DELL INC
Form PRER14A
May 10, 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**

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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 9, 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 61 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.

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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 61 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

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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.

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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 18, 2013, a reasoned submission was made to the European Commission asking for the referral of jurisdiction over the transaction from the Member States with jurisdiction. On April 22, 2013, a draft filing was submitted, but not yet accepted, under the antitrust and competition laws of China and the applicable filing was made under the merger control and antitrust laws of Canada. 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.

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

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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.

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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

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 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.

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

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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 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

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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

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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.

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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

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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 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 61. 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 61 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

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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.

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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

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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

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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.

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 confidentiality agreement to Debevoise. After subsequent negotiations, a

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confidentiality agreement between the Company and Strategic Party A was executed on February 20, 2013. Strategic Party A was granted access to an electronic data room the following day and subsequently conducted due diligence, including through discussions with members of the Company s management (not including Mr. Dell), with respect to DFS. Each of Strategic Party A and Blackstone informed representatives of Evercore that it was considering pursuing a transaction as part of a consortium with the other.

On February 9, 2013, another financial sponsor (Sponsor C) 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 Sponsor C. On February 11, 2013, Sponsor C delivered a mark-up of the confidentiality agreement to Debevoise. After subsequent negotiations, a confidentiality agreement between the Company and Sponsor C was executed on February 17, 2013. Sponsor C was granted access to an electronic data room the following day and subsequently conducted due diligence, but did not hold discussions with members of the Company s management, with respect to the Company. On March 8, 2013, Sponsor C informed Evercore that it was not interested in pursuing a possible transaction.

Also on February 9, 2013, another strategic party (Strategic Party B) 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 a portion of the Company s business, and Evercore sent a draft confidentiality agreement to Strategic Party B. On February 27, 2013, Strategic Party B sent a mark-up of the confidentiality agreement to Debevoise. After subsequent negotiations, a confidentiality agreement between the Company and Strategic Party B was executed on March 7, 2013. Strategic Party B was not provided with access to an electronic data room or permitted to conduct due diligence due to its interest in only acquiring a portion of the Company s business and its failure to reach an arrangement with a potential partner willing to team with Strategic Party B to pursue a possible transaction for the entire Company, after Evercore had directed it to attempt to do so.

On February 13, 2013, Evercore held an in-person meeting with the senior management of a strategic party (Strategic Party C) to present the merits of a possible transaction involving the Company. On February 14, 2013, Strategic Party C 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 Strategic Party C. On February 16, 2013, Strategic Party C delivered a mark-up of the confidentiality agreement to Debevoise. After subsequent negotiations, a confidentiality agreement between the Company and Strategic Party C was executed on February 24, 2013. Strategic Party C was invited to access an electronic data room later that day, but did not accept the invitation or make any requests regarding due diligence activities.

On February 22, 2013, the Special Committee held a telephonic meeting, at which representatives of Evercore and Debevoise were present, to discuss the status of the go-shop process.

On February 26, 2013, Icahn Enterprises informed Debevoise 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 Debevoise sent a draft confidentiality agreement to Icahn Enterprises. That evening, representatives of J.P. Morgan and Debevoise met with Carl C. Icahn to discuss his potential interest in pursuing a possible transaction.

On February 28, 2013, a financial advisor to a strategic party (Strategic Party D) contacted Evercore to convey Strategic Party D s potential interest in acquiring a portion of the Company s business. Evercore sent a draft confidentiality agreement to Strategic Party D on March 1, 2013. Later on March 1, 2013, Strategic Party D sent a mark-up of the confidentiality agreement to Debevoise. After subsequent negotiations, a confidentiality agreement between the Company and Strategic Party D was executed on March 4, 2013. Strategic Party D was not provided with access to an electronic data room or permitted to conduct due diligence due to its interest in only acquiring a portion of the Company s business and its failure to reach an arrangement with a potential partner willing to team with Strategic Party D to pursue a possible transaction for the entire Company, after Evercore had directed it to attempt to do so.

On March 1, 2013, Francisco Partners III, LP (Francisco) signed a joinder to Blackstone s confidentiality agreement, and Francisco was granted access to an electronic data room on March 2, 2013 and subsequently conducted due diligence with respect to the Company.

On March 1, 2013, Evercore was informed by Blackstone that Sponsor B intended to join the consortium led by Blackstone for the purposes of making an alternative acquisition proposal.

On March 5, 2013, Icahn Enterprises sent a letter to the Board, stating that it was a substantial holder of Company shares and that it believed that the transaction contemplated by the merger agreement is not in the best interests of the Company s stockholders and substantially undervalues the Company. The Icahn Enterprises letter included a proposal for a transaction involving a leveraged recapitalization and special dividend to the Company s stockholders as an alternative transaction and indicated Icahn Enterprises intent to commence a proxy fight if the Board did not commit to support the transaction detailed in its letter in the event that the transaction contemplated by the merger agreement is not approved by the Company s stockholders.

On March 7, 2013, a representative of Icahn Enterprises contacted a representative of Debevoise to request a waiver of Section 203 of the DGCL (Section 203), which imposes restrictions on business combinations between a corporation and certain holders of 15% or more of such corporation s outstanding shares. The request was discussed between the Company s advisors and Icahn Enterprises advisors from time to time thereafter.

On March 7, 2013, the Special Committee issued a press release disclosing that the Board had received the Icahn Enterprises letter and would welcome Mr. Icahn s participation in the go-shop process.

Also on March 7, 2013, representatives of Evercore and Debevoise met with representatives of Icahn Enterprises regarding the proposal described in Icahn Enterprises March 5 letter and encouraged Icahn Enterprises to participate in the go-shop process to consider and evaluate a potential acquisition of the Company in lieu of the transaction proposed in the Icahn Enterprises letter. Prior to the meeting on March 7, 2013, Icahn Enterprises delivered a mark-up of the confidentiality agreement to a representative of Debevoise and, after subsequent negotiations, a confidentiality agreement between the Company and Icahn Enterprises was executed on March 10, 2013. Icahn Enterprises was granted access to an electronic data room the following day and subsequently conducted due diligence, including through discussions with members of the Company s management, with respect to the Company.

On March 7 and 8, 2013, Blackstone, Sponsor B and Francisco participated in in-person due diligence presentations by members of the Company s management, including Mr. Dell, at the offices of counsel to Blackstone in New York. Thereafter, Blackstone and the members of its consortium continued to conduct due diligence.

On March 11, 2013, representatives of BCG sent Blackstone a compendium of materials, which consisted of copies of the various reports that BCG had made to the Board in connection with the transaction. On March 12, 2013, representatives of Blackstone and BCG held a telephonic discussion relating to those reports.

On March 14, 2013, Icahn Enterprises notified the Company that it had filed a notification under the HSR Act with the Antitrust Division and the FTC relating to Icahn Enterprises potential acquisition of up to 25% of the Company s outstanding shares.

On March 15, 2013, the Special Committee held a telephonic meeting, at which representatives of Evercore and Debevoise were present, to discuss the status of the go-shop process.

Later on March 15, 2013, representatives of Blackstone met with Mr. Mandl and representatives of Evercore and Debevoise to discuss the status of Blackstone s evaluation of a possible transaction. At that meeting, representatives of Blackstone requested that the Company agree to reimburse costs incurred by Blackstone in connection with its consideration of a possible transaction. Mr. Mandl stated that he would inform the other members of the Special Committee of Blackstone s request.

On March 18, 2013, a strategic party (Strategic Party E) signed a joinder to Blackstone s confidentiality agreement. Strategic Party E was granted access to an electronic data room on the same day and subsequently conducted due diligence with respect to DFS.

On March 21, 2013, Evercore received, on behalf of the Special Committee, a non-binding indication of interest from Strategic Party A for a proposed acquisition of DFS, which would not constitute an acquisition proposal under the merger agreement. The indication of interest requested that Strategic Party A s proposal be considered together with any other proposals with respect to possible transactions, including the transaction contemplated by the merger agreement and any other proposals that may emerge from the go-shop process. At Strategic Party A s request, its indication of interest was subsequently shared with Blackstone, Icahn Enterprises, Mr. Dell and Silver Lake.

On March 22, 2013, the Special Committee held a telephonic meeting, at which representatives of Debevoise were present, to discuss the status of the go-shop process and the Blackstone consortium s request for expense reimbursement. At that meeting, the Special Committee discussed the terms on which it was prepared to grant the Blackstone consortium s request, and directed its advisors to communicate those terms to representatives of Blackstone. Representatives of Debevoise and Evercore subsequently discussed with representatives of Blackstone and its counsel the terms on which the Special Committee was prepared to grant the Blackstone consortium s request, and were informed that the Blackstone consortium would make a revised proposal regarding expense reimbursement in connection with the submission of its acquisition proposal.

Also on March 22, 2013, Insight Venture Management, LLC (Insight) signed a joinder to Blackstone s confidentiality agreement. Insight was subsequently granted access to an electronic data room and commenced due diligence with respect to the Company, but as of the date of the filing of this proxy had not yet held discussions with members of the Company s management.

Later on March 22, 2013, Evercore received, on behalf of the Special Committee, a non-binding proposal (the Blackstone Proposal) from the Blackstone consortium, which was led by Blackstone Management Associates VI L.L.C. and included Francisco and Insight, for a transaction in which holders of shares of Common Stock would be entitled to elect to receive cash in an unspecified amount that was stated to be in excess of $14.25 per share or to roll over their shares, subject to a cap (which was not specified) on the amount of equity that could be rolled over. The Blackstone Proposal would be funded through a combination of (i) an unspecified amount of cash equity investments by the members of the consortium, which the Blackstone Proposal stated would be in excess of the amount of cash equity financing contemplated by the equity commitment letters delivered in connection with the merger agreement, (ii) an unspecified amount of the Company s cash and cash equivalents and (iii) an unspecified amount of debt financing. The Blackstone Proposal also stated that the Blackstone consortium expects to invite certain of the Company s stockholders and other strategic and financial partners to participate in the transaction as part of the buying group.

In connection with its submission of the Blackstone Proposal, the Blackstone consortium informed the Special Committee that it was not willing to proceed with its evaluation of the transaction contemplated by the Blackstone Proposal unless, prior to 5:00 p.m. Eastern Time on March 28, 2013, it received an agreement from the Company to reimburse the Blackstone consortium s out-of-pocket expenses in connection with its evaluation of a possible transaction with the Company and an acknowledgment from the Parent Parties, the SLP Investors and Mr. Dell that such an agreement would not violate the merger agreement.

Also on March 22, 2013, Evercore, J.P. Morgan and Debevoise received, on behalf of the Special Committee, a non-binding proposal (the Icahn Proposal) from Mr. Icahn and Icahn Enterprises for a transaction in which

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holders of shares of Common Stock would be entitled to either elect to roll over their shares on a one-to-one basis or to sell their shares for cash in an amount equal to $15.00 per share, with a cap of approximately $15.6 billion on the total amount of cash that could be paid out (with pro rata cutbacks if the cash election is oversubscribed). The Icahn Proposal would be funded through a combination of (i) a cash investment by Icahn Enterprises, Mr. Icahn and affiliated parties, (ii) the Company s currently available cash and (iii) new debt financing. The Icahn Proposal stated that Icahn Enterprises and affiliated entities own approximately 80 million shares of Common Stock, and contemplated that all of those shares would be rolled over in the transaction. The Icahn Proposal also contemplated that Southeastern and T. Rowe Price, which the Icahn Proposal states has disclosed that it owns approximately 82 million shares of Common Stock, would join Icahn Enterprises and affiliated entities in committing to roll over their shares (although the Icahn Proposal also stated that Mr. Icahn and certain of his affiliates would be willing to make a cash investment to replace a portion of that rollover equity in the event Southeastern and T. Rowe Price do not commit to roll over their shares).

The Icahn Proposal, the Blackstone Proposal and the proposal received from Strategic Party A were the only proposals provided by any party to the Special Committee or its advisors regarding a possible transaction during the go-shop period.

On March 23, 2013, the Special Committee held a telephonic meeting, at which representatives of Evercore, J.P. Morgan, Debevoise and Sard Verbinnen & Co. (Sard Verbinnen), the Special Committee s public relations advisor, were also present, to discuss the Icahn Proposal and the Blackstone Proposal. At that meeting, representatives of Evercore and Debevoise reviewed the key terms of each non-binding proposal and the Blackstone consortium s request for expense reimbursement. After discussion, the Special Committee directed representatives of J.P. Morgan and Debevoise to discuss with representatives of Silver Lake the Blackstone consortium s request for expense reimbursement, including communicating to them that the Special Committee supported the request. The Special Committee also decided to meet again on March 24, 2013, at which time it would receive a more detailed presentation from representatives of Evercore.

After the conclusion of the meeting, representatives of J.P. Morgan and Debevoise contacted representatives of Silver Lake, Simpson Thacher and Wachtell Lipton, and Mr. Mandl contacted Mr. Dell, to inform them of the Blackstone consortium s request for expense reimbursement and to communicate the Special Committee s support of the request. Each of Mr. Dell and representatives of Silver Lake indicated a willingness to consider agreeing to Blackstone s request, so long as the Company also entered into an agreement with the Parent Parties pursuant to which the Company would reimburse the transaction-related expenses of the Parent Parties and their affiliates (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 (as such fee and expense reimbursement are described under *The Merger Agreement Termination Fees; Reimbursement of Expenses* beginning on page 162)).

On March 24, 2013 the Special Committee held a telephonic meeting, at which representatives of Evercore, J.P. Morgan, Debevoise and Sard Verbinnen also were present, to discuss the Icahn Proposal and the Blackstone Proposal. Representatives of Evercore and J.P. Morgan made presentations to the Special Committee regarding the Blackstone Proposal and the Icahn Proposal, including each of their preliminary analyses as to the value of the shares of the Company that would be held by the Company s stockholders after consummation of the transaction contemplated by the Icahn proposal. Representatives of Debevoise also reviewed with the Special Committee the requirements of the merger agreement with respect to the designation of a person or group of persons as an excluded party . After discussion, the Special Committee determined, after consultation with Evercore, J.P. Morgan and Debevoise, that both proposals could reasonably be expected to result in superior proposals, and therefore the group making the Icahn Proposal and the group making the Blackstone Proposal was each an excluded party under the merger agreement. Immediately after the Special Committee meeting, the members of the Special Committee and the other independent directors held a telephonic meeting at which representatives of Debevoise were also present, during which representatives of Debevoise and the members of

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the Special Committee updated the board members regarding the go-shop process, the two proposals received that qualified as acquisition proposals under the merger agreement and the unanimous determination by the Special Committee that both groups were excluded parties under the merger agreement.

In addition, representatives of Debevoise and Evercore continued discussions with representatives of Blackstone, representatives of Silver Lake, Mr. Dell and their respective counsel regarding expense reimbursement. On the morning of March 25, 2013, the Company and Blackstone entered into an amendment to Blackstone s confidentiality agreement providing that the Company will reimburse the transaction-related expenses of Blackstone and its affiliates up to a cap of $25 million. At substantially the same time, the Company also entered into a letter agreement with the Parent Parties providing that the Company 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 (as such fee and expense reimbursement are described under *The Merger Agreement Termination Fees; Reimbursement of Expenses*)). The letter agreement with the Parent Parties also provides that any amounts not reimbursed as a result of the $25 million limit on reimbursement would otherwise be subject to reimbursement pursuant the merger agreement upon the terms and conditions therein (as described under *The Merger Agreement Termination Fees; Reimbursement of Expenses*).

Also on the morning of March 25, 2013, the Special Committee issued a press release in which it announced that it had received the Blackstone Proposal and the Icahn Proposal and stated, among other things, that (i) the groups making such proposals were excluded parties under the merger agreement, (ii) the Special Committee had not determined that either the Blackstone Proposal or the Icahn Proposal in fact constitutes a superior proposal under the merger agreement and neither was at that stage sufficiently detailed or definitive for such a determination to be appropriate, (iii) the Special Committee had not changed its recommendation with respect to, and continues to support, the transactions contemplated by the merger agreement, and (iv) the Special Committee intends to continue negotiations with both the group that made the Blackstone Proposal and the group that made the Icahn Proposal.

Between March 20, 2013 and April 15, 2013, various parties entered into joinders to Blackstone s confidentiality agreement or were otherwise engaged to advise the Blackstone consortium, including two potential equity financing sources, four potential debt financing sources and ten advisory firms (including accountants and consultants). These parties subsequently participated in the due diligence process being conducted by the Blackstone consortium.

On March 26, 2013, two representatives of Blackstone met with Mr. Dell to discuss the potential Blackstone proposal, including the possibility of Mr. Dell participating in a transaction as part of the Blackstone consortium. Subsequent to that meeting, Mr. Dell suggested to the Blackstone representatives that Blackstone provide Mr. Dell with a proposal as to capital structure, equity ownership and governance at such time as Blackstone was able to do so. Over the next few weeks, Mr. Dell had occasional additional contacts with the representatives of Blackstone, including in connection with Blackstone s due diligence reviews, but did not receive any proposals from Blackstone with respect to capital structure, equity ownership or governance.

On March 27, 2013, Debevoise provided to Icahn Enterprises a draft agreement that contemplated a waiver of certain transactions for purposes of Section 203 in exchange for certain restrictions on the ability of Icahn Enterprises and its affiliates to purchase, and enter into agreements with respect to, shares of Common Stock.

On March 29, 2013, representatives of Blackstone indicated to representatives of Evercore that Blackstone no longer intended to pursue a sale of DFS as a possible source of financing for a transaction and instead intended to pursue financing by selling receivables of DFS while retaining the DFS business as part of the Company s overall business. In addition to Strategic Party A and Strategic Party E, between April 8, 2013 and April 11, 2013, six parties entered into joinders to Blackstone s confidentiality agreement in order to conduct due diligence with respect to a potential sale of receivables of DFS.

On April 2, 2013, representatives of Icahn Enterprises made a request to representatives of Evercore that Icahn Enterprises, in connection with its evaluation of a potential transaction with the Company, be reimbursed for its expenses on the same terms as those provided to the Blackstone consortium and Silver Lake.

On April 5, 2013, the Special Committee held a telephonic meeting at which representatives of Evercore, J.P. Morgan, Debevoise and Sard Verbinnen were also present to discuss the status of the due diligence processes being conducted by the Blackstone consortium and Icahn Enterprises. Representatives of Evercore reported on Icahn Enterprises expense reimbursement request, and representatives of Debevoise reported on the status of negotiations with Mr. Icahn and Icahn Enterprises regarding (i) Icahn Enterprises request for a waiver under Section 203, and (ii) the Special Committee s request that Mr. Icahn and Icahn Enterprises agree not to purchase Company shares or enter into agreements with other stockholders that would cause them to own shares in amounts over agreed thresholds. Following this meeting, the Special Committee sent a letter to Mr. Icahn stating that it would grant the Icahn Enterprises request for expense reimbursement only if he and Icahn Enterprises would commit to work within the process the Special Committee had established for a possible transaction.

Members of the Blackstone consortium and its advisors held various telephonic due diligence discussions with management of the Company in the period after submission of the Blackstone Proposal. During the period from April 8, 2013 to April 16, 2013, representatives of the Blackstone consortium and its debt financing sources and financial, accounting and other advisors conducted in-person due diligence sessions in Round Rock, Texas on various topics with members of the Company s senior management, including Mr. Dell. During the week of April 15, Blackstone s legal advisors conducted additional telephonic discussions with Debevoise and members of the Company s management on a number of topics.

On April 10, 2013, International Data Corporation, an independent market research firm, issued a report on the PC market (the IDC Report), which stated that total worldwide PC shipments in the first quarter of 2013 had declined approximately 14% compared to the first quarter of 2012.

On April 12, 2013, Mr. Gladden, Mr. Dell and other members of the Company s senior management met with representatives of the Blackstone consortium, the lead bank from Blackstone s debt financing syndicate and other members of Blackstone s debt financing syndicate to deliver a management presentation to the members of the debt financing syndicate to assist with the preparation of financing proposals.

Also on April 12, 2013, the Special Committee held a telephonic meeting at which representatives of Evercore, J.P. Morgan, Debevoise and Sard Verbinnen were also present to discuss the status of discussions with the Blackstone consortium and Icahn Enterprises. At that meeting, Mr. Mandl reported that he had spoken with a representative of Blackstone who had expressed concerns about the implications of the IDC Report. Also at that meeting, representatives from Debevoise reviewed the terms of a proposed agreement with Mr. Icahn and Icahn Enterprises under which (i) Mr. Icahn and Icahn Enterprises would agree not to make purchases that would cause them to own more than 10% of the Company s shares or enter into agreements with other stockholders who, together with the Icahn entities, would collectively beneficially own in excess of 15% of the Company s shares, and (ii) the Board would adopt resolutions approving certain transactions involving Mr. Icahn, Icahn Enterprises and their respective affiliates for purposes of Section 203 (the Icahn Agreement). The Special Committee determined to recommend that the Board approve the Icahn Agreement.

On April 15, 2013, the Board held a telephonic meeting in which Mr. Dell did not participate, at which representatives of Debevoise and Sard Verbinnen were also present. The Board, by unanimous vote of those present, approved the Icahn Agreement and adopted resolutions granting a limited waiver under Section 203. Later that day, the Company, Icahn Enterprises and Mr. Icahn entered into the Icahn Agreement.

On April 18, 2013, a representative of Blackstone informed Mr. Mandl that Blackstone had decided not to submit a definitive proposal to acquire the Company and was withdrawing from the process as a result of its concerns about the PC industry outlook, and, in particular, the negative trend reflected in the IDC Report, as well as the

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downward trend in the Company s projected operating income for the current year. Blackstone subsequently delivered a letter to this effect to the Special Committee dated the same date.

On May 9, 2013, the Company received a letter from Icahn Enterprises and Southeastern (the Icahn-Southeastern Letter), which was also disclosed by Icahn Enterprises and Southeastern in Schedule 13D, filings with the SEC, stating, among other things, their opposition to the transactions contemplated by the merger agreement and outlining a potential transaction in which the Company s stockholders would be entitled to elect to receive either $12.00 per share in cash or $12.00 in additional shares (based on a value which the Icahn-Southeastern Letter says would be assumed to be $1.65 per share) for each share currently held, in addition to retaining their current shares. The Icahn-Southeastern Letter did not provide details as to how the proposed transaction would be implemented and was not accompanied by commitments for the debt financing the proposed transaction would require.

On May 10, 2013, the Special Committee held a telephonic meeting, with representatives of Debevoise, J.P. Morgan, Evercore, BCG, Sard Verbinnen and MacKenzie Partners Inc. present, at which they discussed the Icahn-Southeastern Letter, among other matters. Also on May 10, 2013, the Special Committee issued a press release stating that it had received and was reviewing the potential transaction described in the Icahn-Southeastern Letter.

Reasons for the Merger; Recommendation of the Board of Directors; Fairness of the Merger

Determinations of the Special Committee

On February 4, 2013, the Special Committee, consisting entirely of independent and disinterested directors, and acting with the advice of its own independent legal and financial advisors and other experts, unanimously (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 the MD Investors and the Gift Trusts), (ii) recommended that the Board approve and declare advisable the merger agreement and the transactions contemplated therein, including the merger, and (iii) recommended that the Company s stockholders vote for the adoption of the merger agreement. The Special Committee further believes that the merger is fair to the Company s unaffiliated security holders, as defined under Rule 13e-3 of the Exchange Act.

In the course of making the determinations described above, the Special Committee considered the following factors relating to the Company, its business and prospects, and the risks and challenges facing it, and to the merger agreement and the transactions contemplated thereby, including the merger (all of which factors tended to support the recommendation and consummation of such agreement and transactions, but which factors are not intended to be exhaustive and are not presented in any relative order of importance):

- the Special Committee s review, with the assistance of J.P. Morgan, Evercore and BCG, of the nature and current state of, and prospects for, the industries in which the Company operates and the Company s competitive position and prospects within those industries, as well as general economic and stock market conditions, including:

  - fundamental changes in the PC market, including a decline in worldwide revenues for desktop and laptop PCs and lower shipment forecasts for PC products; rapidly declining margins as demand for PC products shifts from higher-margin premium products to lower cost and lower margin products, particularly in emerging markets; significant and increasing competition from efficient, low-cost manufacturers relying primarily on a build-to-stock business model, rather than the build-to-order business model historically used by the Company, and from manufacturers of innovative, higher-margin PC products, which competition could result in reduced profit margins, further loss of market share for the Company s products and services, or both;

  - long-term challenges that are likely to affect PC sales, including a general lengthening of the replacement cycle for PC products, the uncertain adoption of the Windows 8 operating system and unexpected slowdowns in enterprise Windows 7 upgrades, increasing consumer interest in tablets and smartphones, the potential substitution of these products for PC products and the related fact that the Company currently sells tablets only in limited quantities and does not manufacture smartphones;

the uncertain outlook for global information technology spending generally and the PC market specifically, and the related challenges for the Company and other technology companies in accurately forecasting future demand for their products and services; and

general macroeconomic challenges and economic weakness that could continue to result in reduced consumer and business spending;

the Special Committee s review, with the assistance of J.P. Morgan, Evercore and BCG, of the Company s business, operations, financial condition, management, earnings, prospects and strategy, including:

the risks and challenges inherent in executing the Company s long-term business strategy of shifting its portfolio toward products and services that provide higher-value and recurring revenue streams and, as part of this strategy, expanding the Company s ESS business, including, among other matters:

the fact that, according to the Company s management, executing this strategy would require at least three to five years to reach fruition and would require additional investments that could weaken earnings for two or more years and increase pressure on the Company s stock price;

the risk that the Company s ability to make such investments would be affected by the negative trends in its EUC business, the cash flow from which has historically financed the growth of the Company s ESS business, as well as the EUC business need for substantial cash resources to transition to a build-to-stock business model from the Company s historical build-to-order business model;

the Company s slow progress to date in implementing changes needed to execute this strategy and the Special Committee s uncertainty as to the Company s ability to fully execute this strategy in light of this slow progress and the slow growth to date of the Company s ESS business; the Company s underperformance in various segments of its ESS business relative to the performance of the Company s competitors; the fact that, in connection with this strategy, the Company had used approximately $11.4 billion of its cash resources over the past four years to fund acquisitions since the beginning of fiscal year 2010, which BCG advised the Special Committee had thus far yielded lower returns relative to their expected returns; and the fact that, in spite of such acquisitions, the Company s EUC and EUC-driven business remained the source of approximately 65% of the Company s revenue as of January 2013; and

the fact that the Company s recent acquisitions have not yet been fully assimilated and integrated, and the products and services of the acquired businesses have not yet been coordinated into an integrated, state-of-the-art offering; the fact that the Company s sales force has not yet been re-purposed so that it can effectively sell such an offering to the Company s targeted markets; and the risks and challenges inherent in achieving such assimilation and integration, creating such an offering and re-purposing the Company s sales force;

the fact that some competitors in the higher-value and higher-margin product and service segments being pursued by the Company have substantially larger scale, cash flows and research and development budgets, and the related risk that contracting volume in the pursuit of higher-margin sales could continue to lead to scale and cost disadvantages for the Company;

the Company s loss of market share in key emerging markets, particularly China and India, that had historically been major growth drivers for the Company;

the fact that, as of the completion of the third quarter of fiscal year 2013, the Company s revenue for each of its prior seven fiscal quarters was below both management s budget and, with the exception of one quarter, consensus analyst estimates, while the Company s earnings per share performance was mixed compared with management s budget and consensus analyst estimates; and

the Special Committee s belief that the Company s failure to achieve forecasted revenue and earnings per share in recent fiscal quarters had undermined investors and analysts confidence in the Company s management, to the detriment of the Company s ability to execute long-term strategic plans that, in the short term, may not increase, or may have a negative effect on, revenue, expenses or earnings per share, as well as the likely customer reaction to the public execution of such long-term plans;

the Special Committee s review, with the assistance of J.P. Morgan, Evercore and BCG, of various financial projections prepared by management and a forecast prepared by BCG, each of which is discussed under *Projected Financial Information* beginning on page 94, including:

its doubt as to whether the projections set forth in the September 21 Case prepared by management, discussed under *Projected Financial Information September 21 Case* beginning on page 96, are realistically achievable in light of, among other factors, the Special Committee s views regarding the assumptions as to the PC industry outlook underlying such projections, the Company s future revenue forecasted in such projections, and the Company s historical difficulty in achieving forecasted revenue and earnings per share,

its concerns that the management initiatives reflected in certain of the sensitivities analyses included in the BCG Forecast, discussed under *Projected Financial Information BCG Forecast* beginning on page 100, including initiatives intended to achieve productivity cost reductions and to cause the Company s EUC business to become more competitive, could have a potential negative impact on the Company s short-term financial condition and on its customer and vendor relationships, as well as its concerns with respect to the substantial execution risks and uncertainty inherent in implementing those initiatives, particularly given its view that the Company would need to make changes to its executive leadership team and substantial operational changes in order to effectively implement them; and

its doubt as to whether the productivity cost reductions reflected in the BCG 75% Case, discussed under *Projected Financial Information BCG Forecast* beginning on page 100, are realistically achievable in light of, among other matters, the fact that only some of those cost reductions have been specifically identified by the Company s management and the fact that J.P. Morgan s analysis indicated that the cost reductions assumed in the BCG 75% Case would imply margins in fiscal year 2016 that are higher than those ever achieved by the Company or its principal competitors;

the Special Committee s review on behalf of the Company, with the assistance of J.P. Morgan, Evercore and BCG, of the strategic alternatives available to the Company, including remaining a public company and seeking to continue to execute the Company s existing business plan; modifications to the Company s existing business plan, including those intended to pursue lower-margin segments of the PC business; effecting a standalone leveraged recapitalization or change in dividend policy; a sale transaction in which the Company s unaffiliated stockholders would receive cash for a portion of their shares and also be required to retain a material equity interest in the Company; seeking to separate the Company s EUC business from its other businesses; seeking to dispose of DFS, the Company s financial services business; attempting to accelerate the Company s strategic transformation through acquisitions; and a sale to, or merger with, a strategic buyer, as well as, for each of these alternatives, such alternative s risks and uncertainties, potential for value creation, likelihood of successful execution, potential for disruption to the Company s business, and likely timetable, including the following factors:

with respect to remaining a public company and seeking to execute the Company s existing business plan, the Special Committee s belief that doing so may result in short-term decreases in

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earnings that would negatively affect the Company s stock price, which could in turn decrease customer confidence in the Company s long-term prospects and undermine customers willingness to make multi-year commitments to the Company s service offerings, and may require changes to the Company s executive leadership team in order to implement effectively; as well as the Special Committee s consideration of the risks and challenges inherent in executing the Company s existing strategy, as described on page 51 above;

with respect to effecting a standalone leveraged recapitalization, the Special Committee s belief that doing so, while providing certainty of value for a portion of stockholders investment in the Company, would increase the risk inherent in stockholders remaining investment in the Company; even when taking into account the certain value distributed to stockholders, would be unlikely to result in an aggregate value exceeding the $13.65 per share merger consideration; and would present a number of risks and challenges, including that such a transaction would likely:

increase the Company s leverage ratios, which in light of the Company remaining a public reporting company could in turn potentially decrease employee, customer and supplier confidence in the Company s long-term prospects and undermine customers and suppliers willingness to make multi-year commitments to the Company;

present financial and operating risks and challenges associated with the substantial increase in the Company s leverage, including subjecting the Company to potentially onerous debt service requirements and financial and restrictive covenants, as well as potentially limiting the Company s ability to aggressively implement its long-term business strategy described above, which could prolong the Company s dependence on its EUC business; and

impair the ability of DFS, the Company s financial services business, to raise external financing in a credit market environment that continues to be volatile on terms that would allow it to provide financing on competitive terms to customers;

with respect to a sale transaction in which the Company s unaffiliated stockholders would receive cash for a portion of their shares of Common Stock and also be required to retain a material equity interest in the Company, the Special Committee s belief that, while providing certainty of value for a portion of stockholders investment in the Company, such a transaction would require stockholders to continue to be exposed to the risks and challenges facing the Company, including the risks and challenges inherent in executing the Company s long-term business strategy, as discussed above, even when taking into account the certain value that would be received in the form of the cash portion of the consideration payable in such a transaction, would be unlikely to result in an aggregate value exceeding the $13.65 per share merger consideration and, since such a transaction would involve the Company s incurrence of material incremental indebtedness in order to partially fund such cash consideration, would present the risks and challenges associated with a leveraged recapitalization, as discussed above;

with respect to separating the Company s EUC business from the Company s ESS business, the complexity, execution risk and transaction costs that would likely be involved in doing so, including the need to reorganize the sales force and divide senior management across the two businesses; the potential negative effect on customer and vendor relationships; reduced opportunities for cross-selling products and services; the dis-synergies that such a separation would likely create, including increased operating expenses; the fact that, following such a separation, cash generated by the Company s EUC business would no longer be available to finance the growth of its ESS business; the fact that the growth of the ESS business is dependent, in part, on the product offerings of the EUC business forming part of a suite of products and service offerings by the Company and the ability of the EUC business to generate sales opportunities for the ESS business and the significant length of time that might be required to complete the separation, and the potential disruption to, and potential adverse impact on, the Company s business while the transaction was in progress;

with respect to a disposition of DFS, the complexity, execution risk and transaction costs that would likely be involved in doing so, and the Special Committee s belief that such a transaction was unlikely to create sufficient value for the Company s stockholders to offset potential disadvantages, such as additional costs required to replace the Company s captive financing services with third-party financing services, reduced flexibility to integrate financing services and product offerings and the negative effect on customer experience as a result of not having an integrated sales and financing team;

with respect to effecting transformative acquisitions, the Special Committee s belief that prospects for doing so in the short term were limited by the number of potential targets at reasonable valuations, the potential negative market reaction to such acquisitions and the Company s need to focus its efforts on integrating recently acquired targets; and

with respect to a sale to or merger with a strategic buyer, the Special Committee s belief that, given the uncertain macroeconomic environment and the Company s large market capitalization, a strategic buyer with the interest and capability to acquire the entire business was unlikely to be identified, and the fact that no third party (including no strategic party) other than the SLP Investors had made a proposal to acquire the Company before the execution of the merger agreement, as further discussed beginning on page 55 below;

the Special Committee s belief that, as a result of the negotiations between the parties, the merger consideration of $13.65 per share was the highest price per share for the Common Stock that Parent was willing to pay at the time of those negotiations, and that the combination of the Parent Parties agreement to pay that price and the go-shop process described below and under *The Merger Agreement Other Covenants and Agreements Acquisition Proposals* beginning on page 147 would result in a sale of the Company at the highest price per share for the Common Stock that was reasonably attainable;

the terms of the merger agreement, including the fact that the merger agreement contains go-shop provisions (as are more fully described under *The Merger Agreement Other Covenants and Agreements Acquisition Proposals* beginning on page 147) that are intended to help ensure that the Company s stockholders receive the highest price per share reasonably attainable, including:

the Company s right to solicit offers with respect to alternative acquisition proposals during a 45-day go-shop period and to continue discussions with certain third parties that make acquisition proposals during the go-shop period until the Company s stockholders approve the proposal to adopt the merger agreement;

the Company s right, subject to certain conditions, to respond to and negotiate with respect to certain unsolicited acquisition proposals made after the end of the go-shop period and prior to the time the Company s stockholders approve the proposal to adopt the merger agreement;

the Board s ability to withdraw or change its recommendation of the merger agreement, and the Company s right to terminate the merger agreement and accept a superior proposal prior to the Company s stockholders approval of the proposal to adopt the merger agreement, subject in each case to the Company s paying Parent (or one or more of its designees) a termination fee of $450 million (approximately $0.26 per share), or $180 million (approximately $0.10 per share) if the termination is in connection with the Company s entry into a definitive agreement with an excluded party with respect to a superior proposal, which amounts the Special Committee believed were reasonable in light of, among other matters, the benefit of the merger to the Company s stockholders, the typical size of such termination fees in similar transactions and the likelihood that a fee of such size would not be a meaningful deterrent to alternative acquisition proposals, as more fully described under *The Merger Agreement Termination Fees; Reimbursement of Expenses* beginning on page 162; and the fact that, although Parent has the right on a single occasion to negotiate with the Company to match the terms of any superior proposal , Parent has no such right with respect to any subsequent modifications to such superior proposal or any other superior proposal, and the Special Committee s belief that the absence of such right removes a potential deterrent to a third party s willingness to make an acquisition proposal;

the fact that no potential debt financing source (other than Microsoft) has entered into any exclusive arrangement with any of the Parent Parties, the SLP Investors, the MD Investors or the MSDC Investor or any of their respective affiliates regarding any transaction involving the Company;

the current and historical market prices of the Common Stock, including the market performance of the Common Stock relative to the common stock of other participants in the industries in which the Company operates and general market indices, the fact that the trading price of the Common Stock had declined approximately 23% over the course of the 52-week period prior to February 1, 2013, which decline the Special Committee believes reflected increasing uncertainty as to the prospects for the PC industry in general and the specific challenges faced by the Company, and the fact that the merger consideration of $13.65 per share for the Common Stock represents a premium of approximately 42% above the closing price of the Common Stock on November 30, 2012, the last trading day before an analyst report was issued by Goldman Sachs suggesting that the Company might be a target for a leverage buyout transaction, 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% above the Company s enterprise value as of January 11, 2013 (which premium the Special Committee believes is relevant because enterprise value is generally defined as equity value minus net cash and, as a result, takes into account the Company s large net cash position and the fact that potential acquirors typically are not willing to pay a premium for a company s cash), and a premium of approximately 37% above the average closing price of the Common Stock during the 90 calendar days that ended on January 11, 2013;

the fact that the merger consideration is to be paid in cash, which will allow the Company s stockholders (other than the MD Investors, the Gift Trusts and holders of certain other excluded shares) to realize a fair value, in cash, from their investment upon the closing and which will provide them with certainty of value and liquidity, especially when viewed against the risks and uncertainties inherent in the Company s prospects and the market, economic and other risks that arise from owning an equity interest in a public company;

the fact that the MD Investors agreed that their shares rolled over in the proposed transaction would only be valued at $13.36 per share as opposed to the $13.65 price being offered to the Company s unaffiliated stockholders;

the fact that the Company is permitted under the merger agreement to declare and pay regular quarterly cash dividends of $0.08 per share of Common Stock following the entry into the merger agreement and until the closing of the merger and that such dividends will be in addition to, and will not reduce, the merger consideration of $13.65 per share;

the financial analyses of J.P. Morgan, financial advisor to the Special Committee, and the opinion of J.P. Morgan, dated February 4, 2013, to the Special Committee and the Board with respect to the fairness, from a financial point of view, of 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, which opinion was based on and subject to the factors and assumptions set forth in the opinion, as more fully described under *Opinion of J.P. Morgan Securities LLC* beginning on page 61;

the financial analyses of Evercore, financial advisor to the Special Committee, and the opinion of Evercore, dated February 4, 2013, to the Special Committee and the Board with respect to the fairness, from a financial point of view, of the $13.65 per share merger consideration to the holders of shares of

