

Cisco to Buy an Online Conferencing Company

By The Associated Press

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SAN FRANCISCO, March 15 (AP) Cisco Systems has agreed to acquire the online meeting company WebEx Communications for about \$3.2 billion in cash, furthering its push beyond its core market for networking gear and into business communications.

Cisco, the leading maker of routers and switches that direct data over computer networks, said Thursday it would pay \$57 a share for WebEx, a 23 percent premium over WebEx's closing price of \$46.20 Wednesday on the Nasdaq.

Shares of WebEx, which is based in Santa Clara, Calif., rose \$10.18, to \$56.38. Shares of Cisco fell 4 cents, to \$25.81. The acquisition has been approved by both boards and is expected to close in the fourth quarter of fiscal 2007, Cisco said.

Cisco, based in San Jose, has recently made a number of acquisitions branching out from supplying networking gear in communications, social networking and other areas that help drive traffic over the network and increase demand for its core equipment.

In February of last year, Cisco completed its \$7.1 billion acquisition of Scientific-Atlanta, the No. 2 seller of cable television boxes after Motorola. The takeover was intended to increase Cisco's ability to deliver content directly to the homes of consumers.

Cisco also said in January that it was paying \$830 million in cash and stock to acquire privately held IronPort Systems, a maker of antispam and antivirus security products.

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WebEx makes applications that enable online conferences and secure instant messaging. The company says it commands 64 percent of the online meeting market, with more than 3.5 million people using WebEx services every month.

Cisco said the acquisition will allow it to tap into the increasingly lucrative market for business communications over the Internet.

“As collaboration in the workplace becomes increasingly important, companies are looking for rich communications tools to help them work more effectively and efficiently,” Charles H. Giancarlo, Cisco’s chief development officer, said in a statement. “The combination of Cisco and WebEx will deliver compelling solutions accelerating this next wave of business communications.”