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SONY CORP
Form 6-K
February 27, 2006

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 February 2006
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 X

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 X

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)

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By: /s/ Nobuyuki Oneda
(Signature)
Nobuyuki Oneda
Executive Vice President and
Chief Financial Officer

Date: February 27, 2006

List of materials

Documents attached hereto:

- i) Sony announces Sony to Separate a Part of its Business to Establish a Joint Venture Company With NEC Corporation for Optical Disc Drive Business

Sony Corporation
6-7-35 Kitashinagawa,
Shinagawa-ku
Tokyo, 141-0001
Japan

February 27, 2006

Sony to Separate a Part of its Business to Establish a Joint Venture Company
With NEC Corporation for Optical Disc Drive Business

Sony Corporation ("Sony") agreed to establish a joint venture company with NEC Corporation ("NEC") for Optical Disc Drive Business, and decided to separate and transfer the operation of Optical Disc Drive Business to a newly established company, Sony NEC Optiarc Inc. on April 3, 2006.

1. Purpose of the separation

Sony aims to strengthen its business in the rapidly expanding optical disc drive market through the timely delivery of highly reliable and competitive products.

By partitioning our optical disc drive business and merging with the optical disc drive operations of NEC, we believe that the technological and human resources strengths of both companies will be maximized and the new joint venture company will make an effective and speedy business start.

2. Overview of the separation

(1) Schedule of the separation

| | |
|-------------------|-----------------------------|
| February 27, 2006 | Approval of separation plan |
| April 1, 2006 | Date of separation |
| April 3, 2006 | Registration of separation |

*Pursuant to the provisions of Clause 1 of Article 374-6 of the Commercial Code, Sony shall perform the separation without approval of the separation agreement by its shareholders.

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**Consummation of the establishment the joint venture company remains subject to approvals of any governmental or regulatory authorities required in Japan and other countries.

(2) Method of the separation

1. Method

Sony will separate a part of its business and the new company, Sony NEC Optiarc Inc. will take over the separated part of the business.

2. Reason for adopting this method

This method was chosen because it was determined to be the most efficient means by which to transfer the relevant business.

(3) Allocation of shares

The new company will issue 40,000 shares of common stock, and will allocate 22,000 shares to Sony and 18,000 shares to NEC.

(4) Rights and obligations to be taken over by the new company

The following items (i) and (ii) will be taken over by the new company.

(i) Cash, inventories, property, plant and equipment and intangible assets belong to the Optical Disc Drive Business of Sony

(ii) Rights, obligations and entitlement under the contracts which relate only to the Optical Disc Drive Business of Sony as well as the rights, obligations and entitlement under the individual contracts based upon such contracts and any accompanying rights and obligations

The new company will not take over the employment agreements between the employees belong to the Optical Disc Business and Sony.

(5) Prospects of paying debt obligations

Based on the projected financial statement as of September 30, 2005, both Sony and new company have significantly more assets than liabilities. Additionally, both companies are expected not to post any significant matters from their operations after the separation that are serious enough to affect their financial capability to pay their respective debt obligations. Therefore, Sony believes that both Sony and the new company can pay the debt obligations that will come due after the separation.

(6) Newly Appointed Directors of the new company

The newly appointed directors and corporate auditors of the company established by the separation are as follows:

Directors: Katsumi Ihara, Kiyoshi Nishitani, Hidenosuke Kanai,
Shinichi Yamamura, Shunichi Suzuki, Masahiko Yamamoto,
Eiichi Ichikawa

Statutory Auditors: Ken Satou, Takayuki Morita

3. Summary of parties

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| | | | |
|------|---|--|--|
| (1) | Trade name | Sony Corporation (Separate Company) | Sony NEC Optiarc Inc. (New Company) |
| (2) | Field of business | Manufacture and sale of electronic and electrical machines and equipment | Development, design, production, Marketing and sales of Optical Disc Drive product |
| (3) | Date of incorporation | May 7, 1946 | April 3, 2006 |
| (4) | Location of head office | 7-35, Kitashinagawa 6-chome, Shinagawa-ku, Tokyo | 11-1, Osakihigashi 1-chome, Shinagawa-ku, Tokyo |
| (5) | Representative | Ryoji Chubachi, Representative Corporate Executive Officer | Shinichi Yamamura, President, Representative Director |
| (6) | Share capital | YEN621,725 million | YEN490 million |
| (7) | Total number of shares issued and outstanding | 1,000,303,713 shares | 40,000 shares |
| (8) | Shareholders' equity | YEN2,058,558 million | YEN3,880 million |
| (9) | Total assets | YEN3,630,648 million | YEN4,740 million |
| (10) | Date of settlement | March 31 | March 31 |
| (11) | Number of employees | 16,230 | about 350 |
| (12) | Major customers | Affiliated manufacturing and sales companies inside and outside Japan | Manufacturing and sales companies inside and outside Japan |
| (13) | Major shareholders and voting rights ratios | 1 Moxley and Company 14.7% 2 The Chase Manhattan Bank, N. A. London 4.4% 3 Japan Trustee Services Bank, Ltd. (Trust Account) 3.8% 4 The Master Trust Bank of Japan, Ltd. (Trust Account) 2.9% 5 State Street Bank and Trust Company 2.3% | 1 Sony Corporation 55% 2 NEC Corporation 45% |
| (14) | Main banks | Sumitomo Mitsui Banking Corporation, The Bank of Tokyo-Mitsubishi UFJ, Ltd. and others | - |

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(Note) The summary of Sony is as of September 30, 2005. The summary of Sony NEC Optiarc Inc. is what is expected to be the case on April 3, 2006, but Shareholders' equity and Total assets are based on the Balance Sheets concerning the operation separated as of September 30, 2005. They will be fixed after adjusting the amount changed until the day prior to the date of separation.

(15) Business results for the three most recent years (unit: millions of yen)

| | Sony Corporation (Separate Company) | | |
|--------------------------------------|-------------------------------------|-----------|-----------|
| Fiscal year ended on | 2003/3/31 | 2004/3/31 | 2005/3/31 |
| Net sales | 2,526,264 | 2,814,577 | 2,895,413 |
| Operating income (loss) | (136,644) | (139,709) | (64,622) |
| Ordinary income (loss) | (29,525) | (68,758) | 45,755 |
| Net income (loss) | (4,868) | (98,530) | 56,656 |
| Net income (loss) per share (yen) | (5.46) | (106.55) | 60.81 |
| Dividends per share (yen) | 25 | 25 | 25 |
| Shareholders' equity per share (yen) | 1,968.62 | 1,856.37 | 2,040.32 |

4. Description of the business to be separated

- (1) The operation of Optical Disc Drive Business
- (2) Assets and liabilities of the business to be separated (as of September 30, 2005)

| | (unit: millions of yen) | |
|--------|-------------------------|--|
| Assets | Liabilities | |
| 2,477 | 0 | |

5. Circumstances after separation

- | | |
|-----------------------------|--|
| (1) Trade name | Sony Corporation |
| (2) Field of business | Manufacture and sale of electronic and electrical machines and equipment |
| (3) Location of head office | 7-35, Kitashinagawa 6-chome, Shinagawa-ku, Tokyo |
| (4) Representative | Ryoji Chubachi, Representative Corporate Executive Officer |
| (5) Share capital | This separation will not effect the amount of Sony's share capital. |
| (6) Total assets | This separation will not have a material effect on Sony's total assets. |
| (7) Date of settlement | March 31 |

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(8) Effect on business results This separation will not have a material effect on Sony's business results.