

Choices: Closer look at 2 plans for Dell's future

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In this Aug. 15, 2011 photo, the logo on a Dell computer is displayed, in Philadelphia. Dell Inc. is making a late push to win shareholder support for founder Michael Dell's plan to take the slumping computer maker private, an indication that the scheduled vote, Thursday, July 18, 2013, could be close. Supporters of the \$24.4 billion buyout believe Dell Inc. stands a better chance of turning around if it can make long-term strategic decisions without worrying about meeting Wall Street's quarter-to-quarter expectations. (AP Photo/Matt Rourke)

Dell Inc. has delayed Thursday's vote on founder Michael Dell's plan to take the computer maker private. That's a sign the board needs more time to rally support. Activist investor Carl Icahn and the Southeastern Asset Management fund, which own 13 percent of the company combined, have made a competing proposal.

Here's a closer look at the two plans:

MICHAEL DELL/SILVER LAKE

About the offer: The \$24.4 billion buyout offer, at \$13.65 per share, would take the company private. Michael Dell, the CEO and the largest shareholder, is throwing in all of his stock and \$750 million of his \$15 billion fortune to help finance the sale to a group led by investment firm Silver Lake. Dell's stock-and-cash contributions to the deal are valued at about \$4.5 billion. The plan calls for paying for most of this through loans, including \$2 billion from longtime Dell partner Microsoft Corp.

If it succeeds: Michael Dell is hoping to evolve the company into a more diversified seller of technology services, business software and high-end computers—much the way IBM Corp. had successfully transformed itself in the 1990s. He believes he has a better chance of turning the company around in the long run if it didn't have to worry about Wall Street's quarter-to-quarter expectations.

Criticisms: Some big investors have signaled opposition to the bid. Icahn believes the offer undervalues the company's long-term prospects and gives Michael Dell and his backers an unfair opportunity to profit from a turnaround. The deal would saddle Dell with more than \$15 billion in debt, which could raise doubts about its [financial stability](#) among its risk-averse corporate customers.



In this Wednesday, Nov. 14, 2007 file photo, Dell CEO Michael Dell smiles at Oracle Open World conference in San Francisco. Dell Inc. is making a late push to win shareholder support for founder Michael Dell's plan to take the slumping computer maker private, an indication that the scheduled vote, Thursday, July 18, 2013, could be close. Supporters of the \$24.4 billion buyout believe Dell Inc. stands a better chance of turning around if it can make long-term strategic decisions without worrying about meeting Wall Street's quarter-to-quarter expectations. (AP Photo/Paul Sakuma, File)

The status: The plan has the backing of Dell's board. Because of an agreement that Michael Dell wouldn't cast his shares, which represent about 16 percent of the company's stock, the board needs the support of slightly more than 42 percent of Dell's outstanding stock. Shareholders representing at least 20 percent of the votes were known to be in opposition. Although the company hasn't disclosed the current vote tally, the delay in formally recording the vote suggests it is short of what's needed.

The vote has been rescheduled for next Wednesday at a meeting to take place at 6 p.m. EDT (2200 GMT) at the company's headquarters in Round Rock, Texas. The vote is open to shareholders of record on June 3, the same as before. With the delay, the board can try to sway some of the opposing shareholders, possibly if the group sweetens its bid. It can also try to get votes from those who hadn't cast votes by Thursday's meeting.

CARL ICAHN/SOUTHEASTERN ASSET MANAGEMENT

About the offer: Icahn and Southeastern Asset have proposed that the company buy back 1.1 billion shares at \$14 each. They added another element last week that would give stockholders warrants to buy additional shares. Icahn has valued his plan at \$15.50 to \$18 per share. That plan calls for rewarding shareholders with some cash now, but leaving about a third of the shares outstanding for shareholders to benefit from a successful turnaround.

If it succeeds: Icahn and Southeastern want to replace the Dell board with their own slate of candidates and put their plan in effect. Icahn plans to oust Michael Dell as CEO, but hasn't said whom he has in mind to run the company.

Criticisms: A special committee of Dell's board calls the plan risky and short on details. One shareholder-advisory firm, Glass, Lewis & Co., says the certainty of a cash payout under the Michael Dell plan is better than the risk in continuing to hold Dell shares.

The status: No vote has been scheduled. Instead, Icahn would have to replace enough board members with his own candidates at Dell's annual shareholders meeting, which hasn't been scheduled yet.

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