SONY CORP
Form 6-K
February 04, 2010
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 February 2010
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/ Nobuyuki Oneda
(Signature)
Nobuyuki Oneda
Executive Deputy President and
Chief Financial Officer

Date: February 4, 2010

List of materials

Documents attached hereto:

i) Press release entitled Consolidated Financial Results for the Third Quarter Ended December 31, 2009

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

News & Information

No.10-016E
3:00 P.M. JST, February 4, 2010

Consolidated Financial Results
for the Third Quarter Ended December 31, 2009

Tokyo, February 4, 2010 -- Sony Corporation today announced its consolidated results for the third quarter ended December 31, 2009 (October 1, 2009 to December 31, 2009).

- Quarterly operating results improved significantly, with all segments except All Other recording an improvement in operating results year-on-year.
- Structural transformation initiatives are proceeding as planned.
- Sony's operating results forecast for the fiscal year has been revised upward, reflecting that third quarter results significantly exceeded expectations.
- For the full fiscal year, Sony expects positive cash flow from operating and investing activities combined, excluding the Financial Services segment's activities.

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

	Third quarter ended December 31			
	2008	2009	Change in yen	2009*
Sales and operating revenue	¥2,154.6	¥2,237.9	+3.9 %	$24,325
Operating income (loss)	(18.0)	146.1	-	1,588
Income before income taxes	66.5	123.9	+86.4	1,346
Net income attributable to Sony Corporation's stockholders **	10.4	79.2	+660.6	861
Net income attributable to Sony Corporation's stockholders per share of common stock:				
— Basic	¥10.37	¥78.89	+660.8 %	$0.86
— Diluted	9.98	78.76	+689.2	0.86

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

Supplemental Information
In addition to operating income (loss), Sony's management also evaluates Sony's performance using non-U.S. GAAP adjusted operating income. Operating income, as adjusted, which excludes equity in net income (loss) of affiliated companies and restructuring charges, is not a presentation in accordance with U.S. GAAP, and is presented to enhance investors' understanding of Sony's operating income (loss) by providing an alternative measure that may be useful to

understand Sony's historical and prospective operating performance. Sony's management uses this measure to review operating trends, perform analytical comparisons, and assess whether its structural transformation initiatives are achieving their objectives.

	(Billions of yen, millions of U.S. dollars) Third quarter ended December 31			
	2008	2009	Change in yen	2009
Operating income (loss)	¥(18.0)	¥ 146.1	- %	$ 1,588
Less: Equity in net income (loss) of affiliated companies	(10.8)	(5.9)	-	(64)
Add: Restructuring charges recorded within operating expenses	12.0	13.5	+12.1	147
Operating income, as adjusted	¥4.8	¥ 165.5	+3,347.9 %	$ 1,799

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This supplemental non-U.S. GAAP measure should be considered in addition to, not as a substitute for, Sony's operating income (loss) in accordance with U.S. GAAP.

* U.S. dollar amounts have been translated from yen, for convenience only, at the rate of ¥92=U.S. $1, the approximate Tokyo foreign exchange market rate as of December 31, 2009.

** Net income attributable to Sony Corporation's stockholders is equivalent to net income in the consolidated financial statements for the fiscal years ended March 31, 2009 and prior. Modification of the presentation format of the consolidated statement of income is required by new accounting guidance for noncontrolling interests in consolidated financial statements, which Sony adopted effective April 1, 2009.

Consolidated Results for the Third Quarter Ended December 31, 2009

Sales and operating revenue ("sales") increased 3.9% compared to the same quarter of the previous fiscal year ("year-on-year") primarily due to an increase in revenue in the Financial Services and Pictures segments, partially offset by a decrease in revenue in the Consumer Products & Devices segment.

During the quarter ended December 31, 2009, the average rate of the yen was ¥88.7 against the U.S. dollar and ¥131.2 against the euro, which was 7.4% higher and 4.5% lower respectively, than for the prior year's third quarter. On a local currency basis, sales increased 6% year-on-year. For references to sales on a local currency basis, see Note on page 8.

