

# Emerson To Acquire Avocent For \$1.2 Billion

**The deal is expected to help Emerson offer total infrastructure management solutions to its data center customers.**

NEW YORK (Reuters) - Industrial conglomerate Emerson Electric Co (EMR.N) said it would buy network equipment technology provider Avocent Corp (AVCT.O) for about \$1.2 billion in cash to expand its business that ensures the stability of large computer systems.

Emerson said it would pay \$25 for each share of Avocent, a premium of 22 percent to the stock's Monday closing price of \$20.52.

Avocent shares jumped \$4.29, or 21 percent, to \$24.80 in early Nasdaq trading, while Emerson rose \$1.19, or 3 percent, to \$39.94 on the New York Stock Exchange.

Emerson had \$1.8 billion in cash in late June, according to its most recent regulatory filing. The St. Louis-based company has said it expects to spend up to \$1.5 billion on acquisitions this fiscal year, which began this month, and up to \$400 million on share repurchases.

Huntsville, Alabama-based Avocent's board unanimously endorsed the terms of the deal, which the companies expect to close early in calendar 2010.

### TARGETING DATA CENTERS

The deal will increase Emerson's \$2.6 billion data center business, which makes systems to manage the temperature and energy use of large computer networks used by telecommunications, healthcare and industrial companies.

Avocent, whose customers include Yahoo (YHOO.O) and Brocade Communications Systems (BRCD.O), provides hardware and software for managing data centers. About half of its 2008 sales of \$657 million were from outside the United States.

The agreement is also another sign of a revival of dealmaking in the industrial and technology sectors after a prolonged slump. Last month, private equity firm American Securities said it would pay \$411 million for engine component maker GenTek (GETI.O), and industrial conglomerate Danaher (DHR.N) said it would buy two makers of scientific instruments for a total of \$1.1 billion.

SPX Corp (SPW.N), Carlisle Cos (CSL.N), FMC Technologies Inc (FMC.N) and other companies have announced smaller deals.

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Credit Suisse analysts, in a recent research note, said industrial companies were likely to do smaller, bolt-on acquisitions, but would probably steer clear of large deals to conserve cash until clearer signs of an economic recovery emerged.

The analysts named Illinois Tool Works (ITW.N), Parker Hannifin Corp (PH.N) and Eaton Corp (ETN.N) among likely acquirers.

(Reporting by Nick Zieminski and Bhaswati Mukhopadhyay; Editing by Deepak Kannan, Dave Zimmerman, Lisa Von Ahn)

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