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SONY CORP
Form 6-K
January 27, 2005

Form 6-K

SECURITIES AND EXCHANGE COMMISSION
WASHINGTON, D. C. 20549
FORM 6-K

REPORT OF FOREIGN PRIVATE ISSUER
Pursuant to Rule 13a-16 or 15d-16 of
the Securities Exchange Act of 1934

For the month of January 2005
Commission File Number: 001-06439

SONY CORPORATION
(Translation of registrant's name into English)
7-35 KITASHINAGAWA 6-CHOME, SHINAGAWA-KU, TOKYO, JAPAN
(Address of principal executive offices)

The registrant files annual reports under cover of Form 20-F.

Indicate by check mark whether the registrant files or will file annual reports
under cover of Form 20-F or Form 40-F,

Form 20-F Form 40-F

Indicate by check mark whether the registrant by furnishing the information
contained in this Form is also thereby furnishing the information to the
Commission pursuant to Rule 12g3-2(b) under the Securities Exchange Act of 1934,
Yes_ No

If "Yes" is marked, indicate below the file number assigned to the registrant in
connection with Rule 12g3-2(b): 82-_____

SIGNATURE

Pursuant to the requirements of the Securities Exchange Act of 1934, the
registrant has duly caused this report to be signed on its behalf by the
undersigned, thereunto duly authorized.

SONY CORPORATION
(Registrant)

By: /s/ Katsumi Ihara
(Signature)

Katsumi Ihara
Executive Deputy President,

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Group Chief Strategy Officer
and Chief Financial Officer

Date: January 27, 2005

List of materials

Documents attached hereto:

i) A press release regarding Results of Tracking Stock

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Shinagawa-ku
Tokyo, 141-0001 Japan

No.05-002E
2005/1/27
14:30

Subsidiary Tracking Stock
Sony Communication Network Corporation
Consolidated Financial Results for the quarter ended December 31, 2004

Sony Communication Network Corporation (hereinafter, the "SCN Group"), a subsidiary the performance of which is linked to a tracking stock issued by Sony Corporation, announced today its consolidated results for the third quarter ended December 31, 2004 (the period from October 1, 2004 to December 31, 2004) and the nine-month period ended December 31, 2004 (the period from April 1, 2004 to December 31, 2004).

These results are based on the generally accepted accounting standards of Japan.

- For the three months ended December 31, 2004, as in the prior quarter, increase in revenue and a large increase in income compared to the year earlier period.
During the quarter under review, sales increased 2.8% compared with the year earlier period, to 9,854 million yen. Operating income of 902 million yen was recorded, compared with an operating loss of 463 million yen in the year earlier period. Ordinary income of 944 million yen, compared with an ordinary loss of 504 million yen in the year earlier period, was recorded. Net income increased 166.8% compared with the year earlier period, to 778 million yen.
- So-net subscribers total 2.37 million, of which 610,000 are broadband subscribers
Compared with the end of the year earlier period, the number of broadband subscribers increased by 90,000 from 520,000 to 610,000. Also, the total number of subscribers increased by 70,000 from 2.30 million at the end of the year earlier period to 2.37 million.
- Fiscal Year 2004 Forecast
For the nine month period ended December 31, 2004, sales were 29,494 million yen compared with 28,604 million yen in the year earlier period.

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Operating income was 2,402 million yen, compared with an operating loss of 926 million yen in the year earlier period. Ordinary income of 2,435 million yen was recorded, compared with a loss of 917 million yen in the year earlier period, and net income of 3,538 million yen was recorded, compared with a net loss of 92 million yen in the year earlier period. Given these results for the first nine months of the fiscal year, there are no changes to the forecast of consolidated results announced on October 28, 2004.

However, the expected number of So-net subscribers as of the end of the year ending March 31, 2005 has been revised from 2.35 million to 2.40 million.

