SONY

ANNUAL REPORT 1982

Sony Corporation

TOKYO, JAPAN

HIGHLIGHTS
For the years ended October 31

	1982	1981
Net sales:		
Overseas	¥ 829,665 ($3,372,622)	¥ 744,775
Domestic	284,157 (1,155,110)	306,266
Total	1,113,822 (4,527,732)	1,051,041
Operating income	109,584 (445,464)	142,589
Income before income taxes	85,542 (347,732)	132,731
Income taxes	45,871 (186,468)	69,652
Net income	45,820 (186,260)	66,901
Per Depositary Share	198.67 (0.81)	291.67

Millions of yen except per share amounts
(Thousands of U.S. dollars except per share amounts)

Notes: 1. Each Depositary Share represents 1 share of Common Stock. Per share amounts are based on the average number of shares outstanding during each period, adjusted for all stock distributions.
2. 1981 amounts have been restated using FASB 52, as described in Note 1 of Notes to Consolidated Financial Statements.
3. U.S. dollar amounts for fiscal 1982 are translated for convenience from yen at the rate of ¥246 = U.S.$1, the Tokyo foreign exchange market rate as of December 14, 1982, as described in Note 3 of Notes to Consolidated Financial Statements.

TO THE HOLDERS OF SONY DEPOSITARY SHARES:

Norio Ohga Masahiko Morizono Akio Morita Masaru Ibuka Masaaki Morita Mitsuzo Narita

This fiscal year, the worldwide recession has deepened with no sign of early recovery. World trade has been shrinking, creating intensified trade friction. The Japanese economy was also confronted with a difficult situation, the continued decline of exports which caused domestic economic conditions to become sluggish. The consumer electronics industry has been faced with intense price competition and declining margins because of stagnant consumer demand in general and fewer exports.

Sony has been trying to increase sales by strengthening current product lines, including the Betamax VTR and the Walkman stereo cassette player, and by developing other high-quality, high-performance products. At the same time, the Company strove to maintain a healthy financial position and to administer the Company's activities more efficiently. However, the earnings of the Company were adversely affected by such factors as increased sales promotion expenses, charges against income to reduce the carrying value of inventories of certain products to their estimated realizable values, increased depreciation expense under capital expansion, and increased research and development expenses. In addition, stagnant conditions in the world markets, especially in the latter half of this fiscal year, made it difficult for the Company to attain the level of sales expected earlier in the year. Although net sales increased in fiscal 1982, operating income and net income have declined in comparison with the previous fiscal year.

During the first quarter of fiscal 1982, Sony adopted, effective as of November 1, 1980, Statement of Financial Accounting Standards No. 52 ("FASB 52"), which established revised standards of financial accounting and reporting for the translation of foreign currency transactions and foreign currency financial statements. For comparative purposes, financial results for fiscal 1981 have been restated using FASB 52.

Sony considers itself as engaged in a single business, the electronics business. For revenue reporting purposes, beginning in fiscal 1982, Sony classified its products into four product groups: Video Equipment, Audio Equipment, Television and Other Products. Fiscal 1981 product group sales have been reclassified for comparative purposes.

Beginning in the second quarter of fiscal 1982, Sony adopted the practice of presenting all financial data solely in yen, except for data pertaining to the most recent period, which are translated for convenience at a recent exchange rate. Sony adopted this policy because it believes that the financial statements expressed in yen are more informative. The rate used for annual reporting was ¥246=U.S.$1, the rate prevailing on December 14, 1982.

Consolidated net sales for fiscal 1982 rose to 1,113,822 million yen ($4,527,732,000), an increase of 6.0 percent over 1,051,041 million yen for fiscal 1981. Consolidated operating income for fiscal 1982 decreased to 109,584 million yen ($445,464,000), a decrease of 23.1 percent from 142,589 million yen for fiscal 1981. Consolidated net income for fiscal 1982 was reduced to 45,820 million yen ($186,260,000), a decrease of 31.5 percent from 66,901 million yen for fiscal 1981. Earnings per Depositary Share (each Depositary Share represents one share of Common Stock) were 199 yen ($0.81) compared with 292 yen for fiscal 1981.

Overseas net sales for fiscal 1982 increased 11.4 percent from the previous fiscal year and accounted for 74.5 percent of net sales. Net sales in Japan decreased 7.2 percent and accounted for 25.5 percent of net sales. In the United States, net sales for fiscal 1982 increased 15.5 percent over fiscal 1981 and accounted for 28.8 percent of net sales. In Europe, net sales increased 24.2 percent and accounted for 23.8 percent of net sales. Net sales in other markets decreased 3.9 percent and accounted for 21.9 percent of net sales.

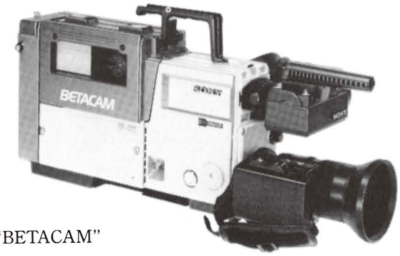
Subject to shareholder approval at a General Meeting of Shareholders scheduled to be held on January 28, 1983, Sony will pay to shareholders of record on October 31, 1982, a cash dividend of 22 yen (before deduction of withholding taxes) per Depositary Share for the six-month period ended October 31, 1982. This payment will bring the total annual cash dividend for fiscal 1982 to 44 yen (before deduction of withholding taxes) per Depositary Share.

Sales of video equipment during fiscal 1982, including video tapes, increased 30.8 percent over fiscal 1981 and accounted for 42.6 percent of net sales. In spite of the worldwide stagnant economic condition, home-use VTRs have rapidly become more widespread and recorded high-level growth in terms of units in the world markets. On the other hand, price competition has become much more intense, with margins declining. In order to cope with this market situation and to meet the needs of a wide range of users, Sony has been strengthening its Betamax line-up to include portable models, multiplex sound models, popular-priced models, and multi-function console models, while at the same time, trying to reduce the cost of products. In the field of production facilities, in May, 1982, the Company began Betamax production at its German manufacturing subsidiary in Fellbach, near Stuttgart, West Germany. The Company also began construction of a video tape plant in Dax Pontonx, France, to meet the demand for video tapes in Europe. This plant is the Company's second overseas video tape plant, the first being the Dothan, Alabama, Plant.

In October, 1982, Sony and six other Beta-Group companies (Aiwa Co., Ltd., The General Corporation, New Nippon Electric Co., Ltd., Pioneer Electronic Corporation, Sanyo Electric Co., Ltd., and Toshiba Corporation) announced that they had jointly developed a extremely small and lightweight portable Betamax VTR which uses the existing half-inch Beta cassette tape. The seven companies will work on their respective prototypes, with a market introduction planned for the Spring, 1983. At the Japan Electronics Show held in Tokyo in October, 1982, Sony displayed a prototype of a single-unit color video camera-cassette recorder using the existing half-inch Beta cassette tape. This prototype, provisionally called "Betamovie", weighs less than 2.5 kilograms (5.5 lbs.) including the battery, and can record up to three hours using a L-750 Beta cassette. Marketing of the Betamovie is scheduled for Summer, 1983. Both of these products take full advantage of the Beta format that features a smaller cassette and superior picture quality.

