

Dell reaffirms buyout plan, may extend deadline (Update)

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The Dell research and development facility in Santa Clara, California is pictured on October 19, 2011. Dell's board of directors Wednesday defended a proposed \$24.4 billion private equity buyout led by founder Michael Dell, but said it may continue looking at other offers past a March 22 deadline.

Dell's board of directors Wednesday defended a proposed \$24.4 billion private equity buyout led by founder Michael Dell, but said it may continue looking at other offers past a March 22 deadline.

A statement issued by the special committee of the board said the plan was adopted after "a rigorous process, over a period of more than five months, to evaluate Dell's current risks, opportunities and strategic alternatives."

"As a result of that process, the special committee unanimously determined that the sale of the company would be the best alternative for stockholders, the statement said.

"We negotiated aggressively to ensure that stockholders received the best possible value and agreed to a \$13.65 per share transaction that provides value certainty at a 37 percent premium

above the average price for the 90 days before rumors regarding the transaction surfaced."

The statement comes with some major outside shareholders complaining that the deal would undervalue the US computer giant, which has been struggling amid a shift away from traditional desktop and laptop PCs.

At least two major institutional shareholders have said they would vote against the plan.

The board committee said there were "a number of important provisions in the transaction to protect and maximize value for stockholders" including a "low break-up fee and a robust go-shop process."

It said its financial advisor, Evercore, "is actively soliciting potential alternative proposals now in a process that concludes March 22, and we will continue negotiations past that date if a potentially superior proposal emerges."

The committee "also insisted on a requirement that holders of a majority of the shares not held by Mr. Dell or members of management approve the transaction before it can be completed."

Separately, CNBC television reported that corporate raider Carl Icahn had amassed a stake in Dell, which could complicate the buyout.

Quoting unnamed sources, CNBC said Icahn had bought a stake of up to six percent. It was unclear what his aims were, the report said, but based on his history he could pressure Dell to pay a dividend or boost the offer.

The large investment firm T. Rowe Price last month joined the opposition from Southeastern Asset Management.

The Wall Street Journal reported, meanwhile, that Southeastern was considering an effort to develop

a counterbid to the buyout plan, and that rival Hewlett-Packard had also looked at a Dell bid, but it was not clear if it remained interested.

The buyout plan is backed by equity investment firm Silver Lake and would include a \$2 billion loan from Microsoft.

The move would de-list the company from stock markets and could ease some pressure on Dell, which is cash-rich but has seen profits slump as it tries to reduce dependence on the shrinking market for personal computers.

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