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Common Stock entitled to receive such merger consideration, which opinion was based on and subject to the factors, procedures, assumptions, limitations and qualifications and other matters set forth in the opinion, as more fully described under *Opinion of Evercore Group L.L.C.* beginning on page 69;

the fact that, prior to signing the merger agreement, the Special Committee permitted three financial sponsors to conduct due diligence on the Company, including providing them with access to non-public information, that the competing firms were not permitted to interact with each other and were not permitted to reach any agreement with Mr. Dell without the prior consent of the Special Committee, and that, following such process, two of those financial sponsors (each a well-known private equity firm with substantial experience in executing large-scale transactions in the Company s industry) declined, after having performed due diligence on the Company, to submit a definitive offer to acquire the Company, citing their evaluation of the risks and challenges facing the Company associated with the fundamental changes in the PC market and the Company s recent operating performance and loss of market share;

the fact that, although an analyst report was issued by Goldman Sachs on December 3, 2012 suggesting that the Company might be a target for a leveraged buyout, and although media reports of a possible going private transaction involving the Company had been first published in the press beginning on January 14, 2013, no third party other than the SLP Investors made a proposal to acquire the Company before the execution of the merger agreement;

the fact that Evercore will receive an aggregate fee of up to $30 million, the substantial majority of which is contingent upon the Company s entering into a definitive agreement for a superior proposal as a result of the go-shop process, and the Special Committee s belief that this fee appropriately incentivizes Evercore to conduct the go-shop process in a manner that maximizes the likelihood of obtaining a superior proposal;

the fact that neither the MD Investors nor the Gift Trusts have entered into any exclusivity arrangements with the SLP Investors and the MD Investors and the Gift Trusts have agreed in the voting agreement, if requested to do so by the Special Committee or the Board, to explore in good faith the possibility of working with any third parties regarding any alternative acquisition proposal (including taking part in meetings and negotiations) to the extent the Company is permitted to engage in discussions with such third parties under the merger agreement;

the fact that, if the merger agreement is terminated in connection with the Company s entry into a definitive agreement with respect to a superior proposal, the MD Investors and the Gift Trusts have agreed in the voting agreement to vote their shares of Common Stock in the same proportion in favor of such superior proposal as the shares of Common Stock held by unaffiliated stockholders are voted or, at their option, entirely in favor of such superior proposal;

the likelihood of the merger s being completed, based on, among other matters:

the Parent Parties having obtained committed debt and equity financing for the transaction, the limited number and nature of the conditions to the debt and equity financing, the reputation of the financing sources and the obligation of the Parent Parties to use reasonable best efforts to obtain the debt financing;

the absence of a financing condition in the merger agreement;

the Company s ability, under circumstances specified in the merger agreement, to seek specific performance of Parent s obligation to cause, and, pursuant to the equity commitment letters described under *Financing for the Merger* beginning on page 102, to seek specific performance to directly cause, the equity financing sources under those commitment letters to fund their respective contributions as contemplated by those commitment letters; and

the requirement that, in the event of a failure of the merger to be consummated under certain circumstances, Parent pay the Company a termination fee of $750 million (if the Parent Parties fail to complete the merger when otherwise required pursuant to the merger agreement or otherwise materially breach their obligations under the merger agreement such that the conditions

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to the consummation of the merger cannot be satisfied) or $250 million (if the merger agreement is terminated in certain other circumstances related to changes in laws or other legal impediments or charges), without the Company s having to establish any damages, and the guarantee of such payment obligation by the Guarantors, severally and not jointly, pursuant to the Limited Guarantees as more fully described under *The Limited Guarantees* beginning on page 111;

the availability of appraisal rights under Delaware law to holders of Common Stock who do not vote in favor of the adoption of the merger agreement and comply with all of the required procedures under Delaware law, which provides those eligible stockholders with an opportunity to have the Delaware Court of Chancery determine the fair value of their shares, which may be more than, less than, or the same as the amount such stockholders would have received under the merger agreement; and

the Special Committee s belief that it was fully informed about the extent to which the interests of Mr. Dell in the merger differed from those of the Company s other stockholders.

In the course of reaching the determinations and decisions and making the recommendation described above, the Special Committee also considered the following factors relating to the procedural safeguards that it believed would ensure the fairness of the merger and permit the Special Committee to represent effectively the interests of the Company s unaffiliated stockholders:

the fact that the Special Committee consists of four independent and disinterested directors of the Company who are not affiliated with any of the MD Investors, the Gift Trusts, the SLP Investors, or the Parent Parties, are not employees of the Company or any of its affiliates and have no financial interest in the merger different from, or in addition to the interests of the Company s unaffiliated stockholders other than their interests described under *Interests of the Company s Directors and Executive Officers in the Merger* beginning on page 112;

although the Special Committee and the Company did not retain any representative to act solely on behalf of the unaffiliated stockholders for purposes of negotiating a transaction or preparing a report, the fact that the Special Committee was advised by J.P. Morgan and Evercore, as financial advisors, and by Debevoise, as legal advisor, each a nationally recognized firm selected by the Special Committee;

the fact that the Special Committee retained and was advised by BCG, a nationally recognized management consultant selected by the Special Committee to assist the Special Committee in its assessment of strategic alternatives available to the Company, and that BCG s compensation is not based on the Special Committee s recommendation as to any specific strategic alternative available to the Company or the completion of any specific transaction, including the merger;

the fact that BCG prepared and the Special Committee reviewed the BCG Forecast, which consisted of an independent financial forecast for the Company as well as various sensitivities analyses of that forecast;

the fact that, as part of its review of the Company s alternatives, the Special Committee considered the possibility of, and obtained the advice of its financial advisors and BCG with respect to, strategic alternatives to the merger;

the fact that the Special Committee conducted deliberations, in more than 25 formal meetings, during a period of approximately five and a half months regarding the merger and alternatives to the merger;

the fact that, with the assistance of its financial and legal advisors, the Special Committee conducted arm s-length negotiations with the SLP Investors, which, among other matters, ultimately resulted in an increase in the purchase price from $11.22-12.16, the initial price range proposed in Silver Lake s October 23, 2012 non-binding proposal, to $13.65 per share, during a period in which the

Company s business failed to meet its prior projections and forecasts for the Company and the PC industry in general were declining;

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- the fact that each of the Special Committee and the Board was aware that it had no obligation to recommend any transaction and that the Special Committee had the authority to say no to any proposals made by the Parent Parties or other potential acquirors;

- the fact that Mr. Dell provided oral assurances to the Special Committee that he was willing to work with whatever party might emerge as the high bidder for the Company, as well as to execute alternative strategies that the Special Committee might recommend if it determined that the Company should continue as a public company;

- the fact that Mr. Dell did not participate in any Board deliberations concerning the merger or alternatives to the merger;

- the fact that the terms of Mr. Dell s non-disclosure agreement with the Company prohibited him from providing confidential information about the Company to potential equity partners and other persons in connection with a possible transaction involving the Company;

- the fact that the Special Committee made its evaluation of the merger agreement and the merger based upon the factors discussed in this proxy statement and with the full knowledge of the interests of Mr. Dell in the merger; and

- the condition to the merger that the merger agreement be adopted not only by the affirmative vote of the holders of at least a majority of the outstanding shares of Common Stock entitled to vote thereon but also by the affirmative vote of the holders of at least a majority of the outstanding shares of Common Stock held by stockholders entitled to vote thereon other than the Parent Parties, the MD Investors, the Gift 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.

In the course of reaching the determinations and decisions and making the recommendation described above, the Special Committee considered the following risks and potentially negative factors relating to the merger agreement, the merger and the other transactions contemplated thereby:

- that the Company s unaffiliated stockholders will have no ongoing equity participation in the Company following the merger, and that such stockholders will cease to participate in the Company s future earnings or growth, if any, or to benefit from increases, if any, in the value of the Common Stock, and will not participate in any potential future sale of the Company to a third party;

- the possibility that Parent could, at a later date, engage in unspecified transactions including restructuring efforts, special dividends or the sale of some or all of the Company or its assets to one or more purchasers which could conceivably produce a higher aggregate value than that available to the Company s unaffiliated stockholders in the merger;

- the risk of incurring substantial expenses related to the merger, including in connection with any litigation that may result from the announcement or pendency of the merger, some of which will be payable even if the merger is not completed;

- the fact that there can be no assurance that all conditions to the parties obligations to complete the merger will be satisfied, and, as a result, that the merger may not be completed even if the merger agreement is adopted by the Company s stockholders;

- the risk that the debt financing contemplated by the debt commitment letter or the subordinated securities financing contemplated by the securities purchase agreement will not be obtained, resulting in the Parent Parties not having sufficient funds to complete the transaction;

the risks and costs to the Company if the merger does not close, including:

uncertainty about the effect of the proposed merger on the Company s employees, customers and other parties, which may impair the Company s ability to attract, retain and motivate key personnel, and could cause customers, suppliers, financial counterparties and others to seek to change existing business relationships with the Company; and

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restrictions under the merger agreement on the Company s ability, without the consent of the Parent Parties, to make acquisitions and investments, access the debt and capital markets, and take other specified actions until the proposed merger occurs or the merger agreement terminates, which may prevent the Company from pursuing otherwise attractive business opportunities and taking other actions with respect to its business that it may consider advantageous;

the fact that the receipt of cash in exchange for shares of Common Stock pursuant to the merger will be a taxable transaction for U.S. federal income tax purposes;

the possibility that, under certain circumstances under the merger agreement, the Company may be required to pay Parent (or its designee) a termination fee of $180 million or $450 million, as more fully described under *The Merger Agreement Termination Fees; Reimbursement of Expenses* beginning on page 162, which could discourage other third parties from making an alternative acquisition proposal with respect to the Company, but which the Special Committee believes would not be a meaningful deterrent;

the fact that the Parent Parties are newly formed corporations with essentially no assets and that the Company s remedy in the event of breach of the merger agreement by the Parent Parties may be limited to receipt of a $750 million or $250 million termination fee payable by Parent and that, under certain circumstances, the Company may not be entitled to receive such a fee; and

the terms of the MD Investors and the Gift Trusts participation in the merger and the fact that the Company s executive officers may have interests in the transaction that are different from, or in addition to, those of the Company s unaffiliated stockholders, as more fully described under *Interests of the Company s Directors and Executive Officers in the Merger* beginning on page 112.

In the course of reaching its decision to recommend to the Board that it approve and declare advisable the merger agreement and the transactions contemplated therein, including the merger, the Special Committee did not consider the liquidation value of the Company because (i) it considered the Company to be a viable, going concern, (ii) it believes that liquidation sales generally result in proceeds substantially less than sales of going concerns, (iii) it considered determining a liquidation value to be impracticable given the significant execution risk involved in any breakup of the Company and (iv) the Company will continue to operate its business following the merger. For the foregoing reasons, the Special Committee did not consider liquidation value to be a relevant methodology. Further, the Special Committee did not consider net book value, which is an accounting concept, as a factor because it believed that net book value is not a material indicator of the value of the Company as a going concern but rather is indicative of historical costs and because net book value does not take into account the prospects of the Company, market conditions, trends in the industries in which the Company operates or the business risks inherent in those industries. The Company notes, however, that the merger consideration of $13.65 per share is higher than the net book value of the Company per share of $6.16 as of February 1, 2013. The Special Committee did not view the purchase prices paid in the transactions described under *Important Information Regarding Dell Transactions in Common Stock Transactions in Common Stock During the Past Two Years* beginning on page 177 to be relevant except to the extent those prices indicated the trading price of the Common Stock during the applicable periods. The Special Committee did not seek to determine a pre-merger going concern value for the Common Stock to determine the fairness of the merger consideration to the Company s unaffiliated stockholders. The Special Committee believes that the trading price of the Common Stock at any given time represents the best available indicator of the Company s going concern value at that time, so long as the trading price at that time is not impacted by speculation regarding the likelihood of a potential transaction. The Special Committee was not aware of any firm offer for a merger, sale of all or a substantial part of the Company s assets, or a purchase of a controlling amount of the Company securities having been received by the Company from anyone other than a person disclosing its offer or purchase in reports filed with the SEC in the two years preceding the signing of the merger agreement. The Special Committee considered the respective opinions and related financial analyses of J.P. Morgan and Evercore, among other factors considered in the course of its evaluation of the merger. The Special Committee also noted that the opinions of J.P. Morgan and Evercore related to the merger consideration to be received by both the unaffiliated stockholders of the Company and certain affiliated stockholders of the Company, including certain officers and directors of the Company. However, the fact that the opinions of J.P. Morgan and Evercore also related to the merger consideration to be received by certain affiliated stockholders of the Company did not affect the fairness determination of the Special Committee with respect to the unaffiliated stockholders of the Company because all such persons would be entitled to the same $13.65 per share merger consideration on the terms set forth in the merger agreement.

The foregoing discussion of the information and factors considered by the Special Committee is not intended to be exhaustive but includes the material factors considered by the Special Committee. In view of the variety of factors considered in connection with its evaluation of the merger, the Special Committee did not find it practicable to, and did not, quantify or otherwise assign relative weights to the specific factors considered in reaching its determination and recommendation. In addition, individual members of the Special Committee may have given different weights to different factors. The Special Committee recommended to the Board the merger agreement and the merger based upon the totality of the information it considered.

Recommendation of the Board of Directors

On February 4, 2013, the Board, acting upon the unanimous recommendation of the Special Committee, unanimously (with Mr. Dell not participating in such meeting) (i) determined on behalf of the Company 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 the MD Investors and the Gift 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. The Board, on behalf of the Company, further believes that the merger is fair to the Company s unaffiliated security holders, as defined under Rule 13e-3 under the Exchange Act.

In the course of making such determinations, the Board (with Mr. Dell not participating in such determinations) considered the following factors (which factors are not intended to be exhaustive and are not in any relative order of importance):

- the Special Committee s analyses, conclusions and unanimous determination, which the Board adopted, 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 the MD Investors and the Gift Trusts) and the Special Committee s unanimous recommendation that the Board approve and declare advisable the merger agreement and the transactions contemplated therein, including the merger, and that the Company s stockholders vote for the adoption of the merger agreement;

- the fact that the Special Committee consists of four independent and disinterested directors of the Company who are not affiliated with any of the MD Investors, the Gift Trusts, the SLP Investors, or the Parent Parties, are not employees of the Company or any of its affiliates and have no financial interest in the merger different from, or in addition to the Company s unaffiliated stockholders other than their interests described under *Interests of the Company s Directors and Executive Officers in the Merger* beginning on page 112;

- the financial analyses of J.P. Morgan, financial advisor to the Special Committee, and the opinion of J.P. Morgan, dated February 4, 2013, to the Special Committee and the Board with respect to the fairness, from a financial point of view, of 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, which opinion was based on and subject to the factors and assumptions set forth in the opinion, as more fully described under *Opinion of J.P. Morgan Securities LLC* beginning on page 61; and

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the financial analyses of Evercore, financial advisor to the Special Committee, and the opinion of Evercore, dated February 4, 2013, to the Special Committee and the Board with respect to the fairness, from a financial point of view, of the $13.65 per share merger consideration to the holders of shares of Common Stock entitled to receive such merger consideration, which opinion was based on and subject to the factors, procedures, assumptions, limitations and qualifications and other matters set forth in the opinion, as more fully described under *Opinion of Evercore Group L.L.C.* beginning on page 69;

The foregoing discussion of the information and factors considered by the Board (other than Mr. Dell, who did not participate in such consideration) is not intended to be exhaustive but includes the material factors considered by the Board. In view of the variety of factors considered in connection with its evaluation of the merger, the Board did not find it practicable to, and did not, quantify or otherwise assign relative weights to the specific factors considered in reaching its determination and recommendation. In addition, individual directors may have given different weights to different factors. The Board made its recommendation based upon the totality of the information it considered.

The Board (without Mr. Dell s participation) unanimously recommends that the stockholders of the Company vote FOR the proposal to adopt the merger agreement.

Opinion of J.P. Morgan Securities LLC

Pursuant to an engagement letter dated September 11, 2012, the Company retained J.P. Morgan as financial advisor to the Special Committee in connection with the proposed merger.

At the meeting of the Board on February 4, 2013, J.P. Morgan rendered its oral opinion to the Board and the Special Committee that, as of such date and based upon and subject to the factors and assumptions set forth in such opinion, 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. J.P. Morgan confirmed its February 4, 2013 oral opinion by delivering its written opinion to the Board and the Special Committee, dated as of the same date, that, 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. No limitations were imposed by the Board or the Special Committee upon J.P. Morgan with respect to the investigations made or procedures followed by it in rendering its opinion.

The full text of the written opinion of J.P. Morgan dated February 4, 2013, which sets forth the assumptions made, procedures followed, matters considered and limits on the review undertaken, is attached as Annex B to this proxy statement with the permission of J.P. Morgan and is incorporated herein by reference. The Company s stockholders are urged to read the opinion in its entirety. J.P. Morgan s written opinion was provided to the Board and the Special Committee, is directed only to the fairness from a financial point of view of the merger consideration to be paid in the merger and 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. The summary of the opinion of J.P. Morgan set forth in this proxy statement is qualified in its entirety by reference to the full text of such opinion.

In arriving at its opinion, J.P. Morgan, among other things:

reviewed a draft, dated February 4, 2013, of the merger agreement;

reviewed certain publicly available business and financial information concerning the Company and the industries in which it operates;

compared the financial and operating performance of the Company with publicly available information concerning certain other companies J.P. Morgan deemed relevant and reviewed the current and historical market prices of the Common Stock and certain publicly traded securities of such other companies;

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reviewed certain internal financial analyses and forecasts prepared by the management of the Company relating to its business;

reviewed certain financial analyses and forecasts relating to the Company s business prepared by BCG at the direction of the Special Committee; and

performed such other financial studies and analyses and considered such other information as J.P. Morgan deemed appropriate for the purposes of its opinion.

In addition, J.P. Morgan held discussions with the Special Committee, certain members of the management of the Company and BCG with respect to certain aspects of the proposed merger, the past and current business operations of the Company, the financial condition and future prospects and operations of the Company, and certain other matters J.P. Morgan believed necessary or appropriate to its inquiry.

In giving its opinion, J.P. Morgan relied upon and assumed, without assuming responsibility or liability for independent verification, the accuracy and completeness of all information that was publicly available or was furnished to or discussed with J.P. Morgan by the Company and BCG or otherwise reviewed by or for J.P. Morgan. J.P. Morgan did not conduct and was not provided with any valuation or appraisal of any assets or liabilities, nor did J.P. Morgan evaluate the solvency of the Company or Merger Sub under any state or federal laws relating to bankruptcy, insolvency or similar matters. In relying on financial analyses and forecasts of management and BCG provided to it or derived therefrom, J.P. Morgan assumed that, at the time of their preparation, they were reasonably prepared based on assumptions reflecting the best currently available estimates and judgments by management and BCG, respectively, as to the expected future results of operations and financial condition of the Company to which such analyses or forecasts relate. J.P. Morgan expressed no view as to such analyses or forecasts or the assumptions on which they were based. J.P. Morgan s analysis took into account its discussions with the Special Committee, management and BCG, including the factors and circumstances discussed with the Special Committee surrounding the forecasts and analyses prepared by BCG and management. J.P. Morgan also assumed that the merger and the other transactions contemplated by the merger agreement will be consummated as described in the merger agreement, and that the definitive merger agreement would not differ in any material respect from the draft thereof provided to J.P. Morgan. J.P. Morgan also assumed that the representations and warranties made by the Company and Merger Sub in the merger agreement and the related agreements were and will be true and correct in all respects material to its analysis. J.P. Morgan is not a legal, regulatory or tax expert and relied on the assessments made by advisors to the Company with respect to such issues. J.P. Morgan further assumed that all material governmental, regulatory or other consents and approvals necessary for the consummation of the merger will be obtained without any adverse effect on the Company or on the contemplated benefits of the merger.

The respective projections and forecasts furnished to J.P. Morgan for the Company were prepared by the management of the Company and BCG as discussed more fully under *Background of the Merger* beginning on page 20 and *Projected Financial Information* beginning on page 94. Although presented with numerical specificity, these financial projections and forecasts are based upon a variety of estimates and numerous assumptions made by the Company s management or BCG with respect to, among other matters, industry performance, general business, economic, market and financial conditions and other matters, including the factors described under *Cautionary Statement Concerning Forward-Looking Information* beginning on page 130, many of which are difficult to predict, are subject to significant economic and competitive uncertainties, and are beyond the Company s control. In addition, since the financial projections and forecasts cover multiple years, such information by its nature becomes less reliable with each successive year. As a result, there can be no assurance that the estimates and assumptions made in preparing the financial projections and forecasts will prove accurate, that the projected results will be realized or that actual results will not be significantly higher or lower than projected.

J.P. Morgan s opinion is necessarily based on economic, market and other conditions as in effect on, and the information made available to J.P. Morgan as of, the date of the opinion. It should be understood that subsequent developments may affect J.P. Morgan s opinion and that J.P. Morgan does not have any obligation to update, revise, or reaffirm its opinion. J.P. Morgan s opinion is limited to the fairness, from a financial point of view, of 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 and J.P. Morgan expressed no opinion as to the fairness of any consideration paid in connection with the merger to the holders of any other class of securities, creditors or other constituencies of the Company or as to the underlying decision by the Company to engage in the merger. Furthermore, J.P. Morgan expressed no opinion with respect to the amount or nature of any compensation to any officers, directors, or employees of any party to the merger, or any class of such persons relative to 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 merger or with respect to the fairness of any such compensation.

In accordance with customary investment banking practice, J.P. Morgan employed generally accepted valuation methods in reaching its opinion. The following is a summary of the material financial analyses utilized by J.P. Morgan in connection with providing its opinion. Certain of the financial analyses summarized below include information presented in tabular format. In order to fully understand J.P. Morgan s financial analyses, the table must be read together with the text of the related summary. The table alone does not constitute a complete description of the financial analyses. Considering the data described below without considering the full narrative description of the financial analyses, including the methodologies and assumptions underlying the analyses, could create a misleading or incomplete view of J.P. Morgan s financial analyses. Mathematical analysis, such as determining the arithmetic median, or the high or low, is not in itself a meaningful method of using selected company data.

Public Trading Multiples

Using publicly available information, J.P. Morgan compared selected financial data of the Company with similar data for selected publicly traded companies engaged in businesses which J.P. Morgan judged to be comparable to the Company s businesses or aspects thereof. The companies selected by J.P. Morgan were:

	Hewlett-Packard Company (HP)
End-User Computing (EUC)	ASUSTEK Computer Inc.
	Lenovo Group
	Acer Incorporated
Software & Peripherals (S&P)	Insight Enterprises, Inc.
	Avnet, Inc.
	TechData Corp
	Ingram Micro Inc.
Enterprise	Microsoft Corporation
	EMC Corporation
	NetApp Inc.
	Oracle Corporation
	Cisco Systems, Inc.
	International Business Machines Corp.
Services	Wipro Limited

	Xerox Corporation
	Computer Sciences Corporation
Software	BMC Software, Inc.
	Symantec Corporation
	CA, Inc.

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These companies were selected by J.P. Morgan, based on its experience and familiarity with the Company s industry, because of similarities to the Company in one or more of their business, regional or end-market characteristics and, in certain cases, similarities to the Company based on operational characteristics and financial metrics. However, none of the companies selected is identical or directly comparable to the Company, and certain of the companies may have characteristics that are materially different from those of the Company. Accordingly, J.P. Morgan made judgments and assumptions concerning differences in financial and operating characteristics of the selected companies and other factors that could affect the public trading value of the selected companies. These qualitative judgments related primarily to the differing sizes, business sector overlaps, growth prospects, profitability levels and degree of operational risk between the Company and the companies included in the selected company analysis. Additionally, J.P. Morgan highlighted HP for the purposes of the analyses because HP was deemed to have the most comparable mix of businesses, end-markets and operations.

For each selected company and the Company, J.P. Morgan calculated such company s expected earnings before interest, taxes, depreciation and amortization (EBITDA) for the 2013 calendar year (CY13E) (provided that, for the Company, expected EBITDA for its fiscal year ending January 31, 2014 was used as an approximation for calendar year). J.P. Morgan then divided each such company s Enterprise Value (as defined below) by its expected EBITDA for CY13E (CY13E EV/EBITDA) and divided each such company s Cash Adjusted Enterprise Value (as defined below) by its expected EBITDA for CY13E (CY13E Cash Adjusted EV/EBITDA). For the Company, HP, the EUC companies and the Enterprise companies, J.P. Morgan also calculated on a rolling basis beginning in February 2010 each such company s Enterprise Value divided by expected EBITDA for the next twelve months (NTM EV/EBITDA). For purposes of this analysis, a company s Enterprise Value was calculated as the fully diluted common equity value of such company plus the value of such company s indebtedness and minority interests and preferred stock, minus such company s cash, cash equivalents and short-term and long-term liquid investments and its Cash Adjusted Enterprise Value was calculated as its Enterprise Value as adjusted for estimated costs associated with the repatriation of foreign cash, assuming a friction cost of 35%.

J.P. Morgan also calculated, for each selected company and the Company, the ratio of the closing price of such company s common stock to expected earnings per share for CY13E (CY13E P/E). J.P. Morgan also calculated, for the Company, HP, the EUC companies and the Enterprise companies on a rolling basis beginning in February 2010, the ratio of the closing price of such company s common stock to its expected earnings for the next twelve months per share (NTM P/E). For the S&P 500 J.P. Morgan used data from Factset.

The following table represents the results of J.P. Morgan s analysis of the CY13E EV/EBITDA, CY13E Cash Adjusted EV/EBITDA and CY13E P/E multiples of the above-identified comparable publicly traded companies as of February 1, 2013 compared to the Company s analogous trading multiples as of January 11, 2013, the last trading day before media reports of a possible going private transaction involving the Company were first published:

			EUC		S&P(1)		Enterprise		Services		Software	
	Company	HP	Range	Median	Range	Median	Range	Median	Range	Median	Range	Median
CY13E EV/EBITDA	3.3x	3.7x	6.0x 7.8x	6.9x	4.2x 6.5x	4.8x	5.4x 9.0x	8.4x	4.1x 10.1x	5.5x	5.4x 7.6x	6.5x
CY13E Cash Adjusted EV/EBITDA	4.3x	4.0x	6.0x 7.8x	6.9x	4.4x 6.5x	5.0x	5.6x 9.6x	8.9x	4.3x 10.1x	5.5x	5.6x 7.8x	6.9x
CY13E P/E	6.6x	4.9x	11.0x 25.0x	15.5x	7.7x 9.5x	9.0x	9.3x 20.5x	12.5x	7.2x 15.9x	14.3x	10.9x 13.7x	13.3x

(1) S&P refers to Software & Peripherals.

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The following table represents the results of J.P. Morgan s analysis of the NTM EV/EBITDA and NTM P/E multiples of comparable publicly traded companies and, with respect to NTM/PE only, for the S&P 500 as of February 1, 2013, November 30, 2012 and their one-, two- and three-year averages, compared to the Company s trading multiples as of January 11, 2013, the last trading day before media reports of a possible going private transaction involving the Company were first published, and as of November 30, 2012, the last trading day before an analyst report was issued by Goldman Sachs suggesting that the Company might be a target for a leverage buyout transaction and its one-, two- and three-year averages (except with respect to the foregoing for the S&P 500 which is according to FactSet):

	Company		HP		EUC		Enterprise		S&P 500
	NTM EV/EBITDA	NTM P/E	NTM EV/EBITDA	NTM P/E	NTM EV/EBITDA	NTM P/E	NTM EV/EBITDA	NTM P/E	NTM P/E(1)
Current(2)	3.3x	6.6x	3.7x	4.9x	7.4x	12.2x	6.7x	12.0x	13.0x
Pre-GS Report	2.7x	5.8x	3.2x	3.8x	6.6x	11.7x	6.3x	11.3x	12.1x
1-year average	3.4x	6.6x	3.9x	4.9x	6.0x	11.4x	6.7x	11.9x	12.6x
2-year average	3.6x	7.4x	4.1x	5.8x	6.3x	11.1x	7.1x	12.5x	12.3x
3-year average	3.9x	8.4x	4.7x	7.0x	6.5x	11.2x	7.6x	13.2x	12.6x

(1) According to Factset.

(2) As of February 1, 2013, except for Dell as of January 11, 2013.

For purposes of its analysis of each of the Company and the selected companies in the tables above, J.P. Morgan used estimates for EBITDA and earnings per share based on consensus analyst research estimates, and based on publicly available financial data, including Wall Street research estimates and FactSet, and, as appropriate, further adjusted to include stock-based compensation expense but exclude non-recurring items.

The selected companies were selected by J.P. Morgan because of similarities to the Company in one or more business, regional or end-market characteristics and, in certain cases, similarities to the Company based on operational characteristics and financial metrics. However, because no selected company is exactly the same as the Company, J.P. Morgan believed that it was inappropriate to, and therefore did not, rely solely on the quantitative results of the selected company analysis. Accordingly, J.P. Morgan also made qualitative judgments concerning differences between the business, financial and operating characteristics and prospects of the Company (including its EUC and ESS businesses) and the selected companies that could affect the public trading values of each in order to provide a context in which to consider the results of the quantitative analysis. These qualitative judgments related primarily to the differing sizes, business sector overlaps, growth prospects, profitability levels and degrees of operational risk between the Company (including its EUC and ESS businesses) and the companies included in the selected company analysis. Based upon these judgments, J.P. Morgan selected certain reference ranges of multiples based on the multiples calculated for selected companies, and applied such ranges to various projections of EBITDA and earnings per share for the Company for the Company s fiscal year 2014 to calculate the Company s equity value per share. In calculating the implied equity value per share for the Company, J.P. Morgan reviewed five different cases, two of which, the Preliminary FY14 Internal Plan and the Preliminary FY14 Board Case (each as defined below), were prepared by the Company s management and three of which, the BCG Base Case, the BCG 25% Case and the BCG 75% Case (each as defined below), were prepared by BCG. Each of these cases is discussed in more detail under *Background of the Merger* beginning on page 20 and *Projected Financial Information* beginning on page 94.

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A summary of the implied valuation ranges of the Common Stock that J.P. Morgan derived based on the ratio of Enterprise Value to estimated EBITDA under each of the five cases, using a reference range of 3.5x to 5.5x, is set forth below:

Case	Implied Valuation Range
Preliminary FY14 Internal Plan	$ 12.00 to $17.25
Preliminary FY14 Board Case	$ 11.25 to $16.00
BCG Base Case	$ 10.50 to $15.00
BCG 25% Case	$ 12.00 to $17.25
BCG 75% Case(1)	$ 15.25 to $22.50

(1) Calculated for informational purposes only.

