News Corp. to sell MySpace this week

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(AP) -- News Corp. is aiming to sell struggling social network site MySpace this week after three years of massive losses, according to a person familiar with the matter. The move will likely result in the layoff of more than half of the site's remaining 500 workers.

It's a jarring goodbye for a once-hot Internet property, which News Corp. CEO Rupert Murdoch predicted four years ago would eventually make $1 billion in annual revenue. MySpace never reached that goal. This year, MySpace is expected to make less than a fifth of that as ad sales plummet, according to research firm eMarketer.

MySpace's crash coincided with Facebook's rise - due in large part to its cleaner interface, smoother operation and better integration with other services. MySpace was generally clunky, slower and littered with display ads. It was also slower to adapt.

At least three bidders are still in the running for MySpace - online advertising network operator Specific Media, private equity fund Golden Gate Capital and Austin Ventures, an investment fund that is working with MySpace co-founder Chris DeWolfe. The company hasn't chosen a buyer yet, according to the person, who was not authorized to comment publicly and spoke on condition of anonymity.

News Corp. is looking to cut a deal Wednesday or Thursday in order to have it completed in its fiscal year, which ends Thursday.

Earlier, the News Corp.-owned website All Things D reported that

MySpace was on the verge of being sold for $20 million to $30 million. The person said the deal price will likely be much higher and include a combination of cash and stock.

Any sale around that price would mark a stunning reversal from 2005, when News Corp. bought the promising startup for $580 million when social networking was in its infancy.

Facebook has turned into the dominant social media platform with more than half a billion users. A recent investment by private fund GSV Capital Corp. valued Facebook at $50 billion. LinkedIn Corp., a social network for professionals, recently went public and now has a market capitalization of about $8 billion.

The low estimate for MySpace suggests there may only be residual value in its brand, technology and declining visitor base, said Debra Aho Williamson, principal analyst with research firm eMarketer.

"It shows that this is just something that News Corp. wants to get off of its books at any price it can get," she said.

MySpace unveiled an extensive overhaul in October in an attempt to transform itself into a hub for consuming entertainment content, but it didn't help reverse visitor declines. In January, it slashed nearly half its staff, or about 500 people, in hopes of returning to profitability.

The site still lost money. For the three months through March, the News Corp. segment that includes MySpace lost $165 million. That was worse than the $150 million loss it posted a year earlier, mainly because of lower advertising revenue at the site. That marked the 11th straight quarterly loss since mid-2008, over which time the segment lost about $1.4 billion cumulatively.

MySpace CEO Mike Jones is the last remnant of a three-person executive team that came in to fix the site in April 2009. It is unclear if Jones will stay on after a sale.

According to tracking firm comScore Inc., MySpace had 74 million visitors from around the world in May, down 32 percent from a year earlier. By comparison, Facebook had 1.1 billion, up 26 percent; Twitter had 139 million, up 54 percent; and LinkedIn had 86 million.

News Corp. shares rose 25 cents, or 1.5 percent, to close Tuesday at $17.17.