SONY CORP
Form 6-K
January 29, 2016

SECURITIES AND EXCHANGE COMMISSION
WASHINGTON, D. C. 20549

FORM 6-K

REPORT OF FOREIGN PRIVATE ISSUER

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

For the month of January 2016
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: January 29, 2016

List of materials

Documents attached hereto:

i) Press release announcing Consolidated Financial Results for the Third Quarter Ended December 31, 2015

News & Information

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

No. 16-011E
3:00 P.M. JST, January 29, 2016

Consolidated Financial Results
for the Third Quarter Ended December 31, 2015

Tokyo, January 29, 2016 -- Sony Corporation today announced its consolidated financial results for the third quarter ended December 31, 2015 (October 1, 2015 to December 31, 2015).

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

	Third Quarter ended December 31			
	2014	2015	Change in yen	2015*
Sales and operating revenue	¥2,566.7	¥2,580.8	+0.5 %	$21,507
Operating income	182.1	202.1	+11.0	1,685
Income before income taxes	167.8	193.3	+15.2	1,611
Net income attributable to Sony Corporation's stockholders	90.0	120.1	+33.5	1,001
Net income attributable to Sony Corporation's stockholders per share of common stock:				
- Basic	¥78.12	¥95.25	+21.9	$0.79
- Diluted	76.96	93.33	+21.3	0.78

* U.S. dollar amounts have been translated from yen, for convenience only, at the rate of 120 yen = 1 U.S. dollar, the approximate Tokyo foreign exchange market rate as of December 31, 2015.

All amounts are presented on the basis of Generally Accepted Accounting Principles in the U.S. ("U.S. GAAP").

Sony Corporation and its consolidated subsidiaries are together referred to as "Sony".

The average foreign exchange rates during the quarters ended December 31, 2014 and 2015 are presented below.

	Third Quarter ended December 31			
	2014	2015	Change	
The average rate of yen				
1 U.S. dollar	¥114.5	¥121.4	5.7 %	(yen depreciation)
1 Euro	143.0	133.0	7.5	(yen appreciation)

Consolidated Results for the Third Quarter Ended December 31, 2015

Sales and operating revenue ("Sales") increased 0.5% compared to the same quarter of the previous fiscal year ("year-on-year") to 2,580.8 billion yen (21,507 million U.S. dollars). Sales were essentially flat year-on-year mainly due to increases in Game & Network Services ("G&NS") segment sales, reflecting a significant increase in

PlayStation®4 (“PS4”) software sales, and in Pictures segment sales, reflecting a significant increase in Motion Pictures sales, substantially offset by decreases in Mobile Communications (“MC”) segment sales, reflecting a significant decrease in smartphone unit sales, and in Devices segment sales, primarily reflecting a significant decrease in image sensor sales. On a constant currency basis, sales were essentially flat year-on-year. For further details about the impact of foreign exchange rate fluctuations on sales and operating income (loss), see Notes on page 10.

Operating income increased 20.1 billion yen year-on-year to 202.1 billion yen (1,685 million U.S. dollars). This increase was primarily due to improvements in the results of All Other, the Pictures segment, the MC segment and the G&NS segment. The increase in consolidated operating income was partially offset by a significant deterioration in the operating results of the Devices segment, primarily due to deterioration in the operating results of the battery business, including the recording of a 30.6 billion yen (255 million U.S. dollars) impairment charge related to long-lived assets. In the same quarter of the previous fiscal year, an 11.2 billion yen write-down of PlayStation®Vita ("PS Vita") and PlayStation®TV ("PS TV") components in the G&NS segment was recorded.

During the current quarter, restructuring charges, net, decreased 3.0 billion yen year-on-year to 6.1 billion yen (51 million U.S. dollars).

Equity in net income of affiliated companies, recorded within operating income, was 1.8 billion yen (15 million U.S. dollars), compared to a loss of 0.1 billion yen in the same quarter of the previous fiscal year. This improvement was mainly due to an improvement of equity in net income (loss) for AEGON Sony Life Insurance Co., Ltd. in the Financial Services segment.

The net effect of other income and expenses was an expense of 8.9 billion yen (74 million U.S. dollars), an improvement of 5.4 billion yen year-on-year mainly due to a decrease in foreign exchange loss, net.

Income before income taxes increased 25.5 billion yen year-on-year to 193.3 billion yen (1,611 million U.S. dollars).

Income taxes: During the current quarter, Sony recorded 55.7 billion yen (464 million U.S. dollars) of income tax expense, resulting in an effective tax rate of 28.8%. This effective tax rate was lower than the Japanese statutory tax rate primarily as a result of profits recorded in the insurance business, which is subject to lower tax rates, coupled with lower income tax expenses due to profits recorded at Sony Corporation and its national tax filing group in Japan, which currently have valuation allowances for deferred tax assets. In the same quarter of the previous fiscal year, Sony recorded 56.2 billion yen of income tax expense, resulting in an effective tax rate of 33.5%.

Net income attributable to Sony Corporation's stockholders, which deducts net income attributable to noncontrolling interests, increased 30.2 billion yen year-on-year to 120.1 billion yen (1,001 million U.S. dollars).

