harumi Chuo-ku, Tokyo | 8,003 | 0.80 |
| (Trust account 4) | | | |
| Total | | 369,839 | 36.82 |
| Notes: | | | |

1. Moxley and Company is the nominee of JP Morgan Chase Bank, N.A. which is the Depository for holders of the Company's American Depositary Receipts (ADRs).
2. The shares held by each corporation are held in trust for investors, including shares in securities investment trusts.
3. Each shareholder provides depository services for shares owned by institutional investors, mainly in Europe and North America. They are also the nominees for these investors.
4. Dodge & Cox sent a copy of the Amendment to the Bulk Shareholding Report (which was filed with the Kanto Financial Bureau in Japan) to the Company as of September 21, 2007 and reported that they held shares of the Company (including ADRs) as of September 15, 2007 as provided in the below table. The Company has not been notified of any change in such shareholding. The Company has not been able to confirm the number of shares beneficially held by Dodge & Cox as of September 30, 2008.

| Name | Number of shares held (Thousands) | Number of shares held as a percentage of total shares issued (%) |
|-------------|--------------------------------------|--|
| Dodge & Cox | 84,461 | 8.42 |

vi) Status of Voting Rights

1) Shares Issued

(As of September 30, 2008)

| Classification | Number of shares of common stock (Shares) | Number of votes (Units) | Description |
|--|---|----------------------------|-------------|
| Shares without voting rights | | | |
| Shares with restricted voting rights (Treasury stock, etc.) | | | |
| Shares with restricted voting rights (Others) | | | |

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Shares with full voting rights (Treasury
stock, etc.)

1,057,500

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| | | | |
|--|---------------|------------|--|
| Shares with full voting rights (Others) | 1,000,800,400 | 10,008,004 | |
| Shares less than one unit | 2,677,464 | | Shares less than one unit (100 shares) |
| Total shares issued | 1,004,535,364 | | |
| Total voting rights held by all shareholders | | 10,008,004 | |

Note: Included in Shares with full voting rights (Others) under Number of shares of common stock are 46,800 shares of common stock held under the name of Japan Securities Depository Center, Inc. Also included in Shares with full voting rights (Others) under Number of votes are 468 voting rights regarding the shares of common stock related to such shares with full voting rights held under the name of Japan Securities Depository Center, Inc.

2) Treasury Stock

(As of September 30, 2008)

| Shareholder | Address of shareholder | Number of shares of common stock held under own name (Shares) | Number of shares of common stock held under the names of others (Shares) | Total number of shares of common stock held (Shares) | Total of shares held to total shares issued (%) |
|---|--|---|--|--|---|
| Sony Corporation | 1-7-1, Konan, Minato-ku, Tokyo | 1,043,900 | - | 1,043,900 | 0.1 |
| (Treasury stock)* ¹ Kyoshin Technosonic Co., Ltd. | 1-31-1, Nishi-Gotanda, Shinagawa-ku, Tokyo | 12,600 | 1,000 | 13,600 | 0.0 |
| (Cross-holding stock)* ² Total | | 1,056,500 | 1,000 | 1,057,500 | 0.1 |

Notes:

- In addition to the above, there are 383 shares of common stock held by the Company in the register of shareholders that the Company does not beneficially own. These shares are included in Shares with full voting rights (Others) and Shares less than one unit in Table (i) Shares Issued above.
- Kyoshin Technosonic Co., Ltd. is a member of a stock ownership plan (The Sony Stock Ownership Plan 7-1, Konan 1-chome, Minato-ku, Tokyo), which is composed of the Company's business partners and other members, holding 1,000 shares of the Company under the name thereof.

(2) Stock Price Range

Highest and lowest prices during the past six months

| Month of 2008 | April | May | June | July | August | September |
|----------------|-------|-------|-------|-------|--------|-----------|
| Highest (yen)* | 4,910 | 5,350 | 5,560 | 4,710 | 4,430 | 4,190 |
| Lowest (yen)* | 4,000 | 4,560 | 4,620 | 4,050 | 4,000 | 3,120 |

* As quoted on the First Section of the Tokyo Stock Exchange.

(3) Directors and Corporate Executive Officers

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There were no changes in directors and corporate executive officers between the filing date of the Securities Report

(Yukashoken Houkokusho) for the fiscal year ended March 31, 2008 and the filing date of this Quarterly Securities Report (Shihanki Houkokusho) on November 14, 2008.

