

Annual Report 2010
Year Ended March 31, 2010
Sony Corporation

SONY
make.believe

Annual Report 2010



make.believe (“make-dot-believe”) is the Sony Group Brand Message

make.believe symbolizes the spirit of our brand. It stands for the power of our creativity, our ability to turn ideas into reality and the belief that anything we can imagine, we can make real.

The Sony brand ranges from electronics to entertainment, it reaches continents and cultures, and touches the lives of more people in more places and more ways than ever before.

make.believe

action	spirit
do	think
build	imagine
design	dream



“(dot)”

Sony’s role in uniting “make” and “believe”

Through our unique combination of technology and content, Sony aims to inspire consumers around the world with innovation and joy. We invite you to join us in the **make.believe** spirit and to turn your dreams into reality.

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For more information on Sony's financial performance, corporate governance, CSR and Financial Services business, please refer to the following websites.

2010 Annual Report on Form 20-F	http://www.sony.net/SonyInfo/IR/library/sec.html
Corporate Governance Structure	http://www.sony.net/SonyInfo/IR/info/strategy/governance.html
CSR Report	http://www.sony.net/SonyInfo/Environment/index.html
Financial Services Business	http://www.sonyfh.co.jp/index_en.html (Sony Financial Holdings Inc.)

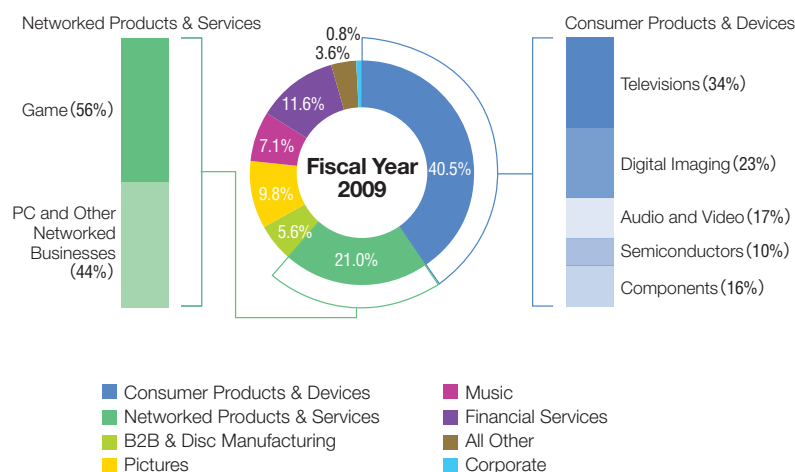
Financial Highlights

Consolidated Financial Results for the Fiscal Year Ended March 31, 2010 (Fiscal Year 2009)

Sales and operating revenue	¥7,214.0 billion	(-6.7%)
Operating income	¥31.8 billion	(—)
Income before income taxes	¥26.9 billion	(—)
Net loss attributable to Sony Corporation's stockholders	¥40.8 billion	(—)

Note: Percentage change from the prior fiscal year is shown in parentheses.

Proportion of sales by business*1



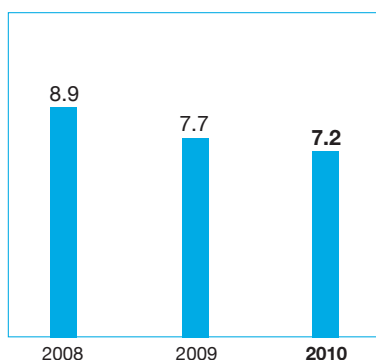
- Operating income of ¥31.8 billion was achieved, compared to an operating loss in the previous fiscal year.
- The Financial Services segment and the Consumer Products & Devices segment—in particular, LCD televisions—contributed to the improvement in operating results year-on-year.
- Cash flow from operating and investing activities combined was positive and exceeded ¥300 billion excluding the Financial Services segment's activities*2.

*1 Percentage of sales and operating revenue to outside customers

*2 This information is not in accordance with U.S. GAAP.

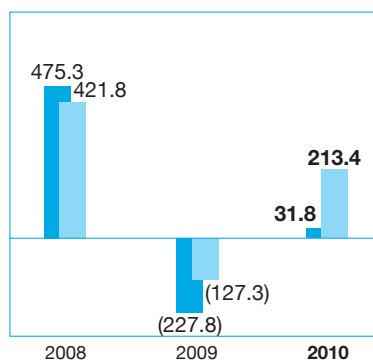
Sales and operating revenue

(Yen in trillions)



Operating income (loss)

(Yen in billions)

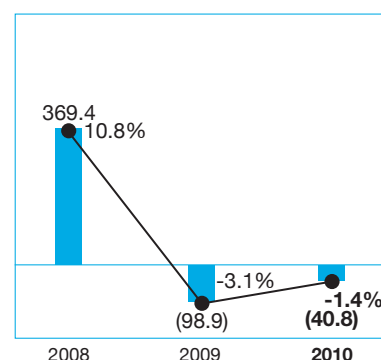


■ Operating income (loss)
 ■ Operating income (loss), as adjusted, which excludes equity in net income (loss) of affiliated companies and restructuring charges*2

Note: Fiscal year 2009 operating income, as adjusted, also excludes a non-cash charge related to LCD television asset impairment.*2

Net income (loss) attributable to Sony Corporation's stockholders

(Yen in billions)

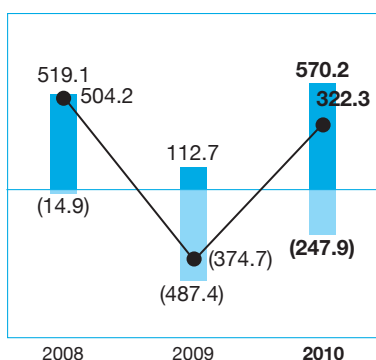


■ Net income (loss) attributable to Sony Corporation's stockholders
 ● Return on Equity (ROE)

Free cash flow*2

(excluding Financial Services)

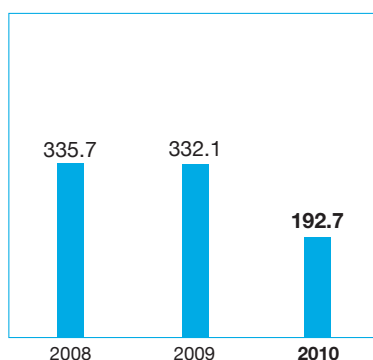
(Yen in billions)



■ Cash flows from operating activities
 ■ Cash flows from investing activities
 ● Free cash flow
 (Combined total of cash flows from operating and investing activities)

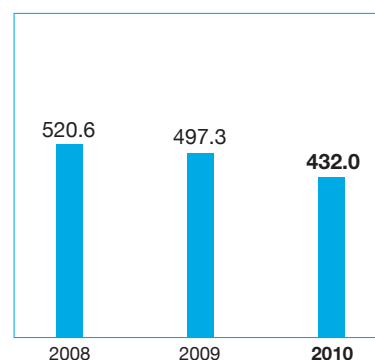
Capital expenditures

(Yen in billions)



R&D investment

(Yen in billions)



Note: Years ended March 31

Letter to Shareholders: A Message from Howard Stringer, CEO

Sony's Transformation

We entered fiscal year 2009 (the year ended March 31, 2010) with the daunting challenge of restoring Sony to profitability following the prior year's substantial operating loss, and bringing about change that would not only sustain consistent profitability, but would deliver growth opportunities and new user experiences to customers in order to further enhance Sony and its brand.

Much has changed over the past year, brought about by the efforts and perseverance of the management team and the entire Sony Group, unified in common purpose, in the face of the most challenging global business environment in a generation. The year began with the implementation of fundamental changes in our organizational structure and processes. Our core electronics and game businesses were reorganized in order to better respond to both the increasingly competitive market landscape, as well as our increasingly savvy customers.

The Consumer Products & Devices Group brings together our traditional and vital hardware, including televisions, digital cameras and video cameras, as well as our key devices including image sensors and batteries. This group was established to enhance product competitiveness and improve operations in order to generate and sustain profitable growth.

The Networked Products & Services Group is comprised of our game business, VAIO™ personal computers, other networked mobile products and our network services. The mandate of this group is to accelerate innovation of our networked products and services to deliver

new and exciting user experiences to our customers.

Key to our new structure are three horizontal platforms—the Global Sales and Marketing Platform, the Manufacturing, Logistics, Procurement and CS (Customer Service) Platform, and the R&D and Common Software Platform—which have enabled us to streamline operations, accelerate decision making, boost efficiency and reduce costs.

These changes were designed to transform Sony into a more agile, competitive and successful company, one that is in tune with the needs and desires of today's global, digitally savvy and interconnected consumers. They were also intended to enhance our ability to pursue opportunities in new markets aggressively and to integrate content, software and services with our hardware successfully, to deliver rich and seamless entertainment experiences that differentiate us from competitors.

While our reorganization is a vital part of our transformation going forward, we also needed to attack our cost structure immediately and urgently and secure a better financial footing. Our swift and wide-ranging actions will help enable us to fund the innovation required to drive our future growth.

Specifically, we undertook the difficult but necessary task of reducing headcount and closing or consolidating eleven manufacturing sites worldwide*¹, and we have announced plans for further reductions. With the new management team driving quick decisions in these and other areas, I am pleased to report that we beat our

*¹ Closed or consolidated between December 2008 and March 2010



target and achieved more than ¥330 billion of Group-wide cost reductions in fiscal year 2009.

In addition, we have—for the first time in the company's history—consolidated the purchasing power of all of our electronics and game component purchases. By doing this, we were able to substantially reduce our number of suppliers, and we are well ahead of schedule to achieve our target of reducing this number by half by March 2011. We have also almost achieved our target of a 20%—or nearly ¥500 billion—reduction in our annual procurement costs.

Finally, we aggressively managed inventory and accounts receivable and payable, which resulted in an improvement in our cash flow and financial positioning, which enables us to pursue strategic initiatives more effectively.

Our marketing initiatives are another important part of our transformation. Given today's competitive business landscape, we must introduce our product lineup to consumers more dynamically and directly. To this end, our new Global Sales and Marketing Platform is reaching new customers in new geographies by reinventing our retail strategy on a global basis, entering new markets, and penetrating existing markets more deeply. The greatest tool that will allow us to accomplish all of this is the Sony brand.

To help guide Sony and its brand through our ongoing transformation, we have launched a unified brand message, “make.believe”, for the Sony Group and

delivered a global launching campaign. “make.believe” reflects Sony's ability to turn ideas into reality and, more importantly, to help consumers turn their own ideas into reality—as we believe that anything you can imagine, you can make real. Sony aims to inspire consumers around the world with innovation and fun through our unique combination of technology and entertainment based on our electronics, game, motion picture, music, mobile phone and network services businesses.

I want to assure you that our process of transformation is continuous—we are always looking for opportunities to be faster, more efficient, more creative and more aggressive. We continue to drive costs out of the company, to rightsize it for the competitive environment in which we operate, and to improve our ability to generate sufficient returns on our investments for our shareholders.

Highlights of Fiscal Year 2009

The spirit of creativity and innovation has and always will be the lifeblood of this company. I am very proud to share with you some of the highlights of fiscal year 2009, which I believe demonstrate how Sony embodies the “make.believe” spirit.

- We released a number of new digital imaging products designed to redefine digital photography. Our new products included those equipped with the unique Exmor R™ CMOS image sensor, which allows for effective shooting even in low light, and other technology and accessories to help consumers take great photos and video with user-friendly technology.
- Our completely new lineup of BRAVIA™ LCD televisions with LED backlight technology and our new Monolithic Design is a clear example of how Sony will continue to own the living room by creating products that deliver on Sony’s promise of exceptional TV quality and performance—a promise that continues with the upcoming launch of 3D televisions.
- VAIO PCs continue to impress with their strong combination of innovation, entertainment and elegant design. One particularly exciting model in the lineup is the Z series. Weighing in at just three pounds and featuring cutting-edge graphics, it is a wonderful example of our ultra-mobile engineering expertise.



- The burgeoning electronic book (eBook) market is a significant business opportunity for Sony. We have launched a broad lineup of Reader™ digital books that support open formats and contain features consumers want—including wireless access to books and periodicals—at prices they can afford.
- Fiscal year 2009 was the most successful year in the history of PlayStation®3 (PS3™). Beginning with the launch of the slimmer, lighter and attractively priced PS3™ hardware in September, and further propelled by a broader range of games and video content, we have seen positive momentum build up for the PS3™ platform, which should be further enhanced by 3D-compatibility and the upcoming PlayStation®Move motion controller.
- Sony Ericsson introduced the Xperia™ X10—a feature-rich smartphone built on a new open platform—and is currently rolling it out globally. In addition to rich graphics and a large touchscreen display, the Xperia™ X10 also features applications to intelligently manage both communications and media from multiple sources. With products like this, I am confident that Sony Ericsson is poised to further restore its competitiveness in 2010.



- Cinemas around the world are starting to deploy digital projectors, which allow content to be projected at substantially higher image quality than existing projectors. The 4K digital cinema projector system already commercialized by Sony is designed for easy conversion to 3D projection, and the two largest theater chains in the United States have signed on to deploy our systems across their circuits of more than 11,000 screens, representing an important step for this growth business.
- From emerging artists like Ke\$ha to established international superstars like Beyoncé, Sony Music Entertainment continued its tradition of discovering and nurturing talent. Susan Boyle's debut album was the biggest selling album released in 2009 and the fastest selling debut album globally, achieving Triple Platinum status in its first three weeks alone.

- Sony/ATV Music Publishing, for the first time in the Company's history, was named ASCAP Pop Publisher of the Year—the industry's highest honor. Sony/ATV continues to be tremendously innovative in licensing the songs in its catalog, and with the year's biggest international country and pop sensations—Taylor Swift and Lady Gaga—signed to Sony/ATV, there is a lot to be excited about.
- Sadly, 2009 marked the untimely passing of perhaps the biggest superstar of all time, Michael Jackson. We were extremely fortunate that he graced our music company for so many years and served as our Sony/ATV business partner. I am proud we could help honor his legacy and celebrate his life by producing *Michael Jackson's THIS IS IT*. Not surprisingly, the film has captivated worldwide audiences, generated renewed demand for his music, and made The King of Pop the biggest selling artist of 2009.
- The worldwide success of *Michael Jackson's THIS IS IT*, combined with that of *Angels & Demons*, the epic end-of-the-world adventure *2012*, and our 3D animated feature *Cloudy With a Chance of Meatballs*, led Sony Pictures Entertainment to its highest-grossing worldwide box office year of all time, taking in more than \$3.6 billion.

It is this type of innovation, engineering and creativity that will continue to separate Sony from the competition and help us turn what consumers imagine into reality. That is the spirit of “make.believe”.

The results of our reorganization, cost reductions, new products and other transformation initiatives have already begun to pay off: we recorded a consolidated operating profit of ¥31.8 billion in fiscal year 2009, an improvement of more than ¥250 billion over the previous year even when including our increased restructuring charges, and also recorded more than ¥300 billion in cash flow.*² This improvement is a very significant achievement in a single fiscal year, particularly in the current global economic environment. However, this is just the beginning.

*² Cash flow from operating and investing activities, excluding the Financial Services segment's activities. This information is not in accordance with U.S. GAAP.

Mid-Term Strategy

While we certainly improved our profitability dramatically in fiscal year 2009, we need to continue to transform the company to achieve our targets of a 5% operating profit margin and a 10% return on equity (ROE) in the mid-term (by the year ending March 31, 2013). To be successful, we must generate growth with consistent profitability in all of our core businesses—particularly our television and game businesses—and aggressively develop new business including network services.

