

Talks break down on founder's Best Buy bid

NEW YORK, US: Negotiations between Best Buy founder Richard Schulze and the company's board over his bid to take full control of the firm have collapsed, with each side accusing the other of derailing the deal.

Schulze said Monday he was "disappointed and surprised by the Best Buy board's abrupt termination of our discussions" and rejected the board's proposal for a year-and-a-half waiting period before any major initiatives.

"The board initially proposed an 18-month standstill, which was completely unacceptable in light of the fact that urgent change is needed at Best Buy and value is eroding further every day that change is not effected."

"We were in the process of negotiating an acceptable standstill period when, without notice to me or to any of my advisors, the board issued its announcement."

"I am shocked by this course of action but as the largest shareholder of Best Buy, I remain hopeful that the board will engage in good faith discussions with us for the benefit of shareholders, employees and customers."

The board of the electronics retailer said late Sunday that it had presented a proposal to allow access to its non-public information in return for "certain protections" for shareholders, but that Schulze had declined the offer.

"In addition to the more standard terms, such as protection of non-public information, the primary purpose of the proposal was to assist the board in maximizing value for all Best Buy shareholders by creating an incentive for Schulze to offer his best proposal," it said.

Schulze, who owns about 20% of the big box chain, proposed earlier this month to buy the shares he does not already own at between US\$24 and US\$26 per share in a deal that values the company at up to US\$8.84bn.

At the time, Best Buy confirmed it had received Schulze's letter to the board requesting due diligence and outlining "an unsolicited, highly conditional indication of interest" in acquiring the shares.

The global electronics chain, like other brick-and-mortar rivals, is struggling against competition from online retailers and plans to close 50 US stores by the end of 2012.

Best Buy swung into loss in its fiscal 2012 year that ended March 3, losing US\$1.23bn compared to a gain of US\$1.28bn the previous year.

Schulze, who founded Best Buy in 1966, stepped down as chairman in June after the losses, but has said he has a plan to turn the company around without pressure from minority shareholders.

Source: *AFP via I-Net Bridge*

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