SONY CORP
Form 6-K
November 08, 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 November 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: November 8, 2016

Quarterly Securities Report

For the three months ended September 30, 2016

(TRANSLATION)

Sony Corporation

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Note for readers of this English translation

On November 8, 2016, Sony Corporation (the "Company" or "Sony Corporation") filed its Japanese-language Quarterly Securities Report (Shihanki Houkokusho) for the three months ended September 30, 2016 with the Director-General of the Kanto Local Finance Bureau in Japan pursuant to the Financial Instruments and Exchange Act of Japan. This document is an English translation of the Quarterly Securities Report in its entirety, except for (i) information that had been previously filed with or submitted to the U.S. Securities and Exchange Commission (the "SEC") in a Form 20-F, Form 6-K or any other form and (ii) a description of differences between generally accepted accounting principles in the U.S. ("U.S. GAAP") and generally accepted accounting principles in Japan ("J-GAAP"), which are required to be described in the Quarterly Securities Report under the Financial Instruments and Exchange Act of Japan if the Company prepares its financial statements in conformity with accounting principles other than J-GAAP.

Cautionary Statement

Statements made in this release with respect to Sony's current plans, estimates, strategies and beliefs and other statements of the Company and its consolidated subsidiaries (collectively "Sony") that are not historical facts are forward-looking statements about the future performance of Sony. Forward-looking statements include, but are not limited to, those statements using words such as "believe," "expect," "plans," "strategy," "prospects," "forecast," "estimate," " "anticipate," "aim," "intend," "seek," "may," "might," "could" or "should," and words of similar meaning in connection w discussion of future operations, financial performance, events or conditions. From time to time, oral or written forward-looking statements may also be included in other materials released to the public. These statements are based on management's assumptions, judgments and beliefs in light of the information currently available to it. Sony cautions investors that a number of important risks and uncertainties could cause actual results to differ materially from those discussed in the forward-looking statements, and therefore investors should not place undue reliance on them. Investors also should not rely on any obligation of Sony to update or revise any forward-looking statements, whether as a result of new information, future events or otherwise. Sony disclaims any such obligation. Risks and uncertainties that might affect Sony include, but are not limited to (i) the global economic environment in which Sony operates and the economic conditions in Sony's markets, particularly levels of consumer spending; (ii) foreign exchange rates, particularly between the yen and the U.S. dollar, the euro and other currencies in which Sony makes significant sales and incurs production costs, or in which Sony's assets and liabilities are denominated; (iii) Sony's ability to continue to design and develop and win acceptance of, as well as achieve sufficient cost reductions for, its products and services, including televisions, game and network platforms, and smartphones, which are offered in highly competitive markets characterized by severe price competition and continual new product and service introductions, rapid development in technology and subjective and changing consumer preferences; (iv) Sony's ability and timing to recoup large-scale investments required for technology development and production capacity; (v) Sony's ability to implement successful business restructuring and transformation efforts under changing market conditions; (vi) Sony's ability to implement successful hardware, software, and content integration strategies for all segments excluding the Financial Services segment, and to develop and implement successful sales and distribution strategies in light of the Internet and other technological developments; (vii) Sony's continued ability to devote sufficient resources to research and development and, with respect to capital expenditures, to prioritize investments correctly (particularly in the electronics businesses); (viii) Sony's ability to maintain product quality and customers' satisfaction with its existing products and services; (ix) the effectiveness of Sony's strategies and their execution, including but not limited to the success of Sony's acquisitions, joint ventures and other strategic investments; (x) significant volatility and disruption in the global financial markets or a ratings downgrade; (xi) Sony's ability to forecast demands, manage timely procurement and control inventories; (xii) the outcome of pending and/or future legal and/or regulatory proceedings; (xiii) shifts in customer demand for financial services such as life insurance and Sony's ability to conduct successful asset liability management in the Financial Services segment; (xiv) the impact of changes in interest rates and unfavorable conditions or developments (including market fluctuations or volatility) in the Japanese equity markets on the revenue and operating income of the Financial Services segment; (xv) Sony's ability to anticipate and manage cybersecurity risk, including the risk of unauthorized access to Sony's business information, potential business disruptions or financial losses; and (xvi) risks related to catastrophic disasters or similar events. Risks and uncertainties also include the impact of any future events with material adverse impact.

I Corporate Information

(1) Selected Consolidated Financial Data

	Yen in millions, Yen per share amounts		
	Six months ended September 30, 2015	Six months ended September 30, 2016	Fiscal year ended March 31, 2016
Sales and operating revenue	3,700,799	3,302,147	8,105,712
Operating income	184,925	101,939	294,197
Income before income taxes	210,904	97,536	304,504
Net income attributable to Sony Corporation's stockholders	115,994	26,008	147,791
Comprehensive income (loss)	76,625	(64,526)	(44,915)
Total equity	3,266,002	2,931,470	3,124,410
Total assets	16,831,178	16,804,371	16,673,390
Net income attributable to Sony Corporation's stockholders per share of common stock, basic (yen)	95.53	20.61	119.40
Net income attributable to Sony Corporation's stockholders per share of common stock, diluted (yen)	94.41	20.20	117.49
Ratio of stockholders' equity to total assets (%)	15.7	13.7	14.8
Net cash provided by operating activities	25,541	81,483	749,089
Net cash used in investing activities	(457,072)	(667,640)	(1,030,403)
Net cash provided by financing activities	501,307	183,261	380,122
Cash and cash equivalents at end of the period	1,010,120	525,181	983,612

	Yen in millions, Yen per share amounts	
	Three months ended September 30, 2015	Three months ended September 30, 2016
Sales and operating revenue	1,892,740	1,688,948
Net income attributable to Sony Corporation's stockholders	33,553	4,842
Net income attributable to Sony Corporation's stockholders per share of common stock, basic (yen)	26.64	3.84
Net income attributable to Sony Corporation's stockholders per share of common stock, diluted (yen)	26.10	3.76

Notes:

1. The Company's consolidated financial statements are prepared in conformity with U.S. GAAP.

2. The Company reports equity in net income of affiliated companies as a component of operating income.

3. Consumption taxes are not included in sales and operating revenue.

4. Total equity is presented based on U.S. GAAP.

5. Ratio of stockholders' equity to total assets is calculated by using total equity attributable to the stockholders of the Company.