Televisions

Bringing our TV business to profitability is a key short-term objective, while growing our business to a leading market position is the key mid-term objective. Although it recorded an operating loss, profitability in the TV business improved dramatically in fiscal year 2009, due to a complete overhaul of the business' cost structure and supply chain.

We have an innovative new product lineup and an aggressive sales plan with a continuously revitalized cost structure. As a result, we are targeting profitability in LCD TVs in fiscal year 2010. In addition, this autumn we will launch the Sony Internet TV. Developed in collaboration with Google, Sony Internet TV is an exciting new generation of television that not only offers new forms of enjoyment through unprecedented Internet integration, but is also able to “evolve” through the download of applications. We are also developing the next generation of TV display, and over the medium term are targeting a 20% market share.

Game

As mentioned earlier, the PlayStation®3 platform has been gaining momentum since the launch of the slimmer, lighter and attractively priced PS3™ last year. Through continued manufacturing cost reductions on PS3™ hardware as well as an expected increase in PS3™ software sales—both disc-based and online—we are targeting profitability in the game business in fiscal year 2010.

Going forward, we will strive to make the best use of PS3™'s unique strengths to create new user experiences and generate sales. PlayStation®Move features a new motion controller that, when combined with the PlayStation®Eye camera, can very precisely track users' movements to add a new dimension to PS3™ games. Additionally, as a core aspect of Sony's Groupwide launch of 3D products, we have commenced the era of 3D gaming by enabling all existing PS3™s to be upgraded to



At a Media & Investor Conference (Nov. 19, 2009). From left: Hiroshi Yoshioka, Corporate Executive Officer, Executive Deputy President and Officer in charge of CPDG; Howard Stringer, Chairman, CEO and President; and Kazuo Hirai, Corporate Executive Officer, Executive Vice President and Officer in charge of NPSG.

3D-compatibility with a free firmware download, and will release our own 3D game titles and continue to actively support the development of 3D games by third-party software developers.

Digital Imaging

Our high-margin digital imaging business, which includes cameras and camcorders, aims to maintain its leading position as the number one digital imaging brand in the world. We must continue strengthening this business through outstanding product differentiation and cost competitiveness based on key devices such as image sensors, lenses and signal processors—the pillars of our superior technology.

Great examples of this effort are our recently announced compact interchangeable lens digital cameras, which are the world's smallest and lightest^{*3} of their kind, and provide the quality of a digital single lens reflex (DSLR) camera in a very compact body. At the same time, we will expand entry-segment products with increased cost competitiveness into growing markets, including developing countries. No matter the region or price point, we must constantly reinvigorate the market by offering new ways for customers to enjoy our products.

Going forward, many of Sony's digital imaging devices will be network compatible and, through our network services, will allow customers to easily upload and share their images and video with their families and friends.

*3 "α" NEX-5, the smallest and lightest interchangeable lens digital camera body, as of May 11, 2010

3D

From black-and-white, to color, to high definition (HD), Sony has been the leader in the display of content on television. And now, with consumers and the electronics and content industries abuzz with the exciting prospects of 3D technology, we intend to take the lead in 3D.

Sony has a unique position in 3D—from the professional-use cameras that capture the images, to editing and projecting equipment, to televisions, Blu-ray Disc™ players, PS3™ and more—we are the leader in professional and consumer 3D hardware. We are also industry leaders in the production of 3D film and game content, and we also continue to work with our partners to provide the most compelling 3D content imaginable. From the lens to the living room, Sony is the only company fully immersed in every link of the 3D value chain.

Here are some examples. This June, the entire Sony Group is working in unison to bring the world of 3D to consumers' homes. In addition to launching our first Full HD 3D-integrated TVs and Blu-ray Disc players, as mentioned earlier, all existing PS3™ units (over 35 million) are already firm-ware upgradable to support 3D games, and will be upgradable to support 3D Blu-ray Disc playback within 2010, making PS3™ our foothold for bringing more 3D products into the living room.

In addition, we will bring 3D content into consumers' homes, starting with the 2010 FIFA World Cup™ this summer. And, together with IMAX Corporation and Discovery Communications, Inc., we are also developing the first dedicated 3D television network in the United States, and we also expect to introduce more 3D-compatible products in the near future, including VAIO and digital imaging products.

Our goal is to become the undisputed global leader in 3D. Thanks to our dedicated team at Sony, our industry-leading partners and the spirit of "make.believe", we are well on the way to making this a reality.

Network Services & Mobile Products

The world of 3D is just one of many exciting new developments going on at Sony. Equally important to Sony is expanding our network service to a broader range of consumer products, bringing our products to life in the digital age.

Since we launched the PlayStation®Network (PSN) with the introduction of PS3™ in 2006, we have continuously expanded both game and non-game content being delivered through this service, and we now have online storefronts in 36 countries, delivering content to more than 47 million registered accounts as of the end of April 2010.

We have developed and launched Qriocity, a new online service platform based upon PSN. Qriocity connects many of Sony's network-enabled devices and allows consumers to enjoy high-quality entertainment across multiple devices. The first service powered by Qriocity is a video service that was launched in April 2010 in the United States, compatible with 2010 model network-enabled BRAVIA TVs and Blu-ray Disc players, as well as VAIO and other Windows-based PCs. With our network services, we are now offering a rich assortment of content, including movies, television programming, games, eBooks and more.

Our Reader digital books, as noted, have generated buzz and have strong growth prospects. Another exciting, innovative product is the Dash™ Personal Internet Viewer, which has just gone on sale in North America, and is designed to deliver personalized content from the Internet or from our network services at a glance. The continued development of innovative, networked mobile products is an important way to utilize our network services, and one of the core missions of the Networked Products & Services Group.

With these initiatives and many more, Sony has taken decisive steps to fulfill the promise of the Sony total experience—differentiating, as well as connecting, our products with stunning design and cutting-edge technology, providing unique network services and content, and embracing open platforms. We aim to establish a more intimate and rich relationship with the consumer, thus increasing the value and desirability of Sony products, as well as that of the Sony brand overall.

Sony is also fully committed to putting its innovative spirit and technological expertise to use to help solve environmental challenges, from our long history with the development of superior rechargeable battery technology, to our highly successful program to take back our own products for recycling, all to provide our customers with the environmentally conscious products that they are asking for. Sony has also recently announced a new set of Green Targets, where we will strive to lower every product's power consumption by 30 percent versus 2008 levels, with a long-term goal of achieving a "Zero Environmental Footprint".

We know what we must do. We must develop the game-changing products, technologies and services that will excite our customers and deliver entirely new entertainment experiences. We must increase our speed to market with desirable and competitively priced products and services. And we must meet the aggressive financial targets we have set across all of our businesses, while maintaining integrity in everything



we do, and conducting our business honestly and responsibly.

Collaboration across the Sony Group is stronger than ever, and our drive to transform this company is real and already delivering results. With Sony's ability to turn ideas into reality, and belief that anything we can imagine we can make real, I am confident that Sony will succeed and bring value to our shareholders. On behalf of the management team and all of the employees at Sony, I thank you for your continued support.

May 31, 2010

A handwritten signature in black ink, reading "Howard Stringer".

Howard Stringer
Chairman, CEO and President
Representative Corporate Executive Officer

Special Feature: Vision—The 3D World by Sony



2010: The First Year of 3D Entertainment in the Home. A new entertainment experience, brought to you by Sony.

A celebrated name in televisions, Sony has also long been recognized for its contributions—both of filmmaking equipment and technologies—in a wide range of other fields, including broadcasting, Hollywood filmmaking, computer graphics (CG) animation and sports. In addition to being a top brand in such state-of-the-art forms of visual expression as digital high-definition (HD) television, Sony continues to lead the world of 3D entertainment.

Sony is also well known for its wealth of content, including motion pictures, television programming, music and games. Accordingly, Sony need not simply rely on hardware and related technologies, but is able to pursue a uniquely Sony approach that leverages its significant software assets to broaden the scope of 3D entertainment.

Sony's technology in television and visual expression will mark 2010 as the first year of 3D entertainment at home.

A steady stream of 3D-compatible products

Beginning in June 2010, Sony will release 3D-compatible BRAVIA™ LCD televisions, to be followed by Blu-ray Disc™ players and home theater systems. Other 3D-compatible products including VAIO™ PCs and digital cameras are slated for future launch. New offerings such as these will play an important role in the realization of enjoying 3D at home.

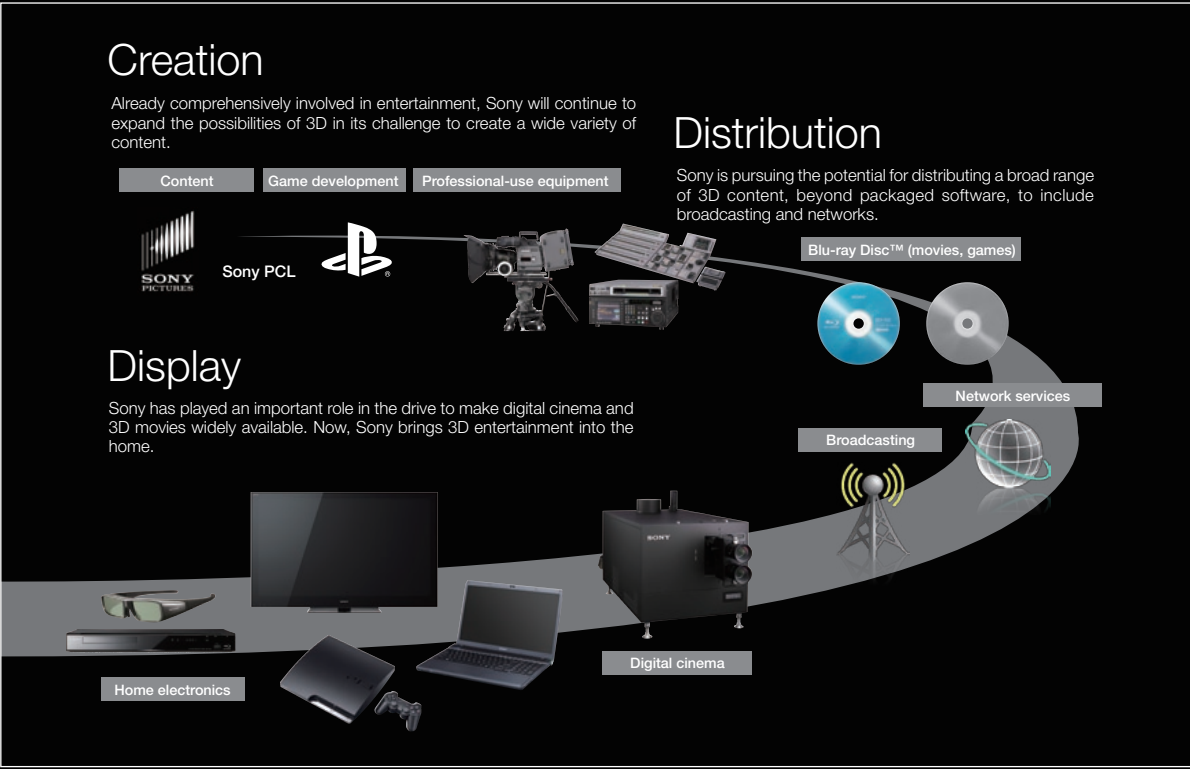




Enjoy the 3D movie experience at home on a 3D-compatible television

In the very near future, people will be able to enjoy a wide range of 3D movie titles in the home on Blu-ray Disc and through other offerings. Sony Pictures Entertainment will time the release of its first 3D Blu-ray title—*Cloudy With a Chance of Meatballs*—to coincide with the launch of 3D-compatible BRAVIA LCD televisions, and Blu-ray Disc players. Looking ahead, SPE will steadily expand its library of 3D movie titles with the release of both recent movies and classic masterpieces on 3D Blu-ray Disc.

Sony offers comprehensive 3D digital solutions from content creation to display



High-impact 3D sports broadcasting

Sony is also focusing on the move to 3D sports broadcasting as this important content is well suited to the dynamic nature of 3D television. Through an alliance with ESPN, the largest sports network in the United States, Sony will participate in the production of 3D coverage of such events as the X Games and U.S. college football, allowing viewers to enjoy the full impact of 3D sports broadcasting. Sony is also driving the growth of 3D in the broadcasting of soccer and golf through previously announced agreements with FIFA (Fédération Internationale de Football Association) and the PGA Tour, Inc.

The first-ever dedicated 3D television network

Sony, Discovery Communications, Inc. and IMAX Corporation have announced the establishment of a joint venture to develop a dedicated 3D television network, which will deliver high-quality 3D content to the home. The partnership brings together three industry leaders with libraries of 3D content, technological expertise, and television distribution and operational capabilities, and will enable audiences to experience high-quality 3D viewing at home. The joint venture will be launched in 2011 in the United States, with the aim of driving consumer adoption of 3D television and ensuring long-term leadership for the new network in the market for 3D entertainment.

Enhancing the appeal of games

The rich expressiveness of 3D will also greatly broaden the perspective of the world of games. With 3D-enabling firmware updates now available for PS3™, the platform is now compatible with 3D stereoscopic games, thus making 2010 a year that begins a whole new chapter in the history of gaming.



Bringing the FIFA World Cup™ in 3D to the home. Delivering dynamic realism and the excitement of the stadium.

Sony and FIFA will provide the first-ever 3D broadcasts of the FIFA World Cup™. A total of 25 matches from the FIFA World Cup™ will be filmed and broadcast in 3D, making it possible for more viewers to share in the emotion and exhilaration of the world's foremost sporting event. In Japan, 3D matches will be broadcast via SKY Perfect JSAT's SKY PerfecTV! HD and SKY PerfecTV! HIKARI channels under the name "Sony Presents '2010 FIFA World Cup South Africa™' 3D™" (reflecting Sony's flagship sponsorship of the event). In addition, 3D matches will be broadcast via ESPN in the United States and via DIGITAL+ in Spain, as we bring the world's greatest soccer event to the home in 3D. The excitement of the FIFA World Cup™—together with the dynamic realism of 3D television made possible by Sony's outstanding technologies and products—will enable viewers to experience the atmosphere and excitement of matches almost as if they were right there in the stadium.



The next stage in 3D entertainment.

In 2010, Sony brings a whole new dimension to realism to your home.



The key to 3D home entertainment: Full HD LCD televisions with technology that quadruples the frame rate

To facilitate a high-quality 3D viewing experience in the home similar to that available in a cinema, Sony has developed technologies that enable the reproduction of 3D images in Full HD on BRAVIA LCD televisions. The application of Motionflow 240Hz—a proprietary technology that allows for video to be displayed at a frame rate that is four times faster than conventional LCD televisions—and the incorporation of frame sequential display, coupled with the wearing of active-shutter glasses, enable the reproduction of high-quality full HD 3D images.

Starting in 2010, Sony will roll out a wide array of 3D content as well as a broad range of platforms in addition to BRAVIA LCD televisions, including 3D-compatible Blu-ray Disc-enabled devices, VAIO PCs and PS3™.



A pioneer in professional-use 3D-compatible equipment

Already a leader in the field of digital cinema, thanks to such products as professional-use digital cinema projectors capable of high-precision projection at more than four times the image quality of Full HD, Sony is providing a full range of 3D-compatible professional-use equipment for production, editing and screening to support the expansion of 3D imaging and the realization of higher resolution. These efforts will help broaden the scope of 3D entertainment and could facilitate the transformation of ideas into content that goes beyond anything we might now imagine.



