DELL INC
Form PRER14A
May 20, 2013
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UNITED STATES

SECURITIES AND EXCHANGE COMMISSION

Washington, D.C. 20549

SCHEDULE 14A

Proxy Statement Pursuant to Section 14(a) of the

Securities Exchange Act of 1934

Filed by the Registrant x Filed by a Party other than the Registrant ¨

Check the appropriate box:

x Preliminary Proxy Statement

¨ **Confidential, for Use of the Commission Only (as permitted by Rule 14a-6(e)(2))**

¨ Definitive Proxy Statement

¨ Definitive Additional Materials

¨ Soliciting Material under Rule 14a-12

Dell Inc.

(Name of Registrant as Specified In Its Charter)

(Name(s) of Person(s) Filing Proxy Statement, if other than the Registrant)

Payment of Filing Fee (Check the appropriate box):

¨ No fee required.

¨ Fee computed on table below per Exchange Act Rules 14a-6(i)(1) and 0-11.

(1) Title of each class of securities to which transaction applies:
Dell Inc. common stock, par value $0.01 per share

(2) Aggregate number of securities to which transaction applies:
1,781,176,938 shares of common stock (including shares subject to restricted stock units and shares of restricted stock) and 25,482,624 shares of common stock underlying outstanding employee stock options with an exercise price of less than $13.65 per share

(3) Per unit price or other underlying value of transaction computed pursuant to Exchange Act Rule 0-11 (set forth the amount on which the filing fee is calculated and state how it was determined):
In accordance with Exchange Act Rule 0-11(c), the filing fee of $2,829,910.77 was determined by multiplying 0.0001364 by the aggregate merger consideration of $20,747,146,376.79. The aggregate merger consideration was calculated as the sum of (i) the product of (a) 1,781,176,938 outstanding shares of common stock (including shares subject to restricted stock units and shares of restricted stock) as of March 25, 2013 to be acquired in the merger, multiplied by (b) the per share merger consideration of $13.65, plus (ii) the product of (x) 25,482,624 shares of common stock underlying outstanding employee stock options with an exercise price of $13.65 or less, multiplied by (y) $6.46, representing the difference between the $13.65 per share merger consideration and the $7.19 weighted average exercise price of such options.

(4) Proposed maximum aggregate value of transaction:
$20,747,146,376.79

(5) Total fee paid:
$2,829,910.77

x Fee paid previously with preliminary materials.

¨ Check box if any part of the fee is offset as provided by Exchange Act Rule 0-11(a)(2) and identify the filing for which the offsetting fee was paid previously. Identify the previous filing by registration statement number, or the Form or Schedule and the date of its filing.

(1) Amount Previously Paid:

(2) Form, Schedule or Registration Statement No.:

(3) Filing Party:

(4) Date Filed:

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PRELIMINARY COPY SUBJECT TO COMPLETION

NOTICE OF SPECIAL MEETING

OF

STOCKHOLDERS

One Dell Way

Round Rock, Texas 78682

Telephone: (512) 728-7800

[ ], 2013

To the Stockholders of Dell Inc.:

You are cordially invited to attend a special meeting of the stockholders of Dell Inc., a Delaware corporation (Dell, the Company, we, our or u
which we will hold at the Dell Round Rock Campus, 501 Dell Way, Round Rock, Texas 78682 on [ ], 2013, at [ ], Central Time.

At the special meeting, holders of our common stock, par value $0.01 per share (Common Stock), will be asked to consider and vote on a proposal to adopt the Agreement and Plan of Merger, dated as of February 5, 2013 (as it may be amended from time to time, the merger agreement), by and among Denali Holding Inc., a Delaware corporation (Parent), Denali Intermediate Inc., a Delaware corporation and a wholly-owned subsidiary of Parent (Intermediate), Denali Acquiror Inc., a Delaware corporation and a wholly-owned subsidiary of Intermediate (Merger Sub and, taken together with Intermediate and Parent, the Parent Parties), and the Company. Pursuant to the merger agreement, Merger Sub will be merged with and into the Company (the merger), with the Company surviving the merger as a wholly-owned subsidiary of Intermediate and each share of Common Stock outstanding immediately prior to the effective time of the merger (other than certain excluded shares and dissenting shares) will be canceled and converted into the right to receive $13.65 in cash, without interest (the merger consideration), less any applicable withholding taxes. The following shares of Common Stock will not be entitled to the merger consideration: (i) shares held by any of the Parent Parties (including the shares held by Michael S. Dell and certain of his related family trusts which shares will be contributed to Parent prior to the merger), (ii) shares held by the Company or any wholly-owned subsidiary of the Company and (iii) shares held by any of the Company s stockholders who are entitled to and properly exercise appraisal rights under Delaware law.

The board of directors of the Company (the Board) formed a committee (the Special Committee) consisting solely of four independent and disinterested directors of the Company to evaluate the merger and other alternatives available to the Company. The Special Committee unanimously determined that the transactions contemplated by the merger agreement, including the merger, are fair to, and in the best interests of, the Company s stockholders (other than Mr. Dell and certain of his related family trusts), and unanimously recommended that the Board approve and declare advisable the merger agreement, a copy of which is attached as Annex A to the accompanying proxy statement, and the transactions contemplated therein, including the merger, and that the Company s stockholders vote for the adoption of the merger agreement. Based in part on that recommendation, the Board unanimously (other than Mr. Dell, who did not participate due to his interest in the merger) (i) determined that the transactions contemplated by the merger agreement, including the merger, are fair to, and in the best interests of, the Company s stockholders (other than Mr. Dell and certain of his related family trusts), (ii) approved and declared advisable the execution, delivery and performance of the merger agreement and the consummation of the transactions contemplated therein, including the merger and (iii) resolved to recommend that the Company s stockholders vote for the adoption of the merger agreement. **Accordingly, the Board (without Mr. Dell s participation) unanimously recommends that the stockholders of the Company**

vote FOR the proposal to adopt the merger agreement. The Board also unanimously (without Mr. Dell s participation) recommends that the stockholders of the Company vote **FOR** the proposal to approve, on an advisory (non-binding) basis, the compensation that may become payable to the named executive officers of the Company in connection with the merger, as disclosed in the table under *Special Factors Interests of the Company s Directors and Executive Officers in the Merger Quantification of Payments and Benefits Potential Change of Control Payments to Named Executive Officers Table*, including the associated footnotes and narrative discussion.

In considering the recommendation of the Board, you should be aware that some of the Company s directors and executive officers have interests in the merger that are different from, or in addition to, the interests of the stockholders generally. As of May 16, 2013, Mr. Dell and certain of his related family trusts beneficially owned, in the aggregate, 274,434,319 shares of Common Stock (including (i) 1,101,948 shares subject to Company stock options exercisable within 60 days and (ii) 33,186 shares held in Mr. Dell s 401(k) plan), or approximately 15.6% of the total number of outstanding shares of Common Stock, and have agreed with Parent to contribute to Parent, immediately prior to the consummation of the merger, 273,299,383 shares in exchange for common stock of Parent.

We urge you to, and you should, read the accompanying proxy statement in its entirety, including the appendices, because it describes the merger agreement, the merger and related agreements and provides specific information concerning the special meeting and other important information related to the merger. In addition, you may obtain information about us from documents filed with the Securities and Exchange Commission.

Regardless of the number of shares of Common Stock you own, your vote is very important. The merger cannot be completed unless the merger agreement is adopted by the affirmative vote of the holders of (i) at least a majority of the outstanding shares of Common Stock entitled to vote thereon and (ii) at least a majority of the outstanding shares of Common Stock entitled to vote thereon held by stockholders other than the Parent Parties, Mr. Dell and certain of his related family trusts, any other officers and directors of the Company or any other person having any equity interest in, or any right to acquire any equity interest in, Merger Sub or any person of which Merger Sub is a direct or indirect subsidiary. If you fail to vote or abstain from voting on the merger agreement, the effect will be the same as a vote against adoption of the merger agreement.

While stockholders may exercise their right to vote their shares in person, we recognize that many stockholders may not be able to, or do not desire to, attend the special meeting. Accordingly, we have enclosed a proxy that will enable your shares to be voted on the matters to be considered at the special meeting even if you are unable or do not desire to attend. If you desire your shares to be voted in accordance with the Board s recommendation, you need only sign, date and return the proxy in the enclosed postage-paid envelope. Otherwise, please mark the proxy to indicate your voting instructions; date and sign the proxy; and return it in the enclosed postage-paid envelope. You also may submit a proxy by using a toll-free telephone number or the Internet. We have provided instructions on the proxy card for using these convenient services.

Submitting a proxy will not prevent you from voting your shares in person if you subsequently choose to attend the special meeting. Even if you plan to attend the special meeting in person, we request that you complete, sign, date and return the enclosed proxy and thus ensure that your shares will be represented at the special meeting if you are unable to attend.

Sincerely,

Alex J. Mandl

Chairman of the Special Committee

Neither the Securities and Exchange Commission nor any state securities regulatory agency has approved or disapproved the merger, passed upon the merits or fairness of the merger or passed upon the adequacy or accuracy of the disclosure in this document. Any representation to the contrary is a criminal offense.

This proxy statement is dated [ ], 2013

and is first being mailed to stockholders on or about [ ], 2013.

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PRELIMINARY COPY SUBJECT TO COMPLETION

DELL INC.

One Dell Way

Round Rock, Texas 78682

Telephone: (512) 728-7800

NOTICE OF SPECIAL MEETING OF STOCKHOLDERS

To the Stockholders of Dell Inc.:

NOTICE IS HEREBY GIVEN that a special meeting of the stockholders of Dell Inc., a Delaware corporation (Dell, the Company, we, our or us), will be held at the Dell Round Rock Campus, 501 Dell Way, Round Rock, Texas 78682 on [ ], 2013, at [ ], Central Time, for the following purposes:

1. to consider and vote on a proposal to adopt the Agreement and Plan of Merger, dated as of February 5, 2013, as it may be amended from time to time, (the merger agreement), by and among Denali Holding Inc., a Delaware corporation (Parent), Denali Intermediate Inc., a Delaware corporation and a wholly-owned subsidiary of Parent (Intermediate), Denali Acquiror Inc., a Delaware corporation and a wholly-owned subsidiary of Intermediate (Merger Sub and, taken together with Intermediate and Parent, the Parent Parties), and the Company;

2. to approve, on an advisory (non-binding) basis, the compensation that may become payable to the named executive officers of the Company in connection with the merger, as disclosed in the table under *Special Factors Interests of the Company s Directors and Executive Officers in the Merger Quantification of Payments and Benefits Potential Change of Control Payments to Named Executive Officers Table*, including the associated footnotes and narrative discussion;

3. to approve the adjournment of the special meeting, if necessary or appropriate, to solicit additional proxies if there are insufficient votes at the time of the special meeting to approve the proposal to adopt the merger agreement; and

4. to act upon other business as may properly come before the special meeting or any adjournment or postponement thereof by or at the direction of the Board.

The holders of record of our common stock, par value $0.01 per share (Common Stock), at the close of business on [ ], 2013, are entitled to notice of and to vote at the special meeting or at any adjournment or postponement thereof. All stockholders of record are cordially invited to attend the special meeting in person.

Your vote is important, regardless of the number of shares of Common Stock you own. The adoption of the merger agreement by the affirmative vote of the holders of (i) at least a majority of the outstanding shares of Common Stock entitled to vote thereon and (ii) at least a majority of the outstanding shares of Common Stock entitled to vote thereon held by stockholders other than the Parent Parties, Michael S. Dell and certain of his related family trusts, any other officers and directors of the Company and any other person having any equity interest in, or any right to acquire any equity interest in, Merger Sub or any person of which Merger Sub is a direct or indirect subsidiary are conditions to the consummation of the merger. The proposal to approve, on an advisory (non-binding) basis, the compensation that may become payable to the named executive officers of the Company in connection with the merger, as disclosed in the table under *Special Factors Interests of the Company s Directors and Executive Officers in the Merger Quantification of Payments and Benefits Potential Change of Control Payments to Named Executive Officers Table*, including the associated footnotes and narrative discussion, and the proposal to approve the adjournment of the special meeting to solicit additional proxies, if necessary or appropriate, each require the affirmative vote of holders of a majority of the voting

power present and entitled to vote thereon. Even if you plan to attend the special meeting in person, we request that you complete, sign, date and return the enclosed proxy and thus ensure that your shares will be represented at the special meeting if you are unable to attend.

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You also may submit your proxy by using a toll-free telephone number or the Internet. We have provided instructions on the proxy card for using these convenient services.

If you sign, date and return your proxy card without indicating how you wish to vote, your proxy will be voted in favor of the proposal to adopt the merger agreement, the proposal to approve, on an advisory (non-binding) basis, the compensation that may become payable to the named executive officers of the Company in connection with the merger, as disclosed in the table under *Special Factors Interests of the Company s Directors and Executive Officers in the Merger Quantification of Payments and Benefits Potential Change of Control Payments to Named Executive Officers Table*, including the associated footnotes and narrative discussion, and the proposal to approve the adjournment of the special meeting to solicit additional proxies, if necessary or appropriate. If you fail to vote or submit your proxy, the effect will be that your shares will not be counted for purposes of determining whether a quorum is present at the special meeting and will have the same effect as a vote against the proposal to adopt the merger agreement. However, failure to vote or submit your proxy will not affect the vote regarding the proposal to approve, on an advisory (non-binding) basis, the compensation that may become payable to the named executive officers of the Company in connection with the merger, as disclosed in the table under *Special Factors Interests of the Company s Directors and Executive Officers in the Merger Quantification of Payments and Benefits Potential Change of Control Payments to Named Executive Officers Table*, including the associated footnotes and narrative discussion, or the vote regarding the proposal to approve the adjournment of the special meeting to solicit additional proxies, if necessary or appropriate.

Your proxy may be revoked at any time before the vote at the special meeting by following the procedures outlined in the accompanying proxy statement. If you are a stockholder of record, attend the special meeting and wish to vote in person, you may revoke your proxy and vote in person.

BY ORDER OF THE BOARD OF DIRECTORS

Lawrence P. Tu

General Counsel and Secretary

Dated [ ], 2013

Round Rock, Texas

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SUMMARY TERM SHEET

This Summary Term Sheet discusses the material information contained in this proxy statement, including with respect to the merger agreement, as defined below, the merger and the other agreements entered into in connection with the merger. We encourage you to read carefully this entire proxy statement, including its annexes and the documents referred to or incorporated by reference in this proxy statement, as this Summary Term Sheet may not contain all of the information that may be important to you. The items in this Summary Term Sheet include page references directing you to a more complete description of that topic in this proxy statement.

The Parties to the Merger (page 131)

Dell Inc.

Dell Inc. (Dell, the Company, we, our or us) is a Delaware corporation. Founded by Michael S. Dell in 1984, the Company is a leading glob integrated solutions provider in the IT industry. The Company is focused on providing complete technology solutions to our customers that are scalable, flexible and easy to use. Over time, the Company has added new distribution channels, such as retail, system integrators, value-added resellers and distributors, to expand its access to more end-users around the world. See *Important Information Regarding Dell Company Background* beginning on page 165. See also *The Parties to the Merger Dell Inc.* on page 131.

Additional information about Dell is contained in its public filings, which are incorporated by reference herein. See *Where You Can Find Additional Information* on page 190.

The Parent Parties

Denali Holding Inc. (Parent) is a newly formed Delaware corporation. Denali Intermediate Inc. (Intermediate) is a newly formed Delaware corporation and a wholly-owned subsidiary of Parent. Denali Acquiror Inc. (Merger Sub and, together with Intermediate and Parent, the Parent Parties) is a newly formed Delaware corporation and a wholly-owned subsidiary of Intermediate. Each of the Parent Parties is an affiliate of the entities referred to as the SLP Filing Persons (see *Important Information Regarding the Parent Parties, the SLP Filing Persons, the MD Filing Persons and the MSDC Filing Persons The SLP Filing Persons* beginning on page 187) and the persons and entities referred to as the MD Filing Persons (see *Important Information Regarding the Parent Parties, the SLP Filing Persons, the MD Filing Persons and the MSDC Filing Persons The MD Filing Persons* beginning on page 188) and was formed solely for the purpose of entering into the merger agreement and consummating the transactions contemplated by the merger agreement. None of the Parent Parties has engaged in any business except for activities incident to its formation and in connection with the transactions contemplated by the merger agreement. See *Important Information Regarding the Parent Parties, the SLP Filing Persons, the MD Filing Persons and the MSDC Filing Persons* beginning on page 186. See also *The Parties to the Merger The Parent Parties* on page 131.

The Purpose of the Special Meeting (page 132)

You will be asked to consider and vote upon the proposal to adopt the Agreement and Plan of Merger, dated as of February 5, 2013 (as it may be amended from time to time, the merger agreement), by and among Parent, Intermediate, Merger Sub and the Company. The merger agreement provides that at the effective time of the merger, Merger Sub will be merged with and into the Company (the merger), with the Company surviving the merger as a wholly-owned subsidiary of Intermediate. At the effective time of the merger, each share of common stock, par value $0.01 per share, of the Company (the Common Stock) outstanding immediately prior to the effective time of the merger (other than certain excluded shares and shares held by any of the Company s stockholders who are entitled to and properly exercise appraisal rights under Delaware law (dissenting shares))

will be converted into the right to receive $13.65 in cash, without interest (the merger consideration), less any applicable withholding taxes, whereupon all such shares will be automatically canceled upon the conversion thereof and will cease to exist, and the holders of such shares will cease to have any rights with respect thereto other than the right to receive the merger consideration. Shares of Common Stock held by any of the Parent Parties (including the shares held by the MD Investors and the Gift Trusts (each as defined below), which shares will be contributed to Parent prior to the merger) and by the Company or any wholly-owned subsidiary of the Company will not be entitled to receive the merger consideration.

Following and as a result of the merger, the Company will become a privately held company, wholly-owned directly by Intermediate and indirectly by Parent, which in turn will be owned by the following entities and individuals:

- Silver Lake Partners III, L.P., Silver Lake Partners IV, L.P. (together with Silver Lake Partners III, L.P., the SLP Investors) and their permitted assignees, if any, which have agreed, severally but not jointly, to provide an aggregate amount of up to $1.4 billion in cash equity financing for the merger;

- Michael S. Dell, Chairman and Chief Executive Officer of the Company, and The Susan Lieberman Dell Separate Property Trust (together with Mr. Dell, the MD Investors), who together have agreed, severally and not jointly, to transfer, contribute and deliver to Parent, immediately prior to the consummation of the merger, 273,299,383 shares of the Common Stock (including shares held by the Michael S. Dell 2009 Gift Trust and Susan L. Dell 2009 Gift Trust (together, the Gift Trusts), which shares will be acquired by Mr. Dell from the Gift Trusts prior to the consummation of the merger (conditional upon the occurrence of the closing of the merger)) in exchange for common stock of Parent, and, in the case of Mr. Dell, to provide up to an additional $500 million in cash equity financing for the merger; and

- MSDC Management, L.P. (the MSDC Investor) and its permitted assignees, if any, which have agreed to provide an aggregate amount of up to $250 million in cash equity financing for the merger.

The Special Meeting (Page 132)

The special meeting will be held at the Dell Round Rock Campus, 501 Dell Way, Round Rock, Texas 78682 on [ ], 2013, at [ ], Central Time.

Record Date and Quorum (Page 133)

The holders of record of the Common Stock as of the close of business on [ ], 2013, the record date for determination of stockholders entitled to notice of and to vote at the special meeting, are entitled to receive notice of and to vote at the special meeting.

The presence at the special meeting, in person or by proxy, of the holders of a majority of the voting power of the shares of Common Stock outstanding and entitled to vote on the record date will constitute a quorum, permitting the Company to conduct its business at the special meeting.