Operating income was ¥146.1 billion ($1,588 million), an improvement of ¥164.1 billion year-on-year. Operating results improved significantly due to increased sales and reductions in both cost of sales and selling, general and administrative expenses. Excluding equity in net loss of affiliated companies and restructuring charges, operating income on an as adjusted basis improved ¥160.7 billion to ¥165.5 billion.

Equity in net loss of affiliated companies, recorded within operating income, was ¥5.9 billion ($64 million), a reduced loss of ¥4.9 billion year-on-year. Sony recorded equity in net loss of Sony Ericsson Mobile Communication AB ("Sony Ericsson") of ¥10.2 billion ($111 million), an improvement of ¥1.2 billion from the prior year's third quarter mainly due to benefits from cost reduction activities. Equity in net income for S-LCD Corporation ("S-LCD"), a joint venture with Samsung Electronics Co., Ltd., increased ¥2.1 billion year-on-year to ¥3.0 billion ($32 million).

The net effect of other income and expenses deteriorated ¥106.7 billion primarily due to the recording of a net foreign exchange loss in the current quarter versus a significant net foreign exchange gain recorded in the prior year's third quarter.

Income before income taxes of ¥123.9 billion ($1,346 million) was recorded, an 86.4% increase year-on-year.

Income taxes: During the third quarter of the current fiscal year, Sony recorded ¥33.2 billion ($361 million) of income taxes, resulting in an effective tax rate of 27%. This effective tax rate was lower than the Japanese statutory tax rate primarily as a result of an increase in profits at foreign subsidiaries subject to lower tax rates.

Net income attributable to Sony Corporation's stockholders was ¥79.2 billion ($861 million), compared to ¥10.4 billion in the previous year's third quarter.

Operating Performance Highlights by Business Segment

Sony realigned its reportable segments from the first quarter of the fiscal year ending March 31, 2010 to reflect the Company's reorganization as of April 1, 2009, primarily repositioning operations previously reported within the Electronics and Game segments and establishing the Consumer Products & Devices ("CPD"), Networked Products & Services ("NPS") and B2B & Disc Manufacturing ("B2B & Disc") segments. The CPD segment includes products such as televisions, digital imaging, audio and video, semiconductors and components. The equity results of S-LCD are also included within the CPD segment. The NPS segment includes the game business as well as PC and other networked businesses. The B2B & Disc segment is comprised of the B2B business, including broadcast- and professional-use products, as well as Blu-ray DiscTM, DVD and CD disc manufacturing.

Additionally, Music is a new reportable segment effective from the first quarter of the fiscal year ending March 31, 2010. The Music segment includes Sony Music Entertainment ("SME"), Sony Music Entertainment (Japan) Inc. ("SMEJ"), and a 50% owned U.S. based joint venture in the music publishing business, Sony/ATV Music Publishing LLC ("Sony/ATV").

Pictures and Financial Services continue to be reportable segments. The equity earnings from Sony Ericsson are presented as a separate segment.

In connection with this realignment, both the sales and operating income (loss) of each segment in the third quarter ended December 31, 2008 have been restated to conform to the current quarter's presentation.

"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.

Consumer Products & Devices

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

	2008	2009	Change in Yen	2009
Sales and operating revenue	¥1,086.4	¥969.8	-10.7 %	$10,541
Operating income (loss)	(19.8)	49.4	-	537

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

Sales decreased by 10.7% year-on-year (a decrease of 9% on a local currency basis) to ¥969.8 billion ($10,541 million). Sales to outside customers decreased 8.4% year-on-year. Products that contributed to a decrease in sales include (1) BRAVIATM LCD televisions, which were affected by intensified price competition, (2) system LSIs for the game business, which were affected by price reductions as a result of cost saving efforts, and (3) optical pickups, which were affected by price declines.

Operating income of ¥49.4 billion ($537 million) was recorded, an improvement of ¥69.3 billion year-on-year. This improvement was mainly due to a decrease in selling, general and administrative expenses, an improvement in the cost of sales ratio, and favorable foreign currency exchange rates, partially offset by lower sales. Restructuring charges were ¥8.3 billion ($90 million) compared with ¥8.6 billion recorded in the prior year's third quarter. Products contributing to the increase in operating results (excluding restructuring charges) include BRAVIA LCD televisions, reflecting the benefits of cost reduction activities, and Cyber-shotTM compact digital cameras. Products contributing to the decrease in operating results (excluding restructuring charges) include system LSIs for the game business, and Handycam® video cameras.