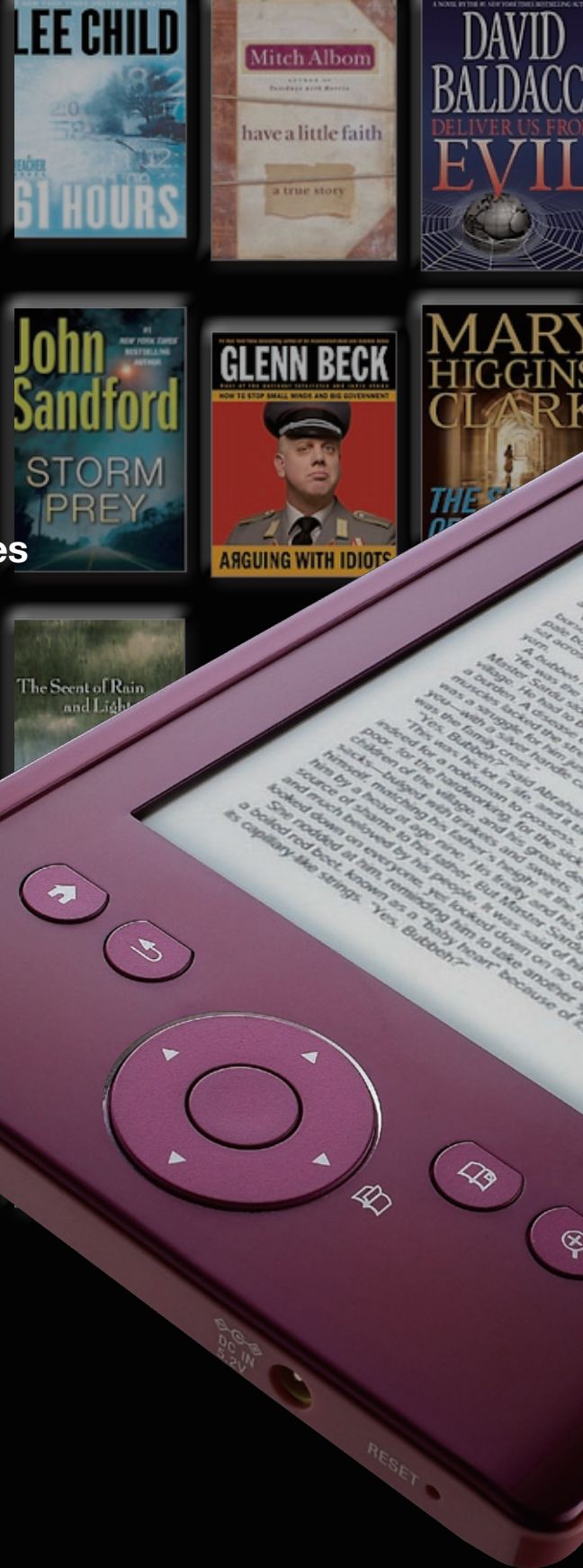
Special Feature: The Rapidly Expanding Digital Book Market

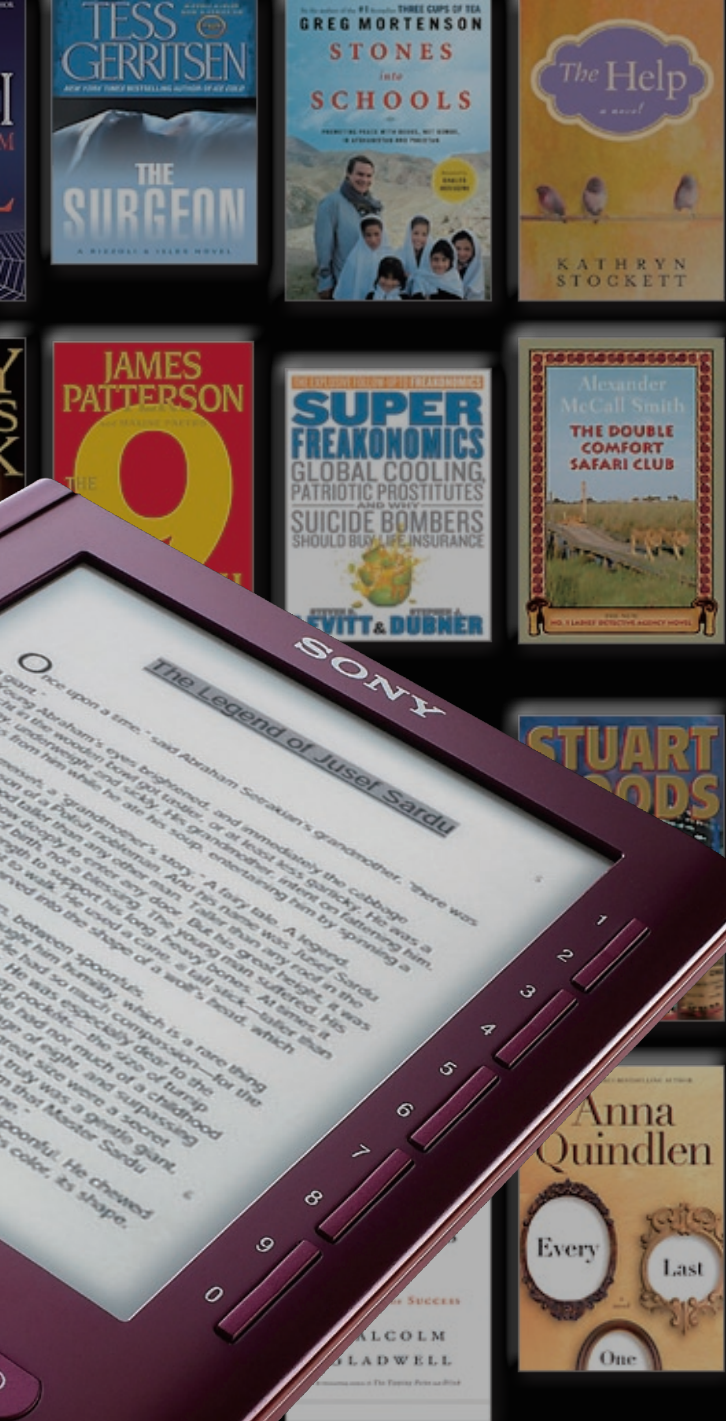
Sony's Reader™ digital reading device enables users to take dozens of their favorite books when they travel for pleasure or business

In the United States—where people often carry heavy hardcover books with them to read when they travel for pleasure or business, and where giving books to family and friends is an established tradition—electronic book (eBook) readers, which can store several dozen books in digital form, are a major hit with consumers. Sony released the first-ever eBook readers in the United States in 2006, and in the following year, a number of other manufacturers came out with their own models, a development that triggered rapid market growth.

Sony's Reader is a digital reading device using electronic paper (e-paper) technology to display digital books and other digitized content for a truly enjoyable reading experience. The paper-like display can be read easily from any angle; it also reflects light like real paper, thus minimizing eyestrain. The smooth, crisp typeface is easy to read, and users can choose from several font sizes. The Reader is also energy efficient: unlike LCDs, e-paper displays only require power when the page is being turned, precluding the need for frequent battery recharging.

The Reader enables users to download digital books over the Internet at any time of the day or night from the Reader™ Store either wirelessly or while connected to a PC, depending on the model of Reader. In addition to developing and selling hardware, Sony distributes content online in North America through the Reader Store. Sony's Reader Store currently offers more than one million titles, including approximately 150,000 titles available for purchase, and about 90% of titles listed on the *New York Times*' weekly bestseller list. The fact that users can download and read



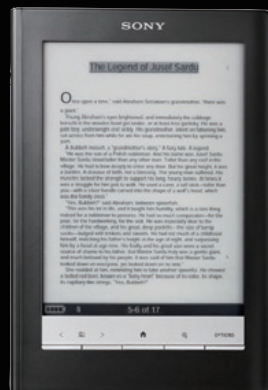
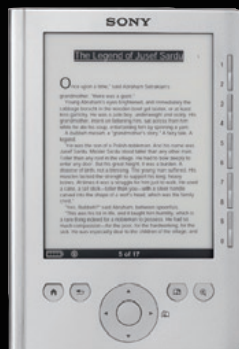


popular bestsellers without delay is a key reason behind the popularity of the Reader Store. In May 2010, cumulative eBook downloads at the Reader Store in the United States exceeded 10 million.

Reader uses ePub, an open format for digital content. Because it supports the industry standard, Reader users also have access to more than one million public domain (out of copyright) titles that have been digitized by Google, which can be downloaded free of charge, as well as a digital book lending service, established in collaboration with approximately 6,000 public libraries across the United States. By developing a business model that encompasses not only hardware and software but content distribution as well, Sony seeks to drive the growth of the U.S. eBook market.

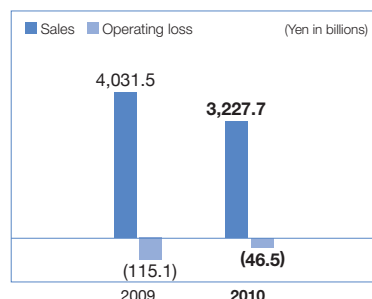
Sony also strives to provide added value in the hardware itself. In addition to touchscreen models, cooperation with Sony Ericsson Mobile Communications AB enabled Sony to launch a model that supports third-generation (3G) wireless technology—making the Reader Daily Edition™ Sony's first 3G-enabled consumer electronics product. This model can download content directly, without going through a PC.

Newspapers, magazines and other periodicals are also increasing their availability in digital format. In December 2009, Sony premiered periodical content on the Reader Store. Users of 3G-enabled Readers can subscribe to daily newspapers on the store and have issues delivered wirelessly to their Readers. Sony expects this new feature will contribute to further market growth. Sony's budding eBook reading device business now encompasses operations in eight countries, including the United States, and Sony expects to see further expansion in the years ahead.



Business Overview (Segment Results in Fiscal Year 2009)

Consumer Products & Devices



Sony's Consumer Products & Devices segment includes Sony's televisions, digital imaging, audio-video, semiconductors, components and other businesses.

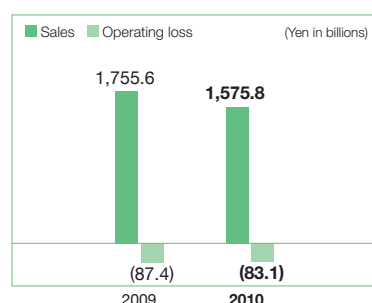
Sales and operating revenue ("sales") in the Consumer Products & Devices segment decreased 19.9% year-on-year, to ¥3,227.7 billion.

- Sales to outside customers declined 18.8%.
- The segment as a whole was affected by unfavorable currency exchange rates. In addition, sales decreased for BRAVIA™ LCD televisions, due to declines in unit selling prices, and for Handycam® video cameras and Cyber-shot™ compact digital cameras, reflecting the contraction of these markets.

The segment recorded an operating loss of ¥46.5 billion, an improvement of ¥68.6 billion year-on-year.

- The operating loss narrowed due to an improvement in the cost of sales ratio and a reduction in selling, general and administrative expenses; this result was partially offset by a decline in gross profit due to lower sales, unfavorable foreign currency exchange rates and an increase in restructuring charges.
- Products contributing to the improvement in operating results (excluding restructuring charges) included BRAVIA LCD televisions and Cyber-shot compact digital cameras—for which the benefits of cost reduction efforts exceeded the impact of the decrease in sales—and image sensors, which saw an increase in sales. These results partially offset reduced operating income for system LSIs for the game business, owing to reduced sales, a consequence of price reductions driven by cost saving efforts.

Networked Products & Services



The Networked Products & Services segment consists of Sony's game business, PC and other network-related businesses.

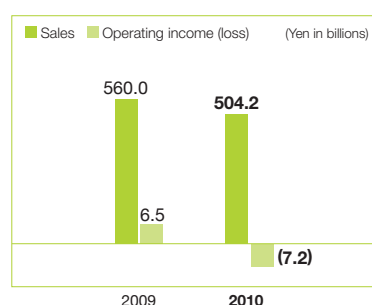
The Networked Products & Services segment reported sales of ¥1,575.8 billion, down 10.2% year-on-year.

- The deterioration of segment sales was attributable largely to decreases for the game business and for VAIO™ PCs.
- Sales in the game business declined primarily as a result of unfavorable foreign currency exchange rates and declines in unit sales of PSP™ (PlayStation®Portable) hardware and PlayStation®2 (PS2) software. This was partially offset by an increase in unit sales of PlayStation®3 (PS3™) software, driven by the expanded PS3™ model platform as a result of the launch of a new model.

The segment's operating loss improved ¥4.4 billion year-on-year, to ¥83.1 billion.

- The segment's operating loss narrowed despite a deterioration of operating income in the game business, due to an improvement in the profitability of Walkman® digital music players and other products.
- Operating income in the game business deteriorated despite cost reductions for PS3™ hardware and higher unit sales of PS3™ software, reflecting lower unit sales of PS2 software and PSP™ hardware.

B2B & Disc Manufacturing



The B2B & Disc Manufacturing segment encompasses Sony's B2B businesses, including broadcast- and professional-use products, and the disc manufacturing business, including Blu-ray Disc™, DVD and CD.

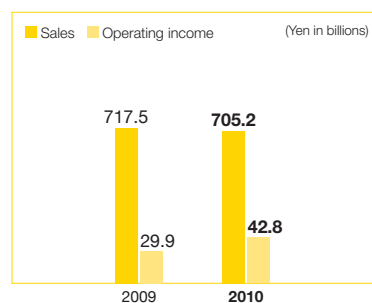
Sales in the B2B & Disc Manufacturing segment decreased 10.0% year-on-year, to ¥504.2 billion.

- Sales to outside customers decreased 13.0%.
- The decline in segment sales was attributable largely to unfavorable foreign currency exchange rates, as well as decreased sales of broadcast- and professional-use products, due to a deterioration of the business environment in developed countries, in addition to the impact of decreases in unit selling prices in the disc manufacturing business.

The segment reported an operating loss of ¥7.2 billion, a deterioration of ¥13.7 billion year-on-year.

- The profitability of Sony's broadcast- and professional-use product and disc manufacturing businesses deteriorated as a consequence of the aforementioned factors.

Pictures



The Pictures segment comprises the motion pictures and television programming, and other businesses of Sony Pictures Entertainment Inc. (SPE), which is based in the United States.

Sales in the Pictures segment declined 1.7% year-on-year, to ¥705.2 billion.

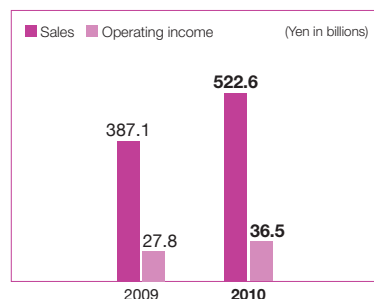
- The decline in segment sales was due primarily to the appreciation of the yen against the U.S. dollar. (On a U.S. dollar basis, segment sales increased 7.0%.)
- The increase on a U.S. dollar basis was primarily due to higher worldwide theatrical and home entertainment revenues from the current year's film slate, as well as increased television revenues due to higher advertising revenues from a number of international (non-North America) channels.
- Theatrical releases contributing to sales in the period included 2012, Angels & Demons and Michael Jackson's THIS IS IT.

Operating income in the segment increased 43.1% year-on-year, to ¥42.8 billion.

