

B&N, Microsoft team up on Nook, college businesses

April 30 2012

(AP) -- Barnes & Noble Inc. and Microsoft Corp. are teaming up to create a new Barnes & Noble subsidiary that will house the digital and college businesses of the bookseller and include a Nook application for Windows 8.

The companies said Monday that they are exploring separating those businesses entirely. That could mean a stock offering, sale, or other deal could happen.

The partnership with Microsoft, will see the Redmond, Wash. company make a \$300 million investment in the subsidiary for an approximately 17.6 percent stake. Barnes & Noble will own about 82.4 percent of the subsidiary, which has yet to be officially named.

The possibility of a separation of the businesses has been brewing recently. In March private investment firm G Asset Management, a Barnes & Noble shareholder, offered \$460 million for a 51 percent stake in the company's college bookstore unit, Barnes & Noble College Booksellers LLC.

In 2009, Barnes & Noble Inc. bought the college bookstore unit from Chairman Leonard Riggio in a deal worth \$596 million. The deal ended up costing Barnes & Noble \$460 million after accounting for the unit's cash on hand at the closing date.

Aside from the college business, Barnes & Noble is looking to maximize

the potential of its [Nook](#) e-book readers. The bookseller has tried to adjust to a noticeable shift in book reading habits, with e-book readers becoming increasingly popular with consumers over traditional hardcover or paperback books. But Barnes & Noble is dealing with tough competition on that end from the likes of Amazon.com Inc.'s Kindle and others.

"The formation of Newco and our relationship with [Microsoft](#) are important parts of our strategy to capitalize on the rapid growth of the Nook business, and to solidify our position as a leader in the exploding market for digital content in the consumer and education segments," Barnes & Noble CEO William Lynch said in a statement.

The companies say the subsidiary will help to speed the transition to e-reading. Barnes & Noble sells the Nook e-book readers, which face stiff competition from a plethora of competitors, including Amazon.com Inc.'s Kindle.

The Nook app will make Barnes & Noble's catalog of e-books, magazines and newspapers available to Windows customers in the U.S. and abroad. The subsidiary will also include Barnes & Noble's Nook Study software.

Barnes & Noble, based in New York, runs 691 bookstores in 50 states.

Microsoft's stock shed 12 cents to \$31.86 in premarket trading.

©2012 The Associated Press. All rights reserved. This material may not be published, broadcast, rewritten or redistributed.

Citation: B&N, Microsoft team up on Nook, college businesses (2012, April 30) retrieved 19 April 2024 from <https://phys.org/news/2012-04-bn-microsoft-team-nook-college.html>

This document is subject to copyright. Apart from any fair dealing for the purpose of private study or research, no part may be reproduced without the written permission. The content is provided for information purposes only.