Required Vote (Page 133)

For the Company to consummate the merger, under Delaware law and under the merger agreement, stockholders holding at least a majority of the shares of Common Stock outstanding and entitled to vote at the close of business on the record date must vote **FOR** the proposal to adopt the merger agreement. In addition, it is a condition to the consummation of the merger that stockholders holding at least a majority of the shares of Common Stock outstanding and entitled to vote at the close of business on the record date, other than the Parent Parties, the MD Investors, the Gift Trusts, any other officers and directors of the Company and any other person having any equity interest in, or any right to acquire any equity interest in, Merger Sub or any person of which Merger Sub is a direct or indirect subsidiary, vote **FOR** the proposal to adopt the merger agreement.

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Subject to certain conditions, the MD Investors and the Gift Trusts have agreed to vote, or cause to be voted, all of the outstanding shares of Common Stock they beneficially own in favor of the proposal to adopt the merger agreement pursuant to a voting and support agreement that they entered into with the Company on February 5, 2013 (the voting agreement). See *Special Factors Interests of the Company s Directors and Executive Officers in the Merger Voting Agreement* on page 123.

Conditions to the Merger (Page 159)

Each party s obligation to complete the merger is subject to the satisfaction of the following conditions:

- the proposal to adopt the merger agreement has been approved by the affirmative vote of holders of at least a majority of the outstanding shares of the Common Stock entitled to vote thereon;
- the proposal to adopt the merger agreement has been approved by the affirmative vote of holders of at least a majority of the outstanding shares of the Common Stock entitled to vote thereon, other than the Parent Parties, the MD Investors, the Gift Trusts and any other officers and directors of the Company and any other person having any equity interest in, or any right to acquire any equity interest in, Merger Sub or any person of which Merger Sub is a direct or indirect subsidiary;
- there is no injunction or similar order prohibiting the consummation of the merger (i) by a governmental entity having jurisdiction over the business of the Company and its subsidiaries (other than a *de minimis* portion of such business) or (ii) that, if not abided by, would potentially result in criminal liability;
- there is no law prohibiting or making illegal the merger (i) by any governmental entity in a jurisdiction in which the business of the Company and its subsidiaries is conducted (other than a *de minimis* portion of such business) or (ii) that, if not abided by, would potentially result in criminal liability; and
- any applicable waiting period (and any extensions thereof) has expired or been terminated and any required approvals, consents or clearances have been obtained relating to the merger under (i) the Hart-Scott-Rodino Antitrust Improvements Act of 1976, as amended (the HSR Act), (ii) if required or if jurisdiction is accepted, Council Regulation (EC) No 139/2004 of the European Union Merger Regulation, or, if not required or jurisdiction is not accepted, the antitrust and competition laws of the Member States of the European Union and European Economic Area in which a filing is required and (iii) the antitrust and competition laws of China and certain other jurisdictions.

The obligation of the Company to complete the merger is also subject to the satisfaction or waiver of the following additional conditions:

- the representations and warranties of the Parent Parties in the merger agreement must be true and correct in all material respects both when made and as of the closing date of the merger (except with respect to certain representations and warranties made as of a specified date), except where the failure to be true and correct would not impair, prevent or delay in any material respect the ability of any of the Parent Parties to perform its obligations under the merger agreement;
- the Parent Parties must have performed in all material respects all obligations that they are required to perform under the merger agreement prior to the closing; and
- each of the Parent Parties must have delivered to the Company an officer s certificate stating that the conditions set forth above have been satisfied.

The respective obligations of the Parent Parties to complete the merger are also subject to the satisfaction or waiver of the following additional conditions:

the representations and warranties of the Company in the merger agreement relating to (i) capitalization, (ii) dividends, (iii) the absence of any material adverse effect since November 2,

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2012, (iv) finder s and broker s fees and (v) takeover laws and rights agreements must be true and correct (except, subject to certain exceptions, for such inaccuracies as are *de minimis*) both when made and as of the closing date of the merger or, with respect to certain representations and warranties, as of a specified date;

the representations and warranties of the Company in the merger agreement relating to (i) the Company s subsidiaries, (ii) corporate authority and (iii) outstanding indebtedness must be true and correct in all material respects both when made and as of the closing date of the merger or, with respect to certain representations and warranties, as of a specified date;

the other representations and warranties of the Company in the merger agreement (except those listed in the above preceding bullet points) must be true and correct both when made and as of the closing date of the merger or, with respect to certain representations and warranties, as of a specified date, except where the failure to be true and correct would not result in a material adverse effect, as described under *The Merger Agreement Conditions to the Merger* beginning on page 159;

the Company must have performed in all material respects all obligations that it is required to perform under the merger agreement prior to the closing date of the merger;

the Company must have delivered to Parent an officer s certificate stating that the conditions set forth above have been satisfied; and

Parent must not have the right to terminate the merger agreement as a result of the Company s cash on hand being less than $7.4 billion as of the beginning of the day on which the closing of the merger would have been required to occur but for the failure of this condition.

When the Merger Becomes Effective (Page 139)

We currently anticipate holding our stockholders meeting to vote on the merger agreement during the second quarter of our current fiscal year, which quarter will end on August 2, 2013, and completing the merger during the third quarter of our current fiscal year, which quarter will end on November 1, 2013, subject to approval of the proposal to adopt the merger agreement by the Company s stockholders as specified herein and the satisfaction of the other closing conditions.

Reasons for the Merger; Recommendation of the Board of Directors; Fairness of the Merger (Page 50)

The Board, acting upon the unanimous recommendation of a committee of the Board consisting solely of four independent and disinterested directors of the Company (the Special Committee), unanimously (without Mr. Dell s participation) has recommended that the stockholders of the Company vote **FOR** the proposal to adopt the merger agreement. For a description of the reasons considered by the Special Committee and the Board in deciding to recommend approval of the proposal to adopt the merger agreement, see *Special Factors Reasons for the Merger; Recommendation of the Board of Directors; Fairness of the Merger* beginning on page 50.

Opinion of J.P. Morgan Securities LLC (Page 62 and Annex B)

The Special Committee retained J.P. Morgan Securities LLC (J.P. Morgan) to act as its financial advisor in connection with the proposed merger. At separate meetings of the Special Committee and the Board on February 4, 2013, J.P. Morgan rendered its oral opinion, subsequently confirmed in writing, that as of February 4, 2013, and based upon and subject to the factors and assumptions set forth therein, the consideration to be paid to the holders of the Common Stock (other than shares of Common Stock held in treasury or owned by Merger Sub and its subsidiaries, other excluded shares, Company restricted shares and dissenting shares) in the proposed merger was fair, from a financial point of view, to such holders.

The full text of the written opinion of J.P. Morgan, dated February 4, 2013, is attached to this proxy statement as Annex B and is incorporated into this proxy statement by reference. The opinion sets forth the assumptions made, procedures followed, matters considered and limits on the review undertaken by J.P. Morgan in rendering its opinion. You are urged to read the opinion carefully in its entirety. J.P. Morgan s written opinion was provided to the Special Committee and the Board, is directed only to the fairness from a financial point of view of the merger consideration to be paid in the proposed merger and it does not constitute a recommendation to any stockholder of the Company as to how such stockholder should vote with respect to the merger or any other matter. For a further discussion of J.P. Morgan s opinion, see *Special Factors Opinion of J.P. Morgan Securities LLC* beginning on page 62 and Annex B to this proxy statement.

Opinion of Evercore Group L.L.C. (Page 69 and Annex C)

The Special Committee retained Evercore Group L.L.C. (Evercore) to act as our financial advisor in connection with the proposed merger. At separate meetings of the Special Committee and the Board on February 4, 2013, Evercore rendered its oral opinion, subsequently confirmed in writing, that as of February 4, 2013, and based upon, and subject to, the factors, procedures, assumptions, qualifications and limitations and other matters set forth therein, the $13.65 per share merger consideration was fair, from a financial point of view, to the holders of shares of Common Stock entitled to receive such merger consideration.

The full text of the written opinion of Evercore, dated February 4, 2013, is attached to this proxy statement as Annex C and is incorporated into this proxy statement by reference. The opinion sets forth, among other things, the factors considered, procedures followed, assumptions made and qualifications and limitations on the scope of review undertaken by Evercore in rendering its opinion. You are urged to read the opinion carefully in its entirety. Evercore s opinion was addressed to, and was provided for the information and benefit of, the Special Committee and the Board (in their capacity as such) in connection with their evaluation of whether the merger consideration to be received by the holders of the shares of Common Stock was fair, from a financial point of view, to the holders of the shares of Common Stock entitled to receive such merger consideration. The opinion does not address any other aspect of the merger and does not constitute a recommendation to the Special Committee, the Board or to any other person in respect of the merger, including as to how any of our stockholders should act or vote with respect to the merger. Evercore s opinion did not address the relative merits of the merger as compared to other business or financial strategies that might be available to the Company, nor did it address the underlying business decision of the Company to engage in the merger. In arriving at its opinion, Evercore was not authorized to solicit, and did not solicit, interest from any third party with respect to the acquisition of any or all of the Common Stock or any business combination or other extraordinary transaction involving the Company. For a further discussion of Evercore s opinion, see *Special Factors Opinion of Evercore Group L.L.C.* beginning on page 69 and Annex C to this proxy statement.

Purposes and Reasons of the Company for the Merger (Page 87)

The Company s purpose for engaging in the merger is to enable its stockholders to receive $13.65 per share in cash, without interest and less any applicable withholding taxes, which $13.65 per share merger consideration represents a premium of approximately 25% above the closing price of the Common Stock on January 11, 2013, the last trading day before media reports of a possible going private transaction involving the Company were first published, a premium of approximately 35% over the Company s enterprise value as of January 11, 2013, and a premium of approximately 37% over the average closing price of the Common Stock during the 90 calendar days that ended on January 11, 2013.

Certain Effects of the Merger (Page 91)

If the conditions to the closing of the merger are either satisfied or, to the extent permitted, waived, Merger Sub will be merged with and into the Company with the Company surviving the merger as a wholly-owned subsidiary

of Intermediate. Upon completion of the merger, shares of Common Stock (other than certain excluded shares and dissenting shares) will be converted into the right to receive $13.65 per share, without interest and less any applicable withholding taxes, whereupon all such shares will be automatically canceled upon the conversion thereof and will cease to exist, and the holders of such shares will cease to have any rights with respect thereto other than the right to receive the merger consideration. Following the completion of the merger, the Common Stock will no longer be publicly traded, and stockholders (other than those executive officers of the Company, if any, who enter into rollover, contribution or certain other arrangements with Parent prior to the consummation of the merger) will cease to have any ownership interest in the Company.

Treatment of Company Stock Options, Company RSU Awards and Company Restricted Shares (Page 140)

Company Stock Options. Except as otherwise agreed to in writing prior to the effective time of the merger by Parent and a holder of an option to purchase shares of Common Stock (each, a Company stock option), each Company stock option granted under the Company s stock plans (the Other LTIP Plans) other than the Dell Inc. Amended and Restated 2002 Long-Term Incentive Plan (the 2002 Plan) and the Dell Inc. 2012 Long-Term Incentive Plan (the 2012 Plan), whether vested or unvested and whether with an exercise price per share that is greater or less than or equal to $13.65, that is outstanding immediately prior to the effective time of the merger, will be canceled and converted into the right to receive an amount in cash equal to the product of (i) the total number of shares of Common Stock subject to such Company stock option and (ii) the excess, if any, of $13.65 over the exercise price per share of Common Stock subject to such Company stock option, less such amounts as are required to be withheld or deducted under applicable tax provisions. Parent has indicated to the Company that it intends to request, pursuant to the merger agreement, that the Company, before the completion of the merger, commence a tender offer (the option tender offer) to purchase for cash, at prices to be determined by Parent, each tendered Company stock option granted under the 2002 Plan and the 2012 Plan, whether vested or unvested and whether with an exercise price per share that is greater or less than or equal to $13.65, that is outstanding immediately prior to the effective time of the merger. Subject to the terms and conditions of the option tender offer, which conditions would include the consummation of the merger, each such Company stock option that is validly tendered and not withdrawn by the holder thereof would be canceled in exchange for the applicable cash payment promptly after the completion of the merger. Also in accordance with the merger agreement, Company stock options granted under the 2002 Plan and the 2012 Plan that are outstanding immediately prior to the effective time of the merger and not accepted for cancellation and payment in the option tender offer would be converted at the effective time of the merger into options to purchase, on substantially the same terms and conditions (including vesting conditions) applicable to such Company stock option immediately prior to the effective time of the merger, shares of Parent common stock. Notwithstanding the provisions of the merger agreement, Mr. Dell would not participate in the option tender offer and his Company stock options will be canceled for no consideration in connection with the merger.

Company RSU Awards. Except as otherwise agreed to in writing prior to the effective time of the merger by Parent and a holder of an award of restricted stock units with respect to shares of Common Stock (each, a Company RSU Award) with respect to any of such holder s Company RSU Awards, each Company RSU Award, whether vested or unvested, that is outstanding immediately prior to the effective time of the merger, will be canceled and converted into the right to receive an amount in cash equal to the product of (i) the total number of shares of Common Stock subject to such Company RSU Award multiplied by (ii) $13.65, less such amounts as are required to be withheld or deducted under applicable tax provisions, subject to the recipient remaining in service until the vesting date applicable with respect to such awards. For purposes of unvested Company RSU Awards, any performance-based vesting condition will be treated as having been attained at the target level, and awards that are subject to performance-based vesting conditions will be deemed to vest ratably on the last day of each fiscal year during the portion of the performance period applicable to such awards that occurs following the effective time of the merger. In addition, holders of Company RSU Awards will receive any

additional amounts related to dividend equivalents credited with respect to such Company RSU Awards prior to the effective time. Notwithstanding the provisions of the merger agreement, Mr. Dell s unvested performance-based Company RSU Awards will be canceled and converted into a right to receive a cash amount as described above; however, such cash amount will vest and pay out upon the Company RSU Awards original vesting and payout dates.

Company Restricted Shares. Except as otherwise agreed to in writing prior to the effective time of the merger by Parent and a holder of any restricted shares of Common Stock (each, a Company restricted share) with respect to any of such holder s Company restricted shares, each Company restricted share that is outstanding immediately prior to the effective time of the merger will be canceled and converted into the right to receive an amount in cash equal to $13.65 less such amounts as are required to be withheld or deducted under applicable tax provisions. In addition, each holder of Company restricted shares will remain entitled to receive any additional amounts related to dividends payable on such Company restricted shares prior to the effective time but which remain subject to the vesting of the Company restricted shares. Payment in respect of Company restricted shares (including associated amounts related to dividends) will be made on such date(s) as the Company restricted shares would have otherwise vested, but only if the holder of such Company restricted shares remains continuously employed with the surviving corporation through such vesting dates.

Interests of the Company s Directors and Executive Officers in the Merger (Page 112)

In considering the recommendation of the Board (without Mr. Dell s participation) that you vote to approve the proposal to adopt the merger agreement, you should be aware that, aside from their interests as stockholders of the Company, the Company s directors and executive officers have interests in the merger that are different from, or in addition to, those of other stockholders of the Company generally. In particular, as is described elsewhere in this proxy statement, Mr. Dell, who is Chairman of the Board and Chief Executive Officer of the Company, is a director, officer and stockholder of Parent and will be a controlling stockholder of Parent after completion of the merger.

With regard to our directors serving on the Special Committee and the Board (other than Mr. Dell), areas where their interests may differ from those of stockholders in general relate to the impact of the merger on the directors outstanding equity awards, cash compensation and the provision of indemnification and insurance arrangements pursuant to the merger agreement and the Company s certificate of incorporation, bylaws and indemnification agreements, which reflect the fact that, by their service on the Board, they may be subject to claims arising from such service. Because of their existing compensation arrangements, the differences in interests for our executive officers involve the possible receipt of the following types of payments and benefits that may be triggered by or otherwise relate to the merger:

- cash payments under executive officer severance agreements;
- the treatment of executive officer equity awards;
- the provision of indemnification and insurance arrangements pursuant to the merger agreement; and
- related benefits.

These interests are discussed in more detail under *Special Factors Interests of the Company s Directors and Executive Officers in the Merger* beginning on page 112. The members of the Special Committee and the Board were aware of the differing interests and considered them, among other matters, in evaluating and negotiating the merger agreement and the merger and in recommending to the stockholders that the merger agreement be adopted.

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Financing for the Merger (Page 102)

Parent estimates that the total amount of funds necessary to complete the merger and the related transactions and financings, including refinancing of certain of the Company s outstanding indebtedness and payment of related fees and expenses, will be approximately $28 billion. Parent expects this amount to be funded through a combination of the following:

- an aggregate cash equity investment by the SLP Investors and their permitted assignees, if any, of up to $1.4 billion, which is described under *Special Factors Financing for the Merger SLP Investors Equity Financing* beginning on page 103;
- (i) the contribution by the MD Investors of shares of Common Stock to Parent immediately prior to the effective time of the merger and (ii) a cash equity investment by Mr. Dell and his permitted assignees, if any, of up to $500 million, which are collectively described under *Special Factors Financing for the Merger MD Investors Equity Financing* beginning on page 103;
- a cash equity investment by the MSDC Investor and its permitted assignees, if any, of up to $250 million, which is described under *Special Factors Financing for the Merger MSDC Investor Equity Financing* beginning on page 104;
- the sale by Parent of up to $2 billion of its 7.25% unsecured subordinated notes to Microsoft Corporation (Microsoft), which is described under *Special Factors Financing for the Merger Subordinated Debt Financing* beginning on page 105;
- up to approximately $13.75 billion from the debt financings described under *Special Factors Financing for the Merger Debt Financing* beginning on page 105; and
- at least approximately $7.4 billion of cash on hand at the Company and its subsidiaries.

Limited Guarantees (Page 111)

The SLP Investors and Mr. Dell have agreed, pursuant to the terms of limited guarantees, to pay on a several basis certain termination fees and other guaranteed amounts that may be payable by Parent under the merger agreement.

Material U.S. Federal Income Tax Consequences of the Merger (Page 124)

If you are a U.S. holder, the receipt of cash in exchange for shares of Common Stock pursuant to the merger will generally be a taxable transaction for U.S. federal income tax purposes. You should consult your own tax advisors regarding the particular tax consequences to you of the exchange of shares of Common Stock for cash pursuant to the merger in light of your particular circumstances (including the application and effect of any state, local or foreign income and other tax laws).

Anticipated Accounting Treatment of the Merger (Page 128)

Dell, as the surviving corporation in the merger, will account for the merger as a business combination using the acquisition method of accounting for financial accounting purposes, whereby the estimated purchase price will be allocated to the assets and liabilities of Dell based on their fair values following FASB Accounting Standards Codification Topic 805, Business Combinations.

Regulatory Approvals (Page 127)

Under the HSR Act and related rules, the merger may not be completed until notifications have been given and information furnished to the United States Department of Justice (Antitrust Division) and the Federal Trade Commission (FTC) and all statutory waiting period requirements have been satisfied. Notification and Report Forms were filed with the Antitrust Division and the FTC by April 5, 2013, and the FTC and the Antitrust Division granted early termination of the applicable waiting period on April 12, 2013.

The merger is also conditioned on (i) the filing of a notification with the European Commission under Council Regulation (EC) No 139/2004 if required or if jurisdiction is accepted by the European Commission pursuant to Member State referral or petition of the parties, (ii) if the filing described in clause (i) is not required, then the filing of notifications with any Member State of the European Union or European Economic Area in which a filing is required, (iii) applicable clearances and/or expiration of waiting periods under the laws of the jurisdictions discussed in clauses (i) and (ii) and (iv) applicable clearances and/or expiration of waiting periods under the antitrust and competition laws of China and certain other jurisdictions.

