

## Advisory firm backs Dell buyout

July 8 2013

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Michael Dell delivers a keynote address during the 2010 Oracle Open World conference on September 22, 2010 in San Francisco, California. A key shareholder advisory firm on Monday backed a \$24.4 billion private equity buyout of Dell, giving a major boost to the plan led by founder Michael Dell to reorganize the struggling computer giant.

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Institutional Shareholder Services recommended that Dell shareholders vote for the transaction, which offers \$13.65 per share in cash, and would allow Michael Dell to take the firm private, the company said.

The recommendation came amid a bitter battle for control of the company, with corporate raider Carl Icahn and others calling the offer a "giveaway" and pressing for an alternate plan.

ISS said the buy could lead to a "truncation of value" of Dell but noted that rejection of the plan might mean "meaningful loss of value."

The proxy advisory firm said the offer was 25.5 percent above the value before news of the deal circulated and "transfers the risk of the deteriorating PC business and the company's ongoing business transformation to the buyout group."

Dell's special committee evaluating options for the company said it was "pleased" with the ISS recommendation.

"With the assistance of outside advisors over the course of an exhaustive 10-month process, the committee has thoroughly reviewed Dell's existing business plan as it seeks to transform its business model and various alternatives in support of that transformation," Dell said.

"Given the company's business challenges, intensifying competition and deteriorating industry trends, a sale at \$13.65 per share in cash provides the highest value and greatest certainty of any available alternative.

"We also believe rejection of this transaction would expose Dell and its shareholders to serious risks and uncertainties."

The news comes ahead of a July 18 shareholder vote on the plan.

Some news reports said Michael Dell, who is backed by the [private equity firm](#) Silver Lake, was under pressure to raise his offer in order to win backing from a majority of shareholders.

The ISS recommendation is seen as a key factor in the vote.

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