Iovine: I've Always Known Beats Belonged with Apple

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Apple yesterday confirmed rumors that it has agreed to buy Dr. Dre and Jimmy Iovine's Beats Electronics and Beats Music for a cool $3 billion.

In a press release, Apple said that Dre and Iovine will join Apple. The purchase price consists of approximately $2.6 billion and approximately $400 million that will vest over time.

Tim Cook, Apple’s CEO, said music has a special place in Apple's heart. “That’s why we have kept investing in music and are bringing together these extraordinary teams so we can continue to create the most innovative music products and services in the world.”

Reports last week had surfaced that claimed Apple would pay $3.2 billion for Beats.

In a statement, Iovine said sale of the company to the iPhone maker felt natural, as the creation of Beats was inspired by Apple's business.

“I’ve always known in my heart that Beats belonged with Apple,” Iovine said. “The idea when we started the company was inspired by Apple’s unmatched ability to marry culture and technology. Apple’s deep commitment to music fans, artists, songwriters and the music industry is something special.”

Speculation has run rampant on just exactly what Apple intends to do with Beats. Some have suggested Apple may simply want the brand association, which is incredibly popular with a younger set of consumers.

More likely is that Apple is looking for growth areas. Sales of music through the company's iTunes storefront have been on the declin and competition in the smartphone and tablet spaces continues to put pressure on margins.

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