

# Sony rejects Loeb proposal for entertainment sale

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In this May 22, 2013 file photo, Sony's logo is seen outside the company's headquarters in Tokyo. Sony's board has unanimously rejected a U.S. hedge fund manager's proposal that it sell part of its entertainment business, sending the Japanese company's shares down more than 5 percent. In a letter to Third Point CEO Daniel Loeb, Sony says continuing to own 100 percent of the entertainment business is "fundamental" to the company's success. Sony's letter, which it released Tuesday, Aug. 6, 2013, says content is increasing in value and the entertainment business will benefit from the proliferation of new distribution platforms, Internet access and mobile devices.(AP Photo/Itsuo Inouye, File)

(AP)—Sony's board has unanimously rejected a U.S. hedge fund manager's proposal that it sell part of its entertainment business, sending the Japanese company's shares down more than 5 percent.

In a letter to Third Point CEO Daniel Loeb, Sony said continuing to own 100 percent of Sony Pictures and Sony Music is "fundamental" to the company's success.

Besides distributing blockbuster movies such as the James Bond hit "Skyfall," Sony's entertainment units make popular TV shows including "Community" for NBC and "Breaking Bad" for AMC. Notable Sony Music artists include Beyonce, Adele, Bob Dylan and Kenny Chesney. Sony operates 124 pay TV channels in more than 159 countries.

Sony's letter, which it released Tuesday, said content is increasing in value and the entertainment business will benefit over time from the proliferation of new distribution platforms, high-speed Internet access and mobile devices.

Sony's share price sank 5.5 percent to 2,019 yen (\$20.60) in Tokyo trading.

Loeb, who is known for shaking up Yahoo Inc., wrote to Sony Corp. in May proposing the sale of up to 20 percent of the movie and music division.

Loeb said money from the sale should be used to strengthen Sony's ailing electronics arm which has suffered for years from intense competition in the global TV manufacturing business.

Sony's initial response was guarded but some analysts embraced the proposal as a way for the company to unlock unrealized value.

Sony said in the letter it can raise money from other sources if needed and reiterated plans to revitalize the electronics operations.

Loeb's Third Point owns about 6.5 percent of Sony.

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