- The increase in operating income was primarily due to the recognition of gains totaling ¥30.3 billion on the sale of a portion of SPE's equity interests in both a Latin American premium pay television business and a U.S. cable network, as well as the sale of all of its equity interest in a Central European premium pay television business.

Notes: 1. Years ended March 31
2. Sales = Sales and operating revenue
3. Includes intersegment transactions
4. Results for Sony Life are based on generally accepted accounting principles in the United States (U.S. GAAP). Accordingly, these figures differ from the results published by SFH and Sony Life, which are based on generally accepted accounting principles in Japan.

Music



Sony's Music segment is primarily comprised of the music recording businesses of U.S.-based Sony Music Entertainment (SME) and Sony Music Entertainment (Japan) Inc. (SMEJ).

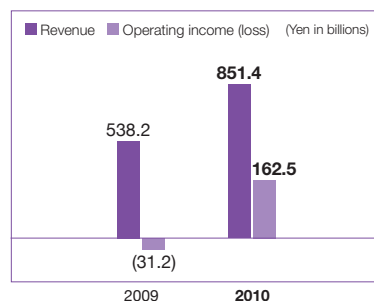
Sales in the Music segment rose 35.0% year-on-year, to ¥522.6 billion.

- The increase in segment sales was due to the inclusion of the full year results for SME, which was consolidated as a wholly-owned subsidiary beginning October 1, 2008.
- On a pro forma basis, had SME been fully consolidated in the previous fiscal year, sales in the Music segment would have declined 5%, owing to the appreciation of the yen against the U.S. dollar and the continued contraction of the physical music market.
- Releases contributing to sales in the period included Susan Boyle's *I Dreamed a Dream*, the soundtrack of *Michael Jackson's THIS IS IT* and kimono-gakari's *HAJIMARI NO UTA*.

Operating income rose 31.1% year-on-year, to ¥36.5 billion.

- Had SME been fully consolidated in the previous fiscal year, operating income in the Music segment would have increased 72.0%.
- This increase in operating income was primarily due to improved results at SME and SMEJ, which reflected contributions from hit products including Michael Jackson catalog product, as well as a decline in restructuring expenses from the previous fiscal year.

Financial Services



The Financial Services segment consists of the financial services businesses of Sony Financial Holdings Inc. (SFH) and its consolidated subsidiaries, including Sony Life Insurance Co., Ltd. (Sony Life), Sony Assurance Inc. and Sony Bank Inc., as well as Sony Finance International Inc.

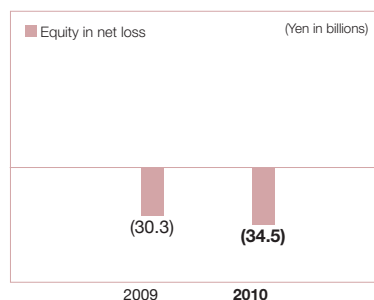
Financial Services revenue increased 58.2% year-on-year, to ¥851.4 billion.

- The increase in segment revenue was due to higher revenue at Sony Life.
- Revenue at Sony Life increased significantly, mainly due to an improvement in net gains on investments in the separate account, and improvement in net valuation gains from investments in convertible bonds in the general account and a significant decrease in impairment losses on equity securities in the general account. These improvements reflected a significant rise in the Japanese stock market, as compared with a significant decline following the global financial crisis in the previous fiscal year.
- Sony Life also reported higher revenue from insurance premiums, owing to a steady increase in policy amount in force.

Operating income amounted to ¥162.5 billion, an improvement of ¥193.7 billion year-on-year.

- The overall increase in operating income was primarily due to an improvement in the performance of Sony Life.
- The significant improvement at Sony Life was due mainly to the improvement in net valuation gains from investments in convertible bonds in the general account, a decline in the provision of policy reserves because of the revision of the future investment yield of variable life insurance products in the separate account and a marked decrease in impairment losses on equity securities in the general account, all as a result of the rise in the Japanese stock market.

Sony Ericsson



Sony Ericsson Mobile Communications AB (Sony Ericsson) undertakes the product design, development, production and sales for mobile phones.

Sony recorded equity in net loss of Sony Ericsson of ¥34.5 billion for the current fiscal year, compared to a loss of ¥30.3 billion in the prior fiscal year.

(For reference)

Sony Ericsson's operating results are accounted for under the equity method and are not consolidated in Sony's consolidated financial statements, as Sony Corporation's ownership percentage of Sony Ericsson is 50%. Sony Ericsson aggregates the results of its worldwide subsidiaries on a euro basis. However, Sony believes that the following disclosure provides additional useful analytical information to investors regarding Sony's operating performance.

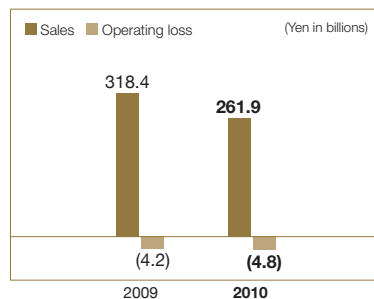
Sony Ericsson reported a 37.2% decline in sales year-on-year, to €6,457 million.

- A significant decline in units shipped, a consequence of persistently challenging operating conditions in all regions, caused sales to decline by €3,821 million, or 37.2%.

Sony Ericsson's loss before taxes worsened by €21 million year-on-year, to €654 million.

- Despite significantly lower sales, Sony Ericsson's loss before taxes widened only slightly, owing largely to declines in research and development expenses and selling and administrative expenses.

All Other



All Other consists of various operating activities, including mobile phone third-party original equipment manufacturing (OEM) business activities in Japan and So-net Entertainment Corporation, an Internet-related service business subsidiary operating mainly in Japan.

Sales in All Other declined 17.8% year-on-year, to ¥261.9 billion.

- The decrease in sales was attributable mainly to deteriorating sales of mobile phones in the Japanese market in Sony EMCS Corporation's OEM business. This decline was partially offset by a significant increase in sales at So-net.

Operating loss in All Other worsened by ¥0.6 billion year-on-year, to ¥4.8 billion.

- The deterioration of the operating loss was due primarily to Sony's withdrawal from the business of property management for an entertainment complex in Tokyo's Odaiba district, which offset the positive impact of a substantial increase in operating income in Sony EMCS' OEM business.

5. Sony realigned its reportable segments from the first quarter of the fiscal year ended March 31, 2010 to reflect its 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. Additionally, Music is a new reportable segment. The equity earnings from Sony Ericsson Mobile Communications AB—a mobile phone business joint venture—are presented as a separate segment. In connection with this realignment, segment results for 2008 have been restated to conform to the new classification.

Review of Operations

Sony realigned its reportable segments from the first quarter of the fiscal year ended 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, Networked Products & Services and B2B & Disc Manufacturing segments.

Additionally, Music is a new segment effective from the first quarter of the fiscal year ended March 31, 2010, and the equity earnings from Sony Ericsson are presented as a separate segment.

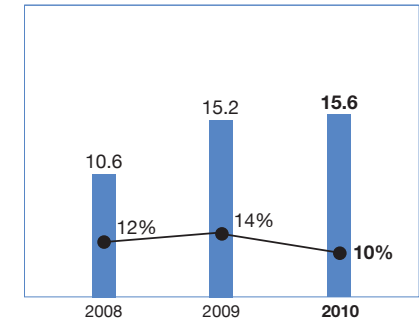
In fiscal year 2009—the year ended March 31, 2010—the operating environment for Sony’s businesses remained harsh, mainly owing to a slump in demand brought about by the global economic downturn, intensified price competition and the continued appreciation of the yen. Operating in such circumstances, Sony broke new ground by unifying procurement activities across its businesses, strengthening operations, reducing costs and developing products, services and content that are truly unique to Sony.

Overview of Key Businesses

LCD Televisions

During fiscal year 2009, Sony implemented measures in its LCD television business aimed at strengthening operations and improving profitability, while at the same time focusing efforts on the development of appealing products. These measures included announcing the formation of strategic alliances with the Hon Hai Group for the production of LCD televisions for sale in the Americas and Europe. The Sony Group sold a portion of the equity and certain manufacturing-related assets of our site in Tijuana, Mexico (former name: Sony Baja California, S.A. de C.V.), which primarily manufactures LCD TVs for the Americas, to the Hon Hai Group. The sale gave the Hon Hai Group an approximately 90% stake in the Tijuana site, while the Sony Group retained an approximately 10% share. Sony also agreed to sell to the Hon Hai Group a portion of its shares in the Nitra factory (former name: Sony Slovakia, Spol. s.r.o.), located in Slovakia, which manufactures LCD televisions for Europe, as a result

Unit sales of LCD televisions and market share
(Millions of units)



*Years ended March 31, shares are Sony estimates



BRAVIA™ LCD television

of which the Hon Hai Group's stake in the Nitra factory will be approximately 90%, while Sony's will be approximately 10%. Even after these sales, the Tijuana site and the Nitra factory will continue to be key locations for the production of Sony LCD televisions for the Americas and Europe, respectively. In addition to these actions, Sony strengthened its operations and pressed ahead steadily with such efforts as accelerating inventory turnover and shortening lead times for product design. Sales of Sony LCD televisions for the fiscal year totaled 15.6 million units, exceeding Sony's initial forecast for the period by 600,000 units owing to an expanded lineup of models including those with LED backlights. From June 2010, Sony will release in key regional markets the LX900, HX900 and HX800 series of LCD televisions, which deliver a dynamically realistic 3D viewing experience and incorporate Sony's Monolithic Design, which emphasizes beauty and simplicity. Sony will introduce 3D-compatible BRAVIA™ televisions featuring Motionflow 240Hz technology, which facilitates the reproduction of high-quality Full HD 3D images for a unique new entertainment experience at home.

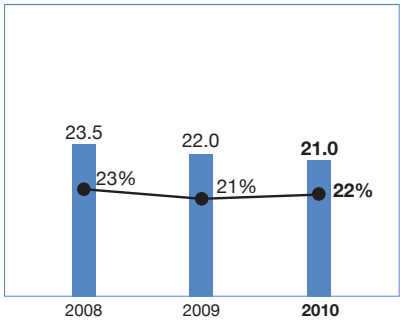
Digital Imaging

In the compact digital camera business, fiscal year 2009 saw the fruits of Sony's efforts to further increase operating efficiency and heighten the appeal of its distinctive products. Sony released two new additions to the Cyber-shot™ family during the period, including TX7 and HX5V. Mounted with an Exmor R™ back-illuminated complementary metal oxide semiconductor (CMOS) image sensor, these are the first integrated lens digital cameras in the world with Full HD (1920×1080/60i, AVCHD) video capability, and both proved to

be major hits. These models also feature a Sony technology, “TransferJet”, a close-proximity wireless transfer technology that facilitates the transfer of image data from the camera simply by touching it to another camera or other compatible device, as well as the “Intelligent Sweep Panorama” function, which allows users to capture wide-angle, panoramic views by holding down the shutter button and sweeping the camera across a range of up to 270 degrees*¹. With the aim of creating a whole new way to enjoy photography, Sony also launched the Party-shot™ camera dock, an innovative accessory that pans and tilts the camera, which then

^{*1} 258 degrees on TX7

Unit sales of compact digital cameras and market share
(Millions of units)



^{*}Years ended March 31, shares are Sony estimates



Cyber-shot™ DSC-TX7



“α” NEX-5

automatically takes photos—an innovation that attracted considerable notice. Sales of Sony compact digital cameras in fiscal year 2009 totaled 21 million units.

Sony's efforts in the area of digital single lens reflex (DSLR) cameras in fiscal year 2009 focused on reinforcing its business structure, as well as on steadily enhancing product development with the aim of expanding into new fields. Moves included shifting a portion of DSLR camera production from facilities in Japan to Thailand and integrating its domestic DSLR-related businesses. Additionally, Sony launched new models including the α 550, which features a proprietary digital image processing function—Auto HDR (high dynamic range), which enables the camera to automatically capture scenes with a huge dynamic range of luminance—and a continuous shooting speed of seven frames per second. Sony is also proceeding with ambitious efforts to create a new and promising market for compact interchangeable lens digital cameras through the NEX-5 and the NEX-3, to be released in June 2010. Based on the concept “SLR image quality, anytime and anywhere”, the two new models feature the newly developed Exmor APS HD CMOS sensor and an HD video recording function.

The launch of new models featuring a wealth of exclusive technologies supported Sony's continued leadership of the video camera market in fiscal year 2009. In the Handycam® CX and XR series, Sony enhanced product appeal by leveraging its BIONZ image processing engine technology to facilitate digital image stabilization—ensuring compensation for camera shake not only when shooting vertically and horizontally but also when rotating the camera—and by mounting its exclusive

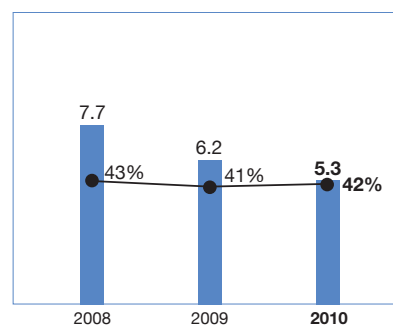
high-performance G Lens, which increases the size of the photographed area. New models featuring such cutting-edge technologies proved to be major hits. Sales of Handycam® for the fiscal year totaled 5.3 million units, achieving 42% of the global market share*2. New offerings in the period also included two models of bloggiew™, Sony's pocket-sized mobile HD snap camera aimed at consumers who have blogs or are active in social networking. Going forward, Sony will continue striving to offer a broad range of video cameras, from high-spec, value-added models to affordable ones.

*2 Sony estimate, as of May 2010

Home Video

Fiscal year 2009 marked a momentous advance in Sony's Blu-ray Disc™ recorder and player business. Sales of Sony Blu-ray Disc players in the period amounted to 3.3 million units, a year-on-year increase of 1.1 million units, earning Sony the top position in North America—the principal market for Blu-ray Disc players—with a market share of approximately

Unit sales of video cameras and market share
(Millions of units)



*Years ended March 31, shares are Sony estimates



Handycam® HDR-CX350V

40%*³. Sony's sales of Blu-ray Disc recorders totaled 700,000 units, up 200,000 from fiscal year 2008. This summer Sony will release 3D-compatible Blu-ray Disc players in the United States and Europe, underscoring the importance of these products in its Groupwide drive to advance its 3D businesses. Looking ahead, Sony will continue striving to provide distinctive Blu-ray Disc-related products with enhanced 3D and network functions.

*³ Sony estimate, as of April 2010

Digital Music Players

Sales of Walkman® digital music players in fiscal year 2009 were approximately 8.0 million units, an increase of 14% from the previous fiscal year. In the Japanese market, Sony took the number one share in units shipped for the first time in four years and eight months*⁴. This achievement reflected customer appreciation of the excellent sound quality and easy operability of Sony's digital music players, as well as consumer acceptance of its diverse product lineup including the hit Walkman® S series with stand-alone speakers, and the new Walkman® W series, which is a one-piece music player with built-in headphones, both of which were launched in 2009. The latest models in the Walkman® S series feature "kashipita", a function that allows them to display song lyrics and automatically scrolls the lyrics to the music, while the new Walkman® A series models are the thinnest Walkman® to date, at approximately 7.2 mm, and boast outstanding sound and video quality. Both were released in October 2009, and were well received by consumers. Sony also expanded its lineup of dock components and speaker dock systems, which can

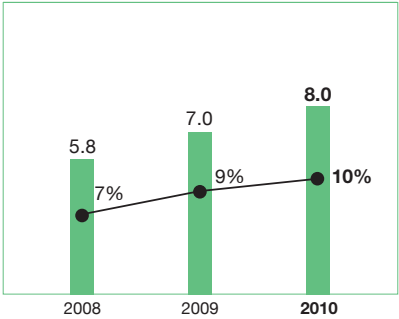
easily be connected to the Walkman® for an enjoyable listening experience. The market for dock components and speaker dock systems continues to grow, bolstered by the increasingly popular trend of combining them with digital music players for enhanced listening pleasure. Accordingly, Sony plans bold steps to expand its lineup of products that are easy to use

*⁴ BCN Ranking data for manufacturers' share of the market for portable audio players based on units sold for the week of August 24–30, 2009



Walkman® S series

Unit sales of digital music players and market share
(Millions of units)



*Years ended March 31, shares are Sony estimates



VAIO™ W series

and offer excellent sound quality, making it that much more enjoyable for consumers to listen to their favorite music on their Walkman®.

