Sony mulls hedge fund's entertainment sale idea

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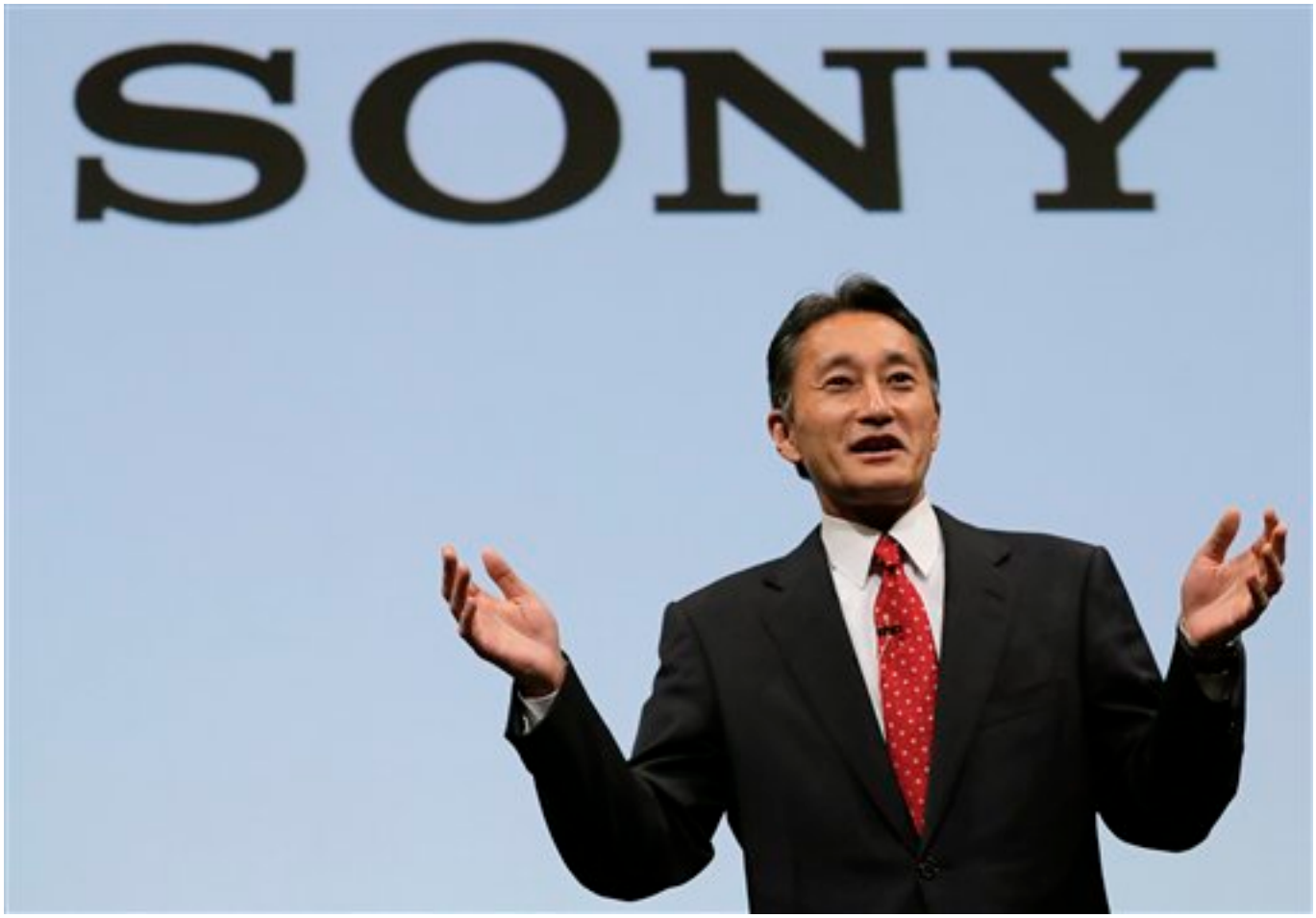

TOKYO (AP) — Sony's CEO Kazuo Hirai says the electronics giant's board will discuss a proposal by U.S. hedge fund manager Daniel Loeb to spin off up to 20 percent of its movie, TV and music division.

Hirai was asked about the proposal at a corporate strategy presentation Wednesday. He did not give a timetable for a decision, and would not give his own opinion about the suggestion raised by Loeb, who is CEO of hedge fund Third Point LLC.

"This will be deliberated by the board and we will come up with a response," Hirai told reporters. "We have only just begun to study this."

Loeb said money from the sale could be used to shore up Sony's ailing electronics manufacturing unit.

Hirai said Sony Corp. did not believe Loeb was proposing that Sony make its entertainment business a separate entity, but wants to make that part of the company public.

"It is an important proposal from our shareholder," Hirai said. "We want a constructive dialogue at all times with our shareholders."

Sony initially responded to Loeb by saying its entertainment business was not for sale, though some analysts said the strategy might help Sony unlock value from its wealth of audio and video content. Sony has fallen behind powerful rivals such as Apple Inc. and Samsung Electronics Co. in profitability and innovation.

Hirai, who took over as Sony's president a year ago, outlined various plans for revitalizing Sony's electronics business, focusing on mobile devices, imaging and games. The company intends to return its TV business to profitability by promoting more expensive large-screen TVs. It will focus on cameras and other imaging products that have "value-added" technology such as image sensors and higher-powered zooms.

Sony reported its first net profit in five years for the fiscal year that ended in March. Hirai has sought to reinvigorate the once dominant electronics maker by tapping into what he calls Sony's DNA, and ensuring all its products have "wow."

"Creating new markets cannot be done without taking risks," he said. "If we cannot change we cannot grow."

Hirai defended Sony management's handling of its restructuring over the past few years, noting that top executives had given up bonuses for failing to return the electronics division to profitability, and some had taken salary cuts.

Asked if Sony's practice of having some long-serving employees move to a "career development room" amounted to "bullying" of rank-and-file workers, he insisted it did not.

"The career development room is not an office for getting rid of employees but providing re-employment assistance," he said. "We are trying to find new jobs for the employees and we will continue to do so."

Sony's shares jumped 5.9 percent in Tokyo trading to 2,290 yen.

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