In the broadcasting and institutional VTR field, Sony's one-inch helical scan VTRs, U-matic VTRs, color video cameras, and related equipment continue to be well received in the world markets. The improved performance of a new one-inch VTR, which is very compact, lightweight, and equipped with various new features, including 2-hour recording and playback capability, has been highly appreciated by the world broadcasting stations. This fiscal year, the Company also began marketing a new institutional U-matic VTR system, which is designed to improve performance, maneuverability, and durability. Sony's institutional U-matic systems, including this new one, have been widely used in many companies, schools and educational institutions.

In recent years, the television industry has indicated a growing requirement for high performance ENG (Electronic News Gathering)/EFP (Electronic Field Production) equipment with lower weight and reduced physical size. Sony has recognized the importance of this trend. Since demonstrating the half-inch camera/recorder system for broadcast use at the National Association of Broadcasters' Convention held in Las Vegas in April, 1981, Sony has been intensively studying all possible recording formats for this kind of system. As a result, Sony recently began delivery of the "BETACAM" system. Weighing approximately 8 kilograms (less than 18 lbs.) in a size comparable to that of a conventional broadcast-use camera, the BETACAM system allows news gathering by a single operator. In addition, as the system can be easily separated into the camera section and the VTR section, a variety of uses in combination with existing cameras and VTRs is possible. In August, 1982, Thomson-CSF of France, a major electronics company in Europe, decided to adopt the half-inch camera/recorder system for broadcast use based on the BETACAM format. At present, broadcasting stations throughout the world have shown a keen interest in the BETACAM system. Recently, leading broadcasting stations in Japan, including NHK (Japan Broadcasting Corporation), and in Canada, and several broadcasting stations in the United States decided to adopt this system.



"BETACAM"

Sales of audio equipment during fiscal 1982, including tape recorders, radios, and audio tapes, decreased 16.0 percent from fiscal 1981 and accounted for 22.7 percent of net sales. In spite of a sales increase in personal audio equipment, including Walkman, Sony's overall audio sales decreased compared with the previous fiscal year, because of the continued sluggish trends in the world audio markets.

On the positive side, "digital audio", a revolutionary new audio system, has finally been launched on a full-scale. Sony, as a leading company, has made remarkable progress in this digital audio field, based on accumulated technology and know-how. In addition to the compact PCM digital audio processor which Sony commenced marketing in December, 1981, the Company introduced in the Japanese market in October, 1982 the Compact Disc Digital Audio System (jointly developed with Philips). The public response to this new system has been very strong worldwide, including Japan. The Compact Disc player offers dramatically improved audio characteristics in terms of dynamic range, frequency response, distortion, signal-to-noise ratio, and wow/flutter, when connected to a conventional audio amplifier. Sony plans to market this player in Europe in March, 1983, and thereafter in the United States. The manufacture and distribution of Compact Discs by Polygram, CBS/Sony (a joint venture in Japan between CBS and Sony) and other companies is being coordinated with the introduction of the


Sony's Compact Disc player

players. CBS/Sony also plans to establish a facility in the United States to manufacture Compact Discs. In the field of digital audio equipment for professional use, Sony has developed and marketed a total Compact Disc recording and manufacturing system, from multi-channel recording through mixing and editing to final mastering, and checking and inspecting of Compact Discs produced.

Sales of television sets during fiscal 1982, including projection TV, decreased 3.9 percent from fiscal 1981 and accounted for 23.6 percent of net sales. Color TV sales decreased 3.8 percent and accounted for 21.3 percent of net sales. In the world markets, although color TV sales in terms of units have been relatively high-level, the main current has shifted to low-priced, small color TVs. In addition, price competition has been very severe, reflecting the worldwide recession. Under such conditions, Trinitron sales declined compared with the previous fiscal year. However, the color TV market is expected to become much larger in the years ahead, owing to the growth of various kinds of new visual information media.

Sony's Trinitron color TVs, including the Profeel component TV, continue to meet the requirements indicated by such trends. In Spring, 1982, the Bridgend Plant in South Wales started production of Trinitron picture tubes, thus joining the San Diego, California, Plant in producing picture tubes as well as color TV sets. In Japan, sales of Sony's flat pocket TV, which employs a newly-developed cathode ray tube only 16.5 mm (approx. 5/8 inches) thick, have been strong. This flat TV, which can be enjoyed in a manner like Walkman, was recently introduced in the United States.

In May, 1982, Sony announced that it had developed a new color TV receiver, incorporating an innovative Non-Interlace scanning system based on digital technology. The Non-Interlace scanning significantly improves the picture quality of standard color television by digitally processing the signals transmitted from ordinary broadcast stations. This Non-Interlace scanning system has great potential in terms of picture quality, considering the rapidly advancing semiconductor technology. Sony will further improve this system and incorporate it into new products, beginning with large-screen projectors.

Sales of other products during fiscal 1982, including business machines for dictating and transcribing and language laboratory systems, increased 8.8 percent over fiscal 1981 and accounted for 11.1 percent of net sales. In the office automation market, Sony has already marketed the Typecorder and its word processor in the United States. In addition, commencing in Autumn, 1982, the Company began marketing in the United States its new desktop microcomputer system for video as well as business applications. This system, the first in Sony's microcomputer business, has such characteristics as compactness, ease of use, high reliability, versatile graphic capability, system expandability, large memory capacity and excellent cost/performance. The Company recently introduced this system to the Japanese market.

Sony's desktop microcomputer system

Both the word processor and the microcomputer system use Sony's 3.5 inch micro floppydisk system consisting of a large-capacity media and disk drive mechanism. The Company has been actively engaged in the marketing of this micro floppydisk system to OEM customers since its introduction in 1980. In May, 1982, Sony announced the conclusion of a multi-year OEM supply contract with Hewlett-Packard Company of the United States for this system. Hewlett-Packard, a worldwide manufacturer of computer and electronic instrumentation products, uses this system as the standard for some of its computer-related products.

In March, 1982, Sony announced the development of a revolutionary color video printer called the MAVIGRAPH, using a new color printing system which requires no chemical processing. The MAVIGRAPH electronically produces hard copy prints from video signals, including those of Sony's MAVICA (magnetic video camera) system. It embodies a unique concept, employing a highly advanced video printing method to produce color images by means of signal scanning. Existing methods of obtaining hard color copies without any chemical processing are not adequate for printing color photographs in terms of color density and color gradation. The MAVIGRAPH allows a smooth color gradation from dark to light. In addition, it is small, compact and requires little maintenance compared to other printers.