Consolidated Results for the quarter ended December 31, 2004 (Millions of Yen)

	Three months ended December 31		
	2003	2004	Change (%)
Sales	9,590	9,854	+2.8
Operating income (loss)	(463)	902	-
Ordinary income (loss)	(504)	944	-
Net income (loss)	(292)	778	166.8

Consolidated Results for the nine-months ended December 31, 2004

	(Millions of Yen)		
	Nine-months ended December 31		
	2003	2004	Change (%)
Sales	28,604	29,494	+3.1
Operating income (loss)	(926)	2,402	-
Ordinary income (loss)	(917)	2,435	-
Net income (loss)	(92)	3,538	-

Summary of Consolidated Operations (October 1, 2004 to December 31, 2004)

Regarding sales, during the quarter under review, sales increased 2.8% to 9,854 million yen, compared with 9,590 million yen in the year earlier period. In the area of Internet provider services, the number of new subscribers to ADSL and FTTH continued to increase at a steady pace. As a result, the number of So-net broadband subscribers increased by 90,000 from the year earlier period to 610,000. However, the number of narrowband subscribers decreased, and as a result, sales in this area decreased.

In the area of Internet-related services, sales increased. This was mainly a result of an increase in content-related sales and viewer fees for CS broadcasting, as well as an increase in sales at subsidiaries. Also, there was an increase in the area of merchandise sales.

Furthermore, the total number of So-net subscribers at the end of the period under review increased 70,000 from the end of the year earlier period, to 2.37 million. This was mainly a result of increases in broadband subscribers and content users.

Regarding operating income, there was a significant improvement. During the quarter under review, an operating profit of 902 million yen was recorded, compared with an operating loss of 463 million yen in the year earlier period. The main factor in the improvement was a series of cost reductions. For example, for the item cost of sales, there were reductions in outsourcing costs and network usage costs, as well as lease of servers and others, relating to the integration of access points. Furthermore, for the item selling, general and administrative expenses, although there were increases in costs relating to

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customer acquisitions, there were reductions in costs for outsourcing work stemming from more efficient use of call centers and from a significant review of sales promotion expenses and television marketing campaigns. Also, the quarter saw improvement in the profitability of subsidiaries.

Regarding ordinary income, there was significant improvement. During the quarter under review, ordinary income of 944 million yen was recorded, compared with an ordinary loss of 504 million yen in the year earlier period. Under the item of non-operating income, equity income of 32 million yen was recorded. The item of non-operating expenses included loss on disposal of tangible fixed assets.

Regarding net income before income taxes, during the quarter under review, there was an increase of 958.5%, to 1,441 million yen, from 136 million yen in the year earlier period. This included an extraordinary gain of 532 million yen under gain on sales of subsidiary stock, stemming from over-allotment proceeds from the public offering of So-net M3. Inc. on the Tokyo Stock Exchange Mothers Board. On the other hand, an extraordinary loss of 37 million yen was recorded relating to a relocation of a part of call center. Also, the current and deferred income taxes totaled 625 million yen. Minority interest income was 38 million yen.

Regarding net income, compared with net income of 292 million yen during the year earlier period, net income during the quarter under review increased 166.8% to 778 million yen.

Sales by Category

Three-months ended December 31, 2004

		Three months ended Dec. 31, 2003 (millions of yen)	Percentage of total (%)	Three months ended Dec. 31, 2004 (millions of yen)	Percentage of total (%)	Year-on- year change (%)
Operating	Internet	7,656	79.8	7,124	72.3	(7.0)
revenue	provider services					
	Internet- related services	1,689	17.6	2,410	24.5	42.7
Merchandise	sales	245	2.6	320	3.2	30.7
Total		9,590	100.0	9,854	100.0	2.8

Nine-months ended December 31, 2004

		Nine-months ended Dec. 31, 2003 (millions of yen)	Percentage of total (%)	Nine-months ended Dec. 31, 2004 (millions of yen)	Percentage of total (%)	Year-on- year change (%)
Operating	Internet	23,295	81.4	21,732	73.7	(6.7)
revenue	provider services					

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Internet-related services	4,657	16.3	6,988	23.7	50.1
Merchandise sales	653	2.3	774	2.6	18.6
Total	28,604	100.0	29,494	100.0	3.1

Operating revenue ISP services

In this category, in order to meet customer needs, particularly for ADSL and FTTH, the SCN Group worked at the end of the year to carry out customer acquisition activities utilizing ADSL and FTTH. As a result, the number of broadband So-net subscribers increased to 610,000, and the total number of subscribers increased to 2.37 million. On the other hand, the impact of narrowband subscribers canceling their service plans resulted in an overall decrease in sales in this category of 7.0%, to 7,124 million yen. Such sales accounted for 72.3% of total sales.