On April 16, 2013, clearance for the merger was granted under the merger control and antitrust laws of India. On April 22, 2013, a draft filing was submitted, but not yet accepted, under the antitrust and competition laws of China. On May 7, 2013, the applicable filing was made under the merger control and antitrust laws of Mexico. On May 10, 2013, the applicable filing was made under the merger control and antitrust laws of Turkey. On May 13, 2013, a no-action letter was issued by the Competition Bureau of Canada. Also on May 13, 2013, the applicable filings were made under the merger control and antitrust laws of Israel and South Africa. On May 15, 2013, jurisdiction over the transaction was referred to the European Commission from the Member States with jurisdiction and a notification was filed with the European Commission. On May 16, 2013, the applicable filing was made under the applicable merger control and antitrust laws in Germany.

Litigation (Page 128)

Prior to and following the announcement on February 5, 2013 of the execution of the merger agreement, twenty-five lawsuits challenging the proposed acquisition of the Company were filed, of which twenty-one were filed in the Delaware Court of Chancery and four were filed in the District Court of Travis County in Texas. All of the Delaware actions have been consolidated as *In re Dell, Inc. Shareholder Litigation* (C.A. No. 8329), and the complaint in one of the actions, *City of Roseville Employees Retirement System v. Dell, Inc. et al.* was designated as the operative complaint. Three of the Texas lawsuits were voluntarily dismissed without prejudice, and the remaining action, *Nelson v. Dell Inc. et al.* (Cause No. D-1-GN-13-000220), was stayed by the Texas court on April 4, 2013.

The Delaware litigation is a putative class action filed on behalf of the shareholders of the Company other than the defendants and their affiliates. The operative complaint, which names as defendants the Company, its directors, Silver Lake Partners, L.P., Silver Lake Technology Investors III, L.P., the SLP Investors, the MSDC Investor, Parent, Intermediate and Merger Sub, alleges that the Dell directors breached their fiduciary duties in connection with their approval of the merger agreement and that the entity defendants aided and abetted those breaches. The complaint seeks, among other relief, declaratory and injunctive relief enjoining the merger, and compensatory damages in an unspecified amount. The stayed Texas action makes similar allegations on behalf of the same putative class.

The outcome of these lawsuits is uncertain. An adverse judgment for monetary damages could have an adverse effect on the operations and liquidity of the Company. A preliminary injunction could delay or jeopardize the completion of the merger, and an adverse judgment granting permanent injunctive relief could indefinitely enjoin completion of the merger. The defendants believe that the claims asserted against them in the lawsuits are without merit.

Rights of Appraisal (Page 179 and Annex D)

Under Delaware law, holders of the Common Stock who do not vote in favor of the proposal to adopt the merger agreement, who properly demand appraisal of their shares of the Common Stock and who otherwise comply with the requirements of Section 262 of the General Corporation Law of the State of Delaware (the DGCL) will be entitled to seek appraisal for, and obtain payment in cash for the judicially determined fair value (as defined pursuant to Section 262 of the DGCL) of, their shares of Common Stock in lieu of receiving the merger consideration if the merger is completed, but only if they comply with all applicable requirements of Delaware law. This appraised value could be more than, the same as, or less than the merger consideration. Any holder of record of shares of Common Stock intending to exercise appraisal rights, among other things, must submit a

written demand for appraisal to us prior to the vote on the proposal to adopt the merger agreement, must not vote in favor of the proposal to adopt the merger agreement, must continue to hold the shares through the effective time of the merger and must otherwise comply with all of the procedures required by Delaware law. The relevant provisions of the DGCL are included as Annex D to this proxy statement. You are encouraged to read these provisions carefully and in their entirety. Moreover, due to the complexity of the procedures for exercising the right to seek appraisal, stockholders who are considering exercising such rights are encouraged to seek the advice of legal counsel. Failure to comply strictly with these provisions may result in loss of the right of appraisal.

Acquisition Proposals (Page 147)

Pursuant to the merger agreement, until 12:01 a.m., New York time, on March 23, 2013, the Company and its subsidiaries, and their respective representatives, were permitted to:

- initiate, solicit and encourage any inquiry or the making of acquisition proposals, including by providing non-public and other information and data and affording access to the business, properties, assets, books, records and personnel of the Company and its subsidiaries pursuant to acceptable confidentiality agreements (provided that the Company was required to make available to the Parent Parties any such non-public information concerning the Company and its subsidiaries that was not previously made available to the Parent Parties); and

- engage, enter into, continue or otherwise participate in any discussions or negotiations with any person or group of persons with respect to any acquisition proposal, or otherwise cooperate with or assist or participate in or facilitate any such inquiries, proposals, discussions or negotiations or any effort or attempt to make any acquisition proposals.

On March 25, 2013, the Special Committee announced that the go-shop period had elicited two non-binding alternative acquisition proposals. One non-binding proposal was submitted by a group (the Blackstone consortium) affiliated with a private equity fund managed by affiliates of the Blackstone Group L.P. (Blackstone) and the other non-binding proposal by Carl C. Icahn and Icahn Enterprises L.P. (Icahn Enterprises). The Special Committee determined, after consultation with its independent financial and legal advisors, that both proposals could reasonably be expected to result in superior proposals (as defined below) and, therefore, that each of the Blackstone consortium and the Icahn group was an excluded party (as defined below). On April 18, 2013, the Blackstone consortium notified the Special Committee that it had decided not to submit a definitive proposal to acquire the Company and was withdrawing from the process, and on May 9, 2013, the Company received a letter from Icahn Enterprises and Southeastern Asset Management, Inc. (Southeastern) proposing an alternative transaction, each as discussed under *Special Factors Background of the Merger* beginning on page 20.

Beginning on March 23, 2013, the Company and its subsidiaries, and their respective representatives, were required to immediately cease any activities described above and any discussions or negotiations with any person or group that were ongoing with respect to any acquisition proposals, except that the Company and its subsidiaries, and their respective representatives, were permitted to continue or engage in the foregoing activities with third parties that contacted the Company and made an alternative acquisition proposal prior to March 23, 2013 that the Special Committee determined is or could reasonably be expected to result in a superior proposal.

At any time from and after 12:01 a.m., New York time, on March 23, 2013 and prior to the time the Company s stockholders approve the proposal to adopt the merger agreement, if the Company receives an acquisition proposal from any person, the Company and its representatives may contact such person to clarify the terms and conditions of such acquisition proposal, provide non-public and other information and data regarding, and afford access to, the business, properties, assets, books, records and personnel of, the Company and its subsidiaries (pursuant to an acceptable confidentiality agreement) (provided that the Company is required to make available

to the Parent Parties any such non-public information concerning the Company and its subsidiaries that has not been previously made available to the Parent Parties), and engage in, enter into, continue or otherwise participate in any discussions or negotiations with such person with respect to such acquisition proposal, if the Board, upon recommendation from the Special Committee, determines in good faith that such acquisition proposal either constitutes a superior proposal or could reasonably be expected to result in a superior proposal.

Notwithstanding the limitations applicable after March 23, 2013, prior to the approval of the proposal to adopt the merger agreement by the Company s stockholders, the Board may, subject to compliance with certain obligations set forth in the merger agreement, including providing the Parent Parties with prior notice and allowing Parent the right on a single occasion to negotiate with the Company to match the terms of any superior proposal, change its recommendation due to an intervening event or authorize, adopt or approve, and cause or permit the Company to enter into, an acquisition agreement with respect to a superior proposal:

- in the case of an intervening event, if the Board has determined in good faith, after consultation with outside legal counsel and upon recommendation thereof by the Special Committee, that a failure to do so could reasonably be expected to be inconsistent with its fiduciary duties under applicable law; and

- in the case of an acquisition agreement with respect to a superior proposal, the Special Committee has determined in good faith, after consultation with outside legal counsel and its financial advisor, such acquisition proposal is more favorable to the Company s stockholders than the merger and the other transactions contemplated by the merger agreement, so long as, prior to taking such action, the Company terminates the merger agreement concurrently with entering into such acquisition agreement and pays the applicable termination fee.

Termination (Page 161)

The Company and Parent may terminate the merger agreement by mutual written consent at any time before the completion of the merger. In addition, either the Company or Parent may terminate the merger agreement if:

- the merger has not been completed by November 5, 2013 (the termination date), as long as the party seeking to terminate the merger agreement has not breached in any material respect its obligations under the merger agreement in any manner that was the primary cause of the failure to consummate the merger on or before such date;

- any final nonappealable injunction or similar order that permanently enjoins or otherwise prohibits the consummation of the merger has been issued (i) by a governmental entity having jurisdiction over the business of the Company and its subsidiaries (other than a *de minimis* portion of such business) or (ii) that, if not abided by, would potentially result in criminal liability, and the party seeking to terminate the merger agreement has used the required efforts to prevent, oppose and remove such injunction; or

- the proposal to adopt the merger agreement has been submitted to the stockholders of the Company for approval and the required vote has not been obtained.

Parent may terminate the merger agreement:

- if there is a breach, in any material respect, of any representation, warranty, covenant or agreement on the part of the Company which would result in a failure of certain conditions relating to the Company s representations, warranties, covenants and agreements to be satisfied and which breach is incapable of being cured by the termination date, or is not cured within thirty days following delivery of written notice of such breach, so long as the Parent Parties are not then in material breach of their representations, warranties, agreements or covenants contained in the merger agreement;

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if the Board or the Special Committee does not include its recommendation to vote in favor of the proposal to adopt the merger agreement in this proxy statement or changes its recommendation, the Company enters into an alternative acquisition agreement, the Board or the Special Committee approves or recommends any alternative proposal or publicly proposes to take any of the previous actions, or a tender or exchange offer constituting an alternative proposal has been commenced and the Company has not sent to its stockholders within ten business days a statement disclosing that the Board or the Special Committee recommends rejection of such tender or exchange offer; in each case, so long as Parent terminates the merger agreement within thirty calendar days of the occurrence of any of the foregoing; or

if certain changes in law or other legal impediments have occurred or if the Company s cash on hand is less than $7.4 billion at the beginning of the date on which the merger is required to close.

The Company may terminate the merger agreement:

if there is a breach, in any material respect, of any representation, warranty, covenant or agreement on the part of any of the Parent Parties which would result in a failure of certain conditions relating to the Parent Parties representations, warranties, covenants and agreements to be satisfied and which breach is incapable of being cured by the termination date, or is not cured within thirty days following delivery of written notice of such breach, provided that the Company is not then in material breach of its representations, warranties, agreements or covenants contained in the merger agreement;

prior to the approval of the proposal to adopt the merger agreement by the Company s stockholders, in order to enter into a definitive agreement with respect to a superior proposal, provided that substantially concurrently with such termination, the Company must enter into such definitive agreement and pay to Parent the termination fee described under *The Merger Agreement Termination Fees; Reimbursement of Expenses* beginning on page 162; or

if (i) all conditions to the Parent Parties obligation to consummate the merger have been satisfied, (ii) the Company has irrevocably confirmed in writing that all conditions to its obligation to consummate the merger have been satisfied or the Company is willing to waive any unsatisfied condition and stands ready, willing and able to consummate the closing on such date, (iii) the Parent Parties fail to consummate the merger within three business days following the date the merger was required to close and (iv) the Company stood ready, willing and able to consummate the closing during those three business days.

Termination Fees; Reimbursement of Expenses (Page 162)

The Company will be required to pay to Parent an amount equal to $180 million in cash if:

the Company terminates the merger agreement to enter into an acquisition agreement related to a superior proposal with a person or group that made an alternative acquisition proposal prior to March 23, 2013 that the Special Committee determined is, or could reasonably be expected to result in, a superior proposal, subject to certain requirements; or

Parent terminates the merger agreement because the Board or any committee thereof (including the Special Committee) has changed its recommendation and the event giving rise to such termination is the submission of an acquisition proposal by a person or group that made an alternative acquisition proposal prior to March 23, 2013 that the Special Committee determined is, or could reasonably be expected to result in, a superior proposal, subject to certain requirements.

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The Company will be required to pay to Parent an amount equal to $450 million in cash if:

- the merger agreement is terminated under certain circumstances and, within twelve months of such termination, the Company enters into a definitive agreement with respect to an acquisition proposal or an acquisition proposal is consummated;
- the Company terminates the merger agreement to enter into an acquisition agreement related to a superior proposal in any circumstance other than those referred to above; or
- Parent terminates the merger agreement because the Board or the Special Committee has changed its recommendation in any circumstances, other than those referred to above.

Parent will be required to pay to the Company an amount equal to $750 million in cash if the Company terminates the merger agreement:

- as a result of a material breach by any of the Parent Parties of the merger agreement that cannot be cured by the termination date or is not cured within thirty days of notice;
- because (i) the merger is not consummated upon the satisfaction or waiver of all closing conditions, (ii) the Company has irrevocably notified Parent in writing that all conditions to its obligation to complete the merger have been satisfied or that it is willing to waive any unsatisfied conditions, (iii) the Parent Parties fail to complete the closing of the merger within three business days following the date the closing of the merger was required pursuant to the merger agreement and (iv) the Company has irrevocably confirmed in writing that it is ready, willing and able to consummate the merger; or
- because the effective time of the merger has not occurred on or before the termination date, if, at the time of or prior to such termination, the Company would have been entitled to terminate the merger agreement pursuant to the immediately foregoing bullet point.

Parent will be required to pay to the Company an amount equal to $250 million in cash if Parent terminates the merger agreement because certain changes in law or other legal impediments have occurred.

The Company will be required to pay Parent (or one or more of its designees) the documented out-of-pocket expenses incurred by the Parent Parties and their respective affiliates in connection with the merger agreement and the financing and the transactions contemplated thereby, up to a maximum amount of $15 million, if the Company or Parent has terminated the merger agreement because the meeting of the Company s stockholders has concluded and the approval of the proposal to adopt the merger agreement by the required vote of the stockholders has not been obtained. Any such amount will be credited against any Company termination fee payable to any Parent Party.

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QUESTIONS AND ANSWERS ABOUT THE SPECIAL MEETING AND THE MERGER

The following questions and answers address briefly some questions you may have regarding the special meeting, the merger agreement and the merger. These questions and answers may not address all questions that may be important to you as a stockholder of the Company. Please refer to the more detailed information contained elsewhere in this proxy statement, the annexes to this proxy statement and the documents referred to or incorporated by reference in this proxy statement.

Q: Why am I receiving this proxy statement?

A: On February 5, 2013, we entered into the merger agreement providing for the merger of Merger Sub with and into the Company, with the Company surviving the merger as a wholly-owned subsidiary of Intermediate. Merger Sub is a wholly-owned subsidiary of Intermediate, and Intermediate is a wholly-owned subsidiary of Parent. You are receiving this proxy statement in connection with the solicitation of proxies by the Board in favor of the proposal to adopt the merger agreement and the other matters to be voted on at the special meeting.

Q: What is the proposed transaction?

A: The proposed transaction is the merger of Merger Sub with and into the Company pursuant to the merger agreement. Following the effective time of the merger, the Company would be privately held as a wholly-owned subsidiary of Intermediate and an indirect subsidiary of Parent.

Q: What matters will be voted on at the special meeting?

A: You will be asked to consider and vote on the following proposals:

to adopt the merger agreement;

to approve, on an advisory (non-binding) basis, the compensation that may become payable to the named executive officers of the Company in connection with the merger, as disclosed in the table under *Special Factors Interests of the Company s Directors and Executive Officers in the Merger Quantification of Payments and Benefits Potential Change of Control Payments to Named Executive Officers Table*, including the associated footnotes and narrative discussion;

to approve the adjournment of the special meeting, if necessary or appropriate, to solicit additional proxies if there are insufficient votes at the time of the special meeting to approve the proposal to adopt the merger agreement; and

to act upon other business that may properly come before the special meeting or any adjournment or postponement thereof by or at the direction of the Board.

Q: Where and when is the special meeting?

A: The special meeting will be held at the Dell Round Rock Campus, 501 Dell Way, Round Rock, Texas 78682 on [ ], 2013, at [ ], Central Time.

Q: Who can attend and vote at the special meeting?

A: All stockholders of record as of the close of business on [ ], 2013, the record date for the special meeting, are entitled to receive notice of and to attend and vote at the special meeting, or any adjournment or postponement thereof. If you are a stockholder of record, please be prepared to provide proper identification, such as a driver s license. If you wish to attend the special meeting and your shares of Common Stock are held in street name by your broker, bank or other nominee, you will need to provide proof of ownership, such as a recent account statement or letter from your bank, broker or other nominee, along with proper identification. Street name holders who wish to vote at the special meeting will need to obtain a proxy executed in such holder s favor from the broker, bank or other nominee that holds their shares of Common Stock. Seating will be limited at the special meeting.

Q: What is a quorum?

A: In order for any matter to be considered at the special meeting, there must be a quorum present. The presence, in person or represented by proxy, of the holders of a majority of the voting power of the shares of the Common Stock outstanding and entitled to vote on such matters as of the record date for the meeting will constitute a quorum. Shares of Common Stock represented by proxies reflecting abstentions and properly executed broker non-votes (if any) will be counted as present and entitled to vote for purposes of determining a quorum. If a quorum is not present, the stockholders entitled to vote at the meeting who are present or represented by proxy may adjourn the meeting until a quorum is present. See *The Special Meeting Record Date and Quorum* on page 133.

Q: What will I receive in the merger?

A: If the merger is completed, you will be entitled to receive $13.65 in cash, without interest and less any applicable withholding taxes, for each share of Common Stock that you own, unless you properly exercise, and do not withdraw or lose, appraisal rights under Section 262 of the DGCL. For example, if you own 100 shares of Common Stock, you will be entitled to receive $1,365 in cash in exchange for your shares of Common Stock, without interest and less any applicable withholding taxes. You will not be entitled to receive shares in the surviving corporation or in any of the Parent Parties.

Q: Is the merger expected to be taxable to me?

A: If you are a U.S. holder, the receipt of cash for your shares of Common Stock pursuant to the merger will generally be a taxable transaction for U.S. federal income tax purposes. If you are a non-U.S. holder, the receipt of cash for your shares of Common Stock pursuant to the merger will generally not be a taxable transaction for U.S. federal income tax purposes, unless you have certain connections to the United States. See *Special Factors Material U.S. Federal Income Tax Consequences of the Merger* beginning on page 124. You should consult your own tax advisors regarding the particular tax consequences to you of the exchange of shares of Common Stock for cash pursuant to the merger in light of your particular circumstances (including the application and effect of any state, local or foreign income and other tax laws).

Q: What vote of our stockholders is required to approve the proposal to adopt the merger agreement?

A: Under Delaware law and as a condition to the consummation of the merger, stockholders holding at least a majority of the shares of the Common Stock outstanding and entitled to vote at the close of business on the record date must vote **FOR** the proposal to adopt the merger agreement. In addition, the merger agreement requires, as a condition to the consummation of the merger, that stockholders holding at least a majority of the shares of the Common Stock outstanding and entitled to vote at the close of business on the record date, other than the Parent Parties, the MD Investors, the Gift Trusts, any other officers and directors of the Company and any other person having any equity interest in, or any right to acquire any equity interest in, Merger Sub or any person of which Merger Sub is a direct or indirect subsidiary, must vote **FOR** the proposal to adopt the merger agreement. A failure to vote your shares of Common Stock or an abstention from voting or broker non-vote will have the same effect as a vote against the proposal to adopt of the merger agreement.

As of [ ], 2013, which is the record date, there were [ ] shares of Common Stock outstanding.

Q: What will happen if I abstain from voting or fail to vote on the proposal to adopt the merger agreement?

A: A failure to vote your shares of Common Stock or an abstention from voting will have the same effect as a vote **AGAINST** the proposal to adopt the merger agreement. Abstentions will be included in the

calculation of the number of shares of Common Stock represented at the special meeting for purposes of determining whether a quorum has been achieved. See *The Special Meeting Required Vote* on page 133.

Q: How will our directors and executive officers vote on the proposal to adopt the merger agreement?

