	Average*	High	Low	Period-End
			(Yen)	
Yen Exchange Rates per U.S. dollar:				
Fiscal year ended March 31				
2006	113.15	120.93	104.41	117.78
2007	116.92	121.81	110.07	117.56
2008	114.31	124.09	96.88	99.85
2009	100.62	110.48	87.80	99.15
2010	**92.93**	**100.71**	**86.12**	**93.40**
2010				
January	—	93.31	89.41	90.38
February	—	91.94	88.84	88.84
March	—	93.40	88.43	93.40
April	—	94.51	92.03	94.24
May	—	94.68	89.89	90.81
June (through June 18)	—	**92.33**	**90.79**	**90.79**

The noon buying rate for yen in New York City as certified for customs purposes by the Federal Reserve Bank of New York on June 18, 2010 was 90.79 yen = 1 U.S. dollar.

* The average yen exchange rates represent average noon buying rates of all the business days during the respective year.

Capitalization and Indebtedness

Not Applicable

Reasons for the Offer and Use of Proceeds

Not Applicable

Risk Factors

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 effective from the fiscal year ended March 31, 2010. Pictures and Financial Services continue to be reportable segments. The equity earnings from Sony Ericsson are presented as a separate segment. For further details, please refer to “Item 5. Operating Results”.

Sony plans further modifications to its business segment classification to reflect the Company’s reorganization as of April 1, 2010. Sony expects to report its operating results in line with new business segments from the first quarter of the fiscal year ending March 31, 2011. Please note that the following Risk Factors section is based on the business segment classification that applies to the fiscal year ended March 31, 2010.

This section contains forward-looking statements that are subject to the Cautionary Statement appearing on page 2 of this annual report. Risks to Sony are also discussed elsewhere in this annual report, including without limitation in the other sections of this annual report referred to in the Cautionary Statement.

Sony must overcome increasingly intense competition, especially in the CPD and NPS segments.

Sony produces consumer products that compete against products sold by competitors, including new entrants, on the basis of several factors such as price and function. In order to produce products that appeal to changing and increasingly diverse consumer preferences, and to overcome the fact that a relatively high percentage of consumers already possess products similar to those that Sony offers, Sony must develop superior technology, anticipate consumer tastes and rapidly develop attractive products with competitive selling prices. Sony faces increasingly intense pricing pressure from competitors and retailer consolidation, and shorter product cycles in a variety of consumer product categories. Sony's operating results depend on Sony's ability to continue to efficiently develop and offer products at competitive prices that meet changing and increasingly diverse consumer preferences. If Sony is unable to effectively anticipate and counter the ongoing price erosion that frequently affects its products, or if the average selling prices of its products decrease faster than Sony is able to reduce its manufacturing costs, Sony's operating results and financial condition may be adversely impacted.

To remain competitive and stimulate customer demand, Sony must successfully manage frequent new product and service introductions and transitions.

Due to the highly volatile and competitive nature of the consumer electronics, network services and mobile communication industries, Sony must continually introduce new products, services and technologies, enhance existing products and services, and effectively stimulate customer demand for new and upgraded products and services in both mature and developing markets. The success of new product and service introductions depends on a number of factors, such as the timely and successful completion of development efforts, market acceptance, Sony's ability to manage the risks associated with new products and production ramp-up issues, the availability of application software for new products, the effective management of purchase commitments and inventory levels in line with anticipated product demand, the availability of products in appropriate quantities and costs to meet anticipated demand, and the risk that new products and services may have quality or other defects in the early stages of introduction. Recent examples of such new products and services include 3D televisions and other 3D-related businesses. In addition, new and upgraded products and services can affect the sales and profitability of existing products and services. Accordingly, if Sony cannot properly manage frequent new product and service introductions and transitions, Sony's operating results and financial condition may be adversely impacted.

Sony is subject to competition from firms that may be more specialized or have greater resources.

Sony has several business segments in different industries and has many product and service categories within the CPD, NPS and B2B & Disc segments, which cause it to face a broad range of existing and new competitors ranging from large multinational companies to highly specialized entities that focus on only a few businesses. As a result, Sony may not be able to fund or invest in certain areas of its businesses to the same degree as its competitors. Furthermore, these competitors may have greater financial, technical, and marketing resources available to them than those available to the businesses of Sony. In addition, the businesses within Sony's Financial Services segment may not be able to compete effectively, especially against established competitors with superior financial, marketing and other relevant resources. A failure to efficiently anticipate and respond to these established and new competitors may adversely impact Sony's operating results.

Sony's investments in research and development may not yield the results expected.

Sony's businesses operate in intensely competitive markets characterized by changing consumer preferences and rapid technological innovation. Due to advanced technological innovation and the relative ease of technology imitation, new products and services tend to become standardized more rapidly, leading to more intense competition and ongoing price erosion. In order to strengthen the competitiveness of its products in this environment, Sony continues to invest heavily in research and development. However, these investments may not yield the innovation or the results expected quickly enough, or competitors may lead Sony in technological innovation, hindering Sony's ability to commercialize, in a timely manner, new and competitive products and services that meet the needs of the market, which consequently may adversely impact Sony's operating results as well as its reputation.

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

Sony continued to implement restructuring initiatives in the fiscal year ended March 31, 2010 that focused on a review of the Sony Group's investment plan, the realignment of its manufacturing sites, the reallocation of its workforce, and headcount reductions. As a result of these restructuring initiatives, a total of 124.3 billion yen in restructuring charges, including 7.9 billion yen of non-cash charges related to depreciation associated with restructured assets, has been recorded in the fiscal year ended March 31, 2010. Sony anticipates recording approximately 80 billion yen of restructuring charges for the fiscal year ending March 31, 2011. Restructuring charges are recorded in cost of sales, selling, general and administrative expenses and loss (gain) on sale, disposal or impairment of assets, net and thus initially deteriorate Sony's operating income (loss) and net income (loss) attributable to Sony's stockholders. Sony will continue rationalizing its manufacturing operations, shifting and aggregating manufacturing to lower-cost countries and increasing the utilization of third-party original equipment and design manufacturers (OEMs and ODMs). In addition, as a part of its transformation efforts, since April 1, 2009 Sony established three horizontal platforms for (1) manufacturing, logistics, procurement and customer services, (2) R&D and common software development, and (3) global sales and marketing functions, and has been undertaking business process optimization to enhance profitability. Furthermore Sony has started developing a common procurement platform as well as consolidating its suppliers during the fiscal year ended March 31, 2010. In January 2010, Sony announced that it will outsource a part of the human resources and accounting operation services of Sony and certain of its subsidiaries in Japan from April 2010. Sony has and will become more reliant upon outsourcing services provided by external business partners.