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V Financial Statements

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(i) Consolidated Balance Sheets (Unaudited)

Sony Corporation and Consolidated Subsidiaries

| | Yen in millions | |
|---|--------------------------|-------------------|
| | At September 30, 2008 | At March 31, 2008 |
| ASSETS | | |
| Current assets: | | |
| Cash and cash equivalents | 700,923 | 1,086,431 |
| Call loan in the banking business | 325,765 | 352,569 |
| Marketable securities | 475,158 | 427,709 |
| Notes and accounts receivable, trade | 1,206,065 | 1,183,620 |
| Allowance for doubtful accounts and sales returns | (71,974) | (93,335) |
| Inventories | 1,365,392 | 1,021,595 |
| Deferred income taxes | 230,419 | 237,073 |
| Prepaid expenses and other current assets | 897,764 | 794,001 |
| Total current assets | 5,129,512 | 5,009,663 |
| Film costs | 324,118 | 304,243 |
| Investments and advances: | | |
| Affiliated companies | 333,236 | 381,188 |
| Securities investments and other | 4,187,704 | 3,954,460 |
| | 4,520,940 | 4,335,648 |
| Property, plant and equipment: | | |
| Land | 157,888 | 158,289 |
| Buildings | 911,878 | 903,116 |
| Machinery and equipment | 2,417,791 | 2,483,016 |
| Construction in progress | 80,480 | 55,740 |
| | 3,568,037 | 3,600,161 |
| Less Accumulated depreciation | 2,339,054 | 2,356,812 |
| | 1,228,983 | 1,243,349 |
| Other assets: | | |
| Intangibles, net | 307,447 | 263,490 |
| Goodwill | 341,207 | 304,423 |
| Deferred insurance acquisition costs | 401,324 | 396,819 |
| Deferred income taxes | 210,915 | 198,666 |
| Other | 507,970 | 496,438 |
| | 1,768,863 | 1,659,836 |
| Total assets: | 12,972,416 | 12,552,739 |

(Continued on following page.)

Consolidated Balance Sheets (Unaudited)

| | Yen in millions | |
|--|--------------------------|-------------------|
| | At September 30, 2008 | At March 31, 2008 |
| LIABILITIES AND STOCKHOLDERS EQUITY | | |
| Current liabilities: | | |
| Short-term borrowings | 71,215 | 63,224 |
| Current portion of long-term debt | 378,313 | 291,879 |
| Notes and accounts payable, trade | 1,228,377 | 920,920 |
| Accounts payable, other and accrued expenses | 987,859 | 896,598 |
| Accrued income and other taxes | 51,318 | 200,803 |
| Deposits from customers in the banking business | 1,338,223 | 1,144,399 |
| Other | 456,412 | 505,544 |
| Total current liabilities | 4,511,717 | 4,023,367 |
| Long-term debt | 649,414 | 729,059 |
| Accrued pension and severance costs | 221,084 | 231,237 |
| Deferred income taxes | 238,631 | 268,600 |
| Future insurance policy benefits and other | 3,420,503 | 3,298,506 |
| Other | 236,521 | 260,032 |
| Total liabilities: | 9,277,870 | 8,810,801 |
| Commitments and contingent liabilities | | |
| Minority interest in consolidated subsidiaries | 262,630 | 276,849 |
| Stockholders equity: | | |
| Common stock, no par value | | |
| At September 30, 2008 Shares authorized: 3,600,000,000, shares issued: 1,004,535,364 | 630,765 | |
| At March 31, 2008 Shares authorized: 3,600,000,000, shares issued: 1,004,443,364 | | 630,576 |
| Additional paid-in capital | 1,153,571 | 1,151,447 |
| Retained earnings | 2,085,045 | 2,059,361 |
| Accumulated other comprehensive income | | |
| Unrealized gains on securities | 41,399 | 70,929 |
| Unrealized gains (losses) on derivative instruments | 1,438 | (3,371) |
| Pension liability adjustment | (96,518) | (97,562) |
| Foreign currency translation adjustments | (378,890) | (341,523) |
| | (432,571) | (371,527) |
| Treasury stock, at cost | | |
| Common stock | | |
| At September 30, 2008 1,043,930 shares | (4,894) | |
| At March 31, 2008 1,015,596 shares | | (4,768) |
| | 3,431,916 | 3,465,089 |
| Total liabilities and stockholders equity: | 12,972,416 | 12,552,739 |

The accompanying notes are an integral part of these statements.

