

Barnes & Noble rejects bid, mulls Nook plans

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US bookseller Barnes & Noble on Wednesday rejected an investment firm's offer for a controlling stake, as it said it was studying options for its troubled Nook electronic books unit.

Chief executive Michael Huseby said "we are still studying the possibility of separating the companies," to create separate units for retail books and the Nook division.

But Huseby ruled out accepting the offer by G Asset Management (GAM), which offered last week to acquire 51 percent of Barnes & Noble at \$22 a share, valuing the company at \$1.3 billion.

"G Asset Management has one employee, extremely limited financial means, and as set forth in his letter, he has no debt or equity financing to support his proposal," Huseby told a conference call after the company released its earnings.

"And accordingly, we do not consider it to be a proposal worthy of further discussion or action by us."

GAM said B&N would create value by spinning off the money-losing Nook unit, to focus on the profitable retail and college book activities.

Nook, a unit which delivers electronic books and produces a line of tablets and e-readers, was created as a rival to Amazon's Kindle, but has failed to gain traction.

Huseby said the company has "taken steps to reduce costs and device exposure, while focusing our efforts to reverse the content sales decline," and "is actively engaged in discussions with several world-class hardware partners related to device development as well as content packaging and distribution."

He said a new Nook device is planned for later this year.

B&N said it posted a profit in its fiscal third quarter of \$63.2 million, compared to a net loss of \$3.7 million, in the prior year. Revenues fell 10 percent to \$2.0 billion.

But the Nook division, which has had investments from Microsoft, saw its revenues slide 50 percent in the past quarter to \$157 million.

Shares in the company rose 2.8 percent in afternoon trade to \$18.22.

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