Due to internal or external factors, projected growth, efficiencies and cost savings from the above-noted restructuring and transformation initiatives may not be realized as scheduled and, even if those benefits are realized, Sony may not be able to achieve the level of profitability expected due to the worsening of market conditions beyond expectations. Such possible internal factors may include, for example, changes in restructuring and transformation plans, an inability to implement the initiatives effectively with available resources, or delays in implementing the new business processes or strategies. Possible external factors may include, for example, increased burdens from regional labor regulations, labor union agreements and Japanese customary labor practices that may prevent Sony from executing its restructuring initiatives as planned. The inability to fully and successfully implement restructuring and transformation programs may adversely affect Sony's operating results and financial condition. Additionally, operating cash flows may be reduced as a result of the payment for restructuring charges.

Sony's acquisitions and joint ventures within strategic business areas may not be successful.

Sony actively engages in acquisitions, joint ventures and other strategic investments in order to acquire new technologies, efficiently develop new businesses, and enhance its competitiveness in businesses that were previously performed by divisions of Sony Corporation or its wholly-owned subsidiaries.

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

Sony currently has investments in several joint ventures, including Sony Ericsson and S-LCD. If Sony and its partners are unable to reach their common financial objectives successfully, Sony's operating results may be adversely affected. Sony's operating results may also be adversely affected in the short- and medium-term during the partnership, even though Sony and its partners remain on course to achieve their common financial objectives. In addition, by participating in joint ventures or other strategic investments, Sony may encounter conflicts of interest, may not maintain sufficient control over these relationships, including over cash flow, and may be faced with an increased risk of the loss of proprietary technology or know-how. Sony's reputation may be harmed by the actions or activities of a joint venture that uses the Sony brand. Sony may also be required to provide additional funding or debt guarantees to a joint venture, whether as a result of significant or persistent underperformance, or otherwise.

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

Sony continues to invest in production equipment in the CPD, NPS and B2B & Disc segments. Sony also invests in production-related joint ventures. One example is the investment Sony and Samsung Electronics Co., Ltd. ("Samsung") made in connection with 8th generation production capacity for amorphous thin film transistor ("TFT") LCD panel production, following investments in 7th generation production capacity at S-LCD, a joint venture of the two companies in Korea. As of March 31, 2010, the accumulated total amount of the investment in S-LCD by Sony and Samsung for 7th and 8th generation production capacity was approximately 400 billion yen (approximately 50 percent of which was contributed by Sony). If unforeseen market changes and corresponding decline in demand result in a mismatch between sales volume and anticipated production volumes, or if unit sales prices decline due to market oversupply, Sony may not be able to recover its capital expenditures or investments, in part or in full, or the recovery of these capital expenditures or investments may take longer than expected. As a result, the carrying value of the related assets may be subject to an impairment charge, which may adversely affect Sony's profitability.

Increased reliance on external business partners may increase financial, reputational and other risks to Sony.

With the increasing necessity of pursuing quick business development and high operating efficiency with limited managerial resources, Sony increasingly procures components (including LCD panels for televisions) and technologies (such as operating systems for PCs) from third-party suppliers. Reliance on third-party suppliers increases the possibility that Sony will be unable to prevent products from incorporating defective or inferior third-party technology or components. Products with such defects can adversely affect Sony's operating results and its reputation. Sony has also become more reliant upon the services of OEMs and ODMs in the CPD and NPS segments, particularly in the television business. If Sony cannot adequately manage these outsourcing relationships, Sony's production operations may be adversely affected. Sony may not be able to achieve target volume or quality levels, and may face a risk of the loss of proprietary technology or know-how. Sony also consigns activities including certain procurement, logistics, sales, data processing and other services, to the external business partners. Sony may be exposed if the external business partners do not comply with applicable laws or regulations, infringe third-party intellectual property rights, or if the external business partners become exposed to risks, such as accidents, natural disasters or bankruptcies.

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

In the CPD, NPS and B2B & Disc segments, Sony uses a large volume of parts and components, such as semiconductors and LCD panels, for its products. Market fluctuations in the availability and pricing of parts and components as well as energy prices, can adversely affect Sony's operating results. For instance, shortages of parts or components may result in sharply higher prices and an increase in the cost of goods sold. Additionally, the prices of parts or components fluctuate with the prices of underlying basic or raw materials, such as petrochemical products, cobalt and copper, which can also affect the cost of goods sold.

Sony places orders for parts and components and determines production and inventory plans in advance based on its forecast of consumer demand, which is highly volatile and difficult to predict. Inaccurate forecasts of consumer demand or inadequate management can lead to a shortage or excess of inventory, which can disrupt production plans and result in lost sales opportunities or inventory adjustments. Sony writes down the value of its inventory when the underlying parts, components or products have become obsolete, when inventory levels exceed the amount expected to be used, or when the value of the inventory is otherwise recorded at a value higher than net realizable value. In the past, for example, Sony has experienced a shortage of certain semiconductors and LCD panels, which resulted in Sony's inability to meet consumer demand for its PCs and audio visual products, as well as a surplus in certain semiconductors and LCD panels that resulted in inventory write-downs when the prices of these parts and components fell. Such lost sales opportunities or inventory adjustments have had and, if Sony is not successful in managing its inventory in the future, may have an adverse impact on Sony's operating results.

Sony's sales and profitability are sensitive to economic, employment and other trends in Sony's major markets.

Sony's sales and profitability are sensitive to economic, employment and other trends in each of the major markets in which Sony operates. As experienced beginning in the autumn of 2008, these markets may be subject to significant economic downturns, having an adverse impact on Sony's operating results and financial condition, and there is no guarantee that subsequent market recoveries will be broad based and sustained. In the fiscal year ended

March 31, 2010, 29.1 percent, 22.1 percent and 22.8 percent of Sony's sales and operating revenue were attributable to Japan, the U.S. and Europe, respectively. Additionally, Sony's operating results will be increasingly impacted in the coming years by Sony's ability to realize its growth goals in emerging markets such as Brazil, Russia, India and China.