6. The Company prepares consolidated financial statements. Therefore parent-only selected financial data is not presented.

(2) Business Overview

There was no significant change in the business of Sony during the six months ended September 30, 2016.

Sony realigned its reportable segments effective from the first quarter of the fiscal year ending March 31, 2017. For further information on the realignment, please refer to “IV Financial Statements – Notes to Consolidated Financial Statements – 9. Business segment information”.

As of September 30, 2016, the Company had 1,329 subsidiaries and 114 affiliated companies, of which 1,301 companies are consolidated subsidiaries (including variable interest entities) of the Company. The Company has applied the equity accounting method for 106 affiliated companies.

II State of Business

(1) Risk Factors

Note for readers of this English translation:

Except for the revised risk factors below, there was no significant change from the information presented in the Risk Factors section of the Annual Report on Form 20-F filed with the Securities and Exchange Commission (the "SEC") on June 17, 2016. The changes are indicated by underline below. Any forward-looking statements included in the descriptions below are based on management's current judgment.

URL: The Annual Report on Form 20-F filed with the SEC on June 17, 2016

https://www.sec.gov/Archives/edgar/data/313838/000119312516624169/d168822d20f.htm

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

Sony is implementing restructuring initiatives that focus on profitability, business autonomy, shareholder value and the clear positioning of each business within the overall business portfolio. Restructuring charges in the amount of 80.6 billion yen, 98.0 billion yen and 38.3 billion yen were recorded in the fiscal years ended March 31, 2014, 2015 and 2016, respectively. While Sony anticipates recording approximately 42 billion yen of restructuring charges in the fiscal year ending March 31, 2017, including an impairment charge of approximately 33 billion yen as an operating loss resulting from the planned transfer of the battery business, significant additional or future restructuring charges may be recorded due to reasons such as the impact of economic downturns or exiting from unprofitable businesses, including the potential sale of certain businesses. Restructuring charges are recorded primarily in cost of sales, selling, general and administrative ("SGA") expenses and other operating (income) expense, net and thus adversely affect Sony's operating income (loss) and net income (loss) attributable to Sony's stockholders (Refer to Note 19 of the consolidated financial statements). Sony continues to take initiatives to optimize its manufacturing operations, utilize outsourced manufacturing, reduce SGA expenses across the Sony group, outsource support functions and information processing operations, and optimize business process across functions, including sales and marketing, manufacturing, logistics, procurement, quality and R&D.

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

Sony's acquisitions, joint ventures and investments may not be successful.

Sony actively engages in acquisitions, joint ventures and other strategic investments in order to acquire new technologies, efficiently develop new businesses, and enhance its business competitiveness. For example, in February 2016, Sony completed the acquisition of Altair Semiconductor, which develops and sells products focused on LTE (Long Term Evolution) technologies. Additionally, in August 2016, Sony entered into definitive agreements to acquire TEN Sports Network, which owns leading sports networks both within and outside of India. Furthermore, Sony has previously engaged in joint ventures with third parties in order to reduce its capital investment, reduce operating costs and share risk with its joint venture partners, and may do so again in the future. Moreover, Sony may sell its equity interest in a joint venture or buy out the joint venture partner's equity due to the achievement of its original objectives or other reasons. For example, in September 2016, Sony acquired the 50% equity interest in Sony/ATV Music Publishing LLC ("Sony/ATV") held by the Estate of Michael Jackson ("The Estate") and Sony/ATV became a wholly-owned subsidiary of Sony. Sony/ATV was Sony's joint venture with The Estate in the music publishing business.

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

Sony currently has investments in several joint ventures and strategic partnerships, and may engage in new investments in the future. If Sony and its partners are unable to reach their common financial objectives successfully due to changes in the competitive environment, strategic or cultural differences, failure to achieve synergies or other reasons, Sony's operating results may be adversely affected. Sony's operating results may also be adversely affected in the short- and medium-term during a partnership, even if Sony and its partners remain on course to achieve their common financial objectives. In addition, by participating in joint ventures or other strategic investments, Sony may encounter conflicts of interest, may not maintain sufficient control over these relationships, including over cash flow, and may be faced with an increased risk of the loss of proprietary technology or know-how. Sony's reputation may be harmed by the actions or activities of a joint venture that uses the Sony brand. Sony may also be required to provide additional funding or debt guarantees to a joint venture, or to buy-out a joint venture partner, sell its share or dissolve a joint venture, whether as a result of financial performance, or otherwise. Moreover, if the value of any of Sony's investments in an affiliate accounted for under the equity method declines below the carrying value of Sony's investment, and such decrease is judged to be other than temporary, Sony will be required to record an impairment loss, and the loss may increase if Sony is unable to dispose of such investments due to contractual or other reasons.

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

Sony continues to invest in production facilities and equipment in its electronics businesses, including image sensor fabrication facilities to meet the demand for image sensors, particularly for use in smartphones. For example, in March 2014, Sony acquired semiconductor fabrication equipment and certain related assets for 7.5 billion yen from Renesas Electronic Corporation, and established Sony Semiconductor Manufacturing Corporation Yamagata Technology Center. Also, in the fiscal year ended March 31, 2016, Sony signed an agreement with Toshiba Corporation to acquire semiconductor fabrication facilities, equipment and related assets for 19.0 billion yen, of which 16.7 billion yen were acquired by March 2016. Sony invested approximately 205 billion yen of capital in the fiscal year ended March 31, 2016 in order to increase image sensor production capacity, and expects to invest approximately 50 billion yen of capital in the fiscal year ending March 31, 2017. However, if market changes and corresponding declines in demand result in a mismatch between sales volume and anticipated production volumes, or if unit sales prices decline due to market oversupply, Sony may not be able to recover its capital expenditures or investments, in part or in full, or the recovery of these capital expenditures or investments may take longer than expected. In particular, with respect to image sensors, much of Sony's sales depends on smartphones, and it is possible that Sony will not be able to achieve its expected sales volume, based on factors such as consumer demand and the competitive environment in the smartphone market, or the business decisions, operating results, or financial condition of Sony's major customers. As a result of these factors, the carrying value of the related assets may be subject to an impairment charge, which may adversely affect Sony's profitability.