Internet-related services

In this category, sales of consolidated subsidiaries increased smoothly, including those of travel-related site Skygate, Co., Ltd. and medical-related site So-net M3 Inc. Also, there were increases in CS broadcasting viewer fees, such as for Korean dramas, as well as increases in management fees for authentication and settlement systems related to online games. As a result, sales in this category during the quarter under review increased 42.7% to 2,410 million yen. Sales in this category accounted for 24.5% of total sales.

Merchandise sales

In this category, there were contributions from sales of products related to fashion sites, as well as those related to sporting and theater events. As a result, sales in this category during the quarter under review increased 30.7% to 320 million yen. Sales in this category accounted for 3.2% of total sales.

Results of Consolidated Subsidiaries and of Affiliated Companies Accounted for by the Equity Method

The SCN Group includes the following four consolidated subsidiaries: So-net Sports.com Corp., So-net M3 Inc., So-net M3 U.S.A. Corp., and Skygate, Co., Ltd. Regarding Label Gate Co., Ltd., accounted for by the equity method, although there was a significant expansion of distributions, stemming from steps such as the start of album downloads and an increase in the number of songs offered, the company has not yet reached the stage of recording profits.

DeNA Co., Ltd. has continued to record profits by increasing the number of goods offered for auctions and shopping, and at the same time it has strengthened "mobaoku" its auction site for cellular phones.

As a result, during the quarter under review, equity income of 32 million yen was recorded, compared with equity income of 14 million yen in the year earlier period.

Also, on January 13, 2005, the listing of DeNA Co., Ltd. on the Tokyo Stock Exchange Mothers Board was approved.

Cash Flow (April 1, 2004 to December 31, 2004)

Cash and cash equivalents were 10,120 million yen at the end of the nine-month period ended December 31, 2004, an increase of 7,792 million yen from the end of year earlier period, and an increase of 7,938 million yen from the end of the prior fiscal year. During the nine-month period under review, the SCN Group generated 3,090 million yen of cash in operating activities, generated 2,650 million yen of cash in investing activities, and generated 2,201 million yen of

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cash in financing activities.

Cash flows from operating activities

During the nine-month period ended December 31, 2004, regarding cash flows from operating activities, the SCN Group generated 3,090 million yen, compared with the nine-month period ended December 31, 2003 when the SCN Group generated 41 million yen. During the period under review, the main factors included net income before income taxes of 5,815 million yen, compared with a net loss before income taxes of 305 million yen in the year earlier period. Included in net income before income taxes during the period under review were gain on sale of subsidiary stock of 2,876 million yen, 2,795 million yen larger than gain on sale of investment in affiliate of 81 million yen in the year earlier period and gain on issuance of subsidiary stock that was non-cash gain, of 1,823 million yen, 1,209 million yen larger than gain on issuance of stock by equity investee of 613 million yen in the year earlier period.

Cash flows from investing activities

During the nine-month period ended December 31, 2004, regarding cash flows from investing activities, the SCN Group generated 2,650 million yen, compared with the nine-month period ended December 31, 2003 when the SCN Group used 296 million yen. The main factor in the period under review was proceeds of 3,162 million yen stemming from gain on sales of subsidiary stock, which was the stock offering when consolidated subsidiary So-net M3 Inc. listed on the Tokyo Stock Exchange Mothers Board. Also, although repayment of loan from affiliate companies decreased from 732 million yen in the year earlier period to 53 million yen, outlays for acquisition of intangible assets such as connection services, e-commerce related systems, and homepage development were held down through careful consideration to 476 million yen, from 728 million yen in the year earlier period.

Cash flows from financing activities

During the nine-month period ended December 31, 2004, regarding cash flows from financing activities, the SCN Group generated 2,201 million yen, while during the nine-month period ended December 31, 2003, the SCN Group used 800 million yen. During the period under review, this reflected the issuance of new stock at the time of the listing of the Group's consolidated subsidiary So-net M3 Inc. on the Tokyo Stock Exchange Mothers board.