A summary of the implied valuation ranges of the Common Stock that J.P. Morgan derived based on the ratio of price per share to expected earnings per share under each of the five cases, using a reference range of 5.0x to 10.0x, is set forth below:

Case	Implied Valuation Range
Preliminary FY14 Internal Plan	$ 8.75 to $17.50
Preliminary FY14 Board Case	$ 8.00 to $16.00
BCG Base Case	$ 7.25 to $14.50
BCG 25% Case	$ 9.00 to $18.00
BCG 75% Case(1)	$ 13.00 to $26.00

(1) Calculated for informational purposes only.

All values presented were rounded to the nearest $0.25. In each case, J.P. Morgan compared the implied equity values per share to (i) the merger consideration of $13.65 per share in cash to be paid to holders of the Common Stock in the merger, noting that the merger consideration is within each of the implied valuation ranges other than the one based on the ratio of Enterprise Value to estimated EBITDA in the BCG 75% Case (which range was calculated for informational purposes only), (ii) the $10.88 per share closing price of the Common Stock as of January 11, 2013, the last trading day before media reports of a possible going private transaction involving the Company were first published, (iii) the $13.63 per share closing price of the Common Stock as of February 1, 2013 and (iv) the $9.64 per share closing price of the Common Stock as of November 30, 2012, the last trading day before an analyst report was issued by Goldman Sachs suggesting that the Company might be a target for a leverage buyout transaction.

Discounted Cash Flow Analysis

J.P. Morgan conducted a discounted cash flow analysis for the purpose of determining the fully diluted equity value per share for the Common Stock. A discounted cash flow analysis is a method of evaluating an asset using estimates of the future unlevered free cash flows generated by the asset and taking into consideration the time value of money with respect to those future cash flows by calculating their present value. Present value refers to the current value of one or more future cash payments from the asset, which is referred to as that asset s cash flows, and is obtained by discounting those cash flows back to the present using a discount rate that takes into account macroeconomic assumptions and estimates of risk, the opportunity cost of capital, capitalized returns and other appropriate factors. Terminal value refers to the capitalized value of all cash flows from an asset for periods beyond the final forecast period.

J.P. Morgan calculated the unlevered free cash flows that the Company is expected to generate (i) during the time period from November 2012 through January 2016 on the basis of the BCG Base Case, the BCG 25% Case and the BCG 75% Case, and (ii) during the time period from November 2012 through January 2017 on the basis of the September 21 Case prepared by the management of the Company. J.P. Morgan calculated the unlevered free cash flows based upon the BCG 75% Case and the September 21 Case for informational purposes only. Each of these cases is discussed in more detail under *Background of the Merger* beginning on page 20 and *Projected Financial Information* beginning on page 94.

J.P. Morgan also calculated a range of terminal asset values of the Company by applying an EV/EBITDA multiple ranging from 3.5x to 5.5x of the EBITDA of the Company as estimated for the terminal period. The unlevered free cash flows and the range of terminal asset values were then discounted to present values using a range of discount rates from 9.5% to 13.5%. The discount rates used by J.P. Morgan were informed based on the Capital Asset Pricing Model (CAPM) methodology. CAPM methodology assumes the weighted average cost of debt and equity, according to the debt to equity ratio based on an assumed capital structure. Accordingly, J.P. Morgan reviewed the capital structure of the Company and of each of the selected companies identified above in *Public Trading Multiples*. To calculate a cost of equity, CAPM methodology requires adding (i) a risk-free rate to (ii) the product of an assumed beta range multiplied by an equity risk premium. In arriving at its selected beta range, J.P. Morgan reviewed the historical and Barra predicted betas for all of the selected companies identified above. However, because no selected company is exactly the same as the Company, J.P. Morgan believed that it was inappropriate to, and therefore did not, rely solely on the given historical and Barra predicted betas of the selected companies. Accordingly, J.P. Morgan also made qualitative judgments concerning differences between the business, financial and operating characteristics and prospects of the Company and the selected companies that could affect the betas of each in order to provide a context in which to consider the results of the quantitative analysis.

The present value of the unlevered free cash flows and the range of terminal asset values were then adjusted for the Company s estimated debt, cash and cash equivalents as of November 2, 2012 (as provided by the Company s management).

A summary of the implied valuation ranges of the Common Stock that J.P. Morgan derived from such analyses is set forth below. As noted above, J.P. Morgan s analysis took into account its discussions with the Special Committee, management and BCG, including the factors and circumstances discussed with the Special Committee surrounding the forecasts and analyses prepared by BCG and management. Taking into account the actual performance of the Company, the condition of the markets in which it is active and such discussions, the ranges with respect to the September 21 Case and the BCG 75% Case were calculated for informational purposes only, and J.P. Morgan gave no weight to the September 21 Case and the BCG 75% Case in its discounted cash flow analysis.

Case	Implied Valuation Range	
BCG Base Case	$	10.50 to $14.25
BCG 25% Case	$	12.00 to $16.50
BCG 75% Case(1)	$	15.00 to $21.25
September 21 Case(1)	$	15.50 to $21.75

(1) Calculated for informational purposes only.

All values presented were rounded to the nearest $0.25. In each case, J.P. Morgan compared the implied equity values per share to (i) the merger consideration of $13.65 per share in cash to be paid to holders of the Common Stock in the merger, (ii) the $10.88 per share closing price of the Common Stock as of January 11, 2013, the last trading day before media reports of a possible going private transaction involving the Company were first published, (iii) the $13.63 per share closing price of the Common Stock as of February 1, 2013 and (iv) the $9.64 per share closing price of the Common Stock as of November 30, 2012, the last trading day before an analyst report was issued by Goldman Sachs suggesting that the Company might be a target for a leverage buyout transaction.

Other Information

J.P. Morgan also noted that the 52-week trading range of the Common Stock ending on February 1, 2013 ranged from a low of $8.86 to a high of $18.32. J.P. Morgan noted that this review of historical stock trading is not a valuation methodology but was presented merely for informational purposes.

The foregoing summary of certain material financial analyses does not purport to be a complete description of the analyses or data presented by J.P. Morgan. The preparation of a fairness opinion is a complex process and is not necessarily susceptible to partial analysis or summary description. J.P. Morgan believes that the foregoing summary and its analyses must be considered as a whole and that selecting portions of the foregoing summary and these analyses, without considering all of its analyses as a whole, could create an incomplete view of the processes underlying the analyses and its opinion. Except as otherwise noted, in arriving at its opinion, J.P. Morgan did not attribute any particular weight to any analyses or factors considered by it and did not form an opinion as to whether any individual analysis or factor (positive or negative), considered in isolation, supported or failed to support its opinion. Rather, J.P. Morgan considered the totality of the factors and analyses performed in determining its opinion.

Analyses based upon forecasts of future results are inherently uncertain, as they are subject to numerous factors or events beyond the control of the parties and their advisors. Accordingly, forecasts and analyses used or made by J.P. Morgan are not necessarily indicative of actual future results, which may be significantly more or less favorable than suggested by those analyses. Moreover, J.P. Morgan s analyses are not and do not purport to be appraisals or otherwise reflective of the prices at which businesses actually could be bought or sold. None of the selected companies reviewed as described in the above summary is identical to the Company. However, the companies selected were chosen because they are publicly traded companies with operations and businesses that, for purposes of J.P. Morgan s analysis, may be considered similar to those of the Company. The analyses necessarily involve complex considerations and judgments concerning differences in financial and operational characteristics of the companies involved and other factors that could affect the companies compared to the Company.

The opinion of J.P. Morgan was one of the many factors taken into consideration by the Board and the Special Committee in making their determination to approve the merger. The analyses of J.P. Morgan as summarized above should not be viewed as determinative of the opinion of the Board or the Special Committee with respect to the value of the Company, or of whether the Board or the Special Committee would have been willing to agree to different or other forms of consideration.

As a part of its investment banking business, J.P. Morgan and its affiliates are continually engaged in the valuation of businesses and their securities in connection with mergers and acquisitions, investments for passive and control purposes, negotiated underwritings, secondary distributions of listed and unlisted securities, private placements, and valuations for estate, corporate and other purposes. J.P. Morgan was selected to advise the Special Committee with respect to the merger on the basis of such experience and its familiarity with the Company. J.P. Morgan has consented to the inclusion of its presentations to the Board and the Special Committee as exhibits to the Schedule 13E-3 filed with the SEC in connection with the merger.

J.P. Morgan has acted as financial advisor to the Special Committee with respect to the merger, and will receive a transaction fee from the Company for its services of approximately $35 million, $2 million of which was earned upon execution of its engagement letter, $3 million of which was earned upon the public announcement of the merger agreement, and the rest of which will become payable upon the closing of the merger. In addition, the Company has agreed to reimburse J.P. Morgan for its expenses incurred in connection with its services, including the fees and disbursements of counsel, and will indemnify J.P. Morgan against certain liabilities, including liabilities arising under the Federal securities laws.

During the two years preceding the date of its opinion, J.P. Morgan and its affiliates had no commercial or investment banking relationships with any of the Parent Parties, the MD Investors or the MSDC Investor, but had commercial or investment banking relationships with the SLP Investors and their affiliates, for which

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J.P. Morgan or its affiliates received an aggregate of $54.2 million in compensation. Such services during such period included acting as financial advisor to Silver Lake Partners in (a) its acquisition of Smart Modular Technologies in August 2011 and (b) its acquisition of Skype in October 2011. J.P. Morgan or its affiliates also acted as joint bookrunner and joint lead arranger on a term loan and revolving credit facility for Silver Lake Partners for its acquisition of Global Blue in May 2012. In addition, during the two years preceding the date of its opinion, J.P. Morgan and its affiliates had commercial or investment banking relationships with the Company, for which J.P. Morgan and such affiliates received an aggregate of $36.3 million in compensation. Such services during such period included acting as joint lead manager on a revolving credit facility for the Company in April 2011. Further, in the ordinary course of their businesses, J.P. Morgan and its affiliates may actively trade the debt and equity securities of the Company or affiliates of the principal stockholders of the Parent Parties for their own accounts or for the accounts of customers and, accordingly, they may at any time hold long or short positions in such securities.

Opinion of Evercore Group L.L.C.

Pursuant to an engagement letter dated January 10, 2013, the Special Committee retained Evercore to act as financial advisor to the Special Committee. On February 4, 2013, at meetings of the Special Committee and the Board, Evercore rendered its oral opinion, subsequently confirmed by delivery of a written opinion later that day, that, as of February 4, 2013, and based upon and subject to the factors, procedures, assumptions, qualifications, limitations and other matters set forth in its 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.

The full text of Evercore s written opinion, dated February 4, 2013, which sets forth, among other things, the factors considered, procedures followed, assumptions made and qualifications and limitations on the scope of review undertaken in rendering its opinion, is attached as Annex C to this proxy statement and is incorporated by reference in its entirety into this proxy statement. You are urged to read the opinion carefully and in its entirety. Evercore s opinion was addressed to, and 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 and did not address any other aspects or implications of the merger. Evercore s opinion does not constitute a recommendation to the Special Committee, the Board or to any other persons in respect of the merger, including as to how any holder of shares of Common Stock should act or vote in respect of the merger.

In connection with rendering its opinion, Evercore, among other things:

- reviewed certain publicly available business and financial information relating to the Company that Evercore deemed to be relevant, including publicly available research analysts estimates for the Company;

- reviewed certain non-public historical financial statements and other non-public historical financial and operating data relating to the Company prepared and furnished to Evercore by management of the Company;

- reviewed certain non-public projected financial and operating data relating to the Company prepared and furnished to Evercore by management of the Company (the Company Projections), including the September 21 Case (as described under *Projected Financial Information September 21 Case* beginning on page 96, as well as under *Background of the Merger* beginning on page 20) and the amount of certain potential phased productivity cost savings (the Cost Savings) and noted in the BCG Forecast (as described under *Projected Financial Information BCG Forecast* beginning on page 100 as well as under *Background of the Merger* beginning on page 20);

discussed the past and current operations, financial projections and current financial condition of the Company with management of the Company (including their views on the risks and uncertainties of achieving the Company Projections);

reviewed the BCG Forecast prepared, at the request of the Special Committee, by BCG and furnished to Evercore by BCG, which forecast included the BCG Base Case as well as sensitivities to the BCG Base Case that include estimates of the timing and achievability of the Cost Savings, assuming in the BCG 25% Case that 25% of the Cost Savings would be attained and assuming in the BCG 75% Case that 75% of the Cost Savings would be attained; the BCG Forecast, including the BCG Base Case, the BCG 25% Case and the BCG 75% Case, is described under *Projected Financial Information BCG Forecast* beginning on page 100 as well as under *Background of the Merger* beginning on page 20;

reviewed the reported prices and the historical trading activity of the Common Stock;

compared the financial performance of the Company and its stock market trading multiples with those of certain other publicly traded companies that Evercore deemed relevant;

reviewed a draft of the merger agreement dated February 4, 2013; and

performed such other analyses and examinations and considered such other factors that Evercore deemed appropriate.

For purposes of its analysis and opinion, Evercore assumed and relied upon, without undertaking any independent verification of, the accuracy and completeness of all of the information publicly available, and all of the information supplied or otherwise made available to, discussed with, or reviewed by Evercore, and Evercore assumed no liability therefor and has further relied upon the assurances of management of the Company that they are not aware of any facts or circumstances that would make such information inaccurate or misleading. With respect to the Company Projections and the Cost Savings, Evercore has assumed that as of the time of their preparation they were reasonably prepared on bases reflecting the best currently available estimates and good faith judgments of management of the Company as to the future financial performance and the amount of the potential cost savings, respectively, of the Company. With respect to the BCG Forecast, Evercore has assumed that as of the time of its preparation it was reasonably prepared on bases reflecting the best currently available estimates and good faith judgments of BCG as to the future financial performance of the Company and the timing and achievability of the Cost Savings.

For purposes of rendering its opinion, Evercore assumed, in all respects material to its analysis, that the representations and warranties of each party contained in the merger agreement were true and correct, that each party would perform all of the covenants and agreements required to be performed by it under the merger agreement and that all conditions to the consummation of the merger would be satisfied without material waiver or modification thereof. Evercore further assumed that all governmental, regulatory or other consents, approvals or releases necessary for the consummation of the merger would be obtained without any material delay, limitation, restriction or condition that would have an adverse effect on the Company or the consummation of the merger or materially reduce the benefits to the holders of Common Stock of the merger. Evercore also assumed that the executed merger agreement would not differ in any material respect from the draft merger agreement dated February 4, 2013 reviewed by Evercore.

Evercore did not make nor assume any responsibility for making any independent valuation or appraisal of the assets or liabilities of the Company, nor was Evercore furnished with any such appraisals, nor did Evercore evaluate the solvency or fair value of the Company under any state or federal laws relating to bankruptcy, insolvency or similar matters. Evercore s opinion was necessarily based upon information made available to it as of the date of its opinion and financial, economic, market and other conditions as they existed and as could be evaluated on the date of its opinion. It should be understood that subsequent developments may affect Evercore s opinion and that Evercore does not have any obligation to update, revise or reaffirm its opinion.

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Evercore was not asked to pass upon, and expressed no opinion with respect to, any matter other than the fairness of the merger consideration, from a financial point of view, to the holders of the Common Stock entitled to receive such merger consideration pursuant to the merger agreement. Evercore did not express any view on, and its opinion did not address, the fairness of the proposed transaction to, or any consideration received in connection therewith by, the holders of certain excluded shares or any other securities, creditors or other constituencies of the Company, nor as to the fairness of the amount or nature of any compensation to be paid or payable to any of the officers, directors or employees of the Company, or any class of such persons, whether relative to the merger consideration or otherwise. Evercore assumed that any modification to the structure of the transaction will not vary in any respect material to its analysis. 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. Evercore expressed no opinion as to the price at which shares of the Company would trade at any time. Evercore s opinion noted that Evercore is not a legal, regulatory, accounting or tax expert and that Evercore assumed the accuracy and completeness of assessments by the Company and its advisors with respect to legal, regulatory, accounting and tax matters.

Except as described above, the Special Committee and the Board imposed no other instruction or limitation on Evercore with respect to the investigations made or the procedures followed by Evercore in rendering its opinion. Evercore s opinion was only one of many factors considered by the Special Committee and the Board in their evaluation of the merger and should not be viewed as determinative of the views of the Special Committee or the Board with respect to the merger or the merger consideration payable in the merger.

Set forth below is a summary of the material financial analyses reviewed by Evercore with the Special Committee and the Board on February 4, 2013, in connection with rendering its opinion. The following summary, however, does not purport to be a complete description of the analyses performed by Evercore. The order of the analyses described and the results of these analyses do not represent relative importance or weight given to these analyses by Evercore. Except as otherwise noted, the following quantitative information, to the extent that it is based on market data, is based on market data that existed on or before February 1, 2013, and is not necessarily indicative of current market conditions.

The following summary of financial analyses includes information presented in tabular format. These tables must be read together with the text of each summary in order to understand fully the financial analyses performed by Evercore. The tables alone do not constitute a complete description of the financial analyses performed by Evercore. Considering the tables below without considering the full narrative description of the financial analyses, including the methodologies and assumptions underlying the analyses, could create a misleading or incomplete view of Evercore s financial analyses.

In conducting its analysis, Evercore utilized four sets of financial projections including (1) the September 21 Case, (2) the BCG Base Case, (3) the incremental effect of the Cost Savings on the BCG Base Case, as reflected in the range from the BCG 25% Case to the BCG 75% Case (such range, the BCG Productivity Case) and (4) a street median case which reflects median projections of ten Wall Street research analysts through fiscal year 2015 (FY2015) and which were extrapolated to fiscal year 2018 by applying constant revenue growth and margins (the Street Median Case). The Street Median Case projections were as follows:

Street Median Case
($ in billions, except per share data)

	FY2013	FY2014	FY2015	FY2016	FY2017	FY2018
Revenue	$ 56.7	$ 55.2	$ 54.8	$ 54.5	$ 54.2	$ 53.8
EBITDA	$ 4.5	$ 4.1	$ 3.9	$ 3.9	$ 3.8	$ 3.8
EBITA	$ 3.9	$ 3.6	$ 3.5	$ 3.5	$ 3.5	$ 3.4
Net Income(1)	$ 3.0	$ 2.7	$ 2.6	$ 2.6	$ 2.6	$ 2.6
EPS	$ 1.70	$ 1.60	$ 1.60	N.A.	N.A.	N.A.
Free Cash Flow(1)(2)	$ 1.6	$ 2.0	$ 1.8	$ 1.9	$ 2.2	$ 2.2

(1) Evercore applied certain working capital, cash flow, and margin assumptions from the September 21 Case to the Street Median Case to arrive at net income and free cash flow for the Street Median Case.
(2) Defined as Cash Flow from Operations less Capital Expenditures.

Historical Trading Range Analysis

Evercore reviewed, for reference and informational purposes only, the public trading prices for the Common Stock for the twelve months ended on January 11, 2013 (the last trading day before rumors of a possible going private transaction involving the Company were first published). Evercore noted that during this time period, the closing trading price of the Common Stock ranged from a low of $8.86 to a high of $18.32. Evercore compared the results of this analysis to the $13.65 per share merger consideration to be received by the holders of the Common Stock entitled to receive such consideration pursuant to the merger agreement, noting that the merger consideration is within the historical trading range.

Analyst Price Target Analysis

Evercore compared, for reference and informational purposes only, recent publicly available research analyst price targets for the Common Stock that were available to Evercore and that had been published after the release of the Company s third fiscal quarter earnings on November 13, 2012 and up to January 11, 2013. Evercore examined 23 such analyst targets, which reflected each analyst s estimate of the future public market trading price of the Common Stock approximately twelve months from the date the research analyst price targets were published and which were not discounted to reflect present values. The price targets published by the equity research analysts do not necessarily reflect current market trading prices for the Common Stock and these price targets are subject to numerous uncertainties, including the future financial performance of the Company and future market conditions. The undiscounted equity analyst price targets of the Common Stock as of January 11, 2013 ranged from $8.50 to $15.00 per share. Evercore discounted these price targets to present value as of January 31, 2013 using a discount rate of 12.5% (which discount rate represented the mid-point of the 12.0% 13.0% range used in the Present Value of Future Stock Price Analysis and the Share Buyback Analysis discussed below). This analysis indicated an implied range of equity values for the Common Stock of $7.74 to $13.43 per share. Evercore compared the results of this analysis to the $13.65 per share merger consideration to be received by the holders of Common Stock entitled to receive such consideration pursuant to the merger agreement, noting that the merger consideration is above the implied range.

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Trading Multiples Analysis

Evercore calculated a range of implied equity values per share for the Company common stock utilizing the following trading multiples:

- enterprise value /EBITDA (EV/EBITDA), which is defined as (1) market value of equity, plus debt and preferred stock, less cash and cash equivalents (enterprise value) divided by (2) earnings before interest, taxes, depreciation and amortization (EBITDA);
- market equity value/net income (MEV/NI), which is defined as (1) market value of equity divided by (2) net income; and
- market equity value/free cash flow (MEV/FCF), which is defined as (1) market value of equity divided by (2) cash flow from operations less capital expenditures (free cash flow).

For purposes of its analysis, Evercore calculated (i) the historical forward EV/EBITDA, MEV/NI and MEV/FCF multiples of the Company for the five years prior to January 11, 2013, utilizing the closing price per share of the Common Stock on each historical day and research estimates as of that date for the projected EBITDA, net income and free cash flow for the next twelve months, (ii) the historical forward EV/EBITDA, MEV/NI and MEV/FCF multiples of HP (which Evercore deemed, based on its professional judgment and experience, the only company sufficiently comparable to the Company for purposes of this analysis) for the five years prior to January 11, 2013, utilizing the closing price per share of HP s common stock on each historical day and research estimates as of that date for the projected EBITDA, net income and free cash flow for the next twelve months, (iii) the current forward EV/EBITDA, MEV/NI and MEV/FCF multiples of the Company utilizing the closing price per share of the Common Stock on January 11, 2013 and estimates for EBITDA, net income and free cash flow under each of the September 21 Case, the BCG Base Case, the BCG Productivity Case and the Street Median Case, (iv) the current forward EV/EBITDA, MEV/NI and MEV/FCF multiples of HP utilizing the closing price per share of HP s common stock on February 1, 2013 and publicly available research estimates for calendar year 2013 (CY2013) EBITDA, CY2013 net income and CY2013 free cash flow of HP, and (v) the current forward EV/EBITDA, MEV/NI and MEV/FCF multiples of the Company s peer trading group, which group was divided into the Company s (1) personal computer peers including Acer, ASUSTeK Computer, Lenovo, Toshiba, Apple, Samsung and Fujitsu (such peer group collectively, PC Heavy), (2) enterprise focused peers including IBM, Oracle, EMC, NetApp, Cisco Systems and CSC (such peer group collectively, Enterprise Heavy) and (3) other peers including Ricoh, Xerox, Seiko Epson, Canon, Tech Data Corp and Lexmark (such peer group collectively, Other) utilizing the closing price per share of each comparable company s common

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stock on February 1, 2013 and publicly available research estimates for CY2013 EBITDA, CY2013 net income and CY2013 free cash flow of each comparable company. The analyses resulted in the following multiples:

Trading Multiples	EV/EBITDA	MEV/NI	MEV/FCF
Company:			
Current:			
September 21 Case	2.8x	6.0x	6.0x
BCG Base Case	3.4x	7.6x	8.2x
BCG 25% Productivity Case	3.3x	7.4x	8.0x
BCG 75% Productivity Case	3.2x	7.0x	7.6x
Street Median Case	3.2x	7.0x	9.3x
5-Year High	9.4x	14.9x	13.6x
5-Year Low	2.0x	5.5x	4.9x
5-Year Average	4.4x	9.9x	8.1x
HP:			
Current	3.7x	4.9x	6.8x
5-Year High	9.4x	13.7x	13.2x
5-Year Low	2.9x	3.8x	4.9x
5-Year Average	5.6x	8.7x	8.6x
Current Peer Trading Group Multiples			
PC Heavy Peers:			
High	8.1x	23.9x	18.2x
Low	3.3x	8.4x	9.1x
Median	5.4x	11.6x	11.0x
Enterprise Heavy Peers:			
High	8.7x	16.7x	13.7x
Low	4.1x	10.3x	8.0x
Median	7.1x	13.3x	11.1x
Other:			
High	7.2x	14.0x	19.9x
Low	2.2x	6.3x	5.7x
Median	4.9x	8.9x	12.9x

Based on the results of this analysis and Evercore s professional judgment and experience, Evercore selected (1) an EV/EBITDA multiple reference range of 3.0x to 5.0x, (2) a MEV/NI multiple reference range of 6.0x to 10.0x and (3) a MEV/FCF multiple reference range of 6.0x to 10.0x. Evercore then applied such reference ranges to the Company s estimated fiscal year 2014 EBITDA, net income and free cash flow, respectively, for each of the September 21 Case, the BCG Base Case, the BCG Productivity Case and the Street Median Case. Based on this analysis, Evercore derived the following range of implied equity values per share for the Company.

Estimated FY2014 EBITDA	Implied Equity Value Range Per Share
September 21 Case	$11.52 $16.99
BCG Base Case	$10.09 $14.62
BCG Productivity Case	$10.24 $15.34
Street Median Case	$10.42 $15.16

Estimated FY2014 Net Income	Implied Equity Value Range Per Share
September 21 Case	$10.87 $18.08
BCG Base Case	$8.61 $14.35
BCG Productivity Case	$8.84 $15.48
Street Median Case	$9.34 $15.55

Estimated FY2014 Free Cash Flow	Implied Equity Value Range Per Share
September 21 Case	$10.92 $18.16
BCG Base Case	$7.99 $13.31
BCG Productivity Case	$8.20 $14.35
Street Median Case	$7.01 $11.68

Evercore compared the results of this analysis to the $13.65 per share merger consideration to be received by the holders of Company common stock entitled to receive such consideration pursuant to the merger agreement, noting that the merger consideration is above two of the implied valuation ranges and within each of the other implied valuation ranges.

Present Value of Future Stock Price Analysis

Evercore calculated illustrative future stock prices for the Company s common stock on January 31, 2015 by applying (i) a range of forward EV/EBITDA multiples of 3.0x to 5.0x to estimated EBITDA of the Company for fiscal year 2016 (FY2016) and adjusted the resulting enterprise value by estimated net debt of the Company as of January 31, 2015 , (ii) a range of forward MEV/NI multiples of 6.0x to 10.0x to estimated net income of the Company for FY2016 and (iii) a range of forward MEV/FCF multiples of 6.0x to 10.0x to estimated free cash flow of the Company for FY2016. The forward EV/EBITDA, MEV/NI multiples and MEV/FCF multiples were based on the multiple ranges used in the Trading Multiples Analysis described above. Evercore then applied such reference ranges to the Company s estimated FY2016 EBITDA, net income and free cash flow, respectively, for each of the September 21 Case, the BCG Base Case, the BCG Productivity Case and the Street Median Case.

The illustrative future market equity values for the Company on January 31, 2015, were then discounted back to January 31, 2013, using an equity discount range of 12.0% to 13.0% (which was based on Evercore s professional judgment and experience, taking into account the Company s cost of equity derived using the capital asset pricing model) and divided by the estimated diluted share count as of January 31, 2013 as provided by Company management. Based on this analysis, Evercore derived the following range of implied equity values per share for the Company:

Estimated FY2016 EBITDA	Implied Equity Value Range Per Share
September 21 Case	$13.08 $18.64
BCG Base Case	$9.54 $13.15
BCG Productivity Case	$10.83 $19.37
Street Median Case	$10.84 $14.56

Estimated FY2016 Net Income	Implied Equity Value Range Per Share
September 21 Case	$14.05 $21.60
BCG Base Case	$9.11 $13.59
BCG Productivity Case	$11.06 $23.11
Street Median Case	$10.08 $15.04

Estimated FY2016 FCF	Implied Equity Value Range Per Share
September 21 Case	$14.31 $22.04
BCG Base Case	$9.04 $13.48
BCG Productivity Case	$10.92 $22.63
Street Median Case	$8.20 $11.86

Evercore compared the results of this analysis to the $13.65 per share merger consideration to be received by the holders of Company common stock entitled to receive such consideration pursuant to the merger agreement, noting that the merger consideration is above four of the implied valuation ranges, below two of the implied valuation ranges and within all of the other implied valuation ranges.

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Share Buyback Analysis

Evercore calculated illustrative future stock prices of the Company on January 31, 2015, assuming that the Company repurchased $5.0 billion of shares of Company common stock at a 15% premium to the $10.88 closing price per share of the Company s common stock on January 11, 2013. As part of this analysis, Evercore applied (1) a range of forward EV/EBITDA multiples of 3.0x to 5.0x to estimated EBITDA of the Company for FY2016 and adjusted the resulting enterprise value by estimated net debt of the Company as of January 31, 2015 and (2) a range of forward MEV/NI multiples of 6.0x to 10.0x to estimated net income of the Company for FY2016. The EV/EBITDA multiples and MEV/NI multiples were based on the multiple ranges used in the Trading Multiples Analysis described above. Evercore then applied such reference ranges to the Company s estimated FY2016 EBITDA and net income, respectively, for each of the September 21 Case, the BCG Base Case, the BCG Productivity Case and the Street Median Case.

The illustrative future market equity values for the Company on January 31, 2015, were then discounted back to January 31, 2013, using an equity discount range of 12.0% to 13.0% (based on the discount range used in the described Present Value of Future Stock Price Analysis above) and divided by the estimated diluted share count of the Company as of January 31, 2013 as provided by Company management. Based on this analysis, Evercore derived the following range of implied equity values per share for the Company:

Estimated FY2016 EBITDA	Implied Equity Value Range Per Share
September 21 Case	$13.55 $19.05
BCG Base Case	$10.01 $13.58
BCG Productivity Case	$11.30 $19.77
Street Median Case	$11.31 $14.99

Estimated FY2016 Net Income	Implied Equity Value Range Per Share
September 21 Case	$14.43 $21.84
BCG Base Case	$9.48 $13.85
BCG Productivity Case	$11.43 $23.33
Street Median Case	$10.45 $15.31

Evercore compared the results of this analysis to the $13.65 per share merger consideration to be received by the holders of Company common stock entitled to receive such consideration pursuant to the merger agreement, noting that the merger consideration is above one of the implied valuation ranges, below one of the implied valuation ranges and within all of the other implied valuation ranges.

Premiums Paid Analysis

Evercore reviewed the premiums paid for (i) all closed global transactions from January 1, 2002 through January 5, 2013 with enterprise values greater than $10.0 billion (global transactions), of which there were 126, (ii) global transactions with cash consideration only (cash transactions) from January 1, 2002 through January 5, 2013, of which there were 50, (iii) global transactions involving strategic buyers (strategic transactions), from January 1, 2002 through January 5, 2013, of which there were 103, and (iv) global transactions involving financial sponsor buyers (sponsor transactions) from January 1, 2002 through January 5, 2013, of which there were 23.

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Using information from Securities Data Corp. and FactSet Research Systems, Inc., premiums paid were calculated as the percentage by which the per share consideration paid in each such transaction exceeded the closing price per share of the target companies one day, one week and four weeks prior to transaction announcements. The results of this analysis are provided in the table below:

	1 Day Prior	1 Week Prior	4 Weeks Prior
Global Transactions			
High	116.4%	123.6%	118.7%
75th Percentile	37.1%	39.9%	40.6%
25th Percentile	13.0%	15.7%	18.4%
Low	0.1%	1.0%	1.9%
Mean	27.7%	30.3%	32.2%
Median	24.5%	27.2%	28.0%
Cash Transactions			
High	116.4%	123.6%	118.7%
75th Percentile	43.3%	51.1%	51.8%
25th Percentile	18.9%	18.9%	21.9%
Low	0.4%	1.0%	5.7%
Mean	33.8%	36.3%	38.8%
Median	28.0%	30.0%	32.8%
Strategic Transactions			
High	116.4%	123.6%	118.7%
75th Percentile	38.0%	41.5%	43.0%
25th Percentile	14.1%	16.5%	17.9%
Low	0.1%	1.0%	3.3%
Mean	28.9%	31.7%	33.7%
Median	27.9%	28.4%	30.8%
Sponsor Transactions			
High	45.1%	50.8%	47.2%
75th Percentile	31.2%	31.8%	33.1%
25th Percentile	10.5%	14.3%	19.6%
Low	4.4%	2.8%	1.9%
Mean	22.1%	24.3%	25.6%
Median	20.1%	22.8%	26.0%

Based on the above analysis and Evercore s professional judgment and experience, Evercore then applied a range of premiums derived from the selected transactions of: (1) 22.5% to 27.5% to the $10.97 closing price per share of the Company and the $7.63 enterprise value per share of the Common Stock (taking into account estimated net cash of the Company as of January 31, 2013 as provided by Company management), in each case, on January 4, 2013 (the date one week prior to the last trading day before media reports of a possible going private transaction involving the Company were first published) and (2) 25.0% to 30.0% to the $10.67 closing price per share and the $7.33 enterprise value per share of the Common Stock (taking into account estimated net cash of the Company as of January 31, 2013 as provided by Company management), in each case, on December 11, 2012 (the date four weeks prior to the last trading day before media reports of a possible going private transaction involving the Company were first published). Based on this analysis, Evercore derived the following range of implied equity values per share for the Company:

	Implied Equity Value Range Per Share	
1 Week Prior to January 11, 2013		
Closing Price ($10.97)	$	13.44 - $13.99
Enterprise Value ($7.63)	$	12.69 - $13.07
4 Weeks Prior to January 11, 2013		
Closing Price ($10.67)	$	13.34 - $13.87
Enterprise value ($7.33)	$	12.50 - $12.87

Evercore compared the results of this analysis to the $13.65 per share merger consideration to be received by the holders of Company common stock entitled to receive such consideration pursuant to the merger agreement, noting that the merger consideration is above the two implied valuation ranges that were derived from the enterprise value per share of the Common Stock and within the two other implied valuation ranges that were derived from the closing price per share of the Common Stock.

Leveraged Buyout Analysis

Evercore performed a leveraged buyout analysis of the Company to estimate the price per share that a potential financial buyer might be willing to pay based upon each of the September 21 Case, the BCG Base Case, the BCG Productivity Case and the Street Median Case. For purposes of this analysis, Evercore assumed the financial buyer would complete the transaction on July 31, 2013, a target internal rate of return ranging from 20.0% to 30.0%, an exit by the financial buyer on January 31, 2018, new debt of $11.4 billion, a $2.0 billion investment by Microsoft, an equity contribution by the financial buyer of $1.5 billion and the use of cash on hand of $8.2 billion. To estimate the value of the Company at exit on January 31, 2018, Evercore applied an EV/EBITDA multiple range of 3.0x to 5.0x (which was based on the multiple range used in the Trading Multiples Analysis described above) to estimate EBITDA for fiscal year 2018 and adjusted the resulting enterprise value by estimated net debt of the Company as of January 31, 2018. Using this analysis, Evercore derived the following range of implied equity values per share for the Company:

	Implied Equity Value Range Per Share	
September 21 Case	$	12.83 - $16.87
BCG Base Case	$	10.75 - $12.82
BCG Productivity Case	$	11.45 - $16.86
Street Median Case	$	10.87 - $13.08

Evercore compared the results of this analysis to the $13.65 per share merger consideration to be received by the holders of Common Stock entitled to receive such consideration pursuant to the merger agreement, noting that the merger consideration was above two of the implied valuation ranges and within the other two implied valuation ranges.

