Sale Of Some Register.com Assets Caps Exit Frenzy For Vector

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TECHNOLOGY

5/8/2006 – Vector Capital capped a busy two weeks of exit activity on Friday with the announcement that domain name registrar Register.com had sold its corporate services division to Corporation Service Co.

Register.com, which helps businesses register domain names and manage their Web sites, said the corporate services unit doesn't fit in with its core aim of serving the Web needs of small companies and individuals. The corporate services arm offered Web consulting and domain registry services to large corporations.

Terms weren't disclosed. Vector Managing Partner Alex Slusky said proceeds would be used to pay down some of New York-based Register.com's debt. Vector, of San Francisco, took the company private in November for $200 million.

The sale of the corporate services unit marked Vector's fourth liquidity event since reaping some $23 million in the initial public offering of Canadian software company Corel Corp. on April 26. The next day, the IT-focused buyout shop agreed to sell software security firm LANDesk Group Ltd. to Avocent Corp. for up to $476 million in cash, stock and options. And on May 4 came the news that radio technology software maker Savi Technology Inc. would be sold to Lockheed Martin Corp.

Slusky estimated that Vector has realized some $700 million from the four events, a figure that takes into account the market value of the firm's 72% stake in Corel Corp. That interest is worth $283 million based on Corel Corp.'s closing price of $16.02 on the Nasdaq Friday.

Exits have "never been this concentrated at any time in my career," Slusky said. "It's certainly been a very good 10 days for Vector."

The timing of the deals is mostly a coincidence, he said, adding that the fact that valuations have been high lately for information technology companies has also played a role.

Vector is currently investing its $350 million Vector Capital III LP, which closed last April.

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