Operating Performance Highlights by Business Segment

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

Mobile Communications (MC)

	(Billions of yen, millions of U.S. dollars) Third Quarter ended December 31			
	2014	2015	Change in yen	2015
Sales and operating revenue	¥450.9	¥384.5	-14.7 %	$3,204
Operating income	10.4	24.1	+133.2	201

Due to certain changes in Sony's organizational structure, sales and operating revenue and operating income (loss) of the MC segment of the comparable prior period have been reclassified to conform to the current presentation. For details, please see Notes on page 10.

Sales decreased 14.7% year-on-year (a 13% decrease on a constant currency basis) to 384.5 billion yen (3,204 million U.S. dollars). This decrease was due to a significant decrease in smartphone unit sales resulting from a strategic decision not to pursue scale in order to improve profitability.

Operating income increased 13.8 billion yen year-on-year to 24.1 billion yen (201 million U.S. dollars). This significant increase was primarily due to an improvement in product mix reflecting a shift to high value-added models, as well as reductions in costs including marketing, research and development and other selling, general and administrative expenses, partially offset by the above-mentioned decrease in smartphone unit sales and the negative impact of the appreciation of the U.S. dollar, reflecting the high ratio of U.S. dollar-denominated costs. During the current quarter, there was an 18.8 billion yen negative impact from foreign exchange rate fluctuations.

Game & Network Services (G&NS)

	(Billions of yen, millions of U.S. dollars)			
	Third Quarter ended December 31			
	2014	2015	Change in yen	2015
Sales and operating revenue	¥531.5	¥587.1	+10.5 %	$4,892
Operating income	27.6	40.2	+45.5	335

The G&NS segment includes the Hardware, Network, and Other categories. Hardware includes home and portable game consoles; Network includes network services relating to game, video and music content provided by Sony Network Entertainment International LLC; Other includes packaged software and peripheral devices.

Sales increased 10.5% year-on-year (an 11% increase on a constant currency basis) to 587.1 billion yen (4,892 million U.S. dollars). This significant increase was primarily due to increases in PS4 software sales and PS4 hardware unit sales, partially offset by a decrease in PlayStation®3 (“PS3”) software and hardware sales.

Operating income increased 12.6 billion yen year-on-year to 40.2 billion yen (335 million U.S. dollars). This increase was primarily due to the increase in PS4 software sales as well as the absence in the current quarter of an 11.2 billion yen write-down of PS Vita and PS TV components recorded in the same quarter of the previous fiscal year. Partially offsetting the increase in operating income were the negative impact of the appreciation of the U.S. dollar, reflecting the high ratio of U.S. dollar-denominated costs, and the decrease in PS3 software sales. During the current quarter, there was a 19.2 billion yen negative impact from foreign exchange rate fluctuations.

Imaging Products & Solutions (IP&S)

	(Billions of yen, millions of U.S. dollars)			
	Third Quarter ended December 31			
	2014	2015	Change in yen	2015
Sales and operating revenue	¥201.9	¥191.9	-5.0 %	$1,599
Operating income	19.7	23.7	+20.5	197

The IP&S segment includes the Digital Imaging Products, Professional Solutions and Other categories. Digital Imaging Products includes compact digital cameras, interchangeable single-lens cameras and video cameras; Professional Solutions includes broadcast- and professional-use products; Other includes operating revenues and flow cytometers. Due to certain changes in Sony’s organizational structure, sales and operating revenue and operating income (loss) of the IP&S segment of the comparable prior period have been reclassified to conform to the current presentation. For details, please see Notes on page 10.

Sales decreased 5.0% year-on-year (a 5% decrease on a constant currency basis) to 191.9 billion yen (1,599 million U.S. dollars). This decrease was primarily due to decreases in unit sales of video cameras and digital cameras* reflecting a contraction of the market, partially offset by an improvement in the product mix of digital cameras reflecting a shift to high value-added models.

Operating income increased 4.0 billion yen year-on-year to 23.7 billion yen (197 million U.S. dollars). This increase was mainly due to the improvement in the product mix of digital cameras and cost reductions, partially offset by the impact of the above-mentioned decrease in sales. During the current quarter, there was a 2.3 billion yen negative impact from foreign exchange rate fluctuations.

* Digital cameras includes compact digital cameras, interchangeable single-lens cameras and interchangeable lenses.

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Home Entertainment & Sound (HE&S)

	(Billions of yen, millions of U.S. dollars) Third Quarter ended December 31			
	2014	2015	Change in yen	2015
Sales and operating revenue	¥420.2	¥402.0	-4.3 %	$3,350
Operating income	26.0	31.2	+19.8	260

The HE&S segment includes the Televisions and Audio and Video categories. Televisions includes LCD televisions; Audio and Video includes Blu-ray DiscTM players and recorders, home audio, headphones and memory-based portable audio devices. Due to certain changes in Sony's organizational structure, sales and operating revenue and operating income (loss) of the HE&S segment of the comparable prior period have been reclassified to conform to the current presentation. For details, please see Notes on page 10.