Sony must efficiently manage its procurement of parts and components, the market conditions for which are volatile, and control its inventory of products, parts, and components, the demand for which is volatile.

In Sony's electronics businesses, Sony uses a large volume of parts and components, such as semiconductors including chipsets for mobile products, and LCD panels, for its products. Fluctuations in the availability and pricing of parts and components can adversely affect Sony's operating results. For instance, shortages of parts or components or fluctuations in the prices of raw materials may result in sharply higher prices and an increase in the cost of goods sold. Also, shortages or delayed shipments of critical parts or components, particularly where Sony is substantially reliant on one supplier, where there is limited production capacity for custom components, or where there are initial manufacturing capacity constraints for products or components which use new technologies, may result in a reduction or suspension of production at Sony's or its business partners' manufacturing sites.

Sony places orders for parts and components in line with production and inventory plans determined in advance based on its forecast of consumer demand, which is highly volatile and difficult to predict. Inaccurate forecasts of consumer demand or inadequate management can lead to a shortage or excess of inventory, which can disrupt production plans and result in lost sales opportunities or inventory adjustments. Sony writes down the value of its inventory when the underlying parts, components or products have become obsolete, when inventory levels exceed the amount expected to be used, or when the value of the inventory is otherwise recorded at a value higher than net realizable value. For example, in the fiscal year ended March 31, 2014, Sony recorded a 17.4 billion yen write-down of excess components in inventory, as well as 8.0 billion yen of expenses to compensate suppliers for unused components, as a result of the termination of future manufacturing following Sony's announcement to exit from the PC business. In the fiscal year ended March 31, 2015, Sony recorded an 11.2 billion yen write-down of PlayStation®Vita ("PS Vita") and PlayStation TV ("PS TV") components because the latest forecast of PS TV unit sales did not reach Sony's original forecast. Additionally, Sony recorded 9.4 billion yen in inventory write-downs of certain for image sensors for mobile products in the Semiconductors segment for the three months ended September 30, 2016. Sony has experienced shortages of certain parts and components as a result of the damage to its suppliers caused by natural disasters, and may experience such shortages due to similar circumstances again in the future. Such lost sales opportunities, inventory adjustments, or shortages of parts and components have had and may have an adverse impact on Sony's operating results and financial condition.

Sony could incur asset impairment charges for goodwill, intangible assets or other long-lived assets.

Sony has a significant amount of goodwill, intangible assets and other long-lived assets, including production facilities and equipment in its electronics businesses. A decline in financial performance, market capitalization or changes in estimates and assumptions used in the impairment analysis, which in many cases requires significant judgment, could result in impairment charges against these assets. Goodwill and indefinite lived intangible assets are tested annually for impairment during the fourth quarter of the fiscal year and between annual tests if an event occurs or circumstances change that would more likely than not reduce the fair value below the carrying amount. Such an event or change in circumstances would include unfavorable variances from or adjustments to established business plans, significant changes in forecasted results or volatility inherent to external markets and industries. The increased levels of global competition and the faster pace of technological change to which Sony is exposed can result in greater volatility of these estimates, assumptions and judgments, and increase the likelihood of impairment charges. In addition, the recoverability of the carrying value of long-lived assets held and used and long-lived assets to be disposed of is reviewed whenever events or changes in circumstances, including the types of events or changes described above with respect to goodwill and intangible assets, indicate that the carrying value of the assets or asset groups may not be recoverable. If the carrying value of the asset or asset group is considered impaired, an impairment charge is recorded for the amount by which the carrying value of the asset or asset group exceeds its fair value. For example, in the fiscal year ended March 31, 2014, Sony recorded impairment charges including a 32.1 billion yen impairment charge related to long-lived assets in the battery business in the Devices segment, a 25.6 billion yen impairment charge related to long-lived assets in the disc manufacturing business outside of Japan and the U.S. and goodwill across the entire disc manufacturing business in All Other, and a 12.8 billion yen impairment charge related to long-lived assets in the PC business in All Other. In the fiscal year ended March 31, 2015, Sony recorded a 176.0 billion yen impairment charge related to goodwill in the Mobile Communications segment. In the fiscal year ended March 31, 2016, Sony recorded impairment charges in the Devices segment related to long-lived assets in the battery business and in the camera module business of 30.6 billion yen and 59.6 billion yen, respectively. <u>In the six months ended September 30, 2016, Sony recorded a 23.9 billion yen impairment charge against long-lived assets in the Semiconductors segment resulting from the termination of development and manufacturing of certain high-functionality camera modules for external sale</u>. Any such charge may adversely affect Sony's operating results and financial condition.

(2) Material Contracts

There were no material contracts executed or determined to be executed during the three months ended September 30, 2016.

<u>Note for readers of this English translation</u>:

There was no significant change from the information presented in the Annual Report on Form 20-F ("Patents and Licenses" in Item 4) filed with the SEC on June 17, 2016.

URL: The Annual Report on Form 20-F filed with the SEC on June 17, 2016

https://www.sec.gov/Archives/edgar/data/313838/000119312516624169/d168822d20f.htm

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

i) Results of Operations

Note for readers of this English translation:

Except for information specifically included in this English translation, this document omits certain information set out in the Japanese-language Quarterly Securities Report for the three-month and six-month periods ended September 30, 2016, since it is the same as described in a press release previously submitted to the SEC. Please refer to “Consolidated Financial Results for the Second Quarter Ended September 30, 2016” submitted to the SEC on Form 6-K on November 1, 2016.

URL: The press release titled “Consolidated Financial Results for the Second Quarter Ended September 30, 2016”

https://www.sec.gov/Archives/edgar/data/313838/000115752316007135/a51449590.htm

Foreign Exchange Fluctuations and Risk Hedging

Note for readers of this English translation:

Except for the information set forth below, there was no significant change from the information presented in the Foreign Exchange Fluctuations and Risk Hedging section of the Annual Report on Form 20-F filed with the SEC on June 17, 2016. Although foreign exchange rates have fluctuated during the three-month period ended June 30, 2016, there has been no significant change in Sony’s risk hedging policy as described in the Annual Report on Form 20-F.