A: The directors and current executive officers of the Company have informed the Company that, as of the date of the filing of this proxy statement, they intend to vote in favor of the proposal to adopt the merger agreement. As of [ ], 2013, the record date, the directors and current executive officers (other than Mr. Dell) owned, in the aggregate, [ ] shares of Common Stock entitled to vote at the special meeting.

In connection with the merger agreement, the Company entered into a voting and support agreement with the MD Investors and the Gift Trusts pursuant to which the MD Investors and the Gift Trusts agreed, subject to certain conditions (including that the Board has not changed or withdrawn its recommendation to vote for the proposal to adopt the merger agreement), to vote, or cause to be voted, all of the outstanding shares beneficially owned by them in favor of the proposal to adopt the merger agreement.

Q: What vote of our stockholders is required to approve other matters to be discussed at the special meeting?

A: The proposal to approve, on an advisory (non-binding) basis, the compensation that may become payable to the named executive officers of the Company in connection with the merger, as disclosed in the table under *Special Factors Interests of the Company s Directors and Executive Officers in the Merger Quantification of Payments and Benefits Potential Change of Control Payments to Named Executive Officers Table*, including the associated footnotes and narrative discussion, and the proposal to approve the adjournment of the special meeting, if necessary or appropriate, to solicit additional proxies require the affirmative vote of the holders of a majority of the voting power of the Common Stock present or represented by proxy and entitled to vote thereon.

Q: How does the Board recommend that I vote?

A: The Board (without Mr. Dell s participation), acting on the unanimous recommendation of the Special Committee, unanimously recommends that our stockholders vote:

- **FOR** the proposal to adopt the merger agreement;
- **FOR** the proposal to approve, on an advisory (non-binding) basis, the compensation that may become payable to the named executive officers of the Company in connection with the merger, as disclosed in the table under *Special Factors Interests of the Company s Directors and Executive Officers in the Merger Quantification of Payments and Benefits Potential Change of Control Payments to Named Executive Officers Table*, including the associated footnotes and narrative discussion; and
- **FOR** the proposal to approve the adjournment of the special meeting, if necessary or appropriate, to solicit additional proxies if there are insufficient votes at the time of the special meeting to approve the proposal to adopt the merger agreement.

You should read *Special Factors Reasons for the Merger; Recommendation of the Board of Directors; Fairness of the Merger* beginning on page 50 for a discussion of the factors that the Special Committee and the Board (without Mr. Dell s participation) considered in deciding to recommend the approval of the merger agreement. See also *Special Factors Interests of the Company s Directors and Executive Officers in the Merger* beginning on page 112.

Q: Am I entitled to exercise appraisal rights instead of receiving the merger consideration for my shares of Common Stock?

A: Stockholders who do not vote in favor of the proposal to adopt the merger agreement are entitled to statutory appraisal rights under Delaware law in connection with the merger. This means that if you comply with the requirements of Section 262 of the DGCL, you are entitled to have the fair value (as defined pursuant to Section 262 of the DGCL) of your shares of Common Stock determined by the Court of Chancery of the State of Delaware and to receive payment based on that valuation instead of receiving the merger consideration. The ultimate amount you would receive in an appraisal proceeding may be more than, the same as or less than the amount you would have received under the merger agreement. To exercise your appraisal rights, you must comply with the requirements of the DGCL. See *Rights of Appraisal* beginning on page 179 and the text of the Delaware appraisal rights statute, Section 262 of the DGCL, which is reproduced in its entirety as Annex D to this proxy statement.

Q: What effects will the merger have on Dell?

A: The Common Stock is currently registered under the Securities Exchange Act of 1934, as amended (the Exchange Act), and is quoted on the NASDAQ Global Select Market (NASDAQ) under the symbol DELL. As a result of the merger, the Company will cease to have publicly traded equity securities and will be wholly-owned by Intermediate. Following the consummation of the merger, the registration of the Common Stock and our reporting obligations under the Exchange Act with respect to such registration will be terminated upon application to the Securities and Exchange Commission (the SEC). In addition, upon the consummation of the merger, the Common Stock will no longer be listed on NASDAQ or any other stock exchange or quoted on any quotation system.

Q: When is the merger expected to be completed?

A: The parties to the merger agreement are working to complete the merger as quickly as possible. In order to complete the merger, the Company must obtain the stockholder approvals described in this proxy statement, the other closing conditions under the merger agreement must be satisfied or waived and the marketing period for Parent s debt financing must have expired. In addition, the Parent Parties are not obligated to complete the merger until the expiration of a twenty consecutive business day marketing period that they may use to complete their financing for the merger. The marketing period will begin to run after we have obtained the Company s stockholders approval and satisfied other specified conditions under the merger agreement. If the marketing period would not end on or before August 16, 2013, however, then the marketing period will commence no earlier than September 3, 2013. See *The Merger Agreement When the Merger Becomes Effective* beginning on page 139. The Company currently expects to hold its stockholders meeting to vote on the merger agreement during the second quarter of the Company s current fiscal year, which quarter will end on August 2, 2013, and to complete the merger during the third quarter of the Company s current fiscal year, which quarter will end on November 1, 2013. The Company, however, cannot assure completion of the merger by any particular date, if at all. Because consummation of the merger is subject to a number of conditions and the marketing period, the exact timing of the merger cannot be determined at this time.

Q: What happens if the merger is not consummated?

A: If the proposal to adopt the merger agreement is not approved by the Company s stockholders, or if the merger is not consummated for any other reason, the Company s stockholders will not receive any payment for their shares in connection with the merger. Instead, the Company will remain a public company and shares of Common Stock will continue to be listed and traded on NASDAQ. Under specified circumstances, under the merger agreement the Company may be required to pay Parent (or one or more of its designees) a termination fee of either $180 million or $450 million or the documented out-of-pocket expenses of the Parent Parties and their affiliates, up to a maximum amount

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of $15 million, or Parent may be required to pay the Company a termination fee of either $250 million or $750 million. If the proposal to adopt the merger agreement is not approved by the Company s stockholders, the only payment the Company will be obligated to make pursuant to the terms of the merger agreement will be in respect of such expense reimbursement of up to $15 million, unless the Company subsequently enters into a definitive agreement with respect to an acquisition proposal or consummates an acquisition proposal, in which case the Company may in certain circumstances be required to pay Parent (or one or more of its designees) a termination fee of $450 million. These obligations are separate from, and in addition to, a letter agreement the Company and the Parent Parties entered into on March 25, 2013, which provides that the Company will reimburse the transaction-related expenses of the Parent Parties and their affiliates up to a cap of $25 million, with any amounts reimbursed under such agreement (i) not being eligible for additional reimbursement by the Company pursuant to the merger agreement and (ii) not reducing or otherwise being offset against any termination fee or expense reimbursement that may be payable by the Company to Parent (or one or more of its designees) pursuant to the merger agreement. See *The Merger Agreement Termination Fees; Reimbursement of Expenses* beginning on page 162.

Q: What do I need to do now?

A: We urge you to read this proxy statement carefully, including its annexes and the documents referred to as incorporated by reference in this proxy statement, and to consider how the merger affects you. If you are a stockholder of record, you can ensure that your shares are voted at the special meeting by submitting your proxy via:

- mail, using the enclosed postage-paid envelope;
- telephone, using the toll-free number listed on each proxy card; or
- the Internet, at the address provided on each proxy card.

If you hold your shares in street name through a broker, bank or other nominee, you should follow the directions provided by your broker, bank or other nominee regarding how to instruct your broker, bank or other nominee to vote your shares. Without those instructions, your shares will not be voted, which will have the same effect as voting against the proposal to adopt the merger agreement.

Q: Should I send in my stock certificates or other evidence of ownership now?

A: No. After the merger is completed, you will be sent a letter of transmittal with detailed written instructions for exchanging your shares of Common Stock for the merger consideration. If your shares of Common Stock are held in street name by your broker, bank or other nominee, you may receive instructions from your broker, bank or other nominee as to what action, if any, you need to take to effect the surrender of your street name shares in exchange for the merger consideration. **Do not send in your certificates now.**

Q: What happens if I sell my shares of Common Stock before completion of the merger?

A: If you transfer your shares of Common Stock, you will have transferred your right to receive the merger consideration in the merger. In order to receive the merger consideration, you must hold your shares of Common Stock through completion of the merger.

Q: Can I revoke my proxy?

A: Yes. You can revoke your proxy at any time before the vote is taken at the special meeting. If you are a stockholder of record, you may revoke your proxy by notifying the Company s Corporate Secretary in writing at Dell Inc., Attn: Corporate Secretary, One Dell Way, Mail Stop RR1-33, Round Rock, Texas 78682, or by submitting a new proxy by telephone, the Internet or mail, in each case, dated after the date of the proxy being revoked. In addition, you may revoke your proxy by attending the special

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meeting and voting in person, although simply attending the special meeting will not cause your proxy to be revoked. If you hold your shares in street name and you have instructed a broker, bank or other nominee to vote your shares, the options described above for revoking your proxy do not apply, and instead you must follow the instructions received from your broker, bank or other nominee to revoke your proxy or submit new voting instructions.

Q: What does it mean if I get more than one proxy card or voting instruction card?

A: If your shares are registered differently or are held in more than one account, you will receive more than one proxy or voting instruction card. Please complete and return all of the proxy cards or voting instruction cards you receive (or submit each of your proxies by telephone or the Internet, if available to you) to ensure that all of your shares are voted.

Q: What is householding and how does it affect me?

A: The SEC permits companies to send a single set of proxy materials to any household at which two or more stockholders reside, unless contrary instructions have been received, but only if the applicable company provides advance notice and follows certain procedures. In such cases, each shareholder continues to receive a separate notice of the meeting and proxy card. Certain brokerage firms may have instituted householding for beneficial owners of Common Stock held through brokerage firms. If your family has multiple accounts holding Common Stock, you may have already received householding notification from your broker. Please contact your broker directly if you have any questions or require additional copies of this proxy statement. The broker will arrange for delivery of a separate copy of this proxy statement promptly upon your written or oral request. You may decide at any time to revoke your decision to household, and thereby receive multiple copies.

Q: Who can help answer my other questions?

A: If you have more questions about the merger, or require assistance in submitting your proxy or voting your shares or need additional copies of the proxy statement or the enclosed proxy card, please contact MacKenzie Partners Inc., which is acting as the Company s proxy solicitation agent and information agent in connection with the merger.

105 Madison Avenue

New York, New York 10016

(212) 929-5500 (Call Collect)

or

Call Toll-Free (800) 322-2885

Email: proxy@mackenziepartners.com

If your broker, bank or other nominee holds your shares, you should also call your broker, bank or other nominee for additional information.

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SPECIAL FACTORS

Background of the Merger

As a global information technology company with significant dependence on the personal computer (PC) market, the Company is subject to fundamental changes that are occurring in this market. Four years ago, the Company adopted a long-term business strategy of transforming its business model to shift its focus from its end-user computing (EUC) business, which includes PC, mobility and third-party software, to its enterprise solutions and services (ESS) business, which provides higher-margin enterprise solutions and services to businesses. The Company continues to believe that this transformation to become a more ESS-driven business will deliver higher value and recurring revenue streams and mitigate the effect of the challenges facing the PC market and the Company s EUC business. The Board regularly evaluates the Company s business and operations as well as the Company s competitive position, strategic prospects and direction.

On June 15, 2012, a representative of Southeastern, a stockholder of the Company, which has disclosed that it owns approximately 146.5 million shares of Common Stock, contacted Michael S. Dell, the Company s founder and Chief Executive Officer, to suggest the possibility of a going private transaction involving the Company and to express Southeastern s interest in participating in such a transaction by rolling over a portion of its shares of the Company. The representative of Southeastern also sent Mr. Dell a spreadsheet outlining such a transaction, which did not contemplate the rollover of shares of any existing stockholders of the Company other than Southeastern and Mr. Dell. Mr. Dell responded that he would think about the idea. The representative of Southeastern supplied Mr. Dell with additional information over the next few weeks in response to questions posed by Mr. Dell.

On July 17, 2012, Mr. Dell met a representative of Silver Lake Partners (Silver Lake) at an industry conference, and the representative of Silver Lake suggested that they arrange a meeting in August to discuss the Company. Mr. Dell and the representative of Silver Lake met on August 10 and 14, 2012. During these meetings, the representative of Silver Lake asked Mr. Dell to consider working with Silver Lake to take the Company private. Mr. Dell said that he would be interested in exploring the idea. On August 11 and 13, 2012, Mr. Dell met with a representative of another private equity firm (Sponsor A) and asked the representative of Sponsor A whether he thought a going private transaction would make sense for the Company. The representative of Sponsor A responded that he would like to consider the question.

On August 14, 2012, Mr. Dell told Alex J. Mandl, the Company s lead independent director, that Mr. Dell was interested in exploring the possibility of a transaction to take the Company private. Mr. Dell reported to Mr. Mandl the preliminary conversations and meetings he had had with the representatives of each of Southeastern, Silver Lake and Sponsor A. Mr. Dell informed Mr. Mandl that he had made no decision regarding whether to pursue such a transaction and that, if he did pursue such a transaction, he would be willing to consider partnering with any party that offered the best transaction for the Company s other stockholders. Mr. Dell also told Mr. Mandl that he wished to request access to certain confidential Company information to enable him to explore the feasibility of proposing a going private transaction. Mr. Mandl said that he would discuss the matter with the Board.

On August 17, 2012, the Board held a telephonic meeting at which certain members of the Company s management and a representative of Richards, Layton & Finger (RL&F), Delaware counsel to the Company, were present. Mr. Mandl informed the Board of his August 14 conversation with Mr. Dell and noted Mr. Dell s request for access to certain confidential Company information. At Mr. Mandl s request, Mr. Dell discussed with the Board his interest in exploring the possibility of proposing a transaction to take the Company private and his discussions with representatives of Southeastern, Silver Lake and Sponsor A. Mr. Dell explained that he did not wish to proceed further with these discussions without the approval of the Board. Following his remarks, Mr. Dell withdrew from the meeting. Lawrence P. Tu, the Company s General Counsel, and the representative of RL&F then reviewed with the members of the Board (i) their fiduciary duties and other legal principles that

would be applicable to the Board s consideration of a potential going private transaction and (ii) certain process considerations, including Mr. Dell s request for access to certain confidential Company information. After discussion, the Board determined that consideration of a potential transaction and various other strategic alternatives then available to the Company would be appropriate given the challenges facing the Company. The Board asked Mr. Mandl, in his capacity as the lead director, to provide a recommendation to the Board with respect to the establishment and composition of a special committee of independent and disinterested directors to facilitate the consideration of a potential transaction, if one were to be proposed, as well as other strategic alternatives.

Following the Board meeting on August 17, 2012, Mr. Mandl informed Mr. Dell that the Board would be prepared to consider the possibility of a potential transaction as well as other strategic alternatives. On August 18, 2012, Mr. Dell contacted the representatives of each of Silver Lake and Sponsor A to inform them that the Board was prepared to consider the possibility of a transaction and that the Company would advise them on the next steps in the process.

On August 20, 2012, the Board held a telephonic meeting, at which Mr. Tu and a representative of RL&F were present. Mr. Dell did not participate in the meeting. At that meeting, on the recommendation of Mr. Mandl, the Board authorized the formation of the Special Committee, consisting of Mr. Mandl, Laura Conigliaro, Janet F. Clark and Kenneth M. Duberstein, each of whom is an independent member of the Board. The Board delegated to the Special Committee full and exclusive authority to (i) consider any proposal to acquire the Company involving Mr. Dell and to consider any alternative proposals from any other parties, (ii) engage independent legal and financial advisors to the Special Committee, (iii) make a recommendation to the Board with respect to any such proposed transaction and (iv) evaluate, review and consider other potential strategic alternatives that may be available to the Company. The Board resolved not to recommend any going private transaction or alternative to such a transaction without the prior favorable recommendation by the Special Committee. The Special Committee subsequently appointed Mr. Mandl as its chairman.

On August 21, 2012, primarily as a result of continued weakness in the EUC business, the Company reported revenue for the second quarter of fiscal year 2013 of $14.5 billion. The Company s revenues for this quarter, which ended on August 3, 2012, were approximately $300 million less than the amount projected by management for the quarter, which projections management had reviewed with the Board in early July, and approximately $800 million less than the amount projected by management for the same period in early June. The Company lowered its fiscal year 2013 earnings per share guidance from $2.13 to $1.70 and attributed the lowered outlook to the uncertain economic environment, competitive dynamics and the decline in demand in the EUC business.

On August 24, 2012, the Special Committee held a telephonic meeting to discuss its mandate and to consider the retention of independent counsel to the Special Committee. Mr. Mandl reported on his interviews of several law firms, including Debevoise & Plimpton LLP (Debevoise). A representative of Debevoise participated in a portion of the meeting to discuss various alternatives available to the Special Committee for responding to the possibility of a going private transaction, as well as legal and process issues the Special Committee should consider. The representative of Debevoise was then excused from the meeting. After considering the report of Mr. Mandl, the presentation by Debevoise, the respective prior representations, qualifications, reputation and experience of each firm that had been interviewed, and the absence of material conflicts on the part of Debevoise, the Special Committee selected Debevoise to act as its legal counsel.

Between August 24, 2012 and August 28, 2012, Mr. Mandl held discussions with representatives of J.P. Morgan and Goldman Sachs & Co. (Goldman Sachs), each of which is widely viewed as having expertise with respect to the industries in which the Company operates, M&A advisory matters, including transactions with private equity firms, and debt capital markets, to evaluate each firm s suitability to serve as a financial advisor to the Special Committee.

On August 28, 2012, the Special Committee held a telephonic meeting at which representatives of Debevoise and J.P. Morgan were present. At that meeting, representatives of J.P. Morgan made a presentation to the Special Committee regarding J.P. Morgan s qualifications and experience.

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On August 29, 2012, the Special Committee held a telephonic meeting, at which representatives of Debevoise were present, to discuss the retention of J.P. Morgan as financial advisor to the Special Committee. Mr. Mandl and a representative of Debevoise reported on conversations they had with representatives of J.P. Morgan following the Special Committee s meeting the previous day, in which they discussed J.P. Morgan s proposed fee arrangements and other terms of engagement. After considering J.P. Morgan s qualifications, reputation and experience, its proposed fee arrangements, J.P. Morgan s agreement not to participate in the financing of any going private transaction involving the Company unless asked to do so by the Special Committee, and J.P. Morgan s relationships with the Company and Mr. Dell, as well as Goldman Sachs relationships with the Company and Mr. Dell, the Special Committee determined to retain J.P. Morgan as its financial advisor.

On August 30, 2012, the Board held a telephonic meeting, in which Mr. Dell did not participate, at which certain members of the Company s management and representatives of Debevoise, J.P. Morgan and RL&F were present. At that meeting, Mr. Mandl informed the Board that the Special Committee had retained Debevoise as its legal advisor and was in the process of retaining J.P. Morgan as its financial advisor. Representatives of Debevoise reported that they were preparing confidentiality agreements to be entered into with Mr. Dell, Silver Lake and Sponsor A, which would, among other things, (i) prohibit each of Mr. Dell and the sponsors from proposing a transaction involving the Company unless invited to do so by the Special Committee, (ii) prohibit each of Mr. Dell and the sponsors from entering into agreements with any party, including any exclusivity arrangements with any financing sources, regarding a transaction involving the Company without the Special Committee s consent, (iii) require Mr. Dell to work in good faith with other potential sponsors if requested to do so by the Special Committee and to refrain from taking any actions that would prevent him from doing so, (iv) require Mr. Dell to represent that his evaluation of a possible transaction would not interfere with the performance of his duties as Chief Executive Officer of the Company and (v) prohibit Mr. Dell from sharing any confidential information with any other party, including the sponsors. The Board also discussed the need for confidentiality, the risks that leaks could pose to the Company s business and the need for a strategic communications plan to address any potential leaks.

