

rate calculated by multiplying the number of such shares by the Standard Ratio on the date of such listing or registration or the date prior to such date determined by Sony Corporation's Board of Directors.

(Miscellaneous)

Either or both of the shares of Common Stock and the shares of subsidiary tracking stock may be consolidated or split at the same ratio or at different ratios. The holders of shares of Common Stock and/or the holders of shares of subsidiary tracking stock may be allotted rights to subscribe for new shares (to the holders of Common Stock, new shares of Common Stock, and to the holders of subsidiary tracking

stock, new shares of subsidiary tracking stock) at the same ratio or different ratios and on different conditions.

Reporting of substantial shareholdings

The Securities and Exchange Law of Japan requires any person who has become, beneficially and solely or jointly, a holder of more than five percent of the total issued shares of capital stock of a company listed on any Japanese stock exchange or whose shares are traded on the over-the-counter market in Japan to file with the Prime Minister within five business days a report concerning such shareholdings.

A similar report must also be filed in respect of any subsequent change of one percent or more in any such holding, with certain exceptions. For this purpose, shares issuable to such person upon conversion of convertible securities or exercise of share subscription warrants are taken into account in determining both the number of shares held by such holder and the issuer's total issued share capital. Copies of such report must also be furnished to the issuer of such shares and all Japanese stock exchanges on which the shares are listed or (in the case of shares traded over-the-counter) the Japan Securities Dealers Association.

Except for the general limitation under Japanese anti-trust and anti-monopoly regulations against holding of shares of capital stock of a Japanese corporation which leads or may lead to a restraint of trade or monopoly, and except for general limitations under the Commercial Code or Sony Corporation's Articles of Incorporation on the rights of shareholders applicable regardless of residence or nationality, there is no limitation under Japanese laws and regulations applicable to Sony Corporation or under its Articles of Incorporation on the rights of non-resident or foreign shareholders to hold or exercise voting rights on the shares of capital stock of Sony Corporation.

There is no provision in Sony Corporation's Articles of Incorporation or by-laws that would have an effect of delaying, deferring or preventing a change in control of Sony Corporation and that would operate only with respect to merger, acquisition or corporate restructuring involving Sony Corporation.

Material contracts

On January 5, 2000, the acquisition transactions by way of exchanges of stock, whereby Sony Music Entertainment (Japan) Inc., Sony Chemicals Corporation, and Sony Precision Technology Inc. became wholly-owned subsidiaries of Sony Corporation, were completed. Regarding the stock exchange agreement between Sony Corporation and Sony Music Entertainment (Japan) Inc. dated October 1, 1999 (not attached hereto), refer to Form 6-K filed with SEC on November 9, 1999. All contracts except for the above concluded by Sony during the two fiscal years preceding the date of this report were entered into in the ordinary course of business.

Exchange controls

The Japanese Foreign Exchange and Foreign Trade Law, currently in effect (the "Law"), does not affect or restrict the rights of non-resident or foreign corporation to acquire or hold shares of capital stock of Sony Corporation except that in the event of acquisition of shares of capital stock, unless such acquisition is made through a securities company or other financial institution, the acquiring non-resident or foreign corporation is subject to a post-transaction reporting requirement under the Law. However, the Minister of Finance has the power to impose a licensing requirement in certain acquisitions in extremely limited circumstances. Under the Law dividend paid on, and the proceeds of sales in Japan of,

shares of capital stock of Sony Corporation held by non-residents may in general be converted into any foreign currency and repatriated abroad.

Taxation

The following is a general summary of the major Japanese and U.S. federal tax consequences of

the ownership, acquisition and disposition of shares of capital stock of Sony Corporation and of ADRs evidencing ADSs representing shares of capital stock of Sony Corporation by a non-resident of Japan or a non-Japanese corporation which holds those shares or ADSs and is not purported to be comprehensive to cover all situations that may be relevant to any particular investors. Holders of shares of capital stock of Sony Corporation or ADSs are strongly urged to consult their tax advisers regarding their tax positions.

