Sony Corporation: Reinventing Itself to Rediscover the Technological Edge

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Boldly emblazoned across the first page of Sony’s 2012 annual report is the phrase “Sony Will Change.” A company that was once considered the premier creator and manufacturer of electronic products, Sony has seen losses in its electronics division for close to a decade, culminating in a management overhaul and new strategic direction for the company announced in 2012.

Under the leadership of Kazuo Hirai, Sony hopes to return to profitability. The new strategic initiatives dubbed “One Sony” are intended to refocus the company on its core competencies while realigning the struggling electronics division. Sony intends to carry out the initiatives through a revamped management structure that the company hopes will bring synergies across its many platforms and increase efficiencies. However, Sony faces fierce competition and other external factors that present challenging problems for the multinational conglomerate.

**HISTORY AND EVOLUTION OF SONY CORPORATION**

Sony Corporation, commonly referred to as Sony, is a Japanese entertainment and media conglomerate corporation. As of August 2012, Sony Group is comprised of three main businesses: Electronics, Entertainment and Financial services.1 The electronics business is focused on AV/IT products and components and PlayStation, the entertainment primarily focuses on motion pictures and music, and the financial services division is built around the insurance and banking sectors.2

The global conglomerate, which employed 162,700 people in 2012, had humble beginnings in a post World War II department store.3 In 1946, Masaru Ibuka started Sony with $530 in capital and eight employees on the third floor of a department store.4 The company initially repaired radios and made shortwave converters and adapters for a nation hungry for news from around the world. Ibuka was subsequently joined by his friend Akio Morita, and together they established a facility called "Tokyo Tsushin Kenkyujo" (Totsuken), or "Tokyo Telecommunications Research Institute."5 In 1956, the company needed a Romanized name to use in American markets that would be easier to remember and pronounce.6 The Sony name was created by combining “SONUS,” the Latin word for sound, with “SONNY,” denoting small size or a youthful boy.

Over the next three decades, Sony launched Japan’s first transistor radio, the world’s first portable TV, Japan’s first tape recorder, the first consumer-use still camera, and established a reputation for technical innovation and revolutionary consumer electronic products. In 1961, Sony became the first Japanese company to offer shares in the United States as ADRs on the OTC market of NYSE.7 Over the coming decades, Sony established its presence across the globe as Sony Corporation of America (SONAM) (1960), Sony Corporation of Hong Kong Ltd. (1962), Sony (UK) Ltd. (1968), Sony Deutschland G.m.b.H in Germany (1970), Hispano Sony in Barcelona- Spain (1973), Sony France S.A. in Paris France (1973), Sony Europe G.m.b.H (1986) and finally Sony China in 1996.8

**Company Vision and Mission**

Due to its diversified business portfolio, each business division in Sony has its own mission statement based on its organizational structure. However, being true to its simple roots, the over
arching mission statement of the Sony Corporation is simple and to the point. Sony intends “to become the leading global provider of networked consumer electronics, entertainment and services.” In the founding prospectus, written by Masaru Ibuka in 1946, he wrote of his wish to build a company whose employees gained satisfaction and pleasure from their work and his desire to create a fun, dynamic workplace. The mission and vision of Sony’s core electronics division are below:

**Vision**

“To create exciting new digital entertainment experiences for consumers by bringing together cutting-edge products with latest generation content and services.”

**Mission**

“Sony is committed to developing a wide range of innovative products and multimedia services that challenge the way consumers access and enjoy digital entertainment. By ensuring synergy between businesses within the organization, Sony is constantly striving to create exciting new worlds of entertainment that can be experienced on a variety of different products.”

**Evolution of Strategy**

The evolution of Sony’s strategy is a direct reflection of the person responsible for the organization’s development and mission – namely, its CEO. In 1971, Masaru Ibuka, the co-founder of Sony, handed the position of the president to his co-founder, Akio Morita. Morita led Sony Corporation until 1989. It was during his term that Sony achieved international recognition for its consumer electronics products. Morita’s successor was Norio Ogha, who assumed presidency in 1982. Ogha came up through the ranks of the tape recorder division and was primarily responsible for moving Sony into media entertainment. During Ogha’s tenure, Sony purchased CBS records and Columbia pictures.

In 1995, Ogha selected Nobuyuki Idei as President and Co-CEO, after assuming the title of Chairman and CEO. Idei’s background was in international marketing, where he held several positions in Europe and Japan as a Global Manager. It was under Idei’s leadership that Sony embraced the principle that digital communications must be at the center of Sony’s competitive business strategy.

In 2005, Howard Stringer replaced Idei as CEO, becoming the first foreigner to run a major Japanese electronics firm. Stringer aimed to revitalize the struggling media business by encouraging blockbusters. Under his stewardship, Sony attempted to sell off some peripheral businesses and focus on its core competency in electronics. In its attempt to provide a unified brand, Sony introduced the slogan “Make Believe” in 2009.

In 2012, Kazuo Hirai began as CEO and president. Hirai hopes to turn around Sony’s struggling electronics business by leading a corporate reorganization under the name of “One Sony.”
Evolution of Divisions, Joint Ventures and Acquisitions

In 1968, CBS/Sony Records Inc. was formed through a 50-50 joint venture with CBS Inc. Over the next couple of years it was restructured and renamed many times until it became a wholly owned Sony subsidiary in January 1988. This paved the way for the birth of Sony Music Entertainment Inc. in 1991. Sony established Sony BMG Music entertainment in August 2004, which in 2008 became a wholly owned subsidiary of Sony Corporation of America.\textsuperscript{17}

In 1989, Sony acquired Columbia Pictures Entertainment, Inc. and renamed it Sony Pictures Entertainment Inc. in 1991. A consortium, led by Sony, completed the acquisition of Metro-Goldwyn-Mayer in 2005 to further bolster the growth of Sony’s entertainment business.\textsuperscript{18}

Sony’s finance division began as Sony Prudential Life Insurance Co. Ltd. in 1979 through a 50-50 joint venture with Prudential Insurance Co. of America. It was renamed Sony Life Insurance Co. Ltd. in 1991.\textsuperscript{19} Subsequently, Sony Bank was established in Japan in 2001 and Sony Financial Holdings Inc. in 2004.

In the electronics segment, Sony absorbed AIWA by merger in 2002 to enhance the corporate value for the Sony Group.\textsuperscript{20} Unlike other Sony business divisions which have grown through mergers, joint ventures, and acquisitions, the Sony Electronics segment expanded by being the leader in innovation and technology. Sony Electronics has a list of firsts to its credit, including the first transistor radio in Japan in 1955, the world’s first television with Google TV platform, and the world’s first digital still camera with full HD progressive video (Cyber-shot\textsuperscript{TM}). In 2009, Sony entered a joint venture with Sharp to produce and sell large-sized LCD panels and modules. However, the joint venture was a failure as a result of contract disputes.\textsuperscript{21}

SONY CORPORATION IN EARLY 2012

Management and Governance Structure

The Sony management team is made of key executives who are responsible for the past successes of Sony. Sony’s culture places a high premium on consensus building and longevity, and the current management team has broad industry experience. The current CEO, Kazuo Hirai, has extensive experience from his work in the Playstation\textsuperscript{®} and networked entertainment businesses. The Sony board of directors is comprised of select members of the executive management committee and non-employee veterans with vast industry experience. Key employees and board of directors are detailed in Exhibit 1.

