

Exabyte and Ecrix to rejoin forces

By Janet Forgive

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In the dance that is the Colorado data storage industry, one spinoff plans to spin back to its original partner.

Publicly traded Exabyte Corp. and privately held Ecrix Corp., both Boulder-based makers of tape storage drives, said Thursday they expect to merge by the end of the year.

Exabyte will issue 10 million shares of stock in exchange for all of Ecrix's stock. In addition, investors in Ecrix, a venture capital backed company, will pay \$9.4 million for 9.4 million new Exabyte shares.

It's a good fit, the companies say, because their similar products target different markets. Exabyte focuses on higher-priced drives while Ecrix has aimed its products at the lower-end market.

Now the companies have an opportunity to develop compatible next-generation products, allowing customers to upgrade their data storage systems without having to invest in completely new products, said Ecrix founder, Chairman and Chief Executive Officer Juan Rodriguez.

The merger will bring Rodriguez back to Exabyte, a company he helped start in the mid-1980s. He left to form Ecrix in 1996. Rodriguez, also one of the founders of Louisville-based Storage Technology Corp., will sit on Exabyte's expanded board of directors and become the company's chief technologist.

Rodriguez has been part of Boulder's data storage scene since 1966, when IBM brought him in to work at its new facility there. Today, dozens of area storage com-

STOCK WATCH

Exabyte Corp.,
(EXBT: Nasdaq)
66 cents,
down 7 cents.

panies can trace their roots back to that IBM plant.

The merger will likely bring job cuts, said Exabyte President and CEO

Bill Marriner, as the merged company focuses on cutting costs and duplication while also developing new products. More positions may be cut as Exabyte proceeds with plans to outsource more of its manufacturing.

In 2000, Exabyte lost \$41.3 million on revenue of \$221.7 million. In March, it laid off 200 workers at its Boulder headquarters and cut 50 more jobs at European plants, leaving it with about 720 workers worldwide. Ecrix has about 85 employees.

Exabyte's stock price has been below \$1 per share for more than a month, a situation that has spurred de-listing action for a host of other area companies. The stock closed down 7 cents Thursday at 66 cents per share.

The company hasn't received a notice of possible de-listing yet, Marriner said. An actual de-listing could affect the terms of the deal and whether or not it closes, he said.

The two companies haven't always been on the best of terms. In 1999, Exabyte accused Ecrix of violating eight of its patents. Ecrix fired back, saying the competitor violated antitrust laws and engaged in anti-competitive practices. The case landed in federal court that fall, and the companies resolved it last year in a confidential settlement.

"That's water under the bridge at this point," Marriner said.