

Elliott offers to buy Compuware for \$2.35B (Update)

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(AP)—Compuware shares jumped 17 percent Monday, after one of its largest shareholders offered to buy the software development company for about \$2.35 billion in a bid to turn it around.

New York-based investment firm Elliott Management, which holds an 8 percent stake in Compuware Corp., wants to acquire it for \$11 per share. The offer represents a 15 percent premium over its Friday closing stock price.

"Compuware is a long-established company that we have followed closely for several years," Elliott said in its letter to Compuware's board. "We believe in the quality of Compuware's assets—however, its execution, profitability and growth have meaningfully underperformed."

In its letter, Elliott touted its experience in the software industry and familiarity with Compuware, saying that it's "uniquely situated" to get the best value for the company's shareholders. It said it's confident that it can find financing for such a deal and wants to meet with the company's board as soon as possible.

Other technology-related holdings of Elliott include BMC Software, Brocade Communications and Emulex Corp., according to FactSet.

Later on Monday, Compuware released a statement saying that it received the offer and would review it with its financial and legal advisers.

The offer comes about a month after Peter Karmanos Jr. announced plans to step down as executive chairman of Compuware next year. He stepped down as CEO in 2011. Karmanos founded the company in 1973.

In addition, Compuware said Friday that it that it filed for a possible initial public offering of its Covisint Corp. unit and could conduct the IPO in three to six months.

The company said the IPO would give Covisint more flexibility to pursue strategic opportunities and increase its visibility. Covisint specializes in secure, industry specific communication and collaboration, according to its website.

Compuware has struggled amid sluggish global economic conditions and the European economic crisis. In October, it said its fiscal second-quarter profit plunged 53 percent and issued a weak forecast for the full year. But despite significant volatility, the company's shares have risen about 15 percent since the beginning of the year.

In afternoon trading, Compuware shares rose \$1.23, or 13 percent, to \$10.76, after peaking at \$11.16 earlier in the day, passing their previous 52-week high of \$10.25 and marking their highest price since May 2011.

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