Sony Financial Problems

Sony has been struggling financially. The company’s sales and income have been declining in the last few years. In 2012, Sony reported operating revenues of ¥6.5 trillion, with an operating loss of ¥67.3 billion and a net loss of ¥456.7 billion. Sony increased capital expenditures in 2012 to ¥295.1 billion, an increase from ¥204.9 billion in 2011 and ¥192.7 billion in 2010. Sony increased R&D expenditures in 2012 to ¥433.5 billion, a slight increase from ¥426.8 billion in 2011.\textsuperscript{22}
Sony reported that losses resulted primarily from the negative impact of fluctuating foreign exchange rates, the Great East Japan Earthquake, and the floods in Thailand in 2011. A net loss of ¥456.7 billion attributable to equity holders was recorded due to non-cash tax expenses for valuation allowances. Sony financial statements are found in Exhibits 2-4.

Sony Divisions

As of early 2012, Sony was organized into three primary divisions: (1) Sony Electronics, (2) Sony Entertainment, and (3) Sony Financial Services. Sony shares common platforms, including Global Sales & Marketing, Corporate R&D, and Manufacturing, Logistics, Procurement & Quality, among others.

Sony operated and reported earnings through eight business segments: (1) Consumer Products & Services, (2) Professional, Device & Solutions, (3) Pictures, (4) Music, (5) Financial Services, (6) Sony Mobile Communications, (7) Other, and (8) Corporate. Sony functioned in groups within each of these business segments. The Consumer Products & Services, Professional, Device & Solutions, and Sony Mobile Communications segments were organized within Sony Electronics. The Pictures and Music segments were organized within Sony Entertainment. The Financial Services segment was organized within the Sony Financial Services division. The remaining business segments operated under the common platforms.

Consumer Products & Services constituted the largest segment by proportion of sales, with 47.2% of total sales. Professional, Devices & Solutions was second largest, with 14.2% of total sales, while Pictures was the third largest, with 10.1% of total sales. A description of these segments follows:

Consumer Products & Services

The Consumer Products & Services segment includes televisions, audio and visual, digital imaging, personal and mobile products, and the game business. The segment had an 18.5% decrease in revenues from 2011 to 2012, and reported an operating loss of ¥229.8 billion in 2012, down from a ¥10.8 billion reported income in 2011. Sony relies primarily on its Bravia line of LCD televisions for TV sales. Sony reported that decreased earnings were due to reductions in North America, Japanese, and European markets for LCD televisions. Gaming sales fell as a result of strategic pricing initiatives and sales of PCs and digital cameras decreased as a result of supplier restrictions in Thailand.

Professional, Devices & Solutions

The Professional, Devices & Solutions segment includes professional solutions, semiconductors, and components. The segment had a 12.6% decrease in operating revenue from ¥1,503.3 in 2011 to ¥1,313.8 in 2012. In 2012, the segment reported an operating loss of ¥20.2 billion, a decrease from a reported operating income of ¥27.7 billion in 2011.
Pictures

The Pictures segment consists of Sony Pictures Entertainment businesses including motion pictures, television production, and distribution. From 2011 to 2012, sales increased 9.6% from ¥600 billion to ¥657.7 billion, while operating income decreased 11.7% to ¥34.4 billion. Sony reported that gains resulted primarily from television licensing arrangements in the US and from increased advertising revenues in India and other markets.30

Music

The Music segment includes the music recording businesses of Sony Music Entertainment in the U.S. and in Japan. Popular artists include Adele, Usher and Lady Gaga.31 Sony BMG is one of the top four recording groups, alongside Universal Music Group, EMI group and Warner Music Group. The segment has struggled due to the contraction of physical music purchases, resulting in an operating revenue decrease of 5.9% from 2011 to 2012.32 Sales decreased from ¥470.7 billion to ¥442.8 billion over the same time period.

Financial Services

The Financial Services segment is comprised primarily of Sony Financial Holdings Inc. and its subsidiaries, including Sony Life Insurance Co. Ltd., Sony Assurance Inc., and Sony Bank Inc. The segment reported an increase in operating revenue of 8.1% from 2011 to 2012, from ¥806.5 billion to ¥871.9 billion. Operating income increased from ¥118.8 billion to ¥131.4 billion.33

Sony Mobile Communications

The Sony Mobile Communications segment involves the design, development, and sale of mobile phones. The segment was the result of Sony’s acquisition of Ericsson’s 50% equity interest in Sony Ericsson in February 2012, and currently operates as a wholly owned subsidiary of Sony.34 Sony Mobile reported a loss of €536 million, down from an operating income of €133 million in 2011.

Other

Sony separates as a business segment other various operating activities, including disc manufacturing and Internet services in Japan. In 2012, the segment reported an operating loss of ¥3.5 billion, down from ¥7.1 billion 2011.

COMPETITIVE LANDSCAPE

Industry

Although Sony operates across a range of divisions including entertainment, insurance, and chip manufacturing, its largest operations are focused on consumer electronics. This includes audio and video equipment manufacturing (NAICS: 334310), record players, radio and TV receivers
Because more than half of Sony’s manufacturing takes place in Japan, an analysis of the Japanese electronics industry provides insight on Sony’s primary competitive industry. Growth is expected to be slow to modest in 2013, as Japan has lowered their forecasts for imports and exports due to weak economic indicators. The Japanese market has also seen a collapse in external demand since 2008.36

Revenue is forecast to grow by 5.2% annually over the next five years through 2017 for the industry. The growth is predicted due to a strengthening global economy that will increase stagnant demand for high volume and newly innovated products.37

**Competition**

Sony currently operates across many business segments with several competitors in each segment. Sony’s primary competitors include Samsung, Canon, Panasonic, LG and Philips Electronics in the global market and Microsoft and Apple in certain markets. The financial data for the last 5 years for the competitors is found in Exhibit 5.

As can be seen from the financial analysis, the American companies (Microsoft and Apple) demonstrated strong performance. Apple’s performance has grown stronger over the last 5 years. On the other hand, the Asian and European competitors have been significantly impacted by the financial crisis. The Asian firms have started recovering, although at different paces, as shown by the financial data. The European firm, Philips Electronics, has been significantly affected by the economic downturn in Europe.

**Samsung**

Samsung Electronics Co. Ltd. (Samsung), a South Korean company, produces digital media products including audio-visual media, digital appliances and other digital media (with external sales accounting for about 36% of consolidated net sales in 2011); telecommunications systems and products; semiconductors; and LCD panels for TVs, monitors and mobile products.38 Samsung is a major player in the global market with 15.3% of the market share.