Networked Products & Services

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

	2008	2009	Change in yen	2009
Sales and operating revenue	¥594.9	¥606.1	+1.9 %	$6,589
Operating income (loss)	(5.9)	19.4	-	211

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

Sales increased 1.9% year-on-year (a 3% increase on a local currency basis) to ¥606.1 billion ($6,589 million). This increase was mainly due to higher sales of VAIOTM PCs which experienced increased unit sales in all regions. Sales in the game business decreased primarily as a result of a decrease in unit sales of PlayStation®2 ("PS2") hardware and software, and PSP® (PlayStation Portable) ("PSP") hardware. Due to the launch of a new model, approximately 6.5 million units of PlayStation®3 ("PS3") hardware were sold in the current quarter, compared to approximately 4.5 million units in the prior year's third quarter. Approximately 4.2 million PSP units were sold in the current quarter, compared to approximately 5.1 million units in the prior year's third quarter. Approximately 2.1 million PS2 units were sold in the current quarter, compared to approximately 2.5 million units in the prior year's third quarter.

Operating income of ¥19.4 billion ($211 million) was recorded, an improvement of ¥25.3 billion year-on-year, primarily due to higher VAIO PC sales. In the game business, despite a decrease in PS2 hardware and software unit sales, and PSP hardware unit sales, profitability was relatively unchanged mainly due to an improvement in the cost of PS3 hardware.

B2B & Disc Manufacturing

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

	2008	2009	Change in yen	2009
Sales and operating revenue	¥144.3	¥143.5	-0.5 %	$1,560
Operating income	8.3	10.1	+21.5	110

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

Sales decreased 0.5% year-on-year (a 4% increase on a local currency basis) to ¥143.5 billion ($1,560 million). Sales to outside customers increased 1.1% year-on-year. Sales of the disc manufacturing business increased, mainly due to higher Blu-ray Disc sales. B2B business sales decreased, mainly due to a decrease in sales of broadcast- and professional-use products brought on by continuing difficulties in the business environment of developed countries.

Operating income of ¥10.1 billion ($110 million) was recorded, a 21.5% increase year-on-year. Operating income increased as a result of higher sales for disc manufacturing partially offset by lower sales for the B2B business.

* * * * *

Total Inventory for the CPD, NPS and B2B & Disc segments, as of December 31, 2009, was ¥560.7 billion ($6,094 million), which represents a ¥445.1 billion, or 44.3% decrease compared with the level as of December 31, 2008. Inventory decreased by ¥218.4 billion, or 28.0% compared with the level as of September 30, 2009.

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

	2008	2009	Change in Yen	2009
Sales and operating revenue	¥175.1	¥203.2	+16.0 %	$2,209
Operating income	12.9	14.1	+9.1	153

Unless otherwise specified, all amounts are reported on a U.S. GAAP basis. The results presented above are a yen-translation of the results of Sony Pictures Entertainment (“SPE”), a U.S. based operation 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 16.0% year-on-year (a 25% increase on a U.S. dollar basis). The increase is primarily due to higher theatrical, home entertainment and television revenues. Theatrical revenues in the current quarter benefited from the strong worldwide theatrical performances of 2012 and Michael Jackson’s This Is It. Home entertainment revenues benefited from significant sales of Angels & Demons and Terminator Salvation. Television revenues increased due to the new syndicated series The Dr. Oz Show, and from higher advertising and subscription revenues from SPE’s international television networks.

Operating income of ¥14.1 billion ($153 million) was recorded, a 9.1% increase year-on-year. Operating income increased due to the revenue items noted above as well as from higher profit margins realized on SPE’s television library titles and lower marketing costs incurred in support of upcoming theatrical releases. This increase was partially offset by a loss recorded on the underperformance of Did You Hear About the Morgans? and the write-off of certain development costs.

