Compuware rejects Elliott's $2.35B takeover offer

The Associated Press

Software development company Compuware is rejecting a $2.35 billion takeover bid by one of its largest shareholders.

Last month New York-based investment firm Elliott Management offered $11 per share for Compuware, based in Detroit.

On Friday Compuware Corp. said that the offer undervalues its business and is not in the best interest of its shareholders.

Elliott's offer came about a month after Peter Karmanos Jr. announced plans to step down as executive chairman of Compuware in 2013. He stepped down as CEO in 2011. Karmanos, who also owns the Carolina Hurricanes hockey team, co-founded Compuware in 1973.

Compuware also said Friday that it plans to distribute share of its Covisint Corp. unit to shareholders following its initial public offering. In December Compuware announced that it filed for a potential Covisint IPO.

Compuware anticipates that within 12 months of completing the IPO that it will distribute the remaining Covisint shares to Compuware stockholders.

Compuware is also looking to lower its expenses by at least $60 million over three years, with a minimum of $20 million in cost reductions in 2014.

The company also approved a plan to return capital to shareholders through an annual dividend of 50 cents per share.

Compuware's stock rose 69 cents, or 6.4 percent, to $11.45 in midday trading. The shares hit a 52-week high of $11.46 earlier in the session.

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