Samsung’s TV portfolio consists of LED, LCD, plasma and projection TVs. Samsung has the top share of the world flat-panel TV market in sales revenue and units sold, accounting for about one-quarter of the global TV market.39 Samsung’s digital media segment’s net sales have been growing by 10.2% (annualized) over the past five years. This growth has been due to a growth in unit sales of high volume items, even though the average selling price per unit has been steadily decreasing.40
LG Electronics

LG Electronics Inc. (LGE), a South Korean company, designs and manufactures home entertainment products, home appliances, air conditioners, LCD panels and telecommunications devices such as wireless phones, handsets and switchboards. The home entertainment business accounted for about 41% of group revenue in 2011. The company generated consolidated sales revenue of about $47 billion in 2011.41

Panasonic

Panasonic Corporation (previously Matsushita Electric Industrial Co Ltd) is headquartered in Japan and manufactures and supplies consumer electronics.42 From January through March 2012, Panasonic reported consolidated net sales of about $95.7 billion and a net loss of about $10 billion (due mainly to restructuring charges). Panasonic has 5.3% of the total global electronics market share. Panasonic has a leading global share in the DVD recorder market and has claimed cost leadership in the plasma display panels market.

In 2011-12, Panasonic restructured its products to comprise the following sections: AVC networks, which manufactures and supplies video and audio equipment and personal computers (accounting for 16.9% of company sales); home appliances; systems and communications; eco solutions; automotive systems; industrial solutions; energy; and other.43

Canon

Canon designs, manufactures, and distributes an extensive range of consumer and electronic products including copiers (18% of sales), cameras (23%), and printers (35%) around the globe. Canon's headquarters and 26 of the firm's 45 manufacturing plants are in Japan, but nearly 80% of revenue is delivered from international markets.

Canon CAJ reported second-quarter results that highlight a deteriorating demand environment.44 A strong growth in the camera sales has been strongly offset by a weakness in the demand from printing.45

Microsoft

The Windows PC operating system, office franchise, server and tools businesses comprise 85% of the firms revenue. Of the other, the Xbox 360 video game console competes against the Sony Playstation™.

In 2001, Microsoft released the Xbox gaming system to compete with Sony's PS2. Initially, sales of the Xbox didn’t match the PS2. Until 2005, the PS2 sold 33.7 million units in the US, compared with 13.0 million Xboxes. Microsoft went back to the drawing board for the console's successor, and the Xbox 360 was released in late 2006. The Xbox 360 has been much more successful, more than doubling PS3 sales.46 Revenue declined over 2009 and 2010 as a result of diminished disposable income and increased competition. Moderate growth is expected again in
2013, leading to an average annual increase of 4.0% from fiscal 2008 through fiscal 2013, reaching $4.6 billion.47

Apple

Apple designs consumer electronic devices, including PCs (Mac), tablets (iPad), phones (iPhone), and portable music players (iPod). The iPhones are a major competitor in the mobile phones segment. In September 2012, the Company launched iPhone 5, its latest version of iPhone. The iPhone has huge brand loyalty with its users and generates almost two-thirds of Apple’s profits according to some estimates.48 According to the same estimates, the iPhone is likely to generate almost $30 billion in operating profit for Apple in 2012. The new iPhone 5 has propelled the market share of Apple to 48.1 % in US, overtaking the share of the android smart phones.49

Koninklijke Philips Electronics

Philips Electronics segments it products into three markets: lighting, healthcare, and consumer lifestyle. It is in the last segment that it competes with Sony. The company has its global headquarters in the Netherlands and sales in virtually every country.50 The company has been having major problems in its lighting division, but its health-care and consumer lifestyle segments have been recovering after the financial crisis affected sales and revenue in these segments.

Recently, Philips transferred its TV design, manufacturing and distribution business to a joint venture with TPV Technology, a Hong Kong based company. TPV is the senior partner of the venture, holding 70% of the shares. TPV covers all Philips markets except China, India, United States, Canada, Mexico and certain countries in South America.51

Suppliers

Sony’s business divisions and manufacturing plants are globally dispersed. Therefore, Sony’s suppliers are numerous and are not concentrated in its global supply chain. To manage its global supply chain responsibly, Sony established a Sony Supplier Code of conduct that helps it maintain high quality, competitive prices and a stable supply.52 Sony also works with its business partners, suppliers and contractors to ensure they adhere to the same standards as the company in areas of human rights, labor conditions, health and safety and environmental protection. Sony chooses its suppliers keeping in mind its basic philosophy of fair business practice, equal opportunity and transparency. It has set up industry standards for its suppliers to meet and selects only the suppliers who are able to meet Sony standards. Apart from complying with laws, regulations and social standards, and a strong consideration for environmental conservation, Sony works with its suppliers with the intention of maintaining sound financial and operating bases.53 To this end, it has suppliers provide it with details of their management policies and operations. The company expects its suppliers to maintain quality standards and “to offer items at highly competitive prices and make a concerted effort to constantly reduce cost.”54
“ONE SONY”

In Sony’s 2012 Annual Report, newly appointed President and CEO Kazuo Hirai acknowledged the need for change, noting challenges in the electronics market and recent operating losses. Hirai spoke directly to Sony’s struggles and outlined his primary objectives as CEO:

The operating environment for our electronics business remains harsh, with profits suffering from price competition resulting from product commoditization and the impact of persistently worsening foreign exchange rates. Accordingly, rebuilding the electronics business and repositioning it for growth are the most urgent tasks for the Sony Group, and my biggest responsibility.\(^{55}\)

Hirai is dealing with a collection of problems that can be traced back to strategic missteps before his tenure as CEO. Sony was late to adopt new technologies in the television market and struggled to carry out a complex joint venture with Ericsson in the mobile phone industry.\(^ {56}\) Sony was also faced with an industry wide downturn that negatively affected all of its largest competitors.\(^ {57}\)

Additional external factors have caused problems for Sony’s electronics division. Sony stated that the Great East Japan Earthquake and 2011 Thailand floods negatively affected operating profits due to supplier disruptions.\(^ {58}\) Sony also asserted that exchange rates had hurt the company’s bottom line due to falling currencies against the strong yen.\(^ {59}\)

In order to combat Sony’s ongoing struggles, Hirai introduced a new initiative titled “One Sony.” The strategic shift is intended to unify operations and focus on Sony’s core capabilities, namely electronics, while also expanding to new emerging markets. Hirai identifies what he sees as Sony’s most valuable resource and the key to a successful turnaround, “Sony DNA,” a distinctive will and drive to create new value.\(^ {60}\) He states that Sony must remain true to its core values and competencies while overhauling the company, and hopes that a reorganization of management and an increased emphasis on games, mobile, and imaging will help Sony transform into the competitor it once was.

