

# Dell buyout offer boosted; vote postponed

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Dell founder Michael Dell and his investor allies modestly boosted their buyout offer for the struggling computer giant Wednesday, but only if the board agrees to change the vote requirements.

The move came amid a hotly contested battle over the bid to take Dell private, a plan opposed by key shareholders as undervaluing the former number one computer maker.

The new offer from Michael Dell and the private equity firm Silver Lake was increased to \$13.75 per share, from \$13.65 a share, on condition of a change in the shareholder vote process.

The proposal seeks an approval process that would require a majority of shares voted, instead of a majority of all outstanding shares held by the unaffiliated stockholders.

The new bid adds some \$150 million to the \$24.4 billion offer, according to a letter to shareholders.

A shareholder meeting set for Wednesday after a postponement last week was rescheduled for August 2, the company said.

The letter to shareholders said the new offer was "our best and final proposal" and set a deadline of 2200 GMT Wednesday for the board to endorse the proposal and new voting procedure.

"We are not willing to discuss any further increase in the merger

consideration, nor are we willing to increase the merger consideration to \$13.75 per share without the change to the Unaffiliated Stockholder Approval requirement," the letter said.

The move came amid stiff opposition to the buyout by some shareholders who argued that Michael Dell's bid undervalued the former number one computer maker.

Opponents have been galvanized by corporate raider Carl Icahn, with some other institutional investors also opposing the effort. The Wall Street Journal last week estimated that holders of at least 30 percent of Dell shares opposed the plan.

Michael Dell and his affiliates hold some 15.6 percent of Dell shares but cannot participate in the shareholder vote. Icahn and an investor group which has backed him, Southeastern Asset Management, together hold some 13 percent.

A statement from Michael Dell and Silver Lake said an estimated 27 percent of unaffiliated shareholders had not yet voted, suggesting that the plan could fail under the previous procedures.

"The presumption that these shares should be treated as if they had voted against the transaction is patently unfair," the statement said.

"We believe that \$13.75 per share is a full and fair price... The will of the majority of the unaffiliated shares voting on the transaction should not be thwarted by an unfair standard that counts unaffiliated shares not voting as 'no' votes."

Icahn proposed an alternate plan that would pay \$14 per share for up to 71 percent of Dell stock, and recently sweetened the deal by adding one warrant for every four Dell shares, entitling the holder to one share of

Dell at \$20.

The buyout aims to take Dell private to allow the company to restructure in a rapidly changing tech landscape. While Dell is flush with cash it has been losing market share and has failed to make an impact in the growing area of mobile computing.

Dell shares got an early boost from the news, but in late morning trade were nearly flat at \$12.86.

Analyst Brian White at Topeka Capital Management said the buyout saga "reached new levels of absurdity" with the new proposal.

"We have to believe that Carl Icahn will have a vitriolic rebuttal to this new proposal and we would be surprised if we don't hear from him this week," White said.

There was no immediate statement from Icahn but he tweeted: "All would be swell at Dell if Michael and the board bid farewell."

On Tuesday, he and Southeastern issued a statement blasting the Dell board for "unconscionable" conduct in the matter, and warned against another postponement.

Dell, once the world's biggest PC seller, has fallen behind rivals Lenovo and Hewlett-Packard and faces pressure because of slumping computer sales. A recent survey showed worldwide sales of personal computers fell for a fifth consecutive quarter in the April-June period.

Dell has failed in smartphones and tablets, but has seen some success in software and business services through its acquisitions.

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