(ii) Consolidated Statements of Income (Unaudited)

Sony Corporation and Consolidated Subsidiaries

| | Yen in millions Six Months Ended September 30, 2008 |
|---|---|
| Sales and operating revenue: | |
| Net sales | 3,725,551 |
| Financial service revenue | 275,851 |
| Other operating revenue | 49,947 |
| | 4,051,349 |
| Costs and expenses: | |
| Cost of sales | 2,882,477 |
| Selling, general and administrative | 814,137 |
| Financial service expenses | 269,425 |
| Loss on sale, disposal or impairment of assets, net | 4,208 |
| | 3,970,247 |
| Equity in net income of affiliated companies | 3,385 |
| Operating income | 84,487 |
| Other income: | |
| Interest and dividends | 14,313 |
| Gain on sale of securities investments, net | 461 |
| Gain on change in interest in subsidiaries and equity investees | 324 |
| Other | 11,803 |
| | 26,901 |
| Other expenses: | |
| Interest | 11,427 |
| Loss on devaluation of securities investments | 1,442 |
| Foreign exchange loss, net | 19,730 |
| Other | 8,560 |
| | 41,159 |
| Income before income taxes | 70,229 |
| Income taxes: | |
| Current | 47,003 |
| Deferred | (36,937) |
| | 10,066 |
| Income before minority interest | 60,163 |
| Minority interest in income (loss) of consolidated subsidiaries | 4,370 |
| Net income | 55,793 |

| | Yen in millions Six Months Ended September 30, 2008 |
|------------------------|---|
| Per share data: | |
| Common stock | |
| Net income | |
| Basic | 55.60 |
| Diluted | 53.11 |
| Cash dividends | 30.00 |

The accompanying notes are an integral part of these statements.

Consolidated Statements of Income (Unaudited)

Sony Corporation and Consolidated Subsidiaries

| | Yen in millions Three Months Ended September 30, 2008 |
|---|---|
| Sales and operating revenue: | |
| Net sales | 1,950,289 |
| Financial service revenue | 97,469 |
| Other operating revenue | 24,547 |
| | 2,072,305 |
| Costs and expenses: | |
| Cost of sales | 1,514,812 |
| Selling, general and administrative | 419,888 |
| Financial service expenses | 121,641 |
| Loss on sale, disposal or impairment of assets, net | 6,061 |
| | 2,062,402 |
| Equity in net income of affiliated companies | 1,145 |
| Operating income | 11,048 |
| Other income: | |
| Interest and dividends | 6,531 |
| Gain on sale of securities investments, net | 319 |
| Gain on change in interest in subsidiaries and equity investees | 336 |
| Other | 6,620 |
| | 13,806 |
| Other expenses: | |
| Interest | 6,611 |
| Loss on devaluation of securities investments | 502 |
| Foreign exchange loss, net | 6,803 |
| Other | 3,631 |
| | 17,547 |
| Income before income taxes | 7,307 |
| Income taxes: | |
| Current | 6,956 |
| Deferred | (15,891) |
| | (8,935) |
| Income before minority interest | 16,242 |
| Minority interest in income (loss) of consolidated subsidiaries | (4,574) |
| Net income | 20,816 |

| | Yen in millions Three Months Ended September 30, 2008 |
|------------------------|---|
| Per share data: | |
| Common stock | |
| Net income | |
| Basic | 20.74 |
| Diluted | 19.83 |

The accompanying notes are an integral part of these statements.

(iii) Consolidated Statement of Cash Flows (Unaudited)

Sony Corporation and Consolidated Subsidiaries

| | Yen in millions Six Months Ended September 30, 2008 |
|--|---|
| Cash flows from operating activities: | |
| Net income | 55,793 |
| Adjustments to reconcile net income to net cash used in operating activities | |
| Depreciation and amortization, including amortization of deferred insurance acquisition costs | 195,026 |
| Amortization of film costs | 125,271 |
| Stock-based compensation expense | 1,967 |
| Accrual for pension and severance costs, less payments | (11,143) |
| Loss on sale, disposal or impairment of assets, net | 4,208 |
| Gain on sale or loss on devaluation of securities investments, net | 981 |
| Loss on revaluation of marketable securities held in the financial service business for trading purpose, net | 26,312 |
| Gain on change in interest in subsidiaries and equity investees | (324) |
| Deferred income taxes | (36,937) |
| Equity in net income of affiliated companies, net of dividends | 28,164 |
| Changes in assets and liabilities: | |
| Increase in notes and accounts receivable, trade | (43,857) |
| Increase in inventories | (364,438) |
| Increase in film costs | (135,025) |
| Increase in notes and accounts payable, trade | 297,840 |
| Decrease in accrued income and other taxes | (137,391) |
| Increase in future insurance policy benefits and other | 78,754 |
| Increase in deferred insurance acquisition costs | (35,122) |
| Increase in marketable securities held in the financial service business for trading purpose | (26,057) |
| Increase in other current assets | (230,880) |
| Decrease in other current liabilities | (1,379) |
| Other | 64,159 |
| Net cash used in operating activities | (144,078) |

(Continued on following page.)