Sony announced in April 2012 a five-point strategic plan underpinned by Sony’s core strengths to turn around the struggling electronics division. The strategic objectives include:

- Strengthening core businesses: Digital Imaging, Game, Mobile
- Turning around the Television business
- Expanding business in emerging markets
- Creating new businesses and accelerating innovation
- Realigning the business portfolio and optimizing resources

To carry out these objectives, Sony will undergo reorganization of the electronics division with a three-pillar focus: Digital Imaging, Game, and Mobile. Sony plans to dissolve the Consumer Products & Services Group and Professional, Devices & Solutions groups and devote resources toward the three key areas. Sony will also introduce a new Medical Devices group housed within the electronics division.\(^ {61}\)
The most significant changes will take place in the television business, where Sony has suffered ¥714 billion in losses over the previous eight years. Losses were mainly due to decreased demand for the Bravia line and fierce price competition. Hirai affirmed his goal to turn the television business profitable within two years, noting a goal to halve the television business’s fixed costs and reduce operating costs by 30%. Hirai also hinted at the possibility of an alliance with competing Japanese manufacturer or other contingencies if the television business did not become profitable by 2014.

Hirai set forth other immediate changes in addition to the “One Sony” initiatives. Sony will reduce its total workforce by an estimated 10,000 employees, roughly 6% of its total global workforce, by the end of 2013. Sony stated that it plans to incur a ¥75 billion restructuring charge in 2012.

“One Sony, One Management”

Sony introduced a new management structure in April 2012 in order to carry out the company’s new strategic initiatives. The structure “is intended to establish rapid and optimized decision making processes as 'One Sony,' that significantly reinforce and accelerate Sony's overall business management.” Sony also hopes “to drive revitalization and growth across Sony's core electronics businesses, and deliver compelling user experiences through convergence of the unique assets in place throughout the Sony Group.”


Hirai will operate at the center of the management team and work together with the heads of each business unit. Hirai will directly oversee the struggling television business. Hirai, Kato, and Saito will oversee overall financial management, corporate and business strategies.

Nemoto is in charge of technology strategies and will work together with Suzuki to create new business and enhance R&D operations. Suzuki will assume responsibility for the planning and design of consumer related products and services, with the goal to align user experiences across multiple platforms. Suzuki will also oversee the mobile business. Sony states that the new structure will focus management resources on areas of core competence, with a goal of approximately 70% of the R&D budget allocated to digital imaging, gaming, and mobile.

Expansion in Emerging Markets

Sony additionally hopes to increase revenues by expanding business in emerging markets. In 2010, CFO Masaru Kato stated that Sony sought to increase electronics sales in emerging markets by 30 percent. Sony has continued this approach, stating in its 2012 Annual Report that it hopes to generate sales totaling ¥2.6 trillion.
Sony outlines two key initiatives to achieve its goals: Sony wants to tailor products to local markets and to promote company-wide assets through promotions across entertainment, music, and electronics. Sony feels that it can leverage the high awareness of the Sony entertainment and music brands to boost electronics sales.\textsuperscript{76}

**MOVING FORWARD**

Hirai has ushered in a new era with the “One Sony” initiatives, but questions remain, the most important being whether the new plans will return the struggling electronics division to profitability. According to Makato Kikuchi, CEO at Myojo Asset Management Japan Co., problems remain, “I still can’t see anything positive in this plan. I’m not convinced that the company has a logical plan to achieve its goal of raising the operating profit margin.”\textsuperscript{77}

As Sony begins to implement the new initiatives and refocus the company, will it succeed to turn the electronics division around? Does its strategy make sense given the global downturn and harsh competition in the electronics industry? Should Sony be focusing on digital imaging, games, and mobile, or is it abandoning its core strengths and chasing illusive profits in oversaturated markets?
EXHIBIT 1: KEY EMPLOYEES AND BOARD OF DIRECTORS

Corporate Executive Officers

Representative Corporate Executive Officers:

Kazuo Hirai  President and Chief Executive Officer
Ryoji Chubachi  Vice Chairman

Corporate Executive Officers:

Hiroshi Yoshioka  Executive Deputy President
  Officer in charge of Medical business
Keiji Kimura  Executive Vice President
  Officer in charge of Intellectual Property
Nicole Seligman  Executive Vice President
  General Counsel
Masaru Kato  Executive Vice President
  Chief Financial Officer
Tadashi Saito  Executive Vice President
  Chief Strategy Officer
Shoji Nemoto  Executive Vice President
  Officer in charge of Professional Solutions Business,
  Digital Imaging Business, Disk Manufacturing Business,
  System & Software Technology Platform and Corporate R&D
  President of Professional Solutions Group
Tomoyuki Suzuki  Executive Vice President
  Officer in charge of Semiconductor Business,
  Device Solutions Business and Advanced Device Technology Platform
  President of Semiconductor Business Group
  President of Device Solutions Business Group*
  President of Core Device Development Group,
  Advanced Device Technology Platform
*Mr. Suzuki to be appointed President of Device Solutions Business Group on July 1, 2012.
Kunimasa Suzuki  Executive Vice President
  Officer in charge of PC Business, Mobile Business and UX,
  Product Strategy and Creative Platform
  President of UX & Product Strategy Group, UX, Product Strategy and Creative Platform
Board of Directors

Chairman of the Board and Vice Chairman of the Board:

Chairman of the Board  Howard Stringer
Vice Chairman of the Board  Osamu Nagayama

Members of the Board:

Kazuo Hirai  Representative Corporate Executive Officer, President and Chief Executive Officer
Ryoji Chubachi  Representative Corporate Executive Officer, Vice Chairman
Masaru Kato  Corporate Executive Officer, Executive Vice President and Chief Financial Officer
Howard Stringer  Chairman of the Board
Peter Bonfield  Chairman of the Board, NXP Semiconductors N.V.
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 Corporation
Mitsuaki Yahagi  Representative Director, Chairman of the Board, The Japan Research Institute, Ltd.
*Mr. Yahagi to be appointed Special Advisor, The Japan Research Institute, Ltd. on June 28, 2012.
Tsun-Yan Hsieh  Founder & Chairman, LinHart Group
Roland A. Hernandez  Retired Chairman and Chief Executive Officer, Telemundo Group, Inc.
Kanemitsu Anraku  Director, Mizuho Financial Group, Inc.
Yorihiko Kojima  Chairman of the Board, Mitsubishi Corporation
Osamu Nagayama  Representative Director, Chairman and Chief Executive Officer, Chugai Pharmaceutical Co., Ltd.
Takaaki Nimura  Certified Public Accountant