URL: The Annual Report on Form 20-F filed with the SEC on June 17, 2016

https://www.sec.gov/Archives/edgar/data/313838/000119312516624169/d168822d20f.htm

During the three months ended September 30, 2016, the average rates of the yen were 102.4 yen against the U.S. dollar, which is 19.3 percent higher than the same quarter of the previous fiscal year ("year-on-year") and 114.3 yen against the euro, which is 19.0 percent higher year-on-year.

For the three months ended September 30, 2016, sales were 1,688.9 billion yen, an decrease of 10.8 percent year-on-year, while on a constant currency basis, sales were essentially flat year-on-year. For references to information on a constant currency basis, see Note at the bottom of this section.

Consolidated operating income of 45.7 billion yen was recorded for the three months ended September 30, 2016, a decrease of 42.3 billion yen year-on-year (a decrease of approximately 7.8 billion yen year-on-year on a constant currency basis). Most of the foreign exchange rate impact was attributable to the Mobile Communications ("MC"), Game & Network Services ("G&NS"), Imaging Products & Solutions ("IP&S"), Home Entertainment & Sound ("HE&S"), Semiconductors and Components segments.

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

		(Billions of yen)				
		Three months ended September 30		Change in	Change on constant currency	Impact of changes in foreign exchange rates
		2015	2016	yen	basis	
MC	Sales	279.2	168.8	-39.6 %	-34 %	-14.9
	Operating income (loss)	(20.6)	3.7	+24.3	+18.9	+5.4
G&NS	Sales	360.7	319.9	-11.3 %	+2 %	-48.3
	Operating income	23.9	19.0	-4.9	-4.0	-0.9
IP&S	Sales	180.9	135.4	-25.2 %	-14 %	-20.5
	Operating income	23.1	14.9	-8.2	+1.3	-9.5
HE&S	Sales	289.1	234.9	-18.7 %	-5 %	-41.0
	Operating income	15.8	17.6	+1.8	+7.8	-6.0
Semiconductors	Sales	203.9	193.7	-5.0 %	+12 %	-34.6
	Operating income (loss)	34.1	(4.2)	-38.2	-18.5	-19.7
Components	Sales	61.2	46.7	-23.7 %	-11 %	-7.7
	Operating loss	(1.5)	(36.6)	-35.1	-33.6	-1.6

In addition, sales for the Pictures segment increased 4.6 percent year-on-year to 192.1 billion yen, an approximately 25 percent increase on a constant currency (U.S. dollar) basis. In the Music segment, sales increased 8.0 percent year-on-year to 150.2 billion yen, an approximately 19 percent increase on a constant currency basis. As most of the operations in Sony's Financial Services segment are based in Japan, Sony's management analyzes the performance of the Financial Services segment on a yen basis only.

Note: In this section, for all segments other than Pictures and Music, the impact of foreign exchange rate fluctuations on sales is calculated by applying the change in the yen's quarterly weighted average exchange rate for the three months ended September 30, 2015 from the three months ended September 30, 2016 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. Additionally, the MC segment enters into its own foreign exchange hedging transactions. The impact of those transactions is included in the impact of foreign exchange rate fluctuations on operating income (loss) for that segment. Since the worldwide subsidiaries of the Pictures segment and of SME and Sony/ATV in the Music segment are aggregated on a U.S. dollar basis and are translated into yen, the impact of foreign exchange rate fluctuations is calculated by applying the change in the periodic weighted average exchange rate for the three months ended September 30, 2015 from the three months ended September 30, 2016 from U.S. dollar to yen to the U.S. dollar basis operating results. This information is not a substitute for Sony's consolidated financial statements measured in accordance with U.S. GAAP. However, Sony believes that these disclosures provide additional useful analytical information to investors regarding the operating performance of Sony.

Status of Cash Flows

Note for readers of this English translation:

Except for information specifically included in this English translation, this document omits certain information set out in the Japanese-language Quarterly Securities Report for the six-month period ended September 30, 2016, since it is the same as described in a press release previously submitted to the SEC. Please refer to "Consolidated Financial Results for the Second Quarter Ended September 30, 2016" submitted to the SEC on Form 6-K on November 1, 2016.

URL: The press release titled "Consolidated Financial Results for the Second Quarter Ended September 30, 2016"

https://www.sec.gov/Archives/edgar/data/313838/000115752316007135/a51449590.htm

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

Note for readers of this English translation:

Except for the revised trend information below, there was no significant change from the information presented in the Trend Information section of the Annual Report on Form 20-F filed with the SEC on June 17, 2016. The changes are indicated by underline below. Any forward-looking statements included in the descriptions below are based on management's current judgment.

URL: The Annual Report on Form 20-F filed with the SEC on June 17, 2016

https://www.sec.gov/Archives/edgar/data/313838/000119312516624169/d168822d20f.htm

Issues Facing Sony and Management's Response to those Issues

The global economic recovery has been weakening amid increasing financial turbulence, with recovery in advanced economies remaining only modest, and prospects across emerging countries continue to be uneven and generally weaker than in the past 20 years. In advanced economies, factors such as unfavorable demographic trends and low productivity growth continue to weigh on the recovery. In emerging markets, while growth in China and most of emerging Asia is generally projected to be high, Brazil, Russia and other commodity exporters face severe macroeconomic conditions. Furthermore, shocks of a noneconomic origin, related to geopolitical conflicts, political discord, or terrorism loom over many regions, and could have a significant impact on the global economy.

The uncertain economic environment surrounding Sony is compounded by continued, intense pricing pressure from competitors, shrinking markets for certain key products and shorter product cycles, primarily in Sony's Electronics businesses.

On February 18, 2015, Sony unveiled its mid-range plan announcing that it would position Return on Equity ("ROE") as its most important performance indicator. With the goal of transforming into a highly profitable enterprise, Sony set targets of ROE above 10 percent and operating income above 500 billion yen for the fiscal year ending March 31, 2018, the last year of the mid-range plan.