In November, 1982, Sony announced that it had developed a high-performance optical laser disc which can record both digital and analog signals, using newly-developed, highly-sensitive recording material having a double-layer structure. The recording sensitivity of the disc is enhanced by the unique double-layer structure consisting of a recording layer and a heat (laser) absorbing layer. The thin metallic film (the recording layer) changes its physical property from an amorphous to crystalline phase when it is thermally treated by a laser diode.

Sony has defended in court the public's right to use VTRs for home reception of off-the-air broadcasts ever since home recording first was challenged by Universal City Studios and Walt Disney Productions in 1976. In March, 1982, Sony petitioned the United States Supreme Court to review the decision of the U. S. Court of Appeals for the Ninth Circuit that declares all home videotape recording of free off-the-air television to be a violation of federal copyright law. In June, 1982, the Supreme Court granted Sony's petition. The Supreme Court is expected to hear arguments on the case in January, 1983.

In February, 1982, Sony issued 20 billion yen aggregate principal amount of 5.6 percent Convertible Bonds due in 1992, in overseas markets other than the United States. In July, 1982, Sony issued 50 million U. S. dollar aggregate principal amount of Convertible Debentures due October 31, 1997, in the United States and other overseas markets. These issues were sold in private placements, and the net proceeds from these issues have been used to finance a portion of the Company's capital expenditure and investment in subsidiaries both in Japan and overseas. In addition, this fiscal year, the Company has made substantial capital investments in fixed assets for such fields as VTRs, magnetic tapes and semiconductors, in order to provide for the Company's future.

The Company is making every effort to take advantage of opportunities to improve its products, sales, and cost effectiveness, and thereby overcome the adverse effects of the current severe business conditions. Management is confident that these efforts will have a positive effect on the Company's future growth.

Sincerely yours,

Akio Morita
Chairman

Norio Ohga
President

December 20, 1982

MANAGEMENT
(as of December 20, 1982)

DIRECTORS

Masaru Ibuka	Honorary Chairman and Director of the Company
Akio Morita	Chairman and Representative Director (Chief Executive Officer)
Mitsuzo Narita	Vice Chairman and Representative Director
Norio Ohga	President and Representative Director (Chief Operating Officer)
Masaaki Morita	Deputy President and Representative Director
Masahiko Morizono	Deputy President and Representative Director
Susumu Yoshida	Senior Managing and Representative Director
Keizabro Tozawa	Senior Managing Director
Nobutoshi Kihara	Senior Managing Director
Heitaro Nakajima	Managing Director
Kimio Okura	Managing Director
Hajime Unoki	Managing Director
Naozo Mabuchi	Managing Director
Toshio Sakai	Managing Director
Kazuyuki Shirakura	Managing Director
Goro Koyama	Director
Yusuke Kashiwagi	Director
Makoto Kikuchi	Director
Toshio Miyamoto	Director
Tsunehiko Ishizuka	Director
Tsunao Hashimoto	Director
Fumio Kohno	Director
Yasushi Fujimura	Director
Keiichi Nakamura	Director
Masaaki Wakao	Director
Koji Adachi	Director

STATUTORY AUDITORS

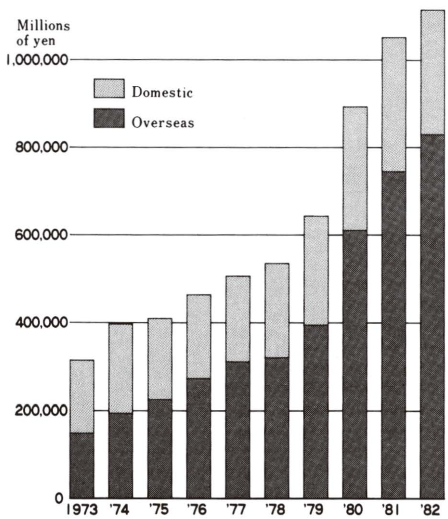
Naohiro Satoh	Standing Statutory Auditor
Kazuaki Morita	Statutory Auditor

Sony Corporation
(Sony Kabushiki Kaisha)
CONSOLIDATED TEN-YEAR SUMMARY

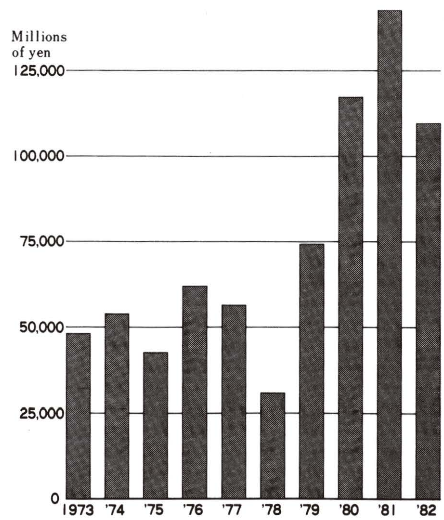
	1982	1981	1980
Net sales:			
Overseas	**¥829,665** ($3,372,622)	¥744,775	¥610,545
Domestic	**284,157** (1,155,110)	306,266	282,218
Total	**1,113,822** (4,527,732)	1,051,041	892,763
Operating income	**109,584** (445,464)	142,589	117,245
Income before income taxes	**85,542** (347,732)	132,731	116,748
Income taxes	**45,871** (186,468)	69,652	53,026
Net income	**45,820** (186,260)	66,901	68,643
Per Depositary Share	**198.67** (0.81)	291.67	318.34
Depreciation	**48,229** (196,053)	32,421	24,703

Notes: 1. Each Depositary Share represents 1 share of Common Stock. Per share amounts are based on the average number of shares outstanding during each period, adjusted for all stock distributions.
2. 1981 amounts have been restated using FASB 52, as described in Note 1 of Notes to Consolidated Financial Statements.

NET SALES



OPERATING INCOME

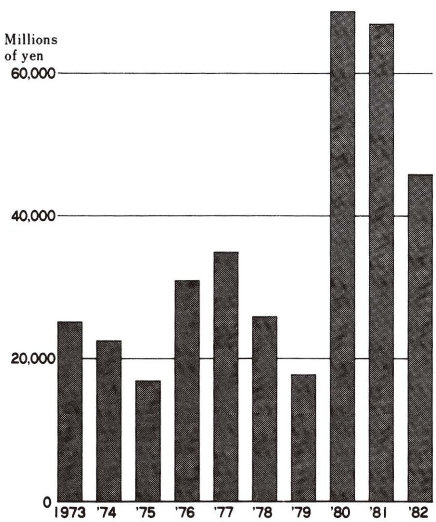


Millions of yen except per share amounts
(Thousands of U.S. dollars except per share amounts)