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

	2008	2009	Change in Yen	2009
Sales and operating revenue	¥ 160.2	¥ 163.5	+2.0 %	$ 1,777
Operating income	21.4	23.1	+8.2	251

Unless otherwise specified, all amounts are reported on a U.S. GAAP basis. The results presented above include the yen-translated results of SME, a U.S. based operation which aggregates the results of its worldwide subsidiaries on a U.S. dollar basis, the results of SMEJ, a Japan based music company which aggregates its results in yen, and the yen-translated consolidated results of 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.

Sales increased 2.0% year-on-year (a 7% increase in total segment sales, when converting sales of SME and Sony/ATV on a U.S. dollar basis). The increase reflects the strong sales of a number of key releases which more than offset the continued decline in the physical music market. Best-selling albums during the quarter included Susan Boyle’s I Dreamed A Dream, the soundtrack to Michael Jackson’s This Is It and Alicia Keys’ The Element of Freedom. In Japan, best-selling albums included ikimono-gakari’s HAJIMARI NO UTA.

Operating income increased 8.2% year-on-year. This increase reflects the contribution from the higher sales as well as year-on-year decreases in overhead and restructuring costs.

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Financial Services

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

	2008	2009	Change in yen	2009
Financial services revenue	¥103.1	¥205.6	+99.5 %	$2,235
Operating income (loss)	(37.4)	35.0	-	381

In Sony's Financial Services segment, the 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.("Sony Bank"), as well as the results for Sony Finance International Inc. Unless otherwise specified, all amounts are reported on a U.S. GAAP basis. Therefore, the results of Sony Life shown below differ from the results that SFH and Sony Life disclose on a Japanese statutory basis.

Financial services revenue increased 99.5% year-on-year mainly due to an increase in revenue at Sony Life. Revenue at Sony Life was ¥180.0 billion ($1,956 million), a ¥107.2 billion or 147.1% increase year-on-year. Revenue increased mainly due to an improvement in net gains from investments in the separate account, significant impairment losses on equity securities in the general account recorded during the prior year's third quarter, and an improvement in net valuation gains from investments in convertible bonds in the general account, all as a result of the relatively stable situation in the Japanese stock market, as compared with a significant decline following the global financial crisis in the prior year's third quarter. Revenue from insurance premiums increased year-on-year, reflecting a steady increase in policy amount in force.

Operating income of ¥35.0 billion ($381 million) was recorded as compared to an operating loss of ¥37.4 billion in the prior year's third quarter mainly as a result of an improvement in operating results at Sony Life. Operating income at Sony Life was ¥36.4 billion ($396 million), as compared to an operating loss of ¥37.7 billion in the prior year's third quarter, mainly due to the additional recording of policy reserves because of the revision of the future investment yield of variable life insurance products in the separate account and the significant impairment losses on equity securities in the general account, as a result of the significant decline in the Japanese stock market in the prior year's third quarter, and the improvement in net valuation gains from investments in convertible bonds in the general account during the current quarter.

Sony Ericsson Mobile Communications AB

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

	(Millions of euro) Quarter ended December 31		
	2008	2009	Change in euro
Sales and operating revenue	€2,914	€1,750	-40 %
Income (loss) before taxes	(256)	(180)	-
Net income (loss)	(183)	(159)	-

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

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Sales for the quarter ended December 31, 2009 decreased 40% year-on-year, due to a decrease in unit sales mainly driven by a downturn in the global handset market and a faster than anticipated shift to touch screen phones in the mid-priced sector of the market. A loss before taxes of €180 million was recorded, compared to a loss of €256 million in the same quarter of the previous year, primarily due to a decrease in research and development expenses as well as a decrease in selling and administrative expenses, which was partly offset by the above-mentioned lower sales and a year-on-year increase in restructuring charges. As a result, Sony recorded equity in net loss of Sony Ericsson of ¥10.2 billion ($111 million) for the current quarter.

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-4 and F-13 respectively.

Operating Activities: During the nine months ended December 31, 2009, there was a net cash inflow of ¥542.3 billion ($5,895 million) from operating activities, an improvement of ¥577.3 billion year-on-year.