PCs

Unit sales of VAIO™ PCs in the fiscal year rose 17%, to approximately 6.8 million units. While the global market for PCs continues to recover, mainly owing to the increasing prevalence of low-priced models, price competition has further intensified. In October 2009, Sony reinforced its lineup of high-value-added models, launching the VAIO X series of thin mobile PCs with the lightest body weight*5 of any PC on the market today, and the VAIO L series of Full HD-compatible all-in-one desktop PCs. In addition, Sony's first netbooks, the VAIO W series, went on sale in July 2009, and were designed to be both stylish and easy to use with the aim of capitalizing on the growing netbook market. In April 2010, Sony implemented organizational changes within its PC business in order to strengthen operations. The VAIO Business Group, which is responsible for the headquarters functions of the PC

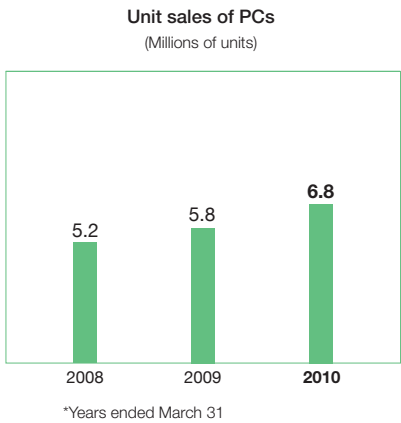
business, was moved to the site of Sony EMCS Corporation Nagano TEC, which already hosts PC design, operations and manufacturing. With this move, everything from PC product planning to manufacturing occurs in one place, leading to strengthened collaboration and a more efficient structure that will support efforts to accelerate business growth.

*5 Sony estimate, as of launch announcement date (October 8, 2009)

Game

In September 2009, Sony launched a new slimmer, attractively priced PlayStation®3 (PS3™) computer entertainment system in markets around the world. Thanks to the new PS3™ and the release of compelling new software titles that attract a diverse group of users, sales of PS3™ in fiscal year 2009 totaled 13 million units, boosting cumulative sales of the platform since its launch in 2006 to more than 35.7 million units. Looking ahead, Sony will actively cultivate broader market acceptance of the PS3™ platform, including launching the PlayStation®Move motion controller and introducing dedicated stereoscopic 3D game software.

In the area of handheld entertainment systems, Sony released PSP™ (PlayStation®Portable) go, a new model of PSP™ (PlayStation®Portable) handheld units with performance features and a design that make it easier for users to enjoy a wide range of content, in North America, Europe and Asia in October 2009 and in Japan in the subsequent month. PSP™go features 16GB of flash memory, replacing the Universal Media Disc (UMD) drive, and is the latest addition to the PSP™ family, which also includes the PSP-1000, PSP-2000 and PSP-3000 series. This addition broadens opportunities to enjoy PSP™



by making it easy to carry around and enjoy various content such as games, videos, music and photos. Worldwide sales of PSP™ amounted to 9.9 million units in fiscal year 2009, bringing cumulative global sales to more than 61.5 million units. Going forward, Sony will work to further expand its lineup of packaged software for the PSP™ platform, as well as aggressively develop network services and content, thereby

enhancing the distinctive entertainment experience PSP™ provides.

In fiscal year 2009, sales of PlayStation®2 (PS2) totaled 7.3 million units, on par with the previous fiscal year. Sales prices were revised in Europe and North America in April 2009, and the platform continues to perform well in Eastern Europe, the Middle East, Southeast Asia and South America—even

PlayStation® Software Titles

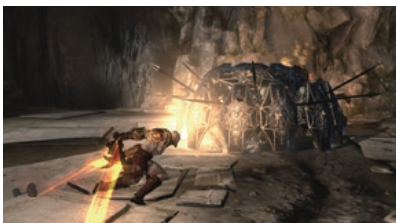
PlayStation®3 software titles*



GRAN TURISMO 5



UNCHARTED 2: Among Thieves



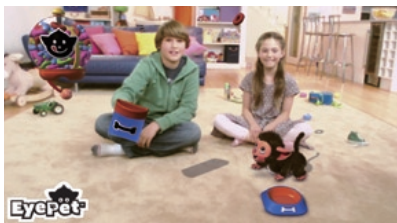
GOD OF WAR III



MASSIVE ACTION GAME (MAG)



HEAVY RAIN



EyePet™

*Some titles are yet to be released.

PSP™ (PlayStation®Portable) software titles*



LittleBigPlanet™



Gran Turismo



Everybody's Tennis Portable

*Some titles are yet to be released.

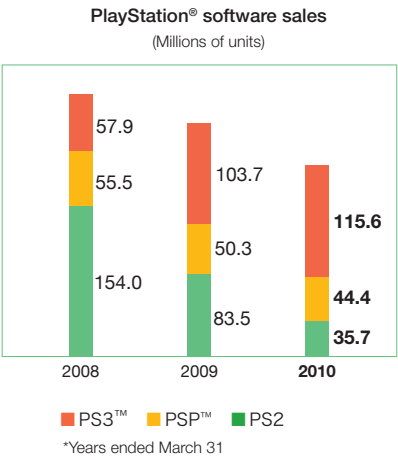
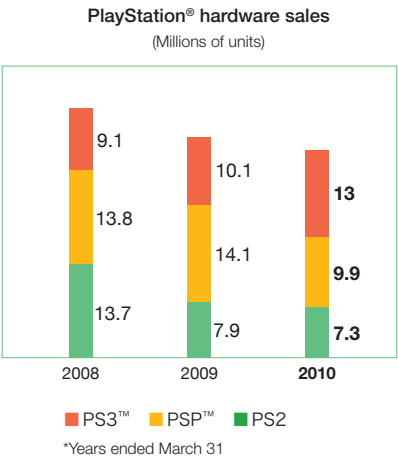
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in the 11th year since its launch in 2000. Sony will continue to expand this business gradually, focusing its efforts on emerging markets.

Bolstering its lineup of software titles is crucial to Sony’s efforts to promote the PS3™, PSP™ and PS2 platforms. Sony Computer Entertainment Inc. (SCE) and third-party software developers released an extensive range of hit titles in fiscal year 2009. Sales of new titles for PS3™ and PSP™ were brisk

worldwide and contributed to the growth of both platforms. Hit titles for PS3™ included *Assassin’s Creed® II* (Ubisoft Entertainment S.A.), *Call of Duty: Modern Warfare® 2* (Activision) and *FINAL FANTASY XIII* (SQUARE ENIX CO., LTD.) and SCE offerings *UNCHARTED 2: Among Thieves™* and *GOD OF WAR® III*, in addition to new titles for PSP™ including *KINGDOM HEARTS Birth by Sleep* (SQUARE ENIX), *FIFA 10* (Electronic Arts Inc.) and SCE’s *GRAN TURISMO®*.

Sony continues working hard to expand not only the variety of games but also non-game content and to enhance its offerings through PlayStation®Network (PSN), a network service for PS3™ and PSP™ users. In fiscal year 2009, Sony launched video delivery services in Europe and digital comics services in Japan, North America and Europe. PSN services are currently available in 58 countries and regions, and the number of registered accounts as of the end of April 2010 surpassed 47 million. In addition, the cumulative number of downloaded content, ranging from games to video content (including movies and anime) and digital comics, exceeded 980 million, as of the end of April 2010. Through PSN, Sony has also steadily expanded the foundation of its network services business.



Network Services

Sony has developed and launched Qriocity, a new online service platform based upon PSN. Qriocity will connect many of Sony's network-enabled devices and allows consumers to enjoy high-quality entertainment across multiple devices. The first service powered by Qriocity is a video service that was launched in April 2010 in the United States, compatible with 2010 model network-enabled BRAVIA TVs and Blu-ray Disc players, as well as VAIO and other Windows-based PCs. Sony will continue to provide customers with a variety of digital entertainment content, while aiming to increase the value and relevance of each individual product through such network services.

SONY ERICSSON

For the year ended December 31, 2009, Sony Ericsson Mobile Communications AB (Sony Ericsson)—a joint venture between Sony Corporation and Telefonaktiebolaget LM Ericsson of Sweden—reported year-on-year declines in unit shipments and net sales, which resulted in deterioration in operating profitability. This was primarily attributable to a downturn in the global handset market, reflecting the global economy during the same period.

However, Sony Ericsson returned to profitability in the quarter ended March 31, 2010, principally as a result of efforts during the preceding year to streamline its portfolio and shift its focus to higher-priced models, and to improve its cost structure.

Guided by new president Bert Nordberg, Sony Ericsson commenced shipments of Xperia™ X10, its first Android-

powered communications entertainment device featuring such signature applications as Timescape™ and Mediascape™, as well as Vivaz™, a beautifully designed touchscreen Symbian phone, during the quarter ended March 31, 2010. Both Xperia X10 and Vivaz have enjoyed a positive reception from customers around the world.

Sony Ericsson continues to press forward with the transformation program that started in mid-2008, and expects to realize the full benefits of related operating expense reductions by the end of 2010. Going forward, Sony Ericsson's focus will continue to be on returning to profitability on an annual basis, through continued transformation of its product portfolio to target mid- to high-end open operating system-based models and by providing the consumer a superior user experience.



PICTURES

Sony Pictures Entertainment continues to be a leader in the development, production and distribution of motion pictures, television programming and online entertainment globally. The studio achieved a company record of \$3.6 billion in worldwide box office receipts for the 2009 calendar year. This record of success comes in the midst of a severe economic climate, increasing piracy and changes in consumer behavior fueled by the rapid pace of technological change. To adapt to this new business landscape, Sony Pictures is taking steps to create a diverse slate of entertainment and develop new ways to reach consumers around the world.

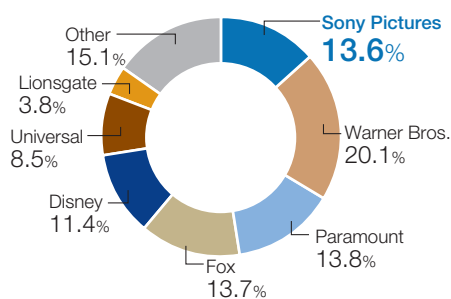
One of the most exciting opportunities for content development and growth across the entertainment industry is 3D. Sony Pictures is uniquely positioned as part of the Sony Group to succeed in this exciting area. The studio has an established track record in 3D production, 3D visual effects and motion picture releasing.

Motion Pictures

Sony Pictures' Motion Picture Group achieved record results in calendar year 2009, with \$3.6 billion in worldwide box office receipts, which included international (non-North America) box office receipts surpassing the \$2 billion mark for the first time ever for the studio. The studio's performance was led by the success of such blockbusters as *2012*; *Julie & Julia*; *Angels & Demons*; *Michael Jackson's THIS IS IT*; and *Cloudy With a Chance of Meatballs* in 3D; breakaway hits like *District 9*; *Zombieland*; and *Dear John*; and critically acclaimed works like *An Education* and *The Secret in Their Eyes* (*El Secreto de sus ojos*), which won Best Foreign Language film at the 82nd Academy Awards®.

Sony Pictures Worldwide Acquisitions Group led the effort to expand Sony Pictures' entertainment portfolio by securing key acquisitions such as Academy Award® nominee *District 9*, *Terminator Salvation* (international rights only) and *Planet 51*, as well as the critically acclaimed *Moon* and *The Imaginarium of Doctor Parnassus*, both of which were distributed by Sony Pictures Classics.

North American theatrical box office revenue market share (calendar year 2009)



*Variety, Distributed (January–December 2009)

Home Entertainment

Sony Pictures Home Entertainment (SPHE) outpaced the industry in year-on-year retail sales for calendar year 2009. In that period, while industry-wide retail sales figures were down*⁶, SPHE retail sales increased 2.9%.

A successful slate of Sony Pictures' new releases, including *Pineapple Express*, *Paul Blart: Mall Cop*, *Angels & Demons*, *Underworld: Rise of the Lycans*, *District 9* and *Open Season 2*, performed well in the home entertainment market. In addition,

*⁶ Nielsen VideoScan (includes estimates for non-reporting retailers like Wal-Mart to approximate the entire retail home video industry)

THE MUSIC THAT
INSPIRED THE MOVIE
MICHAEL JACKSON'S
THIS IS IT



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Michael Jackson's
THIS IS IT

SPHE continues to exploit its vast catalog through special promotions and packaging to create expanded distribution.

Blu-ray Disc sales continue to grow, and consumers are also taking advantage of expanding rental and digital purchase options*7. SPHE led the industry in adapting to new offerings in the rental market, signing the first studio deal with

Redbox Automated Retail, LLC in July 2009. The division also collaborated with Sony's electronics business to explore new release models such as the exclusive, advance release of *Cloudy With a Chance of Meatballs* on networked BRAVIA LCD televisions and Blu-ray Disc players.

*7 Digital Entertainment Group (DEG)

Titles from Sony Pictures



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2012



© 2009 Columbia Pictures Industries, Inc.,
All Rights Reserved.
Julie & Julia



© 2008 Columbia Pictures Industries, Inc.,
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Angels & Demons



© 2009 Columbia Pictures Industries, Inc.,
All Rights Reserved.
Cloudy With a Chance of
Meatballs



© 2009 TriStar Pictures, Inc.,
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District 9



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Zombieland

Television

Sony Pictures Television (SPT) had a successful year expanding its portfolio of leading international channels and continuing a strong U.S. programming lineup. *The Dr. Oz Show* launched in 2009 with the highest-rated premiere of a syndicated talk show in seven years*⁸. *Damages*, *Breaking*

Bad and *Rescue Me* all received additional critical acclaim with Primetime Emmy® Awards for Outstanding Lead Actress in a Drama Series (*Damages*), Outstanding Lead Actor in a Drama Series (*Breaking Bad*) and Outstanding Guest Actor in a Drama Series (*Damages* and *Rescue Me*).

*⁸ Nielsen TV Ratings



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Damages



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Breaking Bad



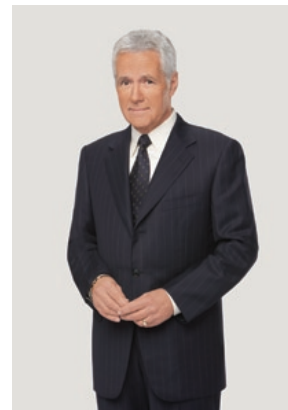
© 2010 Sony Pictures Television Inc.,
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Rescue Me



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Community



© ZoCo 1, LLC, courtesy Sony Pictures Television, Inc.,
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The Dr. Oz Show



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Jeopardy!

In comedy programming, Sony Pictures' *Community* debuted on U.S. broadcast network NBC in the fall of 2009, and the network put in an early order for a second season. SPT also developed *The Big C*, which has been ordered by the cable channel Showtime.

