

Quest Software gets new \$2.32B takeover bid

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The Associated Press

Quest Software Inc. said Monday that it received a higher buyout offer from unnamed bidder worth about \$2.32 billion, continuing a battle for the technology services provider.

The most recent offer of \$27.50 per share follows a string of increasing bids that began after the company announced in March that it was being bought by investment firm Insight Venture Partners for \$23 per share. At that time, the Aliso Viejo, Calif., company said the deal valued it at about \$2 billion.

The March bid was a 19 percent premium to the company's closing stock price the day before the deal was announced. The \$27.50 per share offer announced Monday would represent a 42 percent premium to Quest's ending price of \$19.40 from March 8.

Shares of Quest, which helps companies manage databases and provides other corporate IT services, rose \$1.37, or 5.2 percent, to \$27.59 in midday trading Monday. That suggests investors think there may be yet another, higher offer coming.

Quest said Monday that its board has decided that the most recent \$27.50 per share bid is superior to prior offers and that it has informed Insight and Vector Capital, which was added to the buyout group this month. Insight and Vector have three days to match the offer.

While Quest did not say Monday who the other bidder was, reports published last month said that Dell was in discussions with Quest about a potential transaction. Quest declined to comment further on who was behind the bid announced Monday, while Dell did not immediately return messages.

Earlier this month, an undisclosed party offered to buy the company for \$25.50 per share, or about \$2.15 billion. Last week, Insight and Vector topped that with a bid of \$25.75 per share.

In the event that shareholders who previously supported the deal with Insight do not support the most recent offer, the company will grant the unnamed bidder the right to buy new shares of the company's stock equal to a 19.9 percent stake, or pay it a break-up fee under certain circumstances.

Insight said in March that Quest's CEO Vinny Smith had agreed to support its offer, which would allow him to roll his 34 percent stake in Quest into the private company and remain CEO.

Quest declined to say Monday if there were other shareholders involved.

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Smith became CEO in February.

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