For all segments excluding the Financial Services segment, there was a net cash inflow of ¥285.5 billion ($3,103 million) in the current period, an improvement of ¥493.9 billion from a net cash outflow during the same period of the previous fiscal year. During the current period, the major cash inflow factors included a cash contribution from net income after taking into account depreciation and amortization (including amortization of film costs), an increase in notes and accounts payable, trade, a decrease in inventories, and income tax refunds. This exceeded cash outflow, which included increases in notes and accounts receivable, trade and in film costs. Compared with the same period of the prior fiscal year, cash flow improved mainly due to a decrease in inventories during the current period compared to an increase in the prior year, an increase in notes and accounts payable, trade, and lower income tax payments.

The Financial Services segment had a net cash inflow of ¥262.6 billion ($2,854 million), an increase of ¥86.1 billion, or 48.8% year-on-year. For the current period, net cash inflow was generated primarily due to an increase in revenue from insurance premiums as a result of a steady increase in policy amount in force at Sony Life. Compared with the same period of the prior fiscal year, net cash inflow increased primarily reflecting an increase in revenue from insurance premiums at Sony Life noted above.

Investing Activities: During the current nine months, Sony used ¥538.7 billion ($5,856 million) of net cash in investing activities, a decrease of ¥57.9 billion, or 9.7% year-on-year.

For all segments excluding the Financial Services segment, there was ¥249.3 billion ($2,709 million) of net cash used, a decrease of ¥59.4 billion, or 19.2% year-on-year. During the current period, net cash was used mainly for purchases of manufacturing equipment. The net cash used decreased year-on-year primarily as a result of lower investments in and purchases of manufacturing equipment, although the same period of the prior fiscal year benefited from proceeds generated from the sale of semiconductor fabrication equipment.

The Financial Services segment used ¥272.5 billion ($2,962 million) of net cash, a decrease of ¥28.0 billion, or 9.3% year-on-year. Payments for investments and advances, carried out primarily at Sony Life and Sony Bank, where operations are expanding, exceeded proceeds from the maturities of marketable securities, sales of securities investments and collections of advances. The net cash used within the Financial Services segment decreased year-on-year primarily due to a decrease in investments at Sony Bank.

In all segments excluding the Financial Services segment, net cash generated by operating and investing activities combined for the current nine months was ¥36.2 billion ($394 million), an improvement of ¥553.3 billion compared to net cash used in the same period of the previous fiscal year.

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Financing Activities: During the current nine months, ¥350.3 billion ($3,807 million) of net cash was provided by financing activities, a decrease of ¥32.7 billion, or 8.5% year-on-year. For all segments excluding the Financial Services segment, there was a ¥151.6 billion ($1,648 million) net cash inflow, an increase of ¥26.5 billion or 21.2% year-on year. This was primarily due to issuances of long-term corporate bonds and borrowings from banks in the current period, which were partially offset by net repayments of short-term borrowings including commercial paper. In June 2009, Sony Corporation issued domestic straight bonds totaling ¥220 billion ($2,391 million) in Japan with maturities of 3 to 10 years. In the Financial Services segment, financing activities generated ¥175.9 billion ($1,912 million) of net cash, a decrease of ¥91.5 billion, or 34.2% year-on-year, primarily due to a lower increase in deposits from customers at Sony Bank compared to the same period of the previous fiscal year.

Total Cash and Cash Equivalents: Accounting for the above factors and the effect of fluctuations in the exchange rates, the total outstanding balance of cash and cash equivalents as of December 31, 2009 was ¥1,004.8 billion ($10,922 million). The outstanding balance of cash and cash equivalents of all segments excluding the Financial Services segment was ¥743.0 billion ($8,077 million), an increase of ¥178.0 billion, or 31.5%, compared with the balance as of March 31, 2009. This is an increase of ¥237.3 billion, or 46.9%, compared with the balance as of December 31, 2008. Sony believes it continues to maintain sufficient liquidity through access to a total, translated into yen, of approximately ¥785 billion of unused committed lines of credit with financial institutions in addition to the cash and cash equivalents balance at December 31, 2009. Within the Financial Services segment, the outstanding balance of cash and cash equivalents was ¥261.8 billion ($2,845 million), an increase of ¥166.0 billion, or 173.3%, compared with the balance as of March 31, 2009. This is a decrease of ¥19.3 billion, or 6.9%, compared with the balance as of December 31, 2008.