Sony's operating results depend on the demand from consumers and commercial customers and the performance of retailers, wholesalers and distributors. An actual or expected deterioration of economic conditions in any of Sony's major markets may depress consumer confidence and result in an actual decline in consumption. Commercial customers and other business partners may experience deterioration in their own businesses mainly due to cash flow shortages, difficulty in obtaining financing and reduced end-user demand, resulting in reduced demand for Sony's products and services. Commercial customers' difficulty in meeting their obligations to Sony may also have an adverse impact on Sony's operating results and cash flows.

Sony's suppliers are also susceptible to similar conditions that may impact their ability to fulfill their contractual obligations and may adversely impact Sony's operating results if products and services cannot be obtained at competitive prices.

Global economic conditions may also impact Sony in other ways. For example, further restructuring charges, higher pension and other post-retirement benefit costs or funding requirements, additional asset impairment charges, among other factors, may adversely affect Sony's operating results, financial condition and cash flows.

Foreign exchange rate fluctuations can affect financial results because a large portion of Sony's sales and assets are denominated in currencies other than the yen.

Sony's consolidated statements of income are prepared from the local currency-denominated financial results of Sony Corporation's subsidiaries around the world, which are then translated into yen at the monthly average currency exchange rate. Sony's consolidated balance sheets are prepared using the local currency-denominated assets and liabilities of Sony Corporation's subsidiaries around the world, which are translated into yen at the market exchange rate at the end of each financial period. A large proportion of Sony's consolidated financial results, assets and liabilities is accounted for in currencies other than the Japanese yen. For example, only 29.1 percent of Sony's sales in the fiscal year ended March 31, 2010 were recorded in Japan. Accordingly, Sony's consolidated financial results and the assets and liabilities in Sony's businesses (excluding the Financial Services segment) that operate internationally may be materially affected by changes in the exchange rates of foreign currencies when translating into Japanese yen. Foreign exchange rate fluctuations may have a negative impact on Sony's operating results and financial condition in the future, especially if the yen strengthens significantly against the U.S. dollar, the euro or other foreign currencies.

Foreign exchange rate fluctuations can affect Sony's operating results due to sales and expenses in different currencies.

Exchange rate fluctuations affect Sony's operating profitability because many of Sony's products are sold in countries other than the ones in which they were developed and/or manufactured. For example, within the CPD segment, research and development and headquarters overhead costs are incurred mainly in yen, and manufacturing costs, including material costs, are mainly incurred in the U.S. dollar and yen. Sales are dispersed and recorded in Japanese yen, the U.S. dollar, euro, and local currencies of other regions. Since the currency in which sales are recorded may not be aligned with the currency in which the expenses are incurred, foreign exchange rate fluctuations, particularly fluctuations of the euro exchange rate against the yen and the U.S. dollar, may affect Sony's operating results. Mid- to long-term changes in exchange rate levels may interfere with Sony's global allocation of resources and hinder Sony's ability to engage in research and development, procurement, production, logistics, and sales activities in a manner that is profitable after the effect of such exchange rate changes.

Although Sony hedges most of the net short-term foreign currency exposure resulting from import and export transactions shortly before they are projected to occur, such hedging activity cannot entirely eliminate the risk of adverse short-term exchange rate fluctuations.

The significant volatility and disruption in the global financial markets or a ratings downgrade may adversely affect the availability and cost of Sony's funding.

The global financial markets may experience significant levels of volatility and disruption, generally putting downward pressure on financial and other asset prices and impacting credit availability. For example, such conditions were observed beginning in the autumn of 2008. Since then the central governments and the central banks of major global economies, including Japan, have created a number of programs to help stabilize financial markets and financial institutions and to maintain liquidity. These programs have improved conditions in these credit and financial markets, but there can be no assurance that these programs, individually or collectively, will continue to sustain beneficial effects on the markets overall, or that they will resolve the credit and liquidity issues. More recently, the volatility in the global financial markets has increased due in part to the Greek sovereign debt crisis in the spring of 2010.

Historically, Sony's primary sources of funds are cash flows from operations, offerings of commercial paper and other debt securities such as term debt as well as borrowings from banks and other institutional lenders. Although the commercial paper and term debt markets have continued to be available to Sony during the period of significant volatility and disruption that began in the autumn of 2008, there can be no assurance that such sources will continue to be available at acceptable terms. If such market disruption and volatility occur, Sony may seek to repay commercial paper and term debt as it becomes due, or to meet other liquidity needs by drawing upon contractually committed lending facilities primarily provided by global banks and/or seeking other sources of funding including, potentially, the sale of assets. There can be no assurance that under such extreme market conditions such alternate funding sources will be available or sufficient. Further, a failure of one or more of Sony's major lenders, or a decision by one or more of them to stop lending to Sony due to instability in the Japanese or global financial markets may have an adverse impact on Sony's access to funding from such sources. In turn, this could have a material adverse impact on Sony's operating results, financial condition and liquidity.

Similarly, fluctuations in foreign exchange markets and the global financial markets may affect foreign currency translation adjustments and pension liability adjustments, both of which are included in the accumulated other comprehensive income, a component of equity, and the impact of deterioration in equity may have an adverse effect on the assessment of Sony's credit ratings. A downgrade in Sony's credit ratings may result in an increase in Sony's cost of funding and may have an adverse impact on Sony's ability to access commercial paper or mid- to long- term debt markets, with a corresponding adverse effect on Sony's operating results, financial condition and liquidity.

Sony is subject to the risks of operations in different countries.

Most of Sony's activities are conducted outside of Japan, and these international operations bring challenges. For example, in the CPD, NPS and B2B & Disc segments, production and procurement of products and parts in Asian countries such as China are increasing, and this creates a risk that production and shipping of products and parts may be interrupted by a natural disaster or a pandemic in the region. In addition, production of electronics products in China and other Asian countries increases the time necessary to supply products to Europe and the U.S., which can make it more difficult to meet changing customer demand. Further, Sony may encounter difficulty in planning and managing operations due to unfavorable political or economic factors, such as cultural and religious conflicts, non-compliance with expected business conduct, changes in various regulations, trade policies and taxation laws, and a lack of adequate infrastructure. In particular, changes in regulations, trade policies and related taxation, including local content regulations, business or investment permit approvals, foreign exchange controls, import or export controls, and nationalization of assets or restrictions on the repatriation of returns from foreign investments in major markets and regions may affect Sony's operating results. A broad scale labor dispute or a change of labor regulations and policies may significantly change local labor environment. Such a condition in China and other Asian countries could cause interruption in production and shipping of Sony's products and parts, a sharp rise in local labor costs, or a shortage of well-trained workforce, which may adversely affect Sony's operating results. If the effects of international or domestic political and military instability or natural disasters disrupt Sony's business operations or depress consumer confidence in those regions, Sony's operating results and financial condition may be adversely affected.