Sony's key strategies for business operations are as follows:

- Business management that emphasizes profitability, without necessarily pursuing volume.
- Business management that grants each business unit greater autonomy and mandates a focus on shareholder value.
- Clearly defined positioning of each business within a broader business portfolio perspective.

Based on its specific characteristics and the competitive landscape, each of the Sony Group's businesses is classified as a "growth driver," "stable profit generator," or "area focusing on volatility management" in terms of its position within Sony's overall business portfolio. Each business has been assigned a target figure for Return on Invested Capital ("ROIC") linked with the ROE target for Sony Group as a whole, and managed with a clear emphasis on profitability.

On June 29, 2016, Sony held its Corporate Strategy Meeting for the fiscal year ending March 31, 2017 and provided an update on the progress of its mid-range corporate plan covering the fiscal year ended March 31, 2016 through the fiscal year ending March 31, 2018. Sony also presented details of initiatives it is undertaking to establish the Company's foundations for the future beyond the fiscal year ending March 31, 2018. Highlights from this presentation are outlined below.

1. Progress of Mid-range Corporate Plan (fiscal year ended March 31, 2016 – fiscal year ending March 31, 2018)

Sony's mid-range corporate plan from the fiscal year ended March 31, 2016 through the fiscal year ending March 31, 2018 is transitioning the Company from a period focused primarily on restructuring to a new phase with "profit generation and investment for growth" as its theme. Under this plan, Sony is aiming to realize its transformation into a highly profitable enterprise. Sony's target of consolidated ROE of more than 10% and consolidated operating profit of more than 500 billion yen for the Sony Group in the fiscal year ending March 31, 2018, the final year of its mid-range corporate plan, remains unchanged, and the Company is continuing to manage each of its businesses with the aim of achieving its transformation into a highly profitable enterprise.

In the fiscal year ended March 31, 2016, the first year of its mid-range plan, Sony significantly improved consolidated operating income and consolidated net income attributable to stockholders compared with the previous year. In particular,

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the revitalization of its "SONY"-branded consumer electronics businesses contributed significantly to this improved profitability. Sony recognizes that this revitalization was a result of comprehensive measures that have steadily been carried out to enhance product competitiveness and differentiation in these businesses, as well as structural reform and cost optimization measures. These businesses are expected to provide the foundations for the Company's achievement of its financial target for the fiscal year ending March 31, 2018 of consolidated operating profit of more than 500 billion yen. At the same time, with the competitive environment in the consumer electronics industry continuing to drastically change, Sony also plans to aggressively undertake new challenges within these businesses.

Progress of Key Segments and Related Initiatives

Game and Network Services

Sony considers the Game and Network Services segment the largest growth driver of its mid-range corporate plan, and as of May 2016, PlayStation®4 has cumulatively sold through more than 40 million units to customers worldwide, continuing its rapid growth and expansion as the fastest-selling console in PlayStation® history. The platform as a whole, including network services, is receiving widespread customer acclaim, and profit growth is exceeding the expectations held when the mid-range corporate plan was initially formed.

The network services business is also continuing to grow, achieving a 50% increase in sales in the fiscal year ended March 31, 2016 as compared to the previous fiscal year. The user base is expanding, driven in particular by the PlayStation®Plus membership service, and Sony has continued to engage in investment towards further growth.

Sony's new PlayStation®VR virtual reality system launched in October 2016. Sony has identified virtual reality as an area it believes offers great future potential for the Sony Group in games, as well as other areas. Virtual reality is an application in which Sony believes it can leverage its technological strengths in areas such as digital imaging, content acquisition and production, as well as its entertainment assets. The Company is accordingly engaging with virtual reality across the Sony Group, and also considering the possibility of cultivating it as a new business domain.

Pictures and Music

In the Pictures and Music segments, with the shift to digital and proliferation of streaming services, the industry itself is undergoing a major transition. The ways that customers consume content, and their individual needs, are becoming increasingly diverse. With the Sony Group's array of creative talent, ability to create high-quality entertainment, and wealth of content, the current business environment presents major opportunities, and Sony intends to accelerate its growth into these areas.

In the Pictures segment, the growth of subscription-based video services and emergence of “binge-watching” viewing styles, has led to a significant increase in demand for high-quality television content, particularly drama. With Sony Pictures Television producing a succession of major hits, including “Breaking Bad,” “Better Call Saul,” and “The Blacklist,” Sony believes it is well-positioned to take advantage of these trends.

In the Music segment, the discovery, development and promotion of artists such as Adele, whose record-breaking hit “25” made a significant contribution to profit in the fiscal year ended March 31, 2016, will continue to form the basis of Sony’s business activities. At the same time Sony is engaging in strategic investment to strengthen its recurring revenue businesses within this segment, as demonstrated by the full acquisition of independent music distributor Orchard Media, Inc. in April 2015, and the full acquisition of Sony/ATV Music Publishing LLC announced in September 2016.

Devices*

In the Devices segment, which Sony classified as a “growth driver” in its mid-range corporate plan alongside the three segments above, Sony announced a significant downward revision to its full year results forecast in the fiscal year ended March 31, 2016 due to lower than expected sales in the core image sensor business, caused in particular by slowing growth within the smartphone market. The rate of profit growth in this business is expected to continue to decline through the fiscal year ending March 31, 2018. Sony plans to take an approach to management that prioritizes speed of response to changes in the market environment, and focuses on Sony’s areas of strength.

At the same time, in terms of image sensors for mobile products, while the smartphone market itself is slowing, the shift to dual-lens cameras and the requirement for higher pixel density is expected to lead to increased demand in the future. With its technological expertise in these areas, these could be favorable market trends for Sony. By taking advantage of these shifts in the business landscape and also by continuing its existing efforts to expand sales volume, Sony is aiming to revitalize the profitability of this business from the second half of the fiscal year ending March 31, 2017 and into the fiscal year ending March 31, 2018.

From a mid- to long-term perspective, Sony continues to expect significant future growth for the image sensor-business. This business accordingly continues to be positioned as a growth driver.

