

Dell pays \$884M for data storage maker Compellent

December 13 2010

(AP) -- Dell Inc. said Monday it has a deal to buy the data storage company Compellent Technologies Inc. for \$884 million.

The offer price is slightly more than Dell said it would pay last week, before the companies had signed a formal agreement. Dell will pay \$27.75 per share, up from \$27.50.

Compellent shares dropped 73 cents, or 2.5 percent, to close at \$27.98 Monday. Dell shares fell 54 cents, or 3.9 percent, to close at \$13.35.

The final offer price is still a 3 percent discount to Compellent's closing price of \$28.71 on Friday. Investors had bid up Compellent's stock to as high as \$34.16 in recent months, with a string of acquisitions in the storage industry heightening anticipation of takeovers. The stock closed at \$11.86 on Aug. 13, the last trading day before Dell launched an unsuccessful bid for Compellent rival 3Par Inc. After a bidding war, Hewlett-Packard Co. walked away with 3Par for \$2.35 billion.

Dell, based in Round Rock, Texas, is trying to catch up with other tech companies that have expanded more quickly into the business of storing and organizing data for companies and governments. Dell has an agreement to sell products from EMC Corp., a major player in the data storage industry.

During a conference call discussing the Compellent deal, Dell executives said they will continue to sell EMC storage and support its existing EMC

customers.

Providing data-center technology is shaping up as a more profitable line of business than selling personal computers, which is how Dell still generates the majority of its revenue.

The PC maker said both companies' boards have approved the deal. Dell said plans to incorporate Compellent into an expanding group of acquired storage businesses, including PowerVault and EqualLogic. Dell will also start selling Compellent storage products immediately.

Dell said it has retention agreements with Compellent's senior leadership and that it plans to maintain and invest in Compellent's existing operations in Eden Prairie, Minn., where the company is headquartered. Compellent employs about 490 people, and the companies said Monday that all of those employees will keep their jobs.

The deal is expected to close in the first quarter of next year.

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