Sales decreased 4.3% year-on-year (a 3% decrease on a constant currency basis) to 402.0 billion yen (3,350 million U.S. dollars). This decrease was primarily due to a decrease in unit sales of LCD televisions, and a decrease in home audio and video unit sales, reflecting a contraction of the market, as well as the impact of foreign exchange rates, partially offset by an improvement in the product mix of LCD televisions, reflecting a shift to high value-added models.

Operating income increased 5.2 billion yen year-on-year to 31.2 billion yen (260 million U.S. dollars). This increase was primarily due to cost reductions and an improvement in product mix, partially offset by the negative impact of the appreciation of the U.S. dollar, reflecting the high ratio of U.S. dollar-denominated costs, as well as the impact of the above-mentioned decrease in sales. During the current quarter, there was a 14.9 billion yen negative impact from foreign exchange rate fluctuations.

In Televisions, sales* were 278.5 billion yen (2,321 million U.S. dollars), essentially flat year-on-year. This was primarily due to a decrease in LCD television unit sales resulting from a strategic decision not to pursue scale in order to improve profitability and the impact of foreign exchange rates, substantially offset by the improvement in product mix reflecting a shift to high value-added models. Operating income** increased 6.6 billion yen year-on-year to 15.9 billion yen (132 million U.S. dollars). This increase was primarily due to cost reductions and the improvement in product mix, partially offset by the negative impact of the appreciation of the U.S. dollar, reflecting the high ratio of U.S. dollar-denominated costs, and the impact of the decrease in unit sales.

* Sales for Televisions do not include operating revenue.
** The operating income in Televisions excludes restructuring charges, which are included in the overall segment results and are not allocated to product categories.

Devices

	(Billions of yen, millions of U.S. dollars) Third Quarter ended December 31			
	2014	2015	Change in yen	2015
Sales and operating revenue	¥285.9	¥249.9	-12.6 %	$2,082
Operating income (loss)	53.8	(11.7)	-	(97)

The Devices segment includes the Semiconductors and Components categories. Semiconductors includes image sensors and camera modules; Components includes batteries and recording media. Due to certain changes in Sony's organizational structure, sales and operating revenue and operating income (loss) of the Devices segment of the comparable prior period have been reclassified to conform to the current presentation. For details, please see Notes on page 10.

Sales decreased 12.6% year-on-year (a 16% decrease on a constant currency basis) to 249.9 billion yen (2,082 million U.S. dollars). This decrease was primarily due to a significant decrease in sales of image sensors, reflecting a decrease in demand for mobile products, and a significant decrease in battery business sales. This sales decrease was partially offset by an increase in sales of camera modules which were lower than originally forecasted and the impact of foreign exchange rates. Sales to external customers decreased 7.5% year-on-year.

Operating loss of 11.7 billion yen (97 million U.S. dollars) was recorded, compared to an operating income of 53.8 billion yen in the same quarter of the previous fiscal year. This significant deterioration was primarily due to the deterioration in the operating results of the battery business, including the recording of a 30.6 billion yen (255 million U.S. dollars) impairment charge related to long-lived assets, increases in depreciation and amortization expenses as well as in research and development expenses for image sensors and camera modules, and the impact of the decrease in sales of image sensors. For the battery business, due to the increasingly competitive markets, Sony performed an impairment analysis in the current quarter ended December 31, 2015, and reduced the corresponding estimated future cash flows and the estimated ability to recover the entire carrying amount of the long-lived assets, resulting in an impairment charge. During the current quarter, there was a 3.1 billion yen positive impact from foreign exchange rate fluctuations.

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Total inventory of the five Electronics* segments above as of December 31, 2015 was 644.7 billion yen (5,373 million U.S. dollars), a decrease of 27.6 billion yen, or 4.1% year-on-year. Inventory decreased by 188.8 billion yen, or 22.7% compared with the level as of September 30, 2015.

* The term “Electronics” refers to the sum of the MC, G&NS, IP&S, HE&S and Devices segments.

In connection with the realignments made from the first quarter and the third quarter of the fiscal year ending March 31, 2016, total inventory of the five Electronics segments as of December 31, 2014 and September 30, 2015 has been reclassified to conform to the current presentation. For further details, please see Notes on page 10.

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Pictures

	(Billions of yen, millions of U.S. dollars) Third Quarter ended December 31			
	2014	2015	Change in yen	2015
Sales and operating revenue	¥206.6	¥262.1	+26.9 %	$2,184
Operating income	6.2	20.4	+227.4	170

The Pictures segment is comprised of the Motion Pictures, Television Productions, and Media Networks categories. 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.

The results presented in Pictures are a yen-translation of the results of Sony Pictures Entertainment Inc. (“SPE”), a U.S.-based operation that aggregates the results of its worldwide subsidiaries on a U.S. dollar basis. Management analyzes the results of SPE in U.S. dollars, so discussion of certain portions of its results is specified as being on “a U.S. dollar basis.”