On August 31, 2012, the Special Committee held a telephonic meeting, at which representatives of Debevoise were present, to authorize the finalization of the confidentiality agreements with Mr. Dell, Silver Lake and Sponsor A. The Special Committee then discussed the terms under which it proposed to engage J.P. Morgan as its financial advisor. A representative of Debevoise stated that Debevoise had received a draft engagement letter from J.P. Morgan which generally conformed to the terms previously discussed by the Special Committee. After discussion, the Special Committee approved the Company s entry into the engagement letter, subject to changes approved by Mr. Mandl and confirmation as to the absence of material conflicts of interest on the part of J.P. Morgan.

Between August 29, 2012 and August 31, 2012, Debevoise negotiated a confidentiality agreement with Mr. Dell s counsel, Wachtell, Lipton, Rosen & Katz (Wachtell Lipton). The Company and Mr. Dell executed the confidentiality agreement on August 31, 2012 reflecting the terms described above. Between August 31, 2012 and September 4, 2012, Debevoise negotiated a confidentiality agreement with Silver Lake s counsel, Simpson Thacher & Bartlett LLP (Simpson Thacher). The Company and an affiliate of Silver Lake executed a confidentiality agreement on September 4, 2012 reflecting the terms described above. During the same period, Debevoise negotiated, and the Company entered into, a confidentiality agreement with Sponsor A reflecting the terms described above. The Company subsequently provided Mr. Dell, Silver Lake and Sponsor A with access to an online data room containing information regarding the Company.

On September 11, 2012, the Company entered into an engagement letter with J.P. Morgan. During September 2012, J.P. Morgan met with members of the Company s management team, commenced a detailed business, tax and financial due diligence review of the Company and reviewed and analyzed the macroeconomic and competitive challenges facing the Company.

On September 13, 2012, the Special Committee held a telephonic meeting, at which Brian Gladden, the Company s Chief Financial Officer, and representatives of Debevoise were present, to receive a presentation

from Mr. Gladden regarding management s projections for the Company s future financial performance. During this presentation, Mr. Gladden discussed management projections for the Company through fiscal year 2016 that had been reviewed with the Board in July 2012 (the July Plan), as summarized under *Projected Financial Information July Plan*. Mr. Gladden explained that management had updated the fiscal year 2013 outlook since the July meeting to take into account the lower than expected actual results of fiscal year 2013 to date, which reflected, among other factors, lower customer demand, lower margins for certain products than management had previously estimated, changes in the PC market and competitive dynamics. Mr. Gladden advised the Special Committee that other than modifications necessary to reflect fiscal year 2013 performance, the assumptions underlying the July Plan remained unchanged. Mr. Gladden also noted that the Company had lowered its fiscal year 2013 earnings per share guidance the month following the Board s consideration of the July Plan. Mr Gladden indicated that he was preparing an update to the July Plan to reflect revisions to management s prior estimates for fiscal year 2013 to take into account the results of fiscal year 2013 to date. In light of the Company s operating performance and industry challenges, the Special Committee questioned whether the July Plan represented an accurate outlook for future years given the current state of the Company s business and requested that Mr. Gladden update the July Plan for the other fiscal years covered by the July Plan to reflect management s current views of the expected future financial performance of the Company. In addition, Mr. Gladden was asked to expand the forecasts to include two additional fiscal years in order to provide potential bidders with sufficient information to conduct customary valuation analyses. Following Mr. Gladden s presentation, the Special Committee met in executive session and discussed management s projections. Given the uncertainty regarding the Company s future performance and the difficulty experienced by the Company s management in meeting its estimates over the prior fiscal quarters, the Special Committee decided to continue to explore potential strategic alternatives, including continuing to execute management s long-term plan and remaining as a publicly held company, potential changes to that plan, and adjustments in the management team.

On September 14, 2012, the Special Committee held an in-person meeting, at which representatives of Debevoise and J.P. Morgan were present, to (i) review with Debevoise the fiduciary duties of the members of the Special Committee under Delaware law, (ii) hear J.P. Morgan s preliminary perspectives on the Company, including the Company s financial performance relative to its peers, the likelihood of available financing in the market for a leveraged acquisition of the Company, and certain potential alternatives to such a transaction, and (iii) discuss the process by which the Special Committee should proceed as it evaluates a potential transaction. During the meeting, J.P. Morgan discussed the Company s past operating performance and, specifically, the Company s failure to meet management and consensus analyst quarterly expectations. J.P. Morgan also discussed the background information on the Company that J.P. Morgan had obtained, highlighting items with respect to which it wanted to receive additional information from management, including the Company s cash position and prospects for the Company s Dell Financial Services business (DFS). In addition, J.P. Morgan discussed the significant weakness in the PC market and the Company s loss of market share in key emerging markets that had historically been major drivers of the Company s financial growth. J.P. Morgan and the Special Committee also discussed the Company s progress to date in diversifying its business and the ongoing execution risks facing the Company in transitioning the focus of its business from the PC market to the ESS business, including the risk of relying on a declining PC business to fund the growth of an ESS business.

During the meeting, J.P. Morgan also identified other financial sponsors that could potentially be interested in pursuing a sale transaction with the Company, noting its belief that Silver Lake and Sponsor A were the best qualified potential acquirors because each had the capacity to complete a transaction with significant committed equity and each had a successful track record of acquiring companies in the technology industry. J.P. Morgan noted that although the leveraged buyout market was strong, a transaction of the size necessary to acquire the Company had not occurred since 2007. J.P. Morgan also discussed strategic buyers that could potentially be interested in acquiring the Company, and stated its view that there was a low probability of strategic buyer interest in acquiring the Company as a result of the Company s large market capitalization, the Company s significant exposure to the PC market, the recent decline in the Company s operating performance, and the absence of any stated third-party interest in acquiring the Company over the prior two-year period. The Special Committee discussed the potential risk of competitive harm to the Company if strategic buyers conducted due

diligence but a transaction did not occur, and the increased risk of leaks, which could create instability among the Company s employees as well as its customers and vendors. After discussing these matters and the importance of maintaining negotiating leverage as well as the desire to minimize the risk of premature disclosure, and given the preliminary nature of Mr. Dell s expression of interest, the Special Committee determined to refrain from contacting other potential buyers until after its review of any proposals submitted by Silver Lake or Sponsor A, but to continue to evaluate that determination in light of subsequent events. The Special Committee also discussed certain commercial and investment banking fees that J.P. Morgan had received from the Company in the prior two years, and determined that such fees did not cause J.P. Morgan to have conflicts of a type or magnitude that would cause it not to qualify as an independent financial advisor.

On September 17, 2012, the Special Committee held a telephonic meeting, at which Mr. Gladden, Mr. Tu, Thomas W. Sweet, the Company s Vice President, Corporate Finance and Controller, Jeffrey A. Likosar, the Company s Vice President, Operations Finance and Janet B. Wright, the Company s Vice President - Corporate, Securities and Finance Counsel and Assistant Secretary, as well as representatives of Debevoise and J.P. Morgan, were present, to review further with Mr. Gladden management s current views as to the expected future financial performance of the Company. Mr. Gladden discussed changes to the assumptions underlying management s July Plan as a result of the Company s second quarter fiscal year 2013 financial performance and macroeconomic changes affecting the Company s PC business, including projections for decreased revenue relating to the introduction of the Windows 8 operating system, an unexpected slowdown in Windows 7 upgrades, the growth of tablets, which are sold by the Company in limited quantities, and the growth of smartphones, which the Company does not manufacture, as alternatives to the Company s core inventory of desktop and laptop PCs. Mr. Gladden noted that these adverse developments, coupled with generally weakening demand in the global PC market and lower PC margin rates, would be reflected in the updated projections requested by the Special Committee. Mr. Gladden also described sensitivity analyses that could be performed to illustrate the impact of changes in various operating metrics, which he expected to review with J.P. Morgan. After Mr. Gladden and the other members of management withdrew from the meeting, the Special Committee discussed Mr. Gladden s presentation, including the rationale for the updated projections. The Special Committee also discussed the transaction process and authorized J.P. Morgan to contact Silver Lake and Sponsor A to discuss the transaction process and the submission of proposals to acquire the Company.

Later on September 17, 2012, representatives of J.P. Morgan contacted representatives of Silver Lake and Sponsor A to discuss the transaction process, including the due diligence review process and the timing for the submission of proposals to acquire the Company. During the remainder of September and the month of October 2012, representatives of J.P. Morgan had a number of telephonic meetings with representatives of Silver Lake and Sponsor A regarding their respective due diligence reviews of the Company and other process considerations. The representatives of Silver Lake and of Sponsor A also contacted Mr. Dell periodically with respect to the status of their respective reviews.

On September 21, 2012, the Special Committee held a telephonic meeting to which the other independent directors were invited. The purposes of the meeting, at which Donald Carty, William Gray, Gerard Kleisterlee, Klaus Luft, Shantanu Narayen, Ross Perot Jr., Mr. Tu, Mr. Gladden, Mr. Sweet, Mr. Likosar, Ms. Wright, and representatives of Debevoise and J.P. Morgan were present, were to (i) update the invited members of the Board regarding the activities of the Special Committee, (ii) receive a presentation from J.P. Morgan as to its perspectives on the Company and (iii) receive a presentation from Mr. Gladden on his perspective regarding the updated financial projections for the Company (the September 21 Case) as summarized under *Projected Financial Information September 21 Case.* Mr. Gladden noted that the September 21 Case contemplated stronger performance than was currently expected by the market, as evidenced by consensus analyst estimates. However, Mr. Gladden also noted that the September 21 Case was prepared off-cycle from the Company s routine internal planning processes; that, with the Special Committee s knowledge, it was prepared by senior management (without the participation of Mr. Dell); and that it did not reflect the updated perspectives of the Company s individual business segment leaders, who at the time were not aware of a possible transaction involving the Company, and therefore did not necessarily reflect such business segment leaders views as to the assumptions and projections reflected in the September 21 Case (which may have been more or

less optimistic than senior management s views). Following Mr. Gladden s presentation, the Special Committee determined that the other independent directors should be invited to the Special Committee s next meeting to continue reviewing the September 21 Case.

On September 23, 2012, the Special Committee held a telephonic meeting to which the other independent directors were invited. The purpose of the meeting, at which Ross Perot Jr., Mr. Tu, Mr. Gladden, Mr. Sweet, Mr. Likosar, Ms. Wright, and representatives of Debevoise and J.P. Morgan were present, was to continue to review the September 21 Case. At that meeting, J.P. Morgan discussed its review of the September 21 Case, expressing the view that it appeared optimistic in light of the Company s recent operating underperformance, industry forecasts provided by independent third parties and consensus analyst estimates. J.P. Morgan observed that the September 21 Case assumed more favorable revenue growth rates for the PC market than those predicted by a number of analyst estimates. J.P. Morgan and the Special Committee discussed the September 21 Case, including that it appeared to be optimistic. J.P. Morgan noted that the Company is covered by at least 33 research analysts. Mr. Gladden stated that the September 21 Case generally assumed growth rates similar to those used in the preparation of the July Plan (with the exception of lower growth rates for the EUC and software and peripherals businesses), although from a lower base given the Company s actual year-to-date performance. After discussion, the Special Committee directed Mr. Gladden to review the September 21 Case with Mr. Dell. The Special Committee also discussed whether to provide the September 21 Case to Silver Lake and Sponsor A. The Special Committee determined to provide the September 21 Case to Silver Lake and Sponsor A because it was appropriate to provide senior management s most recent forecast of the business and evaluation of its prospects to parties interested in acquiring the Company. The initial September 21 Case, including certain of the refinements made to it based on, among other matters, senior management s expectations as to the Company s working capital needs as described under *Projected Financial Information* beginning on page 94, was subsequently made available to Silver Lake and Sponsor A in the online data room.

On October 2, 2012, the Special Committee held a telephonic meeting at which representatives of Debevoise and J.P. Morgan were present. J.P. Morgan updated the Special Committee on the status of the due diligence reviews being conducted by Silver Lake and Sponsor A, on recent market developments, including recent declines in the Company s stock price, and on developments in the debt financing markets. The Special Committee also discussed the role that Goldman Sachs, the Company s financial advisor, was playing in supporting the Company s management (other than Mr. Dell) and determined that the Special Committee should receive a presentation from Goldman Sachs regarding its views on strategic alternatives available to the Company.

On October 4, 2012, Sponsor A attended a due diligence session with Mr. Dell, Mr. Gladden, Mr. Sweet and Mr. Likosar, at which representatives of J.P. Morgan and Debevoise were also present. Subsequently, Sponsor A had a number of follow-up due diligence calls and meetings with members of the Company s management, at which representatives of J.P. Morgan were also present.

On October 9, 2012, the Special Committee held an in-person meeting, at which representatives of Debevoise and J.P. Morgan were present, to receive a presentation from J.P. Morgan regarding the Company and strategic alternatives available to it. At that meeting, J.P. Morgan discussed, among other matters, (i) the Company s share price performance and investor sentiment regarding the Company, noting the Company s underperformance relative to its peers, (ii) key challenges facing the Company, including industry analyst forecasts anticipating that the PC market would remain flat due to cannibalization of PC usage resulting from increasing adoption of tablets and smartphones and other factors creating market uncertainty with respect to its EUC business, (iii) the Company s decision to emphasize preserving margins in its EUC business over seeking growth and market share in emerging markets, and the illustrative impact on the Company of changes in margins and revenues in its EUC business and (iv) J.P. Morgan s preliminary analysis, in each case using certain of the types of valuation metrics described under *Opinion of J.P. Morgan Securities LLC*, regarding the Company s stand-alone value potential and other strategic alternatives to potentially enhance stockholder value, including a leveraged recapitalization and/or an increase in dividends, a separation of the Company s EUC business, transformative acquisitions and a sale to a strategic buyer. J.P. Morgan also updated the Special Committee regarding Silver

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Lake s and Sponsor A s respective consideration of a possible acquisition of the Company, including the status of discussions, an analysis of the feasibility of a leveraged buyout of the Company and the key value drivers for such a transaction, an illustration of possible returns that an acquiror in a leveraged buyout might obtain, an illustrative financing structure, and the expected content of proposals from the sponsors.

On October 10, 2012, the Special Committee held an in-person meeting, at which representatives of Goldman Sachs and representatives of Debevoise were present, to receive a presentation from Goldman Sachs regarding the Company and strategic alternatives available to it. At that meeting, Goldman Sachs discussed, among other matters, (i) the market s perception of the Company, (ii) its views as to the performance of the Company s share price and trading multiple relative to the Company s peers, including, among other factors, the uncertain outlook for the PC market generally and the Company s EUC business specifically and the potential for this uncertainty to persist over time, (iii) the Company s financial performance and management s projections of financial performance, including the fact that analyst estimates had lower expectations regarding the Company s financial outlook than was suggested by the September 21 Case and (iv) the present value of future share prices implied by management s projections in the September 21 Case. Goldman Sachs also reviewed with the Special Committee various strategic alternatives available to the Company, including illustrative analyses of a leveraged buyout, a separation of the Company s EUC and ESS businesses, a sale of DFS, a spin-merger transaction involving the Company s EUC business and a strategic company, and a return of capital strategy by means of a share repurchase or cash dividend funded with new debt and/or existing cash. The Special Committee discussed with Goldman Sachs these alternatives, including the values implied for them by management s projections in the September 21 Case and the timing and execution risks associated with each, particularly with respect to alternatives involving a separation of the Company s businesses. The Special Committee also discussed with Goldman Sachs which of these alternatives could be effectuated by a public company, and the extent to which alternatives that could more readily be effectuated by a private company would represent value that could be unlocked in a going private transaction. After Goldman Sachs concluded its presentation and withdrew from the meeting, the Special Committee discussed the presentations by J.P. Morgan and Goldman Sachs, including, among other matters, similarities and differences between them, and the role of Goldman Sachs as an advisor to the Company, rather than as an advisor to the Special Committee. The Special Committee also discussed the role of management in the process that the Special Committee had undertaken, management s potential future role in the Company after any going private transaction, and methods by which the Special Committee might further inform itself regarding the strategic alternatives available to the Company. The Special Committee determined that the other independent members of the Board would benefit from hearing presentations from J.P. Morgan and Goldman Sachs.

On October 11, 2012, Silver Lake attended a due diligence session with Mr. Dell, Mr. Gladden, Mr. Sweet and Mr. Likosar, at which representatives of J.P. Morgan and Debevoise were also present. Subsequently, Silver Lake had several follow-up due diligence calls and meetings with members of the Company s management, at which representatives of J.P. Morgan were also present.

Also on October 11, 2012, representatives of J.P. Morgan discussed the transaction process with representatives of Sponsor A, including questions regarding the due diligence process and the timing of submission of proposals.

On October 16, 2012, J.P. Morgan, on behalf of the Special Committee, sent a letter to each of Silver Lake and Sponsor A requesting that they submit proposals no later than October 23, 2012 to acquire the Company.

On October 18, 2012, the Special Committee held a telephonic meeting at which certain other independent members of the Board, including Donald Carty, William Gray, Gerard Kleisterlee, Klaus Luft, Shantanu Narayen and Ross Perot Jr., and representatives of Debevoise were present. Representatives of Goldman Sachs were also present for a portion of the meeting, during which they made a presentation regarding the Company and strategic alternatives available to it. After discussion of the Goldman Sachs presentation, representatives of Goldman Sachs withdrew from the meeting. Representatives of J.P. Morgan subsequently joined the meeting and made a presentation regarding the Company and strategic alternatives available to it. After discussion of the J.P. Morgan

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presentation, representatives of J.P. Morgan withdrew from the meeting. The Special Committee and the other independent directors present then discussed the presentations made by Goldman Sachs and J.P. Morgan, both of which covered largely the same topics as were addressed at the Special Committee s October 9 and 10 meetings. Representatives of Debevoise outlined process considerations for the Special Committee with respect to evaluating the proposals expected to be received from Silver Lake and Sponsor A.

On October 19, 2012, representatives of J.P. Morgan further discussed with representatives of Sponsor A the ongoing process, including questions regarding the due diligence process and the timing of submissions of proposals.

On October 22, 2012, representatives of Silver Lake shared with Mr. Dell and Wachtell Lipton a draft proposal that included a preliminary range of proposed purchase prices. On October 23, 2012, representatives of Sponsor A shared with Mr. Dell and Wachtell Lipton a draft proposal with the proposed purchase price left blank. Neither Silver Lake nor Sponsor A shared with Mr. Dell or Wachtell Lipton an updated draft proposal or its final proposed purchase price before submitting its proposal.

On October 23, 2012, Silver Lake and Sponsor A each submitted a preliminary non-binding proposal to acquire the Company. Silver Lake proposed a purchase price of $11.22-$12.16 per share for all of the Company s outstanding shares, other than those held by Mr. Dell (all of which it assumed would be rolled over in the transaction), and indicated that Silver Lake s interest was solely in pursuing a transaction in partnership with Mr. Dell. Sponsor A proposed a purchase price of $12-$13 per share for all of the Company s outstanding shares, other than those held by Mr. Dell and Southeastern (all of which it assumed would be rolled over in the transaction) and contemplated an additional $500 million cash investment by Mr. Dell. Both proposals were subject to further due diligence, negotiation of definitive documentation, receipt of financing commitments and other significant contingencies.

On October 24, 2012, representatives of J.P. Morgan contacted representatives of Silver Lake and Sponsor A to discuss follow-up questions with respect to their preliminary proposals.