Note
Sales on a local currency basis described herein reflect sales obtained by applying the yen’s monthly average exchange rate in the same quarter of the previous fiscal year to local currency-denominated monthly sales in the current quarter. Sales on a local currency basis are not reflected in Sony’s consolidated financial statements and are not measures in accordance with U.S. GAAP. Sony does not believe that these measures are a substitute for U.S. GAAP measures. However, Sony believes that disclosing sales information on a local currency basis provides additional useful analytical information to investors regarding the operating performance of Sony.

Outlook for the Fiscal Year ending March 31, 2010

Sony's consolidated results forecast for the fiscal year ending March 31, 2010, as announced on October 30, 2009, has been revised as per the table below.

(Billions of yen)	Revised Forecast	Change from October Forecast	October Forecast	Change from March 31, 2009 Actual Results	March 31, 2009 Actual Results
Sales and operating revenue	¥7,300	0 %	¥7,300	-6 %	¥7,730.0
Operating income (loss)	(30)	-	(60)	-	(227.8)
Income (loss) before income taxes	(40)	-	(70)	-	(175.0)
Net income (loss) attributable to Sony Corporation's stockholders	(70)	-	(95)	-	(98.9)

Assumed foreign currency exchange rates for the fourth quarter ending March 31, 2010: approximately ¥90 to the U.S. dollar and approximately ¥126 to the euro. (Assumed foreign exchange rates for the second half of the current fiscal year at the time of the October forecast: approximately ¥90 to the U.S. dollar and approximately ¥130 to the euro.)

Supplemental Information

In addition to operating income (loss), Sony's management also evaluates Sony's performance using non-U.S. GAAP adjusted operating income (loss). Operating income (loss), as adjusted, which excludes equity in net income (loss) of affiliated companies and restructuring charges, is not a presentation in accordance with U.S. GAAP, and is presented to enhance investors' understanding of Sony's operating income (loss) by providing an alternative measure that may be useful to understand Sony's historical and prospective operating performance. Sony's management uses this measure to review operating trends, perform analytical comparisons and assess whether its structural transformation initiatives are achieving its objectives.

(Billions of yen)	Revised Forecast	Change from October Forecast	October Forecast	Change from March 31, 2009 Actual Results	March 31, 2009 Actual Results
Operating income (loss)	¥(30)	- %	¥(60)	- %	¥(227.8)
Less: Equity in net income (loss) of affiliated companies	(40)	0	(40)	-	(25.1)
Add: Restructuring charges recorded within operating expenses	130	0	130	+72	75.4
Operating income (loss), as adjusted	¥140	+27 %	¥110	- %	¥(127.3)

This supplemental non-U.S. GAAP measure should be considered in addition to, not as a substitute for, Sony's operating income (loss) in accordance with U.S. GAAP.

The revision in the operating income (loss) forecast for the current fiscal year is primarily due to the following factors:

1. Results in the CPD segment are expected to exceed the October forecast by approximately ¥25 billion, primarily due to the strong performance of televisions and semiconductors in the third quarter of the current fiscal year.

2. Results in the Financial Services segment are expected to exceed the October forecast by approximately ¥25 billion due to a continued improvement in market conditions.

3. Results in the B2B & Disc Manufacturing segment are expected to be approximately ¥10 billion less than the October forecast due to continuing difficulties in the business environment.

4. Results in the NPS segment are expected to be approximately ¥5 billion less than the October forecast mainly due to lower than expected results in the game business.

5. Results in the Pictures segment are expected to be approximately ¥5 billion less than the October forecast mainly due to increased restructuring charges.

As is Sony's policy, the effects of gains and losses on investments held by Sony Life due to market fluctuations after the end of the quarter, December 31, 2009, have not been incorporated within the above forecast as Sony cannot predict where the financial markets will be at the end of the fiscal year ending March 31, 2010. Accordingly, these market fluctuations could further impact the current forecast.

Supplemental Business Segment Information

The business segment information for the fiscal year ended March 31, 2009 has been restated in the table below, in order to conform to the new business segment classification as of April 1, 2009.

(Billions of yen)
Fiscal Year ended March 31, 2009