Sales increased 26.9% year-on-year (a 21% increase on a U.S. dollar basis) to 262.1 billion yen (2,184 million U.S. dollars). The increase in sales on a U.S. dollar basis was primarily due to significantly higher sales for Motion Pictures, partially offset by the impact of foreign exchange rates. The increase in Motion Pictures sales was primarily driven by higher theatrical revenues, as the current quarter benefitted from the strong worldwide theatrical performances of Spectre and Hotel Transylvania 2, partially offset by lower home entertainment revenues, as the same quarter of the previous fiscal year benefitted from the home entertainment performances of 22 Jump Street and The Equalizer.

Operating income increased 14.1 billion yen year-on-year to 20.4 billion yen (170 million U.S. dollars). This increase was primarily due to the impact of the above-mentioned increase in sales, partially offset by higher theatrical marketing expenses. The increase in operating income also reflects lower overhead expenses as compared to the same quarter of the previous fiscal year, primarily due to a reduction in incentive compensation expense as well as insurance recoveries related to losses incurred from the cyberattack on SPE’s network and IT infrastructure in the Fall of 2014.

Music

	(Billions of yen, millions of U.S. dollars) Third Quarter ended December 31			
	2014	2015	Change in yen	2015
Sales and operating revenue	¥167.5	¥181.2	+8.2 %	$1,510
Operating income	25.9	27.4	+5.7	228

The Music segment is comprised of the Recorded Music, Music Publishing and Visual Media and Platform categories. 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.

The results presented in Music include the yen-translated results of Sony Music Entertainment ("SME"), a U.S.-based operation which aggregates the results of its worldwide subsidiaries on a U.S. dollar basis, the results of Sony Music Entertainment (Japan) Inc., a Japan-based music company which aggregates its results in yen, and the yen-translated consolidated results of Sony/ATV Music Publishing LLC ("Sony/ATV"), a 50% owned U.S.-based joint venture in the music publishing business which aggregates the results of its worldwide subsidiaries on a U.S. dollar basis.

Due to certain changes in Sony's organizational structure, sales and operating revenue and operating income (loss) of the Music segment of the comparable prior period have been reclassified to conform to the current presentation. For details, please see Notes on page 10.

Sales increased 8.2% year-on-year (a 4% increase on a constant currency basis) to 181.2 billion yen (1,510 million U.S. dollars) primarily due to the impact of the depreciation of the yen against the U.S. dollar. The increase in sales on a constant currency basis is due to higher Recorded Music sales, reflecting an increase in digital streaming revenue, and higher Visual Media and Platform sales, reflecting the strong performance of a game application for mobile devices. The current quarter includes the record-breaking sales of Adele's new album 25. Other best-selling titles included One Direction's Made in the A.M., Elvis Presley's If I Can Dream: Elvis Presley with the Royal Philharmonic Orchestra and Bruce Springsteen's The Ties That Bind: The River Collection.

Operating income increased 1.5 billion yen year-on-year to 27.4 billion yen (228 million U.S. dollars). This increase was primarily due to the above-mentioned increase in sales in Recorded Music and Visual Media and Platform.

Financial Services

	(Billions of yen, millions of U.S. dollars) Third Quarter ended December 31			
	2014	2015	Change in yen	2015
Financial services revenue	¥304.9	¥322.0	+5.6 %	$2,684
Operating income	50.9	52.2	+2.7	435

The Financial Services segment results include Sony Financial Holdings Inc. ("SFH") and SFH's consolidated subsidiaries such as Sony Life Insurance Co., Ltd. ("Sony Life"), Sony Assurance Inc. and Sony Bank Inc. The results of Sony Life discussed in the Financial Services segment differ from the results that SFH and Sony Life disclose separately on a Japanese statutory basis.

Financial services revenue increased 5.6% year-on-year to 322.0 billion yen (2,684 million U.S. dollars) primarily due to an increase in revenue at Sony Life. Revenue at Sony Life increased 5.7% year-on-year to 295.0 billion yen (2,458 million U.S. dollars) mainly due to an increase in insurance premium revenue reflecting a steady increase in policy amount in force.

Operating income of 52.2 billion yen (435 million U.S. dollars) was recorded, essentially flat year-on-year. At Sony Life, operating income of 51.6 billion yen (430 million U.S. dollars) was recorded, essentially flat year-on-year, mainly due to the above-mentioned increase in insurance premium revenue, substantially offset by an increase in operating expenses.

All Other

	(Billions of yen, millions of U.S. dollars)			
	Third Quarter ended December 31			
	2014	2015	Change in yen	2015
Sales and operating revenue	¥117.6	¥96.8	-17.7 %	$807
Operating income (loss)	(12.6)	5.7	-	47

All Other included costs related to the PC business in the same quarter of the previous fiscal year. Due to certain changes in Sony's organizational structure, sales and operating revenue and operating income (loss) of All Other of the comparable prior period have been reclassified to conform to the current presentation. For details, please see Notes on page 10.

Sales decreased 17.7% year-on-year to 96.8 billion yen (807 million U.S. dollars).