EXHIBIT 2: CONSOLIDATED STATEMENT OF INCOME

Sony Corporation and Consolidated Subsidiaries

As of March 31

<table>
<thead>
<tr>
<th></th>
<th>2010</th>
<th>2011</th>
<th>2012</th>
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<tbody>
<tr>
<td><strong>Sales and operating revenue:</strong></td>
<td></td>
<td></td>
<td></td>
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<tr>
<td>Net sales</td>
<td>6,293,005</td>
<td>6,304,401</td>
<td>5,526,611</td>
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<td>Financial services revenue</td>
<td>838,300</td>
<td>798,495</td>
<td>868,971</td>
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<td>Other operating revenue</td>
<td>82,693</td>
<td>78,377</td>
<td>97,630</td>
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<td><strong>Total</strong></td>
<td>7,213,998</td>
<td>7,181,273</td>
<td>6,493,212</td>
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<td><strong>Costs and expenses:</strong></td>
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<tr>
<td>Cost of sales</td>
<td>4,892,563</td>
<td>4,831,363</td>
<td>4,386,447</td>
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<td>Selling, general and administrative</td>
<td>1,544,890</td>
<td>1,501,813</td>
<td>1,375,887</td>
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<td>Financial services expenses</td>
<td>671,550</td>
<td>675,788</td>
<td>736,050</td>
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<td>Other operating (income) expense, net</td>
<td>42,988</td>
<td>(13,450)</td>
<td>(59,594)</td>
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<td><strong>Total</strong></td>
<td>7,151,991</td>
<td>6,995,514</td>
<td>6,438,790</td>
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<td><strong>Equity in net income (loss) of affiliated companies</strong></td>
<td>(30,235)</td>
<td>14,062</td>
<td>(121,697)</td>
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<td><strong>Operating income (loss)</strong></td>
<td>31,772</td>
<td>199,821</td>
<td>(67,275)</td>
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<td><strong>Other income:</strong></td>
<td></td>
<td></td>
<td></td>
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<tr>
<td>Interest and dividends</td>
<td>13,191</td>
<td>11,783</td>
<td>15,101</td>
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<tr>
<td>Gain on sale of securities investments, net</td>
<td>9,953</td>
<td>14,325</td>
<td>671</td>
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<tr>
<td>Foreign exchange gain, net</td>
<td>(927)</td>
<td>(9,297)</td>
<td>(7,106)</td>
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<tr>
<td>Other</td>
<td>20,690</td>
<td>9,561</td>
<td>7,706</td>
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<tr>
<td><strong>Total</strong></td>
<td>43,834</td>
<td>44,966</td>
<td>23,478</td>
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<td><strong>Other expenses:</strong></td>
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<tr>
<td>Interest</td>
<td>22,505</td>
<td>23,909</td>
<td>23,432</td>
</tr>
<tr>
<td>Loss on devaluation of securities investments</td>
<td>2,946</td>
<td>7,669</td>
<td>3,604</td>
</tr>
<tr>
<td>Foreign exchange loss, net</td>
<td>10,876</td>
<td>(927)</td>
<td>5,089</td>
</tr>
<tr>
<td>Other</td>
<td>12,367</td>
<td>8,196</td>
<td>7,264</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td>48,694</td>
<td>39,774</td>
<td>39,389</td>
</tr>
<tr>
<td><strong>Income (loss) before income taxes</strong></td>
<td>26,912</td>
<td>205,013</td>
<td>(83,186)</td>
</tr>
<tr>
<td><strong>Income taxes:</strong></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Current**</td>
<td>79,120</td>
<td>117,918</td>
<td>108,545</td>
</tr>
<tr>
<td>Deferred**</td>
<td>(65,162)</td>
<td>307,421</td>
<td>206,694</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td>13,958</td>
<td>425,339</td>
<td>315,239</td>
</tr>
<tr>
<td><strong>Net income (loss)</strong></td>
<td>12,954</td>
<td>(220,326)</td>
<td>(398,425)</td>
</tr>
<tr>
<td>Less—Net income attributable to noncontrolling interests</td>
<td>53,756</td>
<td>39,259</td>
<td>58,235</td>
</tr>
<tr>
<td><strong>Net loss attributable to Sony Corporation's stockholders</strong></td>
<td>(40,802)</td>
<td>(259,585)</td>
<td>(456,660)</td>
</tr>
<tr>
<td><strong>Per share data:</strong></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Common stock</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Net loss attributable to Sony Corporation's stockholders</td>
<td>(40.66)</td>
<td>(258.66)</td>
<td>(455.03)</td>
</tr>
<tr>
<td>Basic</td>
<td>(40.66)</td>
<td>(258.66)</td>
<td>(455.03)</td>
</tr>
<tr>
<td>Diluted</td>
<td>25.00</td>
<td>25.00</td>
<td>25.00</td>
</tr>
</tbody>
</table>

Source: Sony Group 2012 Annual Report
**EXHIBIT 3: CONSOLIDATED BALANCE SHEETS**

Sony Corporation and Consolidated Subsidiaries  

As of March 31

<table>
<thead>
<tr>
<th>ASSETS</th>
<th>2011</th>
<th>2012</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Current assets:</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Cash and cash equivalents</td>
<td>1,014,412</td>
<td>894,576</td>
</tr>
<tr>
<td>Marketable securities</td>
<td>646,171</td>
<td>680,913</td>
</tr>
<tr>
<td>Notes and accounts receivable, trade</td>
<td>834,221</td>
<td>840,924</td>
</tr>
<tr>
<td>Allowance for doubtful accounts and sales returns</td>
<td>(90,531)</td>
<td>(71,009)</td>
</tr>
<tr>
<td>Inventories</td>
<td>704,043</td>
<td>707,052</td>
</tr>
<tr>
<td>Other receivables</td>
<td>215,181</td>
<td>202,044</td>
</tr>
<tr>
<td>Deferred income taxes</td>
<td>133,059</td>
<td>36,769</td>
</tr>
<tr>
<td>Prepaid expenses and other current assets</td>
<td>387,490</td>
<td>463,693</td>
</tr>
<tr>
<td><strong>Total current assets</strong></td>
<td>3,844,046</td>
<td>3,754,962</td>
</tr>
<tr>
<td>Film costs</td>
<td>275,389</td>
<td>270,048</td>
</tr>
<tr>
<td><strong>Investments and advances:</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Affiliated companies</td>
<td>221,993</td>
<td>36,800</td>
</tr>
<tr>
<td>Securities investments and other</td>
<td>5,670,662</td>
<td>6,282,676</td>
</tr>
<tr>
<td><strong>Total investments and advances</strong></td>
<td>5,892,655</td>
<td>6,319,476</td>
</tr>
<tr>
<td><strong>Property, plant and equipment:</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Land</td>
<td>145,968</td>
<td>139,413</td>
</tr>
<tr>
<td>Buildings</td>
<td>868,615</td>
<td>817,730</td>
</tr>
<tr>
<td>Machinery and equipment</td>
<td>2,016,956</td>
<td>1,957,134</td>
</tr>
<tr>
<td>Construction in progress</td>
<td>53,219</td>
<td>35,648</td>
</tr>
<tr>
<td><strong>Total property, plant and equipment</strong></td>
<td>3,084,758</td>
<td>2,949,925</td>
</tr>
<tr>
<td>Less—Accumulated depreciation</td>
<td>(2,159,890)</td>
<td>(2,018,927)</td>
</tr>
<tr>
<td><strong>Other assets:</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Intangibles, net</td>
<td>391,122</td>
<td>503,699</td>
</tr>
<tr>
<td>Goodwill</td>
<td>469,005</td>
<td>576,758</td>
</tr>
<tr>
<td>Deferred insurance acquisition costs</td>
<td>428,262</td>
<td>441,236</td>
</tr>
<tr>
<td>Deferred income taxes</td>
<td>300,702</td>
<td>100,460</td>
</tr>
<tr>
<td>Other</td>
<td>385,073</td>
<td>398,030</td>
</tr>
<tr>
<td><strong>Total assets</strong></td>
<td>12,911,122</td>
<td>13,295,667</td>
</tr>
</tbody>
</table>