On October 27, 2012, the Special Committee held a telephonic meeting at which representatives of Debevoise were present. Mr. Tu and Mr. Gladden were present for a portion of the meeting. Mr. Gladden provided an update on the Company s financial performance during the third quarter of the Company s 2013 fiscal year. Mr. Gladden identified certain factors underlying the disparity between the Company s public market valuation and Mr. Gladden s expectations as to the Company s potential future performance, including (i) market uncertainty with respect to the Company s EUC business, (ii) the value of the Company s overseas cash reserves and (iii) the Company s ability to execute its transformation plan to grow its ESS business. Mr. Gladden stated that the September 21 Case continued to reflect senior management s view as to the Company s expected future performance, but acknowledged that the Company s public market valuation reflected, and likely would continue to reflect, a much less favorable view. The Special Committee also discussed with Mr. Gladden management s views regarding certain potential strategic alternatives available to the Company, including returning capital to shareholders through a leveraged recapitalization, an acceleration of the Company s current transformation plan, a repositioning of the Company s EUC business, a transformative acquisition and a separation of the Company s ESS and EUC businesses. Mr. Gladden highlighted benefits and risks associated with each of the alternatives and discussed the feasibility of certain alternatives in light of the Company s highly integrated organizational structure. Following this discussion, Mr. Gladden and Mr. Tu withdrew from the meeting. The Special Committee then met in executive session and discussed Mr. Gladden s presentation and his views regarding the disparity between the Company s public market valuation and his beliefs about the Company s potential future performance. The Special Committee also noted the prior advice of its financial advisors that the projections in the September 21 Case appeared optimistic in light of the Company s recent operating underperformance, industry forecasts provided by independent third parties, and consensus analyst estimates. The Special Committee recognized that there was significant uncertainty associated with the September 21 Case. In light of this uncertainty, the Special Committee determined that a deeper understanding of the strategic alternatives

available to the Company and its prospects on a stand-alone basis would allow the committee to better assess the opportunities and risks to stockholders of the various courses available, including the possibility of a sale transaction. In light of the foregoing, the Special Committee discussed engaging a management consulting firm to perform an independent analysis of the Company s potential strategic alternatives and its prospects as an independent public company. The Special Committee also determined to continue discussions with Silver Lake and Sponsor A regarding a potential acquisition of the Company while it evaluated various strategic alternatives.

Representatives of J.P. Morgan joined the meeting to review the preliminary proposals received from Silver Lake and Sponsor A. J.P. Morgan compared the proposals with respect to price, key assumptions, conditionality and timing, and benchmarked the bids against valuation metrics generally of the type described under *Opinion of J.P. Morgan Securities LLC.* J.P. Morgan provided its perspective on the leveraged finance markets and the feasibility of executing a leveraged buyout of the Company, highlighting that a leveraged buyout of this size had not been completed since 2007. J.P. Morgan then discussed the potential process for continued discussions with Silver Lake and Sponsor A and the evaluation of certain other strategic alternatives available to the Company, including a spin-off or restructuring of the EUC business. The Special Committee then directed J.P. Morgan to inform Silver Lake and Sponsor A that the Special Committee was dissatisfied with the price ranges and significant conditionality reflected in the preliminary non-binding proposals, and that the Special Committee s willingness to allow Silver Lake and Sponsor A to continue in the process was predicated on their proposing transactions only at a materially higher price and with greater deal certainty.

On November 2, 2012, representatives of J.P. Morgan contacted representatives of Silver Lake and Sponsor A to discuss the Special Committee s feedback on the preliminary proposals and next steps in the transaction process, including their conducting further due diligence in order to be in a position to propose a higher price and greater deal certainty. During the month of November 2012, representatives of the Company and J.P. Morgan facilitated the continued due diligence efforts of Silver Lake, Sponsor A and their respective representatives.

Also on November 2, 2012, the Company entered into an engagement letter with Goldman Sachs to retain Goldman Sachs as its financial advisor, effective as of September 1, 2012, in connection with the review of the strategic alternatives available to the Company.

On November 5, 2012, the Special Committee held a telephonic meeting, at which representatives of Debevoise and The Boston Consulting Group, Inc. (BCG) were present, to discuss the possibility of retaining BCG as a management consultant to assist the Special Committee in evaluating the strategic alternatives available to the Company. BCG described its qualifications and prior relationships with the Company and discussed the decisions facing the Special Committee and the strategic issues on which the Special Committee might seek assistance from BCG.

On November 7, 2012, the Special Committee held a telephonic meeting, at which representatives of Debevoise were present, to discuss further the possibility of retaining BCG as a management consultant to assist the Special Committee in evaluating the strategic alternatives available to the Company. The Special Committee discussed the key areas in which the Committee desired input from BCG, including a review of the Company s strategic alternatives and advice as to the pathway that would deliver the best value to the Company s stockholders from a value and risk perspective. The Special Committee reviewed a draft engagement letter provided by BCG and determined to retain BCG, subject to further discussion between Mr. Mandl and BCG regarding certain proposed terms of engagement, based on BCG s expertise in business strategy, experience with the industries in which the Company operates and familiarity with the Company.

On November 12, 2012, the Company entered into an engagement letter with BCG.

On November 15, 2012, the Company publicly reported its financial results for the third quarter of its 2013 fiscal year, which were generally lower than the guidance the Company had disclosed on August 21, 2012 and below consensus analyst expectations for that quarter. The Company s actual revenue of $13.72 billion was $260

million below the midpoint of the third quarter guidance range that the Company had included in its August 21, 2012 report of its financial results. The market price of the Common Stock fell approximately 7.3% the following day, closing at $8.86 per share.

On November 16, 2012, J.P. Morgan provided the Special Committee with charts showing that the Company s revenue for each of its prior seven fiscal quarters had been below both management s budget and, with the exception of one quarter, consensus analyst estimates, while the Company s earnings per share performance had been mixed as compared to management s budget and consensus analyst estimates. The report also highlighted the continued impact on the Company s earnings of a weakening EUC market.

Also on November 16, 2012, Mr. Dell, Mr. Gladden and certain other senior executives of the Company met with representatives of Silver Lake and, on November 17, 2012, Mr. Dell, Mr. Gladden and the other senior executives met with representatives of Sponsor A, to discuss Silver Lake s and Sponsor A s respective willingness to submit revised bids. Representatives of Wachtell Lipton and of MSD Capital L.P. (MSD Capital) were also present at each of these meetings. The representatives of Silver Lake and of Sponsor A each presented their views of the Company and the potential going private transaction. Mr. Dell encouraged the representatives of each of Silver Lake and Sponsor A to submit revised bids that were as strong as possible. With respect to price, Mr. Dell told the representatives of each of Silver Lake and Sponsor A that they should assume that he would be prepared to participate at the highest price they were willing to pay.

On November 20, 2012, J.P. Morgan, on behalf of the Special Committee, sent a letter to each of Silver Lake and Sponsor A requesting that they submit updated proposals no later than December 4, 2012 to acquire the Company.

Following this request, Silver Lake indicated to J.P. Morgan that it was having difficulty addressing a number of industry- and Company-specific risks and challenges that it had identified with respect to the Company s business, including the Company s recent failure to achieve its projections, the increasing weakness in the PC market, the Company s loss of market share in emerging markets, and the execution risks associated with evolving into an ESS provider.

On November 26, 2012, representatives of Silver Lake shared with Mr. Dell and Wachtell Lipton a draft revised proposal in which the proposed price was left blank. On November 28, 2012, Mr. Dell met with representatives of Sponsor A and again encouraged them to submit as strong a revised proposal as possible. On November 30, 2012, representatives of Sponsor A shared with Mr. Dell and Wachtell Lipton a draft revised proposal in which the proposed price was left blank. Neither Silver Lake nor Sponsor A shared with Mr. Dell further drafts of its revised proposal.

On November 30, 2012, Mr. Dell contacted Mr. Mandl to discuss the ongoing transaction process. Mr. Dell expressed his enthusiasm for a going private transaction. Mr. Dell also stated that, while he had spoken in June and July with Southeastern about the potential for a going private transaction, he had not spoken with Southeastern about the possibility of such a transaction since that time. Mr. Dell also indicated to Mr. Mandl that, if required, he had the ability to supply as much additional equity as might be needed for a transaction.

Also on November 30, 2012, the Special Committee held a telephonic meeting at which representatives of Debevoise were present. Mr. Mandl reported on his conversation with Mr. Dell earlier in the day. The Special Committee discussed the potential going private transaction, including, among other topics, Mr. Dell s intentions, the updated proposals expected to be received from Silver Lake and Sponsor A, the benefits and potential risks of bringing other financial sponsors into the process, and the expected process going forward. Mr. Mandl also updated the Special Committee on the work being conducted by BCG regarding the Company s strategic alternatives.

On December 3, 2012, after an analyst report was issued by Goldman Sachs suggesting that the Company might be a target for a leveraged buyout transaction, the market price of the Common Stock increased 4.4%, closing at $10.06 per share.

Also on December 3, 2012, Sponsor A notified Mr. Dell that it would not be submitting an updated proposal to acquire the Company and was withdrawing from the process. Mr. Dell then informed Mr. Mandl of Sponsor A s decision.

On December 4, 2012, Sponsor A confirmed its decision to J.P. Morgan and explained to J.P. Morgan, and later to Mr. Mandl, that its decision was driven largely by the fact that its investment committee was not able to get comfortable with the risks to the Company associated with the uncertain PC market, and the concerns of industry analysts regarding the competitive pressures the Company faced, which Sponsor A believed had been validated by the Company s recent operating performance and market share information.

Also on December 4, 2012, Silver Lake submitted an updated non-binding proposal to acquire the Company for $12.70 per share, which proposal was significantly less conditional than Silver Lake s previous proposal.

During the month of December 2012, Silver Lake and its representatives continued to conduct due diligence with respect to business, tax and accounting diligence, transaction structuring and other matters.

On December 5, 2012, the Special Committee held an in-person meeting at which representatives of Debevoise were present. Representatives of BCG were also present for a portion of the meeting and made a presentation as to their perspectives on the Company. BCG noted that, after an early period of dramatic growth and value creation following the Company s initial public offering, the Company in recent years has seen its value decline significantly on the public market. BCG also noted, however, that the Company had certain positional strengths which BCG believed were not reflected in the Company s public market valuation, likely as a result of investor concerns about the durability or use of the Company s cash flows and uncertainty about the Company s EUC business.

BCG reviewed the key challenges facing the Company s two principal business operations: the EUC business and ESS business. BCG noted that several trends were causing the Company to be displaced as a market leader in the EUC business, including a decline in the worldwide revenues for desktops and laptops, and a shift towards the lower-margin segment of the EUC business. BCG concluded that as a result of a likely persistent decline in the premium segment of the EUC business, unless the Company changed its strategy to become more competitive in the lower-margin segment of the EUC business, the Company would require years of aggressive restructuring in order to maintain its value, and would face the risk that its decreasing scale would render it less competitive. BCG expressed the view that the Company would need to compete more aggressively in higher-growth markets, and would need to transform the EUC business from a primarily build-to-order model to a more efficient build-to-stock model, which would involve ongoing execution risks, significant capital expenditures and sharply increased working capital needs. Furthermore, BCG observed that the Company s expansion of its ESS business has been slower than expected and noted that the Company s revenue growth across the different ESS business segments had been mixed. BCG also noted that the Company was still in the process of integrating its numerous recent acquisitions and that these acquisitions had yielded lower returns to date relative to the returns expected by the Company s management. BCG expressed the view that the Company would have to take steps to drive growth in its ESS business, including increasing investment in research and development and expanding the Company s sales force. BCG concluded its presentation by (i) evaluating the strategic options available to the Company, including a continuation of the Company s current transformation strategy, the adoption of a revised strategy, a separation of the EUC business, a sale to a strategic buyer, and a sale to a financial sponsor, (ii) assessing the execution risk inherent in the Company s current strategy and in revisions to that strategy and (iii) comparing the value-enhancing tools available to the Company as a privately held company and as a publicly held company. After a discussion of these matters, representatives of BCG withdrew from the meeting.

Representatives of J.P. Morgan joined the meeting to make a presentation regarding developments with respect to a possible going private transaction. J.P. Morgan reviewed the key terms of Silver Lake s December 4 proposal, including a comparison to Silver Lake s prior proposal and an analysis benchmarking it against valuation metrics generally of the type described under *Opinion of J.P. Morgan Securities LLC.* J.P. Morgan

also discussed, among other matters, the stock market s reaction to the Goldman Sachs analyst report raising the possibility of a leveraged buyout of the Company. The Special Committee and J.P. Morgan discussed Silver Lake s December 4 proposal and process considerations, including whether to approach other financial sponsors or strategic parties to solicit additional proposals. J.P. Morgan identified a number of potential financial sponsors for the Special Committee s consideration and assessed each firm s likely interest in pursuing, and ability to execute, a going private transaction. J.P. Morgan expressed its view that Silver Lake and Sponsor A were the two financial sponsors most likely to have the resources and industry expertise necessary to evaluate and execute such a transaction, and that another financial sponsor (Sponsor B) was the sponsor next most likely to make a credible proposal. J.P. Morgan also expressed the view that, given Sponsor A s withdrawal from the process, it was less likely that other financial sponsors, other than Sponsor B, would submit proposals if invited to enter the process. J.P. Morgan also reiterated its previous advice as to the low probability of credible strategic buyer interest in acquiring the Company as a result of the Company s large market capitalization, significant exposure to the PC market, deteriorating operating income performance over the prior two-year period, and the absence of any stated third-party interest in acquiring the Company over the prior two-year period.

On December 6, 2012, the Board held an in-person meeting at which representatives of Debevoise were present. At that meeting, Mr. Mandl updated the Board on the work of the Special Committee and the roles and contributions of J.P. Morgan and BCG. Mr. Dell and certain other members of management, including Mr. Gladden, were present for a portion of the meeting. Mr. Dell made a presentation to the Board in which he expressed his conviction that a going private transaction was the best course for the Company and its unaffiliated stockholders. He outlined strategic initiatives he would cause the Company to pursue as a private company, including (i) extending the Company s ESS capabilities through significant investments in research and development and additional acquisitions, (ii) hiring large numbers of additional sales personnel, (iii) expanding in emerging markets and (iv) investing in the PC and tablet business. Mr. Dell stated his belief that such initiatives, if undertaken as a public company, would be poorly received by the stock market because they would reduce near-term profitability, raise operating expenses and capital expenditures, and involve significant risk. Mr. Dell stated his view that a going private transaction was in the best interests of the Company s unaffiliated stockholders because they would receive a portion of the potential upside from these initiatives in the form of a premium for their shares without bearing the risk and uncertainties related to executing such initiatives. Following Mr. Dell s presentation, the Board discussed with Mr. Dell a number of issues, including, among others, the role of Silver Lake in a going private transaction and the reasons Mr. Dell believed the initiatives he outlined could not be readily achieved in a public company setting. Mr. Dell reiterated his belief that implementing such initiatives would require additional investments that could weaken earnings and cause greater volatility in the performance of the Common Stock. Mr. Dell also noted that, in the absence of a transaction, he would be prepared to stay on as Chief Executive Officer and attempt to implement certain of these initiatives despite the increased risks he identified.

Also at the meeting, Mr. Gladden made a presentation to the Board describing (i) the progress that the Company had made in its transformation plan, (ii) the outlook for fiscal years 2013 and 2014 and (iii) the principal strategic alternatives available to the Company as a public company, ranging from continuing the Company s current strategy, attempting to implement the strategic initiatives outlined earlier in the meeting by Mr. Dell, effecting a leveraged recapitalization transaction and separating the Company s EUC and ESS businesses. Mr. Gladden discussed the risks and timetable associated with each of these options. With respect to the Company s current strategy, Mr. Gladden stated that, while the Company had substantially increased the size of its ESS business since initiating the transformation plan four years ago, fully implementing the plan would require another three to five years and entail ongoing execution risk. Mr. Gladden expressed the view that continuing with the Company s transformation plan would require additional investments that could weaken earnings for two or more years and increase pressure on the Company s stock price. In addition, Mr. Gladden stated that, because the Company has historically used the cash flow generated by its EUC business to finance the growth of its ESS business, the Company s ability to make such investments would likely be affected by the negative trends in the EUC business, as well as by the need for substantial cash resources required to transition to a build-to-stock business model, which requires more inventory. Mr. Gladden noted that implementing the strategic initiatives

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outlined earlier in the meeting by Mr. Dell would raise similar issues. With respect to a leveraged recapitalization transaction, Mr. Gladden stated that such a transaction could unlock short-term value but pose long-term risks, including a downgrade of the Company s debt rating and a reduction in its operating flexibility. Finally, Mr. Gladden expressed the view that a separation of the Company s EUC and ESS businesses would be difficult to execute and would entail significant dis-synergies, with negative effects for the Company s customers and growth prospects. Following this discussion, Mr. Gladden, Mr. Dell and other members of management withdrew from the meeting.

Representatives of J.P. Morgan joined the meeting to make a presentation regarding developments with respect to a possible going private transaction. J.P. Morgan reviewed recent developments since the previous Board meeting, including (i) the difficult environment faced by the Company as a result of its underperformance relative to a number of its competitors, (ii) the deteriorating outlook for the PC market as a result of, among other things, smartphones and tablets cannibalizing PC sales, the uncertain adoption of the Windows 8 operating system and unexpected slowdowns in enterprise Windows 7 upgrades, and faster than expected declines in PC shipments in emerging markets and (iii) the differences between Company management s expectations, reflected in the September 21 Case, and consensus analyst estimates, which were generally lower than management s expectations. J.P. Morgan then presented its analysis of the $12.70 per share proposal made by Silver Lake, using various valuation methodologies generally of the type described under *Opinion of J.P. Morgan Securities LLC* beginning on page 62. J.P. Morgan also discussed the potential advantages and disadvantages of seeking to bring in other potential bidders, particularly in light of Sponsor A s decision not to continue in the process. The independent directors and J.P. Morgan discussed additional bidders that could be invited to participate and their likely levels of interest, and J.P. Morgan confirmed its prior advice that, of these additional bidders, Sponsor B was the financial sponsor next most likely to have the ability and desire to lead a going private transaction involving the Company. Following this discussion, representatives of J.P. Morgan withdrew from the meeting.

Representatives of BCG joined the meeting and made a presentation similar to the presentation made to the Special Committee on December 5, covering, among other matters, (i) the Company s current public market valuation, (ii) the Company s current strategy and key challenges, (iii) the extent to which the Company s strategic goals could be achieved in a public company setting, (iv) BCG s outlook for the PC industry and (v) the strategic alternatives available to the Company. Following a discussion of BCG s presentation, representatives of BCG withdrew from the meeting.

The meeting continued with representatives of Debevoise present. The Board discussed, among other topics, the presentations from J.P. Morgan and BCG, next steps in responding to Silver Lake, Sponsor A s decision not to continue in the process, the potential advantages and disadvantages of contacting additional possible bidders, and how the Company might pursue its goals if agreement on a going private transaction could not be reached. After this discussion, the Board determined that (i) BCG should continue its work in evaluating the Company s strategic alternatives, (ii) Mr. Mandl should inform Silver Lake that it would need to improve its price and submit a firm proposal, (iii) Mr. Mandl should contact Sponsor B to invite it to participate in the process and (iv) Mr. Mandl should discuss with Mr. Dell the Company s strategic plans in the absence of a transaction.

On December 7, 2012, Mr. Mandl contacted Sponsor B to invite it to consider making a proposal to acquire the Company.

On December 8, 2012, representatives of J.P. Morgan contacted representatives of Sponsor B to discuss a confidentiality agreement and outline the transaction process.

On December 9, 2012, Sponsor B entered into a confidentiality agreement with the Company. Sponsor B was subsequently granted access to the online data room. Sponsor B attended in-person due diligence sessions with the Company s management on December 10, 2012 and subsequently held numerous due diligence discussions with the Company s management and representatives, including Mr. Dell.

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On December 10, 2012, Mr. Mandl and representatives of J.P. Morgan met with representatives of Silver Lake. At that meeting, Mr. Mandl informed Silver Lake that its offer price of $12.70 was too low and that the Special Committee s willingness to allow Silver Lake to continue in the process was predicated on Silver Lake s understanding that the Special Committee would consider a transaction only at a materially higher price.