Consolidated Statement of Cash Flows (Unaudited)

| | Yen in millions |
|--|--|
| | Six Months Ended September 30, 2008 |
| Cash flows from investing activities: | |
| Payments for purchases of fixed assets | (236,183) |
| Proceeds from sales of fixed assets | 139,867 |
| Payments for investments and advances by financial service business | (823,116) |
| Payments for investments and advances (other than financial service business) | (73,226) |
| Proceeds from maturities of marketable securities, sales of securities investments and collections of advances by financial service business | 500,942 |
| Proceeds from maturities of marketable securities, sales of securities investments and collections of advances (other than financial service business) | 4,016 |
| Other | (406) |
| Net cash used in investing activities | (488,106) |
| Cash flows from financing activities: | |
| Proceeds from issuance of long-term debt | 12,055 |
| Payments of long-term debt | (9,408) |
| Increase in short-term borrowings, net | 12,237 |
| Increase in deposits from customers in the financial service business, net | 237,183 |
| Dividends paid | (12,517) |
| Proceeds from the issuance of shares under stock-based compensation plans | 378 |
| Other | (3,343) |
| Net cash provided by financing activities | 236,585 |
| Effect of exchange rate changes on cash and cash equivalents | 10,091 |
| Net decrease in cash and cash equivalents | (385,508) |
| Cash and cash equivalents at beginning of the period | 1,086,431 |
| Cash and cash equivalents at end of the period | 700,923 |

The accompanying notes are an integral part of these statements.

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Sony Corporation and Consolidated Subsidiaries

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Notes to Consolidated Financial Statements

Sony Corporation and Consolidated Subsidiaries

1. Summary of Significant Accounting Policies

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

(1) Newly Adopted Accounting Pronouncements:

Fair Value Measurements -

In September 2006, the FASB issued FAS No. 157, Fair Value Measurements . FAS No. 157 establishes a framework for measuring fair value, clarifies the definition of fair value, and expands disclosures about the use of fair value measurements. FAS No. 157 applies under other accounting pronouncements that require or permit fair value measurements and does not require any new fair value measurements. In February 2008, the FASB issued FASB Staff Positions (FSP) FAS 157-1, Application of FASB Statement No. 157 to FASB Statement No. 13 and Other Accounting Pronouncements That Address Fair Value Measurements for Purposes of Lease Classification or Measurement under Statement 13 and FSP FAS 157-2, Effective Date of FASB Statement No. 157 . FSP FAS 157-1 removes certain leasing transactions from the scope of FAS No. 157. FSP FAS 157-2 partially delays the effective date of FAS No. 157 until April 1, 2009 for Sony for certain nonfinancial assets and liabilities. In October 2008, the FASB issued FSP FAS 157-3, Determining the Fair Value of a Financial Asset When the Market for that Asset Is Not Active . FSP FAS 157-3 clarifies the application of FAS No. 157 in a market that is not active. Sony adopted FAS No. 157 on April 1, 2008 with regards to financial assets and liabilities. The adoption of FAS No. 157 as it relates to financial assets and liabilities did not have a material impact on Sony s consolidated results of operations and financial position. Sony is currently evaluating the impact for nonfinancial assets and liabilities. Descriptions required to be disclosed by FAS No. 157 are omitted.

Fair Value Option for Financial Assets and Financial Liabilities -

In February 2007, the FASB issued FAS No. 159, The Fair Value Option for Financial Assets and Financial Liabilities . FAS No. 159 permits companies to choose to measure, on an instrument-by-instrument basis, various financial instruments and certain other items at fair value that are not currently required to be measured at fair value. The fair value measurement election is irrevocable and subsequent changes in fair value must be recorded in earnings. Sony adopted FAS No. 159 on April 1, 2008. Sony did not elect the fair value option for any assets or liabilities, that were not previously carried at fair value. Accordingly, the adoption of FAS No. 159 had no impact on Sony s consolidated financial statements. However, its effects on future periods will depend on the nature of instruments held by Sony and its elections under the provisions of FAS No. 159.