Discounted Cash Flow Analysis

Evercore performed a discounted cash flow analysis of the Company, which calculates the present value of a company s future unlevered, after-tax free cash flow based on assumptions with respect to such cash flow and assumed discount rates, in order to derive implied equity per share reference ranges for the Common Stock as of January 31, 2013 based upon each of the September 21 Case, the BCG Base Case, the BCG Productivity Case and the Street Median Case. Evercore calculated the projected after-tax unlevered free cash flows of the Company for fiscal years 2014 through 2017 and determined a terminal value for the Company at the end of fiscal year 2017 by applying a range of EBITDA multiples of 3.0x to 5.0x (which was based on the multiple range used in the Trading Multiples Analysis described above). Evercore then discounted to present value

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(utilizing a mid-year discounting convention and discounting back to January 31, 2013) the unlevered free cash flows of the Company and the terminal value, in each case using discount rates ranging from 10.0% to 12.0%. The 10.0% to 12.0% discount rate range was chosen by Evercore based on Evercore s professional judgment and experience and taking into account an analysis of the estimated weighted average cost of capital of the Company implied by (i) the Company s cost of equity derived using CAPM methodology which included, among other things, an analysis of the selected companies under the Trading Multiple Analysis described above as well as certain other publicly traded companies involving businesses in the technology sector that may be considered to have similar risk profiles to the Company s business and (ii) the yield on the Company s outstanding traded debt securities. Using this analysis, Evercore derived the following range of implied equity values per share for the Company:

	Implied Equity Value Range Per Share	
September 21 Case	$	15.92 - $21.31
BCG Base Case	$	11.19 - $14.42
BCG Productivity Case	$	12.82 - $21.53
Street Median Case	$	11.49 - $14.95

Evercore compared the results of this analysis to the $13.65 per share merger consideration to be received by the holders of Company common stock entitled to receive such consideration pursuant to the merger agreement, noting that the merger consideration was below one implied valuation range and within all of the other implied valuation ranges.

In addition, Evercore performed a discounted cash flow analysis utilizing the same methodology described above for the Street Median Case for the lowest and highest projections from the list of Wall Street research analysts used in the Street Median Case described above. The lowest projections were the projections provided by Citigroup Inc. as of November 16, 2012 (the Street Low Case) and the highest projections were the projections provided by Bank of America Corporation as of November 15, 2012 (the Street High Case). Using this analysis, Evercore derived the following range of implied equity values per share for the Company:

	Implied Equity Value Range Per Share	
Street Low Case	$	10.63 - $13.87
Street High Case	$	12.99 - $17.12

Evercore compared the results of this analysis to the $13.65 per share merger consideration to be received by the holders of Company common stock entitled to receive such consideration pursuant to the merger agreement, noting that the merger consideration is within each of the implied valuation ranges.

Evercore noted, however, that its assessment of the results of the discounted cash flow analysis was impacted by the dislocation in the PC markets in which the Company operates and the broad range of financial projections during the outer years of the Company s projections.

General

In connection with the review of the merger by the Special Committee and the Board, Evercore performed a variety of financial and comparative analyses for purposes of rendering its opinion. The preparation of a fairness opinion is a complex process and is not necessarily susceptible to partial analysis or summary description. Selecting portions of the analyses or of the summary described above, without considering the analyses as a whole, could create an incomplete view of the processes underlying Evercore s opinion. In arriving at its fairness determination, Evercore considered the results of all the analyses and did not draw, in isolation, conclusions from or with regard to any one analysis or factor considered by it for purposes of its opinion. Rather, Evercore made its determination as to fairness on the basis of its experience and professional judgment after considering the results of all the analyses. In addition, Evercore may have considered various assumptions more or less probable than other assumptions, so that the range of valuations resulting from any particular analysis described above should therefore not be taken to be Evercore s view of the value of the Company. No company used in the above analyses as a comparison is directly comparable to the Company, and no transaction used is directly comparable to the merger. Further, Evercore s analyses involve complex considerations and judgments concerning financial and operating characteristics and other factors that could affect the acquisition, public trading or other values of the companies or transactions used, including judgments and assumptions with regard to industry performance, general business, economic, market and financial conditions and other matters, many of which are beyond the control of the Company or its advisors.

Evercore prepared these analyses solely for the purpose of providing an opinion to the Special Committee and the Board as to the fairness, from a financial point of view, of the merger consideration to be received by holders of shares of the Common Stock entitled to receive such merger consideration pursuant to the merger agreement. These analyses do not purport to be appraisals of the Company or to necessarily reflect the prices at which the Company or its securities actually may be sold. Any estimates contained in these analyses are not necessarily indicative of actual future results, which may be significantly more or less favorable than those suggested by such estimates. Accordingly, estimates used in, and the results derived from, Evercore s analyses are inherently subject to substantial uncertainty, and Evercore assumes no responsibility if future results are materially different from those forecasted in such estimates. The issuance of the fairness opinion was approved by an opinion committee of Evercore. Evercore has consented to the inclusion of its presentations to the Board and the Special Committee as exhibits to the Schedule 13E-3 filed with the SEC in connection with the merger.

The merger consideration was determined through arm s-length negotiations between the Special Committee and the Parent Parties, and the Special Committee approved the merger agreement and recommended the merger agreement to the Board for approval. Evercore provided advice to the Special Committee during these negotiations. Evercore did not, however, recommend any specific merger consideration to the Special Committee, the Board or the Company or recommend that any specific merger consideration constituted the only appropriate consideration for the merger.

Under the terms of Evercore s engagement, Evercore provided the Special Committee with financial advisory services and a financial opinion in connection with the merger. Pursuant to the terms of its engagement letter, the Company has agreed to pay Evercore fees for its services in connection with its engagement, including monthly retainer fees, an opinion fee and a success fee in the event the Company enters into a definitive agreement for a transaction which the Special Committee or the Board determines to be superior to the transaction contemplated by the merger agreement, each as described in more detail below. Evercore is entitled to receive an opinion fee of $1,500,000, which Evercore earned upon delivery of its fairness opinion to the Special Committee and the Board. In addition, Evercore is entitled to receive a monthly retainer fee of $400,000 per month for its services in connection with its engagement (which amount was prorated during the month of January 2013 for the services performed by Evercore during such month). As of the date of this proxy statement, Evercore is entitled to receive monthly retainer fees totaling approximately $1,870,000. In the event the Company enters into a definitive agreement with respect to a superior proposal, Evercore will be entitled to receive a success fee in an amount equal to 0.75% of the positive difference between (x) the transaction value of such superior proposal and (y) the transaction value of the merger, which will be paid promptly upon consummation of such superior proposal; provided that in no event shall the fees payable to Evercore (including the retainer fees and the opinion fee) exceed $30,000,000 in the aggregate. In addition, the Special Committee has agreed to reimburse Evercore for its reasonable out-of-pocket expenses (including reasonable legal fees, expenses and disbursements) incurred in connection with its engagement and to indemnify Evercore and any of its members, partners, officers, directors, advisors, representatives, employees, agents, affiliates or controlling persons, if any, against certain liabilities and expenses arising out of its engagement and any related transaction.

During the two years prior to February 4, 2013, Evercore and its affiliates provided financial advisory services to the Company and its affiliates, for which Evercore and its affiliates received compensation in an amount equal to $2,000,000 in the aggregate. In addition, in 2012, an affiliate of Evercore provided fiduciary services to the Dell Inc. 401(k) Plan for which such affiliate received compensation in an amount equal to $45,000 in the aggregate. During the two years prior to February 4, 2013, Evercore and its affiliates provided financial advisory services to

Silver Lake and its affiliates, for which Evercore and its affiliates received compensation in an amount equal to $3,050,000 in the aggregate. During the two years prior to February 4, 2013, neither Evercore nor its affiliates have had any material relationship with the MSDC Investor, the MD Investors or their respective affiliates (other than the Company and its affiliates as described above). Evercore may provide financial or other services to the Company or the Parent Parties or their respective affiliates in the future and in connection with any such services Evercore may receive compensation.

In the ordinary course of business, Evercore or its affiliates may actively trade the securities, or related derivative securities, or financial instruments of the Company and its affiliates, for its own account and for the accounts of its customers and, accordingly, may at any time hold a long or short position in such securities or instruments.

The Special Committee engaged Evercore to act as a financial advisor based on its qualifications, experience and reputation. Evercore is an internationally recognized investment banking firm and is regularly engaged in the valuation of businesses in connection with mergers and acquisitions, leveraged buyouts, competitive biddings, private placements and valuations for corporate and other purposes.

Position of the Parent Parties, the SLP Filing Persons and the MSDC Filing Persons as to Fairness of the Merger

Under the SEC rules governing going private transactions, each of the Parent Parties, 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 entities referred to as the MSDC Filing Persons (see *Important Information Regarding the Parent Parties, the SLP Filing Persons, the MD Filing Persons and the MSDC Filing Persons The MSDC Filing Persons* beginning on page 189) is an affiliate of the Company and, therefore, is required to express its beliefs as to the fairness of the merger to the Company s unaffiliated security holders, as defined under Rule 13e-3 of the Exchange Act. Each of the Parent Parties, the SLP Filing Persons and the MSDC Filing Persons is making the statements included in this section solely for the purpose of complying with the requirements of Rule 13e-3 and related rules under the Exchange Act. The views of each of the Parent Parties, the SLP Filing Persons and the MSDC Filing Persons should not be construed as a recommendation to any Company stockholder as to how that stockholder should vote on the proposal to adopt the merger agreement.

The Parent Parties attempted to negotiate with the Special Committee the terms of a transaction that would be most favorable to the Parent Parties, and not necessarily to the Company s unaffiliated stockholders, and, accordingly, did not negotiate the merger agreement with a goal of obtaining terms that were fair to such unaffiliated stockholders. The Special Committee consists of four independent and disinterested directors of the Company who are not affiliated with any of the MD Investors, the Gift Trusts, the SLP Investors, or the Parent Parties, are not employees of the Company or any of its affiliates and have no financial interest in the merger different from, or in addition to the interests of the Company s unaffiliated stockholders other than their interests described under *Interests of the Company s Directors and Executive Officers in the Merger* beginning on page 112.

None of the Parent Parties, the SLP Filing Persons or the MSDC Filing Persons participated in the deliberations of the Special Committee or the Board regarding, or received advice from the Company s legal advisors or financial advisors as to, the substantive or procedural fairness of the merger to the Company s unaffiliated stockholders. None of the Parent Parties, the SLP Filing Persons or the MSDC Filing Persons has performed, or engaged a financial advisor to perform, any valuation or other analysis for the purposes of assessing the fairness of the merger to the Company s unaffiliated stockholders.

Based on the knowledge and analysis of each of the Parent Parties, the SLP Filing Persons and the MSDC Filing Persons of available information regarding the Company, as well as discussions with the Company s senior management regarding the Company and its business and the factors considered by, and the analysis and

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resulting conclusions of, the Board and the Special Committee discussed under *Reasons for the Merger; Recommendation of the Board of Directors; Fairness of the Merger* beginning on page 50 (which analysis and resulting conclusions each of the Parent Parties, the SLP Filing Persons and the MSDC Filing Persons adopt), each of the Parent Parties, the SLP Filing Persons and the MSDC Filing Persons believes that the merger is substantively and procedurally fair to the Company s unaffiliated stockholders. In particular, each of the Parent Parties, the SLP Filing Persons and the MSDC Filing Persons believes that the proposed merger is substantively and procedurally fair to the Company s unaffiliated stockholders based on its consideration of the following factors, among others:

- the Special Committee determined, by unanimous vote of all members of the Special Committee, and the Board determined, by the unanimous vote of all members of the Board (other than Mr. Dell, who did not participate in such determination), that the transactions contemplated by the merger agreement, including the merger, are fair to, and in the best interests of, the Company s unaffiliated stockholders;

- the current and historical market prices of the Common Stock, including the market performance of the Common Stock relative to the common stock of other participants in the industries in which the Company operates and general market indices, and the fact that the merger consideration of $13.65 per share for the Common Stock represents a premium of approximately 42% above the closing price of the Common Stock on November 30, 2012, the last trading day before an analyst report was issued by Goldman Sachs suggesting that the Company might be a target for a leverage buyout transaction, 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 37% over the average closing price of the Common Stock during the 90 calendar days ending January 11, 2013 and a premium of approximately 35% over the Company s enterprise value as of January 11, 2013 (which premium the Parent Parties, the SLP Filing Persons and the MSDC Filing Persons believe is relevant because enterprise value is generally defined as equity value minus net cash and, as a result, takes into account the Company s large net cash position and the fact that potential acquirors typically are not willing to pay a premium for a company s cash);

- the $13.65 per share merger consideration and the other terms and conditions of the merger agreement resulted from arm s-length negotiations between the Parent Parties and their advisors, on the one hand, and the Special Committee and its advisors, on the other hand;

- the MD Investors agreed that their shares rolled over in the proposed transaction would only be valued at $13.36 per share, as opposed to the $13.65 price being offered to the Company s unaffiliated stockholders;

- the merger consideration is all cash, allowing the Company s unaffiliated stockholders to immediately realize a certain and fair value for all of their shares of Common Stock and, as a result, to no longer be exposed to the various risks and uncertainties related to continued ownership of Common Stock, which include, among others, the following:

  - decreasing revenues in the market for desktop and notebook PCs and the significant uncertainties as to whether, or when, this decrease will end due to, among other things, continued macroeconomic pressures, lengthening replacement cycles, the uncertain adoption of the Windows 8 operating system, unexpected slowdowns in enterprise Windows 7 upgrades and the increasing substitution of smartphones and tablets for PCs;

  - the overall difficulty of predicting the market for PCs, as evidenced by the significant revisions in industry forecasts among industry experts and analysts over the past year, and the related difficulty in forecasting the Company s future results of operations, as evidenced by the fact that, as of the completion of the third quarter of fiscal year 2013, the Company s revenue for each of its prior seven fiscal quarters was below both management s budget and, with the exception of one quarter, consensus analyst estimates, while the Company s earnings per share performance was mixed compared with management s budget and consensus analyst estimates;

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the ongoing downward pricing pressure and trend towards commoditization in the desktop and notebook personal computer market, which continues to represent a majority of the Company s product and services revenues and cash flows, and the increasing importance of the smartphone and tablet markets in which the Company currently has very little presence;

a shift in demand from higher-margin premium PC products, a segment in which the Company has historically been very competitive, to lower-margin value products, a segment in which the Company has historically been much less competitive;

the increasing usage of alternative PC operating systems to Microsoft Windows, which is incorporated into substantially all of the Company s current PC offerings;

the increasing adoption of bring your own device policies by businesses, which allow employees to make their own decisions regarding which computers and/or other electronic devices they use in the workplace and that are supported by their employers, and the relative advantage this provides to competitors to the Company whose products presently have greater appeal to consumers than the Company s current products;

the substantial additional investment needed by the Company to continue its current strategy of developing integrated end-to-end technology solutions for its enterprise customers, including integration of acquired products and solutions, extension of existing capabilities (e.g., cloud services), hiring of additional personnel and other operating expenses and capital expenditures, and the fact that implementation of this strategy is associated with near-term margin pressure and ongoing execution risk;

the risks and uncertainties associated with integrating the substantial number of software businesses acquired by the Company during the past year, as well as integrating these new software businesses into the Company s overall suite of products and services; and

the risks associated with the Company s large negative working capital balance (when determined without taking into account current assets and liabilities related to cash) and the Company s cash flow generation in a scenario of declining revenues, such as has been experienced by the Company in the recent past and that may be experienced by the Company in the future;

notwithstanding that the opinions of J.P. Morgan and Evercore were provided solely for the information and assistance of the Special Committee and the Board and none of the Parent Parties, the SLP Filing Persons or the MSDC Filing Persons are entitled to, and did not, rely on such opinions, the fact that the Special Committee received opinions from J.P. Morgan and Evercore, each to the effect that, as of the date of such opinion, subject to the various factors, procedures, assumptions, qualifications and limitations on the scope of review undertaken by such firms in rendering their opinions, the $13.65 per share merger consideration to be received by holders of the Common Stock entitled to receive such merger consideration was fair, from a financial point of view, to such holders;

the fact that the Parent Parties have obtained committed debt financing for the merger from nationally recognized financing sources with a limited number of conditions to the consummation of the debt financing, the absence of a financing condition in the merger agreement and the obligation of the Parent Parties to use their reasonable best efforts to obtain the debt financing;

the merger agreement requires that it be adopted not only by the affirmative vote of the holders of at least a majority of the outstanding shares of the Common Stock, but also the affirmative vote of the holders of at least a majority of the outstanding shares of the Common Stock held by stockholders entitled to vote thereon other than the Parent Parties, the MD Investors, the Gift Trusts and 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;

the Special Committee consists solely of directors who are not officers or employees of the Company or any of its subsidiaries and are not affiliated with the Parent Parties, the SLP Filing Persons, the MSDC Filing Persons or the MD Filing Persons, and, other than receipt of reasonable and customary fees for attending meetings and their other interests described under *Interests of the Company s Directors and Executive Officers in the Merger*, to the knowledge of the Parent Parties, the SLP Filing Persons and the MSDC Filing Persons, such directors have no financial interest in the merger different from, or in addition to, the Company s unaffiliated stockholders;

the Company s ability during the go-shop period to initiate, solicit and encourage alternative acquisition proposals from third parties, provide non-public information to such third parties and participate in discussions and negotiations with such third parties regarding alternative acquisition proposals and the Company s ability to continue discussions with such parties thereafter if such party, which we refer to in these circumstances as an excluded party, submits an alternative acquisition proposal prior to the expiration of the go-shop period that the Special Committee determines in good faith (such determination to be made within five business days after the expiration of the go-shop period), after consultation with outside counsel and its financial advisors, constitutes or could reasonably be expected to result in a superior proposal;

the Company s ability, at any time from and after the end of the go-shop period, to consider and respond to an unsolicited acquisition proposal, to furnish confidential information to, and engage in discussions or negotiations with, the person or parties making such a proposal, if the Board, upon recommendation of the Special Committee, determines in good faith that such acquisition proposal either constitutes or could reasonably be expected to result in a superior proposal;

the Company s ability, under certain circumstances, to terminate the merger agreement in order to enter into a definitive agreement providing for a superior proposal, subject to paying a termination fee of $180 million if the definitive agreement is with an excluded party, or $450 million if the definitive agreement is with any other person (see *The Merger Agreement Termination Fees; Reimbursement of Expenses* beginning on page 162);

the Special Committee retained and received advice from J.P. Morgan and Evercore, as financial advisors, and Debevoise & Plimpton LLP, as legal advisor, each of which has extensive experience in transactions similar to the merger;

the Special Committee retained and was advised by BCG, a nationally recognized management consultant selected by the Special Committee to provide business and strategic assessments relating to the Company and its business plan and prospects and risk, as well as the markets the Company seeks to penetrate;

the fact that, if the merger agreement is terminated in connection with the Company s entry into a definitive agreement with respect to a superior proposal, the MD Investors and the Gift Trusts have agreed in the voting agreement to vote their shares of Common Stock in the same proportion in favor of such superior proposal as the shares of Common Stock held by the unaffiliated stockholders are voted or, at their option, entirely in favor of such superior proposal;

neither the MD Investors nor the Gift Trusts have entered into any exclusivity arrangements with the SLP Investors and, the MD Investors and the Gift Trusts agreed, if requested by the Special Committee or the Board, to explore in good faith the possibility of working with any person or group regarding an alternative acquisition proposal (including taking part in meetings and negotiations); and

the availability of appraisal rights under Delaware law to holders of Common Stock who do not vote in favor of the adoption of the merger agreement and who comply with all of the required procedures under Delaware law, which allows such holders to seek appraisal of the fair value of their stock as determined by the Court of Chancery of the State of Delaware.

In their consideration of the fairness of the proposed merger, the Parent Parties, the SLP Filing Persons and the MSDC Filing Persons did not find it practicable to, and did not, appraise the assets of the Company to determine the liquidation value for the Company s unaffiliated stockholders (i) because of their belief that liquidation sales generally result in proceeds substantially less than the sales of a going concern, (ii) because of the impracticability of determining a liquidation value given the significant execution risk involved in any breakup, (iii) because they considered the Company to be a viable going concern and (iv) because the Company will continue to operate its business following the merger. None of the Parent Parties, the SLP Filing Persons or the MSDC Filing Persons considered net book value, which is an accounting concept, for purposes of determining the fairness of the per share merger consideration to the Company s unaffiliated stockholders because, in their view, net book value is not indicative of the Company s market value but rather an indicator of historical costs. Each of the Parent Parties, the SLP Filing Persons and the MSDC Filing Persons notes, however, that the per share merger consideration of $13.65 per share is higher than the net book value of the Company per share of $6.16 as of February 1, 2013. None of the Parent Parties, the SLP Filing Persons or the MSDC Filing Persons sought to establish a pre-merger going concern value for the Common Stock to determine the fairness of the merger consideration to the Company s unaffiliated stockholders because following the merger the Company will have a significantly different capital structure. However, to the extent the pre-merger going concern value was reflected in the share 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, the per share merger consideration of $13.65 represented a premium to the going concern value of the Company.

The foregoing discussion of the factors considered by each of the Parent Parties, the SLP Filing Persons and the MSDC Filing Persons in connection with the fairness of the merger is not intended to be exhaustive but is believed to include all material factors considered by each of them. The Parent Parties, the SLP Filing Persons and the MSDC Filing Persons did not find it practicable to, and did not, quantify or otherwise attach relative weights to the foregoing factors in reaching their position as to the fairness of the merger. Rather, each of the Parent Parties, the SLP Filing Persons and the MSDC Filing Persons made its fairness determination after considering all of the foregoing factors as a whole. Each of the Parent Parties, the SLP Filing Persons and the MSDC Filing Persons believes these factors provide a reasonable basis upon which to form its belief that the merger is fair to the Company s unaffiliated stockholders. This belief should not, however, be construed as a recommendation to any Company stockholder to vote in favor of the proposal to adopt the merger agreement. None of the Parent Parties, the SLP Filing Persons or the MSDC Filing Persons makes any recommendation as to how stockholders of the Company should vote their shares of Common Stock on the proposal to adopt the merger agreement.

Position of the MD Filing Persons as to Fairness of the Merger

Under the SEC rules governing going private transactions, each of the MD Filing Persons is an affiliate of the Company and, therefore, is required to express his, her or its beliefs as to fairness of the merger to the Company s unaffiliated security holders, as defined under Rule 13e-3 of the Exchange Act. Each of the MD Filing Persons is making the statements included in this section solely for the purpose of complying with the requirements of Rule 13e-3 and related rules under the Exchange Act. The views of each of the MD Filing Persons should not be construed as a recommendation to any Company stockholder as to how that stockholder should vote on the proposal to adopt the merger agreement.

The MD Filing Persons have interests in the merger that are different from, and in addition to, those of the other security holders of the Company. These interests are described under *Interests of the Company s Directors and Executive Officers in the Merger.* In light of these different interests, and the fact that Mr. Dell is an officer and director of the Company, the Board established a Special Committee consisting solely of independent and disinterested directors who are not affiliated with any of the MD Investors, the Gift Trusts, the SLP Investors or the Parent Parties, are not employees of the Company or any of its affiliates and have no financial interest in the merger different from, or in addition to, the Company s stockholders (other than their interests described under *Interests of the Company s Directors and Executive Officers in the Merger* beginning on page 112) to negotiate with, among others, the Parent Parties, with the assistance of independent legal and financial advisors. None of the MD Filing Persons participated in the negotiations with the Special Committee with respect to the price to be paid to the Company s unaffiliated stockholders in the merger, and none of the MD Filing Persons participated in the deliberations of the Special Committee or the Board regarding, or received advice from the Company s legal advisors or financial advisors as to, the substantive or procedural fairness of the merger to the Company s unaffiliated stockholders. For these reasons, the MD Filing Persons do not believe that their interests in the merger influenced the decision of the Special Committee or the board of directors with respect to the merger agreement or the merger.

None of the MD Filing Persons has performed, or engaged a financial advisor to perform, any valuation or other analysis for the purposes of assessing the fairness of the merger to the Company s unaffiliated stockholders. Based on the knowledge and analysis of each of the MD Filing Persons of available information regarding the Company, as well as discussions with the Company s senior management regarding the Company and its business and the factors considered by, and the analysis and resulting conclusions of, the Board and the Special Committee discussed under *Reasons for the Merger; Recommendation of the Board of Directors; Fairness of the Merger* beginning on page 50 (which analysis and resulting conclusions each of the MD Filing Persons adopt), each of the MD Filing Persons believes that the merger is substantively and procedurally fair to the Company s unaffiliated stockholders. In particular, each of the MD Filing Persons believes that the proposed merger is substantively and procedurally fair to the Company s unaffiliated stockholders based on its consideration of the factors enumerated above under *Position of the Parent Parties, the SLP Filing Persons and the MSDC Filing Persons as to Fairness of the Merger*, among others.

In their consideration of the fairness of the proposed merger, the MD Filing Persons did not find it practicable to, and did not, appraise the assets of the Company to determine the liquidation value for the Company s unaffiliated stockholders (i) because of their belief that liquidation sales generally result in proceeds substantially less than the sales of a going concern, (ii) because of the impracticability of determining a liquidation value given the significant execution risk involved in any breakup, (iii) because they considered the Company to be a viable going concern and (iv) because the Company will continue to operate its business following the merger. None of the MD Filing Persons considered net book value, which is an accounting concept, for purposes of determining the fairness of the per share merger consideration to the Company s unaffiliated stockholders because, in their view, net book value is not indicative of the Company s market value but rather an indicator of historical costs. Each of the MD Filing Persons note, however, that the per share merger consideration of $13.65 per share is higher than the net book value of the Company per share of $6.16 as of February 3, 2013. None of the MD Filing Persons sought to establish a pre-merger going concern value for the Common Stock to determine the fairness of the merger consideration to the Company s unaffiliated stockholders because following the merger the Company will have a significantly different capital structure. However, to the extent the pre-merger going concern value was reflected in the share 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, the per share merger consideration of $13.65 represented a premium to the going concern value of the Company.

The foregoing discussion of the factors considered by each of the MD Filing Persons in connection with the fairness of the merger is not intended to be exhaustive, but is believed to include all material factors considered by each of them. The MD Filing Persons did not find it practicable to, and did not, quantify or otherwise attach relative weights to the foregoing factors in reaching their position as to the fairness of the merger. Rather, each of the MD Filing Persons made its fairness determination after considering all of the foregoing factors as a whole. Each of the MD Filing Persons believes these factors provide a reasonable basis upon which to form its belief that the merger is fair to the Company s unaffiliated stockholders. This belief should not, however, be construed as a recommendation to any Company stockholder to vote in favor of the proposal to adopt the merger agreement. None of the MD Filing Persons makes any recommendation as to how stockholders of the Company should vote their shares of Common Stock on the proposal to adopt the merger agreement.

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Purposes and Reasons of the Company for the Merger

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. The Company believes its long-term objectives can best be pursued as a private company. The Company has determined to undertake the merger at this time based on the analyses, determinations and conclusions of the Special Committee and the Board described in detail above under *Reasons for the Merger; Recommendation of the Board of Directors; Fairness of the Merger* beginning on page 50.

Purposes and Reasons of the Parent Parties, the SLP Filing Persons and the MSDC Filing Persons for the Merger

Under the SEC rules governing going private transactions, each of the Parent Parties, the SLP Filing Persons and the MSDC Filing Persons is an affiliate of the Company and, therefore, is required to express its purposes and reasons for the merger to the Company s unaffiliated security holders, as defined under Rule 13e-3 of the Exchange Act. Each of the Parent Parties, the SLP Filing Persons and the MSDC Filing Persons is making the statements included in this section solely for the purpose of complying with the requirements of Rule 13e-3 and related rules under the Exchange Act. The views of each of the Parent Parties, the SLP Filing Persons and the MSDC Filing Persons should not be construed as a recommendation to any Company stockholder as to how that stockholder should vote on the proposal to adopt the merger agreement.

If the merger is completed, the Company will become an indirect, wholly-owned subsidiary of Parent, and the Common Stock will cease to be publicly traded. For the Parent Parties, the purpose of the merger is to effectuate the transactions contemplated by the merger agreement. For the SLP Filing Persons, the purpose of the merger is to allow the SLP Investors to indirectly own equity interests in the Company and to bear the rewards and risks of such ownership after the merger is completed and the Common Stock ceases to be publicly traded. For the MSDC Filing Persons, the purpose of the merger is to allow the MSDC Investor to indirectly own equity interests in the Company and to bear the rewards and risks of such ownership after the merger is completed and the Common Stock ceases to be publicly traded.

Each of the Parent Parties, the SLP Filing Persons and the MSDC Filing Persons believes that it is in the best interests of the Company to operate as a privately held entity. The Parent Parties, the SLP Filing Persons and the MSDC Filing Persons believe that, as a privately held entity, the Company will have greater operational flexibility to pursue alternatives that it would not have as a public company, and management will be able to concentrate on long-term growth, reducing the focus on the quarter-to-quarter performance often emphasized by the public equity market s valuation of the Common Stock. Each of the Parent Parties, the SLP Filing Persons and the MSDC Filing Persons also believes that the merger will provide the Company with flexibility to pursue transactions with a risk profile that may be unacceptable to many public shareholders, and that these transactions can be more effectively executed as a private company.

In particular, the Parent Parties, the SLP Filing Persons and the MSDC Filing Persons believe that the Parent Parties plans for the Company following the merger, which are discussed further below under *Plans for the Company After the Merger* beginning on page 89, will be likely, in the short term, to lower gross margins, raise the Company s operating expenses and raise capital expenditures, resulting in lower earnings per share. While the Parent Parties, the SLP Filing Persons and the MSDC Filing Persons believe these plans for the Company after the merger are in the Company s best interests in the long term, the Parent Parties, the SLP Filing Persons and the MSDC Filing Persons believe that, were the Company to undertake these actions as a public company, many stockholders would be likely to object and the Company s stock price could suffer a significant decline. The Parent Parties, the SLP Filing Persons and the MSDC Filing Persons believe that this could, in turn, adversely affect customer perception and make it more difficult to retain employees, and that the Company can avoid these adverse effects as a private company. As a result of being privately held, the Company will also enjoy certain additional efficiencies, such as a reduction of the time devoted by its management and certain other employees to compliance with the reporting and other requirements applicable to a public company.

Although each of the Parent Parties, the SLP Filing Persons and the MSDC Filing Persons believes that there will be significant opportunities associated with their investment in the Company, and the Parent Parties, the SLP Filing Persons and the MSDC Filing Persons realize that there are also substantial risks (including the risks and uncertainties relating to the prospects of the Company) and that such opportunities may not ever be fully realized.

If the merger is completed, the Company will become an indirect, wholly-owned subsidiary of Parent, and the Company s shares of Common Stock will cease to be publicly traded. The Parent Parties, the SLP Filing Persons and the MSDC Filing Persons believe that structuring the transaction in such manner is preferable to other alternative transaction structures because (i) it will enable Parent to indirectly acquire all of the outstanding shares of the Company at the same time, (ii) it will allow the Company to cease to be a publicly registered and reporting company, (iii) it represents an opportunity for the Company s unaffiliated stockholders to immediately realize the value of their investment in the Company and (iv) it allows the Parent Parties, the SLP Filing Persons and the MSDC Filing Persons to invest in the Company.

As discussed in *Background of the Merger*, prior to the signing of the merger agreement, the Company notified Mr. Dell and Silver Lake that Southeastern desired for any potential going private transaction involving the Company to provide an opportunity for stockholders to roll over a portion of their equity interests in the Company. In contrast, as discussed in *Background of the Merger*, Southeastern s suggestion in June 2012 that Mr. Dell consider a going private transaction contemplated that only Mr. Dell and Southeastern would roll over all or a portion of their equity interests in the Company. The Parent Parties, the SLP Filing Persons and the MSDC Filing Persons were not willing to consider an alternative transaction structure in which the unaffiliated stockholders would be permitted to roll over a portion of their equity interests in the Company in light of their belief that it is in the best interests of the Company to operate as a privately held entity, as discussed in greater detail above. In addition, the Parent Parties, the SLP Filing Persons and the MSDC Filing Persons did not consider any other alternative transaction structures or other alternative means to accomplish the purposes set forth above, because no other alternatives would enable them to invest in the Company and allow for the Company to cease to be a publicly registered and reporting company.

Purposes and Reasons of the MD Filing Persons for the Merger

Under the SEC rules governing going private transactions, each of the MD Filing Persons is an affiliate of the Company and, therefore, is required to express his, her or its beliefs as to the purposes and reasons for the merger to the Company s unaffiliated security holders, as defined under Rule 13e-3 of the Exchange Act. Each of the MD Filing Persons is making the statements included in this section solely for the purpose of complying with the requirements of Rule 13e-3 and related rules under the Exchange Act. The views of each of the MD Filing Persons should not be construed as a recommendation to any Company stockholder as to how that stockholder should vote on the proposal to adopt the merger agreement.

Each of the MD Filing Persons believes that it is in the best interests of the Company to operate as a privately held entity. The MD Filing Persons believe that, as a privately held entity, the Company will have greater operational flexibility to pursue alternatives than it would have had as a public company, and management will be able to concentrate on long-term growth, reducing the focus on the quarter-to-quarter performance often emphasized by the public equity market s valuation of the Common Stock. Each of the MD Filing Persons also believes that the merger will provide the Company with flexibility to pursue transactions with a risk profile that may be unacceptable to many public shareholders, and that these transactions can be more effectively executed as a private company.

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In particular, the MD Filing Persons believe that the Parent Parties plans for the Company following the merger, which are discussed further below under *Plans for the Company After the Merger* beginning on page 89, will be likely, in the short term, to lower gross margins, raise the Company s operating expenses and raise capital expenditures, resulting in lower earnings per share. While the MD Filing Persons believe these plans for the Company after the merger are in the Company s best interests in the long term, the MD Filing Persons believe that, were the Company to undertake these actions as a public company, many stockholders would be likely to object and the Company s stock price could suffer a significant decline. The MD Filing Persons believe that this could, in turn, adversely affect customer perception and make it more difficult to retain employees, and that the Company can avoid these adverse effects as a private company. As a result of being privately held, the Company will also enjoy certain additional efficiencies, such as a reduction of the time devoted by its management and certain other employees to compliance with the reporting and other requirements applicable to a public company.