For purposes of the Income Tax Convention between the U.S. and Japan (the "Tax Convention") and the U.S. Internal Revenue Code of 1986, as amended (the "Code"), U.S. holders of ADRs will be treated as the owner of Common Stock underlying the ADSs evidenced by the ADRs. For the purposes of the following discussion, a "U.S. holder" is a holder that:

(i) is a resident of the U.S. for purposes of the Tax Convention,

(ii) is a citizen of the U.S.,

(iii) does not maintain a permanent establishment or fixed base in Japan to which ADRs or shares of capital stock are attributable and through which the beneficial owner carries on or has carried on business (or in the case of an individual, performs or has performed independent personal services), and

(iv) is not otherwise ineligible for benefits under the Tax Convention with respect to income and gain derived in connection with the ADRs or shares of capital stock.

(Japanese Taxation)

Dividends, gains on sales, inheritance and gift

Generally, a non-resident of Japan or a non-Japanese corporation is subject to Japanese withholding tax on dividends paid by Japanese corporation. Stock splits in themselves are not subject to Japanese income tax.

In the absence of an applicable tax treaty, convention or agreement reducing the maximum rate of withholding tax, the rate of Japanese withholding tax applicable to dividends paid by Japanese corporations to non-residents of Japan or non-Japanese corporations is 20 percent. At the date of this document, Japan has income tax treaties, conventions or agreements whereby the above mentioned withholding tax rate is reduced, in most cases to 15 percent for portfolio investors with, among other countries, Australia, Belgium, Canada, Denmark, Finland, France, Germany, Ireland, Italy, Luxembourg, The Netherlands, New Zealand, Norway, Singapore, Spain, Sweden, Switzerland, the U.K., and the U.S.

Under the Tax Convention, as currently in force, the maximum rate of Japanese withholding tax which may be imposed on dividends paid by a Japanese corporation to an eligible U.S. holders generally is limited to 15 percent of the gross amount actually distributed. A non-resident holder who is entitled to a reduced rate of Japanese withholding tax on payment of dividends by Sony Corporation is required to submit an Application Form for Income Tax Convention Regarding Relief from Japanese Income Tax on Dividends in advance through Sony Corporation to the relevant tax authority before payment of dividends. A standing proxy for a non-resident holder may provide this application service. With respect to ADRs,

this reduced rate is applicable if the Depositary or its agent submits two Application Forms (one before payment of dividends, the other within eight months after Sony Corporation's fiscal year-end). To claim this reduced rate, a non-resident holder of ADRs will be required to file a proof of taxpayer status, residence and beneficial ownership (as applicable) and to provide other information or documents as may be required by the Depositary. A non-resident holder who does not submit an application in advance will be entitled to claim the refund of withholding taxes withheld in excess of the rate under an applicable tax treaty from the relevant Japanese tax authority.

Gains derived by a non-resident of Japan or a non-Japanese corporation from the sale of shares of capital stock or ADRs outside Japan or from the sale of shares of capital stock within Japan by a non-resident of Japan or a non-Japanese corporation not having a permanent establishment in Japan, are in general not subject to Japanese income or corporation tax, except as set forth in the next paragraph.

If Sony Corporation purchases shares of its capital stock (whether Common Stock or subsidiary tracking stock) by a tender offer and retires the same with retained earnings available for dividend payment, individual holders who sold the shares to Sony Corporation in such tender offer who are residents of Japan or non-residents of Japan having a permanent establishment within Japan, if such purchases are made on or before March 31, 2002, will be subject to Japanese taxation applicable to gains realized by individuals from sales of shares – 26 percent separate taxation upon filing tax returns (although up to March 31, 2003, the taxpayers may choose a 1.05 percent withholding tax on the gross sales proceeds). However, this is an interim measure applicable to the period ending March 31, 2002 and after such date, unless the present treatment is extended, a similar treatment as those currently applicable to Japanese corporations as discussed in the next sentence will be applicable. If