(2) Changes in Accounting Policies, Procedures and Presentation Rules Applied in the Preparation of the Interim Consolidated Financial Statements:

Equity in Net Income of Affiliated Companies -

Sony periodically reviews the presentation of its financial information to ensure that it is consistent with the way management views the consolidated operations. Since Sony considers its equity investments to be integral to its operations, effective April 1, 2008, Sony reports equity in net income of affiliated companies as a component of operating income. Prior to April 1, 2008, equity in net income of affiliated companies was presented below minority interest in income (loss) of consolidated subsidiaries and above net income in Sony s consolidated results of operations. As a result of the reclassification, both operating income and income before income taxes increased by 1,145 million yen for the

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three months ended September 30, 2008, and by 3,385 million yen for the six months ended September 30, 2008. The reclassification did not affect net income for the three and six months ended September 30, 2008.

(3) 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

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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 will be included with the provision based on the ETR in the interim period in which they occur.

(4) Reclassifications:

Certain reclassifications of the financial statements for the fiscal year ended March 31, 2008 have been made to conform to the presentation for the interim period ended September 30, 2008.

2. Inventories

Inventories at September 30 and March 31, 2008 are summarized as follows:

| | Yen in millions | |
|--|--------------------------|----------------------|
| | At September 30, 2008 | At March 31, 2008 |
| Finished products | 1,018,502 | 687,095 |
| Work in process | 115,440 | 119,656 |
| Raw materials, purchased components and supplies | 231,450 | 214,844 |
| | 1,365,392 | 1,021,595 |

3. Reconciliation of the Differences between Basic and Diluted Net Income per Share (EPS)

Reconciliation of the differences between basic and diluted EPS for the six and three months ended September 30, 2008 is as follows:

| | Yen in millions Six Months Ended September 30, 2008 |
|---|---|
| Net income allocated to common stock | 55,793 |
| Effect of dilutive securities: | |
| Stock acquisition rights | - |
| Convertible bonds | - |
| Net income allocated to common stock for dilutive EPS computation | 55,793 |

| | Thousands of shares |
|--|---------------------|
| Weighted-average shares | 1,003,480 |
| Effect of dilutive securities: | |
| Stock acquisition rights | 823 |
| Convertible bonds | 46,246 |
| Weighted-average shares for dilutive EPS computation | 1,050,549 |

| | Yen |
|-------------|-------|
| Basic EPS | 55.60 |
| Diluted EPS | 53.11 |

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Potential shares of common stock upon the exercise of stock acquisition rights, which were excluded from the computation of diluted EPS since they had an exercise price in excess of the average market value of Sony's common stock during the fiscal period, were 11,491 thousand shares for the six months ended September 30, 2008.

| | Yen in millions Three Months Ended September 30, 2008 |
|---|---|
| Net income allocated to common stock | 20,816 |
| Effect of dilutive securities: | |
| Stock acquisition rights | - |
| Convertible bonds | - |
| Net income allocated to common stock for dilutive EPS computation | 20,816 |

| | Thousands of shares |
|--|---------------------|
| Weighted-average shares | 1,003,495 |
| Effect of dilutive securities: | |
| Stock acquisition rights | 211 |
| Convertible bonds | 46,246 |
| Weighted-average shares for dilutive EPS computation | 1,049,952 |

| | Yen |
|-------------|-------|
| Basic EPS | 20.74 |
| Diluted EPS | 19.83 |

Potential shares of common stock upon the exercise of stock acquisition rights, which were excluded from the computation of diluted EPS since they had an exercise price in excess of the average market value of Sony's common stock during the fiscal period, were 12,075 thousand shares for the three months ended September 30, 2008.

4. Commitments and Contingent Liabilities

(1) Commitments:

A. Loan Commitments

Commitments outstanding at September 30, 2008 totaled 300,787 million yen. The main components of these commitments are loan agreements that subsidiaries in the Financial Services segment have entered into with their customers in accordance with the condition of the contracts.

B. Purchase Commitments and other

Commitments outstanding at September 30, 2008 amounted to 225,973 million yen. The major components of these commitments are as follows:

In the ordinary course of business, Sony makes commitments for the purchase of property, plant and equipment. As of September 30, 2008, such commitments outstanding were 33,614 million yen.