Although each of the MD Filing Persons believes that there will be significant opportunities associated with the MD Investors rollover and, in the case of Mr. Dell, cash equity investment in the Company, each MD Filing

Person realizes that there are also substantial risks (including the risks and uncertainties relating to the prospects of the Company) and that such opportunities may not ever be fully realized.

If the merger is completed, the Company will become an indirect, wholly-owned subsidiary of Parent, and the Company s shares of Common Stock will cease to be publicly traded. The MD Filing Persons believe that structuring the transaction in such manner is preferable to other alternative transaction structures because (i) it will enable Parent to indirectly acquire all of the outstanding shares of the Company at the same time, (ii) it will allow the Company to cease to be a publicly registered and reporting company, (iii) it represents an opportunity for the Company s unaffiliated stockholders to immediately realize the value of their investment in the Company and (iv) it allows the MD Investors to increase their equity interests in the Company through their commitments to exchange their existing equity interests in the Company for equity interests in Parent, and in the case of Mr. Dell, through his commitment to make an additional cash equity investment in Parent. For the MD Filing Persons, the purpose for the merger is to allow the MD Investors to continue to own equity interests in the Company after the merger and to bear the rewards and risks of such ownership after the merger, and to permit Mr. Dell generally to control the operations of the Company.

As discussed in *Background of the Merger*, prior to the signing of the merger agreement, the Company notified Mr. Dell and Silver Lake that Southeastern desired for any potential going private transaction involving the Company to provide an opportunity for stockholders to roll over a portion of their equity interests in the Company. In contrast, as discussed in *Background of the Merger*, Southeastern s suggestion in June 2012 that Mr. Dell consider a going private transaction contemplated that only Mr. Dell and Southeastern would roll over all or a portion of their equity interests in the Company. The MD Filing Persons were not willing to consider an alternative transaction structure in which the unaffiliated stockholders would be permitted to roll over a portion of their equity interests in the Company in light of their belief that it is in the best interests of the Company to operate as a privately held entity, as discussed in greater detail above. In addition, the MD Filing Persons did not consider any other alternative transaction structures or other alternative means to accomplish the purposes set forth above, because no other alternatives would enable them to invest in the Company and allow for the Company to cease to be a publicly registered and reporting company.

Plans for the Company After the Merger

Upon consummation of the merger, the Company will cease to have publicly traded equity securities and will instead be a wholly-owned subsidiary of Intermediate, and will have substantially more debt than it currently has. In addition, the Parent Parties have advised the Company that they expect to make the changes set forth below to the operations of the Company following consummation of the merger. The SLP Filing Persons and the MD

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Filing Persons believe that additional financing may be needed by the Company in support of these changes and the Company s transformation, as well as to support additional acquisitions.

Extend end-to-end information technology solutions capabilities. The Parent Parties currently expect that, following the merger, the Company will make significant investments in research and development, capital expenditures and personnel additions. The Parent Parties expect to hire additional R&D, services and sales personnel in order to extend the depth and breadth of the Company s capabilities and to increase the number of customers to whom such services and solutions are provided. The Company s strategy of becoming an integrated provider of end-to-end IT solutions is expected to require additional investments in converged infrastructure solutions, software, cloud solutions, application development and modernization, consulting and managed security services. In addition, it is likely that the Company will need to make additional acquisitions to complete its transformation, which would subject the Company to a number of associated risks and uncertainties.

Hire additional sales personnel. The Parent Parties currently expect that, following the merger, the Company will hire significant numbers of additional sales personnel with the goal of increasing sales coverage and expanding the depth of partnerships the Company has with channel partners in its Partner Direct program. The Parent Parties also expect that the Company will significantly increase investment in training for both new and existing sales personnel, including the Company s channel partners. These investments are likely to raise operating expenses in the near term with the goal of improving sales coverage and increasing long-term revenue growth.

Compete aggressively in emerging countries. The Parent Parties currently expect that, following the merger, the Company will make significant investments to enhance its presence and ability to compete in emerging markets, including the BRIC countries (i.e., Brazil, Russia, India and China). In addition, the Parent Parties expect that the Company will expand aggressively in other parts of Asia, Latin and South America, Central and Eastern Europe, the Middle East and Africa. The Parent Parties expect that these investments will raise the Company s operating expenses and lower its gross margins in the near term.

Invest for growth in the PC and tablet business. The Parent Parties currently expect that, following the merger, the Company will significantly increase its investment in its PC and tablet business to enhance the Company s ability to compete in this market segment. While the Company s strategy in its PC business had been to maximize gross margins, following the merger, the Parent Parties expect to focus instead on maximizing long-term revenue and cash flow growth. The Parent Parties believe these measures are likely to lower near-term gross margins and raise near-term operating expenses, with the goal of improving long-term sales and competitive positioning.

Accelerate delivery of a simplified and enhanced customer experience. In 2012, the Company began to simplify every aspect of the customer relationship. The Parent Parties expect that, if successful, this initiative will make it easier for customers to do business with the Company, eliminating friction and complexity and enabling more rapid response to customer needs. The Parent Parties currently expect that, following the merger, the Company will make significant operating expense and capital expenditure investments to accelerate this effort, which should yield improvements throughout the value chain, eliminating unnecessary complexity from the Company s solutions, go-to-market, premium support, online sales and support, procurement and supply chain. While over time, this should help improve the customer experience, grow customer relationships, drive efficiencies and improve cycle times, in the near-term earnings and margins will likely be pressured by this initiative.

As noted above under *Purposes and Reasons of the MD Filing Persons for the Merger* beginning on page 88, these measures are likely, in the short term, to lower gross margins, raise the Company s operating expenses and raise capital expenditures, resulting in lower earnings per share. While the Parent Parties believe that these plans for the Company after the merger are in the Company s best interests in the long term, the Parent Parties believe that, were the Company to undertake these actions as a public company, many stockholders would be likely to object and the Company s stock price could suffer a significant decline.

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Except as described above or elsewhere in this proxy statement, the Parent Parties have advised the Company that they do not have any current intentions, plans or proposals to cause the Company to engage in any of the following:

- an extraordinary corporate transaction following consummation of the merger involving the Company s corporate structure, business or management, such as a merger, reorganization or liquidation;

- the purchase, sale or transfer of a material amount of assets of the Company or any of its subsidiaries; or

- any other material changes to the Company s corporate structure or business.

We expect, however, that, both before and following consummation of the merger, the management and/or board of directors of the Company will continue to assess the Company s assets, corporate and capital structure, capitalization, operations, business, properties and personnel to determine what additional changes, if any, would be desirable following the merger to enhance the business and operations of the Company and, subject to the terms of the merger agreement, before the consummation of the merger, may cause the Company to effect any changes or engage in any transactions that the management and/or board of directors of the Company decides are in the best interest of the Company upon such review. The Parent Parties expressly reserve the right to make any other changes to the Company s operations after the consummation of the merger that they deem appropriate in light of additional evaluation and review or in light of future developments.

Certain Effects of the Merger

If the merger agreement is adopted by the requisite votes of the Company s stockholders and all other conditions to the closing of the merger are either satisfied or waived, Merger Sub will merge with and into the Company, 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 outstanding immediately prior to the effective time of the merger (other than certain excluded shares and dissenting shares) will be converted into the right to receive $13.65 in cash, without interest, less 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.

Each Company stock option granted under the Other LTIP Plans, 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 an 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.

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 restricted stock units, 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 occur following the effective time of the merger.

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, plus any additional amounts related to dividends payable on such Company restricted share prior to the effective time, but which remain subject to the vesting of the Company restricted share. Payment will be made on such date(s) as the Company restricted share would have otherwise vested, but only if the holder of such Company restricted share remains continuously employed by the surviving corporation or its subsidiaries from the effective time of the merger to such vesting date(s).

A primary benefit of the merger to our stockholders will be the right of such stockholders to receive a cash payment of $13.65, without interest, for each share of Common Stock held by such stockholders, as described above, representing 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. Additionally, such stockholders will avoid the risk after the merger of any possible decrease in our future earnings, growth or value.

The primary detriments of the merger to our stockholders include the lack of interest of such stockholders in any potential future earnings, growth or value realized by the Company after the merger. Additionally, the receipt of cash in exchange for shares of Common Stock pursuant to the merger generally will be a taxable transaction for U.S. federal income tax purposes to our stockholders who are U.S. holders. See *Material U.S. Federal Income Tax Consequences of the Merger* beginning on page 124.

Following the merger, it is contemplated that all of the equity interests in the Company will be owned, indirectly through Parent, by the SLP Investors, the MD Investors, the MSDC Investor, certain members of management and other employees of the Company and, potentially, certain other permitted assignees. If the merger is completed, these equity investors will be the sole beneficiaries of our future earnings, growth and value, if any, and such equity investors will be the only ones entitled to vote on corporate matters affecting the Company. Similarly, these equity investors will also bear the risks of ongoing operations, including the risks of any decrease in the earnings, growth or value of the Company after the merger and other risks related to the incurrence of additional leverage as described under *Financing for the Merger Debt Financing* beginning on page 105.

The Common Stock is currently registered under the Exchange Act and is quoted on NASDAQ under the symbol DELL. As a result of the merger, the Company will be a privately held corporation and there will be no public market for its Common Stock. After the merger, the Common Stock will cease to be quoted on NASDAQ and price quotations with respect to sales of Common Stock in the public market will no longer be available. In addition, the registration of the Common Stock under the Exchange Act will be terminated and the Company will

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no longer file periodic reports with the SEC with respect to the Common Stock. Termination of registration of our Common Stock under the Exchange Act will reduce the information required to be furnished by the Company to our stockholders and the SEC, and would make certain provisions of the Exchange Act, such as the short-swing trading provisions of Section 16(b) of the Exchange Act and the requirement to furnish a proxy statement in connection with stockholders meetings pursuant to Section 14(a) of the Exchange Act, no longer applicable to the Company. The Company currently estimates that the amount of any regulatory compliance cost savings will be approximately $11.6 million per annum. The SLP Investors, the MD Investors, the MSDC Investor and any other investors in Parent will benefit from any regulatory compliance cost savings realized by the Company after it ceases to be a publicly traded company.

The Company has currently recognized a deferred tax asset, which was valued in the amount of approximately $86 million as of February 1, 2013, that it expects (on a more likely than not basis) to be able to utilize against future tax liabilities. After the completion of the merger, the Company again will evaluate the facts and circumstances to determine the extent to which (if any) such asset may be utilizable. Because utilization of the deferred tax asset after the merger will depend on the income and other deductions of the Company after the merger, which cannot be determined in advance, no assurance can be given as to when, or the extent to which (if at all), such utilization will occur after the merger. As a result of the Parent Parties ownership interests in the Company following the completion of the merger, the Parent Parties will become the beneficiaries of any such utilization.

The directors of Merger Sub immediately prior to the effective time of the merger will be the directors of the surviving corporation and the officers of the Company immediately prior to the effective time of the merger will be the officers of the surviving corporation. The certificate of incorporation of the surviving corporation will be amended and restated in its entirety to be in the form of the certificate of incorporation attached as Exhibit A to the merger agreement. The bylaws of the surviving corporation will be amended and restated in their entirety to be in the form of the bylaws attached as Exhibit B to the merger agreement.

In connection with the merger, the MD Investors will receive benefits and be subject to obligations in connection with the merger that are different from, or in addition to, the benefits and obligations the Company s stockholders generally, as described in more detail under *Interests of the Company s Directors and Executive Officers in the Merger*. The incremental benefits will include the right of the MD Investors to make an equity investment in Parent in exchange for their contribution to Parent of 273,299,383 shares of Common Stock and, in the case of Mr. Dell, of up to $500 million in cash equity financing. A detriment to the MD Investors is that their equity interests in Parent will not be listed on a securities exchange and will be highly illiquid without an active public trading market for such equity interests. Their equity interests in Parent will also be subject to agreements restricting the ability of the MD Investors to sell such equity interests. Additional incremental benefits to Mr. Dell may include, among others, continuing as an executive officer of the surviving corporation and entry into a new employment agreement or other arrangements with the surviving corporation or its subsidiaries. Furthermore, it is contemplated that Mr. Dell will be the chairman of the board of directors of Parent and chief executive officer of Parent.

Parent does not currently own any interest in the Company. Following consummation of the merger, Parent will indirectly own 100% of the outstanding Common Stock and will have a corresponding interest in our net book value and net earnings. Each stockholder of Parent will have an indirect interest in our net book value and net earnings in proportion to such stockholder s ownership interest in Parent. Our net income for the fiscal year ended February 1, 2013 was approximately $2.372 billion and our net book value as of February 1, 2013 was approximately $10.701 billion.

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The table below sets forth the direct and indirect interests in the Company s net book value and net earnings of the SLP Investors, the MD Investors and the MSDC Investor prior to and immediately after the merger, based on the net book value at February 1, 2013 and net earnings for the fiscal year ended February 1, 2013.

	Ownership of the Company Prior to the Merger(1)			Ownership of the Company After the Merger(2)		
	% Ownership	Net book value at February 1, 2013	Net income for the year ended February 1, 2013	% Ownership	Net book value at February 1, 2013	Net income for the year ended February 1, 2013
			(in thousands)			
SLP Investors				24.1	$ 2,578,941	$ 571,652
MD Investors	15.8(3)	$ 1,689,409	$ 374,477	71.6	$ 7,661,916	$ 1,698,352
MSDC Investor				4.3	$ 460,143	$ 101,996

(1) Based upon beneficial ownership as of February 1, 2013, excluding beneficial ownership attributable to Company stock options (whether or not exercisable) and any Company RSU Award (whether or not vested) and the Company s net book value at February 1, 2013 and net income for the fiscal year ended February 1, 2013.
(2) Based upon the agreed upon and anticipated equity investments and the Company s net book value at February 1, 2013 and net income for the fiscal year ended February 1, 2013, and without giving effect to any additional indebtedness to be incurred in connection with the merger. Excludes any Company stock options (whether or not exercisable) and any other equity incentives issued in connection with or after the merger as described under *Interests of the Company s Directors and Executive Officers in the Merger*.
(3) Ownership percentage for the MD Investors includes 2,964,869 shares currently held by the Gift Trusts, as to which Mr. Dell disclaims beneficial ownership; however, such 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).

Projected Financial Information

The Company does not generally make public projections as to future performance or earnings beyond the current fiscal year and is especially cautious of making projections for extended periods due to the unpredictability of its business and the markets in which it operates. However, financial projections prepared by management and financial forecasts prepared by BCG were made available to the Board, the Special Committee, and the Special Committee s advisors in connection with their respective consideration of strategic alternatives available to the Company. Certain of these financial projections and forecasts (or certain information contained therein) also were made available to the Company s financial advisor, the Parent Parties and other potential acquiring persons.

Summaries of these financial projections and forecasts are being included in this proxy statement not to influence your decision whether to vote for or against the proposal to adopt the merger agreement, but because these financial projections and forecasts were made available to the Board, the Special Committee and the Special Committee s advisors, as well as, in the case of certain of these financial projections and forecasts (or certain information contained therein), to the Company s financial advisor, the Parent Parties and other potential acquiring persons. The inclusion of this information should not be regarded as an indication that the Company, BCG, the Board, the Special Committee, the Special Committee s advisors, the Company s financial advisor, the Parent Parties, other potential acquiring persons or any other recipient of this information considered, or now considers, such financial projections or forecasts to be a reliable prediction of future results. No person has made or makes any representation to any stockholder regarding the information included in these financial projections or forecasts.

Although presented with numerical specificity, these financial projections and forecasts are based upon a variety of estimates and numerous assumptions made by the Company s management or BCG with respect to, among other matters, industry performance, general business, economic, market and financial conditions and other matters, including the factors described under *Cautionary Statement Concerning Forward-Looking Information* beginning on page 130, many of which are difficult to predict, are subject to significant economic and competitive uncertainties, and are beyond the Company s control. In addition, since the financial projections and forecasts cover multiple years, such information by its nature becomes less reliable with each successive year. As a result, there can be no assurance that the estimates and assumptions made in preparing the financial projections and forecasts will prove accurate, that the projected results will be realized or that actual results will not be significantly higher or lower than projected.

The financial projections and forecasts do not take into account any circumstances or events occurring after the date they were prepared, and, except as may be required in order to comply with applicable securities laws, neither the Company nor BCG intends to update, or otherwise revise, the financial projections or forecasts, or the specific portions presented, to reflect circumstances existing after the date when they were made or to reflect the occurrence of future events, even in the event that any or all of the assumptions are shown to be in error. In addition, the financial projections and forecasts assume that the Company will remain a publicly traded company.

The financial projections and forecasts were not prepared with a view toward public disclosure, soliciting proxies or complying with generally accepted accounting principles (GAAP), the published guidelines of the SEC regarding financial projections and forecasts or the guidelines established by the American Institute of Certified Public Accountants for preparation and presentation of financial projections and forecasts. Neither PricewaterhouseCoopers LLP, the Company s independent registered public accounting firm, nor any other independent registered public accounting firm has examined, compiled or performed any procedures with respect to the accompanying financial projections and forecasts, and, accordingly, neither PricewaterhouseCoopers LLP nor any other public accounting firm expresses an opinion or any other form of assurance with respect to such projections and forecasts. The PricewaterhouseCoopers LLP reports incorporated by reference into this proxy statement relate to the Company s historical financial information. They do not extend to the financial projections and forecasts and should not be read to do so.

The financial projections and forecasts included non-GAAP financial measures, which were presented because management and BCG believed they could be useful indicators of the Company s projected future operating performance and cash flow. The Company prepared its financial projections on a non-GAAP basis. The Company has not included in this proxy statement a reconciliation of its projected non-GAAP gross margin, non-GAAP operating income or non-GAAP net income to the most comparable GAAP financial measure, consisting of GAAP gross margin, GAAP operating income and GAAP net income, respectively, because information is not available to the Company s management to identify or reasonably estimate future severance and facility actions, future acquisition-related costs, or future acquisition-related tax adjustments, each of which is excluded from the non-GAAP financial measures. The calculation of the excluded items would require information about the number, size, nature and timing of any future acquisitions by the Company, as well as purchase accounting adjustments related to such acquisitions. Because of the contingent nature of the exclusions, and because the acquisitions on which the exclusions are dependent have not occurred and cannot reasonably be predicted, the specific adjustments cannot be forecast with accuracy. The financial projections and forecasts included in this proxy statement should not be considered in isolation or in lieu of the Company s operating and other financial information determined in accordance with GAAP (see *Important Information Regarding Dell Selected Summary Historical Consolidated Financial Data* beginning on page 171). In addition, because non-GAAP financial measures are not determined consistently by all companies, the non-GAAP measures presented in these financial projections and forecasts may not be comparable to similarly titled measures of other companies.

For the foregoing reasons, as well as the bases and assumptions on which the financial projections and forecasts were compiled, the inclusion of specific portions of the financial projections and forecasts in this proxy statement should not be regarded as an indication that either the Company or BCG considers such financial projections or forecasts to be an accurate prediction of future events, and the projections and forecasts should not be relied on as such an indication. No one has made any representation to any stockholder of the Company or anyone else regarding the information included in the financial projections and forecasts discussed below.

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July Plan

On July 12, 2012, management presented the July Plan, consisting of financial projections for the Company through fiscal year 2016, to the Board in connection with the Company s routine internal planning processes and not in connection with any potential transaction involving the Company.

Management prepared the July Plan in a process that included input from the Company s individual business segment leaders as to their best estimates of the future financial performance of their respective business segments in light of its then-current understanding of the industry and competitive dynamics, key strategic and investment priorities and other business initiatives. When management presented the July Plan to the Board at the July 12, 2012 meeting, management also updated the Board on the Company s weaker than expected performance in the second quarter, the effects of which were not reflected in the July Plan. Consistent with the Company s internal planning procedures, Board approval of the July Plan was not solicited, nor was the July Plan approved by the Board.

The July Plan was made available to the Special Committee, the Special Committee s advisors and the Company s financial advisor, in addition to the Board. Certain information contained in the July Plan was made available to the Parent Parties and other potential acquiring persons.

The following presents in summary form the financial projections in the July Plan:

July Plan

	Fiscal Year Ended		
	January 31, 2014	**January 30, 2015**	**January 29, 2016**
		(in billions)	
Revenue	$ 66.0	$ 69.5	$ 74.0
Gross margin (non-GAAP)(1)	$ 15.6	$ 16.7	$ 18.1
Operating income (non-GAAP)(2)	$ 5.6	$ 6.2	$ 7.0

(1) Gross margin (non-GAAP) excludes amortization of intangibles, severance and facility actions and acquisition-related costs.
(2) Operating income (non-GAAP) excludes amortization of intangibles, severance and facility actions and acquisition-related costs.

September 21 Case

As discussed under *Background of the Merger* beginning on page 20, certain members of the senior management of the Company began preparing updated projections that came to be known as the September 21 Plan or the September 21 Case. Mr. Dell did not participate in the preparation of the September 21 Case, although the Special Committee authorized Mr. Dell to review it following the presentation of the September 21 Case to the Special Committee on September 23, 2012. The September 21 Case was intended to provide the Special Committee with senior management s updated estimates as to the Company s future financial performance in light of circumstances that had changed since the July Plan was prepared. Senior management initially proposed to update its estimates only to take into account changes in its estimates based on actual and projected results for fiscal year 2013, but, at the Special Committee s request, management also updated its estimates as to the other fiscal years covered by the July Plan. At the suggestion of J.P. Morgan, senior management also included projections for fiscal years 2017 and 2018 in order to provide potential bidders with sufficient information to conduct customary valuation analyses.

The September 21 Case was prepared in a process that was off-cycle from the Company s routine internal planning processes and, with the Special Committee s knowledge, was prepared by senior management (without the participation of Mr. Dell). The September 21 Case 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). Board approval of the September 21 Case was not solicited, nor was the September 21 Case approved by the Board.

An initial version of the September 21 Case was presented to the Special Committee at a meeting held on September 13, 2012, and a revised version of the September 21 Case was presented to the Special Committee at subsequent meetings held on September 21 and 23, 2012, as described under *Background of the Merger* beginning on page 20. After those meetings, senior management continued to refine its expectations as to the Company s working capital needs and its estimates as to certain non-operating items reflected on the Company s income statement, in each case assuming that the operating items reflected on the Company s income statement were as projected in the September 21 Case. These refinements were reflected in the final September 21 Case. Senior management s projections as to operating items such as revenue, gross margin and non-GAAP operating income were not affected by these refinements.

The September 21 Case, while not intended to replace the July Plan, did reflect senior management s view at the time as to adjustments that needed to be made to the July Plan in order to reflect circumstances that had changed since the preparation of the July Plan. Specifically, senior management made downward adjustments to its estimates as to growth rates and gross margin rates for certain of the Company s business segments and as to operating expenses, which collectively were viewed by senior management as the most significant drivers of the Company s future financial performance.

The September 21 Case was made available to the Board, the Special Committee, the Special Committee s advisors and the Company s financial advisor. Certain information contained in the September 21 Case was also made available to the Parent Parties and other potential acquiring persons.

The following presents in summary form the financial projections in the September 21 Case:

September 21 Case

	Fiscal Year Ended				
	January 31, 2014	**January 30, 2015**	**January 29, 2016**	**February 3, 2017**	**February 2, 2018**
	(in billions)				
Revenue	$ 59.9	$ 63.2	$ 66.6	$ 68.0	$ 69.6
Gross margin (non-GAAP)(1)	$ 13.7	$ 14.6	$ 15.3	$ 15.6	$ 16.0
Operating income (non-GAAP)(2)	$ 4.2	$ 4.9	$ 5.3	$ 5.4	$ 5.5
Net income (non-GAAP)(3)	$ 3.2	$ 3.7	$ 4.0	$ 4.1	$ 4.2
Operating cash flow(4)	$ 3.8	$ 4.2	$ 4.7	$ 5.4	$ 5.5
Capital expenditures	$ 0.6	$ 0.6	$ 0.6	$ 0.6	$ 0.6
Depreciation	$ 0.6	$ 0.6	$ 0.6	$ 0.6	$ 0.6

(1) Gross margin (non-GAAP) excludes amortization of intangibles, severance and facility actions and acquisition-related costs.
(2) Operating income (non-GAAP) excludes amortization of intangibles, severance and facility actions and acquisition-related costs.
(3) Net income (non-GAAP) excludes amortization of intangibles, severance and facility actions and acquisition-related costs and associated tax impact.
(4) Senior management s projections as to operating cash flow resulted from its refinements to working capital items, as described above, which resulted in an overall increase in operating cash flow projections.

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Fiscal Year 2014 Plans and Budgets

In connection with the Company s routine planning procedures, at the commencement of each fiscal year, management develops internal financial plans and budgets for the upcoming fiscal year. During the initial stage of the planning process, each of the Company s individual business segments develops a plan and budget. Those plans and budgets are then reviewed by senior management in a centralized planning process that results in the development of a Company-wide internal operating plan (often called the Internal Plan). The Company uses the Internal Plan to establish targets, on a granular basis, for each of its business segments consistent with that segment s strategic objectives. Those targets reflect performance levels that are higher than senior management s expectations regarding the most likely level of financial performance. In addition, senior management prepares a consolidated financial forecast for the Company s business segments reflecting a more conservative view of the Company s financial performance (often called the Board Case), which is approved by the Board and used to establish performance-based compensation targets for management.

As part of the planning process, management presents preliminary versions of the Internal Plan and the Board Case to the Board in January and presents final versions of the Internal Plan and the Board Case to the Board in March. The final versions of the Internal Plan and the Board Case take into account, among other matters, the Company s actual performance during the fourth quarter of the prior fiscal year, while the preliminary versions presented in January rely on fourth quarter estimates.

On January 18, 2013, management presented preliminary versions of the Internal Plan and the Board Case for fiscal year 2014 (the Preliminary FY14 Internal Plan and the Preliminary FY14 Board Case, respectively) to the Board. Mr. Dell did not participate in the presentation or the meeting. Management prepared the Preliminary FY14 Internal Plan based on assumptions and projections for fiscal year 2014 that were substantially consistent with those reflected in the September 21 Case. However, in the Preliminary FY14 Internal Plan, management lowered its estimates of projected revenue, gross margin and operating income to reflect the Company s anticipated fiscal year 2013 performance, as well as a weaker industry outlook given developments since September 2012, including weaker than expected customer demand, reductions in PC shipment forecasts by industry experts and increasing pressure on PC gross margins. The Preliminary FY14 Board Case reflected projections as to revenue, gross margin and operating income that were lower than the amounts projected in the Preliminary FY14 Internal Plan, primarily as a result of management s making more conservative assumptions as to the projected performance of the Company s EUC business in light of the uncertain PC industry outlook.

The Preliminary FY14 Internal Plan and the Preliminary FY14 Board Case were provided to the Special Committee and the Special Committee s advisors, in addition to the Board. The presentation materials provided to the Board that described the Preliminary FY14 Internal Plan and the Preliminary FY14 Board Case were also made available to the Parent Parties and other potential acquiring persons and provided to Blackstone on February 27, 2013.

On March 7, 2013, management presented (without the participation of Mr. Dell) its proposed versions of the Internal Plan and the Board Case for fiscal year 2014 to the Board. The following presents in summary form the financial projections for fiscal year 2014 in the Preliminary FY14 Internal Plan and the Preliminary FY14 Board

Case, as well as the financial projections in the Internal Plan and the Board Case that were presented to the Board on March 7, 2013:

	Preliminary FY14 Internal Plan	Preliminary FY14 Board Case	Internal Plan as of March 7, 2013	Board Case as of March 7, 2013
		(in billions)		
Revenue	$ 59.9	$ 56.0	$ 59.9	$ 59.0
Gross margin (non-GAAP)(1)	$ 13.6	$ 12.7	$ 13.2	$ 13.0
Operating income (non-GAAP)(2)	$ 4.1	$ 3.7	$ 3.7	$ 3.3

(1) Gross margin (non-GAAP) excludes amortization of intangibles, severance and facility actions and acquisition-related costs.
(2) Operating income (non-GAAP) excludes amortization of intangibles, severance and facility actions and acquisition-related costs.

In the course of their review of the Board Case, members of the Board raised concerns about the increase in projected revenue compared to the Preliminary FY14 Board Case, as well as the achievability of the projections in the Board Case more generally, in light of the significant and increasing uncertainty surrounding the prospects for the PC industry in general. It was decided that management should work with Shantanu Narayen, the chair of the Leadership Development and Compensation Committee to consider more conservative sensitivities in light of the uncertain PC industry outlook 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 Board did not request that management make any refinements to the Internal Plan. The Internal Plan as presented at the March 7, 2013 meeting and the Board Case as revised after that meeting (the Final FY14 Internal Plan and the Final FY14 Board Case, respectively) were approved by the Board by unanimous written consent as of March 20, 2013.

The Final FY14 Internal Plan included lower projections as to gross margin and operating income than the levels included in the Preliminary FY14 Internal Plan due to, among other factors, increased margin pressure experienced by the Company in the fourth quarter of fiscal year 2013 and the first month of the first quarter of fiscal year 2014, particularly with respect to its EUC business, and management s updated expectations as to margin rates for fiscal year 2014. Those and other factors, including decisions to continue to invest in strategic priorities despite lowered gross margin projections, resulted in the Final FY14 Board Case.

Because the Final FY14 Internal Plan and the Final FY14 Board Case were prepared after the execution of the merger agreement, neither was reviewed by the Board, the Special Committee, the Special Committee s advisors or the Company s financial advisor in their respective consideration of the merger. The presentation materials provided to the Board that described the Final FY14 Internal Plan and the Final FY14 Board Case were made available to the Parent Parties and other potential acquiring persons after the plans were presented to the Board in March and provided to Blackstone on March 31, 2013.

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The following presents in summary form the financial projections for fiscal year 2014 in the Final FY14 Internal Plan and the Final FY14 Board Case:

	Final FY14 Internal Plan	Final FY14 Board Case
	(in billions)	
Revenue	$ 59.9	$ 56.5
Gross margin (non-GAAP)(1)	$ 13.2	$ 12.5
Operating income (non-GAAP)(2)	$ 3.7	$ 3.0

(1) Gross margin (non-GAAP) excludes amortization of intangibles, severance and facility actions and acquisition-related costs.
(2) Operating income (non-GAAP) excludes amortization of intangibles, severance and facility actions and acquisition-related costs.

BCG Forecast

As discussed under *Background of the Merger* beginning on page 20, the Special Committee retained BCG to assist the Special Committee in its assessment of strategic alternatives available to the Company. BCG was engaged solely to offer its views to the Special Committee, and not for the purpose of public disclosure or the solicitation of proxies. In the course of its work for the Special Committee, BCG developed the BCG Forecast, which provided the Special Committee with an independent financial forecast for the Company. The BCG Forecast represented the views of BCG based on its knowledge of the Company and the markets in which the Company operates, its expertise and experience as a management consultant and its discussions with the Company s management.

As discussed under *Background of the Merger* beginning on page 20, BCG presented a preliminary version of the BCG Forecast to the Special Committee on January 2, 2013, which it subsequently refined. It presented the refined version to the Special Committee on January 15, 2013 and to the Board on January 18, 2013. The BCG Forecast was not made available to the Parent Parties or any other potential acquiring persons prior to the signing of the merger agreement.

The BCG Forecast consisted of a base case forecast for the Company (the BCG Base Case), as well as forecasts reflecting the incremental effect of certain management initiatives and market sensitivities on the BCG Base Case. The BCG Base Case was a forecast based on the current business mix and geographical distribution of the Company s portfolio, taking into account, among other factors, industry prospects and the Company s competitive position within the industry. BCG then considered the effect of potential phased productivity cost reductions, assuming in one case that 25% of such reductions (representing reductions that could be achieved through specific potential initiatives identified by either management or BCG) would be attained (the BCG 25% Case) and in another case that 75% of such reductions (representing non-specific target percentage cost reductions in the Company s business) would be attained (the BCG 75% Case). In addition, BCG considered the results of initiatives to increase market share for the Company s EUC business, particularly in emerging markets; and to increase the effectiveness of the Company s sales force. BCG also considered the potential effect of market sensitivities on the BCG Base Case, including the impact of both a positive and negative outlook on both the Company s EUC business and enterprise solutions business.

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The following presents in summary form the financial forecasts in the BCG Base Case, the BCG 25% Case and the BCG 75% Case:

BCG Base Case

	Fiscal Year Ended			
	January 31, 2014	**January 30, 2015**	**January 29, 2016**	**February 3, 2017**
	(in billions)			
Revenue	$ 56.4	$ 55.5	$ 55.1	$ 54.3
Gross margin	$ 12.9	$ 12.6	$ 12.5	$ 12.3
Operating income (non-GAAP)(1)	$ 3.4	$ 3.3	$ 3.2	$ 3.0

(1) Operating income (non-GAAP) excludes amortization of intangibles, severance and facility actions and acquisition-related costs.

BCG 25% Case(1)

	Fiscal Year Ended			
	January 31, 2014	**January 30, 2015**	**January 29, 2016**	**February 3, 2017**
	(in billions)			
Revenue	$ 56.4	$ 55.5	$ 55.1	$ 54.3
Gross margin	$ 12.9	$ 12.8	$ 12.8	$ 12.6
Operating income (non-GAAP)(2)	$ 3.4	$ 3.7	$ 4.0	$ 3.8

(1) The BCG 25% Case assumes that 25% of the productivity cost reductions described above would be attained.
(2) Operating income (non-GAAP) excludes amortization of intangibles, severance and facility actions and acquisition-related costs.

BCG 75% Case(1)

	Fiscal Year Ended			
	January 31, 2014	**January 30, 2015**	**January 29, 2016**	**February 3, 2017**
	(in billions)			
Revenue	$ 56.4	$ 55.5	$ 55.1	$ 54.3
Gross margin	$ 13.0	$ 13.1	$ 13.4	$ 13.1
Operating income (non-GAAP)(2)	$ 3.6	$ 4.5	$ 5.7	$ 5.5

(1) The BCG 75% Case assumes that 75% of the productivity cost reductions described above would be attained.
(2) Operating income (non-GAAP) excludes amortization of intangibles, severance and facility actions and acquisition-related costs.

As discussed under *Background of the Merger* beginning on page 20, BCG was engaged to act as a consultant to the Special Committee pursuant to an engagement letter dated November 12, 2012. The Special Committee determined to retain BCG based on BCG s reputation as a nationally recognized management consultant, its expertise in business strategy, its experience with the industries in which the Company operates and its familiarity with the Company. Under the terms of its engagement, the Company agreed to pay BCG a fixed fee of $297,000 per week, inclusive of all of BCG s expenses, during the term of its engagement. BCG s compensation in connection with its engagement is not based on the Special Committee s recommendation as to any specific strategic alternative available to the Company or the completion of any specific transaction, including the merger.

