

# Dell Board Will Deal with Icahn, Blackstone

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Michael Dell may have to hike the price he's willing to pay if he wants to take the computer company he founded private, thanks to competition from two new acquisition offers.

A special committee of independent Dell Inc. directors said Monday that it will negotiate with buyout specialist Blackstone Group and activist investor Carl Icahn over bids that rival an offer of more than \$24 billion from CEO and Chairman Michael Dell and Silver Lake Partners.

The committee has determined that the bids could be superior to the proposal from Dell and Silver Lake, which amounts to \$13.65 per share.

Blackstone proposed buying the Round Rock, Texas, company in a deal that would equate to more than \$14.25 per share. Icahn wants to buy up to 58 percent of Dell's shares for \$15 each.

Icahn Enterprises said in a statement its offer would allow shareholders "that believe, like us, that the future for Dell is bright," to continue with the company.

The special committee said Michael Dell is willing to work with third parties on alternate acquisition proposals.

"We intend to work diligently with all three potential acquirers to ensure the best possible outcome for Dell shareholders, whichever transaction that may be," said Alex Mandl, special committee chairman, in a statement.

That's good news for shareholders hoping for a higher price, and Dell Inc. shares climbed 3.3 percent, or 46 cents, to \$14.60 in morning trading.

Dell and other PC makers are struggling as technology spending shifts to smartphones and tablet computers. Dell and HP, the top PC maker, are trying to adapt by making more tablets and diversifying into more profitable areas of technology, such as business software, data analytics and storage.

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Published on Wireless Design & Development (<http://www.wirelessdesignmag.com>)

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Michael Dell believes he will be in a better position to overhaul the company if he no longer has to worry about Wall Street's focus on profit fluctuations from one quarter to the next.

The special committee, which is made of four independent directors, spent more than five months evaluating options for Dell before deciding on the offer from Dell and Silver Lake. It considered changes to the company's business plan, a change in dividend policy and sales of all or parts of the business.

Silver Lake raised its bid six times by about \$4 billion over the course of negotiations, and the committee said in a statement that it still recommends that bid while it evaluates the other offers.

Icahn, who has a \$1 billion stock position in Dell, and other investors have criticized that bid as too low. Southeastern Asset Management, Dell's second-largest shareholder after Michael Dell, has asserted the company is worth closer to \$24 per share.

The offer from Michael Dell and Silver Lake was announced in early February. Dell's board then set a 45-day period to allow for offers that might top that bid. That period expired Friday.

Many investors expected that a higher bid was in the works for the world's third-largest PC maker. Several buyout scenarios tying Blackstone to Dell were leaked to the media last week.

Shares of Dell had climbed nearly 40 percent so far in 2013, as of Friday's market close. That includes a rise of nearly 7 percent since the shares closed at \$13.27 on Feb. 4, the day before the Dell-Silver Lake bid was announced.

**Source URL (retrieved on 07/31/2014 - 6:15am):**

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