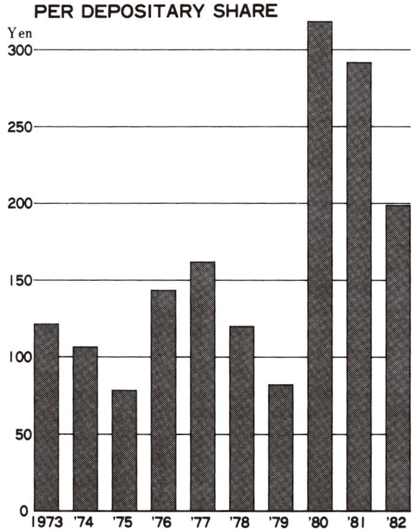
1979	1978	1977	1976	1975	1974	1973
¥394, 554	¥320, 085	¥310, 721	¥272, 455	¥224, 248	¥198, 939	¥148, 653
248, 901	214, 832	195, 303	191, 073	185, 362	198, 112	165, 408
643, 455	534, 917	506, 024	463, 528	409, 610	397, 051	314, 061
74, 719	30, 766	56, 445	61, 974	42, 644	53, 880	48, 079
41, 272	52, 378	64, 363	64, 388	39, 187	46, 414	49, 159
26, 960	29, 387	32, 985	35, 625	22, 415	23, 693	24, 656
17, 716	25, 874	34, 898	30, 926	16, 893	22, 518	25, 134
82. 16	120. 00	161. 85	143. 42	78. 34	106. 55	121. 40
20, 086	15, 844	12, 992	10, 778	10, 850	10, 298	7, 586

3.U.S.dollar amounts for fiscal 1982 are translated for convenience from yen at the rate of ¥246= U.S.$1, the Tokyo foreign exchange market rate as of December 14, 1982, as described in Note 3 of Notes to Consolidated Financial Statements.

NET INCOME



NET INCOME
PER DEPOSITARY SHARE

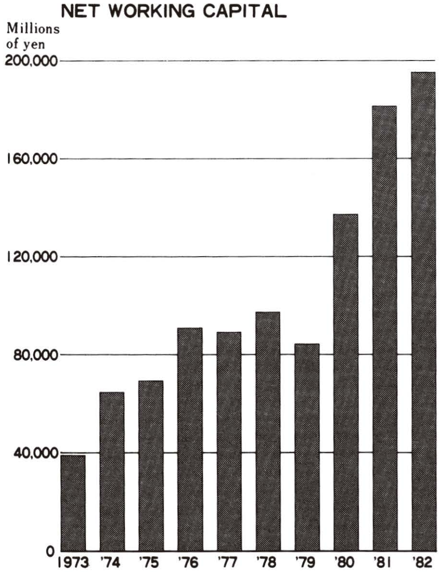


Sony Corporation
(Sony Kabushiki Kaisha)
CONSOLIDATED TEN-YEAR SUMMARY

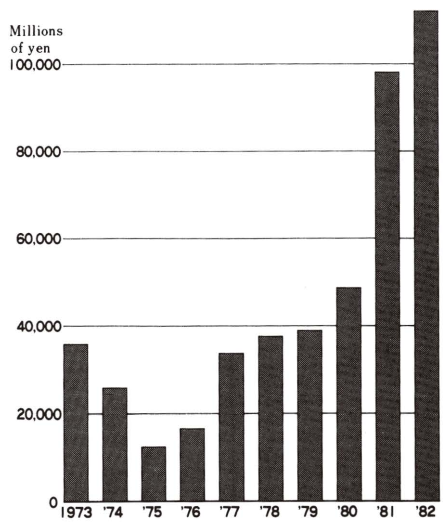
	1982	1981	1980
Net working capital	**¥195,240** ($793,659)	¥181,362	¥137,188
Capital investment (Additions to fixed assets)	**112,091** (455,654)	98,089	48,715
Shareholders' equity	**474,592** (1,929,236)	425,765	325,523
Per Depositary Share	**2,057.72** (8.36)	1,856.20	1,509.67
Total assets	**1,240,355** (5,042,093)	1,152,655	877,413
Average number of shares (In thousands of shares)	**230,639**	229,375	215,625
Number of issued shares (As of end of fiscal year)	**230,714**	230,625	215,625
Number of employees	**43,126**	38,555	32,821

Notes: 1. Each Depositary Share represents 1 share of Common Stock. Per share amounts are based on the average number of shares outstanding during each period, adjusted for all stock distributions.
2. 1981 amounts have been restated using FASB 52, as described in Note 1 of Notes to Consolidated Financial Statements.

NET WORKING CAPITAL



CAPITAL INVESTMENT

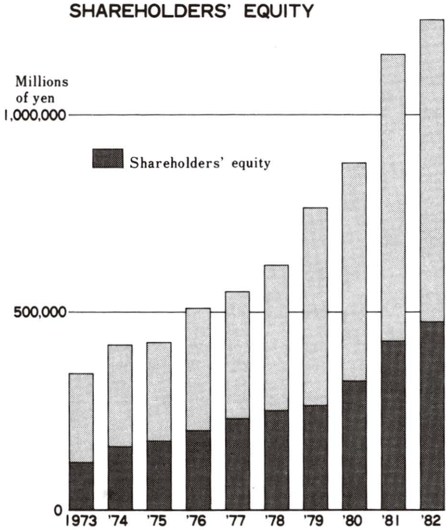


Millions of yen except per share amounts
(Thousands of U.S. dollars except per share amounts)

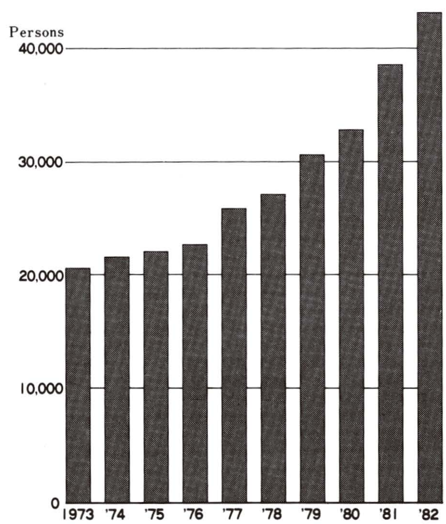
1979	1978	1977	1976	1975	1974	1973
¥84,265	¥97,272	¥89,162	¥90,840	¥69,296	¥64,612	¥38,892
38,916	37,604	33,732	16,619	12,468	25,878	35,824
263,349	251,024	230,541	201,034	174,421	160,115	119,988
1,221.33	1,164.17	1,069.18	932.33	808.91	757.66	579.56
763,907	618,854	552,138	509,859	423,123	416,681	344,194
215,625	215,625	215,625	215,625	215,625	211,328	207,031
215,625	215,625	215,625	215,625	172,500	172,500	132,500
30,607	27,112	25,881	22,713	22,108	21,635	20,648

3.U.S.dollar amounts for fiscal 1982 are translated for convenience from yen at the rate of ¥246= U.S.$1, the Tokyo foreign exchange market rate as of December 14, 1982, as described in Note 3 of Notes to Consolidated Financial Statements.