In terms of new image sensor applications, Sony sees potential growth in surveillance cameras, as well as in factory automation, IoT (Internet of Things) including drones, and automotive applications. While it is expected to be some time before Sony's image sensor business for automotive applications is fully established, it is an area where Sony anticipates growth and is investing in R&D aggressively.

*Sony realigned its business segments from the first quarter of the fiscal year ending March 31, 2017 to reflect a change in the Corporate Executive Officers in charge of the segment, as well as modifications to the organizational structure of certain segments as of April 1, 2016. As a result of this realignment, Sony has separated the Devices segment into two segments, a Semiconductors segment and a Components segment. The image sensor business is included in the Semiconductors segment.

Financial Services

In the Financial Services segment, each of the life insurance, non-life insurance, banking and nursing care business have continued to steadily expand their business operations, based on the high level of trust they have gained among customers. However, the ultra-low interest rate environment in Japan is expected to present challenges in terms of generating profit in this segment for the duration of the current mid-range corporate plan, and therefore projections for this segment which were incorporated in our mid-range corporate plan have been revised.

In the core life insurance business, Sony is reevaluating its product lineup and sales strategy and executing initiatives, including comprehensive risk management measures, in order to maintain and improve profitability. Sony will target mid- to long-term growth by continuing to focus on providing high-quality and convenient services in life insurance and across all its other businesses.

2. New Initiatives Looking Towards the Future

Based on its mission of being a company that provides customers with *kando*, and inspires and fulfills their curiosity, Sony will continue to target growth by developing the three pillars of its business—electronics, entertainment and financial services—and creating new business opportunities in these business domains.

Sony believes its strength lies in its ability to develop products that exist at the closest point of contact with its customers and resonate with them at an emotional level, and to place them in the hands of customers around the world. In other words, Sony connects with its customers at the "last one inch" of the user experience.

Sony intends to accelerate efforts to leverage its strengths in new business areas, based on the dual principles of its mission to provide customers with *kando*, and the pursuit of recurring revenue business models that generate sustainable business and profit growth.

While continuing to proceed with the new business creation initiatives in which Sony is currently engaged, the Company will aim to combine its existing strengths in areas such as video and audio technologies, sensors and mechatronics, with artificial intelligence (AI), robotics, communications and other elements, and by doing so offer new proposals at the "last one inch" across all types of living spaces.

In addition to initiatives already under way, such as the drone-based enterprise solutions that have been launched by Aerosense Inc., Sony's joint venture with ZMP Inc., and the development of a range of Xperia smart products announced earlier this year, Sony has also embarked on the development of a robot capable of forming an emotional bond with customers, and able to grow to inspire love and affection. In April 2016 Sony established a new organization in this area that is working towards a business launch. Sony will seek to propose new business models that integrate hardware and services to provide emotionally compelling experiences. In the future, Sony will explore broader business opportunities for its robotics and AI technologies, including applications such as production processes and logistics.

In order to accelerate R&D in the areas that Sony will focus on going forward, Sony intends to further strengthen its collaboration with leading external researchers and start-up companies, and create a more open ecosystem. As part of these efforts, Sony established the “Sony Innovation Fund,” a corporate venture capital fund, which launched in July 2016. Having advisors and business incubators actively participate in strategically important businesses will enable Sony to support the growth of companies in which it invests, and also provide opportunities to nurture Sony’s leaders of tomorrow.

Due to the earthquake of April 14, 2016 and subsequent earthquakes in the Kumamoto region, manufacturing operations were affected at Sony Semiconductor Manufacturing Corporation’s Kumamoto Technology Center, which is the primary manufacturing site of image sensors mainly for digital cameras, security cameras and micro-display devices. As a result of Sony’s recovery effort, full utilization on a wafer input basis was reached by the end of July 2016.

Group Environmental Mid-Term Targets “Green Management 2020”

Sony announced in June 2015 the establishment of its “Green Management 2020” group environmental mid-term targets that will take effect from fiscal 2016 (the fiscal year ending March 31, 2017) through fiscal 2020 (the fiscal year ending March 31, 2021). Based on the following three pillars, Sony plans to implement various initiatives to reduce the Sony Group’s environmental footprint:

- Formulate targets and implement initiatives that leverage the distinctive characteristics of Sony’s businesses, from Electronics to entertainment. Among these, reduce annual energy consumption by an average of 30 percent (compared to levels at the fiscal year ended March 31, 2014) in Electronics products, and in entertainment, continue to look to use its contents to raise awareness of sustainability issues and inspire environmentally conscious actions.
- Enhance efforts to reduce Sony’s environmental footprint across its entire value chain, including manufacturing partners and suppliers, by calling on them to reduce greenhouse gas (GHG) emissions and water consumption.
- Accelerate the use of renewable energy.

Sony’s long-term vision is to achieve a “zero environmental footprint” throughout all stages of its product lifecycles and business activities by 2050. The “Green Management 2020” mid-term plan has been backcasted (calculated backwards) in order to determine the necessary intermediate steps that need to be taken by fiscal 2020 (the fiscal year ending March 31, 2021) on the way to this long-term goal. Sony achieved almost all of the targets set forth in its previous plan, “Green Management 2015,” which covered the five-year period up to and including fiscal 2015 (the fiscal year ended March 31, 2016). With “Green Management 2020,” Sony plans to further accelerate its various initiatives directed towards its ultimate goal of a “zero environmental footprint.”

Sony plans to also continue to participate in the WWF’s Climate Savers Programme, which aims to achieve reductions in greenhouse gas emissions, from the fiscal year ending March 31, 2017 onwards. Climate change targets are verified by WWF and a third-party verification body for their degrees of difficulty and progress.

Further details of the group environmental mid-term targets “Green Management 2020” and actual measures undertaken by Sony are reported in Sony’s CSR report available on the following website: http://www.sony.net/SonyInfo/csr_report/.

iii) Research and Development

<u>Note for readers of this English translation</u>:

There was no significant change from the information presented as the Research and Development in the Annual Report on Form 20-F filed with the SEC on June 17, 2016.