For inquiries, please contact:

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Condensed Consolidated Statements of Income (Unaudited)

For the three-months ended December 31, 2004

(Millions of yen)

	Three-months ended December 31		
	2003	2004	Change
Sales	9,590	9,854	2.8%
Cost of sales	5,963	5,302	
Gross profit	3,627	4,552	

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Selling, general and administrative expenses		4,090		3,650	
Operating income (loss)		(463)		902	-%
Non-operating income					
Equity in net income of affiliated companies	14		32		
Other	1	15	20	52	
Non-operating expenses		56		10	
Ordinary income (loss)		(504)		944	-%
Extraordinary gain					
Gain on sale of investment in affiliate and subsidiary stock	81		532		
Gain on issuance of stock by equity investee and subsidiary stock	613	695	1	533	
Extraordinary loss					
Loss on withdrawal from certain operations	54		-		
Loss from relocation of certain business unit	-	54	37	37	
Net income before income taxes		136		1,441	958.5%
Income tax current	(132)		550		
Income tax deferred	(29)	(162)	75	625	
Minority interest income		6		38	
Net income		292		778	166.8%

For the nine-months ended December 31, 2004

(Millions of yen)

	Nine-months ended December 31			Change
	2003	2004		
Sales	28,604	29,494		3.1%
Cost of sales	17,805	16,485		
Gross profit	10,799	13,009		
Selling, general and administrative expenses	11,725	10,607		
Operating income (loss)	(926)	2,402		-%
Non-operating income				
Equity in net income of affiliated companies	-	41		
Other	208	208	85	126
Non-operating expenses				
Equity in net loss of affiliated companies	4	-		
Other	194	198	93	93
Ordinary income (loss)	(917)	2,435		-%
Extraordinary gain				
Gain on sale of investment in affiliate and subsidiary stock	81	2,876		
Gain on issuance of stock by equity investee and subsidiary stock	613	1,823		
Gain on sale of fixed assets	-	695	25	4,724
Extraordinary loss				
Loss on revaluation of investments in other securities	28	878		
Loss on impairment of long-lived assets	-	295		
Provision for allowance for doubtful accounts	-	133		
Loss on withdrawal from certain operations	54	-		
Loss on issuance of stock by equity	1	0		

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investee				
Loss from relocation of certain business unit	-	83	37	1,344
Net income (loss) before income taxes		(305)		5,815
Income tax current	(54)		1,990	
Income tax deferred	(179)	(232)	229	2,219
Minority interest income		20		58
Net income		(92)		3,538

Condensed Consolidated Balance Sheets (Unaudited)

	(Millions of yen)		
	December 31 2003	March 31 2004	December 31 2004
ASSETS			
Current assets	7,836	7,363	15,408
Cash and bank deposit	644	840	3,553
Notes and account receivable, trade	3,871	3,891	3,869
Inventories	137	130	139
Deposits in Sony group company	1,684	1,342	6,567
Other	1,543	1,183	1,341
Allowance for bad debt	(43)	(23)	(61)
Noncurrent assets	5,645	5,637	4,248
Property, plant and equipment	294	256	232
Intangible assets	2,407	2,263	2,156
Software	1,265	1,286	1,614
Goodwill	870	708	496
Other	271	269	47
Investment and other assets	2,945	3,118	1,860
Investment in affiliates and others	1,526	1,495	707
Other	1,419	1,623	1,242
Allowance for bad debt	-	-	(89)
Total assets	13,481	13,001	19,656
LIABILITIES AND STOCKHOLDERS' EQUITY			
Current liabilities	5,356	5,167	7,255
Account payable, trade	2,631	2,463	2,744
Accrued expense	2,021	1,711	1,613
Other	704	993	2,898
Long-term liabilities	130	140	431
Total liabilities	5,487	5,306	7,686
Minority interest	53	58	793
Common stock	5,246	5,246	5,246
Additional paid-in capital	4,765	4,765	4,765
Retained earnings (accumulated losses)	(2,054)	(2,373)	1,164

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Unrealized exchange gains (losses) of investment securities	(14)	-	1
Foreign currency translation adjustments	(1)	(1)	1
	7,942	7,636	11,177
Total stockholders' equity			
	13,481	13,001	19,656
Total liabilities and stockholders' equity			

Consolidated Statements of Cash Flow (Unaudited)

