

Dell vote delayed again but offer increased

NEW YORK CITY - The buyout offer for Dell led by company founder Michael Dell was raised slightly on Wednesday (24 July) and a shareholder vote on the plan was postponed until 2 August, the company said.



The offer from Michael Dell and the private equity firm Silver Lake was boosted to US\$13.75 a share, from \$13.65 a share, a company statement said.

A letter to shareholders said the new offer adds US\$150m to the prior bid of US\$24.4bn, and said it was "our best and final proposal."

It said the offer was contingent on a modification of the approval process to require a majority of shares voted, instead of a majority of all outstanding shares held by the unaffiliated stockholders.

The shareholder meeting had been set for Wednesday (24 July) after one postponement last week. It is now scheduled to take place on 2 August.

"We are not willing to discuss any further increase in the price nor are we willing to increase the amount to \$13.75 a share without the change to the Unaffiliated Stockholder Approval requirement," the letter said.

"There is simply no rational basis for shares that are not voted to count as votes against the merger agreement for purposes of the unaffiliated stockholder vote," the statement added.

Stiff opposition

The move came amid stiff opposition to the buyout by some shareholders who argued that Michael Dell's bid undervalued the company. Opponents have been galvanised by corporate raider Carl Icahn, with some other institutional investors also opposing the bid.

The Wall Street Journal estimated that holders of at least 30% of Dell shares were against Dell's bid. The buyout aims to take the computer company off the stock exchange, making it a private concern so it can restructure in a rapidly changing technology landscape.

While Dell is flush with cash it has been losing market share and has failed to make an impact in the growing area of mobile computing.

On Wednesday, Icahn and Southeastern Asset Management blasted the Dell board for "unconscionable" conduct in trying to secure a deal and warned against another postponement.

Dell, once the world's biggest PC seller, has fallen behind rivals Lenovo and Hewlett-Packard and faces pressure because of slumping computer sales. A recent survey showed worldwide sales of personal computers dropped for a fifth consecutive quarter in the April-June period.

Dell has failed to successfully develop and sell smartphones and tablets, but has seen some success in software and business services through its acquisitions.

Source: AFP via I-Net Bridge

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