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Issuance of Zero Coupon Convertible Bonds due 2017

Sony Corporation has decided to issue Zero Coupon Convertible Bonds due 2017 (bonds with stock acquisition rights (*tenkanshasaigata shinkabu yoyakuken-tsuki shasai*)) (the “Bonds with Stock Acquisition Rights”) in the aggregate issue amount of ¥150 billion pursuant to the decision of the Representative Corporate Executive Officer, President & CEO of Sony Corporation, upon a delegation by a resolution of the Board of Directors of Sony Corporation at a meeting held on October 31, 2012:

Background of the Issuance of the Bonds with Stock Acquisition Rights

On April 12, 2012, Sony Corporation announced its strategic initiatives to be introduced under the new management team established on April 1, 2012. By implementing a rapid decision-making approach that draws on the strengths of the entire Sony Group, Sony Corporation aims to revitalize and grow the electronics businesses to generate new value, while further strengthening the stable business foundations of the entertainment and financial service businesses. To this end, Sony Corporation has announced and has been engaged in the following five key initiatives.

1. Strengthening core businesses (Digital Imaging, Game, Mobile);
2. Turning around the television business;
3. Expanding business in emerging markets;
4. Creating new businesses and accelerating innovation; and
5. Realigning the business portfolio and optimizing resources.

In particular, Sony Corporation has been implementing a series of measures, including: (i) strengthening of its core businesses by increasing the production capacity of CMOS image sensors and acquiring Gaikai, Inc. in the U.S., (ii) the steady implementation of the Profitability Improvement Plan in its TV business, (iii) the creation of new businesses as exemplified by the full-fledged entry into the medical business and (iv) the business portfolio realignment such as the sale of the chemical products-related businesses.

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Given this situation, Sony Corporation decided to issue the Bonds with Stock Acquisition Rights with the intent to provide strong support for the expedited and secure implementation of the growth strategy that is currently underway through a sound financing strategy including diversified financing sources and secured long-term/stable funding.

Use of Proceeds

Proceeds from the issuance of the Bonds with Stock Acquisition Rights are to be applied to all or part of (i) the investment into, and refinancing of short-term funding for, the following capital expenditures and acquisitions for the purpose of integrating key initiatives of the electronics businesses to “strengthen core businesses” and “create new businesses,” and (ii) the redemption funds for the bonds that are due to mature.

The relevant details are set forth below:

- approximately 60 billion yen towards capital expenditure by Sony Semiconductor Corporation to increase production capacity of CMOS image sensors at its Nagasaki Technology Center (announced on June 22, 2012, with an expected total capital expenditure of approximately 80 billion yen, expected to be completed during the first half of the fiscal year ending March 31, 2014);
- approximately 50 billion yen towards the purchase of shares of common stock in Olympus Corporation pursuant to a business and capital alliance with Olympus Corporation announced on September 28, 2012 (approximately 19 billion yen of the purchase price was paid with funds raised through short-term borrowings on October 23, 2012 and the remaining approximately 31 billion yen is due to be paid by February 28, 2013);
- approximately 10 billion yen towards the acquisition of Gaikai, Inc. by Sony Computer Entertainment Inc. announced on July 2, 2012 at a total acquisition cost of approximately 380 million U.S. dollars (the entire acquisition price has already been paid with funds raised through short-term borrowings); and
- approximately 30 billion yen towards the redemption of the nineteenth series of unsecured bonds issued by Sony Corporation, due to mature on March 19, 2013 (aggregate of 35 billion yen).

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