In addition, as emerging markets are becoming increasingly important to its operations, Sony becomes more susceptible to the above-mentioned risks which may have an adverse impact on its operating results and financial condition.

Sony's success depends on the ability to recruit and retain skilled technical employees and management professionals.

In order to continuously develop, design, manufacture, market, and sell successful electronics products, including networked products as well as software, including game, video and music content, in increasingly competitive markets, Sony must attract and retain key personnel, including its executive team, other management professionals, and skilled employees such as hardware and software engineers. However, there is high demand for such skilled employees, and Sony may be unable to attract or retain qualified employees to keep up with future business needs. If this should happen, it may adversely affect Sony's operating results and financial condition.

The large-scale investment required during the development and introductory period of a new gaming platform may not be fully recovered.

Within Sony's game business, developing and providing products that maintain competitiveness over an extended life-cycle require large-scale investment relating to research and development, particularly during the development and introductory period of a new platform. In the past, large-scale investment relating to capital expenditures and research and development for the development and manufacture of key components, including semiconductors supplied for PlayStation®3 ("PS3"), was recorded within the CPD segment. Moreover, it is particularly important in the game business that these products are provided to consumers at competitive prices with compelling game software and network services to ensure favorable market penetration of the platform. Should the platform fail to achieve such favorable market penetration, there is a risk that this investment, or a part thereof, will not be recouped, resulting in a negative impact on Sony's profitability. In addition, even if the platform is ultimately successful and Sony is able to sufficiently recoup its investment, this may take longer than expected, resulting in a negative impact on Sony's profitability.

An example of a negative impact on profitability within the game business is PS3-related charges that in the past resulted in significant operating losses in the NPS segment. These losses arose mainly from the strategic pricing of PS3 hardware at points lower than its production cost.

Sony's consumer-use products are particularly sensitive to year-end holiday season demand.

Since Sony's game business offers a relatively small range of hardware products ,including PlayStation®2, PSP® (PlayStation®Portable), and PS3, and a significant portion of overall demand is weighted towards the year-end holiday season, factors such as changes in the competitive environment, changes in market conditions, delays in the release of highly anticipated software titles and insufficient supply of hardware during the year-end holiday season can adversely impact Sony's operating results. Sony's other consumer-use products are also dependent upon year-end holiday season demand and, to a lesser extent than the game business, are susceptible to weak sales as well as supply shortages that may prevent Sony from meeting demand for its products during this season.

The sales and profitability of Sony's game business depend on the penetration of its gaming platforms, including network services, which is sensitive to software line-ups, including software produced by third party developers and publishers.

In Sony's game business, the penetration of gaming platforms is a significant factor driving sales and profitability, which may be affected by the ability to provide customers with sufficient software line-ups, including software produced by third party developers and publishers and network services. Software line-ups and network services affect not only software sales and profitability, as in many other content businesses, but also affect the penetration of gaming platforms, which can affect hardware sales and profitability. There is no assurance that game software developers and publishers will continue to develop and release software regularly or at all, and discontinuance or delay of software development may adversely affect Sony's operating results.

Sony's content businesses, including the Pictures and Music segments and the game business, are subject to digital piracy and illegal downloading, which have become increasingly prevalent with the development of new technologies and the availability of broadband Internet connections.

The development and declining prices of digital technology along with the increased penetration and speed of broadband Internet connections and the availability of content in digital formats have created risks with respect to Sony's ability to protect the copyrighted content of the Pictures and Music segments and the game business from digital piracy and counterfeiting. In particular, advances in software and technology that enable the duplication, transfer or downloading of digital audio and video files from the Internet and other sources without authorization from the owners of the rights to such content threaten the conventional copyright-based business model by making it easier to create, transmit, and redistribute high quality, unauthorized audio and video files. These advances include, for example, digital devices such as hard disk drive video and audio recorders, CD, DVD, and Blu-ray Disc™ recorders, file compression algorithms, and peer-to-peer digital distribution services. The availability of unauthorized content contributes to a decrease in legitimate product sales and puts pressure on the price of legitimate product sales, which may adversely affect Sony's operating results. Sony has incurred and will continue to incur expenses to ensure adequate copyright protection, to develop new services for the authorized digital distribution of music, motion pictures, television programs and video games, and to combat unauthorized digital distribution of its copyrighted content. These initiatives will increase Sony's near-term expenses and may not achieve their intended result.

Operating results for Sony's Pictures segment vary according to worldwide consumer acceptance, production and marketing costs, timing of releases or syndication sales, and the availability of competing products and entertainment alternatives.

Operating results for motion picture releases and television productions within the Pictures segment can materially fluctuate depending primarily upon worldwide consumer acceptance of such productions, which is difficult to predict, as well as the timing of new motion picture releases and the syndication of television productions. Moreover, the Pictures segment must invest substantial amounts in motion picture and television productions before learning the extent to which these products will earn consumer acceptance. In addition, the commercial success of Sony's Pictures segment's motion picture and television productions depends upon consumer acceptance of other competing products released at or near the same time, and the availability of alternative forms of entertainment and leisure activities, including many new options such as social networking sites, that have been enabled by technological advancements. Given the limited number of motion pictures released during any period, the underperformance of an "event" or "tent-pole" motion picture that generally has higher production and marketing costs than other films may have an adverse impact on operating results of Sony's Pictures segment.

Operating results of Sony's Pictures segment may be adversely affected by changes in advertising markets, or by the failure to renew, or renewal on less favorable terms of, carriage contracts.