Also at that meeting, Silver Lake asked Mr. Mandl for permission to discuss the transaction with Microsoft Corporation (Microsoft), from which it intended to seek financing, and with other potential sources of debt financing. Mr. Mandl said he would discuss the request with the other members of the Special Committee and with its advisors.

Later on December 10, 2012, representatives of Debevoise contacted representatives of Silver Lake to discuss Silver Lake s request to involve Microsoft in the transaction. During that discussion, Silver Lake stated that it would not continue in the process unless it was permitted to engage in discussions with Microsoft.

On December 11, 2012, the Special Committee held a telephonic meeting, at which representatives of Debevoise were present, to discuss Mr. Mandl s meeting the previous day with Silver Lake and J.P. Morgan and Mr. Mandl s conversation with Sponsor B on December 7. The Special Committee also discussed the extent to which the Company, if it continued as a public company, could undertake the strategic initiatives that Mr. Dell outlined at the December 6 Board meeting. Mr. Mandl and Debevoise reported on their respective conversations with Silver Lake regarding Microsoft. The Special Committee then discussed Silver Lake s desire to discuss the transaction with potential sources of debt financing. After discussion, the Special Committee determined to allow Silver Lake to hold discussions with Microsoft and a small number of potential debt financing sources, subject to all such parties entering into confidentiality agreements with the Company and subject to Silver Lake agreeing not to enter into any exclusive arrangement with any of such parties (other than Microsoft). The Special Committee also discussed the risks to a possible transaction posed by the eventual need for Mr. Dell and Silver Lake to reach agreement regarding the governance of the Company after a going private transaction. Mr. Mandl then described his conversation with Sponsor B on December 7 and noted that over the weekend Sponsor B had rapidly assembled a team and had begun due diligence. The meeting concluded with a discussion of the September 21 Case. The members of the Special Committee agreed that, while the September 21 Case was potentially useful to help negotiate a higher price from bidders, it was not particularly helpful in assisting the Special Committee in evaluating the Company s alternatives to a sale transaction because of the Special Committee s belief that some of the assumptions underlying the projections were overly optimistic and given management s repeated difficulty in accurately predicting the Company s performance. In particular, the Special Committee noted that the September 21 Case assumed a higher growth rate in the PC business than predicted by analyst estimates. After discussion, it was the consensus of the Special Committee that BCG should be requested to express its views regarding the Company s future financial performance based on BCG s industry outlook.

On December 13, 2012, J.P. Morgan sent a letter to Sponsor B requesting that it submit a proposal on December 21, 2012 to acquire the Company.

Between December 14, 2012 and December 16, 2012, the Company entered into confidentiality agreements with the following potential debt financing sources of Silver Lake: RBC Capital Markets, LLC (RBC), Credit Suisse Securities (USA) LLC (Credit Suisse), Barclays Capital Inc. (Barclays), and Merrill Lynch, Pierce, Fenner & Smith Incorporated (Bank of America Merrill Lynch).

On December 14, 2012 and again on December 17, 2012, representatives of Sponsor B informed representatives of J.P. Morgan that Sponsor B s proposal would be ready shortly after the deadline of December 21, 2012. On December 17, 2012, Mr. Dell met with senior representatives of Sponsor B to discuss Sponsor B s potential proposal.

Also on December 17, 2012, Silver Lake held a meeting with Barclays, Bank of America Merrill Lynch, RBC and Credit Suisse, with Mr. Dell, Mr. Gladden and representatives of J.P. Morgan and Debevoise in attendance. At this meeting, Silver Lake requested initial financing proposals by January 3, 2013.

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On December 17, 2012, the Company engaged Morris, Nichols, Arsht & Tunnell LLP (MNAT) as Delaware counsel to the Special Committee. The Special Committee determined to engage MNAT following consideration of MNAT s qualifications, expertise and prior representations.

On December 21, 2012, Sponsor B informed J.P. Morgan that it would not be submitting a proposal on that day, as J.P. Morgan had requested, but that it intended to submit a proposal within the next few days. J.P. Morgan indicated to Sponsor B that it was acceptable to submit a proposal in that time frame.

On December 22, 2012, the Special Committee held a telephonic meeting, at which representatives of Debevoise, J.P. Morgan and BCG were present, to receive updates from J.P. Morgan and BCG regarding the transaction process. J.P. Morgan noted that Sponsor B had done a great deal of work over the last two weeks and that, although Sponsor B had been targeting a December 21 submission of a proposal as requested by J.P. Morgan, it had requested a few additional days to do so. The Special Committee and J.P. Morgan discussed the work performed by Sponsor B to date, as well as, among other topics, Sponsor B s familiarity with the PC industry. J.P. Morgan also provided an update on Silver Lake s activities with respect to a transaction, including its December 17 meeting with potential financing sources.

The Special Committee and its advisors discussed process considerations and next steps. Debevoise noted that it was in the process of preparing drafts of a merger agreement and a voting and support agreement, and discussed with the Special Committee certain features of the go-shop provision contemplated by the draft merger agreement that would permit the Special Committee and its representatives to actively solicit and negotiate alternative transaction proposals after the signing of the merger agreement. Debevoise also discussed the overall process the Special Committee had pursued to date, noting that potential strategic acquirors had not been invited to participate in the process based on, among other considerations, advice received by the Special Committee regarding the low probability that a credible strategic acquiror would be interested in acquiring the Company and concerns regarding the risk of competitive harm to the Company if potential strategic acquirors conducted due diligence but a transaction did not occur. J.P. Morgan then provided an overview of the potential strategic acquirors that it believed could be interested in a potential transaction and advised the Special Committee that, given the low probability of any of these potential strategic acquirors making a credible proposal, the advantages of reaching out to potential strategic acquirors at the current stage of the process were offset by risks of premature disclosure and competitive harm to the Company. J.P. Morgan expressed its view that it would be in the Company s best interests to generate interest from such acquirors during a go-shop period. BCG also noted its view that, based on its knowledge of the strategic players in the market at that time, it was unlikely that any of those players might be interested in a potential transaction. In light of the foregoing, the Special Committee determined not to expand the process at the current stage to include strategic acquirors. Following this discussion, at the Special Committee s request, J.P. Morgan reviewed the fees received by J.P. Morgan in connection with work performed for certain financial sponsors over the preceding two years, including Silver Lake, Sponsor A and Sponsor B.

On December 23, 2012, Sponsor B informed J.P. Morgan that it had decided not to submit a proposal to acquire the Company and was withdrawing from the process. Sponsor B cited as the primary reasons for its decision the risks and uncertainties in the PC business, including its concerns about the negative trends in gross margin and earnings in the PC business, and the decline in the Company s operating performance, including the decline in its operating margins.

Also on December 23, 2012, Microsoft entered into a confidentiality agreement with the Company.

On December 28, 2012, the Special Committee held a telephonic meeting at which representatives of Debevoise were present. At that meeting, the Special Committee discussed the process conducted to date, including the withdrawal of Sponsor B from the process. In light of the importance of the go-shop process in the event the Special Committee agreed to recommend a going private transaction, the Special Committee determined that it would be advantageous to engage an additional independent financial advisor that had specific financial

incentives to obtain a higher purchase price for the Company in a go-shop process. The Special Committee believed that engaging this additional independent financial advisor would aid the Special Committee in seeking the most favorable proposals available. The Special Committee also discussed the potential benefits of retaining an additional financial advisor to provide another expert view on process and valuation issues. After discussion, the Special Committee determined that Mr. Mandl should interview prospective firms on the Special Committee s behalf.

On January 2, 2013, the Special Committee held a telephonic meeting, at which representatives of Debevoise and BCG were present, to receive a presentation from BCG summarizing its financial forecast for the Company. BCG stated that its forecast was prepared based on its knowledge of the Company and the markets in which the Company operates, its discussions with the Company s management and its expertise and experience as a management consultant. BCG observed that its financial forecast for the Company was similar to consensus analyst estimates and materially lower than the projections in the September 21 Case.

BCG also assessed and estimated the likely impact that certain management initiatives, including productivity cost reductions, steps to increase market share for the Company s EUC business, particularly in emerging markets, and steps to increase the effectiveness of the Company s sales force, would have on the Company s financial performance based on various factors, including BCG s assessment of management s ability to implement such initiatives. BCG then described the potential effect that such initiatives would have on its projections. BCG also discussed the key drivers and assumptions underlying its projections, including (i) a continuing shift in the EUC market from the high-margin premium segment, in which the Company has historically held substantial market share, to the lower-margin segment, in which the Company has historically not been competitive, (ii) a declining profit pool in the overall EUC market (which BCG estimated would decline by as much as $10 billion over the next four years), (iii) continued growth in the Company s ESS business and (iv) the Company s ability to grow its market share in the tablet segment. The Special Committee discussed with BCG the extent to which the Company, if it continued as a public company, could take the actions required to implement these strategic initiatives and whether changes to management would be necessary in order to do so. BCG expressed the view that, although the Company could attempt to implement these initiatives as a public company, there would be risks and challenges to doing so, including the challenges associated with the ability of current management to execute this plan and the negative impact the initiatives could have on the Company s near term financial condition and the possibility that the Company s relationships with existing customers and vendors would deteriorate as the Company transitioned to other businesses. BCG also noted that even though the Company had used $11.4 billion of the Company s cash resources over the previous four years to fund acquisitions in its ESS business and devoted a significant amount of management time and attention to expanding the ESS business, the EUC and EUC-driven businesses remained the source of approximately 65% of the Company s revenue.

During the month of January 2013, Silver Lake and its representatives continued to conduct due diligence with respect to the Company, including the completion of confirmatory legal, business, tax and accounting diligence.

On January 7, 2013, Mr. Mandl and representatives of Debevoise held separate meetings with representatives of Evercore and two other independent investment banking firms to discuss the possibility of retaining one of them as an additional financial advisor to the Special Committee.

On January 8, 2013, the Special Committee held a telephonic meeting, at which representatives of Debevoise were present, to discuss Mr. Mandl s meetings the previous day with potential financial advisors to the Special Committee. After discussing the qualifications and merits of each of the firms, as well as the prior relationships between each of the firms and the Company, Mr. Dell and Silver Lake, the Special Committee determined to engage Evercore as an additional financial advisor based on, among other factors, Evercore s qualifications, expertise, reputation and knowledge of the Company s business and affairs and the industry in which it operates. The Special Committee also determined to have each of its advisors conduct updated valuation analyses, and

discussed the need to review the budget for the Company s 2014 fiscal year, which would begin in February 2013.

Also on January 8, 2013, representatives of J.P. Morgan met with Mr. Dell, Mr. Gladden, Mr. Sweet, Mr. Likosar, Marius Haas, the Company s President, Enterprise Solutions, Suresh Vaswani, the Company s President, Services, Douglas Schmitt, the Company s Vice President, Global Support and Deployment, John Swainson, the Company s President, Software Group, Jeffrey Clarke, the Company s Vice Chairman and President, End User Computing Solutions & Operations, Stephen Felice, the Company s President, Chief Commercial Officer, Patrick Poljan, the Company s Vice President, Productivity Transformation, Prakash Jothee, the Company s Vice President, Corporate Strategy and representatives of Silver Lake to review the current operating trends and the preliminary outlook for fiscal year 2014. During this meeting, J.P. Morgan also discussed a representative transaction process and timeline with Mr. Dell and Silver Lake.

On January 11, 2013, Debevoise sent drafts of a merger agreement and a voting and support agreement to the Special Committee.

On January 14, 2013, Bloomberg News reported that the Company was in talks with several financial sponsors regarding a going private transaction. The market price of the Common Stock rose approximately 13% that day, closing at $12.29 per share.

On January 15, 2013, a representative of Silver Lake informed Mr. Mandl that Silver Lake planned to submit a revised proposal the next day, which would include fully committed debt financing. Silver Lake emphasized that it wished to move as quickly as possible to enter into a definitive agreement to acquire the Company. Later that day, representatives of Silver Lake shared with Mr. Dell and Wachtell Lipton a draft revised proposal reflecting a revised proposed price of $12.90 per share.

Also on January 15, 2013, the Special Committee held an in-person meeting at which representatives of Debevoise, BCG, Evercore and J.P. Morgan were present. Mr. Gladden was also present at the beginning of the meeting to review with the Special Committee the results of the Company s current fiscal quarter and the draft 2014 fiscal year budget that he had prepared. Mr. Gladden noted that the Company s financial results through week ten of the final quarter of the Company s 2013 fiscal year had been worse than projected and described trends that contributed to those results, including lower customer demand and lower margins for certain products. After a discussion of these matters, Mr. Gladden withdrew from the meeting. BCG then presented a revised version of its financial forecast for the Company (the BCG Forecast), which reflected updates and refinements to the forecast it had provided to the Special Committee on January 2, 2013, after having had further discussions with the Company s management, J.P. Morgan and Evercore.

The Special Committee and its advisors discussed the BCG Forecast, including the importance of achieving the productivity cost reduction goals management had identified and the risks associated with doing so, including, among other things, the potential need for management changes to implement those initiatives effectively. In addition, J.P. Morgan and Evercore benchmarked the operating margins set forth in the BCG Forecast for the Company. J.P. Morgan indicated that those margins were substantially higher than the Company s historical margins as well as the margins of the Company s international competitors who were gaining significant share in the marketplace.

Following this discussion, J.P. Morgan and Evercore each separately presented its observations regarding the September 21 Case, the BCG Forecast and the draft 2014 fiscal year budget and then presented its valuation analyses of the Company using metrics generally of the type described under *Opinion of J.P. Morgan Securities LLC* beginning on page 62 and *Opinion of Evercore Group L.L.C.* beginning on page 69, respectively, in each case based on the September 21 Case, the BCG Forecast and other measures. Evercore also presented an analysis of certain other strategic alternatives available to the Company, including a complete separation of the EUC and ESS businesses, a partial separation of the ESS business, a tracking stock for the ESS business and a share repurchase

funded with the Company s existing cash. The Special Committee and its advisors then discussed the possibility of approaching other financial sponsors or strategic buyers to solicit additional bids, and the potential benefits and risks of doing so. Evercore discussed the overall process the Special Committee had pursued to date and expressed the view that it would not be beneficial to contact additional parties at the current stage of the process. Evercore also advised the Special Committee that in light of the Bloomberg News report published the previous day, it was likely that any interested prospective buyers would contact the Company shortly or, if the Company entered into a definitive agreement with Silver Lake and Mr. Dell, during the subsequent go-shop period.

On January 16, 2013, Silver Lake submitted a written non-binding proposal to acquire the Company for $12.90 per share, which was accompanied by debt commitment letters from each of Barclays, Bank of America Merrill Lynch, RBC and Credit Suisse, a draft term sheet for $2 billion in financing from Microsoft, and draft equity commitment letters from each of the MD Investors and the SLP Investors. On January 17, 2013, Silver Lake submitted a revised version of this non-binding proposal that clarified the amount of equity financing to be provided by the SLP Investors and by Mr. Dell.

On January 17, 2013, Mr. Mandl contacted Mr. Dell to inform him that, having received Silver Lake s revised proposal and based on discussions with the Special Committee, Mr. Mandl was pessimistic that an agreement would be reached with respect to a going private transaction and that Mr. Mandl therefore wanted to discuss the Special Committee s views as to changes the Company would need to make as a public company. In particular, Mr. Mandl discussed with Mr. Dell the opportunity to increase value by cutting costs, speeding up the process of moving to a build-to-stock business model and reaching into higher-growth markets in the EUC business.

Mr. Mandl expressed the view that the Company may need to hire a chief operating officer and asked Mr. Dell about his plans in the event a going private transaction did not occur. Mr. Dell said that he continued to believe that a going private transaction was in the best interests of the Company s stockholders, but that if such a transaction did not occur he remained committed to the Company and would continue working with the Board to increase stockholder value.

On January 18, 2013, the Board held a telephonic meeting in which Mr. Dell did not participate and at which representatives of Debevoise were present. Mr. Mandl updated the Board on the current status of the sale process, including the receipt of Silver Lake s $12.90 per share proposal. Mr. Mandl also described his conversation the previous day with Mr. Dell.

Mr. Gladden was also present for a portion of the meeting, during which he reviewed with the Board the preliminary estimates of the Company s current fiscal quarter and the Preliminary FY14 Internal Plan (as described under *Projected Financial Information Fiscal Year 2014 Plans and Budgets*) that establishes targets, on a detailed basis, for each of the Company s business segments consistent with each segment s strategic objectives and the Preliminary FY14 Board Case (as described under *Projected Financial Information Fiscal Year 2014 Plans and Budgets*), a consolidated financial forecast for the Company s business segments that reflects a more conservative view of the Company s financial performance, which is used to establish performance-based compensation targets for management. After a discussion of these matters, Mr. Gladden withdrew from the meeting and BCG, J.P. Morgan and Evercore made presentations similar to those made to the Special Committee on January 15, 2013. During the meeting, J.P. Morgan was contacted by Silver Lake, which informed J.P. Morgan that Microsoft s board had authorized it to provide $2 billion in financing for Silver Lake s proposed going private transaction. After discussion of these presentations, representatives of BCG, J.P. Morgan and Evercore withdrew from the meeting and the independent directors discussed the Company s valuation, the proposed transaction and next steps. Mr. Mandl discussed with the Board prices at which the Special Committee might be prepared to recommend a transaction, based on its evaluation of the presentation by BCG (including the BCG Forecast), the valuation analyses presented by J.P. Morgan and Evercore, and the risks presented by the other strategic alternatives available to the Company. The other directors expressed general agreement with the views of the Special Committee.

On January 19, 2013, Mr. Mandl contacted Mr. Dell to tell him that the Special Committee was willing to support a transaction at a price of $13.75 per share, subject to satisfactory resolution of contractual terms.

Mr. Dell then discussed this proposal with a representative of Silver Lake, who contacted Mr. Mandl later that day to propose a price of $13.25 per share. Mr. Mandl informed the representative of Silver Lake that his proposal to Mr. Dell was not intended to be the start of a price negotiation. The representative of Silver Lake responded that Silver Lake s investment committee had not authorized a potential transaction at a price in excess of $13.25 per share and Silver Lake would therefore have to cease work on the transaction. Mr. Mandl acknowledged that such a decision would be at Silver Lake s discretion.

Later on January 19, 2013, Mr. Dell and a representative of Silver Lake contacted Mr. Mandl to suggest that Silver Lake discuss its purchase price proposal with J.P. Morgan in order to move the process forward. Thereafter, Mr. Mandl authorized J.P. Morgan to speak with Silver Lake regarding the purchase price.

J.P. Morgan subsequently held discussions with Silver Lake regarding its purchase price proposal between January 19, 2013 and January 22, 2013.

On January 20, 2013, a representative of Silver Lake informed J.P. Morgan that Silver Lake would be willing to increase its offer price to $13.50 per share. J.P. Morgan stated that the Special Committee would not be satisfied with a price of $13.50 per share.

On January 21, 2013, representatives of Silver Lake shared with Mr. Dell and representatives of Wachtell Lipton a draft investor agreement and shareholder agreement term sheet including proposed terms with respect to the governance of the Company following a going private transaction, a term sheet reflecting proposed terms for Mr. Dell s employment and a proposal that Mr. Dell value his shares for purposes of a rollover in the transaction below the price to be offered to the public shareholders as a means for Silver Lake to be willing to increase its price above $13.50 per share. Representatives of Silver Lake and Simpson Thacher began discussing these proposals with Mr. Dell and representatives of Wachtell Lipton and MSD Capital over the next several days. Mr. Dell stated that he would consider reducing the valuation of his rollover shares to $13.36 per share as a means of permitting Silver Lake to increase its offer to $13.60 per share, and prior to the execution of the merger agreement, Mr. Dell agreed to do so.

On January 22, 2013, a representative of Silver Lake informed J.P. Morgan that it would submit a revised proposal within the next few days.