Internationally, SPT's global channel network includes 122 channel feeds in more than 140 countries reaching approximately 435 million viewers worldwide. The unit also has licensed proprietary television formats in approximately 75 countries around the world, and produces scripted and unscripted local-language programming such as the hit *Who Wants to Be a Millionaire?*.

Multi Screen Media Private Limited, SPT's joint venture television networks business in India, became the official broadcaster, on its SET Max channel, for the renowned Twenty20 cricket competition, the Indian Premier League (IPL), in 2008. During the IPL's third season starting in March 2010, over 140 million viewers tuned in to SET Max, giving it a number one rating in India across all genres.

Digital Production

Sony Pictures Digital Productions group's leadership in digital production, animation and 3D was highlighted with the release of *Cloudy With a Chance of Meatballs*. The 3D animated movie based on the popular children's book drew audiences worldwide, bringing in over \$200 million in worldwide box office receipts.

Sony Pictures Imageworks provided the visual effects imagery and animation for director Tim Burton's *Alice in Wonderland* from Disney this year, and also produced the majority of the imagery for the movie's 3D version.

Technologies

A new operating unit called Sony Pictures Technologies was established in late 2009, dedicated to the identification, development and implementation of technologies to support the studio in making movies, television and other content.

One of the biggest initiatives for this new group is 3D. As Sony divisions around the globe embrace this new medium, Sony Corporation of America launched the Sony 3D Technology Center on the Sony Pictures Studios lot. The Sony Pictures Technologies team is responsible for helping to develop and teach practices to support the creation of high-quality 3D entertainment, and leverages products and expertise from across Sony. The Center exposes Sony's 3D leadership to new audiences and helps drive the creation of a critical mass of high-quality 3D content across the industry.

In the fall of 2009, Sony Pictures Technologies expanded the studio's post production services by opening a new digital intermediate facility named Colorworks to serve Sony Pictures and industry clients in color correction and mastering of 2D and 3D movies for theatrical and home release. The group also operates the studio's Digital Authoring Center, which began authoring Blu-ray Disc titles in 3D in March of 2010.

MUSIC

Sony's music business consists of Sony Music Entertainment (SME), which operates worldwide outside of Japan, and Sony Music Entertainment (Japan) Inc. (SMEJ), which operates in the Japanese market, as well as our music publishing joint venture, Sony/ATV Music Publishing (Sony/ATV).

Amid a music market in transition, SME focused on developing both well-known and emerging recording artists, claiming eight of the Top 20 global albums for calendar year 2009, including the global industry's top-selling title from Susan Boyle.

While the overall industry's physical (CD) business continued to decline, SME experienced market share gains in physical sales of new releases and catalog albums, driven by strong demand for CDs from artists such as Susan Boyle and Michael Jackson.

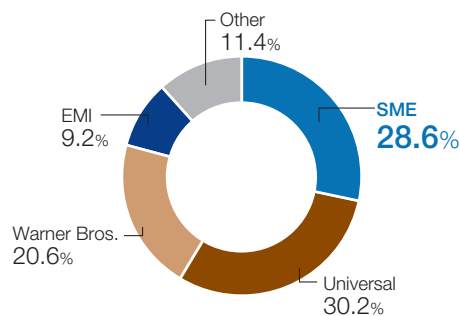
SME's continuing dedication to great artistry also yielded strong sales from Beyoncé, the Glee franchise, Whitney Houston, Ke\$ha, Alicia Keys, Kings of Leon, Leona Lewis, Maxwell, P!nk, Sade and Carrie Underwood. This past year saw widespread award recognition for SME artists as well, including at the 52nd Annual GRAMMY® Awards, where Beyoncé won six awards—the most ever won by a female solo artist in a single year—and SME artists took home a total of 38 awards.

SMEJ also recorded a number of hits from a variety of artists in fiscal year 2009, led by Michael Jackson, as well as established artists including ikimono-gakari, Miliyah Kato and JUJU. In addition, a number of young artists, including Kana Nishino, Yusuke and JASMINE, debuted and recorded hits for

SMEJ. As a result, SMEJ increased its market share and held onto the number one position in the Japanese market.

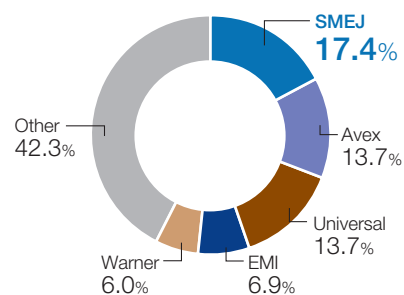
Although overall industry growth for digital media slowed in part due to contraction in the ringtone business in the United States and other territories around the world, SME posted market share gains in its U.S. digital business.

U.S. market share



*SoundScan, Distributed (January–December 2009)

Japan market share



*SoundScan, Audio total (April 2009–March 2010)

In addition, SME increased the number of digital retailers offering music from its artists and expanded the ways consumers can acquire and experience music through buy-to-own, subscription and ad-supported models.

The last year also saw the launch of VEVO, a joint venture initiative between SME, Universal Music Group and Abu Dhabi Media Company, offering a premium environment for music videos powered by Google's YouTube. Since its introduction in December, VEVO has been ranked by comScore Media Metrix as the most popular entertainment-music online destination in the United States.

SMEJ continues to focus heavily on digital distribution, with the Chaku-Uta® and Chaku-Uta Full® master ringtone download services continuing to perform well.

SME continues to diversify across a wide variety of other new businesses and distribution platforms including television, touring, sponsorships and merchandising. In January, SME announced a new long-term global joint venture with Simon Cowell, Syco, focused on the production and exploitation of music, television, film and digital content. The new venture includes the global TV franchises *The X Factor* and *Got Talent*, as well as content from superstar artists such as Leona Lewis, Susan Boyle and Il Divo.

In the spirit of Sony United, SME partnered with sister company, Sony Pictures Entertainment, on *Michael Jackson's THIS IS IT*, a special event motion picture that set box office records around the world, and a companion album featuring the music that inspired the film, which topped the music charts. SME also provided marketing and promotion support for *Kenny Chesney: Summer in 3D*, the new concert film

project from Chesney and The Hot Ticket, Sony Pictures' live events label.

With 2010 off to a strong start with current and new releases from AC/DC, the Glee franchise, Jimi Hendrix, Ke\$ha, Alicia Keys, Monica, Sade and Usher, among others, SME will continue to foster great artistry and work to maintain and enhance its leading position in the global music business in the year ahead.

Chaku-Uta® and Chaku-Uta Full® are registered trademarks of Sony Music Entertainment (Japan)



Beyoncé

Sony/ATV Music Publishing

Sony/ATV Music Publishing owns or administers more than 750,000 music copyrights, including those by classic artists such as The Beatles, Neil Diamond, Bob Dylan, Willie Nelson, Stevie Nicks, Roy Orbison, Joni Mitchell and

Hank Williams, as well as those by its growing roster of current artists including Akon, Colbie Caillat, Lady Gaga, John Mayer, Shakira and Taylor Swift.

By focusing on signing artists and acquiring catalogs, Sony/ATV, for the first time in the company's history, was

Artists from SME & SMEJ



Ke\$ha



Usher



Susan Boyle



Kings of Leon



Carrie Underwood



Michael Jackson

ranked number one in U.S. market share*⁹ for the last quarter of calendar year 2009. This achievement is particularly noteworthy given that Sony/ATV was ranked fifth in market share just a few years ago.

*⁹ U.S. market share is based on the amount of radio airplay that Sony/ATV-controlled songs receive in a given period.

Also in calendar year 2009, Sony/ATV Music Publishing was named the American Society of Composers, Authors and Publishers (ASCAP) Pop Publisher of the Year for the first time in the company's history—one of the industry's most prestigious and competitive awards.



Alicia Keys



Miliyah Kato



ikimono-gakari



Sade



JUJU



Kana Nishino

Board of Directors and Corporate Executive Officers

Supervision

Board of Directors

- Determines the fundamental management policies of the Sony Group.
- Oversees the management of Sony Group's business operations.
- Appoints and removes the statutory committee members.
- Appoints and removes Corporate Executive Officers and Representative Corporate Executive Officers.

Chairman of the Board: Yotaro Kobayashi*

Sir Howard Stringer	Sony Corporation Representative Corporate Executive Officer, Chairman, Chief Executive Officer and President
Ryoji Chubachi	Sony Corporation Representative Corporate Executive Officer, Vice Chairman
Yotaro Kobayashi*	Former Chairman of the Board, Fuji Xerox Co., Ltd.
Yoshiaki Yamauchi*	Former Director, Sumitomo Mitsui Financial Group, Inc.
Sir Peter Bonfield*	Chairman of the Supervisory Board, NXP B.V.
Fuji Cho*	Chairman of the Board, Toyota Motor Corporation
Ryuji Yasuda*	Professor, Graduate School of International Corporate Strategy, Hitotsubashi University

Yukako Uchinaga*

Director and Executive Vice President, Benesse Holdings, Inc.
Chairman of the Board, Chief Executive Officer and President, Berlitz International, Inc.

Mitsuaki Yahagi*

Chairman of the Board,
The Japan Research Institute, Limited
Director Emeritus, McKinsey & Company
Retired Chairman and Chief Executive Officer, Telemundo Group, Inc.

Tsun-Yan Hsieh*

Roland A. Hernandez*

Director, Mizuho Financial Group, Inc.
Member of the Board, President,
Chief Executive Officer, Mitsubishi Corporation
Chairman of the Board, President and Chief Executive Officer, Chugai Pharmaceutical Co., Ltd.

Kanemitsu Anraku*

Yorihiko Kojima*

Osamu Nagayama*

Nominating Committee

- Determines the content of proposals regarding the appointment/dismissal of Directors.

Yotaro Kobayashi* (Chairman)

Sir Peter Bonfield*
Fuji Cho*
Roland A. Hernandez*
Yorihiko Kojima*
Sir Howard Stringer
Ryoji Chubachi

Audit Committee

- Monitors the performance of duties by Corporate Executive Officers through reviewing structure to ensure the adequacy of the financial reporting process, structure to enable management to ensure the effectiveness of internal control over financial reporting, structure to ensure timely and appropriate disclosure, structure to ensure compliance with any applicable law, Articles of Incorporation and internal policies and rules and status of any other items described in the "Internal Control and Governance Framework" determined by the Board of Directors in accordance with the Companies Act of Japan and also monitors the performance of duties by Directors through attending the Nominating Committee or Compensation Committee and reviewing the Business Report and the documents relating to the proxy statement.
- Oversees and evaluates the work of independent auditor (including to evaluate the adequacy of its independence and its qualification, to propose its appointment/dismissal or non-reappointment, to approve its compensation, to evaluate the appropriateness of its audit regarding the financial results and internal control over financial reporting, and to pre-approve its engagement for any other services than audit services to be provided).

Yoshiaki Yamauchi* (Chairman)

Mitsuaki Yahagi*
Kanemitsu Anraku*

Compensation Committee

- Sets policy on the contents of individual compensation for Directors, Corporate Executive Officers, Corporate Executives and Group Executives and determines the amount and content of individual compensation of Directors and Corporate Executive Officers in accordance with the policy.

Ryuji Yasuda* (Chairman)

Tsun-Yan Hsieh*
Osamu Nagayama*

* An Outside Director who satisfies the requirements under Item 15, Article 2 of the Companies Act of Japan

Execution

Corporate Executive Officers

- Make decisions regarding the execution of Sony Group business activities within the scope of the authority delegated to them by the Board of Directors.

Sir Howard Stringer**	Chairman, Chief Executive Officer and President
Ryoji Chubachi**	Vice Chairman, Officer in charge of Product Quality & Safety and Environmental Affairs
Yutaka Nakagawa	Executive Deputy President, Officer in charge of Manufacturing, Logistics, Procurement and CS Platform
Hiroshi Yoshioka	Executive Deputy President, Officer in charge of the Consumer Products, Professional Solutions, and Device businesses

Keiji Kimura

Executive Vice President, Officer in charge of Intellectual Property and the Disc Manufacturing business

Nicole Seligman
Kazuo Hirai

Executive Vice President, General Counsel
Executive Vice President, Officer in charge of the Networked Products and Services businesses
Executive Vice President, Chief Financial Officer

Masaru Kato

** Representative Corporate Executive Officer concurrently serving as Director

Corporate Executives

- Carry out business operations within designated areas, including business units, headquarters functions, and/or research and development, in accordance with the fundamental policies determined by the Board of Directors and the Corporate Executive Officers.

(Names and positions of new Directors and Corporate Executive Officers as of June 18, 2010)

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Five-Year Summary of Selected Financial Data

Sony Corporation and Consolidated Subsidiaries—Years ended March 31

	Yen in millions (Yen per share amounts)				
	2006	2007	2008	2009	2010
FOR THE YEAR					
Sales and operating revenue	7,510,597	8,295,695	8,871,414	7,729,993	7,213,998
Equity in net income (loss) of affiliated companies . . .	13,176	78,654	100,817	(25,109)	(30,235)
Operating income (loss)	239,592	150,404	475,299	(227,783)	31,772
Income (loss) before income taxes	299,506	180,691	567,134	(174,955)	26,912
Income taxes	176,515	53,888	203,478	(72,741)	13,958
Net income (loss) attributable to Sony Corporation's stockholders	123,616	126,328	369,435	(98,938)	(40,802)
Per share data of common stock:					
Net income (loss) attributable to Sony Corporation's stockholders					
—Basic	122.58	126.15	368.33	(98.59)	(40.66)
—Diluted	116.88	120.29	351.10	(98.59)	(40.66)
Cash dividends	25.00	25.00	25.00	42.50	25.00
Depreciation and amortization*	381,843	400,009	428,010	405,443	371,004
Capital expenditures (additions to fixed assets) . . .	384,347	414,138	335,726	332,068	192,724
Research and development costs	531,795	543,937	520,568	497,297	432,001
AT YEAR-END					
Net working capital (deficit).	569,296	994,871	986,296	(190,265)	72,947
Long-term debt	764,898	1,001,005	729,059	660,147	924,207
Sony Corporation's stockholders' equity.	3,203,852	3,370,704	3,465,089	2,964,653	2,965,905
Common stock	624,124	626,907	630,576	630,765	630,822
Total assets	10,607,753	11,716,362	12,552,739	12,013,511	12,866,114
Number of shares issued at year-end (thousands of shares of common stock)	1,001,680	1,002,897	1,004,443	1,004,535	1,004,571
Sony Corporation's stockholders' equity per share of common stock	3,200.85	3,363.77	3,453.25	2,954.25	2,955.47

* Depreciation and amortization includes amortization expenses for intangible assets and deferred insurance acquisition costs.

