

# Sun shares dive as IBM buyout talks falter

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(AP) -- Shares of Sun Microsystems Inc. fell in premarket trading Monday on news that IBM Corp. withdrew an acquisition offer.

IBM and Sun were going over final details of a deal that would have seen IBM pay about \$7 billion to acquire Sun. But IBM pulled the offer this weekend and Sun ended IBM's status as its exclusive negotiating partner.

It was unclear whether talks were continuing, or if Sun was trying to find an alternative suitor to IBM.

IBM was discussing a price of more than \$9 per share for Sun. That was about twice the [share price](#) of the Santa Clara-based server and [software maker](#) when news of the discussions leaked last month. On Monday morning, investors sent Sun shares down \$2.19, or 26 percent, to \$6.30 ahead of market open.

Sun was one of the darlings of the dot-com era but spent most of this decade struggling to find its place, wrestling with huge losses and thousands of layoffs. Sun was widely believed to be seeking a buyer, and analysts were not surprised to learn of the talks with IBM.

People familiar with the talks said the companies were haggling over price and Sun's demand that IBM commit to seeing the deal through expected regulatory scrutiny. Antitrust questions would likely to be raised because IBM and Sun would have about two-thirds of a high-end segment of the server market. The combined companies also have about half of the market for machines that store data on tape.

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