The Pictures segment's television operations, including its global channel network, derive a significant portion of sales from the sale of advertising. As the advertising market is particularly sensitive to changes in the global economy, the operating results of Sony's Pictures segment may be adversely affected by future economic downturns The Pictures segment also recognizes sales from the licensing of its image-based software, including its motion picture and television content, to the U.S. and international television networks, where a decline in the networks' ability to generate advertising and subscription revenues may adversely impact the license fees paid by these networks to the Pictures segment. The Pictures segment also depends on third party cable, satellite and other distribution systems to distribute its global channel network. The failure to renew, or renewal on less favorable terms of, carriage contracts (broadcasting agreements) with these third-party distributors may adversely affect the Pictures segment's ability to generate advertising and subscription sales through its global channel network.

Sony's Pictures segment is subject to labor interruption.

The Pictures segment is dependent upon highly specialized union members, including writers, directors, actors and other talent, and trade and technical employees, who are covered by union contracts and are essential to the development and production of motion pictures and television programs. A strike by one or more of these unions or the possibility of a strike, work slowdown or work stoppage caused by uncertainties about, or the inability to reach agreement on, a new contract could delay or halt production activities. Such a delay or halt, depending on the length of time involved, could cause a delay or interruption in the release of new motion pictures and television programs and thereby may adversely affect operating results and cash flows in the Pictures segment. An inability to reach agreement on one or more of these union contracts may also increase costs within Sony's Pictures segment and have an adverse effect on operating results.

Continued increases in the costs of producing or acquiring entertainment content, the continuing decline in physical CD and DVD sales, rapid changes in technology, and other changes in the business environment may adversely affect operating results in Sony's Music and Pictures segments.

The success of Sony's Music segment is highly dependent on finding and establishing artists that appeal to customers over the long term. If the Music segment is unable to find and establish new talented artists, its operating results may be adversely affected. Competition with other entertainment companies to identify, sign and retain such talent is intense as is the competition to sell their music, resulting in increased talent-related spending and higher marketing and promotional costs. In the Pictures segment, high demand for top talent has contributed to increases in the cost of producing motion pictures and television programs which, along with the continued increase in marketing costs, may adversely impact the segment's operating results. The Pictures segment also acquires motion picture and television product for distribution in all markets, including theatrical, home entertainment, television, and other markets, and as programming for the Pictures segment's global channel network. Competition with other entertainment companies to acquire premier motion picture and television product is intense, and results in increased acquisition-related spending which may adversely affect the Pictures segment's operating results.

In addition to escalating costs to produce or acquire content, a rapid change in technology, the adoption of new technology by consumers and other changes in the business environment of the Music and Pictures segments have had and may continue to have an adverse impact on operating results of both segments. Industry-wide trends such as the deteriorating financial condition of major retailers and increased competition for retailer shelf space, increasing competition for consumer discretionary spending and leisure time, digital piracy, and the general maturation of CD and DVD formats have contributed to and may continue to contribute to an industry-wide decline in physical CD and DVD sales worldwide. While new models for selling entertainment content have begun to emerge, such as Blu-ray Disc, kiosk and mail order rentals, legal digital download and streaming and distribution of entertainment content on mobile phones, these revenue streams have not been sufficient to offset the decline in physical CD and DVD sales that have affected and may continue to affect the operating results of Sony's Music and Pictures segments.

Sony may not be successful in implementing its hardware, software and content integration strategy.

Sony believes that utilizing broadband networks to facilitate the integration of hardware, software and content is essential for differentiating itself in the marketplace. Sony also believes that this strategy will eventually lead to more consistent revenue streams. However, this strategy depends on the development (both inside and outside of Sony) of certain network technologies, coordination among Sony's various business units, and the standardization of technological and interface specifications across business units and within industries. Furthermore, in such a competitive business environment, which continuously changes with new entrants, it is critical for Sony to continuously introduce hardware terminals, network connectivity and user interface technologies that are innovative and attractive to consumers, as well as rich line-ups of content and network services that match with consumer needs, at competitive prices and fee models. One recent example of this integration strategy is the introduction of 3D-related products and services as well as network-related business development. If Sony is not successful in implementing this strategy, it may adversely affect Sony's reputation, competitiveness and profitability.

Sony's online activities are subject to laws and regulations that can increase the costs of operations or limit its activities.

Sony engages in a wide array of online activities, including entertainment network services, financial services, and sales and marketing of electronics products, and is thus subject to a broad range of related laws and regulations including, for example, those relating to such issues as privacy, consumer protection, data retention and data protection, content regulation, defamation, age verification and other online child protections, the installation of "cookies" (software that allows website providers to target online audiences and track their performance metrics) or other software on the end-user's computers or other devices, pricing, advertising to both children and adults, taxation, copyright and trademark, promotions, and billing. The application of such laws and regulations created to address online activities, and those passed prior to the popular use of the Internet that may be applied to online activities, varies among jurisdictions, may be unclear or unsettled in many instances, and is subject to change. Sony may incur substantial costs necessary to comply with these laws and regulations and may incur substantial penalties, other liabilities, or damage to its reputation if it fails to comply with them. Compliance with these laws and regulations also may cause Sony to change or limit its online activities in a manner that may adversely affect operating results. In addition, Sony's failure to anticipate changes to relevant laws and regulations, changes in laws that provide protections that Sony relies on in conducting its online activities, or judicial interpretations narrowing such protections, may subject Sony to greater risk of liability, increase the costs of compliance, or limit Sony's ability to engage in certain online activities.

Sony's Financial Services segment operates in highly regulated industries, and new rules, regulations and regulatory initiatives by government authorities may adversely affect the flexibility and the operating results of the Financial Services segment.

Sony's Financial Services segment operates in industries subject to comprehensive regulation and supervision, including the Japanese insurance and banking industries. Future developments or changes in laws, regulations, or policies and their effects are unpredictable and may lead to increased compliance costs or limitations on operations in the Financial Services segment. For example, Japan's Financial Services Agency ("FSA") has been increasing the level of its scrutiny of non-payment of insurance claims for the last few years, as life and non-life insurance companies broaden insurance benefits coverage. Due to Sony's common branding strategy, compliance failures in any of its businesses within Sony's Financial Services segment may have a negative impact on the overall business reputation of the Financial Services segment. Furthermore, additional compliance costs may adversely affect the operating results of Sony's Financial Services segment.

Declines in the value of equity securities may have an adverse impact on the operating results and financial condition of Sony's Financial Services segment.