Certain subsidiaries in the Pictures segment have entered into agreements with creative talent for the development and production of films and television programming as well as agreements with third parties to acquire completed films, or certain rights therein. These agreements mainly cover various periods through March 31, 2011. As of September 30, 2008, these subsidiaries were committed to make payments under such contracts of 53,671 million yen.

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In April 2005, Sony Corporation has entered into a partnership program contract with Fédération Internationale de Football Association (FIFA). Through this program Sony Corporation will be able to exercise various rights as an official sponsor of FIFA events including the FIFA World Cup™* from 2007 to 2014. As of September 30, 2008, Sony Corporation was committed to make payments under such contract of 23,718 million yen.

* FIFA World Cup™ is a registered trademark of FIFA.

(2) Contingent Liabilities:

Sony had contingent liabilities including guarantees given in the ordinary course of business, which amounted to 47,590 million yen at September 30, 2008. The major components of the contingent liabilities are as follows:

In connection with the December 2007 refinancing of the debt obligation of a third party investor in Sony's U.S. based music publishing business, Sony has issued a guarantee to a creditor of the third party investor pursuant to which Sony will provide a minimum offer of 300 million U.S. dollars to the creditor to purchase certain assets that are being held as collateral by the third party creditor against the obligation of the third party investor. The assets held as collateral for the third party investor's obligation consist of the third party investor's 50% ownership interest in the music publishing subsidiary. At September 30, 2008, the fair value of the collateral exceeded 300 million U.S. dollars.

The European Commission (EC) issued the Waste Electrical and Electronic Equipment (WEEE) directive in February 2003. The WEEE directive requires electronics producers after August 2005 to finance the cost for collection, treatment, recovery and safe disposal of waste products. In most member states of the European Union (EU), the directive has been transposed into national legislation subject to which Sony recognizes the liability for obligations associated with WEEE. As of the interim period ended September 30, 2008, the accrued amounts in respect to the above mentioned WEEE have not been significant. However, since the regulation has not been finally adopted and put into practice in all individual member states, Sony will continue to evaluate the impact of this regulation.

Sony Corporation and certain of its subsidiaries are defendants in several pending lawsuits and are subject to inquiries by various government authorities. However, based upon the information currently available to both Sony and its legal counsel, the management of Sony believes that damages from such lawsuits or inquiries, if any, are not likely to have a material effect on Sony's consolidated financial statements.

5. Business Segment Information

Sony is comprised of the Electronics segment, Game segment, Pictures segment, Financial Services segment and All Other. Business segment information is prepared in accordance with these segments.

The Electronics segment designs, develops, manufactures and distributes audio-visual, informational and communicative equipment, instruments and devices throughout the world. The Game segment designs, develops and sells PlayStation®2, PLAYSTATION®3 and PSP® (PlayStation Portable) game consoles and related software mainly in Japan, the U.S. and Europe, and licenses to third party software developers. The Pictures segment develops, produces and manufactures image-based software, including film, video, and television mainly in the U.S., and markets, distributes and broadcasts in the worldwide market. The Financial Services segment primarily represents individual life insurance and non-life insurance businesses in the Japanese market, leasing and credit financing businesses and a bank business in Japan. All Other consists of various operating activities, primarily including a music business, a network service business, an animation production and marketing business, and an advertising agency business in Japan. Sony's products and services are generally unique to a single operating segment.

The operating segments reported 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 executive management in deciding how to allocate resources and in assessing performance.

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Business Segments -

Sales and operating revenue for the six months ended September 30, 2008 is as follows:

| | Yen in millions Six Months Ended September 30, 2008 |
|------------------------------|---|
| Sales and operating revenue: | |
| Electronics - | |
| Customers | 2,811,672 |
| Intersegment | 280,752 |
| Total | 3,092,424 |
| Game - | |
| Customers | 460,419 |
| Intersegment | 37,742 |
| Total | 498,161 |
| Pictures - | |
| Customers | 355,717 |
| Intersegment | — |
| Total | 355,717 |
| Financial Services - | |
| Customers | 275,851 |
| Intersegment | 7,877 |
| Total | 283,728 |
| All Other - | |
| Customers | 147,690 |
| Intersegment | 34,731 |
| Total | 182,421 |
| Elimination | (361,102) |
| Consolidated total | 4,051,349 |

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

Game intersegment amounts primarily consist of transactions with the Electronics segment.