During the past two years, BCG has provided management consulting services to the Company and its affiliates, for which BCG has received an aggregate of approximately $1.5 million in compensation, and has also provided management consulting services to the SLP Investors and their affiliates, for which BCG has received an aggregate of approximately $0.8 million in compensation. BCG has not had any material relationship with the Parent Parties, the MD Investors or their affiliates (other than as described in the foregoing sentence with respect to the Company and its affiliates) or with the MSDC Investor or its affiliates during the past two years.

Financing for the Merger

Parent estimates that the total amount of funds necessary to complete the merger and the related transactions and financings, including (i) the refinancing of certain of the Company s indebtedness outstanding as of the closing of the merger and (ii) the 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 *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 *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 *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, which is described under *Subordinated Debt Financing* beginning on page 105;
- up to approximately $13.75 billion from the debt financings described under *Debt Financing* beginning on page 105; and
- at least approximately $7.4 billion of cash on hand at the Company and its subsidiaries.

The cash equity investments, contribution of shares of Common Stock, sale of unsecured subordinated notes and debt financings are subject to the satisfaction of the conditions set forth in the commitment letters and/or securities purchase agreement, as applicable, described below. Although obtaining the equity or debt financing is not a condition to the completion of the merger, the failure of the Parent Parties to obtain sufficient financing or the failure of the Company to have a sufficient amount of cash on hand at the effective time of the merger would likely result in the failure of the merger to be completed. However, pursuant to the merger agreement, the Company has the right to specifically enforce the Parent Parties obligations to use reasonable best efforts to obtain, or cause to be obtained, the financing and to timely cause the Lenders (as defined below) to fund the debt financing and Microsoft to fund the subordinated debt financing, including by seeking through litigation to enforce their rights under the debt commitment letter entered into with the Lenders and the securities purchase agreement entered into with Microsoft under the circumstances described under *The Merger Agreement Specific Performance* beginning on page 164. In each case, Parent may be obligated to pay the Company certain fees as described under *The Merger Agreement Termination Fees; Reimbursement of Expenses* beginning on page 162. Payment of such fees is guaranteed by the guarantors as described under *Limited Guarantees* beginning on page 111.

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SLP Investors Equity Financing

Parent has entered into a letter agreement with the SLP Investors (the SLP equity commitment letter) pursuant to which the SLP Investors have committed, severally but not jointly, upon the terms and subject to the conditions contained in the SLP equity commitment letter, to contribute to Parent, at or prior to the consummation of the merger, an aggregate of up to $1.4 billion in cash in exchange for which the SLP Investors will receive common stock of Parent. The SLP Investors may assign their equity commitment to other investors, subject to the terms and conditions of the SLP equity commitment letter, although no assignment of the equity commitment to other investors will affect the SLP Investors equity financing commitments pursuant to the SLP equity commitment letter.

The equity commitment of the SLP Investors is generally subject to the following conditions:

- satisfaction or waiver by the Parent Parties of the conditions precedent to the Parent Parties obligations to complete the merger;
- the substantially contemporaneous funding of all commitments with respect to the equity financing pursuant to the MD equity commitment letter and the MSDC equity commitment letter;
- the substantially contemporaneous completion of Parent s sale to Microsoft of Parent s unsecured subordinated notes on the terms and conditions in the securities purchase agreement; and
- the substantially contemporaneous closing of the debt financing on the terms and conditions as described in the debt commitment letter.

As described under *The Merger Agreement Specific Performance* beginning on page 164, the Company is an express third-party beneficiary of the SLP equity commitment letter solely in the limited circumstances specified in the merger agreement in which the Company is entitled to seek specific performance of Parent s obligation to cause the equity financing contemplated by the SLP equity commitment letter to be funded.

The foregoing summary of the SLP equity commitment letter is qualified in its entirety by reference to the copy of such letter attached as an exhibit to the Schedule 13E-3 filed with the SEC in connection with the merger and incorporated herein by reference.

MD Investors Equity Financing

Parent has entered into a letter agreement with the MD Investors (the MD equity commitment letter) pursuant to which the MD Investors have committed, 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 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. For purposes of such transfer and contribution, the MD Investor s shares of Common Stock will be valued at $13.36 per share as opposed to the $13.65 price offered to the Company s unaffiliated stockholders in the merger. In addition, Mr. Dell committed, upon the terms and subject to the conditions contained in the MD equity commitment letter, to contribute to Parent, at or prior to the consummation of the merger, an aggregate of up to $500 million in cash in exchange for which he will receive common stock of Parent. Mr. Dell may assign his cash equity commitment to other investors subject to the terms and conditions of the MD equity commitment letter, although no assignment of his cash equity commitment to other investors will affect Mr. Dell s cash equity financing commitment pursuant to the MD equity commitment letter.

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The commitments of the MD Investors are generally subject to the following conditions:

- satisfaction or waiver by the Parent Parties of the conditions precedent to the Parent Parties obligations to complete the merger;
- the substantially contemporaneous funding of all commitments with respect to the equity financing pursuant to the SLP equity commitment letter;
- the substantially contemporaneous completion of Parent s sale to Microsoft of Parent s unsecured subordinated notes on the terms and conditions in the securities purchase agreement; and
- the substantially contemporaneous closing of the debt financing on the terms and conditions as described in the debt commitment letter.

As described under *The Merger Agreement Specific Performance* beginning on page 164, the Company is an express third-party beneficiary of the MD equity commitment letter solely in the limited circumstances specified in the merger agreement in which the Company is entitled to seek specific performance of Parent s obligation to cause the rollover and equity financing contemplated by the MD equity commitment letter to be funded.

The foregoing summary of the MD equity commitment letter is qualified in its entirety by reference to the copy of such letter attached as an exhibit to the Schedule 13E-3 filed with the SEC in connection with the merger and incorporated herein by reference.

MSDC Investor Equity Financing

Parent has entered into a letter agreement with the MSDC Investor (the MSDC equity commitment letter) pursuant to which the MSDC Investor has committed, upon the terms and subject to the conditions contained in the MSDC equity commitment letter, to contribute to Parent, at or prior to the consummation of the merger, an aggregate of up to $250 million in cash in exchange for which the MSDC Investor will receive common stock of Parent. The MSDC Investor may assign its equity commitment to other investors subject to the terms and conditions of the MSDC equity commitment letter, although no assignment of the equity commitment to other investors will affect the MSDC Investor s equity financing commitment pursuant to the SLP equity commitment letter.

The equity commitment of the MSDC Investor is generally subject to the following conditions:

- satisfaction or waiver by the Parent Parties of the conditions precedent to the Parent Parties obligations to complete the merger;
- the substantially contemporaneous funding of all commitments with respect to the equity financing pursuant to the SLP equity commitment letter;
- the substantially contemporaneous completion of Parent s sale to Microsoft of Parent s unsecured subordinated notes on the terms and conditions in the securities purchase agreement; and
- the substantially contemporaneous closing of the debt financing on the terms and conditions as described in the debt commitment letter.

As described under *The Merger Agreement Specific Performance* beginning on page 164, the Company is an express third-party beneficiary of the MSDC equity commitment letter solely in the limited circumstances specified in the merger agreement in which the Company is entitled to seek specific performance of Parent s obligation to cause the equity financing contemplated by the MSDC equity commitment letter to be funded.

The foregoing summary of the MSDC equity commitment letter is qualified in its entirety by reference to the copy of such letter attached as an exhibit to the Schedule 13E-3 filed with the SEC in connection with the merger and incorporated herein by reference.

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Subordinated Debt Financing

Parent has entered into an amended and restated securities purchase agreement with Microsoft (the securities purchase agreement) pursuant to which Parent has agreed to issue, and Microsoft has agreed to purchase, up to $2 billion of 7.25% unsecured subordinated notes of Parent contemporaneously with the closing of the merger.

The commitment of Microsoft to purchase the notes is generally subject to the following conditions:

- the representations and warranties of Parent in the securities purchase agreement are true and correct in all material respects;
- the representations of warranties made by the Company in the merger agreement, as are material to the interests of Microsoft in its capacity as a holder of the notes, are true and correct (provided that this condition to the obligations of Microsoft is only applicable to the extent that the Parent Parties would have the right to terminate their obligations under the merger agreement as a result of a breach of such representations and warranties);
- the performance in all material respects of Parent s covenants contained in the securities purchase agreement;
- the absence of any amendment or modification to the merger agreement or the granting of any waiver or consent with respect to the Parent Parties obligation to consummate the merger in a manner materially adverse to Microsoft in its capacity as a holder of the notes;
- subject to certain limitations, the absence of a Company material adverse effect since November 2, 2012;
- the substantially simultaneous funding of certain commitments with respect to equity financing pursuant to the SLP equity commitment letter and the MD equity commitment letter;
- the substantially contemporaneous closing of the debt financing on the terms and conditions as described in the debt commitment letter; and
- the substantially simultaneous closing of the merger pursuant to the terms of the merger agreement.

Pursuant to the securities purchase agreement, Microsoft agreed to cease any existing discussions or negotiations regarding the acquisition of the Company or for any acquisition of Common Stock. In addition, Microsoft agreed not to (i) solicit, initiate, knowingly encourage, participate in, or otherwise encourage any inquiries, (ii) provide equity or debt financing or (iii) engage in certain other acts, in each case which could reasonably be expected to lead to the acquisition of the Company or the acquisition of shares of Common Stock by a third party.

The foregoing summary of the securities purchase agreement is qualified in its entirety by reference to the copy of such agreement attached as an exhibit to the Schedule 13E-3 filed with the SEC in connection with the merger and incorporated herein by reference.

Debt Financing

Intermediate has obtained a second amended and restated facilities commitment letter (as amended from time to time in accordance with the merger agreement, the debt commitment letter) from Bank of America, N.A., Merrill Lynch, Pierce, Fenner & Smith Incorporated, Barclays Bank PLC, Credit Suisse AG, Credit Suisse Securities (USA) LLC, Royal Bank of Canada, RBC Capital Markets, Deutsche Bank AG New York Branch, Deutsche Bank AG Cayman Island Branch, Morgan Stanley Senior Funding, Inc., UBS Loan Finance LLC, BNP Paribas and HSBC Bank USA, N.A. (collectively, the Lenders) to provide, severally but not jointly, upon the terms and subject to the conditions set forth in the debt commitment letter, in the aggregate up to $13.75 billion

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in debt financing (not all of which is expected to be drawn at the closing of the merger), consisting of the following:

- $4.0 billion senior secured term loan B facility;
- $1.5 billion senior secured term loan C facility;
- $2.0 billion asset-based revolving credit facility;
- $3.25 billion pursuant to first lien and second lien bridge facilities (which would be utilized in the event that Merger Sub or one or more of its subsidiaries does not issue and sell the full amount of the first lien and second lien notes referred to below at or prior to the closing of the merger);
- $1.9 billion pursuant to a term/commercial receivables facility; and
- $1.1 billion pursuant to a revolving/consumer receivables facility.

It is also expected that, at or prior to the closing of the merger, up to $3.25 billion in aggregate principal amount of first and second lien notes will be issued by Merger Sub or one or more of its subsidiaries in an offering conducted under Rule 144A of the Securities Act of 1933, as amended, (the Securities Act), or another private placement transaction. We refer to the financing described above collectively as the debt financing. The aggregate principal amount of the term loan facilities and the bridge facilities (or the first and second lien notes, as the case may be) may be increased to fund certain original issue discount or upfront fees in connection with the debt financing. The proceeds of the debt financing will be used (i) to finance, in part, the payment of the amounts payable under the merger agreement, the refinancing of certain of the Company s indebtedness outstanding as of the closing of the merger and the payment of related fees and expenses, (ii) to provide ongoing working capital and (iii) for other general corporate purposes of the Company and its subsidiaries.

The debt financing contemplated by the debt commitment letter is conditioned on the consummation of the merger in accordance with the merger agreement, as well as other customary conditions, including, but not limited to:

- the execution and delivery by the borrowers and guarantors of definitive documentation, consistent with the debt commitment letter;
- the consummation of the SLP Investors equity financing, the MD Investors equity financing, the MSDC Investor equity financing and the Microsoft subordinated debt financing substantially concurrently with the initial borrowing under the term loan facilities;
- subject to certain limitations the absence of a Company material adverse effect since November 2, 2012;
- payment of all applicable fees and expenses;
- delivery of certain audited, unaudited and pro forma financial statements;

as a condition to the availability of the bridge facilities, the agents having been afforded a marketing period of at least 15 consecutive business days (subject to certain blackout dates) following receipt of portions of a customary offering memorandum and certain financial statements;

receipt by the lead arrangers of documentation and other information about the borrower and guarantors required under applicable know your customer and anti-money laundering rules and regulations (including the PATRIOT Act);

subject to certain limitations, the execution and delivery of guarantees by the guarantors and the taking of certain actions necessary to establish and perfect a security interest in specified items of collateral;

the repayment of certain outstanding debt of the Company; and

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- the accuracy in all material respects of certain representations and warranties in the merger agreement and specified representations and warranties in the loan documents.

If any portion of the debt financing becomes unavailable on the terms and conditions contemplated by the debt commitment letter, Parent is required to promptly notify the Company and use its reasonable best efforts to obtain alternative financing (in an amount sufficient to replace such unavailable debt financing) from the same or other sources on terms and conditions no less favorable to the Parent Parties than such unavailable debt financing (including the flex provisions contained in the fee letter referenced in the debt commitment letter). As of [ ], 2013, the last practicable date before the printing of this proxy statement, no alternative financing arrangements or alternative financing plans have been made in the event the debt financing is not available as anticipated. Except as described herein, there is no plan or arrangement regarding the refinancing or repayment of the debt financing. The documentation governing debt financing contemplated by the debt commitment letter has not been finalized and, accordingly, the actual terms of the debt financing may differ from those described in this proxy statement.

The Lenders may invite other banks, financial institutions and institutional lenders to participate in the debt financing contemplated by the debt commitment letter and to undertake a portion of the commitments to provide such debt financing.

Term Facilities

Interest under (i) the senior secured term loan B facility will be payable, at the option of the borrower, either at a base rate (subject to a floor of 2.0% and based on the highest of the prime rate, the overnight federal funds rate plus 1/2 of 1.0% and the one-month LIBOR rate plus 1.00%) plus 2.50% or a LIBOR-based rate (subject to a floor of 1.0%) plus 3.50% and (ii) the senior secured term loan C facility will be payable, at the option of the borrower, either at a base rate (subject to a floor of 2.0% and based on the highest of the prime rate, the overnight federal funds rate plus 1/2 of 1.0% and the one-month LIBOR rate plus 1.00%) plus 2.0% or a LIBOR-based rate (subject to a floor of 1.0%) plus 3.0%. Interest will be payable, in the case of loans bearing interest based on LIBOR, at the end of each interest period set forth in the credit agreement (but at least every three months) and, in the case of loans bearing interest based on the base rate, quarterly in arrears. The senior secured term loan B facility will mature six and one-half years from the date of closing of the merger and will amortize in equal quarterly installments in aggregate annual amounts equal to 1.00% of the original principal amount. The senior secured term loan C facility will mature five years from the date of closing of the merger and will amortize in equal quarterly installments in aggregate annual amounts equal to 10.0% of the original principal amount.

The borrower under the term loan facilities will be Merger Sub or one of its subsidiaries, and upon consummation of the merger, the rights and obligations under the senior secured term loan B facility and the senior secured term loan C facility will be assumed by one of the Company s subsidiaries. The senior secured term loan B facility and the senior secured term loan C facility will be guaranteed, subject to certain agreed upon exceptions, on a joint and several basis by Intermediate and each direct and indirect wholly-owned U.S. subsidiary of the Company. The senior secured term loan B facility and the senior secured term loan C facility will be secured, subject to certain agreed upon exceptions, by (i) a first priority security interest in substantially all the assets of Intermediate, Merger Sub (and, after the merger, the Company) and each guarantor (other than the ABL collateral referred to below) and (ii) a second priority security interest in the ABL collateral (as defined below).

The term loan facilities will contain customary affirmative covenants including, among other things, delivery of annual audited and quarterly unaudited financial statements, notices of defaults, material litigation and material ERISA events, submission to certain inspections, maintenance of property and customary insurance, payment of taxes and compliance with laws and regulations. The term facilities also will contain customary negative covenants that, subject to certain exceptions, qualifications and baskets, generally will limit the borrower s and its restricted subsidiaries ability to incur debt, create liens, make fundamental changes, enter into asset sales and sale-and-lease back transactions, make certain investments and acquisitions, pay dividends or distribute or redeem certain equity, prepay or redeem certain debt and enter into certain transactions with affiliates.

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ABL Facility

Interest under the asset-based revolving credit facility will be payable, at the option of borrower, either at a base rate (based on the highest of the prime rate, the overnight federal funds rate plus 1/2 of 1.0% and the one-month LIBOR rate plus 1.00%) plus 0.75% or a LIBOR-based rate plus 1.75%, with stepdowns and stepups by 0.25%, each based on excess availability. Interest will be payable, in the case of loans bearing interest based on LIBOR, at the end of each interest period set forth in the credit agreement (but at least every three months) and, in the case of loans bearing interest based on the base rate, quarterly in arrears. The asset-based revolving credit facility will mature five years from the date of closing of the merger. Borrowings under the asset-based revolving credit facility will be subject to availability under a borrowing base which, subject to certain reserves to be agreed, will consist of (i) 85% of the appraised net orderly liquidation value of eligible inventory, (ii) 85% of eligible accounts receivable and (iii) 90% of eligible credit card receivables.

The borrower under the asset-based revolving credit facility will be Merger Sub or one of its subsidiaries, and upon consummation of the merger, the rights and obligations under the asset-based revolving credit facility will be assumed by one of the Company s subsidiaries. The asset-based revolving credit facility will be guaranteed, subject to certain agreed upon exceptions, on a joint and several basis by Intermediate and each direct and indirect wholly-owned U.S. subsidiary of the Company. The asset-based revolving credit facility will be secured, subject to certain agreed upon exceptions, by (i) a first priority security interest in the accounts receivable, inventory, cash, deposit accounts, securities and commodity accounts and certain items in connection therewith of Intermediate, Merger Sub (and, after the merger, the Company) and each guarantor, which, collectively, we refer to as the ABL collateral and (ii) a third priority security interest in the collateral for the senior secured term loan B facility and the senior secured term loan C facility (other than the ABL collateral).

The asset-based revolving credit facility will contain customary affirmative covenants including, among other things, delivery of annual audited and quarterly unaudited financial statements, notices of defaults, material litigation and material ERISA events, submission to certain inspections, maintenance of property and customary insurance, payment of taxes and compliance with laws and regulations. The asset-based revolving credit facility will also contain customary negative covenants that, subject in each case to certain exceptions, qualifications and baskets, generally will limit the borrower s and its restricted subsidiaries ability to incur debt, create liens, make fundamental changes, enter into asset sales and sale-and-lease back transactions, make certain investments and acquisitions, pay dividends or distribute or redeem certain equity, prepay, purchase or redeem certain debt and enter into certain transactions with affiliates.

Bridge Facilities

The borrower under the senior first lien bridge facility will be Merger Sub or one of its subsidiaries, and upon consummation of the merger, the rights and obligations under the senior first lien bridge facility will be assumed by one of the Company s subsidiaries. Interest under the senior first lien bridge facility will initially equal the LIBOR-based rate for interest periods of one, two, three or six months, as selected by the borrower (subject to a 1.0% floor), plus 4.0%, increasing by 50 basis points every three months thereafter up to a cap. The senior first lien bridge facility will be guaranteed by the same entities that guarantee the senior secured term loan B facility and the senior secured term loan C facility. The senior first lien bridge facility will be secured by the same assets (on an equal priority basis) that secure the senior secured term loan B facility and the senior secured term loan C facility.

Any loans under the senior first lien bridge facility that are not paid in full on or before the first anniversary of the closing date of the merger will automatically be converted into senior first lien term loans maturing seven years after the closing date of the merger. After such a conversion, the holders of outstanding senior first lien term loans may choose, subject to certain limitations, to exchange their loans for senior first lien exchange notes that mature seven years after the closing date of the merger.

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The senior first lien bridge facility is expected to contain incurrence-based negative covenants that, subject to certain exceptions, qualifications and baskets, will restrict, among other things, the borrower s, its guarantors and other restricted subsidiaries ability to incur debt, create liens, enter into asset sales, pay dividends and enter into transactions with affiliates, affirmative covenants to deliver annual and quarterly financial statements and provide notices of default, and such other affirmative and negative covenants as are customary for bridge loan financings of this type and consistent with Rule 144A for life high yield indentures of comparable issuers.

The borrower under the senior second lien bridge facility will be Merger Sub or one of its subsidiaries, and upon consummation of the merger, the rights and obligations under the senior second lien bridge facility will be assumed by one of the Company s subsidiaries. Interest under the senior second lien bridge facility will initially equal the LIBOR-based rate for interest periods of one, two, three or six months, as selected by the borrower, (subject to a 1.0% floor) plus 5.25%, increasing by 50 basis points every three months thereafter up to a cap. The senior first lien bridge facility will be guaranteed by the same entities that guarantee the senior secured term loan B facility and the senior secured term loan C facility. The senior second lien bridge facility will be secured by the same assets (on a second priority basis) that secure the senior secured term loan B facility and the senior secured term loan C facility.

Any loans under the senior second lien bridge facility that are not paid in full on or before the first anniversary of the closing date of the merger will automatically be converted into senior second lien term loans maturing eight years after the closing date of the merger. After such a conversion, the holders of outstanding senior second lien term loans may choose, subject to certain limitations, to exchange their loans for senior second lien exchange notes that mature eight years after the closing date of the merger.

The senior second lien bridge facility is expected to contain incurrence-based negative covenants that, subject to certain exceptions, qualifications and baskets, will restrict, among other things, the borrower s, its guarantors and other restricted subsidiaries ability to incur debt, create liens, enter into asset sales, pay dividends and enter into transactions with affiliates, affirmative covenants to deliver annual and quarterly financial statements and provide notices of default, and such other affirmative and negative covenants as are customary for bridge loan financings of this type and consistent with Rule 144A for life high yield indentures of comparable issuers.

It is expected that, in lieu of borrowings under the senior secured first and second lien bridge facilities, at or prior to the closing of the merger, up to $3.25 billion of aggregate principal amount of first and second lien notes will be issued by Merger Sub or one or more of its subsidiaries in an offering conducted under Rule 144A of the Securities Act, or another private placement transaction.

Term/Commercial Receivables Facility

The lenders under the term/commercial receivables facility will include certain of the Lenders and/or one or more commercial paper conduits with backstop funding commitments from one or more of the Lenders. Interest under the term/commercial receivables facility will be payable at a variable interest rate which, in the case of a commercial paper conduit lender, will be such lender s cost of funds in the commercial paper market plus a usage fee or, if funding through its backstop funding commitments, one-month LIBOR plus 1.75%, and, in the case of any other lender, will be daily one-month LIBOR plus a usage fee. The usage fee will be 1.00% per annum, increasing to 1.75% per annum after the end of the commitment term. Interest will be payable monthly.

The commitment term under the term/commercial receivables facility will be three years from the date of the closing of the merger and the term/commercial receivables facility will mature in the twelfth month after the due date of the latest installment payment due under any receivable being funded at the end of the commitment term.

The receivables to be financed under the term/commercial receivables facility will be fixed-rate, fixed-term sales-type leases and loans originated by DFS. The receivables will be required to satisfy certain eligibility criteria. Borrowings under the term/commercial receivables facility will be subject to availability under a borrowing base. The advance rate will generally be 85% of the discounted percent value of the periodic payments due under the eligible receivables. The discount will be based on the borrower s cost of funds, hedging costs and servicing expenses.

The borrower under the term/commercial receivables facility will be a newly-organized special purpose bankruptcy-remote subsidiary of the Company established to purchase the receivables on a periodic basis. DFS will act as the servicer of the receivables. Merger Sub and, upon consummation of the merger, the Company will provide a performance undertaking to the borrower and the lenders ensuring the performance and obligations (including the payment obligations) of DFS as servicer and of the subsidiary of the Company acting as the seller of the receivables to the borrower.

The term/commercial receivables facility will be secured by a first priority security interest in the receivables, related property and the proceeds thereof.

The term/commercial receivables facility will contain customary affirmative covenants, including, among other things, maintenance of existence, further assurances and filing financing statements, maintenance of books and records, delivering unaudited annual financial statements of the borrower and annual audited and quarterly unaudited financial statements of the Company, inspection rights, notice of certain events, payment of taxes and compliance with laws and regulations. The term/commercial receivables facility will also contain customary negative covenants that will generally limit the borrower s ability to incur any debt other than under the term/commercial receivables facility, create liens other than under the term/commercial receivables facility, engage in activities other than in connection with the term/commercial receivables facility or like financings, asset sales, mergers, consolidations or dissolutions, pay dividends or make other payments in respect of equity interests after the occurrence of certain events and make certain petitions in bankruptcy against the borrower or the commercial paper conduit lenders.

Revolving/Consumer Receivables Facility

The lenders under the revolving/consumer receivable facility will include certain of the Lenders and/or one or more commercial paper conduits with backstop funding commitments from one or more of the Lenders. Interest under the revolving/consumer receivables facility will be payable at a variable interest rate that will depend on the type of lender: its cost of its funds in the commercial paper market plus a usage fee or, if funding through its backstop funding commitments, one-month LIBOR plus 2.25%, in the case of a commercial paper conduit lender, or daily one-month LIBOR plus a usage fee, in the case of any other lender. The usage fee will be 1.75% per annum, increasing to 2.50% per annum after the end of the commitment term. Interest will be payable monthly.

The commitment term under the revolving/consumer receivables facility will be three years from the date of the closing of the merger and the revolving/consumer receivables facility will mature in the twelfth month after the end of the commitment term.

The receivables to be financed under the revolving/consumer receivables facility will be finance charge receivables and principal receivables arising under revolving credit accounts established under the Dell Preferred Account program (Consumer Credit Accounts) or the Dell Business Credit program (Business Credit Accounts). The receivables will be required to satisfy certain eligibility criteria. Borrowings under the revolving/consumer receivables facility will be subject to availability under a borrowing base. The advance rate will generally be 60% of the principal receivables arising under the Consumer Credit Accounts and 85% of the principal receivables arising under the Business Credit Accounts.

The borrower under the revolving/consumer receivables facility will be a newly-organized special purpose bankruptcy-remote subsidiary of the Company established to purchase the receivables on a daily basis as they are originated. DFS will act as the servicer of the receivables and the administrator of the borrower. Merger Sub, and upon consummation of the merger, the Company will provide a performance undertaking to the borrower and the lenders ensuring the performance and obligations (including the payment obligations) of DFS as servicer and administrator and of the subsidiary of the Company acting as the seller of the receivables to the borrower.

The revolving/consumer receivables facility will be secured by a first priority security interest in the receivables, related property and the proceeds thereof.

The revolving/consumer receivables facility will contain customary affirmative covenants, including, among other things, maintenance of existence, further assurances and filing financing statements, maintenance of books and records, delivering unaudited annual financial statements of the borrower and annual audited and quarterly unaudited financial statements of the Company, inspection rights, notice of certain events, payment of taxes and compliance with laws and regulations. The revolving/consumer receivables facility will also contain customary negative covenants that will generally limit the borrower s ability to incur debt other than under the revolving/consumer receivables facility, create liens other than under the revolving/consumer receivables facility, engage in activities other than in connection with the revolving/consumer receivables facility, asset sales, mergers, consolidations or dissolutions, pay dividends or make other payments in respect of equity interests after the occurrence of certain events and make certain petitions in bankruptcy against the borrower or the commercial paper conduit lenders.

The foregoing summaries of the debt commitment letter and the related facilities are qualified in their entirety by reference to the copy of such letter attached as an exhibit to the Schedule 13E-3 filed with the SEC in connection with the merger and incorporated herein by reference.

Refinancing of Certain Indebtedness

The Parent Parties expect that the aggregate amounts of principal, interest and premiums necessary to redeem in full the Company s outstanding $500 million in aggregate principal amount of 5.625% Senior Notes due April 2014, the Company s outstanding $400 million in aggregate principal amount of 2.10% Senior Notes due April 2014 and, unless the effective time of the merger occurs after their maturity, the Company s outstanding $500 million in aggregate principal amount of 1.40% Senior Notes due September 2013 will be deposited with the respective trustees for such notes substantially concurrently with the effective time of the merger and notices to redeem in full such notes will be sent to the holders of such outstanding notes on the closing date. The Parent Parties further expect that all of the Company s other outstanding senior notes and senior debentures will remain outstanding after the effective time of the merger in accordance with their respective terms. All principal, accrued but unpaid interest, fees and other amounts (other than certain contingent obligations) outstanding at the effective time of the merger under the Company s $2 billion unsecured revolving credit facility will be repaid in full substantially concurrently with the closing and all commitments to lend and guarantees in connection therewith will be terminated and/or released.

Limited Guarantees

Concurrently with the execution of the merger agreement, each of the SLP Investors and Mr. Dell (collectively, the guarantors) have executed and delivered a limited guarantee in favor of the Company (collectively, the limited guarantees), pursuant to which the guarantors have absolutely, unconditionally and irrevocably guaranteed the due, complete and punctual payment, observance, performance and discharge of their respective applicable percentage of the payment obligations of Parent with respect to certain fees (each as described in more detail under *The Merger Agreement Termination Fees; Reimbursement of Expenses Parent Termination Fee* beginning on page 163) and certain other guaranteed amounts, subject to a cap equal to, in the aggregate, the Parent termination fee, if and when due pursuant to the merger agreement.

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Each of the limited guarantees will terminate upon the earliest to occur of:

- the effective time of the merger,
- payment in full of the Parent termination fee or the cash shortfall fee and the other guaranteed amounts, in each case pursuant to the merger agreement; and
- the six-month anniversary of the valid termination of the merger agreement in accordance with its terms (except if any claim for payment pursuant to a limited guarantee is presented in writing by the guaranteed party to Parent or a guarantor on or prior to such six-month anniversary, in which case such limited guarantee will not terminate until final resolution of such claim).

In the event that the Company or any of its affiliates (other than the MD Investors, the Gift Trusts or the MSDC Investor) asserts in any litigation or other proceeding (i) that certain provisions of a limited guarantee are illegal, invalid or unenforceable or (ii) any theory of liability against a guarantor, any Parent Party or certain related parties of such guarantor with respect to such limited guarantee, the commitment letter to which such guarantor is a party, the merger agreement or any of the transactions contemplated thereby (other than certain specified permitted claims), then (a) the obligations of such guarantor under such limited guarantee will terminate, (b) if such guarantor has previously made any payments under such limited guarantee, it will be entitled to recover such payments and (c) neither such guarantor nor certain related parties of such guarantor will have any liability to the Company with respect to the transactions contemplated by the merger agreement under such limited guarantee or otherwise.

Interests of the Company s Directors and Executive Officers in the Merger

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, interests 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 transaction on the directors outstanding equity awards 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 described in more detail below, and certain of them are quantified in the tables below. In addition, Parent has the right, under the merger agreement, to negotiate and enter into agreements with other executive officers prior to the closing of the merger pursuant to which our executive officers would roll over some or all of their shares of Common Stock or Company RSU Awards into Parent equity interests, though no

agreements, arrangements or understandings with respect to any such potential investment exist between the Parent Parties and any executive officer (other than Mr. Dell) as of the date of this proxy statement.

The members of the Special Committee evaluated and negotiated the merger agreement and evaluated whether the merger is in the best interests of the Company s unaffiliated stockholders. Mr. Dell did not participate in the deliberations of the Special Committee regarding the merger agreement and the transactions contemplated by the merger agreement. The members of the Special Committee were aware of these 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. See *Background of the Merger* beginning on page 20 and *Reasons for the Merger*; *Recommendation of the Board of Directors*; *Fairness of the Merger* beginning on page 50 for a further discussion of these matters. You should take these interests into account in deciding whether to vote FOR the proposal to adopt the merger agreement.

In consideration of the time and effort required of the members of the Special Committee in connection with evaluating strategic alternatives available to the Company, the proposed merger (including negotiating the terms and conditions of the merger agreement), the go-shop process and possible negotiations with parties making alternative acquisition proposals, the Board, in a meeting held March 28, 2013, determined that each member of the Special Committee will receive a monthly retainer of $7,500, beginning in September 2012, during the duration of their service on the Special Committee and a meeting fee of $1,500 for each meeting of the Special Committee such member attends in person or by teleconference, plus out of pocket expenses. The Chairman of the Special Committee will receive $2,000 for each meeting of the Special Committee that he attends in person or by teleconference, plus out of pocket expenses. These fees are not dependent on the closing of the merger or on the Special Committee s or the Board s approval of, or recommendations with respect to, the merger or any other transaction. As of the date of the filing of this proxy statement, the aggregate amount payable to the Chairman of the Special Committee for his service on the Special Committee was approximately $146,000, and the aggregate amount payable to each of the other Special Committee members for their service on the Special Committee was approximately $124,500. The Board also discussed meeting in the future to consider in its discretion increasing these amounts in light of the efforts expended by the Special Committee.

Severance Agreements

The Company previously has entered into severance agreements with each of its executive officers (other than Mr. Dell). None of these agreements entitles our executive officers to any severance payments upon the completion of the merger (either on a single trigger or double trigger basis). Rather, the agreements entitle our executive officers to receive certain severance payments upon a qualifying termination event without regard to the completion of the merger. However, because it is possible that changed circumstances due to the merger could result in the employment of the executives being terminated thereafter on a basis entitling them to severance payments, those agreements are described below.

Under the severance agreements, if an executive officer s employment is terminated without cause, the executive will receive a severance payment equal to 200% of his or her base salary. In general, a termination is deemed to be without cause under these agreements unless the executive is terminated for violating confidentiality obligations, violating certain laws, being charged with a criminal offense which constitutes a felony or involves moral turpitude or dishonesty, engaging in acts of gross negligence or insubordination, breaching a fiduciary duty to the Company or its stockholders, violating the Company s Code of Conduct, unsatisfactory job performance or willful misconduct. In addition, as a condition to receiving severance payments under the severance agreements, the executive officers are obligated to comply with certain noncompetition and nonsolicitation obligations for a period of twelve months following termination of employment.

Deferred Compensation Plan

The Company maintains a nonqualified deferred compensation plan that is available to executives and a separate plan that is available to our non-employee directors. Upon a merger, consolidation, liquidation or other type of reorganization that would constitute a change of control of the Company under either plan, vested amounts for which a distribution event has not been triggered prior to the effective time will be paid. Thus, the accrued vested account balances of the employees, including the named executives, or directors participating in either of these plans, for which a distribution event has not been triggered prior to the effective time will be paid out promptly following the effective time of the merger. However, there will be no increase in the amounts credited to accounts of any such participants. If a distribution event has been triggered prior to the effective time, vested account balances will be paid out according to the participant s original distribution election and will not be paid out a result of the merger.