TOTAL ASSETS AND SHAREHOLDERS' EQUITY



NUMBER OF EMPLOYEES



Sony Corporation
(Sony Kabushiki Kaisha)
CONSOLIDATED BALANCE SHEET

ASSETS	In millions of yen 1982	In millions of yen 1981 (Restated)	Translation into thousands of U.S. dollars (Note 3) 1982
	October 31		
CURRENT ASSETS:			
Cash	¥ 33,512	¥ 29,436	$ 136,228
Time deposits (Note 7)	109,131	109,399	443,622
Marketable securities, at cost or less which approximates market (Note 6)	34,799	56,183	141,459
Notes and accounts receivable, trade	186,932	184,305	759,886
Notes and accounts receivable, affiliated companies	59,483	69,016	241,801
Allowance for doubtful accounts	(13,751)	(12,025)	(55,898)
Inventories (Note 4)	360,371	322,392	1,464,923
Prepaid expenses and other current assets	35,794	41,922	145,503
Income tax prepayments	47,761	41,754	194,150
Total current assets	854,032	842,382	3,471,674
INVESTMENTS AND ADVANCES:			
Affiliated companies (Note 5)	54,060	44,896	219,756
Directors, officers and employees	4,533	9,290	18,427
Other (Notes 6 and 7)	22,480	22,241	91,382
	81,073	76,427	329,565
PROPERTY, PLANT AND EQUIPMENT (Note 12):			
Land	45,599	39,715	185,362
Buildings	151,141	120,035	614,394
Machinery and equipment	259,304	182,584	1,054,081
Construction in progress	14,983	20,084	60,907
	471,027	362,418	1,914,744
Less - Accumulated depreciation	179,768	137,437	730,764
	291,259	224,981	1,183,980
OTHER ASSETS	13,991	8,865	56,874
	¥1,240,355	¥1,152,655	$5,042,093

The accompanying notes are an integral part of this statement.

LIABILITIES	In millions of yen, October 31, 1982	In millions of yen, October 31, 1981 (Restated)	Translation into thousands of U.S. dollars (Note 3), October 31, 1982
CURRENT LIABILITIES:			
Short-term borrowings (Note 7)	¥ 306,451	¥ 222,020	$1,245,736
Current portion of long-term debt	2,129	1,700	8,655
Notes payable, trade	122,597	167,276	498,362
Accounts payable, trade	42,225	61,237	171,646
Notes payable, construction	14,704	20,504	59,772
Notes and accounts payable, affiliated companies	20,706	28,091	84,171
Dividends payable	5,123	4,091	20,825
Accrued income and other taxes	32,612	52,506	132,569
Other accounts payable and accrued liabilities	112,245	103,595	456,279
Total current liabilities	658,792	661,020	2,678,015
LONG-TERM DEBT (Notes 7 and 12)	56,829	20,498	231,012
LIABILITY FOR SEVERANCE INDEMNITIES (Note 8)	39,265	35,973	159,614
ACCUMULATED INCOME TAX REDUCTIONS	10,877	9,399	44,216
STOCKHOLDERS' EQUITY (Note 10):			
Common stock ¥50 par value - Authorized - 920,000,000 shares			
Issued: 1982 - 230,713,704 shares	11,535		46,890
1981 - 230,625,000 shares		11,531	
Capital in excess of par value	91,061	90,755	370,167
Legal reserve	4,854	4,515	19,732
Retained earnings appropriated for special allowances	6,701	5,610	27,240
Retained earnings	350,680	316,439	1,425,528
Cumulative translation adjustment (Note 1)	9,761	(3,085)	39,679
	474,592	425,765	1,929,236
COMMITMENTS AND CONTINGENT LIABILITIES (Note 13)			
	¥1,240,355	¥1,152,655	$5,042,093

Sony Corporation
(Sony Kabushiki Kaisha)
CONSOLIDATED STATEMENT OF INCOME AND RETAINED EARNINGS

	In millions of yen			Translation into thousands of U.S. dollars (Note 3)
	Year ended October 31			
	1982	1981 (Restated)	1980	1982
Sales and operating revenue:				
Net sales -				
Overseas	¥ 829,665	¥ 744,775	¥610,545	$3,372,622
Domestic	284,157	306,266	282,218	1,155,110
	1,113,822	1,051,041	892,763	4,527,732
Operating revenue	12,390	9,174	7,466	50,366
	1,126,212	1,060,215	900,229	4,578,098
Costs and expenses:				
Cost of sales (Note 11)	753,675	685,257	567,707	3,063,719
Selling, general and administrative	262,953	232,369	215,277	1,068,915
	1,016,628	917,626	782,984	4,132,634
Operating income	109,584	142,589	117,245	445,464
Other income:				
Interest and dividends	19,552	20,806	13,567	79,479
Foreign exchange gain	-	-	11,352	-
Other	16,539	12,648	9,098	67,232
	36,091	33,454	34,017	146,711
Other expenses:				
Interest	41,853	30,916	26,992	170,134
Foreign exchange loss	8,741	4,349	-	35,533
Other	9,539	8,047	7,522	38,776
	60,133	43,312	34,514	244,443
Income before income taxes	85,542	132,731	116,748	347,732
Income taxes (Note 9):				
Current	51,509	72,405	55,713	209,386
Deferred, arising from book-tax timing differences	(5,638)	(2,753)	(2,687)	(22,918)
	45,871	69,652	53,026	186,468
Income from consolidated operations	39,671	63,079	63,722	161,264
Equity in earnings of affiliated companies (Note 5)	6,149	3,822	4,921	24,996
Net income (per share: 1982 - ¥198.7 or 80.8¢, 1981 - ¥291.7, 1980 - ¥318.3)	45,820	66,901	68,643	186,260
Retained earnings:				
Balance, beginning of period	316,439	258,159	195,763	1,286,337
Common stock offering expenses, net of tax	-	(632)	-	-
(Appropriation for) reversal of special allowances, net of estimated future taxes	(1,091)	622	522	(4,435)
Cash dividends applicable to earnings for the period (per share: 1982 - ¥44.0 or 17.9¢, 1981 - ¥35.2, 1980 - ¥30.0)	(10,149)	(8,071)	(6,469)	(41,256)
Transfer to legal reserve	(339)	(540)	(300)	(1,378)
Balance, end of period	¥ 350,680	¥ 316,439	¥258,159	$1,425,528

The accompanying notes are an integral part of this statement.