URL: The Annual Report on Form 20-F filed with the SEC on June 17, 2016

https://www.sec.gov/Archives/edgar/data/313838/000119312516624169/d168822d20f.htm

Research and development costs for the six months ended September 30, 2016 totaled 216.3 billion yen. There were no significant changes in research and development activities for the period.

iv) Employees

<u>Note for readers of this English translation</u>:

Excluding the below, there was no significant change from the information presented in the Employees section of the Annual Report on Form 20-F filed with the SEC on June 17, 2016.

URL: The Annual Report on Form 20-F filed with the SEC on June 17, 2016

https://www.sec.gov/Archives/edgar/data/313838/000119312516624169/d168822d20f.htm

As of September 30, 2016, Sony Corporation had 6,206 employees, a decrease of 4,305 employees from 10,511 employees as of March 31, 2016. The total number of employees decreased mainly due to the separation of its Semionductors business to a subsidiary. There is no significant change in the number of employees of Sony on the consolidated basis.

v) Liquidity and Capital Resources

Note for readers of this English translation:

Except for the information related to the committed lines of credit and the issuance of unsecured straight bonds below, there was no significant change from the information presented in the Annual Report on Form 20-F filed with the SEC on June 17, 2016. The changes are indicated by underline below. Any forward-looking statements included in the descriptions below are based on management's current judgment.

URL: The Annual Report on Form 20-F filed with the SEC on June 17, 2016

https://www.sec.gov/Archives/edgar/data/313838/000119312516624169/d168822d20f.htm

Sony typically raises funds through straight bonds, CP programs and bank loans (including syndicated loans). If market disruption and volatility occur and Sony could not raise sufficient funds from these sources, Sony may also draw down funds from contractually committed lines of credit from various financial institutions. Sony has a total, translated into yen, of 502.2 billion yen in unused committed lines of credit, as of September 30, 2016. Details of those committed lines of credit are: a 300.0 billion yen committed line of credit contracted with a syndicate of Japanese banks, effective until July 2018, a 1.5 billion U.S. dollar multi-currency committed line of credit also with a syndicate of Japanese banks, effective until December 2018, and a 500 million U.S. dollar multi-currency committed line of credit contracted with a syndicate of foreign banks, effective until March 2017, in all of which Sony Corporation and Sony Global Treasury Services Plc are defined as borrowers. These contracts are aimed at securing sufficient liquidity in a quick and stable manner even in the event of turmoil within the financial and capital markets.

In September 2016, Sony Corporation issued unsecured straight bonds in the total principal amount of 200.0 billion yen. Sony Corporation intends to use the proceeds from the issues for the repayment of debt.

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III Company Information

(1) Information on the Company's Shares

i) Total Number of Shares

1) Total Number of Shares

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

2) Number of Shares Issued

Class	Number of shares issued As of the end of the second quarterly period (September 30, 2016)	As of the filing date of the Quarterly Securities Report (November 8, 2016)	Name of Securities Exchanges where the shares are listed or authorized Financial Instruments Firms Association where the shares are registered	Description
Common stock	1,263,184,460	1,263,197,360	Tokyo Stock Exchange New York Stock Exchange	The number of shares constituting one full unit is one hundred (100).
Total	1,263,184,460	1,263,197,360	—	—

Notes:

1. The Company's shares of common stock are listed on the First Section of the Tokyo Stock Exchange in Japan.
2. The number of shares issued as of the filing date of this Quarterly Securities Report does not include shares issued upon the exercise of stock acquisition rights ("SARs") during November 2016, the month in which this Quarterly Securities Report (Shihanki Houkokusho) was filed.

ii) Stock Acquisition Rights

Not applicable.

<u>Note for readers of this English translation</u>:

The above means that there was no issuance of SARs during the three months ended September 30, 2016.

iii) Status of the Exercise of Moving Strike Convertible Bonds

Not applicable.

iv) Description of Rights Plan

Not applicable.

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

Period	Change in the total number of shares issued (Thousands)	Balance of the total number of shares issued (Thousands)	Change in the amount of common stock (Yen in Millions)	Balance of the amount of common stock (Yen in Millions)	Change in the legal capital surplus (Yen in Millions)	Balance of the legal capital surplus (Yen in Millions)
From July 1 to September 30, 2016	566	1,263,184	783	859,784	783	1,073,477

Notes:

1. The increase is due to the exercise of SARs.
2. Upon the exercise of SARs during the period from October 1, 2016 to October 31, 2016 the total number of shares issued increased by 13 thousand shares, and the amount of common stock and the legal capital surplus increased by 17 million yen, respectively.

vi) Status of Major Shareholders

(As of September 30, 2016)

Name	Address	Number of shares held (Thousands)	Percentage of shares held to total shares issued (%)
Citibank as Depositary Bank for Depositary Receipt Holders *1 (Local Custodian: The Bank of Tokyo-Mitsubishi UFJ, Ltd.)	New York, U.S.A. (2-7-1, Marunouchi, Chiyoda-ku, Tokyo)	103,841	8.22
Japan Trustee Services Bank, Ltd. (Trust account) *2	1-8-11, Harumi, Chuo-ku, Tokyo	74,764	5.92
JPMorgan Chase Bank 380055 *3 (Local Custodian: Mizuho Bank, Ltd.)	New York, U.S.A. (Shinagawa Intercity Tower A, 2-15-1, Konan, Minato-ku, Tokyo)	64,533	5.11
The Master Trust Bank of Japan, Ltd. (Trust account) *2	2-11-3, Hamamatsu-cho, Minato-ku, Tokyo	62,625	4.96
State Street Bank and Trust Company *3 (Local Custodian: The Hongkong and Shanghai Banking Corporation Limited)	Boston, U.S.A. (3-11-1, Nihonbashi, Chuo-ku, Tokyo)	38,117	3.02
State Street Bank and Trust Company 505223 *3 (Local Custodian: Mizuho Bank, Ltd.)	Boston, U.S.A. (Shinagawa Intercity Tower A, 2-15-1, Konan, Minato-ku, Tokyo)	18,937	1.50
The Bank of New York Mellon SA/NV 10 *3 (Local Custodian: The Bank of Tokyo-Mitsubishi UFJ, Ltd.)	Brussels, Belgium (2-7-1, Marunouchi, Chiyoda-ku, Tokyo)	18,925	1.50
State Street Bank West Client - Treaty 505234 *3	North Quincy, U.S.A.	17,249	1.37