	(Millions of yen)	
	Nine-months ended December 31	
	2003	2004
I. Cash flows from operating activities		
Net income (loss) before income taxes	(305)	5,815
Depreciation and amortization	627	565
Loss on impairment of long-lived assets	-	295
Amortization for goodwill	234	213
Equity in net loss (income) of affiliated companies	4	(41)
Gain on issuance of stock by equity investee and subsidiary stock	(613)	(1,823)
Loss on issuance of stock by equity investee	1	0
Loss on revaluation of investments in other securities	28	878
Gain on sale of investment in affiliate and subsidiary stock	(81)	(2,876)
Stock issuance costs	-	13
Loss on withdrawal from certain operations	54	-
Loss from transfer of a part of call center	-	37
Decrease in accrued bonuses	(155)	(171)
Increase in accrued severance costs for employees	23	15
Increase in accrued severance indemnities for directors	13	13
Increase (decrease) in allowance for bad debt	(5)	127
Increase in customer incentive program	-	74
Increase in other accruals	-	4
Interest income	(2)	(5)
Interest expenses	3	0
Foreign exchange loss	-	4
Loss on disposal of fixed assets	85	49
Loss on sales of tangible fixed assets	1	0
Gain on sales of tangible fixed assets	(0)	(25)
(Increase) decrease in account receivable, trade	(69)	22
(Increase) decrease in inventories	141	(9)
Increase in other current assets	(214)	(255)
Increase in accounts payable, trade	203	280
Increase (decrease) in accrued expenses	112	(135)
Increase in other current liabilities	82	26
Sub Total	167	3,090
Receipt of interest	2	5
Payments for interest	(3)	(0)
Payments for income taxes	(126)	(5)

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Net cash provided by operating activities	41	3,090

II. Cash flows from investing activities		
Payment for securities investment	(122)	(10)
Proceeds from sales of securities investment	231	3,162
Payment for acquisition of fixed assets	(34)	(13)
Proceeds from sales of fixed assets	1	25
Payment for acquisition of intangible assets	(728)	(476)
Proceeds from sales of intangible assets	0	-
Payment for deposits	(4)	(5)
Proceeds from deposits	1	-
Payments for long term prepaid expenses	(195)	(42)
Payments for loan	(178)	(45)
Repayment of loan	732	53

Net cash provided by (used in) investing activities	(296)	2,650

III. Cash flows from financing activities		
Payments of long term debt	(800)	-
Proceeds from issuance of subsidiary stock	-	2,201

Net cash provided by (used in) financing activities	(800)	2,201

IV. Effect of exchange rate difference on cash and cash equivalents	(1)	(2)
V. Increase (decrease) in cash and cash equivalents	(1,056)	7,938
VI. Cash and cash equivalents at beginning of year	3,384	2,182

VII. Cash and cash equivalents at end of the period	2,328	10,120
=====		

(Notes) Consolidated financial statements of the SCN Group are based on the standards conforming with the Generally Accepted Accounting Principles in Japan.

(For reference)

	(Millions of yen)		
	Three-months ended December 31, 2003	Three-months ended December 31, 2004	Change (%)
Increase in fixed assets	10	23	142.2
Increase in intangible assets	262	229	(12.6)
Depreciation of fixed assets	25	18	(29.0)
Amortization of intangible assets	203	152	(25.1)

	Nine-months ended December 31, 2003	Nine-months ended December 31, 2004	Change (%)
Increase in fixed assets	30	34	12.3
Increase in intangible assets	745	589	(20.9)
Depreciation of fixed assets	75	53	(28.7)
Amortization of intangible assets	494	441	(10.6)

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Consolidated Results Forecast

Regarding the forecast of the consolidated results for the fiscal year ending March 31, 2005, there are no changes to the forecast announced on October 28, 2004, which appears below.

However, in connection with the public stock offering by DeNA Co., Ltd., which is expected to occur during the quarter ending March 31, 2005, it is expected that there will be a gain on issuance of stock by equity investee related to the SCN Group's investment in DeNA Co., Ltd. Because the offering price has not been set at the present time, the impact of this offering is not included in the below forecast.

(For reference)

(Millions of yen)

Consolidated Results	FY 03 actual	FY 04 forecast	Change
-----	-----	-----	-----
Sales	38,166	40,000	+4.8%
Operating income (loss)	(870)	2,500	+3,370
Operating income (loss)	(911)	2,500	+3,411
Net income (loss)	(412)	3,300	+3,712

Cautionary statement:

Statements made in this release with respect to Sony Corporation and Sony Communication Network's ("SCN") current plans, estimates, strategies and beliefs and other statements that are not historical facts are forward-looking statements about the future performance of SCN. These statements are based on management's assumptions and beliefs in light of the information currently available to it. Therefore, SCN cautions you that a number of important risks and uncertainties could cause actual results to differ materially from those discussed in the forward-looking statements, and therefore you should not place undue reliance on them.