Operating income of 5.7 billion yen (47 million U.S. dollars) was recorded, compared to an operating loss of 12.6 billion yen in the same quarter of the previous fiscal year. This significant improvement was primarily due to a decrease in PC exit costs, including restructuring charges and after-sales service expenses, as well as the absence in the current quarter of sales company fixed costs charged to the PC business in the same quarter of the previous fiscal year which were allocated based on the prior year results.

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Consolidated Results for the Nine Months ended December 31, 2015

For Consolidated Statements of Income and Business Segment Information for the nine months ended December 31, 2015 and 2014, please refer to pages F-3 and F-7 respectively.

Sales for the nine months ended December 31, 2015 ("the current nine months") were 6,281.6 billion yen (52,347 million U.S. dollars), essentially flat year-on-year. This was primarily due to the significant increase in sales in the G&NS segment and the impact of foreign exchange rates, substantially offset by the significant decrease in sales in the MC segment.

During the current nine months, the average rates of the yen were 121.7 yen against the U.S. dollar and 134.4 yen against the euro, which were 12.2% lower and 4.4% higher, respectively, as compared with the same period in the previous fiscal year. On a constant currency basis, consolidated sales decreased 4%. For further details about sales on a constant currency basis, see Notes on page 10.

In the MC segment, sales decreased significantly primarily due to a significant decrease in smartphone unit sales resulting from a strategic decision not to pursue scale in order to improve profitability. In the G&NS segment, sales increased significantly primarily due to the contribution of PS4 software sales. In the IP&S segment, sales were essentially flat year-on-year primarily due to an improvement in the product mix of digital cameras reflecting a shift to high value-added models, substantially offset by a decrease in unit sales of digital cameras reflecting a contraction of the market. In the HE&S segment, sales decreased primarily due to decreases in LCD televisions and home audio and video unit sales. In the Devices segment, sales increased mainly due to the impact of foreign exchange rates and an increase in sales of image sensors. In the Pictures segment, sales increased primarily due to the impact of the depreciation of the yen against the U.S. dollar. On a U.S. dollar basis, sales for the Pictures segment decreased primarily due to lower home entertainment and television licensing revenues for Motion Pictures and the impact of foreign exchange rates. In the Music segment, sales increased significantly primarily due to the impact of the depreciation of the yen against the U.S. dollar and higher Recorded Music and Visual Media and Platform sales. In the Financial Services segment, revenue was essentially flat year-on-year primarily due to a deterioration in investment performance in the separate account at Sony Life, substantially offset by an increase in insurance premium revenue at Sony Life.

Operating income increased 220.7 billion yen year-on-year to 387.1 billion yen (3,226 million U.S. dollars). This increase was primarily due to the absence of the impairment charge of goodwill of 176.0 billion yen recorded in the MC segment in the same period of the previous fiscal year, the improvement in the operating results of All Other, reflecting a decrease in operating loss of the PC business, as well as the improvements in G&NS, Music, IP&S and HE&S segment results, partially offset by significant deteriorations in the operating results of the Devices and Pictures segments.

Operating income during the current nine months includes a 30.6 billion yen (255 million U.S. dollar) impairment charge of long-lived assets in the battery business recorded in the Devices segment, a 151 million U.S. dollar (18.1 billion yen) gain on the remeasurement to fair value of SME's 51% equity interest in Orchard Media, Inc. ("The Orchard"), which had previously been accounted for under the equity method, as a result of SME increasing its ownership interest to 100%, recorded in the Music Segment, as well as a gain of 12.3 billion yen (101 million U.S. dollars) from the sale of a part of the logistics business, in connection with the formation of a logistics joint venture, recorded in Corporate and elimination. The operating income in the same period of the previous fiscal year included the above-mentioned 176.0 billion yen impairment charge of goodwill recorded in the MC segment, a gain of 14.8 billion yen recognized on the sale of certain buildings and premises at the Gotenyama Technology Center in Japan, recorded in Corporate and elimination and an 11.2 billion yen write-down of PS Vita and PS TV components recorded in the G&NS segment.

In the MC segment, operating loss decreased significantly year-on-year mainly due to the absence in the current period of the above-mentioned goodwill impairment charge recorded in the same period of the previous fiscal year. In the G&NS segment, operating income increased significantly year-on-year primarily due to the contribution of PS4 software sales. In the IP&S segment, operating income increased significantly year-on-year primarily due to an improvement in the product mix of digital cameras as a result of a shift to high value-added models. In the HE&S segment, operating income increased year-on-year primarily due to cost reductions and an improvement in product mix reflecting a shift to high value-added models. In the Devices segment, operating income decreased significantly mainly due to the recording of an impairment charge in the battery business. In the Pictures segment, operating results deteriorated significantly primarily due to the above-mentioned decrease in Motion Pictures sales. In the Music segment, operating income increased significantly primarily due to the gain recorded on the remeasurement to fair value of SME's 51% equity interest in The Orchard. In the Financial Services segment, operating income was essentially flat year-on-year. This result was primarily due to increases in the provision of policy reserves and the amortization of deferred insurance acquisition costs, both pertaining to variable insurance, driven by the deterioration in investment performance in the separate account at Sony Life, substantially offset by an improvement in investment performance in the general account at Sony Life.