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

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Sales and operating revenue for the three months ended September 30, 2008 is as follows:

| | Yen in millions Three Months Ended September 30, 2008 |
|------------------------------|---|
| Sales and operating revenue: | |
| Electronics - | |
| Customers | 1,461,081 |
| Intersegment | 192,229 |
| Total | 1,653,310 |
| Game - | |
| Customers | 245,427 |
| Intersegment | 23,119 |
| Total | 268,546 |
| Pictures - | |
| Customers | 196,079 |
| Intersegment | — |
| Total | 196,079 |
| Financial Services - | |
| Customers | 97,469 |
| Intersegment | 3,234 |
| Total | 100,703 |
| All Other - | |
| Customers | 72,249 |
| Intersegment | 18,033 |
| Total | 90,282 |
| Elimination | (236,615) |
| Consolidated total | 2,072,305 |

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

Game intersegment amounts primarily consist of transactions with the Electronics segment.

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

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Segment profit or loss for the six and three months ended September 30, 2008 are as follows:

| | Yen in millions Six Months Ended September 30, 2008 |
|---|---|
| Operating income (loss): | |
| Electronics | 119,997 |
| Game | (34,047) |
| Pictures | 2,725 |
| Financial Services | 5,298 |
| All Other | 10,264 |
| Total | 104,237 |
| Elimination | (538) |
| Unallocated amounts: | |
| Corporate expenses | (19,212) |
| Consolidated operating income | 84,487 |
| | |
| Other income | 26,901 |
| Other expenses | (41,159) |
| | |
| Consolidated income before income taxes | 70,229 |

| | Yen in millions Three Months Ended September 30, 2008 |
|---|---|
| Operating income (loss): | |
| Electronics | 75,646 |
| Game | (39,465) |
| Pictures | 10,987 |
| Financial Services | (25,279) |
| All Other | 3,542 |
| Total | 25,431 |
| Elimination | (5,330) |
| Unallocated amounts: | |
| Corporate expenses | (9,053) |
| Consolidated operating income | 11,048 |
| | |
| Other income | 13,806 |
| Other expenses | (17,547) |
| | |
| Consolidated income before income taxes | 7,307 |

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

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Other Significant Items:

The following table is a breakdown of Electronics sales and operating revenue to external customers by product category. The Electronics segment is managed as a single operating segment by Sony's management.

| | Yen in millions Six Months Ended September 30, 2008 |
|--------------------------------|---|
| Audio | 235,161 |
| Video | 612,676 |
| Televisions | 676,030 |
| Information and Communications | 506,817 |
| Semiconductors | 117,873 |
| Components | 400,505 |
| Other | 262,610 |
| Total | 2,811,672 |

| | Yen in millions Three Months Ended September 30, 2008 |
|--------------------------------|---|
| Audio | 121,592 |
| Video | 297,262 |
| Televisions | 364,492 |
| Information and Communications | 277,749 |
| Semiconductors | 59,123 |
| Components | 211,631 |
| Other | 129,232 |
| Total | 1,461,081 |

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Geographic Information -

Sales and operating revenue attributed to countries based on location of customers for the six and three months ended September 30, 2008 are as follows:

| | Yen in millions Six Months Ended September 30, 2008 |
|------------------------------|---|
| Sales and operating revenue: | |
| Japan | 938,165 |
| U.S.A. | 929,342 |
| Europe | 981,107 |
| Other | 1,202,735 |
| Total | 4,051,349 |

| | Yen in millions Three Months Ended September 30, 2008 |
|------------------------------|---|
| Sales and operating revenue: | |
| Japan | 418,852 |
| U.S.A. | 495,842 |
| Europe | 519,418 |
| Other | 638,193 |
| Total | 2,072,305 |

There are not any individually material countries with respect to the sales and operating revenue included in Europe and Other areas.

Transfers between reportable business or geographic segments are made at arms-length prices.

There were no sales and operating revenue with any single major external customer for the six and three months ended September 30, 2008.

