

Investment firm bids for ailing Barnes & Noble

21 February 2014

An investment firm offered Friday to take a controlling stake in the troubled US bookseller Barnes & Noble, sending the share price soaring.

G Asset Management (GAM) said in a statement it believes Barnes & Noble, which also makes the Nook electronic readers and tablets, is "substantially undervalued in its current form."

GAM proposes to acquire 51 percent of Barnes & Noble at \$22 a share, valuing the company at \$1.3 billion.

It said it would "alternatively" buy 51 percent of the Nook segment at \$5 a share and added that it was "extremely confident that if the Nook segment is separated from the profitable retail and college business, substantial shareholder value would be created."

GAM said it previously made a bid of \$20 a share for B&N and has said that the money-losing Nook segment should be spun off from the college and retail segment.

It said it sees "substantial potential value" in the B&N textbook rental arm and digitization of its college bookstore.

Barnes & Noble shares jumped 6.3 percent to \$17.85 in afternoon trading.

A Barnes & Noble spokesman said the company had received the offer but declined to comment further.

The bookseller, which releases quarterly results next week, has been struggling for years. It lost \$73.8 million in the first six months of its fiscal year, with revenues down eight percent.

Nook, which has had investment from Microsoft, is a rival to the Amazon Kindle but has consistently lost money. Barnes & Noble has discussed

spinning off the Nook division and recently announced job cuts in the unit.

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