

Sony chief says time needed to study proposal

YURI KAGEYAMA - AP Business Writer - Associated Press

Sony Corp. needs more time to study a key proposal from a U.S. hedge fund to spin off a part of its entertainment unit as a way to propel its fledgling revival, the chief executive told shareholders Thursday.

Sony Chief Executive Kazuo Hirai was speaking to a Tokyo hall packed with thousands of investors for an annual general shareholders' meeting, where the proposal from Third Point hedge fund, led by activist investor and billionaire Daniel Loeb, was high on people's minds. It was the first question from the floor.

Hirai reiterated his position that Sony takes the proposal seriously, and it will be discussed by the company board. But he ruled out a quick decision.

"This is an important proposal that will influence the future of Sony," he said. "This will take time, and we are not going to come to a conclusion for the sake of coming to a conclusion."

Loeb has proposed selling up to a 20 percent stake in Sony's relatively healthy movie, TV and music business.

Third Point, one of Sony's top shareholders, said this week it has raised its stake to 6.9 percent from the 6.5 percent Loeb had said the fund owned, when it first made the proposal last month.

Loeb is best known for instigating a mass shake-up at Yahoo Inc.

He is proposing the money raised from selling a part of Sony's entertainment division be used to strengthen its troubled electronics operations.

His proposal was not up for a vote at the nearly two-hour shareholders' meeting, which approved new board members and a proposal on stock options. Sony said more than 10,000 people took part in the meeting.

Some analysts have been advocating changes at Sony, similar to what Loeb has suggested.

Takao Miyake, a retired shareholder who had attended the meeting, agreed.

"I think Sony is caught up in their own ways," he said. "Working with the hedge fund is the only way to survive."

Others were unsure. Takeshi Kawamata, 56, a businessman who owns 100 Sony shares, hadn't heard about the hedge fund proposal before.

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"How should we know if we can trust the hedge fund or not?" he said.

Tokyo-based Sony has run into hard times in recent years despite a glorious nearly seven-decade history of having pioneered products, such as the Walkman portable player.

Sony, which also makes the PlayStation 3 game machine and Bravia flat-panel TVs, has fallen behind rivals such as Apple Inc. of the U.S. and South Korea's Samsung Electronics Co.

It was also battered by natural disasters in Japan in 2011, as well as an unfavorable currency rate, although that disadvantage has lessened with the yen cheapening in recent months.

The company barely turned a profit for the fiscal year ended March 31, its first in five years.

Hirai, who took office last year, promised a revival at Sony, focusing on smartphones, digital imaging and games, as well as turning around its money-losing TV operations. Sony is also trying to move into new fields such as medical equipment, having set up a joint venture with Olympus Corp.

He said Sony has undergone drastic restructuring under his helm over the last year, an effort that he called unprecedented in company history. He said he was talking frequently with Sony engineers to prevent any brain drain and boost morale. He said he was determined to make sure all products were "fitting of putting S-O-N-Y on them."

"We want people to say that a world without Sony would be no fun at all," he said.

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Azusa Uchikura contributed to this report. Follow Yuri Kageyama on Twitter at www.twitter.com/yurikageyama

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