In the Financial Services segment, Sony Life Insurance Co., Ltd. ("Sony Life") holds both convertible bonds and equity securities. The convertible bonds are required to be marked to market at the end of each accounting period on the income statement under accounting principles generally accepted in the United States of America ("US GAAP"). Declines in equity prices, such as the large fluctuation in global equity prices beginning in the autumn of 2008, may result in valuation losses on the convertible bonds as well as impairment losses on the equity securities held by Sony Life. In addition, reductions in gains on the sales of securities or unrealized gains on securities may adversely affect the operating results and financial condition of Sony's Financial Services segment. Declines in the yield of Sony Life's separate account assets may result in additional policy reserves being recorded and the accelerated amortization of deferred acquisition costs, since US GAAP requires the review of actuarial assumptions used for the valuation of policy reserves concerning minimum death guarantees for variable life insurance and the amortization of deferred acquisition costs. Additional policy reserves and accelerated amortization of deferred acquisition costs may have an adverse impact on Sony's operating results.

Changes in interest rates may significantly affect the operating results and financial condition of Sony's Financial Services segment.

Sony engages in asset liability management ("ALM") in an effort to manage the investment assets within the Financial Services segment in a manner appropriate to Sony's liabilities, which arise from the insurance policies

Sony underwrites in both its life insurance and non-life insurance businesses and the deposits, borrowings and other liabilities in its banking business. ALM considers the long-term balance between assets and liabilities in an effort to ensure stable returns. Any failure to appropriately conduct Sony’s ALM activities, or any significant changes in market conditions beyond what Sony’s ALM may reasonably address, may have a material adverse effect on the financial condition and operating results of its Financial Services segment. In particular, because Sony Life’s liabilities to policyholders generally have longer durations than its investment assets, lower interest rates tend to reduce yields on Sony Life’s investment portfolio while guaranteed yields (assumptions used for calculation of policy reserve provisions) remain generally unchanged on outstanding policies. As a result, Sony Life’s profitability and long-term ability to meet policy commitments may be adversely affected.

The investment portfolio within Sony’s Financial Services segment exposes Sony to a number of additional risks other than the risks related to declines in the value of equity securities and changes in interest rates.

In Sony’s Financial Services segment, generating stable investment income is important to its operations, and Sony invests in a variety of asset classes, including Japanese government and corporate bonds, foreign government and corporate bonds, Japanese stocks, loans and real estate. In addition to risks related to changes in interest rates and the value of equity securities, the Financial Services segment’s investment portfolio exposes Sony to a variety of other risks, including foreign exchange risk, credit risk and real estate investment risk, any or all of which may have an adverse effect on the operating results and financial condition of the Financial Services segment. For example, mortgage loans account for 94.6 percent of the total loan balance or 34.4 percent of the total assets of Sony Bank Inc. (“Sony Bank”) as of March 31, 2010. An increase in non-performing loans or a decline in the prices of real estate, the collateral for these mortgage loans provided by Sony Bank, may have an adverse effect on the creditworthiness of Sony Bank’s loan portfolio and increase credit-related costs for Sony Bank.

Differences between actual and assumed policy benefits and claims may require Sony’s Financial Services segment to increase policy reserves in the future.

Sony’s life insurance and non-life insurance businesses establish policy reserves for future benefits and claims based on the Insurance Business Act of Japan and related regulations. These reserves are calculated based on many assumptions and estimates, including the frequency and timing of the event covered by the policy, the amount of benefits or claims to be paid and the investment returns on the assets these businesses purchase with the premiums received. These assumptions and estimates are inherently uncertain, and Sony cannot determine with precision the ultimate amounts that Sony will be required to pay for, or the timing of payment of, actual benefits and claims or whether the assets supporting the policy liabilities will grow at the level Sony assumes prior to the payment of benefits or claims. The frequency and timing of an event covered by a policy and the amount of benefits or claims to be paid are subject to a number of risks and uncertainties, many of which are outside of Sony’s control, including:

- changes in trends underlying Sony’s assumptions and estimates, such as mortality and morbidity rates;
- the availability of sufficient reliable data and Sony’s ability to correctly analyze the data;
- Sony’s selection and application of appropriate pricing and rating techniques; and
- changes in legal standards, claim settlement practices and medical care expenses.

If the actual experience of Sony’s insurance businesses becomes significantly less favorable than its assumptions or estimates, its policy reserves may be inadequate. Any changes in regulatory guidelines or standards with respect to the required level of policy reserves may also require that Sony establishes policy reserves based on more stringent assumptions, estimates or actuarial calculations. Such events may result in a need to increase provisions for policy reserves, which may have a significant adverse effect on the operating results and financial condition of the Financial Services segment. Furthermore, actual insurance claims that are higher than the estimated provision for policy reserves due to the occurrence of catastrophic events such as earthquakes or pandemic diseases in Japan may have an adverse effect on the operating results and financial condition of the Financial Services segment.

Sony's physical facilities and information systems are subject to damage as a result of catastrophic disasters, outages, malfeasance or similar events.

Sony's headquarters, some of Sony's major data centers and many of Sony's most advanced device manufacturing facilities, including those for semiconductors, are located in Japan, where the risk of earthquakes is relatively high compared to other parts of the world. In addition, Sony's offices and facilities, including those used for research and development, material procurement, manufacturing, motion picture and television program production, logistics, sales and services are located throughout the world and are subject to possible destruction, temporary stoppage or disruption as a result of any number of unexpected catastrophic events such as natural disasters, pandemic diseases, terrorist attacks, large-scale power outages and large-scale fires. If any of these facilities or offices were to experience a significant loss as a result of any of the above events, it may disrupt Sony's operations, delay production, interrupt shipments and postpone the recording of sales, and result in large expenses to repair or replace these facilities or offices. Moreover, as network and information systems have become increasingly important to Sony's operating activities, network and information system shutdowns caused by the above and other unforeseen events such as software or hardware defects, computer viruses and computer hacking pose increasing risks. Although Sony is developing counter-measures, such events may result in the disruption of Sony's major business operations, delays in production, shipments and recognition of sales, and large expenditures necessary to repair or replace such facilities as well as network information systems. Furthermore, insurance coverage may be insufficient to cover the resulting expenditures. These situations may have an adverse impact on Sony's operating results and financial condition.

Sony's reputation and business may be harmed and Sony may be subject to legal claims if there is loss, disclosure or misappropriation of its customers' personal information or other breaches of its information security.

