

Reliable Support of Dell Appraisal Rights

[Clarifying what is offered](#)

[Progress with process](#)

[Support of marketability](#)

Approaching the deadline for reserving appraisal rights prior to Dell's July 18 special meeting, we have been making good progress with the newly organized Dell Valuation Trust's administrative management of shareholder demands¹ and also with our development of broader plans for support of these rights.² This progress was slowed, however, by the need to address confusion resulting from my inadequate explanations of the support plans.

Clarifying what is offered

Starting with an apology for the confusion, it must be stated clearly that the only thing being offered now by the Dell Valuation Trust is a service to process the formal demand required to reserve a shareholder's appraisal rights. My statement last week that the Trust's processing of the demand would "make the rights eligible for assignment to the Trust" was intended to assure Trust recognition of the validity of those rights for whatever support arrangements might be offered in the future. Lapsing into patterns of communication common among financial professionals, I neglected to explicitly state that since no other arrangements had yet been defined, either for services or for investment, there was nothing else being offered beyond the specified processing service.

The inadequacy of my explanation, unfortunately, allowed further confusion to develop as rumors spread and a blogger reported them without bothering to investigate.³ As we go forward, I encourage you to help prevent similar diversions by telling me immediately about anything that needs to be clarified.

Progress with process

The reason we developed a service supporting the processing of the written demands required to secure appraisal rights was that we were aware of the challenges encountered by many investors. In the absence of standardized procedures, a beneficial shareholder has to find someone at the account's broker or custodian who can find out how to deliver the right form of instructions to the registered stockholder, Depository Trust Company ("DTC"), for the execution of a letter that can be delivered to the company. Those with experience allow ten business days, but consider it risky to count on that.

¹ See [June 21, 2013 Forum Report: Organization of Dell Valuation Trust to Support Appraisal Rights](#).

² See [June 14, 2013 Forum Report: Enabling Use of Appraisal Rights to Choose Dell's Long Term Value](#).

³ See [June 25, 2013 New York Times DealBook: "The Intricate Endgame for Dell."](#)

Under the circumstances, we met this week with senior management representatives of DTC's parent, The Depository Trust & Clearing Corporation, who have agreed to guide our development of efficient, reliable arrangements for timely processing of the demand letters. We are naturally very grateful for their help, and particularly for their rescheduling of busy people to accommodate the July 18 deadline for Dell demands.

Support of marketability

While establishing marketability of investor interests in appraisal rights is simple in theory, doing anything for the first time is necessarily complicated. And it is naturally important to get it right. This means that we have been considering a wide range of possible solutions to virtually every element of it, and we are still refining the design. I will be continuing to seek your views of what has value to you, but I will not be able to report what will be offered until I am satisfied that it is designed as well as it can be, and Bingham McCutcheon is satisfied with the way it is defined and presented. As someone who has successfully pioneered capital market innovations before, I know that this is the way you do it.

For those of you who have asked about the risk of establishing marketability, you should understand that I cannot offer advice. But I can offer logic. Is there any reason why rights to receive payments relating to appraisal rights could not be securitized the same way mortgages are securitized? Or S&L litigation claims? Or pork bellies? Obviously, none of those templates would be optimal for appraisal rights, but it is probably safe to assume that there is nothing on earth (or elsewhere) that can't be securitized.

For those of you who have asked when the rights will be marketable, everything could fall into place within two or three months but we are allowing up to six months to get all the pieces together and ready for participant consideration. We have therefore been developing interim plans for two things:

- (1) the organization of administrative support for the appraisal rights process independently of any securitization entity, and
- (2) the organization of reporting functions to support informed private trading among qualified institutional buyers.

I will be reporting more on these interim plans next week.

GL – June 28, 2013

Gary Lutin
Chairman, The Shareholder Forum
575 Madison Avenue, New York, New York 10022
Tel: 212-605-0335
Email: gl@shareholderforum.com