Sony Corporation
(Sony Kabushiki Kaisha)
CONSOLIDATED STATEMENT OF CHANGES IN FINANCIAL POSITION

	In millions of yen			Translation into thousands of U.S. dollars (Note 3)
	Year ended October 31			
	1982	1981 (Restated)	1980	1982
Financial resources were provided by:				
Net income	¥ 45,820	¥ 66,901	¥ 68,643	$186,260
Add (deduct) income charges (credits) not affecting working capital -				
Depreciation	48,229	32,421	24,703	196,053
Equity in earnings of affiliated companies	(6,149)	(3,822)	(4,921)	(24,996)
Provision for severance indemnities, less payments	3,245	2,869	2,741	13,191
Loss on disposal of fixed assets	1,256	1,257	1,227	5,106
Deferred income taxes, non-current	1,057	6,646	(120)	4,297
Working capital provided by operations	93,458	106,272	92,273	379,911
Proceeds from sale of fixed assets	4,317	5,113	1,696	17,549
Decrease (increase) in other investments and advances	4,429	(9,717)	8,371	18,004
Increase in long-term debt	39,839	13,332	5,545	161,947
Proceeds from sale of common stock and conversion of debentures	310	44,250	-	1,260
Change in interest in affiliated company (Note 10)	-	879	-	-
Equity in earnings of affiliated companies reinvested in the business	6,149	3,822	4,921	24,996
	148,502	163,951	112,806	603,667
Changes in exchange rates	5,419	(1,626)	-	22,028
Total	153,921	162,325	112,806	625,695
Financial resources were used for:				
Increase in investments in affiliates	8,990	8,775	3,684	36,545
Additions to fixed assets	112,091	98,089	48,715	455,654
Increase in other assets	5,126	835	527	20,837
Reduction in long-term debt	3,687	1,749	488	14,988
Common stock offering expenses	-	632	-	-
Cash dividends	10,149	8,071	6,469	41,256
Total	140,043	118,151	59,883	569,280
Increase in working capital	¥ 13,878	¥ 44,174	¥ 52,923	$ 56,415

Analysis of Changes in Working Capital

	1982	1981 (Restated)	1980	1982
Increase (decrease) in current assets:				
Cash and time deposits	¥ 3,808	¥ 48,186	¥35,163	$ 15,480
Marketable securities	(21,384)	(17,188)	15,489	(86,927)
Notes and accounts receivable	(8,632)	62,297	27,291	(35,089)
Inventories	37,979	84,290	15,143	154,386
Prepaid expenses and income tax prepayments	(121)	20,904	3,491	(492)
Total	11,650	198,489	96,577	47,358
(Increase) decrease in current liabilities:				
Short-term borrowings	(84,431)	(37,991)	20,938	(343,215)
Current portion of long-term debt	(429)	(1,265)	267	(1,744)
Notes, accounts and dividends payable	75,844	(80,643)	(37,916)	308,309
Accrued income and other taxes	19,894	(9,384)	(13,924)	80,870
Other accounts payable and accrued liabilities	(8,650)	(25,032)	(13,019)	(35,163)
Total	2,228	(154,315)	(43,654)	9,057
Increase in working capital	¥13,878	¥ 44,174	¥52,923	$ 56,415

The accompanying notes are an integral part of this statement.

Sony Corporation
(Sony Kabushiki Kaisha)
NOTES TO FINANCIAL STATEMENTS

1. Accounting change - Foreign currency translation:

In 1982 the company adopted a new method of accounting for the translation of foreign currencies as promulgated in Statement of Financial Accounting Standards No.52 (FASB 52). The accompanying financial statements for the fiscal year 1982 are prepared in accordance with FASB 52. The accompanying financial statements for the fiscal year 1981, which were previously prepared in accordance with Statement of Financial Accounting Standards No.8 (FASB 8), were restated using the new method. The accompanying financial statements for the fiscal year 1980 are presented in accordance with FASB 8. Features of both methods are outlined below.

Under FASB 8, the foreign currency financial statements of consolidated subsidiaries included in the accompanying financial statements expressed in yen, were translated into yen at appropriate year-end current rates, except that inventories, cost of sales, investment securities, fixed assets and related depreciation and balances of deferred taxes were stated at historical rates and revenue and other expense accounts were translated at rates prevailing at the time of the transactions. The resulting translation gains or losses were credited or charged to income currently. Under FASB 52, except in certain circumstances, all asset and liability accounts of the foreign subsidiaries are translated at appropriate year-end current rates, all revenue and expense accounts are translated at rates prevailing at the time of the transactions and the resulting translation adjustments are accumulated and reported as a component of stockholders' equity.

Under both FASB 8 and FASB 52, foreign currency receivables and payables and bank deposits denominated in foreign currencies, primarily in U.S. dollars, of the parent company and subsidiaries in Japan are translated into yen at the contracted rates or the applicable year-end current rates, and the resulting translation gains or losses are credited or charged to income currently.

As a result of applying the provisions of FASB 52, net income for the year ended October 31, 1981 increased by ¥5,145 million (¥22.5 per share) and stockholders' equity at that date was reduced by a cumulative translation adjustment of ¥3,085 million.

2. Summary of significant accounting policies:

The company and its domestic subsidiaries maintain their records and prepare their financial statements in accordance with accounting principles generally accepted in Japan, and its foreign subsidiaries in conformity with those of the countries of their domicile. Certain adjustments and reclassifications, including those relating to the tax effects of timing differences, the appropriation for or reversal of special allowances and the accrual of certain expenses, have been incorporated in the accompanying financial statements to conform with accounting principles generally accepted in the United States of America. These adjustments were not recorded in the statutory books of account.

Basis of consolidation and accounting for investments in affiliated companies -

The consolidated financial statements include the accounts of the parent company and, with minor exceptions, those of its wholly-owned subsidiary companies. All significant intercompany transactions and accounts are eliminated. Investments in 20% to 50% held companies and investments in unconsolidated subsidiaries are stated, with minor exceptions, at cost plus equity in undistributed income; net consolidated income includes the company's equity in the current net earnings of such companies, after elimination of unrealized intercompany profits.

The excess of the cost of investments over the related net assets of businesses acquired is deferred and amortized on a straight-line basis over a period of five years with the exception of minor amounts which are charged to income in the year of acquisition.

Marketable equity securities -

Cost of marketable equity securities sold is based on the average cost of all the shares of each such security held at the time of sale.

Inventories -

Inventories are valued at cost, not in excess of market, cost being determined on the "average" basis except for the cost of finished products carried by certain subsidiary companies which is determined on the "first-in, first-out" basis.

Property, plant and equipment and depreciation -

Property, plant and equipment is stated at cost. Depreciation is computed primarily on the declining balance method at rates based on estimated useful lives of the assets according to general class, type of construction and use.

Significant renewals and additions are capitalized at cost. Maintenance and repairs and minor renewals and betterments are charged to income. In the case of retirement or other disposal, the difference between the cost of the assets less accumulated depreciation, and salvage or sales proceeds is charged or credited to income.

Liability for severance indemnities -

On terminating employment employees of the parent company and subsidiaries in Japan are entitled, under most circumstances, to lump-sum indemnities or pension payments as described below, based on current rate of pay and length of service. Under normal circumstances, the minimum payment prior to retirement age is an amount based on voluntary retirement. Employees receive significant additional benefits on involuntary retirement including retirement at age limit.