Under the terms of the deferred compensation plan for executives, the Company matches 100% of each participant s voluntary deferrals up to 3% of the participant s compensation that exceeds the qualified plan compensation limit. A participant may defer up to 50% of the participant s base salary and up to 100% of the participant s annual incentive bonus. Matching contributions vest ratably over the first five years of employment (20% per year) and thereafter matching contributions vest immediately. In general, absent an extraordinary transaction of the type referred to above, a participant s funds are distributed upon the participant s death, disability or separation from service or, under certain circumstances and at the request of the participant, during the participant s employment, and can be taken in a lump sum or installments (monthly, quarterly, or annually) over a period of up to ten years.

Retention Cash Bonus Awards

On April 17, 2013, the Leadership Development and Compensation Committee of the Board approved a program to provide special retention awards in the form of performance-based cash bonuses to aid in the retention of certain key Dell employees, including members of the executive leadership team, vice presidents and executive directors of the Company who are critical to the Company s future success. The key employees include the named executive officers of the Company other than Mr. Dell.

Under the terms of the retention awards, award recipients are entitled to receive a retention award in the form of a performance-based cash bonus ranging from 0% to 100% of their respective base salaries based on the Company s fiscal year 2014 free operating cash flow performance. The retention award will be payable in March 2014 if the award recipient has remained continuously employed by the Company through the payment date. If the Company terminates the award recipient s employment prior to the March 2014 payout date without cause, the award recipient is entitled to receive 75% of the maximum retention award value as soon as administratively practicable following termination of employment. In general, a termination is deemed to be without cause for purposes of the retention awards unless the employee engages in the type of conduct that would constitute cause for purposes of the Company s agreements with its executive officers described above under *Severance Agreements* beginning on page 113. In addition, the award recipient is obligated to comply with certain noncompetition and nonsolicitation obligations until March 31, 2015, and will be required to return the award in the event of non-compliance.

The retention awards provide that if any rights, payments or benefits provided by the Company to an award recipient following a change in control of the Company would be subject to the excise tax imposed under Section 4999 or non-deductibility under Section 280G of the Internal Revenue Code of 1986, as amended (the Code), payment of the retention award will be reduced or eliminated to the extent necessary to avoid application of the excise tax so long as the reduction or elimination would result in a larger net after-tax payment to the award recipient in connection with the change in control payments. The consummation of the merger will constitute a change in control of the Company for purposes of the retention awards.

Amendments to Equity Award Agreements

Also on April 17, 2013, the Leadership Development and Compensation Committee of the Board approved amendments to the Company s equity award agreements for grants of restricted stock, restricted stock units and performance-based restricted stock units issued under the 2002 Plan and the 2012 Plan. The grants subject to the amendments include awards held by the Company s currently serving named executive officers, other than Mr. Dell. No amendments were made to any equity award grants held by Mr. Dell or by members of the Board.

The amendments provide for accelerated vesting of the grants if the recipient s employment with the Company is terminated without cause within two years following a change in control of the Company. Any accrued dividend equivalents with respect to restricted stock units or performance-based restricted stock units will vest and be paid in cash upon delivery of the shares underlying those grants. In addition, in connection with a change in control of the Company, the amendments provide that the Board or the Leadership Development and Compensation Committee of the Board may direct that, in lieu of delivering shares of Company common stock upon the vesting of awards, the Company may provide for award holders to receive cash or other consideration of at least equal value. The amendments do not affect the treatment provided for in the merger agreement with respect to any executive officer equity awards, except that, as with the retention awards described above, the amendments to the equity award agreements provide for reduction or elimination of vesting or payment of long-term incentive plan awards to the extent necessary to produce the best after-tax results in the application of the excise tax imposed under Section 4999 of the Code.

The consummation of the merger will constitute a change in control of the Company for purposes of the amendments. In general, a termination is deemed to be without cause for purposes of the amendments unless the employee engages in the type of conduct that would constitute cause for purposes of the Company s agreements with its executive officers described above under *Severance Agreements* beginning on page 113.

Indemnification and Insurance

Under the merger agreement, the Company s directors and executive officers will be entitled to certain ongoing indemnification and coverage under directors and officers liability insurance policies from the surviving corporation. For more information regarding such indemnification and insurance coverage, see *The Merger Agreement Other Covenants and Agreements Indemnification of Directors and Officers; Insurance* beginning on page 153.

Treatment of Executive Officer and Director Common Stock

As is the case for any stockholder, the Company s directors (other than Mr. Dell) and executive officers other than those executive officers, if any, who enter into agreements with Parent prior to the closing of the merger to roll over some or all of their shares of Common Stock into Parent equity interests, will receive $13.65 in cash less any applicable withholding taxes for each share of Common Stock (including, subject to the attainment of applicable vesting conditions, any shares of restricted stock) that they own at the effective time of the merger. For a discussion of the rollover shares of Common Stock by Mr. Dell, please see *Financing for the Merger MD Investors Equity Financing* beginning on page 103. For a discussion of the potential rollover of shares of Common Stock by our other executive officers, please see *New Management Arrangements* beginning on page 123. For information regarding the treatment of Company restricted stock, please see *The Merger Agreement Treatment of Company Stock Options, Company RSU Awards and Company Restricted Shares* beginning on page 140. For information regarding beneficial ownership of the Common Stock by each of the Company s current directors and certain executive officers and all directors and executive officers as a group, see *Important Information Regarding Dell Security Ownership of Certain Beneficial Owners and Management* beginning on page 173.

Treatment of Executive Officer and Director Equity Awards

Treatment of Company Stock Options

As described under *The Merger Agreement Treatment of Company Stock Options, Company RSU Awards and Company Restricted Shares* beginning on page 140, the merger agreement provides that, except as otherwise agreed by Parent and a holder of a Company stock option, each Company stock option granted under the Other LTIP Plans, 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 an 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. Payments with respect to Company stock options granted under the Other LTIP Plans and canceled under the merger agreement will be made as soon as practicable following the effective time of the merger and without interest.

Treatment of Company Stock Unit Awards

As described under *The Merger Agreement Treatment of Company Stock Options, Company RSU Awards and Company Restricted Shares* beginning on page 140, except as otherwise agreed to in writing prior to the effective time of the merger by Parent and a holder of Company Stock Unit Awards (as defined below) with respect to any of such holder s Company Stock Unit Awards, each Company Stock Unit 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 Stock Unit 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 Stock Unit 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 Stock Unit Awards will receive any additional amounts related to dividend equivalents credited with respect to such Company Stock Unit Awards prior to the effective time. Notwithstanding the provisions of the merger agreement, Mr. Dell s unvested performance-based Company Stock Unit 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 Stock Unit Awards original vesting and payout dates.

As of April 26, 2013, the Company s non-employee directors held Company stock options and Company Stock Units in the amounts set forth below under *Quantification of Payments and Benefits Payments to Non-Employee Directors in Respect of Unvested Equity Awards and Deferred Compensation Table*. Except for Mr. Perot s stock options, all Company stock options held by non-employee directors are currently vested and exercisable. Mr. Perot s stock options were granted on August 14, 2010 and July 15, 2011, were fully vested at grant and become exercisable ratably over five years beginning on the first anniversary of the date of grant. The

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Company Stock Unit Awards made to non-employee directors under the Company s directors compensation program following the annual meeting of stockholders in 2012 are expected to be fully vested prior to the effective time of the merger. One installment of the Company Stock Unit Awards granted under the Company s directors compensation program in 2010 (pertaining, in the case of each affected director, to 5,550 units) will vest on August 14, 2013, or if the director s service as a member of the Board ends within 30 days of August 14, 2013 (including as a result of the closing of the merger). Mr. Kleisterlee received a grant of Company Stock Unit Awards in 2011 upon his election as a member of the Board, of which 1,439 units are scheduled to vest on March 2, 2014. All other Company Stock Unit Awards held by each of our non-employee directors are fully vested. Mr. Duberstein and Mr. Gray each elected to delay settlement of one RSU award. We refer to these delayed RSUs as deferred stock units (and, together with the Company RSU Awards held by non-employee directors, as Company Stock Unit Awards). The deferred stock units convert to cash at closing and pay out pursuant to each director s distribution election.

Quantification of Payments and Benefits

The following tables and related footnotes present information about the amounts of the payments and benefits that each executive officer and non-employee director of the Company would receive in connection with the merger, after giving effect to the merger as if it had occurred on April 26, 2013, the latest practicable date prior to the filing of this proxy statement, and, in the case of the executive officers (other than Mr. Dell), assuming that the employment of each such officer was terminated by the surviving corporation without cause on such date. The information in the tables below assumes that none of the executive officers roll over any of their shares of Common Stock or stock options for Parent equity interests.

Potential Change of Control Payments to Named Executive Officers Table. The table below and the related footnotes present information about the elements of compensation that may be affected by the merger and may be payable to the Company s chief executive officer, chief financial officer and our other executive officers whose compensation was required to be disclosed in the Company s most recent annual proxy statement, who are collectively referred to as the Company s named executive officers. As is described herein, none of these named executive officers, nor any of our other executive officers, will receive any incremental payments on account of the merger above and beyond amounts to which they had already become entitled, except, in the case of Messrs. Gladden and Felice, to the extent of the cash payment offered pursuant to the anticipated option tender offer for the tender by such executive officers of their Company stock options granted under the 2002 Plan and the 2012 Plan, as described above under *Treatment of Executive Officer and Director Equity Awards Treatment of Company Stock Options* beginning on page 115. All of the Company stock options held by named executive officers are currently vested and exercisable. Under the terms of the applicable deferred compensation plan in which the named executive officers participate, the accrued and vested deferred compensation accounts of all eligible participants, including the named executive officers, will be paid out immediately following the effective time of the merger.

However, as is described below, certain other elements of the compensation made available to our executive officers under the Company s practices and programs as in effect prior to entering into the merger agreement may be deemed affected by the merger and are included in the table to illustrate the greatest potential impact of the merger on the rights of the named executive officers under such practices and programs. Under the terms of the awards and the merger agreement, the amounts reported in the table with regard to the Company equity awards other than Company stock options will only be payable if the executive remains employed with the Company for specified periods (up to several years) after the effective time of the merger. The amounts shown as potential severance benefits would only become payable if the executive is involuntarily terminated from employment under specified circumstances. The compensation shown in the table below is subject to 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 discussed under *The Special Meeting*, beginning on page 132. Because the vote to approve the executive compensation is advisory in nature only, it will not be binding on either the Company or Parent. Because the Company is contractually obligated to pay such executive compensation, the compensation will be payable, subject only to the conditions applicable thereto, if the proposal to adopt the merger agreement is approved and regardless of the outcome of the advisory vote.

Name(3)	Cash (1)	Equity (2)	Total
Michael S. Dell	$	$ 14,709,149	$ 14,709,149
Brian T. Gladden	2,131,250	8,265,558	10,396,808
Stephen J. Felice	2,200,000	7,632,937	9,832,937

(1) As described above under *Severance Agreements* beginning on page 113, the Company previously has entered into severance agreements with its executive officers (other than Mr. Dell). Under the severance agreements, the executive officer is entitled to severance payments upon a qualifying termination of employment. This table assumes for these purposes that a qualifying termination of employment would occur by virtue of the consummation of the merger. Under the severance agreements, executive officers are obligated to comply with certain noncompetition and nonsolicitation obligations for a period of 12 months following termination of employment as a condition to receiving severance payments. In addition, as described above under *Retention Cash Bonus Awards* beginning on page 114, under the terms of the retention awards, each executive officer (other than Mr. Dell) is entitled to receive 75% of the maximum retention award payable under the retention program upon a qualifying termination of employment. The executive officers are obligated to comply with certain noncompetition and nonsolicitation obligations until March 31, 2015, and will be required to return the award in the event of non-compliance. This table assumes for these purposes that a qualifying termination of employment would occur by virtue of the consummation of the merger. The amount shown includes severance payments that would be payable to the executive officer under his employment agreements ($1.55 million for Mr. Gladden and $1.6 million for Mr. Felice) and 75% of his maximum retention award ($581,250 for Mr. Gladden and $600,000 for Mr. Felice). If a qualifying termination does not occur, the severance benefits shown in this column will not be payable to the executive. However, if a qualifying termination does not occur, and the executive remains continuously employed through the payment date, the executive would receive a cash retention award payment in March 2014 in the following amounts: Mr. Gladden, $775,000; and Mr. Felice, $800,000.

(2) For each executive officer, the amount under Equity assumes that none of such named executive officer s Company stock options or Company RSU Awards are rolled over into Parent equity interests as discussed under *Treatment of Executive Officer and Director Equity Awards Treatment of Company Stock Options* and *New Management Arrangements*. The amounts under Equity for Mr. Dell consist of (i) $0, equal to the value of payments in cancellation of his Company stock options and (ii) $14,709,149, equal to the product of (x) the total number of shares of Common Stock subject to his Company RSU Awards multiplied by (y) $13.65, plus any additional amounts related to dividend equivalents credited with respect to such Company RSU Awards prior to the effective time. The amounts under Equity for Mr. Gladden consist of (i) $2,026,601, equal to the value of payments in cancellation of his Company stock options and (ii) $6,238,957, equal to the product of (i) the total number of shares of Common Stock subject to such Company RSU Awards multiplied by (ii) $13.65, plus any additional amounts related to dividend equivalents credited with respect to such Company RSU Awards prior to the effective time. The amounts under Equity for Mr. Felice consist of (i) $723,176, equal to the value of payments in cancellation of his Company stock options and (ii) $6,909,761, equal to the product of (i) the total number of shares of Common Stock subject to such Company RSU Awards multiplied by (ii) $13.65, plus any additional amounts related to dividend equivalents credited with respect to such Company RSU Awards prior to the effective time. With respect to all named executive officers, for purposes of unvested Company RSU Awards, any performance-based vesting condition will be treated as having been attained at the target level and all cash amounts received with respect to Company RSU Awards and Company restricted shares are subject to the

applicable vesting provisions as described above under *Summary Term Sheet Treatment of Company Stock Options, Company RSU Awards and Company Restricted Shares*.

(3) Paul Bell and Stephen F. Schuckenbrock were also named executive officers for purposes of the Company s most recent annual proxy statement; however, Messrs. Bell and Schuckenbrock have since terminated employment with the Company and accordingly are not included in this table. Messrs. Bell and Schuckenbrock are not entitled to any potential benefit in connection with the merger of the types described in this table.

Potential Change of Control Payments to Other Executive Officers Table. The table below and the related footnotes present information about the elements of compensation payable to the Company s other current executive officers that may be affected by the merger. As is described below, certain elements of the compensation shown in the table will only be payable if the executive remains employed with the Company for up to several years after the effective time of the merger and other elements may only become payable if the executive is involuntarily terminated from employment under specified circumstances. Although SEC rules do not require presentation of this information in this format, it has been included to permit a uniform presentation of the quantification of the maximum potential change of control payments and benefits that could be received by all of the Company s executive officers in connection with the merger

Name	Cash (1)	Equity (2)	Total
Jeffrey W. Clarke	$ 2,200,000.00	$ 10,080,122.40	$ 12,280,122.40
Steven H. Price	1,390,125.00	3,726,099.30	5,116,224.30
Karen H. Quintos	1,277,375.00	569,122.00	1,846,487.00
John A. Swainson	2,062,500.00	1,221,547.80	3,284,047.80
Lawrence P. Tu	1,944,250.00	6,025,769.30	7,970,019.30
Marius Haas	1,925,000.00	4,286,058.00	6,211,058.00
Suresh Vaswani	1,705,000.00	1,283,311.80	2,988,311.80

(1) The amounts under Cash consist of severance payments pursuant to the severance agreements into which the Company has entered with each executive officer, as described above under *Severance Agreements*. This table assumes for these purposes that a qualifying termination of employment would occur following consummation of the merger. Under the severance agreements, executive officers are obligated to comply with certain noncompetition and nonsolicitation obligations for a period of 12 months following termination of employment as a condition to receiving severance payments. In addition, as described above under *Retention Cash Bonus Awards* beginning on page 114, under the terms of the retention awards, each executive officer is entitled to receive 75% of the maximum retention award payable under the retention program upon a qualifying termination of employment. The executive officers are obligated to comply with certain noncompetition and nonsolicitation obligations until March 31, 2015, and will be required to return the award in the event of non-compliance. This table assumes for these purposes that a qualifying termination of employment would occur by virtue of the consummation of the merger. If a qualifying termination does not occur, the severance benefits listed in this column will not be payable to the executive. However, if a qualifying termination does not occur, and the executive remains continuously employed through the payment date, the executive would receive a cash retention award payment in March 2014 in the following amounts: Mr. Clarke, $800,000; Mr. Price, $505,500; Ms. Quintos, $464,500; Mr. Swainson, $750,000; Mr. Tu, $707,000; Mr. Haas, $700,000; and Mr. Vaswani, $620,000.

(2) For each executive officer (other than Mr. Tu) the amounts under Equity assume that none of such executive officer s Company stock options or Company RSU Awards are rolled over into Parent equity interests as discussed under *Treatment of Executive Officer and Director Equity Awards Treatment of Company Stock Options* and *New Management Arrangements,* and consist of the sum of (i) the aggregate value of payments in cancellation of Company stock

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options plus, (ii) with respect to Company RSU Awards, an amount in cash equal to the product of (A) the total number of shares of Common Stock subject to such Company RSU Awards multiplied by (B) $13.65, plus any additional amounts related to dividend equivalents credited with respect to such Company RSU Awards prior to the effective time. For Mr. Tu, in addition to the amounts described above, the amounts under Equity assume that none of such executive officer s Company restricted shares are rolled over into Parent equity interests as discussed under *New Management Arrangements* and accordingly include the value of payments in cancellation of his Company restricted shares, equal to the product of (x) the total number of Company restricted shares multiplied by (y) $13.65, plus 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. With respect to all executive officers, for purposes of unvested Company RSU Awards, any performance-based vesting condition will be treated as having been attained at the target level and all cash amounts received with respect to Company RSU Awards and Company restricted shares are subject to the applicable vesting provisions as described above under *The Merger Agreement Treatment of Company Stock Options, Company Stock Unit Awards and Company Restricted Shares* beginning on page 140.

Payments to Non-Employee Directors in Respect of Unvested Equity Awards and Deferred Compensation Table. The table below shows the outstanding stock options and Company Stock Unit Awards held by each of the Company s non-employee directors and the value of the payments to be made in consideration of the cancellation of such awards in connection with the merger, as described above under *Treatment of Executive Officer and Director Equity Awards* beginning on page 115. Except for Mr. Perot s stock options, all outstanding stock options held by non-employee directors are fully vested and exercisable. Mr. Perot s stock options were granted on August 14, 2010 and July 15, 2011, were fully vested at grant and became exercisable ratably over five years beginning on the first anniversary of the date of grant. For purposes of this table, all Company Stock Unit Awards that are scheduled to vest in the ordinary course on or before August 14, 2013 are assumed to be vested and to be eligible for payment. Because the Company Stock Unit Awards held by Mr. Kleisterlee that are scheduled to vest in March 2014, they are not included in the above table. The compensation shown in the table below is not subject to an advisory vote of the Company s stockholders at the special meeting:

Name	Number of Options	Value of Options	Number of Company Stock Units	Value of Company Stock Units	Value of Accumulated Dividend Equivalent Rights
James W. Breyer	0	$ 0	22,596	$ 308,435.40	$ 5,423.04
Donald J. Carty	498,047	134,110.70	22,596	308,435.40	5,423.04
Janet F. Clark	0	0	17,046	232,677.90	4,091.04
Laura Conigliaro	0	0	17,046	232,677.90	4,091.04
Kenneth M. Duberstein	0	0	17,046	232,677.90	4,091.04
William H. Gray, III	40,403	8,772.80	22,596	308,435.40	5,423.04
Gerard J. Kleisterlee	0	0	18,485	252,320.25	4,436.40
Klaus S. Luft	42,802	9,012.70	22,596	308,435.40	5,423.04
Alex J. Mandl	48,302	9,562.70	22,596	308,435.40	5,423.04
Shantanu Narayen	0	0	22,596	308,435.40	5,423.04
H. Ross Perot, Jr.	31,341	35,767.80	22,596	308,435.40	5,423.04

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Interim Investors Agreement

Parent, the MD Investors, the MSDC Investor, the SLP Investors, Silver Lake Technology Investors III, L.P. (together with the SLP Investors, collectively, the Silver Lake Parties) and, solely for the limited purposes therein, the Gift Trusts, have entered into an interim investors agreement. The interim investors agreement provides for, among other things, the following:

Actions of Parent Parties Prior to the Merger. Subject to certain limited exceptions, Mr. Dell and the Silver Lake Parties may cause Parent to act or refrain from taking any action in order for Parent to comply with its obligations or exercise its rights under the merger agreement and the securities purchase agreement. If the Parent Parties receive notice of an intervening event or superior proposal pursuant to the terms of the merger agreement, the Silver Lake Parties may require the MD Investors to discuss whether to amend the merger agreement and the Silver Lake Parties may cause Parent to negotiate with the Company to make such amendments unless the MD Investors inform the Silver Lake Parties that the purchase price per share of Common Stock associated with such amendments is higher than the highest per share price at which the MD Investors are willing to provide equity financing for an acquisition of the Company. The MD Investors have agreed not to enter into any agreement that prevents them from entering into or conducting negotiations with the Silver Lake Parties, modifying or changing their agreements with Parent and/or the Silver Lake Parties or participating in any proposal to modify the terms of the merger agreement or agreeing to any such modification.

Certain Matters. Each of the parties to the interim investors agreement has represented and covenanted to the other parties thereto that, other than certain limited exceptions, it has not entered, and will not enter, into any agreement with any other potential investor or acquiror of the Company, or with the Company, that relates to the interim investors agreement or any of the related transaction agreements. However, Mr. Dell is not limited or restricted from acting in his capacity as an officer or director of the Company. In addition, prior to adoption of the merger agreement by the Company s stockholders, Mr. Dell, the other MD Investors and the MSDC Investor are also not limited or restricted from having negotiations or entering into any agreements in connection with an acquisition proposal so long as (i) the Company is permitted to engage in discussions with such persons regarding an acquisition proposal under the merger agreement and (ii) any such agreements do not prevent Mr. Dell, the other MD Investor and the MSDC Investor from fulfilling their obligations under the interim investors agreement.

Employee Arrangements. The interim investors agreement provides that Parent will, and will cause the Company to, enter into an employment agreement with Mr. Dell at the merger closing on the terms described under *New Employment Agreement with Mr. Dell* beginning on page 122.

Transfer Restrictions. Each of the MD Investors and the Gift Trusts have agreed not to transfer prior to the termination date of the interim investors agreement any shares of Common Stock or other voting securities of the Company they beneficially own, or enter into any contract, option or other agreement or understanding with respect to any such transfer, subject to exceptions for certain permitted transfers. However, the Gift Trusts have agreed to sell to Mr. Dell, on or prior to the consummation of the merger (but conditional upon the occurrence of the closing of the merger), all of the shares of Common Stock owned by such Gift Trusts as of February 5, 2013.

Expenses. In the event that the merger is consummated, Parent will, and to the extent necessary, will cause the surviving corporation to, assume and pay or reimburse each of the MD Investors, the MSDC Investor, the Silver Lake Parties and the Gift Trusts for third party costs and expenses incurred in connection with the merger agreement, securities purchase agreement, the merger and any other agreements or transactions contemplated hereby and thereby. In the event that the merger is not consummated and neither termination fees nor expense reimbursement are payable by the Company to Parent, then each of the MD Investors and the SLP Investors will pay 50% of the costs and expenses payable by the Parent Parties, the Silver Lake Parties, the MD Investors and the MSDC Investor. In the event that the merger is not consummated and a termination fee or expense reimbursement is payable by the Company, then each of the Silver Lake Parties, the MD Investors and the MSDC Investor will bear their own expenses.

Payments. The interim investors agreement provides that any termination fee paid by the Company to Parent in accordance with the merger agreement shall be paid only to the Silver Lake Parties or their designees; none of Mr. Dell, the other MD Investor or the MSDC Investor is entitled to receive any portion of any such termination fee paid by the Company. Furthermore, the interim investors agreement provides that the MD Investors, the MSDC Investor and the Silver Lake Parties are entitled to receive a *pro rata* share of any payments (excluding any termination fee paid by the Company) payable to the Parent Parties pursuant to or under the merger agreement or as damages relating to a failure of the debt financing. See *The Merger Agreement Specific Performance* beginning on page 164.

The foregoing summary of the interim investors agreement is qualified in its entirety by reference to the copy of such agreement attached as an exhibit to the Schedule 13E-3 filed with the SEC in connection with the merger and incorporated herein by reference.

Equity Investment by Mr. Dell

Parent and the MD Investors have entered into the MD equity commitment letter described above under *Financing for the Merger MD Investors Equity Financing* beginning on page 103.

New Employment Agreement with Mr. Dell

Effective as of the closing of the merger, Mr. Dell has agreed to enter into a new employment agreement with Parent and the Company. The principal terms of the proposed employment agreement with Mr. Dell are set forth below:

Title. Mr. Dell will serve as the Chief Executive Officer of Parent and the Company and as Chairman of both Parent s board of directors and the Company s board of directors.

Term. The term of Mr. Dell s employment is indefinite and may only be terminated (i) by Mr. Dell; or (ii) by Parent s board of directors (a) for cause at any time or (b) following a change in control of Parent or an initial public offering, whichever occurs earlier.

Base Salary. Mr. Dell will be entitled to receive an initial annual base salary of $950,000. The base salary will be subject to annual review by Parent s board of directors and may be increased, but not decreased.

Annual Bonus. Mr. Dell will be eligible to earn an annual bonus pursuant to the bonus plan applicable to senior executive officers of the Company, with a target equal to 200% of base salary.

Equity Compensation. Following the closing of the merger, Parent will grant Mr. Dell stock options with a 10-year term to purchase shares of Parent common stock having an aggregate exercise price of $150 million, with a per share exercise price equal to the price per share paid by the SLP Investors and/or their respective affiliates to acquire shares of Parent common stock in the merger. Subject to Mr. Dell s continued employment with Parent and the Company or continued service as a director on the Company s board of directors or Parent s board of directors on each applicable vesting date, the options will vest in equal installments on each of the first five anniversaries of the merger (i.e., 20% per year). The options will fully vest upon the occurrence of a change in control of Parent.

Perquisites. In addition to being able to participate in the employee benefit plans and perquisite and fringe benefit programs provided to the Company s senior executives, Mr. Dell will be entitled to (a) reimbursement up to $12,500 per year for fees incurred with respect to financial counseling and tax preparation assistance; (b) reimbursement up to $5,000 per person per year for costs associated with a comprehensive annual physical for himself and his spouse; (c) Company-provided business-related security protection and (d) reimbursement for all travel and business expenses.

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Section 280G Golden Parachute Payments. Following the closing of the merger and while no stock of the Company or Parent is readily tradable on an established securities market, if any payments or benefits Mr. Dell would receive would trigger an excise tax under Section 4999 of the Code, the Company and Parent will use their reasonable best efforts to obtain a vote of shareholders satisfying the requirements of Section 280G of the Code such that no portion of such payments or benefits will be subject to the excise tax.

Restrictive Covenants. Mr. Dell will be subject to a perpetual confidentiality covenant for sensitive information relating to Parent, the Company and any of their subsidiaries, and to a covenant assigning to Parent, the Company and their affiliates intellectual property created by him during and within the scope of his employment.

The foregoing summary of the employment agreement is qualified in its entirety by reference to the copy of such agreement attached as an exhibit to the Schedule 13E-3 filed with the SEC in connection with the merger and incorporated herein by reference.

New Management Arrangements

As of the date of this proxy statement, other than the arrangements previously discussed in this section *Interests of the Company s Directors and Executive Officers in the Merger*, none of our executive officers (other than Mr. Dell, as described under *Equity Investment by Mr. Dell* and *New Employment Agreement with Mr. Dell*) has entered into any agreement, arrangement or understanding with the Company or its subsidiaries or with the Parent Parties or their respective affiliates specifically regarding employment with, or the right to participate in the equity of, the surviving corporation or Parent on a going-forward basis following the completion of the merger and, except for Mr. Dell, no member of our Board of Directors has entered into any agreement, arrangement or understanding with Parent or its affiliates regarding the right to participate in the equity of Parent following the completion of the merger.

Parent has indicated that it or its affiliates may pursue agreements, arrangements or understandings with the Company s executive officers, which may include cash, stock and other equity co-investment opportunities such as the potential rollover of shares of Common Stock and Company RSU Awards. Prior to the effective time of the merger, Parent may initiate negotiations of these agreements, arrangements and understandings, and may enter into definitive agreements regarding employment with, or the right to participate in the equity of, the surviving corporation or Parent on a going-forward basis following the completion of the merger.

Voting Agreement

The Company has entered into the voting agreement with the MD Investors and the Gift Trusts. As of [ ], 2013, the last practicable date before the printing of this proxy statement, the MD Investors and the Gift Trusts hold shares of the Company s Common Stock representing approximately [ ]% of the Company s total issued and outstanding shares.

Pursuant to the voting agreement, the MD Investors and the Gift Trusts agreed, unless the Board has made a change of recommendation, to vote, or cause to be voted, all outstanding shares of the Common Stock owned by them in favor of the proposal to adopt the merger agreement and the approval of the transactions contemplated thereby and against any other action or agreement that would reasonably be expected to (i) result in a breach of any covenant, representation or warranty or any other obligation or agreement of the Company under the merger agreement, (ii) result in any of the conditions to the consummation of the merger under the merger agreement not being fulfilled or (iii) impede, frustrate, interfere with, delay, postpone or adversely affect the merger and the other transactions contemplated by the merger agreement.

In addition, pursuant to the voting agreement, the MD Investors and the Gift Trusts have agreed in the voting agreement to vote their shares of Common Stock in the same proportion to the number of shares voted by the

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earlier of the consummation of the superior proposal and the termination of the definitive agreement relating to the superior proposal.

Advisory Vote on Specified Compensation

In accordance with Section 14A of the Exchange Act, the Company is providing its stockholders with the opportunity to cast an advisory (non-binding) vote on the compensation that may become payable to the named executive officers of the Company in connection with the merger, the value of which is set forth in the table above. As required by Section 14A of the Exchange Act, the Company is asking its stockholders to vote on the adoption of the following resolution:

RESOLVED, that the compensation that may be paid or become payable to the Company s named executive officers in connection with the merger, as disclosed in the table under *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, is hereby APPROVED.

The vote on executive compensation payable in connection with the merger is a vote separate and apart from the vote on the proposal to adopt the merger agreement. Accordingly, you may vote to approve the executive compensation and vote not to approve the proposal to adopt the merger agreement and vice versa. Because the vote to approve the executive compensation is advisory in nature only, it will not be binding on either the Company or Parent. Because the Company is contractually obligated to pay such executive compensation, the compensation will be payable, subject only to the conditions applicable thereto, if the proposal to adopt the merger agreement is approved and regardless of the outcome of the advisory vote.

Approval of the advisory resolution on executive compensation payable to the Company s named executive officers in connection with the merger requires 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. Abstentions will have the same effect as a vote **AGAINST** the proposal, but the failure to vote your shares will have no effect on the outcome of the proposal. Broker non-votes will have no effect on the outcome of the proposal.

The Board (without Mr. Dell s participation) recommends a vote FOR this proposal.

Material U.S. Federal Income Tax Consequences of the Merger

The following is a general discussion of the material U.S. federal income tax consequences of the merger to holders of Common Stock whose shares are exchanged for cash pursuant to the merger. This discussion is based on the provisions of the Code, applicable U.S. Treasury regulations, judicial opinions and administrative rulings and published positions of the Internal Revenue Service, each as in effect as of the date hereof. These authorities are subject to change, possibly on a retroactive basis, and any such change could affect the accuracy of the statements and conclusions set forth in this discussion. This discussion does not address any tax considerations under state, local or foreign laws or U.S. federal laws other than those pertaining to the U.S. federal income tax. This discussion is not binding on the Internal Revenue Service or the courts and, therefore, could be subject to challenge, which could be sustained. No ruling is intended to be sought from the Internal Revenue Service with respect to the merger.

For purposes of this discussion, the term U.S. holder means a beneficial owner of Common Stock that is:

- a citizen or individual resident of the United States;

- a corporation, or other entity taxable as a corporation for U.S. federal income tax purposes, created or organized in or under the laws of the United States, any state thereof or the District of Columbia;

- a trust if (i) a court within the United States is able to exercise primary supervision over the trust s administration and one or more U.S. persons are authorized to control all substantial decisions of the

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on the provisions of the Code, applicable U.S. Treasury regulations, judicial opinions and administrative rulings and published positions of the Internal Revenue Service, each as in effect as of the date hereof. These authorities are subject to change, possibly on a retroactive basis, and any such change could affect the accuracy of the statements and conclusions set forth in this discussion. This discussion does not address any tax considerations under state, local or foreign laws or U.S. federal laws other than those pertaining to the U.S. federal income tax. This discussion is not binding on the Internal Revenue Service or the courts and, therefore, could be subject to challenge, which could be sustained. No ruling is intended to be sought from the Internal Revenue Service with respect to the merger.

For purposes of this discussion, the term U.S. holder means a beneficial owner of Common Stock that is:

- a citizen or individual resident of the United States;
- a corporation, or other entity taxable as a corporation for U.S. federal income tax purposes, created or organized in or under the laws of the United States, any state thereof or the District of Columbia;
- a trust if (i) a court within the United States is able to exercise primary supervision over the trust s administration and one or more U.S. persons are authorized to control all substantial decisions of the trust or (ii) such trust has a valid election in effect under applicable U.S. Treasury Regulations to be treated as a U.S. person; or
- an estate the income of which is subject to U.S. federal income tax regardless of its source.

For purposes of this discussion, a non-U.S. holder is a beneficial owner of shares of Common Stock, other than a partnership or other entity taxable as a partnership for U.S. federal income tax purposes, that is not a U.S. holder.

This discussion applies only to beneficial owners of shares of Common Stock who hold such shares as a capital asset within the meaning of Section 1221 of the Code (generally, property held for investment). Further, this discussion does not purport to consider all aspects of U.S. federal income taxation that may be relevant to a holder in light of its particular circumstances, or that may apply to a holder that is subject to special treatment under the U.S. federal income tax laws (including, for example, insurance companies, controlled foreign corporations, passive foreign investment companies, dealers or brokers in securities or foreign currencies, traders in securities who elect the mark-to-market method of accounting, holders liable for the alternative minimum tax, U.S. holders that have a functional currency other than the U.S. dollar, tax-exempt organizations, banks and certain other financial institutions, mutual funds, certain expatriates, partnerships or other pass-through entities or investors in partnerships or such other entities, holders who hold shares of Common Stock as part of a hedge, straddle, constructive sale or conversion transaction, holders who will hold, directly or indirectly, an equity interest in the surviving corporation, and holders who acquired their shares of Common Stock through the exercise of employee stock options or other compensation arrangements).