Restructuring charges, net, recorded as operating expenses, amounted to 21.8 billion yen (182 million U.S. dollars) for the current nine months, compared to 33.7 billion yen for the same period of the previous fiscal year.

Equity in net income of affiliated companies, recorded within operating income, decreased 0.6 billion yen year-on-year to 3.1 billion yen (26 million U.S. dollars) for the current nine months.

The net effect of other income and expenses was income of 17.1 billion yen (142 million U.S. dollars), compared to an expense of 20.1 billion yen in the same period of the previous fiscal year. This was primarily due to an increase in the gain on sales of securities investments.

Income before income taxes increased 257.9 billion yen year-on-year to 404.2 billion yen (3,368 million U.S. dollars) for the current nine months.

Income taxes: During the current nine months, Sony recorded 119.4 billion yen (994 million U.S. dollars) of income tax expense, resulting in an effective tax rate of 29.5%. This effective tax rate was lower than the Japanese statutory tax rate primarily as a result of profits recorded in the insurance business, which is subject to lower tax rates, coupled with lower income tax expenses due to profits recorded at Sony Corporation and its national tax filing group in Japan, which currently have valuation allowances for deferred tax assets. In the same period of the previous fiscal year, Sony recorded 112.3 billion yen of income tax expense, and Sony's effective tax rate exceeded the Japanese statutory tax rate. This was primarily due to the nondeductible goodwill impairment recorded during the same period of the previous fiscal year.

Net income attributable to Sony Corporation's stockholders, which deducts net income attributable to noncontrolling interests, was 236.1 billion yen (1,968 million U.S. dollars) in the current nine months, compared to a loss of 19.2 billion yen in the same period of the previous fiscal year.

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Cash Flows

For Consolidated Statements of Cash Flows, charts showing Sony's cash flow information for all segments, all segments excluding the Financial Services segment and the Financial Services segment alone, please refer to pages F-5 and F-17.

Operating Activities: During the current nine months, there was a net cash inflow of 321.5 billion yen (2,680 million U.S. dollars) from operating activities, a decrease of 61.4 billion yen, or 16.0% year-on-year.

For all segments excluding the Financial Services segment, there was a net cash inflow of 22.6 billion yen (189 million U.S. dollars), a decrease of 89.9 billion yen, or 79.9% year-on-year. This decrease was primarily due to an increase in inventories, compared to a decrease in the same period of the previous fiscal year, partially offset by factors such as a larger increase in notes and accounts payable, trade.

The Financial Services segment had a net cash inflow of 308.2 billion yen (2,569 million U.S. dollars), an increase of 30.0 billion yen, or 10.8% year-on-year. This increase was primarily due to an increase in insurance premium revenue at Sony Life.

Investing Activities: During the current nine months, Sony used 669.8 billion yen (5,582 million U.S. dollars) of net cash in investing activities, an increase of 306.0 billion yen, or 84.1% year-on-year.

For all segments excluding the Financial Services segment, there was a net cash outflow of 186.6 billion yen (1,555 million U.S. dollars), an increase of 139.9 billion yen, or 299.8% year-on-year. This increase was primarily due to an increase in the amount of fixed asset purchases, such as semiconductor manufacturing equipment, partially offset by factors such as cash inflow from the sale of certain shares of Olympus Corporation.

The Financial Services segment used 482.1 billion yen (4,018 million U.S. dollars) of net cash, an increase of 165.0 billion yen, or 52.0% year-on-year. This increase was mainly due to a year-on-year increase in payments for investments and advances at Sony Life.

In all segments excluding the Financial Services segment, net cash used in operating and investing activities combined*1 for the current nine months was 163.9 billion yen (1,366 million U.S. dollars), a 229.8 billion yen deterioration from cash generated in the same period of the previous fiscal year.

Financing Activities: Net cash provided by financing activities during the current nine months was 497.8 billion yen (4,148 million U.S. dollars), compared to a net cash outflow of 184.6 billion yen in the same period of the previous fiscal year.

For all segments excluding the Financial Services segment, there was a 275.3 billion yen (2,294 million U.S. dollars) net cash inflow, compared to a net cash outflow of 281.5 billion yen in the same period of the previous fiscal year. This change was primarily due to the issuance of new stock and convertible bonds in the current nine months.

In the Financial Services segment, financing activities provided 212.0 billion yen (1,767 million U.S. dollars) of net cash, an increase of 122.9 billion yen, or 137.9% year-on-year. This increase was primarily due to a larger increase in short-term borrowings and policyholders' account at Sony Life.