Quarterly Financial and Stock Information

Sony Corporation and Consolidated Subsidiaries—Years ended March 31

	Yen in billions (Yen per share amounts)							
	1st quarter		2nd quarter		3rd quarter		4th quarter	
	2009	2010	2009	2010	2009	2010	2009	2010
Sales and operating revenue	1,979.0	1,599.9	2,072.3	16,612	2,154.6	2,237.9	1,524.1	1,715.1
Equity in net income (loss) of affiliated companies	2.2	(15.1)	1.1	(12.3)	(10.8)	(5.9)	(17.7)	3.1
Operating income (loss)	73.4	(25.7)	11.0	(32.6)	(18.0)	146.1	(294.3)	(56.0)
Income (loss) before income taxes . . .	62.9	(32.9)	7.3	(17.0)	66.5	123.9	(311.6)	(47.0)
Income taxes	19.0	(12.2)	(8.9)	(1.7)	64.4	33.2	(147.2)	(5.4)
Net income (loss) attributable to Sony Corporation's stockholders . . .	35.0	(37.1)	20.8	(26.3)	10.4	79.2	(165.1)	(56.6)
Per share data of common stock								
Net income (loss) attributable to Sony Corporation's stockholders								
—Basic	34.86	(36.96)	20.74	(26.22)	10.37	78.89	(164.56)	(56.37)
—Diluted	33.28	(36.96)	19.83	(26.22)	9.98	78.76	(164.56)	(56.37)
Depreciation and amortization	91.7	87.2	103.4	93.8	105.6	95.0	104.9	94.9
Capital expenditures* (additions to fixed assets)	77.7	57.3	107.1	47.8	73.6	43.7	73.7	43.9
R&D expenses	124.3	99.8	132.3	109.2	117.1	106.7	123.6	116.3
Tokyo Stock Exchange price per share of common stock:								
High	5,560	2,800	4,710	2,810	3,280	2,830	2,335	3,645
Low	4,000	2,050	3,120	2,145	1,717	2,250	1,491	2,694
New York Stock Exchange price per American Depositary Share:								
High	\$ 52.36	\$ 28.22	\$ 43.65	\$ 30.15	\$ 30.64	\$ 30.82	\$ 24.32	40.45
Low	39.52	21.27	29.71	23.60	18.09	26.25	15.64	29.50

Segment Information

Sony Corporation and Consolidated Subsidiaries—Years ended March 31

SALES AND OPERATING REVENUE BY BUSINESS SEGMENT*

Years ended March 31	Yen in millions		
	2008	2009	2010
Consumer Products & Devices			
Customers	4,238,547	3,597,233	2,921,403
Intersegment	675,406	434,250	306,309
Total	4,913,953	4,031,483	3,227,712
Networked Products & Services			
Customers	2,042,560	1,684,758	1,511,615
Intersegment	78,132	70,885	64,232
Total	2,120,692	1,755,643	1,575,847
B2B & Disc Manufacturing			
Customers	536,945	464,321	404,114
Intersegment	77,994	95,672	100,119
Total	614,939	559,993	504,233
Pictures			
Customers	855,482	717,513	705,237
Intersegment	2,452	—	—
Total	857,934	717,513	705,237
Music			
Customers	204,818	363,074	511,097
Intersegment	23,849	23,979	11,519
Total	228,667	387,053	522,616
Financial Services			
Customers	553,216	523,307	838,300
Intersegment	27,905	14,899	13,096
Total	581,121	538,206	851,396
All Other			
Customers	359,468	318,422	261,851
Intersegment	—	—	—
Total	359,468	318,422	261,851
Corporate and elimination	(805,360)	(578,320)	(434,894)
Consolidated total	8,871,414	7,729,993	7,213,998

* Consumer Products & Devices intersegment amounts primarily consist of transactions with the Networked Products & Services segment. Networked Products & Services intersegment amounts primarily consist of transactions with the Consumer Products & Devices segment. B2B & Disc Manufacturing intersegment amounts primarily consist of transactions with the Networked Products & Services, Pictures and Music segments. Corporate and elimination includes certain royalty income of brand and patent.

OPERATING INCOME (LOSS) BY BUSINESS SEGMENT*

Years ended March 31	Yen in millions		
	2008	2009	2010
Consumer Products & Devices	230,098	(115,078)	(46,475)
Networked Products & Services	(77,620)	(87,428)	(83,077)
B2B & Disc Manufacturing	64,540	6,480	(7,216)
Pictures	58,524	29,916	42,814
Music	35,063	27,843	36,513
Financial Services	22,633	(31,157)	162,492
Equity in net income (loss) of Sony Ericsson	79,481	(30,255)	(34,514)
All Other	10,312	(4,241)	(4,807)
Total	423,031	(203,920)	65,730
Corporate and elimination	52,268	(23,863)	(33,958)
Consolidated operating income (loss)	475,299	(227,783)	31,772
Other income	149,447	98,825	43,834
Other expenses	(57,612)	(45,997)	(48,694)
Consolidated income (loss) before income taxes	567,134	(174,955)	26,912

* Operating income (loss) is sales and operating revenue less costs and expenses, and includes equity in net income (loss) of affiliated companies. Corporate and elimination includes certain restructuring costs and other corporate expenses, which are attributable principally to headquarters and are not allocated to segments. During the fiscal year ended March 31, 2008, Sony sold portions of the site of its former headquarters and recorded gains of 60,683 million yen in Corporate.

As a result of a modification of internal management reporting during the fiscal year ended March 31, 2010, certain amounts previously included within corporate and elimination have been reclassified into the segment operating income (loss) for all periods presented. The revision had no impact on the consolidated results.

SALES AND OPERATING REVENUE TO CUSTOMERS BY PRODUCT CATEGORY

Years ended March 31	Yen in millions		
	2008	2009	2010
Consumer Products & Devices			
Televisions	1,357,116	1,275,692	1,005,773
Digital Imaging	1,113,407	863,837	679,225
Audio and Video	644,475	555,706	469,606
Semiconductors	321,032	267,167	277,885
Components	788,004	623,931	479,145
Other	14,513	10,900	9,769
Total	4,238,547	3,597,233	2,921,403
Networked Products & Services			
Game	1,219,004	984,855	840,711
PC and Other Networked Businesses	823,556	699,903	670,904
Total	2,042,560	1,684,758	1,511,615
B2B & Disc Manufacturing			
B2B	536,945	464,321	404,114
Pictures	855,482	717,513	705,237
Music	204,818	363,074	511,097
Financial Services	553,216	523,307	838,300
All Other	359,468	318,422	261,851
Corporate	80,378	61,365	60,381
Consolidated total	8,871,414	7,729,993	7,213,998

Note: The above table includes a breakdown of sales and operating revenue to external customers by product category in the Consumer Products & Devices and Networked Products & Services segments. The Consumer Products & Devices and Networked Products & Services segments are each managed as a single operating segment by Sony's management.

SALES AND OPERATING REVENUE BY GEOGRAPHIC INFORMATION

Years ended March 31	Yen in millions		
	2008	2009	2010
Japan	2,056,374 23.2%	1,873,219 24.2%	2,099,297 29.1%
U.S.A.	2,221,862 25.1	1,827,812 23.6	1,595,016 22.1
Europe	2,328,233 26.2	1,987,692 25.7	1,644,698 22.8
Other	2,264,945 25.5	2,041,270 26.5	1,874,987 26.0
Total	8,871,414	7,729,993	7,213,998

Note: Classification of geographic segment information shows sales and operating revenue recognized by location of customers.

Consolidated Balance Sheets

Sony Corporation and Consolidated Subsidiaries—As of March 31

	Yen in millions	
	2009	2010
ASSETS		
Current assets:		
Cash and cash equivalents	660,789	1,191,608
Marketable securities	466,912	579,493
Notes and accounts receivable, trade	963,837	996,100
Allowance for doubtful accounts and sales returns	(110,383)	(104,475)
Inventories	813,068	645,455
Deferred income taxes	189,703	197,598
Prepaid expenses and other current assets	636,709	627,093
Total current assets	3,620,635	4,132,872
Film costs	306,877	310,065
Investments and advances:		
Affiliated companies	236,779	229,051
Securities investments and other	4,561,651	5,070,342
	4,798,430	5,299,393
Property, plant and equipment:		
Land	155,665	153,067
Buildings	911,269	897,054
Machinery and equipment	2,343,839	2,235,032
Construction in progress	100,027	71,242
	3,510,800	3,356,395
Less—Accumulated depreciation	2,334,937	2,348,444
	1,175,863	1,007,951
Other assets:		
Intangibles, net	396,348	378,917
Goodwill	443,958	438,869
Deferred insurance acquisition costs	400,412	418,525
Deferred income taxes	359,050	403,537
Other	511,938	475,985
	2,111,706	2,115,833
Total assets	12,013,511	12,866,114

(Continued on following page)

	Yen in millions	
	2009	2010
LIABILITIES		
Current liabilities:		
Short-term borrowings	303,615	48,785
Current portion of long-term debt	147,540	235,822
Notes and accounts payable, trade	560,795	817,118
Accounts payable, other and accrued expenses	1,036,830	1,003,197
Accrued income and other taxes	46,683	69,175
Deposits from customers in the banking business	1,326,360	1,509,488
Other	389,077	376,340
Total current liabilities	3,810,900	4,059,925
Long-term debt	660,147	924,207
Accrued pension and severance costs	365,706	295,526
Deferred income taxes	188,359	236,521
Future insurance policy benefits and other	3,521,060	3,876,292
Other	250,737	188,088
Total liabilities	8,796,909	9,580,559
Commitments and contingent liabilities		
EQUITY		
Sony Corporation's stockholders' equity:		
Common stock, no par value—		
2009—Shares authorized 3,600,000,000, shares issued: 1,004,535,364	630,765	
2010—Shares authorized 3,600,000,000, shares issued: 1,004,571,464		630,822
Additional paid-in capital	1,155,034	1,157,812
Retained earnings	1,916,951	1,851,004
Accumulated other comprehensive income—		
Unrealized gains on securities, net	30,070	62,337
Unrealized losses on derivative instruments, net	(1,584)	(36)
Pension liability adjustment	(172,709)	(148,989)
Foreign currency translation adjustments	(589,220)	(582,370)
	(733,443)	(669,058)
Treasury stock, at cost		
Common stock		
2009—1,013,287 shares	(4,654)	
2010—1,039,656 shares		(4,675)
	2,964,653	2,965,905
Noncontrolling interests	251,949	319,650
Total equity	3,216,602	3,285,555
Total liabilities and equity	12,013,511	12,866,114

Consolidated Statements of Income

Sony Corporation and Consolidated Subsidiaries—Years ended March 31

	Yen in millions		
	2008	2009	2010
Sales and operating revenue:			
Net sales	8,201,839	7,110,053	6,293,005
Financial service revenue	553,216	523,307	838,300
Other operating revenue	116,359	96,633	82,693
	8,871,414	7,729,993	7,213,998
Costs and expenses:			
Cost of sales	6,290,022	5,660,504	4,892,563
Selling, general and administrative	1,714,445	1,686,030	1,544,890
Financial service expenses	530,306	547,825	671,550
(Gain) loss on sale, disposal or impairment of assets, net	(37,841)	38,308	42,988
	8,496,932	7,932,667	7,151,991
Equity in net income (loss) of affiliated companies	100,817	(25,109)	(30,235)
Operating income (loss)	475,299	(227,783)	31,772
Other income:			
Interest and dividends	34,272	22,317	13,191
Gain on sale of securities investments, net	5,504	1,281	9,953
Foreign exchange gain, net	5,571	48,568	—
Gain on initial public offering of Sony Financial Holdings	81,040	—	—
Other	23,060	26,659	20,690
	149,447	98,825	43,834
Other expenses:			
Interest	22,931	24,376	22,505
Loss on devaluation of securities investments	13,087	4,427	2,946
Foreign exchange loss, net	—	—	10,876
Other	21,594	17,194	12,367
	57,612	45,997	48,694
Income (loss) before income taxes	567,134	(174,955)	26,912
Income taxes:			
Current	183,438	80,521	48,698
Deferred	20,040	(153,262)	(34,740)
	203,478	(72,741)	13,958
Net income (loss)	363,656	(102,214)	12,954
Less—net income (loss) attributable to noncontrolling interests	(5,779)	(3,276)	53,756
Net income (loss) attributable to Sony Corporation's stockholders	369,435	(98,938)	(40,802)

(Continued on following page)

	Yen		
	2008	2009	2010
Per share data:			
Common stock			
Net income (loss) attributable to Sony Corporation's stockholders			
—Basic	368.33	(98.59)	(40.66)
—Diluted	351.10	(98.59)	(40.66)
Cash dividends	25.00	42.50	25.00

Consolidated Statements of Cash Flows

Sony Corporation and Consolidated Subsidiaries—Years ended March 31

	Yen in millions		
	2008	2009	2010
Cash flows from operating activities:			
Net income (loss)	363,656	(102,214)	12,954
Adjustments to reconcile net income (loss) to net cash provided by operating activities—			
Depreciation and amortization, including amortization of deferred insurance acquisition costs	428,010	405,443	371,004
Amortization of film costs.	305,468	255,713	277,665
Stock-based compensation expense	4,130	3,446	2,202
Accrual for pension and severance costs, less payments	(17,589)	16,654	(9,763)
(Gain) loss on sale, disposal or impairment of assets, net	(37,841)	38,308	42,988
(Gain) loss on sale or devaluation of securities investments, net	7,583	3,146	(7,007)
(Gain) loss on revaluation of marketable securities held in the financial service business for trading purpose, net	56,543	77,952	(49,837)
(Gain) loss on revaluation or impairment of securities investments held in the financial service business, net	60,107	101,114	(53,984)
Gain on initial public offering of Sony Financial Holdings	(81,040)	—	—
Deferred income taxes.	20,040	(153,262)	(34,740)
Equity in net (income) losses of affiliated companies, net of dividends	(13,527)	65,470	36,183
Changes in assets and liabilities:			
(Increase) decrease in notes and accounts receivable, trade	185,651	218,168	(53,306)
(Increase) decrease in inventories.	(140,725)	160,432	148,584
Increase in film costs	(353,343)	(264,412)	(296,819)
Increase (decrease) in notes and accounts payable, trade	(235,459)	(375,842)	262,032
Increase (decrease) in accrued income and other taxes	138,872	(163,200)	63,619
Increase in future insurance policy benefits and other.	166,356	174,549	284,972
Increase in deferred insurance acquisition costs.	(62,951)	(68,666)	(71,999)
Increase in marketable securities held in the financial service business for trading purpose	(57,271)	(26,088)	(8,335)
(Increase) decrease in other current assets.	(24,312)	134,175	(32,405)
Increase (decrease) in other current liabilities	51,838	(105,155)	5,321
Other.	(6,512)	11,422	23,578
Net cash provided by operating activities.	757,684	407,153	912,907

(Continued on following page)

	Yen in millions		
	2008	2009	2010
Cash flows from investing activities:			
Payments for purchases of long-lived assets	(474,552)	(496,125)	(338,050)
Proceeds from sales of long-lived assets	144,741	153,439	15,671
Payments for investments and advances by financial service business	(2,283,491)	(2,496,783)	(1,581,841)
Payments for investments and advances (other than financial service business)	(103,082)	(178,335)	(41,838)
Proceeds from maturities of marketable securities, sales of securities investments and collections of advances by financial service business	1,441,496	1,923,264	1,128,500
Proceeds from maturities of marketable securities, sales of securities investments and collections of advances (other than financial service business)	51,947	11,569	54,324
Proceeds from sales of shares of Sony Financial Holdings	305,280	—	—
Other	7,219	1,629	17,230
Net cash used in investing activities	(910,442)	(1,081,342)	(746,004)
Cash flows from financing activities:			
Proceeds from issuance of long-term debt	31,093	72,188	510,128
Payments of long-term debt	(34,701)	(264,467)	(144,105)
Increase (decrease) in short-term borrowings, net	15,838	244,584	(250,252)
Increase in deposits from customers in the financial service business, net	485,965	261,619	276,454
Dividends paid	(25,098)	(42,594)	(25,085)
Proceeds from the issuance of shares under stock-based compensation plans	7,484	378	114
Proceeds from the issuance of shares of Sony Financial Holdings	28,800	—	—
Other	(3,863)	(4,250)	(2,240)
Net cash provided by financing activities	505,518	267,458	365,014
Effect of exchange rate changes on cash and cash equivalents	(66,228)	(18,911)	(1,098)
Net increase (decrease) in cash and cash equivalents	286,532	(425,642)	530,819
Cash and cash equivalents at beginning of the fiscal year	799,899	1,086,431	660,789
Cash and cash equivalents at end of the fiscal year	1,086,431	660,789	1,191,608
Supplemental data:			
Cash paid during the fiscal year for—			
Income taxes	126,339	242,528	60,022
Interest	18,817	22,729	19,821
Non-cash investing and financing activities—			
Obtaining assets by entering into capital lease	7,017	5,831	2,553