On July 1, 1980, the parent company and certain subsidiaries in Japan adopted non-contributory funded pension plans with a trust bank and two insurance companies as part of the existing retirement regulations. The benefits under the plans cover sixty percent of the indemnities under the existing regulations to employees retiring involuntarily after twenty years or more of service and an additional amount based principally on length of service. The benefits are payable, at the option of the retiring employee, as a monthly pension or in a lump-sum amount.

The recorded liability for employees' severance indemnities plus the retirement funds, excluding those funds covering the additional benefits, are equivalent to the companies' maximum liability for employee service to the balance sheet date.

Pension expense for the plans adopted in 1980 and for other funded pension plans, which were adopted prior to 1980 by some of the company's domestic and foreign subsidiaries covering substantially all of their employees, includes amortization of prior service cost over periods ranging principally from fifteen to thirty years.

With respect to directors, provision is made for lump-sum severance indemnities on a basis considered adequate for such future payments as may be approved by the stockholders.

Income taxes and retained earnings appropriated for special allowances -

The parent company, subsidiaries in Japan and some of the foreign subsidiaries are permitted to deduct for income tax purposes, if recorded on the books as appropriations of retained earnings or as charges to income, certain special allowances which are not required for financial accounting purposes. Since the effect of the special allowances is a deferral of income taxes, an amount equivalent to the current tax reduction resulting from deduction of the special allowances is provided as "Accumulated income tax reductions", and the remaining portion of such allowances is set forth in the accompanying financial statements as "Retained earnings appropriated for special allowances".

Net income and cash dividends per share -

The computation of net income and cash dividends per share is based on the average number of shares outstanding each year, appropriately adjusted for the free distribution of common stock.

Distributions of common stock -

On occasion, the company makes a free distribution of common stock which is accounted for by a transfer of the applicable par value from capital in excess of par to the common stock account. The capitalization of capital in excess of par, and the concurrent issue of shares, is made in accordance with the provisions of the Commercial Code of Japan, and such action is approved by the Board of Directors. In Japan, a gratis distribution as described above is clearly distinguished from a "stock dividend" paid out of profits which, under the Commercial Code, must be approved by the stockholders.

Common stock offering expenses -

Although common stock offering expenses are customarily treated as a reduction of proceeds from the sale of stock, Japanese tax regulations permit a deduction for such expenses provided they are charged to income on the books. Accordingly, such expenses are charged directly to retained earnings, net of the resulting reduction in income taxes.

3. U.S. dollar amounts:

U.S. dollar amounts are included solely for convenience. These translations should not be construed as representations that the yen amounts actually represent, or have been or could be converted into, U.S. dollars. As the amounts shown in U.S. dollars are for convenience only, the rate of ¥246 = US$1, the approximate current rate at December 14, 1982, has been used for the purpose of presentation of the U.S. dollar amounts in the accompanying financial statements.

4. Inventories:

Inventories at October 31, 1982 and 1981 comprise the following:

	Yen in millions		Dollars in thousands
	1982	1981	1982
Finished products	¥269,358	¥218,489	$1,094,951
Work in process	48,132	57,536	195,659
Raw materials and purchased components	42,881	46,367	174,313
	¥360,371	¥322,392	$1,464,923

5. Investments in and transactions with affiliated companies:

Summarized financial information for unconsolidated subsidiaries and other affiliated companies accounted for by the equity method for the years ended October 31, 1982, 1981 and 1980 follows:

	Yen in millions		Dollars in thousands
	1982	1981	1982
Unconsolidated subsidiaries:			
Current assets	¥100,398	¥ 79,008	$408,122
Property, plant and equipment	22,580	19,580	91,789
Other assets	8,724	7,314	35,463
Total assets	¥131,702	¥105,902	$535,374
Current liabilities	¥ 95,074	¥ 75,210	$386,480
Long-term liabilities	14,378	11,579	58,447
Stockholders' equity	22,250	19,113	90,447
Total liabilities and stockholders' equity	¥131,702	¥105,902	$535,374
Number of companies at year-end	44	43	

Other affiliated companies:

Current assets	¥131,691	¥134,958	$535,329
Property, plant and equipment	20,270	19,607	82,399
Other assets	10,071	9,878	40,939
Total assets	¥162,032	¥164,443	$658,667
Current liabilities	¥ 94,855	¥102,051	$385,589
Long-term liabilities	5,670	7,515	23,049
Stockholders' equity	61,507	54,877	250,029
Total liabilities and stockholders' equity	¥162,032	¥164,443	$658,667
Number of companies at year-end	31	33	

	Yen in millions			Dollars in thousands
	Year ended October 31			
	1982	1981	1980	1982
Unconsolidated subsidiaries:				
Net sales	¥244,787	¥218,314	¥174,315	$995,069
Net income	¥3,144	¥3,025	¥1,228	$12,780
Other affiliated companies:				
Net sales	¥310,533	¥301,622	¥290,933	$1,262,329
Net income	¥8,152	¥11,215	¥9,016	$33,138

Of the companies included on the equity basis, the stock of an unconsolidated subsidiary company carried at equity of ¥1,878 million ($7,634 thousand) and ¥1,744 million at October 31, 1982 and 1981, respectively, was quoted on the market at an aggregate value of ¥12,243 million ($49,768 thousand) and ¥14,387 million, respectively, at those dates.

Transactions with unconsolidated subsidiaries and other affiliated companies accounted for on the equity basis are presented below:

	Yen in millions			Dollars in thousands
	Year ended October 31			
	1982	1981	1980	1982
Purchases	¥73,768	¥77,617	¥63,082	$299,870
Sales	¥246,258	¥249,169	¥205,984	$1,001,049

6. Marketable equity securities:

The cost and market value of marketable equity securities included in marketable securities (current) and other investments (non-current) at October 31, 1982 and 1981 are as follows:

	Yen in millions		Dollars in thousands
	1982	1981	1982
Current:			
Cost	¥ -	¥61	$ -
Market	¥ -	¥62	$ -
Non-current:			
Cost	¥7,841	¥7,612	$31,874
Market	¥39,529	¥38,690	$160,687

At October 31, 1982, gross unrealized gains and gross unrealized losses pertaining to marketable equity securities in the portfolios are as follows:

	Yen in millions		Dollars in thousands	
	Gains	Losses	Gains	Losses
Non-current	¥31,689	¥1	$128,817	$4

Net realized gains on the disposal of marketable equity securities for the years ended October 31, 1982, 1981 and 1980 were ¥7 million ($28 thousand), ¥106 million and ¥150 million, respectively.

7. Short-term borrowings and long-term debt:

Short-term borrowings of ¥306,451 million ($1,245,736 thousand) at October 31, 1982 are generally represented by short-term notes, commercial paper and acceptances payable, at sight or 30 to 180 days, bearing interest at 6.00% to 20.875% per annum.