Total Cash and Cash Equivalents: Accounting for the above factors and the effect of fluctuations in foreign exchange rates, the total outstanding balance of cash and cash equivalents at December 31, 2015 was 1,090.6 billion yen (9,089 million U.S. dollars). Cash and cash equivalents of all segments excluding the Financial Services segment was 845.0

billion yen (7,042 million U.S. dollars) at December 31, 2015, an increase of 202.0 billion yen, or 31.4% compared with the balance as of December 31, 2014, and an increase of 103.1 billion yen, or 13.9% compared with the balance as of March 31, 2015. Sony believes that it continues to maintain sufficient liquidity through access to a total, translated into yen, of 537.9 billion yen (4,483 million U.S. dollars) of unused committed lines of credit with financial institutions in addition to the cash and cash equivalents balance at December 31, 2015. Within the Financial Services segment, the outstanding balance of cash and cash equivalents was 245.7 billion yen (2,047 million U.S. dollars) at December 31, 2015, a decrease of 44.9 billion yen, or 15.4% compared with the balance as of December 31, 2014, and an increase of 38.1 billion yen, or 18.4% compared with the balance as of March 31, 2015.

*1 Sony has included the information for cash flow from operating and investing activities combined, excluding the Financial Services segment's activities, as Sony's management frequently monitors this financial measure, and believes this non-U.S. GAAP measurement is important for use in evaluating Sony's ability to generate cash to maintain liquidity and fund debt principal and dividend payments from business activities other than its Financial Services segment. This information is derived from the reconciliations prepared in the Condensed Statements of Cash Flows on page F-17. This information and the separate condensed presentations shown below are not required or prepared in accordance with U.S. GAAP. The Financial Services segment's cash flow is excluded from the measure because SFH, which constitutes a majority of the Financial Services segment, is a separate publicly traded entity in Japan with a significant minority interest and it, as well as its subsidiaries, secure liquidity on their own. This measure may not be comparable to those of other companies. This measure has limitations because it does not represent residual cash flows available for discretionary expenditures principally due to the fact that the measure does not deduct the principal payments required for debt service. Therefore, Sony believes it is important to view this measure as supplemental to its entire statement of cash flows and together with Sony's disclosures regarding investments, available credit facilities and overall liquidity.

A reconciliation of the differences between the Consolidated Statements of Cash Flows reported and cash flows from operating and investing activities combined excluding the Financial Services segment's activities is as follows:

	(Billions of yen, millions of U.S. dollars) Nine months ended December 31		
	2014	2015	2015
Net cash provided by operating activities reported in the consolidated statements of cash flows	¥ 382.9	¥ 321.5	$ 2,680
Net cash used in investing activities reported in the consolidated statements of cash flows	(363.8)	(669.8)	(5,582)
	19.1	(348.3)	(2,902)
Less: Net cash provided by operating activities within the Financial Services segment	278.2	308.2	2,569
Less: Net cash used in investing activities within the Financial Services segment	(317.1)	(482.1)	(4,018)
Eliminations *2	7.9	10.5	87
Cash flow provided by (used by) operating and investing activities combined excluding the Financial Services segment's activities	¥ 65.9	¥ (163.9)	$ (1,366)

*2 Eliminations primarily consist of intersegment dividend payments.

* * * * *

Notes

Business Segment Realignment

Sony realigned its business segments from 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 MC segment. Certain operations regarding pre-installed automotive audio products which were included in the Devices segment are now included in the HE&S segment.

In addition, in order to reflect a change as of October 1, 2015 in the Corporate Executive Officer in charge of the medical business, which was previously included in All Other, this business is now included in the IP&S segment from the third quarter of the fiscal year ending March 31, 2016.

In connection with these realignments, the sales and operating income (loss) of each segment in the fiscal year ended March 31, 2015 have been reclassified to conform to the presentation of the fiscal year ending March 31, 2016.

Impact of Foreign Exchange Rate Fluctuations on Sales and Operating Income (Loss)
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 periodic weighted average exchange rates for the three and nine months ended December 31, 2014 from the three and nine months ended December 31, 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 rates for the three and nine months ended December 31, 2014 from the three and nine months ended December 31, 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.

* * * * *

Outlook for the Fiscal Year Ending March 31, 2016

The forecast for consolidated results for the fiscal year ending March 31, 2016, as announced on October 29, 2015, remains unchanged, as per the table below.

(Billions of yen)

	January Forecast	March 31, 2015 Results	Change from March 31, 2015 Results
Sales and operating revenue	¥ 7,900	¥ 8,215.9	-3.8 %
Operating income	320	68.5	+ ¥251.5 bil
Income before income taxes	345	39.7	+ ¥305.3 bil
Net income (loss) attributable to Sony Corporation's stockholders	140	(126.0)	+ ¥266.0 bil

Assumed foreign currency exchange rates for the remainder of the fiscal year ending March 31, 2016 are the following.

	Remainder of the current fiscal year	(For your reference) Remainder of the current fiscal year at the time of the October forecast*	
	Consolidated forecast and forecasts for each segment	Consolidated forecast	Forecasts for each segment
1 U.S. dollar	approximately 120 yen	approximately 125 yen	approximately 121 yen
1 Euro	approximately 129 yen	approximately 130 yen	approximately 132 yen

* Due to volatility in foreign exchange rates, the assumed foreign currency exchange rates were revised after the individual segments had already completed their October forecasts. Accordingly, the impact of the difference between the assumed rates and the rates used when the individual segments completed their forecasts were included in the October forecast for All Other.