Consolidated Statements of Changes in Stockholders' Equity

Sony Corporation and Consolidated Subsidiaries—Years ended March 31

Yen in millions

	Common stock	Additional paid-in capital	Retained earnings	Accumulated other comprehensive income	Treasury stock, at cost	Sony Corporation's stockholders' equity	Noncontrolling interests	Total equity
Balance at March 31, 2007	626,907	1,143,423	1,719,506	(115,493)	(3,639)	3,370,704	38,970	3,409,674
Exercise of stock acquisition rights	3,538	3,685				7,223	105	7,328
Conversion of convertible bonds	131	131				262		262
Stock-based compensation		4,192				4,192		4,192
Comprehensive income:								
Net income (loss)			369,435			369,435	(5,779)	363,656
Cumulative effect of an accounting change . .			(4,452)			(4,452)		(4,452)
Other comprehensive income, net of tax—								
Unrealized losses on securities				(15,167)		(15,167)	(7,259)	(22,426)
Unrealized losses on derivative instruments				(2,296)		(2,296)		(2,296)
Pension liability adjustment				(26,103)		(26,103)	602	(25,501)
Foreign currency translation adjustments . .				(212,468)		(212,468)	(1,821)	(214,289)
Total comprehensive income (loss)						108,949	(14,257)	94,692
Stock issue costs, net of tax			(48)			(48)		(48)
Dividends declared			(25,080)			(25,080)	(3,563)	(28,643)
Purchase of treasury stock					(1,231)	(1,231)		(1,231)
Reissuance of treasury stock		16			102	118		118
Transactions with noncontrolling interests shareholders and other							255,594	255,594
Balance at March 31, 2008	630,576	1,151,447	2,059,361	(371,527)	(4,768)	3,465,089	276,849	3,741,938
Exercise of stock acquisition rights	189	189				378	18	396
Stock-based compensation		3,423				3,423		3,423
Comprehensive income:								
Net loss			(98,938)			(98,938)	(3,276)	(102,214)
Other comprehensive income, net of tax—								
Unrealized losses on securities				(40,859)		(40,859)	(15,992)	(56,851)
Unrealized gains on derivative instruments				1,787		1,787		1,787
Pension liability adjustment				(74,517)		(74,517)	(548)	(75,065)
Foreign currency translation adjustments . .				(247,697)		(247,697)	797	(246,900)
Total comprehensive loss						(460,224)	(19,019)	(479,243)
Stock issue costs, net of tax			(4)			(4)		(4)
Dividends declared			(42,648)			(42,648)	(6,056)	(48,704)
Purchase of treasury stock					(302)	(302)		(302)
Reissuance of treasury stock		(25)	(152)		416	239		239
Transactions with noncontrolling interests shareholders and other							157	157
Effects of changing the pension plan measurement date			(668)	(630)		(1,298)		(1,298)
Balance at March 31, 2009	630,765	1,155,034	1,916,951	(733,443)	(4,654)	2,964,653	251,949	3,216,602

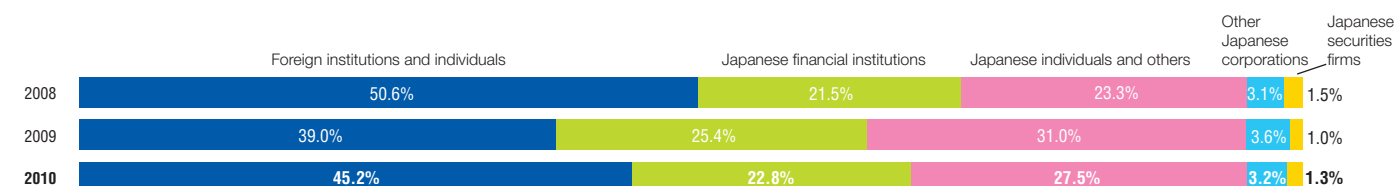
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	Common stock	Additional paid-in capital	Retained earnings	Accumulated other comprehensive income	Treasury stock, at cost	Sony Corporation's stockholders' equity	Noncontrolling interests	Total equity
Balance at March 31, 2009	630,765	1,155,034	1,916,951	(733,443)	(4,654)	2,964,653	251,949	3,216,602
Exercise of stock acquisition rights	57	57				114	6	120
Stock-based compensation.		2,174				2,174		2,174
Comprehensive income:								
Net income (loss)			(40,802)			(40,802)	53,756	12,954
Other comprehensive income, net of tax—								
Unrealized gains on securities.				32,267		32,267	16,527	48,794
Unrealized gains on derivative instruments.				1,548		1,548	2	1,550
Pension liability adjustment.				23,720		23,720	(27)	23,693
Foreign currency translation adjustments. . .				6,850		6,850	(343)	6,507
Total comprehensive income						23,583	69,915	93,498
Dividends declared			(25,088)			(25,088)	(5,399)	(30,487)
Purchase of treasury stock					(139)	(139)		(139)
Reissuance of treasury stock.			(57)		118	61		61
Transactions with noncontrolling interests shareholders and other		547				547	3,179	3,726
Balance at March 31, 2010	630,822	1,157,812	1,851,004	(669,058)	(4,675)	2,965,905	319,650	3,285,555

Stock Information

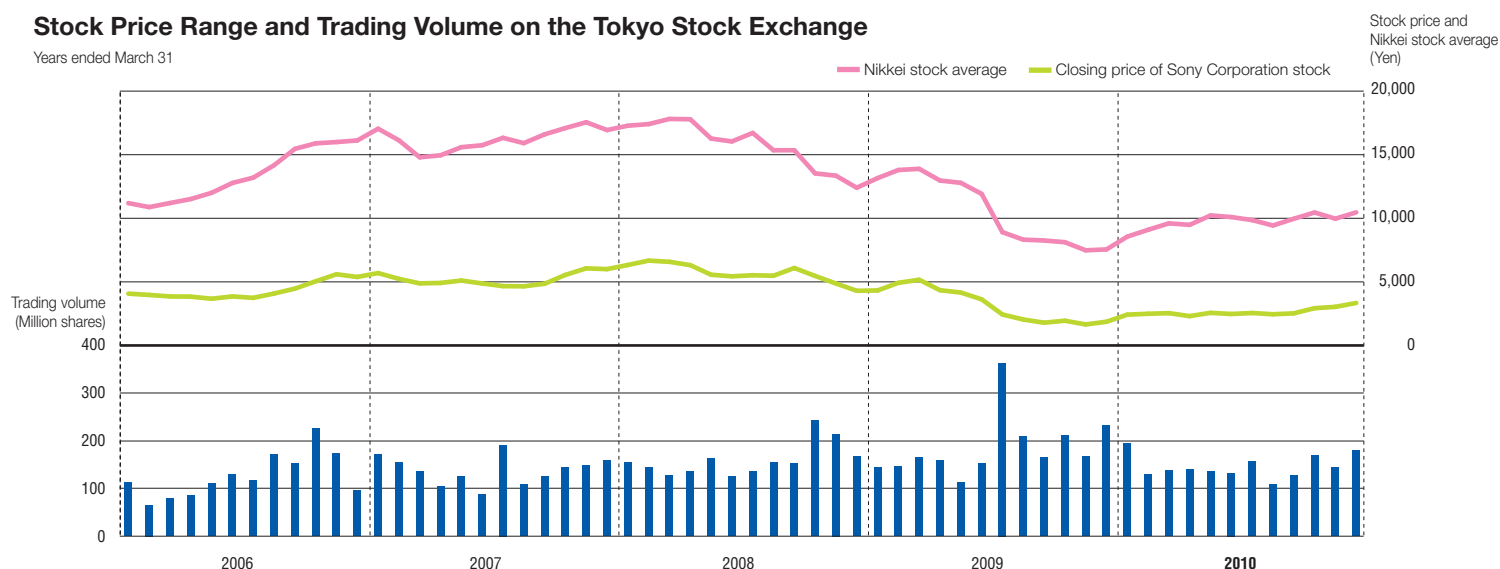
Ownership and Distribution of Shares

Years ended March 31	2008		2009		2010	
	Number of shares held	Number of shareholders	Number of shares held	Number of shareholders	Number of shares held	Number of shareholders
Foreign institutions and individuals	508,166,485	1,371	391,610,510	1,394	453,778,031	1,400
Japanese financial institutions	216,107,606	297	254,990,242	269	229,010,572	220
Japanese individuals and others	234,246,294	633,045	311,694,942	755,092	276,702,976	686,311
Other Japanese corporations	31,101,417	4,108	35,954,100	4,419	32,309,935	3,906
Japanese securities firms	14,821,562	124	10,285,570	68	12,769,950	64
Total	1,004,443,364	638,945	1,004,535,364	761,242	1,004,571,464	691,901



Stock Price Range and Trading Volume on the Tokyo Stock Exchange

Years ended March 31



Notes: 1. This trading volume shows the monthly volume of trade on the Tokyo Stock Exchange. Each fiscal year starts in April and ends in March.
2. Stock prices and the Nikkei stock average is based on a simple average of daily closing prices for each day of every month on the Tokyo Stock Exchange.

Years ended March 31	2006	2007	2008	2009	2010
Stock price (Yen)					
At year-end	5,450	5,990	3,970	1,998	3,580
High	6,040	6,540	7,190	5,560	3,645
Low	3,660	4,340	3,910	1,491	2,050
Annual increase/decrease	+27.6%	+9.9%	-33.7%	-49.7%	+79.2%
Number of shares outstanding at year-end (Thousands of shares) . . .	1,001,680	1,002,897	1,004,443	1,004,535	1,004,571
Market capitalization at year-end (Yen in trillions)	5.46	6.01	3.99	2.01	3.60
Per share of common stock data (Yen)					
Cash dividends applicable to the year	25.00	25.00	25.00	42.50	25.00
Net income (loss) (diluted)	116.88	120.29	351.10	(98.59)	(40.66)
Stockholders' equity	3,200.85	3,363.77	3,453.25	2,954.25	2,955.47

Investor Information

SONY CORPORATION

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

INVESTOR RELATIONS OFFICES

If you have any questions or would like a copy of our Form 20-F, filed with the U.S. Securities and Exchange Commission, or our Annual Report to shareholders, please direct your request to:

■ Japan

SONY CORPORATION

IR Department
7-1, Konan 1-chome, Minato-ku,
Tokyo 108-0075
Phone: 81-(0)3-6748-2111

■ U.S.A.

SONY CORPORATION OF AMERICA

Investor Relations
550 Madison Avenue, 27th Floor,
New York, NY 10022-3211
Phone: 1-212-833-6849

■ U.K.

SONY GLOBAL TREASURY SERVICES PLC.

Investor Relations Europe
15th Floor, Aviva Tower, St. Helens, 1 Undershaft,
London EC3A 8NP
Phone: 44-(0)20-7426-8696

SONY ON THE INTERNET

Sony's Investor Relations Home Pages on the World Wide Web offer a wealth of corporate information, including the latest annual report and financial results.
<http://www.sony.net/IR/>

ORDINARY GENERAL MEETING OF SHAREHOLDERS

The Ordinary General Meeting of Shareholders is held in June.

INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM

PricewaterhouseCoopers Aarata
Sumitomo Fudosan Shiodome Hamarikyu Bldg.
8-21-1 Ginza, Chuo-ku, Tokyo 104-0061, Japan

DEPOSITARY, TRANSFER AGENT AND REGISTRAR FOR AMERICAN DEPOSITARY RECEIPTS

JPMorgan Chase Bank N.A.
1 Chase Manhattan Plaza, Floor 58, New York, NY 10005

■ Contact Address:

JPMorgan Service Center
P.O. Box 64504
St. Paul, MN 55164-0504
Phone: General: 1-800-990-1135
From outside the U.S.A.: 1-651-453-2128

CO-TRANSFER AND CO-REGISTRAR AGENT

CIBC Mellon Trust Company
320 Bay Street
Toronto, ON M5H 4A6
Phone: 1-800-387-0825

TRANSFER AGENT

Mitsubishi UFJ Trust and Banking Corporation
4-5, Marunouchi 1-chome, Chiyoda-ku,
Tokyo 137-8081, Japan
Phone: 81-(0)3-3212-1211

OVERSEAS STOCK EXCHANGE LISTINGS

New York and London stock exchanges

JAPANESE STOCK EXCHANGE LISTINGS

Tokyo and Osaka stock exchanges

NUMBER OF SHAREHOLDERS

(As of March 31, 2010)
691,901

INFORMATION REGARDING CSR (Corporate Social Responsibility)

Sony's CSR Report and information about Sony CSR and environmental activities can be accessed at the following website.

<http://www.sony.net/csr/>

Inquiries concerning the aforementioned activities can be directed to:

Sony Corporation
Corporate Social Responsibility Department
Phone: 81-(0)3-6748-2111

Cautionary Statement

Statements made in this annual report with respect to Sony's current plans, estimates, strategies and beliefs and other statements that are not historical facts are forward-looking statements about the future performance of Sony. Forward-looking statements include, but are not limited to, those statements using words such as "believe," "expect," "plans," "strategy," "prospects," "forecast," "estimate," "project," "anticipate," "aim," "intend," "seek," "may," "might," "could" or "should," and words of similar meaning in connection with a discussion of future operations, financial performance, events or conditions. From time to time, oral or written forward-looking statements may also be included in other materials released to the public. These statements are based on management's assumptions and beliefs in light of the information currently available to it. Sony cautions you that a number of important risks and uncertainties could cause actual results to differ materially from those discussed in the forward-looking statements, and therefore you should not place undue reliance on them. You also should not rely on any obligation of Sony to update or revise any forward-looking statements, whether as a result of new information, future events or otherwise. Sony disclaims any such obligation. Risks and uncertainties that might affect Sony include, but are not limited to (i) the global economic environment in which Sony operates and the economic conditions in Sony's markets, particularly levels of consumer spending; (ii) 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 platforms within the game business, which are offered in highly competitive markets characterized by continual new product 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 increasing production capacity; (v) Sony's ability to successfully implement business restructuring and transformation efforts; (vi) Sony's ability to successfully implement its hardware, software, and content integration strategy 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 correctly prioritize investments; (viii) Sony's ability to maintain product quality; (ix) Sony's ability to secure adequate funding to finance restructuring activities and capital investments given the current state of global capital markets; (x) the success of Sony's joint ventures and alliances; (xi) the outcome of pending legal and/or regulatory proceedings; (xii) shifts in customer demand for financial services such as life insurance and Sony's ability to successfully conduct asset liability management in the Financial Services segment; and (xiii) the impact of unfavorable conditions or developments (including market fluctuations or volatility) in the Japanese equity markets on the revenue and operating income of the Financial Services segment. Risks and uncertainties also include the impact of any future events with material adverse impacts.