Sony makes extensive use of online services and centralized data processing, including through third-party service providers. The secure maintenance and transmission of confidential information is a critical element of Sony's operations. However, Sony's customers' personal information may be lost, disclosed or taken without the customers' consent. In addition, Sony's information technology and other systems, or those of service providers or business partners, may be compromised. If Sony were to lose customers' personal information, or if a malicious third party were to penetrate the network security of Sony, its business partners or service providers and to misappropriate or acquire customers' personal information, or if there were an advertent or inadvertent loss, disclosure or misappropriation of customers' personal information by Sony employees, Sony's reputation may be damaged and Sony may be subject to lawsuits or claims.

Any loss, disclosure or misappropriation of customers' personal information or other breach of its information security may have a serious impact on Sony's reputation and may have an adverse effect on its businesses and operating results.

Sony's business may suffer as a result of adverse outcomes of current or future litigation and regulatory actions.

Sony faces the risk of litigation and regulatory proceedings in connection with its operations. Legal proceedings, including regulatory actions, may seek recovery of very large indeterminate amounts or to limit Sony's operations, and the possibility that they may arise and their magnitude may remain unknown for substantial periods of time. For example, legal proceedings, including regulatory actions, may result from antitrust scrutiny of market practices for anti-competitive conduct. A substantial legal liability or adverse regulatory outcome and the substantial cost to defend the litigation or regulatory proceedings may have an adverse effect on Sony's business, operating results, financial condition, cash flows and reputation.

Sony is subject to financial and reputational risks due to product quality and liability issues.

Sony products, such as software and electronic devices including semiconductors are becoming increasingly sophisticated and complicated as rapid advancements in technologies occur and as demand increases for digital equipment. This trend may increase product quality and liability exposure. Sony's efforts to manage the rapid advancements in technologies and increased demand as well as to control product quality may not be successful. As a result, Sony may incur expenses in connection with, for example, product recalls, after-sales services and lawsuits, and Sony's brand image and reputation as a producer of high-quality products may suffer. These issues are not only relevant to the final Sony products that are sold directly to customers but also to the final products of other companies that are equipped with Sony's components, such as the semiconductors mentioned above.

Sony's operating results and financial condition may be adversely affected by its employee benefit obligations.

Sony recognizes the unfunded pension obligation as consisting of (i) the Projected Benefit Obligation ("PBO") less (ii) the fair value of pension plan assets in accordance with the accounting guidance for defined benefit plans. Actuarial gains and losses are amortized and included in pension expenses in a systematic manner over employees' average remaining service periods. Any decrease of the pension plan asset value due to low returns from investments or increases in the PBO due to a lower discount rate, increases in rates of compensation and changes in certain other actuarial assumptions may increase the unfunded pension obligations and may result in an increase in pension expenses recorded as cost of sales or as a selling, general and administrative expense.

Sony's operating results and financial condition may be adversely affected by the status of its Japanese and foreign pension plans. Specifically, adverse equity market conditions and volatility in the credit markets may have an unfavorable impact on the value of Sony's pension plan assets and its future estimated pension liabilities, the majority of which relate to the Japanese plans, which have approximately 30 percent of pension plan assets invested in equity securities. As a result, Sony's operating results or financial condition could be adversely affected. Further, Sony's operating results and financial condition could be adversely affected by future pension funding requirements pursuant to the Japanese Defined Benefit Corporate Pension Plan Act ("Act"). Under the Act, Sony is required to meet certain financial criteria including periodic actuarial revaluation and annual settlement of gains or losses of the plan. In the event that the actuarial reserve required by law exceeds the fair value of pension plan assets and that the fair value of pension assets may not be recovered within a certain moratorium period permitted by laws and/or special legislative decree, Sony may be required to make an additional contribution to the plan, which may reduce cash flows. Similarly, if Sony is required to make an additional contribution to a foreign plan to meet any funding requirements in accordance with local laws and regulations in each country, Sony's cash flows might be adversely affected. If Sony is required to increase cash contributions to its pension plans when actuarial assumptions, such as an expected long-term rate of return of the pension plan assets, are updated for purposes of determining statutory contributions, it might become a negative factor on Sony's cash flow for a considerable number of years.

Sony may not be able to fully utilize its deferred tax assets and changes in Sony's tax rates or exposure to additional tax liabilities could adversely affect its operating results and financial condition.

Sony is subject to income taxes in Japan and numerous other jurisdictions, and in the ordinary course of Sony's business, there are many situations where the ultimate tax determination can be uncertain, sometimes for an extended period. The calculation of Sony's tax provision and the carrying value of tax assets and liabilities requires significant judgment and the use of estimates.

Sony currently believes that its deferred tax assets, a significant component of which is net operating loss carryforwards, are more likely than not to be realized (except where a valuation allowance has been recorded) through sufficient future taxable income coupled with prudent and feasible tax planning strategies. However, some of these deferred tax assets could expire unused or not be realizable if Sony is unable to implement tax planning strategies or generate sufficient taxable income in the future (from operations and/or tax planning strategies) to utilize them, or if Sony enters into transactions that limit its legal ability to use them. If it becomes more likely than not that Sony's deferred tax assets will expire unused and are not available to offset future taxable income, or otherwise will not be realizable, Sony will have to recognize an additional valuation allowance. This may increase Sony's income tax expense or result in Sony's forgoing any associated cash tax reduction available in future periods. Therefore, Sony's earnings and financial condition would be adversely affected in the period or periods in which an additional valuation allowance is recorded or deferred tax assets expire unused.

A key factor in the evaluation of the deferred tax assets and the valuation allowance is the determination of the uncertain tax positions related to the adjustments for Sony’s intercompany transfer pricing. Sony is subject to income taxes in Japan and numerous other jurisdictions, and in the ordinary course of Sony’s business there are many transactions including intercompany charges where the ultimate tax determination is uncertain. Sony is subject to continuous examination of its income tax returns by tax authorities and, as a result, Sony regularly assesses the likelihood of the adverse outcomes resulting from these examinations to determine the adequacy of its provision for income taxes. Significant judgment is required in making these assessments and, as additional evidence becomes available in subsequent periods, the ultimate outcomes for Sony’s uncertain tax positions and, accordingly, its valuation allowance assessments may potentially have an adverse impact on Sony’s future earnings and financial condition.