Restructuring charges are expected to be approximately 35 billion yen for Sony in the fiscal year ending March 31, 2016, compared to 98.0 billion yen recorded in the fiscal year ended March 31, 2015. This amount will be recorded as an operating expense included in the above-mentioned forecast for operating income.

The forecast for each business segment has been revised as follows:

	(Billions of yen)			Change - January Forecast from	
	January Forecast	October Forecast	March 31, 2015 Results	October Forecast	March 31, 2015 Results
Mobile Communications					
Sales and operating revenue	¥1,140	¥1,190	¥1,410.2	-4.2 %	-19.2 %
Operating loss	(60)	(60)	(217.6)	-	+ ¥ 157.6 bil
Game & Network Services					
Sales and operating revenue	1,520	1,520	1,388.0	-	+9.5 %
Operating income	85	80	48.1	+ ¥ 5.0 bil	+ ¥ 36.9 bil
Imaging Products & Solutions					
Sales and operating revenue	710	720	723.9	-1.4 %	-1.9 %
Operating income	63	58	41.8	+¥ 5.0 bil	+ ¥ 21.2 bil
Home Entertainment & Sound					
Sales and operating revenue	1,150	1,140	1,238.1	+0.9 %	-7.1 %
Operating income	38	25	24.1	+ ¥ 13.0 bil	+ ¥ 13.9 bil
Devices					
Sales and operating revenue	940	1,060	927.1	-11.3 %	+1.4 %
Operating income	39	121	89.0	- ¥ 82.0 bil	- ¥ 50.0 bil
Pictures					
Sales and operating revenue	1,000	1,000	878.7	-	+13.8 %
Operating income	35	35	58.5	-	- ¥ 23.5 bil
Music					
Sales and operating revenue	600	550	559.2	+9.1 %	+7.3 %
Operating income	84	74	60.6	+ ¥10.0 bil	+ ¥ 23.4 bil
Financial Services					
Financial services revenue	1,060	1,060	1,083.6	-	-2.2 %
Operating income	175	175	193.3	-	- ¥ 18.3 bil
All Other, Corporate and Elimination					
Operating loss	(139)	(188)	(229.3)	+ ¥49.0 bil	+ ¥ 90.3bil
Consolidated					
Sales and operating revenue	7,900	7,900	8,215.9	-	-3.8 %
Operating income	320	320	68.5	-	+ ¥ 251.5 bil

Mobile Communications
Sales are expected to be lower than the October forecast primarily due to an expected decrease in smartphone unit sales. The forecast for operating loss remains unchanged from the October forecast due to the above-mentioned decrease in sales being offset mainly by higher than originally anticipated selling prices of smartphones and additional cost reductions.

Game & Network Services
The forecast for sales remains unchanged from the October forecast. Operating income is expected to be above the October forecast primarily due to an increase in network sales, partially offset by the impact of a change in the launch date of a first-party title.

Imaging Products & Solutions
Sales are expected to be lower than the October forecast primarily due to lower than expected sales of broadcast- and professional-use products. Operating income is expected to be higher than the October forecast primarily due to an improvement in the product mix of digital cameras reflecting a shift to high value-added models, partially offset by the above-mentioned decrease in sales.

Home Entertainment & Sound
Sales are expected to be higher than the October forecast primarily due to an upward revision in the annual unit sales forecast for LCD televisions. Operating income is expected to be higher than the October forecast primarily due to the impact of the above-mentioned increase in sales and cost reductions. Included in this forecast is the reversal recorded for certain sales incentive accruals, which were related to the current and prior periods. For further details, see Note 8 on page F-19.

Devices
Sales are expected to be lower than the October forecast primarily due to significantly lower than expected sales of image sensors and camera modules, reflecting a decrease in demand for mobile products and lower than expected sales in the battery business. The forecast for operating income is expected to be significantly lower than the October forecast primarily due to the impact of the above-mentioned decrease in sales and the recording of an impairment charge related to long-lived assets in the battery business during the current quarter.

Sony is currently formulating its business plan for all of its business segments for the fiscal year ending March 31, 2017. With regard to the camera module business, there is a possibility that factors such as a decrease in projected future demand, which caused a downward revision in the forecast for the current fiscal year for the business, could continue to have a negative impact on the business going forward. It is therefore possible that the above-described business environment might result in an impairment charge against long-lived assets in the camera module business.

Music
Sales are expected to be higher than the October forecast primarily due to higher than expected sales for Recorded Music and Visual Media and Platform. Operating income is expected to be higher than the October forecast due to the impact of the above-mentioned increase in sales.

The forecasts for sales and operating income for the Pictures and Financial Services segments remain unchanged from the October forecast.

The effects of future gains and losses on investments held by the Financial Services segment due to market fluctuations have not been incorporated within the above forecast as it is difficult for Sony to predict market trends in the future. Accordingly, future market fluctuations could further impact the current forecast.

Sony's forecast for capital expenditures and research and development expenses for the current fiscal year, as announced on October 29, 2015, has been changed as per the table below. The forecast for depreciation and amortization remains unchanged.

Consolidated

	(Billions of yen)	Change - January Forecast from
January Forecast	October Forecast	