If a partnership (including any entity or arrangement treated as a partnership for U.S. federal income tax purposes) holds shares of Common Stock, the tax treatment of a partner in such partnership will generally depend on the status of the partners and the activities of the partnership. If you are a partner of a partnership holding shares of Common Stock, you should consult your tax advisor.

Holders of Common Stock should consult their own tax advisors as to the specific tax consequences to them of the merger, including the applicability and effect of the alternative minimum tax, and any state, local, foreign or other tax laws.

Consequences to U.S. Holders

The receipt of cash by U.S. holders in exchange for shares of Common Stock pursuant to the merger will be a taxable transaction for U.S. federal income tax purposes and may also be a taxable transaction under applicable state, local, foreign and other tax laws. In general, for U.S. federal income tax purposes, a U.S. holder who

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receives cash in exchange for shares of Common Stock pursuant to the merger will recognize capital gain or loss in an amount equal to the difference, if any, between (1) the amount of cash received and (2) the U.S. holder s adjusted tax basis in such shares.

If a U.S. holder s holding period in the shares of Common Stock surrendered in the merger is greater than one year as of the date of the merger, the gain or loss generally will be long-term capital gain or loss. Long-term capital gains of certain non-corporate holders, including individuals, are generally subject to U.S. federal income tax at preferential rates. The deductibility of capital losses is subject to limitations. If a U.S. holder acquired different blocks of Common Stock at different times or different prices, such U.S. holder must determine its adjusted tax basis and holding period separately with respect to each block of Common Stock.

In addition to regular U.S. federal income tax, a U.S. holder that is an individual, estate or trust and whose income exceeds certain thresholds is subject to a 3.8% Medicare tax on all or a portion of such U.S. holder s net investment income, which may include all or a portion of such U.S. holder s gain from the disposition of shares of Common Stock. U.S. holders that are individuals, estates or trusts should consult their tax advisors regarding the applicability of the Medicare tax to gain from the disposition of shares of Common Stock.

Consequences to Non-U.S. Holders

A non-U.S. holder whose shares of Common Stock are converted into the right to receive cash in the merger generally will not be subject to U.S. federal income taxation unless:

- gain resulting from the merger is effectively connected with the non-U.S. holder s conduct of a U.S. trade or business (and, if required by an applicable income tax treaty, is attributable to a United States permanent establishment of the non-U.S. holder);

- the non-U.S. holder is an individual who is present in the United States for 183 days or more in the individual s taxable year in which the merger occurs and certain other conditions are satisfied; or

- the Company is or has been a U.S. real property holding corporation (USRPHC) as defined in Section 897 of the Code at any time within the five-year period preceding the merger, the non-U.S. holder owned more than five percent of our Common Stock at any time within that five-year period, and certain other conditions are satisfied. We believe that, as of the effective date of the merger, we will not have been a USRPHC at any time within the five-year period ending on the date thereof.

Any gain recognized by a non-U.S. holder described in the first bullet above generally will be subject to U.S. federal income tax on a net income basis at regular graduated U.S. federal income tax rates in the same manner as if such holder were a U.S. person as defined under the Code. A non-U.S. holder that is a corporation may also be subject to an additional branch profits tax at a rate of 30% (or such lower rate as may be specified by an applicable income tax treaty) on after-tax profits effectively connected with a U.S. trade or business to the extent that such after-tax profits are not reinvested and maintained in the U.S. business.

Gain described in the second bullet above generally will be subject to U.S. federal income tax at a flat 30% rate, but may be offset by certain U.S. source capital losses, if any, of the non-U.S. holder.

Information Reporting and Backup Withholding

Payments made to holders in exchange for shares of Common Stock pursuant to the merger may be subject, under certain circumstances, to information reporting and backup withholding (currently at a rate of 28%). To avoid backup withholding, a U.S. holder that does not otherwise establish an exemption should complete and return Internal Revenue Service Form W-9, certifying that such U.S. holder is a U.S. person, the taxpayer identification number provided is correct and such U.S. holder is not subject to backup withholding. In general, a non-U.S. holder will not be subject to U.S. federal backup withholding and information reporting with respect to

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cash payments to the non-U.S. holder pursuant to the merger if the non-U.S. holder has provided an IRS Form W-8BEN (or an IRS Form W-8ECI if the non-U.S. holder s gain is effectively connected with the conduct of a U.S. trade or business).

Backup withholding is not an additional tax. Any amounts withheld under the backup withholding rules may be refunded or credited against a holder s U.S. federal income tax liability, if any, provided that such holder furnishes the required information to the Internal Revenue Service in a timely manner.

This summary of certain material U.S. federal income tax consequences is for general information only and is not tax advice. Holders of Common Stock should consult their tax advisors as to the specific tax consequences to them of the merger, including the applicability and effect of the alternative minimum tax and the effect of any federal, state, local, foreign and other tax laws.

Regulatory Approvals

Under the HSR Act and related rules, certain transactions, including the merger, may not be completed until notifications have been given and information furnished to the Antitrust Division and the 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.

At any time before or after the effective time of the merger, the Antitrust Division or the FTC could take action under the antitrust laws, including seeking to enjoin the consummation of the merger, conditionally approve the merger upon the divestiture of assets of the Company or Parent, subject the consummation of the merger to regulatory conditions or seek other remedies. In addition, U.S. state attorneys general or a foreign competition authority could take action under the antitrust laws as they deem necessary or desirable in the public interest, including, without limitation, seeking to enjoin the completion of the merger or permitting completion subject to regulatory conditions. Private parties may also seek to take legal action under the antitrust laws under some circumstances. There can be no assurance that a challenge to the merger on antitrust grounds will not be made or, if such a challenge is made, that it would not be successful.

Pursuant to the merger agreement, 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 18, 2013, a reasoned submission was made to the European Commission asking for the referral of jurisdiction over the transaction from the Member States with jurisdiction. On April 22, 2013, a draft filing was submitted, but not yet accepted, under the antitrust and competition laws of China and the applicable filing was made under the merger control and antitrust laws of Canada. 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.

Fees and Expenses

Whether or not the merger is completed, in general, all fees and expenses incurred in connection with the merger will be paid by the party incurring those fees and expenses. Total fees and expenses incurred or to be incurred by the Company in connection with the merger are estimated at this time to be as follows:

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	Amount to be Paid (in thousands)
Financial advisory fee and expenses	$ [ ]
Legal, accounting and other professional fees	[ ]
SEC filing fees	2,830
Proxy solicitation, printing and mailing costs	4,000
Miscellaneous	[ ]
Total	$ [ ]

These expenses will not reduce the merger consideration to be received by our stockholders.

Anticipated Accounting Treatment of the Merger

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 would be allocated to the assets and liabilities of Dell based on their fair values following FASB Accounting Standards Codification Topic 805, Business Combinations.

Litigation

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.

Effective Time of Merger

The merger will be completed and become effective at the time the certificate of merger is filed with the Secretary of State of the State of Delaware or any later time as the Company and Parent agree upon in writing and specify in the certificate of merger. The parties intend to complete the merger as soon as practicable following the adoption of the merger agreement by the Company s stockholders and satisfaction or waiver of the conditions to closing of the merger set forth in the merger agreement. The parties to the merger agreement currently expect the Company 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 expect to complete the merger during the third quarter of the Company s current fiscal year, which quarter will end on November 1, 2013. Because the merger is subject to a number of conditions, the exact timing of the merger cannot be determined, if it is completed at all.

Payment of Merger Consideration and Surrender of Stock Certificates

At the effective time of the merger, 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 converted into the right to receive $13.65 in cash, 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. Parent will designate a U.S. bank or trust company as paying agent to make the cash payments contemplated by the merger agreement. At the effective time of the merger, Parent will deposit with the paying agent, for the benefit of the holders of the Common Stock, sufficient cash to pay to the holders of the Common Stock (other than the holders of certain excluded shares and dissenting shares) the merger consideration of $13.65 per share. The paying agent will deliver the merger consideration according to the procedure summarized below.

Within two business days following the closing of the merger, the paying agent is required to mail to each holder of record of shares of Common Stock that were canceled and converted into the merger consideration, a letter of transmittal and instructions advising the holder of record how to surrender its stock certificates or non-certificated shares represented by book-entry in exchange for the merger consideration.

The paying agent will promptly pay each holder of record the merger consideration after the holder of record has (i) surrendered its stock certificates to the paying agent, together with a properly completed letter of transmittal and any other documents required by the paying agent and (ii) provided to the paying agent any other items specified by the letter of transmittal. Interest will not be paid or accrue in respect of any cash payments of the merger consideration. The paying agent will reduce the amount of any merger consideration paid by any applicable withholding taxes.

You should not return your stock certificates with the enclosed proxy card, and you should not forward your stock certificates to the paying agent without a letter of transmittal.

If you are the registered holder of Common Stock and any certificate has been lost, stolen or destroyed, you will be required to provide an affidavit to that fact in form and substance reasonably satisfactory to the surviving corporation and the paying agent, and, if required by the paying agent or the surviving corporation, post a bond in customary amount as an indemnity against any claim that may be made against it with respect to such certificate. The letter of transmittal instructions will tell you what to do in these circumstances.

After the completion of the merger, you will cease to have any rights as a stockholder of the Company.

Upon the surviving corporation s demand, the paying agent will return to the surviving corporation all funds in its possession one year after the merger occurs. After that time, if you have not received payment of the merger consideration, you may look only to the surviving corporation for payment of the merger consideration, without interest, subject to applicable abandoned property, escheat and similar laws. Any merger consideration remaining unclaimed by former holders of Common Stock as of a date that is immediately prior to such time as such amounts would otherwise escheat to or become property of any governmental entity shall, to the fullest extent permitted by applicable law, become the property of Parent free and clear of any claims or interest of any person previously entitled thereto.

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CAUTIONARY STATEMENT CONCERNING FORWARD-LOOKING INFORMATION

This proxy statement, and the documents incorporated by reference into this proxy statement, include forward-looking statements that reflect our current views as to future events and financial performance with respect to our operations, the expected completion and timing of the merger and other information relating to the merger. All forward-looking statements included in this document are based on information available to the Company on the date hereof. These statements are identifiable because they do not relate strictly to historical or current facts. There are forward-looking statements throughout this proxy statement, including, among others, under the headings *Summary Term Sheet, Questions and Answers About the Special Meeting and the Merger, The Special Meeting, Special Factors* and *Important Information Regarding Dell,* and in statements containing the words aim, anticipate, are confident, estimate, expect, will be, will continue, will likely result, project, believe and other words and terms of similar meaning in conjunction with a discussion of future operating or financial performance or other future events. You should be aware that forward-looking statements involve known and unknown risks and uncertainties. Many of the factors that will determine our future results are beyond our ability to control or predict. In light of the significant uncertainties inherent in the forward-looking statements contained herein, readers should not place undue reliance on forward-looking statements, which reflect management s views only as of the date as of which the statements were made. We cannot guarantee any future results, levels of activity, performance or achievements. Although we believe that the expectations reflected in these forward-looking statements are based upon reasonable assumptions, we give no assurance that the actual results or developments we anticipate will be realized, or even if realized, that they will have the expected effects on the business or operations of the Company. In addition to other factors and matters contained in or incorporated by reference in this document, we believe the following factors could cause actual results to differ materially from those discussed in the forward-looking statements:

- the occurrence of any event, change or other circumstance that could give rise to the termination of the merger agreement;
- the inability to complete the proposed merger due to the failure to obtain the required stockholder approvals for the proposed merger or the failure to satisfy other conditions to completion of the proposed merger, including that a governmental entity may prohibit, delay or refuse to grant approval for the consummation of the transaction;
- the failure to obtain the necessary financing arrangements as set forth in the debt and equity commitment letters and the securities purchase agreement delivered pursuant to the merger agreement, or the failure of the merger to close for any other reason;
- risks related to disruption of management s attention from the Company s ongoing business operations due to the transaction;
- the outcome of any legal proceedings, regulatory proceedings or enforcement matters that have been or may be instituted against the Company and others relating to the merger agreement;
- the risk that the pendency of the merger disrupts current plans and operations and the potential difficulties in employee retention as a result of the pendency of the merger;
- the effect of the announcement of the proposed merger on the Company s relationships with its customers, suppliers, operating results and business generally; and
- the amount of the costs, fees, expenses and charges related to the merger;

and additional factors that could cause actual results to differ materially from those expressed in the forward-looking statements, which are discussed in reports we have filed with the SEC, including our most recent filings on Forms 10-Q and 10-K. See *Where You Can Find Additional Information* on page 190.

Forward-looking statements speak only as of the date of this proxy statement or the date of any document incorporated by reference in this document. All subsequent written and oral forward-looking statements concerning the merger or other matters addressed in this proxy statement and attributable to us or any person acting on our behalf are expressly qualified in their entirety by the cautionary statements contained or referred to in this section. Except to the extent required by applicable law or regulation, we do not undertake any obligation to update forward-looking statements to reflect events or circumstances after the date of this proxy statement or to reflect the occurrence of unanticipated events.

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THE PARTIES TO THE MERGER

Dell Inc.

Dell is a Delaware corporation. Founded by Michael S. Dell in 1984, the Company is a leading global 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.

Additional information about the Company is contained in reports we have filed with the Securities and Exchange Commission, including our most recent filings on Forms 10-Q and 10-K, which are incorporated by reference herein. See *Where You Can Find Additional Information* on page 190.

The Parent Parties

Parent is a Delaware corporation. Intermediate is a Delaware corporation and wholly-owned subsidiary of Parent. Merger Sub is a Delaware corporation and wholly-owned subsidiary of Intermediate. Each of the Parent Parties is an affiliate of the SLP Filing Persons and the MD Filing Persons 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. Upon the consummation of the merger, Merger Sub will be merged with and into the Company with the Company surviving the merger as a wholly-owned subsidiary of Intermediate. The principal executive office of the Parent Parties is located at:

Denali Holding Inc.

Denali Intermediate Inc.

Denali Acquiror Inc.

c/o Silver Lake Partners III, L.P.

2775 Sand Hill Road, Suite 100

Menlo Park, California 94205

For additional information regarding the Parent Parties, see *Important Information Regarding the Parent Parties, the SLP Filing Persons, the MD Filing Persons and the MSDC Filing Persons* beginning on page 186.

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THE SPECIAL MEETING

We are furnishing this proxy statement to the Company s stockholders as part of the solicitation of proxies by the Board for use at the special meeting.

Date, Time and Place

We will hold the special meeting at the Dell Round Rock Campus, 501 Dell Way, Round Rock, Texas 78682 on [ ], 2013, at [ ], Central Time, or at any adjournment or postponement thereof.

Purpose of the Special Meeting

The special meeting is for the following purposes:

- to consider and vote on a proposal 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; and
- 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.

The votes on the proposals 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 to approve the adjournment of the special meeting, if necessary or appropriate, to solicit additional proxies are separate and apart from the vote on the proposal to adopt the merger agreement. Accordingly, a stockholder may vote in favor of the proposal to approve on an advisory (non-binding) basis, the specified compensation and/or the proposal to approve the adjournment of the special meeting and vote not to approve the proposal to adopt the merger agreement (and vice versa).

A copy of the merger agreement is attached to this proxy statement as Annex A. This proxy statement and the enclosed form of proxy are first being mailed to our shareholders on or about [ ].

Recommendations of the Board and the Special Committee

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 the MD Investors and the Gift Trusts), and unanimously recommended that the Board approve and declare advisable the merger agreement 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 the recommendations of the Special Committee, and with the assistance of its independent legal and financial advisors, the Board, on February 4, 2013, 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 the MD Investors and the Gift 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.

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Accordingly, the Board (without Mr. Dell s participation), acting upon the unanimous recommendations of the Special Committee, 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.

The Board unanimously (without Mr. Dell s participation) recommends that the stockholders of the Company vote 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.

Record Date and Quorum

The holders of record of Common Stock as of the close of business on [ ], 2013, the record date, are entitled to receive notice of and to vote at the special meeting. On the record date, [ ] shares of Common Stock were issued and outstanding and held by [ ] holders of record.

No matter may be considered at the special meeting unless a quorum is present. For any matter to be considered, the presence, in person or represented by proxy, of the holders of a majority of the voting power of the Common Stock outstanding and entitled to vote 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 will be counted as present and entitled to vote for purposes of determining a quorum. A broker non-vote occurs when a broker, dealer, commercial bank, trust company or other nominee does not vote on a particular matter because such broker, dealer, commercial bank, trust company or other nominee does not have the discretionary voting power with respect to that proposal and has not received voting instructions from the beneficial owner. Brokers, dealers, commercial banks, trust companies and other nominees will not have discretionary voting power with respect to the proposal to adopt the merger agreement. If a quorum is not present, the stockholders who are present or represented by proxy may adjourn the meeting until a quorum is present.

Required Vote

Each share of Common Stock outstanding as of the record date is entitled to one vote at the special meeting.

Proposal to Adopt the Merger Agreement

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 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 Common Stock outstanding 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 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, vote **FOR** the proposal to adopt the merger agreement.

Proposal to Approve, on an Advisory (non-binding) Basis, Specified Compensation

Approval of 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, requires the affirmative vote of holders of a majority of the voting power present and entitled to vote thereon.

Proposal to Approve the Adjournment of the Special Meeting, if Necessary or Appropriate, to Solicit Additional Proxies

Approval of 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 requires the affirmative vote of holders of a majority of the voting power present and entitled to vote thereon.

The directors and current executive officers of the Company have informed the Company that as of the date of this proxy statement, they intend to vote in favor of the proposal to adopt the merger agreement and 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. As of [ ], 2013, the record date, the directors and 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 the voting agreement with the MD Investors and the Gift Trusts, pursuant to which the MD Investors and the Gift Trusts agreed, subject to certain conditions, to vote all of the shares of Common Stock they beneficially own in favor of the approval of the proposal to adopt the merger agreement. See *Special Factors Interests of the Company s Executive Officers and Directors in the Merger Voting Agreement* on page 123.

Voting; Proxies; Revocation

Attendance

All holders of shares of Common Stock as of the close of business on [ ], the record date, including stockholders of record and beneficial owners of Common Stock registered in the street name of a bank, broker or other nominee, are invited to attend the special meeting. If you are a stockholder of record, please be prepared to provide proper identification, such as a driver s license. If you hold your shares in street name, 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.

Voting in Person

Stockholders of record will be able to vote in person at the special meeting. If you are not a stockholder of record, but instead hold your shares in street name through a bank, broker or other nominee, you must provide a proxy executed in your favor from your bank, broker or other nominee in order to be able to vote in person at the special meeting.

Providing Voting Instructions by Proxy

To ensure that your shares are represented at the special meeting, we recommend that you provide voting instructions promptly by proxy, even if you plan to attend the special meeting in person.

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If you are a stockholder of record, you may provide voting instructions by proxy by completing, signing, dating and returning the enclosed proxy card. You may alternatively follow the instructions on the enclosed proxy card for Internet or telephone submissions. If you sign, date and return your proxy card without indicating how you wish to vote, your proxy will be voted **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 and in accordance with the recommendation of the Board on any other matters properly brought before the shareholders at the special meeting for a vote. If you fail to return your proxy card, the effect will be that your shares will not be counted for purposes of determining whether a quorum is present at the special meeting (unless you are a record holder as of the record date and attend the special meeting in person) and will have the same effect as a vote **AGAINST** the proposal to adopt the merger agreement. Failure to return your proxy card 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 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.

If your shares are held by a bank, broker or other nominee on your behalf in street name, your bank, broker or other nominee will send you instructions as to how to provide voting instructions for your shares by proxy. Many banks and brokerage firms have a process for their customers to provide voting instructions by telephone or via the Internet, in addition to providing voting instructions by proxy card.

In accordance with the rules of NASDAQ, banks, brokers and other nominees who hold shares of Common Stock in street name for their customers do not have discretionary authority to vote the shares with respect to the approval of the merger agreement. Accordingly, if banks, brokers or other nominees do not receive specific voting instructions from the beneficial owner of such shares they may not vote such shares with respect to the approval of the merger agreement. Under such circumstance, a broker non-vote would arise. Broker non-votes, if any, will be counted for purposes of determining whether a quorum is present at the special meeting, but will have the same effect as a vote **AGAINST** the proposal to adopt the merger agreement. Broker non-votes, if any, 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 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. For shares of Common Stock held in street name, only shares of Common Stock affirmatively voted **FOR** the proposal to adopt the merger agreement and/or **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, will be counted as favorable vote(s) for such proposal(s).

Revocation of Proxies

Your proxy is revocable. If you are a stockholder of record, you may revoke your proxy at any time before the vote is taken at the special meeting by:

- submitting a new proxy with a later date, by using the telephone or Internet proxy submission procedures described in the proxy card, or by completing, signing, dating and returning a new proxy card by mail to the Company;
- attending the special meeting and voting in person; or
- sending written notice of revocation to the Corporate Secretary of Dell at Dell Inc., Attn: Corporate Secretary, One Dell Way, Mail Stop RR1-33, Round Rock, Texas 78682.

Attending the special meeting in person without taking one of the actions described above will not in itself revoke a previously submitted proxy. Please note that if you want to revoke your proxy by mailing a new proxy card to the Company or by sending a written notice of revocation to the Company, you should ensure that you send your new proxy card or written notice of revocation in sufficient time for it to be received by the Company before the day of the special meeting.

If you hold your shares in street name through a bank, broker or other nominee, you will need to follow the instructions provided to you by your bank, broker or other nominee in order to revoke your proxy or submit new voting instructions.

Abstentions

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. Abstaining from voting will have the same effect as a vote **AGAINST** the proposal to adopt the merger agreement, **AGAINST** 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 **AGAINST** the proposal to approve the adjournment of the special meeting, if necessary or appropriate, to solicit additional proxies.

Appraisal Rights

Stockholders 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 submit a written demand for appraisal to us before the vote is taken on the merger agreement, you must **NOT** vote in favor of the proposal to adopt the merger agreement and you must otherwise comply with the requirements of Section 262 of the DGCL. Your failure to follow exactly the procedures specified under Delaware law could result in the loss of your appraisal rights. 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.

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Adjournments and Postponements

Although it is not currently expected, the special meeting may be adjourned or postponed for the purpose of soliciting additional proxies. In the event that there is present, in person or by proxy, sufficient favorable voting power to secure the vote of the stockholders of the Company necessary to approve the proposal to adopt the merger agreement, the Company does not anticipate that it will adjourn or postpone the special meeting unless it is advised by counsel that such adjournment or postponement is necessary under applicable law to allow additional time for any disclosure. Any signed proxies received by the Company in which no voting instructions are provided on such matter will be voted in favor of an adjournment in these circumstances. The time and place of the adjourned meeting will be announced at the time the adjournment is taken, and no other notice need be given, unless the adjournment is for more than 30 days. Any adjournment or postponement of the special meeting for the purpose of soliciting additional proxies will allow the Company s stockholders who have already sent in their proxies to revoke them at any time prior to their use at the special meeting as adjourned or postponed.

Solicitation of Proxies

The Company will bear all costs of this proxy solicitation. Proxies may be solicited by mail, in person, by telephone, or by facsimile or by electronic means by officers, directors and regular employees of the Company. In addition, the Company will utilize the services of MacKenzie Partners Inc., an independent proxy solicitation firm, and will pay approximately $2.5 million plus reasonable expenses as compensation for those services. The Company may also reimburse brokerage firms, custodians, nominees and fiduciaries for their expenses to forward proxy materials to beneficial owners. Parent, directly or through one or more affiliates (including the MD Investors, the SLP Investors, the MSDC Investor and their respective affiliates or representatives) or representatives, may, at its own cost, also make solicitations of proxies by mail, telephone, facsimile or other contact in connection with the merger. Parent has retained Innisfree M&A Incorporated to provide advisory services and to assist it in any solicitation efforts it may decide to make in connection with the merger. Intermediate has retained Okapi Partners LLC to provide advisory services and to assist it in any solicitation efforts it may decide to make in connection with the merger. Each of Innisfree M&A Incorporated and Okapi Partners LLC may solicit proxies from individuals, banks, brokers, custodians, nominees, other institutional holders and other fiduciaries.

Additional Assistance

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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THE MERGER AGREEMENT

The following is a summary of the material provisions of the merger agreement, a copy of which is attached to this proxy statement as Annex A, and which we incorporate by reference into this proxy statement. This summary may not contain all of the information about the merger agreement that is important to you. We encourage you to read carefully the merger agreement in its entirety, as the rights and obligations of the parties thereto are governed by the express terms of the merger agreement and not by this summary or any other information contained in this proxy statement.

Explanatory Note Regarding the Merger Agreement

The following summary of the merger agreement, and the copy of the merger agreement attached hereto as Annex A to this proxy statement, are intended to provide information regarding the terms of the merger agreement and are not intended to modify or supplement any factual disclosures about the Company in its public reports filed with the SEC. In particular, the merger agreement and the related summary are not intended to be, and should not be relied upon as, disclosures regarding any facts and circumstances relating to the Company or any of its subsidiaries or affiliates. The merger agreement contains representations and warranties by the Company and the Parent Parties that were made only for purposes of the merger agreement and as of specified dates. The representations, warranties and covenants in the merger agreement were made solely for the benefit of the parties to the merger agreement; may be subject to limitations agreed upon by the contracting parties, including being qualified by confidential disclosures made for the purposes of allocating contractual risk between the parties to the merger agreement instead of establishing these matters as facts; and may apply contractual standards of materiality or material adverse effect that generally differ from those applicable to investors. In addition, information concerning the subject matter of the representations, warranties and covenants may change after the date of the merger agreement, which subsequent information may or may not be fully reflected in the Company s public disclosures. Moreover, the description of the merger agreement below does not purport to describe all of the terms of such agreement, and is qualified in its entirety by reference to the full text of such agreement, a copy of which is attached hereto as Annex A and is incorporated herein by reference.

Additional information about the Company may be found elsewhere in this proxy statement and the Company s other public filings. See *Where You Can Find Additional Information* beginning on page 190.

Structure of the Merger

At the effective time of the merger, Merger Sub will merge with and into the Company and the separate corporate existence of Merger Sub will cease. The Company will be the surviving corporation in the merger and will continue to be a Delaware corporation after the merger. The certificate of incorporation of the surviving corporation will be amended and restated in its entirety to be in the form of the certificate of incorporation attached as Exhibit A to the merger agreement, until amended in accordance with its terms or by applicable law. The bylaws of the surviving corporation will be amended and restated in their entirety to be in the form of the bylaws attached as Exhibit B to the merger agreement, until amended in accordance with their terms or by applicable law. The directors of Merger Sub immediately prior to the effective time of the merger will be the directors of the surviving corporation and will hold office until their respective successors are duly elected and qualified, or their earlier death, incapacitation, retirement, resignation or removal in accordance with the certificate of incorporation and bylaws of the surviving corporation. The officers of the Company immediately prior to the effective time of the merger will be the officers of the surviving corporation and will hold office until their respective successors are duly elected or appointed and qualified, or their earlier death, incapacitation, retirement, resignation or removal in accordance with the certificate of incorporation and bylaws of the surviving corporation.

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When the Merger Becomes Effective

The merger will become effective at the time (which we refer to as the effective time of the merger) when the Company files a certificate of merger with the Secretary of State of the State of Delaware or at such later date or time as Parent and the Company agree in writing and specify in the certificate of merger in accordance with the DGCL.

The closing of the merger will take place on a date which will be the second business day after the satisfaction or waiver (to the extent permitted by applicable law) of the closing conditions stated in the merger agreement (other than those conditions that by their nature are to be satisfied at the closing, but subject to the satisfaction or waiver of such conditions) or at such other time and date as the Company and Parent may agree in writing. However, without the prior written consent of Parent, the closing will not occur prior to the earlier of (i) a date during the marketing period (as defined below) specified by Parent on no fewer than two business days notice to the Company (which date may be conditioned upon the simultaneous completion of the Parent Parties financing of the transactions contemplated by the merger agreement) and (ii) the final day of the marketing period.

For purposes of the merger agreement, the marketing period means the first period of twenty consecutive business days commencing after the date of the merger agreement and throughout and at the end of which (a) Parent shall have received the Required Information (as defined under *Financing*) from the Company and (b)(i) the mutual conditions to the parties obligations to complete the merger and the Parent Parties conditions to their obligations to complete the merger are satisfied (except for the condition that Parent not have the right to terminate the merger agreement because the Company s cash on hand is 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 and those conditions that by their nature are to be satisfied at the closing) and (ii) nothing has occurred and no condition exists that would cause any of the mutual conditions to the parties obligations to complete the merger or the conditions of the Parent Parties to complete the merger to fail to be satisfied assuming the closing were to be scheduled for any time during such twenty consecutive business day period. However, (x) July 5, 2013 shall not be considered a business day for purposes of this definition, (y) if the marketing period has not been completed on or prior to August 16, 2013, the marketing period shall commence no earlier than September 3, 2013 and (z) the marketing period shall not be deemed to have commenced if (A) after the date of the merger agreement and prior to the completion of the marketing period (I) PricewaterhouseCoopers LLP shall have withdrawn its audit opinion with respect to any of the financial statements contained in the Company SEC Documents (as defined below), including Company SEC Documents filed after the date of the merger agreement, in which case the marketing period shall not be deemed to commence unless and until a new unqualified audit opinion is issued with respect to such financial statements by PricewaterhouseCoopers LLP or another independent accounting firm reasonably acceptable to Parent, (II) the financial statements included in the Required Information that is available to Parent on the first day of any such twenty consecutive business day period would be required to be updated under Rule 3-12 of Regulation S-X promulgated under the Securities Act in order to be sufficiently current on any day during such twenty consecutive business day period to permit a registration statement on Form S-1 using such financial statements to be declared effective by the SEC on the last day of such twenty consecutive business day period, in which case the marketing period shall not be deemed to commence until the receipt by Parent of updated Required Information that would be required under Rule 3-12 of Regulation S-X to permit a registration statement on Form S-1 using such financial statements to be declared effective by the SEC on the last day of such new twenty consecutive business day period or (III) the Company shall have announced any intention to restate any historical financial statements of the Company or other financial information included in the Required Information, or that any such restatement is under consideration or may be a possibility, in which case the marketing period shall not be deemed to commence unless and until such restatement has been completed and the applicable Required Information has been amended or the Company has announced that it has concluded no such restatement shall be required and (B) the Company shall have been delinquent in filing or furnishing any Company SEC Document, the marketing period shall not be deemed to have commenced unless and until, at the earliest, all such delinquencies have been cured.

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For purposes of the merger agreement, Company SEC Documents means all forms, documents and reports required to be filed or furnished by the Company with the SEC on a timely basis since January 28, 2011 (together with any documents so filed or furnished during such period on a voluntary basis, in each case as may have been amended).

Effect of the Merger on the Common Stock

At the effective time of the merger, each share of Common Stock, other than (i) shares owned immediately prior to the effective time of the merger by (a) the Company or any direct or indirect wholly-owned subsidiary of the Company or (b) any of the Parent Parties (including the shares of Common Stock to be contributed by the MD Investors to Parent in exchange for common stock of Parent) (collectively, the excluded shares), (ii) Company restricted shares and (iii) dissenting shares, issued and outstanding immediately prior to the effective time of the merger will be converted automatically into the right to receive $13.65 in cash, without interest and less 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. The MD Investors have committed, 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 Gift Trusts which shall 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.

At the effective time of the merger, each excluded share will be automatically canceled and will cease to exist and no consideration will be delivered in exchange for such cancellation, except, that excluded shares that are owned by any wholly-owned subsidiary of the Company will be converted into shares of the surviving corporation. At the effective time of the merger, each dissenting share will be automatically canceled and will cease to exist and any holder thereof will cease to have any rights with respect thereto except the rights provided under Section 262.

Treatment of Company Stock Options, Company RSU Awards and Company Restricted Shares

Company Stock Options. Except as otherwise agreed by Parent and a holder of a Company stock option, each Company stock option granted under the Other LTIP Plans, 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. As of April 26, 2013, options to purchase 11,330,971 shares of Common Stock were outstanding under the Other LTIP Plans.

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 an 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, 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 any Company RSU Awards 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, as of the effective time of the merger, be canceled and converted into the right to receive from the surviving corporation or one of its subsidiaries an amount in cash equal to (a) the product of (i) the total number of shares of Common Stock subject to such Company RSU Award multiplied by (ii) $13.65 minus (b) such amounts as are required to be withheld or deducted under applicable tax provisions, on such date(s) that such Company RSU Award would have otherwise vested under the applicable award agreement and treating any performance-based vesting condition as having been attained at the target level (with awards subject to performance-based vesting conditions being 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, the holders of Company RSU Awards will receive any additional amounts related to dividend equivalents credited with respect to Company RSU Awards prior to 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 Company restricted shares 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, as of the effective time of the merger, be canceled and converted into the right to receive from the surviving corporation or one of its subsidiaries 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 restricted stock of the Company prior to the effective time of the merger, 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.

Payment for the Common Stock in the Merger

At the effective time of the merger, Parent will deposit, or cause to be deposited, with a U.S. bank or trust company that will be appointed by Parent (and reasonably satisfactory to the Company) to act as paying agent (the paying agent), in trust for the benefit of the holders of the Common Stock, sufficient cash to pay to the holders of the Common Stock (other than the holders of the excluded shares, the Company restricted shares and dissenting shares) the merger consideration of $13.65 per share, without interest. In the event any dissenting shares cease to be dissenting shares, Parent will deposit, or cause to be deposited, with the paying agent sufficient cash to pay to the holders of such Common Stock the merger consideration of $13.65 per share, without interest. In the event that the cash amount deposited with the paying agent is insufficient to make the aggregate payments of the per share merger consideration, Parent will promptly deposit, or will cause Merger Sub or the surviving corporation to promptly deposit, additional funds with the paying agent in an amount sufficient to make such payments.

Within two business days following the effective time of the merger, each record holder of shares of Common Stock that were converted into the merger consideration will be sent a letter of transmittal and instructions for use in effecting the surrender of certificates that formerly represented shares of the Common Stock or non-certificated shares represented by book-entry in exchange for the merger consideration.

You should not return your stock certificates with the enclosed proxy card and you should not forward your stock certificates to the paying agent without a letter of transmittal.

Unless otherwise agreed to in writing prior to the effective time of the merger by Parent and a holder thereof, the surviving corporation or one of its subsidiaries, as applicable, will pay to each holder of Company stock options, each holder of Company RSU Awards and each holder of Company restricted shares, the cash amounts described under *Treatment of Company Stock Options, Company RSU Awards and Company Restricted Shares* as soon as administratively practicable following the effectiv