On January 24, 2013, a representative of Silver Lake notified J.P. Morgan by telephone that Silver Lake was willing to increase its offer price to $13.60 per share, and that this price represented its best and final offer. That day, a representative of Silver Lake informed Mr. Mandl that $13.60 per share was the highest price it was willing to pay. Mr. Dell separately informed Mr. Mandl that Mr. Dell did not believe that Silver Lake would be willing to agree to any further increase in its offer price.

Also on January 24, 2013, Evercore received a telephone call from a strategic party (Strategic Party A), expressing interest in purchasing DFS for an amount approximately equal to the book value of its assets, which was estimated to be approximately $3.5 billion to $4 billion, not taking into account related indebtedness. Evercore also received a telephone call from Blackstone, stating that it would expect to explore making a proposal to acquire the Company during a go-shop period, and seeking assurances that any definitive agreement the Company may be considering entering into would provide for a meaningful go-shop process. In addition, on January 24, 2013 and on certain occasions in the days prior to that date, Mr. Tu received requests from Southeastern to enter into a confidentiality agreement with the Company in order to obtain confidential information regarding the Company s reported consideration of a going private transaction.

Later on January 24, 2013, the Special Committee held a telephonic meeting at which representatives of Debevoise were also present. Mr. Mandl reported on the calls he had received from J.P. Morgan, Mr. Dell and Silver Lake regarding the increased offer price of $13.60 per share. Representatives of Debevoise reported on the

calls received by Evercore from Strategic Party A and Blackstone and the calls received by Mr. Tu from Southeastern. The Special Committee discussed these matters, including, among other topics, how the Special Committee might evaluate the proposal by Strategic Party A, how the go-shop process should be structured and what assurances might be sought from Mr. Dell to increase the likelihood of a successful competing bid, and how the Company should respond to Southeastern. It was the consensus of the Special Committee that Mr. Mandl should communicate to Mr. Dell that the Special Committee desired to learn what material issues might arise from the negotiation of the draft definitive merger agreement and related agreements prepared by Debevoise, and that these issues should progress in parallel with issues relating to valuation. Accordingly, the Special Committee authorized Debevoise to send draft transaction agreements to Silver Lake and to Mr. Dell. The Special Committee determined that Mr. Mandl should contact Southeastern to understand its intentions. The Special Committee also determined that it would request further analysis from BCG regarding the potential sale of the DFS business and the possibility of separating the Company s EUC business.

On January 25, 2013, Mr. Mandl informed Mr. Dell by telephone that, while the Special Committee had not decided whether it would recommend a sale transaction at $13.60 per share, the Special Committee desired to learn what material issues would arise from the negotiation of the draft definitive merger agreement and related agreements prepared by Debevoise, and that these issues should progress in parallel with issues relating to valuation. Later that day, Debevoise sent a draft merger agreement and voting and support agreement to Silver Lake, and forwarded the draft agreements to Wachtell Lipton the next day.

On January 29, 2013, Mr. Mandl and a representative of Debevoise met with representatives of Southeastern and its outside counsel. At the meeting, Southeastern indicated that it had read reports of a potential going private transaction and that it would oppose any deal involving merger consideration in the range of $14 or $15 per share that did not provide existing large stockholders with an opportunity to roll over a portion of their equity interests in the Company. Southeastern requested that the Company enter into a confidentiality agreement that would permit Southeastern to receive information about any proposed going private transaction.

Also on January 29, 2013, Simpson Thacher sent Debevoise a revised draft of the merger agreement, reflecting Simpson Thacher s and Wachtell Lipton s collective comments. That afternoon, the Special Committee held a telephonic meeting, at which Debevoise was present, to discuss certain of the issues raised by the revised draft of the merger agreement. Among other changes proposed by the revised draft, the agreement would (i) not permit the Company to continue to pay regular quarterly cash dividends between signing and closing, (ii) not include a closing condition requiring that the merger agreement be adopted by holders of a majority of the outstanding shares of Common Stock entitled to vote thereon not held by Mr. Dell, certain parties related to him and members of management, (iii) limit the Company s flexibility to consider and approve competing proposals, including by providing the buyer with unlimited matching rights with respect to any competing proposal that the Special Committee was prepared to recommend and (iv) not provide the Company with the right to seek specific performance of the terms of the agreement. The Special Committee discussed the risk that requiring that the merger agreement be adopted by holders of a majority of the outstanding shares of Common Stock entitled to vote thereon not held by Mr. Dell, certain parties related to him and members of management, might incentivize some market participants to seek to disrupt the proposed transaction in order to generate short-term gain. However, the Special Committee determined to continue to insist that such a provision be included because the Special Committee believed it was in the best interests of the Company s unaffiliated stockholders. After discussion, the Special Committee determined that Debevoise should contact Simpson Thacher and Wachtell Lipton to seek satisfactory resolution of those fundamental issues. Mr. Mandl also updated the Special Committee on the meeting he had attended earlier in the day with representatives of Southeastern.

Also on January 29, 2013, Mr. Mandl and Mr. Dell discussed by telephone the next steps in the process of negotiating the terms of the transaction and agreed that the parties and their advisers should meet in person on January 31, 2013.

Later on January 29, 2013, representatives of Debevoise contacted representatives of Wachtell Lipton and Simpson Thacher to describe the discussion with Southeastern earlier that day and to explain the Special

Committee s views on the fundamental issues raised by the proposed revisions to the merger agreement. Representatives of Wachtell Lipton and Simpson Thacher subsequently confirmed to representatives of Debevoise that Mr. Dell and Silver Lake were not willing to modify their previous proposal in order to provide that the public stockholders would have an opportunity to retain an interest in the Company.

On January 31, 2013, Mr. Dell, certain other members of Dell management, Mr. Mandl and representatives of Silver Lake, J.P. Morgan, Evercore, Debevoise, Simpson Thacher and Wachtell Lipton met at Debevoise s offices in New York to negotiate the terms of a possible transaction. During that day and the days that followed until the morning of February 5, 2013, the parties held numerous discussions regarding the terms, and exchanged revised drafts, of the merger agreement and related agreements, including equity commitment letters from the MD Investors, the SLP Investors and the MSDC Investor (collectively, the equity commitment letters). Among other matters, the parties ultimately agreed to (i) allow the Company to continue to pay regular quarterly cash dividends between signing and closing, (ii) include a closing condition requiring that the merger agreement be adopted by holders of a majority of the outstanding shares of Common Stock entitled to vote thereon not held by Mr. Dell, certain related family trusts and members of management, or other persons having an equity interest in, or any right to acquire any equity interest in, Merger Sub or any person of which Merger Sub is a direct or indirect subsidiary, (iii) allow the Company to actively solicit competing proposals during a 45-day go-shop period and, in certain circumstances, continue negotiating after the expiration of that go-shop period with parties that made competing proposals during that initial 45-day period, (iv) sharply limit the buyer s matching rights by allowing it, only on a single occasion, to negotiate with the Company to match the terms of any superior proposal, and (v) provide the Company with the right, under certain circumstances, to seek specific performance of the buyer s obligation to cause, and to seek specific performance to directly cause, the buyer s equity financing sources to fund their contributions as contemplated by their equity commitment letters. Also during this time period, representatives of Simpson Thacher and Wachtell Lipton continued to discuss and negotiate the drafts of the investor agreement, shareholder agreement term sheet and employment agreement term sheet reflecting the proposed arrangements among the SLP Investors, the MD Investors and the MSDC Investor.

On February 2, 2013, the parties met at Debevoise s offices in New York to discuss the major outstanding issues in the negotiations, including the purchase price and whether the Company would be permitted to continue to pay regular quarterly dividends after entering into a merger agreement. Mr. Mandl stated that the Special Committee would be willing to agree to discontinue payments of the Company s regular quarterly dividends if the merger price per share was $13.80. Silver Lake responded that it would not be able to agree to a price in excess of that reflected in its prior proposal. Mr. Mandl stated that the Special Committee was not satisfied with Silver Lake s proposal.

On February 3, 2013, Silver Lake submitted a revised non-binding proposal, which it stated was its best and final offer and was not subject to further negotiation. Silver Lake shared and discussed a draft of this proposal with Mr. Dell and representatives of Wachtell Lipton and MSD Capital prior to submitting it. The proposal provided alternatives of (i) a price of $13.60 per share, with the Company being permitted to continue paying its regular quarterly dividend, or (ii) a price of $13.75 per share, with the Company being prohibited from paying any dividends. That day, the Special Committee held a telephonic meeting at 12:00 p.m. at which representatives of Debevoise, J.P. Morgan and Evercore were present, to discuss these alternatives. The Special Committee and its advisors discussed the proposal and the possibility of seeking an improved price despite Silver Lake s assertion that its latest offer represented its best and final price. The Special Committee also considered the likely timetable to complete a transaction and factors that could affect that timetable, including the need for various regulatory approvals and the potential results of the Company s go-shop process, the incentives each proposal could create on the part of Silver Lake and Mr. Dell in terms of seeking to complete the transaction on a timely basis, and the likely reaction of the Company s stockholders if the quarterly dividend were to be discontinued. After discussion, it was the consensus of the Special Committee that it should focus on a structure that preserved the Company s ability to pay a regular quarterly dividend, and that Mr. Mandl should seek to negotiate a higher price.

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Following this discussion, Mr. Mandl contacted Mr. Dell and a representative of Silver Lake to inform them that the Special Committee was not interested in pursuing the proposal that would require the Company to discontinue the dividend, and that the Special Committee was not satisfied with a price of $13.60 per share. Silver Lake expressed its unwillingness to increase the price. Mr. Mandl then informed Silver Lake and Mr. Dell that the Special Committee would meet later that day to consider next steps.

The Special Committee and its advisors reconvened in a telephonic meeting at 3:30 p.m. Mr. Mandl reported on his conversation with Mr. Dell and Silver Lake. Also at this meeting, Debevoise updated the Special Committee on the open issues in the merger agreement and related documents.

The Special Committee and its advisors reconvened in a telephonic meeting at 6:00 p.m. Debevoise reported that Mr. Dell and representatives of Silver Lake had left New York without agreeing to any price increase. Debevoise also updated the Special Committee on the continuing negotiation of the merger agreement and related documents. After discussion, it was the consensus of the Special Committee that the lawyers should continue to make progress on the transaction documents.

On the morning of February 4, 2013, the Special Committee held an in-person meeting, at which representatives of Debevoise were present, at Debevoise s offices in New York. Debevoise updated the Special Committee on the status of negotiations with Mr. Dell and Silver Lake, and reported that Silver Lake was continuing to evaluate the Special Committee s insistence on a price above $13.60 per share, with the Company being permitted to continue paying its regular quarterly dividend.

Following the meeting, Mr. Mandl and a representative of Debevoise received a telephone call from representatives of Simpson Thacher and Silver Lake agreeing to increase Silver Lake s proposal to $13.65 per share, with the Company being permitted to continue paying its regular quarterly dividend.

That afternoon, the Special Committee reconvened in a meeting at Debevoise s offices, at which Debevoise, BCG, J.P. Morgan and Evercore were present. Mr. Mandl reported to the Special Committee that Silver Lake had increased its price to $13.65 per share, with the Company being permitted to continue paying its regular quarterly dividend. Debevoise informed the Special Committee that Silver Lake s representatives had stated clearly that this price increase was being made to accommodate the Special Committee s insistence on a price above $13.60 per share, and that there was no further room for price negotiation.

At this meeting, Debevoise reviewed with the members of the Special Committee (i) their fiduciary duties under Delaware law, including their obligation in a change of control transaction to seek the best price reasonably available, (ii) the process the Special Committee had followed to this point and (iii) the advice the Special Committee had received from its advisers as to the financial sponsors most likely to be able to undertake an acquisition of the Company, the likelihood of a strategic party s interest in such a transaction, and the likelihood that a well-structured go-shop process would provide a meaningful opportunity for both strategic and financial parties to make proposals that could result in a superior transaction. Debevoise noted that the merger agreement contained certain provisions that were designed to encourage a fruitful go-shop process, including (i) a 45-day initial go-shop period, (ii) sharply limited matching rights that would allow Mr. Dell and Silver Lake, only on a single occasion, to negotiate with the Company to match the terms of any superior proposal and (iii) a low termination fee of $180 million payable by the Company if it were to terminate the merger agreement to enter into an acquisition agreement related to a superior proposal with a party that provides an acquisition proposal during the go-shop period that is or could reasonably be expected to result in a superior proposal. Debevoise also reviewed with the Special Committee the terms of the merger agreement and related documents that had been negotiated with counsel to Mr. Dell and Silver Lake.

BCG made a presentation to the Special Committee in which it reviewed its assessment of a number of strategic alternatives available to the Company and updated the Committee on its work analyzing the possibility of separating the Company s EUC business. BCG expressed the view that the risks and costs of such a transaction,

in terms of revenue and cost dis-synergies, execution risk, time to completion and transaction costs, appeared to substantially outweigh the potential benefit that would arise from having the public markets attach a higher valuation multiple to a new company containing the Company s ESS business. BCG also discussed the possibility of a disposition of DFS, agreeing with the Special Committee s financial advisors that such a transaction did not appear to create substantial value for the Company, although it could be a way for an acquiror to provide equity capital in a sale transaction.

J.P. Morgan made a presentation to the Special Committee in which it provided an overview of changes to the Company s stock price since August 20, 2012, the industry outlook for the EUC market, a review of the Company s historical and projected financial performance, and a review of the various forecasts (including the BCG Forecast, September 21 Case and consensus analyst estimates) that had been presented to the Special Committee. J.P. Morgan summarized its financial analysis of the $13.60 per share proposal (which J.P. Morgan noted would be updated to reflect the revised $13.65 per share proposal), with the Company being permitted to continue paying its regular quarterly dividend, and then rendered to the Special Committee an oral opinion, which was subsequently confirmed by delivery of a written opinion dated February 4, 2013, to the effect that, based on and subject to the matters described in the opinion, as of such date, the consideration to be paid to the holders of Common Stock (other than shares of Common Stock held in treasury or owned by Merger Sub and its subsidiaries, other excluded shares, Company restricted shares and dissenting shares) in the proposed merger was fair, from a financial point of view, to such holders.

Evercore made a presentation to the Special Committee in which it provided an overview of the stock price performance of the Company over the past year, the valuation analyses Evercore performed and the assumptions underlying those analyses. Evercore summarized its financial analysis of the $13.60 per share proposal (which it noted would be updated to reflect the revised $13.65 per share proposal), with the Company being permitted to continue paying its regular quarterly dividend, and then rendered to the Special Committee an oral opinion, which was subsequently confirmed by delivery of a written opinion dated February 4, 2013, to the effect that, based on and subject to the matters described in the opinion, the $13.65 per share merger consideration was fair, from a financial point of view, to the holders of the shares of Common Stock entitled to receive such merger consideration.

Following a discussion of the presentations from Debevoise, BCG, J.P. Morgan and Evercore, the Special Committee unanimously resolved to recommend to the Board that it accept the $13.65 per share proposal.

Later on February 4, 2013, the Board held a telephonic meeting at which representatives of Debevoise, BCG, Evercore and J.P. Morgan were present. Mr. Dell did not participate in this meeting. Mr. Mandl began the meeting by announcing that Silver Lake had increased its price to $13.65 per share, with the Company s being permitted to continue paying its regular quarterly dividend. Mr. Mandl stated that it was the recommendation of the Special Committee that the Board accept the $13.65 per share going private proposal made by Mr. Dell and Silver Lake. At the request of Mr. Mandl, each of BCG, J.P. Morgan and Evercore made presentations to the Board similar to those made to the Special Committee earlier that afternoon. A representative of Debevoise then updated the Board regarding the negotiation of the merger agreement and related documents. The meeting adjourned at approximately 3:30 p.m., and the Board and the Special Committee s advisers agreed to reconvene the meeting at 11:00 p.m. that evening.

At approximately 11:00 p.m. on the evening of February 4, 2013, the Board reconvened in a telephonic meeting, again without Mr. Dell s participation. Mr. Mandl began this portion of the meeting by stating that Debevoise had circulated to the Board a form of merger agreement for the transaction.

Representatives of Debevoise then reviewed with the Board the principal terms of the merger agreement and the other transaction documents, as well as proposed resolutions to approve the transaction. After discussion, the Board (with the exception of Mr. Dell, who was not present) unanimously adopted the resolutions.

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Following the adjournment of the Board meeting, representatives of Debevoise, Simpson Thacher and Wachtell Lipton worked through the night of February 4 to finalize the transaction documentation.

On the morning of February 5, 2013, the parties executed and delivered the merger agreement and related agreements and the Company issued a press release announcing the transaction.

On March 7, 2013, the Board held an in-person meeting at which representatives of Debevoise were present. During the meeting, Mr. Gladden presented proposed final versions of the Internal Plan and the Board Case for fiscal year 2014 to the Board (as described under *Projected Financial Information Fiscal Year 2014 Plans and Budgets* beginning on page 98). Mr. Dell was present at the meeting but did not participate in Mr. Gladden s presentation. Following Mr. Gladden s presentation, members of the Board raised concerns about the increase in projected revenue contained in the Board Case as compared to the Preliminary FY14 Board Case, as well as the achievability of the projections in the Board Case more generally. At the meeting, it was decided that Mr. Gladden should work with Shantanu Narayen, the chair of the Leadership Development and Compensation Committee, to consider more conservative sensitivities and develop a final proposal for the Board Case for fiscal year 2014. Thereafter, management presented a more conservative version of the Board Case. The Internal Plan as presented at the March 7, 2013 meeting and the Board Case as revised after that meeting were approved by the Board by unanimous written consent as of March 20, 2013.

The merger agreement provides that after the execution and delivery of the merger agreement and until 12:01 a.m., New York time, on March 23, 2013 (the go-shop period), the Company and its subsidiaries and their respective representatives may initiate, solicit and encourage the making of alternative acquisition proposals, including by providing nonpublic information to, and participating in discussions and negotiations with, third parties in respect of alternative acquisition proposals (the go-shop process). Promptly after the announcement of the merger agreement on February 5, 2013, at the direction and under the supervision of the Special Committee, Evercore began the go-shop process on behalf of the Company. During the go-shop period, Evercore contacted a total of 67 parties, including 19 strategic parties, 18 financial sponsors and 30 other parties, including sovereign wealth funds, to solicit interest in pursuing a possible transaction. Evercore also received unsolicited inquiries regarding a possible transaction from four additional parties, including two strategic parties and two financial sponsors. Of the 71 total parties with which Evercore communicated, the 11 parties discussed below expressed interest in evaluating a possible transaction. In addition, Evercore contacted Sponsor A to inquire whether Sponsor A would participate in the go-shop process but Sponsor A declined.

On February 6, 2013, Blackstone informed Evercore that it would like to obtain confidential information regarding the Company in connection with its consideration of a possible transaction with respect to the Company, and Evercore sent a draft confidentiality agreement to Blackstone. On February 15, 2013, Blackstone delivered a mark-up of the confidentiality agreement to Debevoise. After subsequent negotiations, a confidentiality agreement between the Company and Blackstone was executed on February 22, 2013. Blackstone was granted access to an electronic data room later that day and subsequently conducted due diligence, including through discussions with members of the Company s management (including with Mr. Dell), with respect to the Company. In their initial discussions, representatives of Blackstone indicated to representatives of Evercore that Blackstone intended to form a consortium to pursue a possible transaction, which it was permitted to do, subject to certain limitations, by the terms of its confidentiality agreement with the Company.

Also on February 6, 2013, the confidentiality agreement that was previously signed by Sponsor B was amended to allow Sponsor B to discuss the transaction with other parties and Evercore reinstated Sponsor B s access to an electronic data room.

On February 8, 2013, Strategic Party A informed Evercore that it would like to obtain confidential information regarding the Company in connection with its consideration of a possible transaction with respect to DFS, and Evercore sent a draft confidentiality agreement to Strategic Party A. On February 14, 2013, Strategic Party A delivered a mark-up of the con