Short-term notes are generally issued to banks in Japan under written basic agreements which provide, with respect to all present or future loans with such banks, that collateral (including sums on deposit with such banks) or guarantors will be furnished upon the bank's request and that any collateral furnished, pursuant to such agreements or otherwise, will be applicable to all indebtedness to such banks. Short-term notes issued under such agreements totaled ¥79,102 million ($321,553 thousand) at October 31, 1982.

Long-term debt at October 31, 1982 comprises the following:

	Yen in millions	Dollars in thousands
Unsecured loans, representing obligations principally to banks and insurance companies, due 1983 to 1995 with interest ranging from 7.00% to 18.50% per annum	¥20,631	$ 83,866
Unsecured 5.6% convertible bonds due 1992	20,000	81,301
Unsecured 6.0% convertible debentures of U.S.$48,780 thousand due 1997	13,561	55,126
Long-term capital lease obligations, 6.00% - 14.75%, due 1983 to 2008	3,236	13,154
Guarantee deposits received	1,530	6,220
	58,958	239,667
Less - Portion due within one year	(2,129)	(8,655)
	¥56,829	$231,012

The 5.6% convertible bonds issued in 1982 may be converted in whole but not in part into shares of common stock of the company, at the option of the holder thereof, at any time on or after March 8, 1982. The conversion price (currently ¥3,859 - $15.69 per share) is subject to adjustment in certain instances, including stock dividends and free distributions of common stock.

The 6.0% U.S. dollar convertible debentures issued in 1982 may be converted into shares of common stock of the company at any time on or after July 20, 1982. The conversion price is currently ¥3,525 ($13.75 calculated at ¥256.30 = $1) per share, which is subject to adjustment in certain instances, including stock dividends and free distributions of common stock. The debentures are subject to redemption at any time on or after October 31, 1985, in whole or in part, at the election of the company, at prices graduated downward from 104.35% of the principal amount with interest accrued to date of redemption.

Certain of the unsecured long-term loan agreements contain provisions which permit the lenders to require collateral or guarantors for such loans.

The aggregate annual maturities of long-term debt during the next five years are as follows:

Year ending October 31	Yen in millions	Dollars in thousands
1983	¥2,129	$ 8,655
1984	1,726	7,016
1985	3,997	16,248
1986	1,946	7,911
1987	1,898	7,715

Although the maintenance of official compensating balances in respect of bank loans and other credit arrangements is contrary to public policy in Japan, it is quite common for a company to maintain time deposits with banks with which it has various credit arrangements. The company has time deposits (included in current assets and other investments) at October 31, 1982 of ¥120,222 million ($488,707 thousand), a substantial portion of which is with such banks.

8. Liability for severance indemnities and pension plans:

The charges to income for severance indemnities and pension plans were ¥10,881 million ($44,232 thousand), ¥9,606 million and ¥9,210 million for the years ended October 31, 1982, 1981 and 1980, respectively.

The company is not required to report the actuarial present value of either vested or nonvested accumulated plan benefits and net assets available for benefits to any governmental agency and such information therefore is not available.

9. Income taxes:

The company is subject to a number of different income taxes which, in the aggregate, indicate a normal effective tax rate of approximately 56% (54% in 1980). The ordinary relationship between income tax expense and pretax accounting income is distorted by a number of items including various tax credits, certain expenses not allowable for income tax purposes, the non-deductibility of losses of subsidiaries (approximating ¥13,229 million - $53,776 thousand for fiscal 1982, of which ¥5,526 million - $22,463 thousand is available for offset against taxable earnings of the subsidiaries within five years and ¥7,703 million - $31,313 thousand may be carried forward indefinitely), different tax rates applicable to foreign subsidiaries, reduced tax rates on earnings appropriated for dividends and dividend income not taxable. In addition, translation of foreign subsidiaries' financial statements resulted in net translation gains of ¥9,199 million in 1980 for which there is no tax effect.

10. Stockholders' equity and earnings per share:

The changes in the legal reserve for each of the three years in the period ended October 31, 1982 were the appropriations required under the Commercial Code of Japan. No further appropriation (presently a minimum of 10% of cash dividends paid) is required when the legal reserve equals 25% of capital.

The appropriations of retained earnings for the year ended October 31, 1982, as incorporated in the accompanying financial statements, include interim cash dividends of ¥5,074 million ($20,626 thousand), which were paid in July 1982 based on the resolution of the Board of Directors in accordance with the Commercial Code. The remainder of the appropriations, which have been incorporated in the accompanying financial statements, will be proposed for approval at the general stockholders' meeting to be held on January 28, 1983 and will be recorded in the statutory books of account, in accordance with the Commercial Code, after stockholders' approval.

Of the retained earnings of ¥350,680 million ($1,425,528 thousand) at October 31, 1982, ¥35,240 million ($143,252 thousand) will be proposed to the stockholders to be set aside as general reserves, in addition to ¥242,703 million ($986,598 thousand) set aside in prior years.

On December 1, 1980, the company made a public offering of 15,000,000 shares of ¥50 par value common stock outside the United States of America and Canada at a price of ¥2,950 per share. As a result, the common stock account was increased by ¥750 million representing the par value of the shares issued and capital in excess of par value was increased by ¥43,500 million.

During the year ended October 31, 1981, an affiliated company accounted for by the equity method made a public offering of common stock at an amount per share in excess of the company's average per share carrying value. The company's purchase of these shares was less than the proportion formerly held. This resulted in an increase of ¥879 million in the stockholders' equity of the affiliate applicable to the company and this amount was credited to capital in excess of par value.

During the year ended October 31, 1982, the 6.0% convertible debentures in the aggregate amount of ¥310 million ($1,260 thousand) were converted into 88,704 shares of the common stock. As a result, the common stock and capital in excess of par value increased by ¥4 million ($16 thousand) and ¥306 million ($1,244 thousand), respectively.

The dilutive effect on earnings per share of possible conversion of the bonds and debentures issued in 1982 was insignificant.

An analysis of the changes in the cumulative translation adjustment for the years ended October 31, 1982 and 1981 is presented below:

Sony Corporation
7-35 Kitashinagawa 6-chome, Shinagawa-ku
Tokyo, 141 Japan

Sony Corporation of America
(Subsidiary of Sony Corporation)
9 West 57th Street
New York, New York 10019, U.S.A.

For American Depositary Receipts:
Depositary, Transfer Agent and Registrar:
Morgan Guaranty Trust Company of New York
New York, New York

Co-Transfer Agents and Co-Registrars:
Continental Illinois National Bank and Trust Company of Chicago
Chicago, Illinois

Bank of America National Trust and Savings Association
San Francisco, California

The Royal Trust Company (Co-Transfer Agent only)
Montreal, Canada

National Trust Company, Limited (Co-Registrar only)
Toronto, Canada

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