

## Palm unlikely to get higher bid, analysts say

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SAN FRANCISCO (MarketWatch) -- Shares of Palm Inc. were trading above an offer price reflected in a buyout agreement with Hewlett-Packard that was announced Wednesday, but analysts doubt another bidder will emerge for the troubled wireless device company.

In after-hours trading Wednesday, Palm [PALM, +0.00%](#) shares were trading at \$5.86, up nearly 27% from the closing price and above the \$5.70 price tag set by the acquisition offer from H-P [HPQ, +1.83%](#) which represents a total enterprise value of about \$1.2 billion. [See full story on H-P buying Palm.](#)

The stock has been whipsawed in recent weeks by takeover rumors. Companies ranging from H-P to Dell Inc. [DELL](#) Cisco Systems [CSCO, +0.45%](#) and Research In Motion [RIMM](#) were rumored to be showing interest in Palm, which has been losing money but has a well-regarded mobile operating system called webOS that attracted the interest of companies in the high-tech space.

But the relatively high price that H-P is paying for the company, along with its sizable cash base, make another suitor highly unlikely at this stage, analysts say.

"Possible? Yes. Probable? No," said Ed Snyder of Charter Equity Research, when asked about the likelihood of another Palm bidder entering the fray.

Phil Cusick of Macquarie Research said the fact that Palm has been a rumored takeover target for weeks suggests that plenty of companies had an opportunity to submit bids, and either declined to do so, or were outbid by H-P.

"Given the price H-P is paying, it seems certain there was another bidder involved," Cusick said. "But I would be surprised to see one come in at this point."

Palm got an even better premium on the deal than the current price might indicate. The stock was trading below the \$4 mark earlier this month, before all the deal speculation began. The stock closed at \$3.85 on April 6 before rumors started to spike the shares, meaning that H-P paid a 48% premium to the pre-speculation market value of the stock.

"My thinking all along was that the top price for Palm would be around \$6.50, so there's still some room there," said Matt Thornton of Avian Securities. "But I don't know who the other buyer would be. Looking at H-P, their war chest would probably scare off anyone else."

H-P had about \$13.7 billion in cash and equivalents as of Jan. 31.

The two most recent companies rumored to have a strong interest in Palm are mobile device maker HTC Corp. [HTCXF, +0.00%](#) and PC maker Lenovo [LNVG \(992\)](#). HTC reported about \$2.1 billion of cash on hand as of March 31, while Lenovo had about \$2.4 billion as of Dec. 31.



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