



## **Avaya is Going Private**

Silver Lake Partners and the Texas Pacific Group are paying \$8.2 billion for Avaya. The buyout represents a 28% premium above Avaya's closing price of \$13.67 on May 25, the last day prior to initial reports about a potential sale.

### **The News Buzz**

We are hearing a lot of conversation about this news. We are weighing in with our point of view because clients, prospects, staff and colleagues are asking about it.

### **Our Take on the Situation**

First, we noticed that Avaya is in good company. Just a few weeks ago, the buzz was all about CDW – a high flying business – going private. By the way, Avaya and CDW are both in good company as other well known companies like Hertz, Burger King and Nieman Marcus have gone through the same financial maneuver – much to their ultimate gain.

Going private gives Avaya the flexibility to make investments in key areas like R&D that are much tougher to do under the pressures of public scrutiny, compliance regulations and stock price performance. They have indicated as much in their discussions with business analysts.

### **Why Go Private?**

Private-equity firms have recently been buying big name public companies because they are cash rich and need to put all that money to work; they are also taking advantage of cheap debt. Public companies, in turn, can increase their value, re-enter the public markets "at just the right time" and deliver even more value to their shareholders.

For more details, check our Market Watch:

<http://www.marketwatch.com/news/story/avaya-agrees-taken-private-82/story.aspx?guid=%7B24C4079C-A9CD-478D-B31C-9D6427897104%7D&dist=hplatest>