Continued on next page
<table>
<thead>
<tr>
<th>LIABILITIES</th>
<th>2011</th>
<th>2012</th>
</tr>
</thead>
<tbody>
<tr>
<td>Current liabilities:</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Short-term borrowings</td>
<td>53,737</td>
<td>99,878</td>
</tr>
<tr>
<td>Current portion of long-term debt</td>
<td>109,614</td>
<td>310,483</td>
</tr>
<tr>
<td>Notes and accounts payable, trade</td>
<td>793,275</td>
<td>758,680</td>
</tr>
<tr>
<td>Accounts payable, other and accrued expenses</td>
<td>1,013,037</td>
<td>1,073,241</td>
</tr>
<tr>
<td>Accrued income and other taxes**</td>
<td>87,396</td>
<td>63,396</td>
</tr>
<tr>
<td>Deposits from customers in the banking business</td>
<td>1,647,752</td>
<td>1,761,137</td>
</tr>
<tr>
<td>Other</td>
<td>430,488</td>
<td>463,166</td>
</tr>
<tr>
<td><strong>Total current liabilities</strong></td>
<td>4,135,299</td>
<td>4,529,981</td>
</tr>
<tr>
<td>Long-term debt</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Accrued pension and severance costs</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Deferred income taxes</td>
<td>306,227</td>
<td>284,499</td>
</tr>
<tr>
<td>Future insurance policy benefits and other</td>
<td>2,924,121</td>
<td>3,208,843</td>
</tr>
<tr>
<td>Policyholders’ account in the life insurance business</td>
<td>1,301,252</td>
<td>1,449,644</td>
</tr>
<tr>
<td>Other**</td>
<td>204,766</td>
<td>240,978</td>
</tr>
<tr>
<td><strong>Total liabilities</strong></td>
<td>9,955,220</td>
<td>10,785,546</td>
</tr>
<tr>
<td>Redeemable noncontrolling interest</td>
<td>19,323</td>
<td>20,014</td>
</tr>
</tbody>
</table>

| EQUITY                                          |          |          |
| Sony Corporation’s stockholders’ equity:        |          |          |
| Common stock, no par value—                     |          |          |
| 2011—Shares authorized 3,600,000,000, shares issued: 1,004,636,664 | 630,921  | 630,923  |
| 2012—Shares authorized 3,600,000,000, shares issued: 1,004,638,164 |          |          |
| Additional paid-in capital                      | 1,159,666| 1,160,236|
| Retained earnings                               | 1,566,274| 1,084,462|
| Accumulated other comprehensive income—         |          |          |
| Unrealized gains on securities, net             | 50,336   | 64,882   |
| Unrealized losses on derivative instruments, net| (1,589)  | (1,050)  |
| Pension liability adjustment                    | (152,165)| (186,833)|
| Foreign currency translation adjustments        | (700,786)| (719,092)|
|                                                | (804,204)| (842,093)|
| Treasury stock, at cost                         |          |          |
| Common stock                                    |          |          |
| 2011—1,051,588 shares                           | (4,670)  | (4,637)  |
| 2012—1,061,803 shares                           |          |          |
| Noncontrolling interests                        | 388,592  | 461,216  |
| **Total equity**                                | 2,936,579| 2,490,107|
| **Total liabilities and equity**                | 12,911,122| 13,295,667|

Source: Sony Group 2012 Annual Report
## EXHIBIT 4: CONSOLIDATED STATEMENT OF CASH FLOWS

Sony Corporation and Consolidated Subsidiaries

As of March 31

<table>
<thead>
<tr>
<th></th>
<th>2010</th>
<th>2011</th>
<th>2012</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Cash flows from operating activities:</strong></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Net income (loss)</td>
<td>12,954</td>
<td>(220,326)</td>
<td>(398,425)</td>
</tr>
<tr>
<td>Adjustments to reconcile net income (loss) to net cash provided by operating activities—</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Depreciation and amortization, including amortization of deferred insurance acquisition costs</td>
<td>371,004</td>
<td>325,366</td>
<td>319,594</td>
</tr>
<tr>
<td>Amortization of film costs</td>
<td>277,665</td>
<td>250,192</td>
<td>188,836</td>
</tr>
<tr>
<td>Stock-based compensation expense</td>
<td>2,202</td>
<td>1,952</td>
<td>1,952</td>
</tr>
<tr>
<td>Accrual for pension and severance costs, less payments</td>
<td>(9,763)</td>
<td>(15,229)</td>
<td>36,647</td>
</tr>
<tr>
<td>Other operating (income) expense, net</td>
<td>42,988</td>
<td>(13,450)</td>
<td>(59,594)</td>
</tr>
<tr>
<td>(Gain) loss on sale or devaluation of securities investments, net</td>
<td>(7,007)</td>
<td>(6,656)</td>
<td>2,933</td>
</tr>
<tr>
<td>(Gain) loss on revaluation of marketable securities held in the financial services business for trading purposes, net</td>
<td>(49,837)</td>
<td>10,958</td>
<td>(21,080)</td>
</tr>
<tr>
<td>(Gain) loss on revaluation or impairment of securities investments held in the financial services business, net</td>
<td>(53,984)</td>
<td>5,080</td>
<td>2,819</td>
</tr>
<tr>
<td>Deferred income taxes**</td>
<td>(65,162)</td>
<td>307,421</td>
<td>206,694</td>
</tr>
<tr>
<td>Equity in net (income) losses of affiliated companies, net of dividends</td>
<td>36,183</td>
<td>(11,479)</td>
<td>138,772</td>
</tr>
<tr>
<td><strong>Changes in assets and liabilities:</strong></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>(Increase) decrease in notes and accounts receivable, trade</td>
<td>(53,306)</td>
<td>104,515</td>
<td>4,427</td>
</tr>
<tr>
<td>(Increase) decrease in inventories</td>
<td>148,584</td>
<td>(112,089)</td>
<td>29,778</td>
</tr>
<tr>
<td>Increase in film costs</td>
<td>(296,819)</td>
<td>244,063</td>
<td>(186,783)</td>
</tr>
<tr>
<td>Increase (decrease) in notes and accounts payable, trade</td>
<td>262,032</td>
<td>(18,119)</td>
<td>(59,410)</td>
</tr>
<tr>
<td>Increase (decrease) in accrued income and other taxes**</td>
<td>71,939</td>
<td>(8,020)</td>
<td>(44,635)</td>
</tr>
<tr>
<td>Increase in future insurance policy benefits and other</td>
<td>284,972</td>
<td>278,897</td>
<td>332,728</td>
</tr>
<tr>
<td>Increase in deferred insurance acquisition costs</td>
<td>(71,999)</td>
<td>(69,196)</td>
<td>(68,634)</td>
</tr>
<tr>
<td>Increase in marketable securities held in the financial services business for trading purposes</td>
<td>(8,335)</td>
<td>(30,102)</td>
<td>(39,161)</td>
</tr>
<tr>
<td>Increase in other current assets</td>
<td>(32,405)</td>
<td>(89,473)</td>
<td>(35,181)</td>
</tr>
<tr>
<td>Increase in other current liabilities</td>
<td>5,321</td>
<td>56,076</td>
<td>10,595</td>
</tr>
<tr>
<td>Other**</td>
<td>45,680</td>
<td>113,990</td>
<td>156,667</td>
</tr>
<tr>
<td><strong>Net cash provided by operating activities</strong></td>
<td>912,907</td>
<td>616,245</td>
<td>519,539</td>
</tr>
</tbody>
</table>

