

IBM Walks Away from Sun Deal

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BLUFF or REAL? ■ IBM Walks Out of Sun Deal.



Sun didn't like the reduced offer IBM made. The Sun Board threatened to open the sale to other bidders. IBM decided to walk out. Now it's a game of brinkmanship as we see who blinks first.

The deal's collapse raises questions about Sun's next move, but IBM's offer was only reduced from \$9.55 a share to \$9.40 after 100 lawyers did due diligence. (For one example, IBM says change-of-control payments to senior employees are higher in number and amount than anticipated.)

Sun wanted tighter provisions to restrict IBM's ability to walk away from the deal. Most analysts think Sun lacks leverage and will come off worse if IBM really walks.

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