

Dell: Investors offer short by \$3.9B

June 5 2013

Dell says a buyout offer from shareholder Southeastern and billionaire investor Carl Icahn is about \$3.9 billion short of the amount needed to pay shareholders as promised and operate the business.

A special Dell board committee still favors a buyout offer from the struggling PC maker's CEO and founder, Michael Dell, and [investment firm](#) Silver Lake Partners. That bid would take the company private for \$24.4 billion, or \$13.65 per share.

Southeastern Asset Management Inc., Dell's biggest independent shareholder, and Icahn teamed in May to pitch an alternative plan that would let Dell shareholders keep their stake in the company and give them either \$12 per share in cash or additional shares.

Dell pointed out that cash payout would have to be trimmed if enough of the shareholders chose cash.

[Dell Inc.](#)'s special committee said in a regulatory filing on Wednesday that if 20 percent of shareholders chose the stock option in the Southeastern/Icahn offer, the \$12 per share that they would get under the proposal would be trimmed to \$9.35. If only Southeastern and Icahn chose stock, the \$12 per share would be reduced to \$8.50.

Icahn and Southeastern own more than 12 percent of Dell shares combined, a total that trails only Michael Dell.

Dell's special committee was formed last August after Michael Dell told

the board he was considering taking the company private. It said it negotiated six price increases with Michael Dell and Silver Lake. The committee said it also contacted 21 strategic and 52 financial buyers, but a superior offer did not materialize.

Dell and other [personal computer makers](#) have seen sales crumble because of the growing popularity of smartphones and tablets. In May Dell posted a 79 percent decline in earnings for the most recent quarter.

Michael Dell believes he can turn the Round Rock, Texas company around by taking it private and diversifying into niches, such as business software, data storage and consulting.

Dell has asked its shareholders to approve the offer from [Michael Dell](#) and Silver Lake in a July 18 vote.

The company's stock added 2 cents to \$13.44 in morning trading.

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Citation: Dell: Investors offer short by \$3.9B (2013, June 5) retrieved 9 May 2024 from <https://phys.org/news/2013-06-dell-investors-short-39b.html>

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