Continued on next page
### Cash Flows from Investing Activities:

<table>
<thead>
<tr>
<th></th>
<th>2010</th>
<th>2011</th>
<th>2012</th>
</tr>
</thead>
<tbody>
<tr>
<td>Payments for purchases of fixed assets</td>
<td>$(338,050)</td>
<td>$(253,688)</td>
<td>$(382,549)</td>
</tr>
<tr>
<td>Proceeds from sales of fixed assets</td>
<td>15,671</td>
<td>18,743</td>
<td>22,661</td>
</tr>
<tr>
<td>Payments for investments and advances by financial services business</td>
<td>$(1,581,841)</td>
<td>$(1,458,912)</td>
<td>$(1,028,150)</td>
</tr>
<tr>
<td>Payments for investments and advances (other than financial services business)</td>
<td>$(41,838)</td>
<td>$(15,316)</td>
<td>$(28,021)</td>
</tr>
<tr>
<td>Proceeds from sales or return of investments and collections of advances by financial services business</td>
<td>1,128,500</td>
<td>874,031</td>
<td>474,466</td>
</tr>
<tr>
<td>Proceeds from sales or return of investments and collections of advances (other than financial services business)</td>
<td>54,324</td>
<td>30,332</td>
<td>93,165</td>
</tr>
<tr>
<td>Proceeds from sales of businesses</td>
<td>22,084</td>
<td>99,335</td>
<td>8,430</td>
</tr>
<tr>
<td>Payment for Sony Ericsson acquisition, net of cash acquired</td>
<td>—</td>
<td>—</td>
<td>$(71,843)</td>
</tr>
<tr>
<td>Other</td>
<td>$(4,854)</td>
<td>$(8,964)</td>
<td>28,955</td>
</tr>
<tr>
<td><strong>Net cash used in investing activities</strong></td>
<td><strong>$(746,004)</strong></td>
<td><strong>$(714,439)</strong></td>
<td><strong>$(882,886)</strong></td>
</tr>
</tbody>
</table>

### Cash Flows from Financing Activities:

<table>
<thead>
<tr>
<th></th>
<th>2010</th>
<th>2011</th>
<th>2012</th>
</tr>
</thead>
<tbody>
<tr>
<td>Proceeds from issuance of long-term debt</td>
<td>510,128</td>
<td>1,499</td>
<td>216,887</td>
</tr>
<tr>
<td>Payments of long-term debt</td>
<td>$(144,105)</td>
<td>$(216,212)</td>
<td>$(112,043)</td>
</tr>
<tr>
<td>Increase (decrease) in short-term borrowings, net</td>
<td>$(250,252)</td>
<td>6,120</td>
<td>$(26,158)</td>
</tr>
<tr>
<td>Increase in deposits from customers in the financial services business, net</td>
<td>276,454</td>
<td>229,327</td>
<td>211,597</td>
</tr>
<tr>
<td>Dividends paid</td>
<td>$(25,085)</td>
<td>$(25,098)</td>
<td>$(25,078)</td>
</tr>
<tr>
<td>Other</td>
<td>$(2,126)</td>
<td>$(5,748)</td>
<td>$(7,869)</td>
</tr>
<tr>
<td><strong>Net cash provided by (used in) financing activities</strong></td>
<td><strong>365,014</strong></td>
<td><strong>(10,112)</strong></td>
<td><strong>257,336</strong></td>
</tr>
</tbody>
</table>

**Effect of exchange rate changes on cash and cash equivalents.**

<table>
<thead>
<tr>
<th></th>
<th>2010</th>
<th>2011</th>
<th>2012</th>
</tr>
</thead>
<tbody>
<tr>
<td>$(1,098)</td>
<td>$(68,890)</td>
<td>$(13,825)</td>
<td></td>
</tr>
</tbody>
</table>

**Net increase (decrease) in cash and cash equivalents.**

<table>
<thead>
<tr>
<th></th>
<th>2010</th>
<th>2011</th>
<th>2012</th>
</tr>
</thead>
<tbody>
<tr>
<td>530,819</td>
<td>$(177,196)</td>
<td>$(119,836)</td>
<td></td>
</tr>
</tbody>
</table>

**Cash and cash equivalents at beginning of the fiscal year.**

<table>
<thead>
<tr>
<th></th>
<th>2010</th>
<th>2011</th>
<th>2012</th>
</tr>
</thead>
<tbody>
<tr>
<td>660,789</td>
<td>1,191,608</td>
<td>1,014,412</td>
<td></td>
</tr>
</tbody>
</table>

**Cash and cash equivalents at end of the fiscal year.**

<table>
<thead>
<tr>
<th></th>
<th>2010</th>
<th>2011</th>
<th>2012</th>
</tr>
</thead>
<tbody>
<tr>
<td>1,191,608</td>
<td>1,014,412</td>
<td>894,576</td>
<td></td>
</tr>
</tbody>
</table>

### Supplemental Data:

**Cash paid during the fiscal year for:**

<table>
<thead>
<tr>
<th></th>
<th>2010</th>
<th>2011</th>
<th>2012</th>
</tr>
</thead>
<tbody>
<tr>
<td>Income taxes</td>
<td>60,022</td>
<td>116,376</td>
<td>127,643</td>
</tr>
<tr>
<td>Interest</td>
<td>19,821</td>
<td>20,583</td>
<td>20,276</td>
</tr>
</tbody>
</table>