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The following information shows sales and operating revenue and operating income by geographic origin for the six months ended September 30, 2008. In addition to the disclosure requirements under FAS No. 131, Sony discloses this supplemental information in accordance with disclosure requirements of the Financial Instruments and Exchange Act of Japan, to which Sony, as a Japanese public company, is subject.

| | Yen in millions Six Months Ended September 30, 2008 |
|------------------------------|---|
| Sales and operating revenue: | |
| Japan - | |
| Customers | 1,013,069 |
| Intersegment | 2,383,934 |
| Total | 3,397,003 |
| U.S.A. - | |
| Customers | 1,074,026 |
| Intersegment | 197,119 |
| Total | 1,271,145 |
| Europe - | |
| Customers | 909,795 |
| Intersegment | 35,330 |
| Total | 945,125 |
| Other - | |
| Customers | 1,054,459 |
| Intersegment | 1,099,441 |
| Total | 2,153,900 |
| Elimination | (3,715,824) |
| Consolidated total | 4,051,349 |
| Operating income (loss): | |
| Japan | 134,318 |
| U.S.A. | (43,583) |
| Europe | (19,696) |
| Other | 60,434 |
| Corporate and elimination | (46,986) |
| Consolidated total | 84,487 |

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The following information shows sales and operating revenue and operating income by geographic origin for the three months ended September 30, 2008. In addition to the disclosure requirements under FAS No. 131, Sony discloses this supplemental information in accordance with disclosure requirements of the Financial Instruments and Exchange Act of Japan, to which Sony, as a Japanese public company, is subject.

| | Yen in millions Three Months Ended September 30, 2008 |
|------------------------------|---|
| Sales and operating revenue: | |
| Japan - | |
| Customers | 458,438 |
| Intersegment | 1,350,394 |
| Total | 1,808,832 |
| U.S.A. - | |
| Customers | 581,188 |
| Intersegment | 106,024 |
| Total | 687,212 |
| Europe - | |
| Customers | 475,678 |
| Intersegment | 19,031 |
| Total | 494,709 |
| Other - | |
| Customers | 557,001 |
| Intersegment | 627,937 |
| Total | 1,184,938 |
| Elimination | (2,103,386) |
| Consolidated total | 2,072,305 |
| | |
| Operating income (loss): | |
| Japan | 43,607 |
| U.S.A. | (24,057) |
| Europe | (19,281) |
| Other | 30,930 |
| Corporate and elimination | (20,151) |
| Consolidated total | 11,048 |

6. Subsequent Event

On October 1, 2008, Sony completed the acquisition of Bertelsmann AG's (Bertelsmann) 50% stake in SONY BMG MUSIC ENTERTAINMENT (SONY BMG). The music company, to be called SONY MUSIC ENTERTAINMENT, became a wholly owned subsidiary of Sony. The transaction was structured as follows: First, a portion of Bertelsmann's interest in SONY BMG was redeemed for approximately \$600 million of cash by SONY BMG. Sony then purchased the remaining interest from Bertelsmann for approximately \$600 million.

(2) Other Information

i) Subsequent to September 30, 2008

An interim cash dividend for Sony Corporation Common Stock was approved at the Board of Directors meeting held on October 29, 2008 as below:

1. Total amount of interim cash dividends:

30,105 million yen

2. Amount of an interim cash dividend per share:

30 yen, comprising a regular cash dividend of 20 yen and a special cash dividend of 10 yen

3. Payment date:

December 1, 2008

Note: Interim dividends are to be distributed to the shareholders and beneficial shareholders registered as the holders or pledgees of one or more unit of shares in Sony Corporation's register of shareholders and/or beneficial shareholders at the end of September 30, 2008.

ii) Litigation

On October 18, 2006, class action lawsuits were filed in California in which the plaintiffs alleged that Sony Corporation, Sony Corporation of America, Sony Electronics Inc., other named defendants, and other unnamed parties had entered into and carried out an agreement, combination, or conspiracy to fix, raise, maintain or stabilize the prices of, and allocate the market for and production of, Static Random Access Memory (SRAM). Numerous similar lawsuits were filed in various jurisdictions throughout the United States, which were consolidated in a single federal court for coordinated pre-trial proceedings (the MDL Proceeding). Sony entities reached tolling agreements with the plaintiffs' counsel, pursuant to which such Sony entities were not named as defendants in the Consolidated Amended Complaint for the MDL Proceeding. Also, there have been similar lawsuits filed in Canada (Quebec, British Columbia and Ontario) against those Sony entities in addition to Sony of Canada Ltd. and other major SRAM manufacturers. Sony entities including Sony of Canada Ltd. entered into a tolling agreement with the plaintiffs' counsel, pursuant to which plaintiffs withdrew their claim against all such Sony entities in these proceedings. Also, in October 2006, Sony Electronics Inc. received a Grand Jury subpoena related to a Department of Justice investigation of potential antitrust violations in the SRAM industry. Sony continues to cooperate fully with the investigation.