the sellers are Japanese corporations or foreign corporations having a permanent establishment within Japan, the portion of the proceeds received from Sony Corporation corresponding to the excess over the aggregate of the portions attributable to paid-in capital and additional paid-in capital will be deemed dividend and subject to taxation on dividends and the rest of the net proceeds will be subject to taxation treatment on gains realized from sales of shares. For non-resident individuals having no permanent establishment within Japan, no Japanese income tax will accrue, except in certain exceptional circumstances. For foreign corporations having no permanent establishment within Japan, the portion of the proceeds received from Sony Corporation which is deemed dividend as discussed in the third sentence of this paragraph will be subject to withholding income tax (generally 20 percent, subject to applicable income tax treaty provisions); otherwise, except in certain exceptional cases, no further Japanese tax will be imposed.

Japanese inheritance or gift tax at progressive rates may be payable by an individual who has acquired shares of capital stock or ADRs as a legatee, heir or donee even though neither the individual nor the deceased nor donor is a Japanese resident.

Holders of shares of capital stock or ADRs should consult their tax advisers regarding the effect of these taxes and, in the case of U.S. holders, the possible application of the Estate and Gift Tax Treaty between the U.S. and Japan.

Retirement or conversion of subsidiary tracking stock

If the shares of subsidiary tracking stock are converted into shares of Common Stock of Sony Corporation by action of the Board of Directors, no taxable event is deemed to occur by such conversion if upon such conversion neither the amount of paid-in capital nor the amount of additional paid-in capital is altered. The acquisition cost of the shares of common stock delivered upon such conversion is deemed to be the same as the acquisition cost of the shares of subsidiary tracking stock so converted. If, however, cash is paid in such conversion to cover the portion of shares of Common Stock representing less than a whole unit or otherwise not deliverable, the difference between the amount of such cash and the amount of acquisition cost attributable to the portion of the shares of subsidiary tracking stock so

converted corresponding to such less than unit shares or undeliverable shares shall be subject to normal taxation as a gain from sale of shares.

If Sony Corporation compulsorily retires the entire shares of subsidiary tracking stock by paying cash, for individuals who are residents of Japan or non-Japanese residents having a permanent establishment within Japan, the portion of proceeds deemed as dividend (see the preceding paragraph) is subject to applicable withholding income tax and remainder will be subject to the treatment of gains realized from sales of shares (26 percent separate income tax). For Japanese corporations and foreign corporations having a permanent establishment within Japan, the same treatment as discussed in the third sentence of the preceding paragraph will apply. For non-resident individuals or foreign corporations having no permanent establishment within Japan, the treatment discussed in the last sentence of the preceding paragraph will generally apply.

If shares of subsidiary tracking stock are retired by exchanging the same for shares of common stock of the relevant subsidiary, the same tax treatments as those discussed in the preceding paragraph will apply. Unless and until tax laws are amended so that gains currently deemed to be realized from the sale of shares are not taxed at the time of exchange, Sony Corporation has announced its policy not to effect such exchange.

(United States Taxation with respect to shares of capital stock and ADRs)

Dividends received by a U.S. holder of ADRs or Common Stock will be includable in income as ordinary income for U.S. federal income tax purposes to the extent paid out of current or accumulated earnings and profits of Sony Corporation as determined for U.S. federal income tax purposes.

Subject to limitations set out in the Code, a U.S. holder of ADRs or Common Stock of Sony Corporation will be entitled to a credit for Japanese tax withheld in accordance with the Convention from dividends paid by Sony Corporation. For purposes of the foreign tax credit limitation, dividends will be foreign source income, but will constitute "passive" or "financial services" income.

Dividends paid by Sony Corporation to U.S. corporate holders of ADRs or Common Stock will not be eligible for the dividends-received deduction.

Documents on Display

It is possible to read and copy documents referred to in this annual report on Form 20-F that have been filed with the SEC at the SEC's public reference room located at 450 Fifth Street, NW, Washington, D.C. 20549. Please call the SEC at 1-800-SEC-0330 for further information on the public reference rooms and their copy charges.