In addition to the above, Sony’s future effective tax rates may be unfavorably affected by changes in both the statutory rates and the mix of earnings in countries with differing statutory rates or by other factors such as changes in tax laws and regulations or their interpretation.

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

Sony has a significant amount of goodwill, intangible assets and other long-lived assets, and lower than anticipated future financial performance or changes in estimates and assumptions, which in many cases require significant judgments, could result in impairment charges. Sony tests goodwill and intangible assets that are determined to have an indefinite life for impairment during the fourth quarter of each fiscal year, and assesses whether factors or indicators, such as unfavorable variances from established business plans, significant changes in forecasted results or volatility inherent to external markets and industries, become apparent that would require an interim test. The recoverability of the carrying value of long-lived assets held and used and long-lived assets to be disposed of is reviewed whenever events or changes in circumstances indicate that the carrying value of the assets or asset groups may not be recoverable. Long-lived assets to be held and used are reviewed for impairment by comparing the carrying value of the asset or asset group with their estimated undiscounted future cash flows. If the carrying value of the asset or asset group is considered impaired, an impairment charge is recorded for the amount by which the carrying value of the asset or asset group exceeds its fair value.

When determining whether an impairment has occurred or calculating such impairment for goodwill, an intangible asset or other long-lived asset, fair value is determined using the present value of estimated cash flows or comparable market values. This approach uses significant estimates and assumptions including projected future cash flows, the timing of such cash flows, discount rates reflecting the risk inherent in future cash flows, perpetual growth rates, determination of appropriate comparable entities and the determination of whether a premium or discount should be applied to comparables. Changes in estimates and/or revised assumptions impacting the present value of estimated future cash flows may result in a decrease in fair value of a reporting unit, where goodwill is tested for impairment, or a decrease in fair value of intangible assets, long-lived assets or asset groups. The decrease in fair value could result in a non-cash impairment charge. For example, in the fiscal year ended March 31, 2010, Sony recorded impairment charges of 53.3 billion yen related to long-lived assets, including a 27.1 billion yen impairment charge related to the LCD TV asset group which primarily reflected a decrease in the estimated fair value of long-lived assets as a result of decreases in estimated service periods and corresponding estimated future cash flows. Any such charge may adversely affect Sony’s operating results and financial condition.

Sony may be accused of infringing others’ intellectual property rights and be liable for significant damages.

Sony’s products incorporate a wide variety of technologies. Claims have been and may be asserted against Sony that such technology infringes the intellectual property owned by others. Such claims might require Sony to enter into settlement or license agreements, to pay significant damage awards, and/or to face a temporary or permanent injunction prohibiting Sony from marketing or selling certain of its products, which may have an adverse effect on Sony’s business, operating results, financial condition and reputation.

Sony may not be able to continue to obtain necessary licenses for certain intellectual property rights of others or protect and enforce the intellectual property rights on which its business depends.

Many of Sony's products are designed under the license of patents and other intellectual property rights owned by third parties. Based upon past experience and industry practice, Sony believes that it will be able to obtain or renew licenses relating to various intellectual properties useful in its business that it needs in the future; however, such licenses may not be available at all or on acceptable terms, and Sony may need to redesign or discontinue marketing or selling such products as a result. Additionally, Sony's intellectual property rights may be challenged or invalidated, or such intellectual property rights may not be sufficient to provide Sony with competitive advantages. Such events may adversely impact Sony's operating results and financial condition.

Sony is subject to environmental and occupational health and safety regulations that can increase the costs of operations or limit its activities.

Sony is subject to a broad range of environmental and occupational health and safety laws and regulations, including laws and regulations relating to air pollution, water pollution, the management, elimination or reduction of the use of hazardous substances, decreases in the level of standby power of certain products, waste management, recycling of products, batteries and packaging materials, site remediation and worker and consumer health and safety. These regulations or the application of these regulations may become more stringent or additional regulations may be adopted in the future, which may cause Sony to incur additional compliance costs or limit Sony's activities. Further, a failure to comply with applicable environmental or health and safety laws may result in fines, penalties, legal judgments or other costs or remediation obligations. Such a finding of non-compliance may adversely affect Sony's reputation and financial performance.

Sony monitors and evaluates new environmental and health and safety requirements that may affect its operations. For example, Sony is required to comply with a number of environmental regulations enacted by the EU such as the Restriction of Hazardous Substances ("RoHS") Directive, the Waste Electrical and Electronic Equipment ("WEEE") Directive, and the Registration, Evaluation, Authorization and Restriction of Chemicals ("REACH") regulation. Similar regulations are being formulated in other parts of the world, including China and South American countries. Sony may incur substantial costs in complying with the above-mentioned regulations and other similar programs that might be enacted in the future.

Sony sees issues related to climate change as a potential risk if Sony does not respond or undertake environmental activities appropriately. Sony recognizes that climate change issues may possibly lead to an increase in or additional costs due to new regulations or governmental policies including carbon disclosure, green house gas emission reduction, carbon taxes and energy efficiency for electronics products. Moreover, a regulation for cargo owners to exert efforts to rationally control energy consumption and CO_2 emission from their logistics has already been introduced in Japan, and other countries may introduce similar regulations in the near future. In addition, the "cap and trade" system on emissions (such as the City of Tokyo's "Obligation to Reduce Absolute Green House Gas Emissions and Emissions Trading System") may be applied to its sites and lead to an increase in the cost of compliance. In the near future, similar cap and trade systems may be established in other regions or countries in the world, which may result in an increase in Sony's cost of compliance. Additionally, in the event that Sony is unable to respond appropriately to consumers' growing concern for climate change issues, there is a risk that Sony's reputation may be harmed and that consumers may choose to purchase products from other companies.

Holders of American Depositary Shares have fewer rights than shareholders and may not be able to enforce judgments based on U.S. securities laws.

The rights of shareholders under Japanese law to take actions, including voting their shares, receiving dividends and distributions, bringing derivative actions, examining Sony's accounting books and records, and exercising appraisal rights are available only to shareholders of record. Because the depositary, through its custodian agents, is the record holder of the shares underlying the American Depositary Shares ("ADSs"), only the depositary can exercise those rights in connection with the deposited shares. The depositary will make efforts to vote the shares underlying ADSs in accordance with the instructions of ADS holders and will pay the dividends and