**Non-cash investing and financing activities—**

<table>
<thead>
<tr>
<th></th>
<th>2010</th>
<th>2011</th>
<th>2012</th>
</tr>
</thead>
<tbody>
<tr>
<td>Obtaining assets by entering into capital lease</td>
<td>2,553</td>
<td>3,738</td>
<td>56,403</td>
</tr>
<tr>
<td>Collections of deferred proceeds from sales of receivables—</td>
<td>—</td>
<td>153,550</td>
<td>132,636</td>
</tr>
</tbody>
</table>

Source: Sony Group 2012 Annual Report
## Exhibit 5: Competitor Financials

<table>
<thead>
<tr>
<th>Apple Inc. (APPL)</th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>USD in millions</td>
<td>2008-09</td>
<td>2009-09</td>
<td>2010-09</td>
<td>2011-09</td>
<td>2012-09</td>
</tr>
<tr>
<td>Revenue</td>
<td>32,479</td>
<td>42,905</td>
<td>65,225</td>
<td>108,249</td>
<td>156,508</td>
</tr>
<tr>
<td>Gross Profit</td>
<td>11,145</td>
<td>17,222</td>
<td>25,684</td>
<td>43,818</td>
<td>68,662</td>
</tr>
<tr>
<td>Net Income</td>
<td>4,834</td>
<td>8,235</td>
<td>14,013</td>
<td>25,922</td>
<td>41,733</td>
</tr>
<tr>
<td>Earnings Per Share</td>
<td>5.48</td>
<td>9.22</td>
<td>15.41</td>
<td>28.05</td>
<td>44.64</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Samsung Electronics Co Ltd (SMSD)</th>
<th></th>
<th></th>
<th></th>
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</tr>
</thead>
<tbody>
<tr>
<td>USD in millions</td>
<td>2008-12</td>
<td>2009-12</td>
<td>2010-12</td>
<td>2011-12</td>
<td></td>
</tr>
<tr>
<td>Revenue</td>
<td>104,433</td>
<td>95,887</td>
<td>116,465</td>
<td>138,137</td>
<td></td>
</tr>
<tr>
<td>Gross Profit</td>
<td>104,433</td>
<td>95,887</td>
<td>116,465</td>
<td>138,137</td>
<td></td>
</tr>
<tr>
<td>Net Income</td>
<td>7,867</td>
<td>4,368</td>
<td>8,177</td>
<td>14,114</td>
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<table>
<thead>
<tr>
<th>Canon Inc ADR (CAJ)</th>
<th></th>
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</thead>
<tbody>
<tr>
<td>JPY in millions</td>
<td>2008-12</td>
<td>2009-12</td>
<td>2010-12</td>
<td>2011-12</td>
<td></td>
</tr>
<tr>
<td>Revenue</td>
<td>449,4183</td>
<td>408,2876</td>
<td>320,9201</td>
<td>370,6901</td>
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</tr>
<tr>
<td>Gross Profit</td>
<td>2,253,403</td>
<td>1,932,658</td>
<td>1,427,393</td>
<td>1,783,088</td>
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<tr>
<td>Net Income</td>
<td>489,759</td>
<td>308,301</td>
<td>1,316,47</td>
<td>246,603</td>
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<tr>
<td>Earnings Per Share</td>
<td>377.59</td>
<td>246.21</td>
<td>106.64</td>
<td>199.71</td>
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<table>
<thead>
<tr>
<th>Microsoft Corporation (MSFT)</th>
<th></th>
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</thead>
<tbody>
<tr>
<td>USD in millions</td>
<td>2008-06</td>
<td>2009-06</td>
<td>2010-06</td>
<td>2011-06</td>
<td>2012-06</td>
</tr>
<tr>
<td>Revenue</td>
<td>6,042,000</td>
<td>5,843,700</td>
<td>6,248,400</td>
<td>6,994,300</td>
<td>7,372,300</td>
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<tr>
<td>Gross Profit</td>
<td>4,882,200</td>
<td>4,628,200</td>
<td>5,008,900</td>
<td>5,436,600</td>
<td>5,619,300</td>
</tr>
<tr>
<td>Net Income</td>
<td>1,768,100</td>
<td>1,456,900</td>
<td>1,876,000</td>
<td>2,315,000</td>
<td>1,697,800</td>
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<tr>
<td>Earnings Per Share</td>
<td>1.9</td>
<td>1.63</td>
<td>2.13</td>
<td>2.73</td>
<td>2.02</td>
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</table>

<table>
<thead>
<tr>
<th>Koninklijke Philips Electronics NV ADR (PHG)</th>
<th></th>
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<th></th>
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</tr>
</thead>
<tbody>
<tr>
<td>EUR in millions</td>
<td>2008-12</td>
<td>2009-12</td>
<td>2010-12</td>
<td>2011-12</td>
<td></td>
</tr>
<tr>
<td>Revenue</td>
<td>26,385</td>
<td>23,189</td>
<td>25,419</td>
<td>22,579</td>
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<tr>
<td>Gross Profit</td>
<td>8,495</td>
<td>8,079</td>
<td>9,546</td>
<td>8,647</td>
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<tr>
<td>Net Income</td>
<td>(186)</td>
<td>410</td>
<td>1,446</td>
<td>(1,295)</td>
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</tr>
<tr>
<td>Earnings Per Share</td>
<td>(0.19)</td>
<td>0.46</td>
<td>1.53</td>
<td>(1.36)</td>
<td></td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Panasonic Corporation ADR (PHG)</th>
<th></th>
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<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>JPY in millions</td>
<td>2008-03</td>
<td>2009-03</td>
<td>2010-03</td>
<td>2011-03</td>
<td>2012-03</td>
</tr>
<tr>
<td>Revenue</td>
<td>9,026,730</td>
<td>7,765,507</td>
<td>7,417,980</td>
<td>8,692,672</td>
<td>7,846,216</td>
</tr>
<tr>
<td>Gross Profit</td>
<td>2,679,184</td>
<td>2,098,220</td>
<td>2,076,921</td>
<td>2,303,492</td>
<td>1,981,701</td>
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<tr>
<td>Net Income</td>
<td>280,589</td>
<td>(378,961)</td>
<td>(103,465)</td>
<td>74,017</td>
<td>(772,172)</td>
</tr>
<tr>
<td>Earnings Per Share</td>
<td>132.90</td>
<td>(182.25)</td>
<td>(49.97)</td>
<td>35.75</td>
<td>(333.96)</td>
</tr>
</tbody>
</table>

Source of Data: Morningstar
EXHIBIT 6: NEW MANAGEMENT STRUCTURE

Source: Sony Group 2012 Annual Report
REFERENCES

12. Ibid
24. Ibid
67 Ibid
69 Ibid
72 Ibid
76 Ibid