



NEW YORK (Reuters) — Consumer electronics retailer Best Buy said on Monday it plans to buy digital music service Napster Inc for \$121 million in cash.

Best Buy said it will pay \$2.65 per share, nearly double the amount of Friday's closing price.

Included in the deal is approximately \$67 million in cash and short term investments held by Napster, meaning the net price of the deal would be \$54 million, the companies said.

The companies said the proposed acquisition includes Napster's approximately 700,000 subscribers, its Web-based customer service and mobile capabilities.

Napster Chief Executive Chris Gorog and key members of senior management have entered into employment agreements, effective at closing, to continue as the Napster leadership.

The transaction is expected to close during the fourth calendar quarter.

Best Buy expects Napster and its 140 employees to remain at its current Los Angeles headquarters.

Napster also said on Monday it would postpone its annual meeting in connection with the Best Buy agreement. (Reporting by Yinka Adegoke; Editing by Derek Caney)

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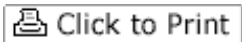
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