Reports: Microsoft may invest in Dell buyout

The Associated Press

Microsoft has joined the negotiations to buy struggling computer maker Dell, according to media reports.

Both CNBC and The Wall Street Journal reported that Microsoft Corp. may invest some of the money needed to take Dell Inc. private after 25 years as a publicly traded company. Tuesday's stories cited unidentified people familiar with the negotiations.

If Microsoft joins in a Dell buyout, CNBC and the Journal say the software maker would contribute $1 billion to $3 billion. That amount would make Microsoft Corp. a minority investor in a complex deal expected to cost $23 billion to $27 billion if it's completed.

Microsoft declined to comment on the reports.

Word that Dell Inc. is interested in selling to a group led by buyout firm Silver Lake Partners first surfaced last week. Dell's stock price has climbed about 20 percent since then. The stock rose 33 cents, or 2.6 percent, to $13.17 in Tuesday's early afternoon.

Dell, which is based in Round Rock, Texas, hasn't said whether it's interested in selling. Going private, though, would enable the company to overhaul its operations without having to meet Wall Street's demands for higher quarterly earnings.

Dell, the second largest U.S. computer maker behind Hewlett-Packard Co., is one of Microsoft's biggest partners. Among other things, Microsoft licenses its Windows operating system to Dell's personal computer makers.

Like many other PC makers, Dell's revenue has been sliding as the popularity of smartphones and tablet computers divert consumer and business spending from laptop and desktop machines.

By becoming a part-owner in Dell, Microsoft would risk being viewed by HP and other PC makers as more of a rival than a partner. Microsoft already has rankled some of its PC makers by releasing a tablet computer called Surface that competes against their products.

So far, though, there has been little evidence indicating that the Surface is reshaping the market for computing devices.

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