(Local Custodian: Mizuho Bank, Ltd.)	(Shinagawa Intercity Tower A, 2-15-1, Konan, Minato-ku, Tokyo)		
State Street Bank and Trust Company 505001 *3 (Local Custodian: Mizuho Bank, Ltd.)	Boston, U.S.A. (Shinagawa Intercity Tower A, 2-15-1, Konan, Minato-ku, Tokyo)	16,471	1.30
State Street Bank and Trust Company 505225 *3 (Local Custodian: Mizuho Bank, Ltd.)	Boston, U.S.A. (Shinagawa Intercity Tower A, 2-15-1, Konan, Minato-ku, Tokyo)	15,113	1.20
Total		430,575	34.09

Notes:

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

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

*3. Each shareholder provides depositary services for shares owned by institutional investors, mainly in Europe and North America. They are also the nominees for these investors.

4. Sumitomo Mitsui Trust Bank, Limited sent a copy of its “Bulk Shareholding Report” (which was filed with the Kanto Financial Bureau in Japan) to the Company as of April 4, 2014 and reported that it held shares, etc. of the Company as of March 31, 2014 as provided in the below table. As of September 30, 2016, the Company has not been able to confirm such entry of Sumitomo Mitsui Trust Bank, Limited in the register of shareholders.

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

5. BlackRock Japan Co., Ltd. sent a copy of its “Bulk Shareholding Report” (which was filed with the Kanto Financial Bureau in Japan) to the Company as of July 22, 2014 and reported that it held shares of the Company as of July 15, 2014 as provided in the below table. As of September 30, 2016, the Company has not been able to confirm such entry of BlackRock Japan Co., Ltd. in the register of shareholders.

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

6. Capital Research and Management Company filed its “Bulk Shareholding Report” with the Kanto Financial Bureau in Japan as of May 20, 2016 and reported that it held shares of the Company as of May 13, 2016 as provided in the below table. As of September 30, 2016, the Company has not been able to confirm such entry of Capital Research and Management Company in the register of shareholders.

Name	Number of shares held (Thousands)	Percentage of shares held to total shares issued (%)
Capital Research and Management Company	86,520	6.85

7. Mizuho Securities Co., Ltd. filed its “Bulk Shareholding Report” with the Kanto Financial Bureau in Japan as of October 21, 2016 and reported that it held shares, etc. of the Company as of October 14, 2016 as provided in the below table. As of September 30, 2016, the Company has not been able to confirm such entry of Mizuho Securities Co., Ltd. in the register of shareholders.

Name	Number of shares, etc. held (Thousands)	Percentage of shares, etc. held to total shares issued (%)
Mizuho Securities Co., Ltd. and the 1 Joint Holder	63,774	5.04

vii) Status of Voting Rights

1) Shares Issued

(As of September 30, 2016)

Classification	Number of shares of common stock	Number of voting rights (Units)	Description
Shares without voting rights	—	—	—
Shares with restricted voting rights (Treasury stock, etc.)	—	—	—
Shares with restricted voting rights (Others)	—	—	—
Shares with full voting rights (Treasury stock, etc.)	1,053,200	—	—
Shares with full voting rights (Others)	1,259,957,100	12,599,571	—
Shares constituting less than one full unit	2,174,160	—	Shares constituting less than one full unit (100 shares)
Total number of shares issued	1,263,184,460	—	—
Total voting rights held by all shareholders	—	12,599,571	—

Note: Included in “Shares with full voting rights (Others)” under “Number of shares of common stock” are 19,500 shares of common stock held under the name of Japan Securities Depository Center, Incorporated. Also included in “Shares with full voting rights (Others)” under “Number of voting rights (Units)” are 195 units of voting rights relating to the shares of common stock with full voting rights held under the name of Japan Securities Depository Center, Incorporated.

2) Treasury Stock, Etc.

(As of September 30, 2016)

Name of shareholder	Address of shareholder	Number of shares held under own name	Number of shares held under the names of others	Total number of shares held	Percentage of shares held to total shares issued (%)
Sony Corporation	1-7-1, Konan, Minato-ku, Tokyo	1,053,200	—	1,053,200	0.08

(Treasury stock)					
Total	—	1,053,200	—	1,053,200	0.08

Note: In addition to the 1,053,200 shares listed above, there are 300 shares of common stock held in the name of the Company in the register of shareholders that the Company does not beneficially own. These shares are included in "Shares with full voting rights (Others)" in Table 1) "Shares Issued" above.

(2) Directors and Corporate Executive Officers

There was no change in directors or corporate executive officers in the period from the filing date of the Securities Report (Yukashoken Houkokusho) for the fiscal year ended March 31, 2016 to the filing date of this Quarterly Securities Report (Shihanki Houkokusho).

IV Financial Statements

(1) Consolidated Financial Statements

(i) Consolidated Balance Sheets (Unaudited)

Sony Corporation and Consolidated Subsidiaries

	Yen in millions	
	At March 31, 2016	At September 30, 2016
ASSETS		
Current assets:		
Cash and cash equivalents	983,612	525,181
Marketable securities	946,397	925,304
Notes and accounts receivable, trade	926,375	992,120
Allowance for doubtful accounts and sales returns	(72,783)	(50,110)
Inventories	683,146	862,412
Other receivables	206,058	274,015
Deferred income taxes	40,940	50,205
Prepaid expenses and other current assets	482,982	484,475
Total current assets	4,196,727	4,063,602
Film costs	301,228	320,936
Investments and advances:		
Affiliated companies	164,874	157,347
Securities investments and other	9,069,209	9,491,540
	9,234,083	9,648,887
Property, plant and equipment:		
Land	121,707	117,238
Buildings	655,379	633,558
Machinery and equipment	1,795,991	1,796,196
Construction in progress	69,286	50,818
	2,642,363	2,597,810
Less – Accumulated depreciation	1,821,545	