



Borders' share price may spell trouble

Review by NYSE could come next

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Borders Group Inc. stock has been trading less than \$1 for 30 days, and that could lead to delisting for the Ann Arbor-based bookseller.

Borders shares fell 6 cents to close at 37 cents Monday and will likely go under review at the New York Stock Exchange.

Borders shares closed at \$1 on Nov. 26, the day after it announced it was taking the company off the market after eight months of looking for a buyer.

"They tried to sell and there weren't really any takers at the price they wanted. The general consensus was that Borders needed to be sold to make a go of it," said Ken Dalto, a Farmington Hills-based turnaround expert. "When it was clear the sale was off the table, it denoted to Wall Street that the company was not an asset that anyone wanted."

Despite having an award-winning e-commerce site at Borders.com, which launched this summer, Borders came to the game too late to recover [market share](#) from Amazon.com, Dalto said.

"Borders is a 1980s, 1990s concept. They are not going to have the market share they used to have," he said. "One way or another, they are going to have to downsize."

A Borders spokeswoman declined to comment Monday.

Dalto predicts that in the next 18 to 24 months, Borders will at least partially liquidate some store locations it doesn't deem critical to distributing books.

"The method of distribution of entertainment has fundamentally changed in the past 10 years," he said. "Borders doesn't have a cutting edge, that's the problem."

Borders announced last week that it extended its deadline to repay a \$42.5-million loan from its largest shareholder, Pershing Square Capital Management LP, until Feb. 16.

It also extended Pershing's offer to buy its Paperchase gifts and stationery business for \$65 million until Feb. 16.

Borders, in turnaround mode for nearly two years, has more than 30 million loyalty program members and ranked above average to good in keeping its Christmas shoppers, according to a survey released last week by America's Research Group.

Borders ranked 12th out of 27 retailers with 73% of consumers surveyed indicating the bookseller retained their business from last year. Barnes & Noble ranked 16th with a score of 70.8%.

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