

THE SHAREHOLDER FORUM, INC.

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July 5, 2013

By email

Mr. Michael S. Dell
Dell Inc.
One Dell Way
Round Rock, Texas 78682

Dear Mr. Dell:

Attached is a letter sent on Wednesday to the chairman of Dell's special committee suggesting an accommodation that could be implemented by a proponent of the merger to win the voting support of a key segment of Dell shareholders.

Simply summarized, the suggested "yes-voting" appraisal rights would allow Dell shareholders to choose between the currently proposed \$13.65 payment and the alternative of an amount to be determined by a court appraisal of fair value, essentially as Delaware law currently provides* but without requiring a vote against the merger. This would have significant advantages to both sides:

- ▶ The option would be considered fair by shareholders who genuinely believe the value of Dell as a going concern is greater than \$13.65, and are not simply negotiating for a higher bid price. This important shareholder constituency would thus be able to get what they want without having to vote against the transaction and contribute to the risk of a value-destroying proxy contest.
- ▶ Allowing shareholders to choose between the fixed price and appraised value alternatives should be a cost-efficient way for the buyer to respect investors with genuine valuation views, since there would be no need to raise the fixed price that is likely to be accepted by the "negotiating" segment of shareholders.

You will note that one of the elements of this alternative suggested in the attached letter is a specified limit on the number of shares to which the court's appraised valuation would be applied, providing for a proportional allocation of that amount and the fixed bid price to all the shares choosing the "yes-voting" appraisal if the total exceeds the specified limit. This is intended to strike a reasonable balance between investor interests and a buyer's need to define limits for practical capital planning.

* See the "Rights of Appraisal" section beginning on page 180 of the company's Proxy Statement and the [May 23, 2013 Forum Report: Analysis of "Appraisal Rights" in a Dell Buyout](#).

The following analysis uses round numbers to illustrate the general principles of this alternative.

Assumptions:

Shares outstanding on record date		1,000		
Offer and valuation amounts	<u>Case A</u>	<u>Case B</u>	<u>Case C</u>	
Offered price of transaction, per share	\$10.00	\$10.00	\$10.50	
Assumption of appraisal value	\$11.00	\$11.00	\$11.00	
Shareholders electing "yes-voting" appraisal rights				
Specified limit of shares for application of value	100	0	0	
Total shares electing "yes-voting" appraisal rights	150	0	0	
Shareholders electing conventional dissenters' appraisal rights				
Number of shares demanding dissenter appraisal rights	50	150	50	

Resulting payments and costs:

Payment to all "yes-voting" appraisal right holders	\$10.67	NA	NA
<i>Percentage allocation of court appraisal value</i>	66.7%	NA	NA
Payment to holders of dissenter appraisal rights	\$11.00	\$11.00	\$11.00
Costs to purchaser			
Total payments	\$10,150	\$10,150	\$10,525
Average payment per share	\$10.15	\$10.15	\$10.53

I will welcome discussions with your advisers or others to refine the appraisal alternative, assuming a common objective of respecting the interests of shareholders who share your own belief in the value of Dell.

Sincerely yours,

Gary Lutin

Enclosure

cc: Mr. Alex J. Mandl

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July 3, 2013

By email

Mr. Alex J. Mandl
Presiding Director and Chairman of the Special Committee, Board of Directors
Dell Inc.
One Dell Way
Round Rock, Texas 78682

Dear Mr. Mandl:

As you must know, many Dell shareholders who feel compelled to demand appraisal rights are concerned that voting against your proposed buyout – as required to secure the right to an appraised fair value – could contribute to a defeat of the proposal and result in a value-destroying proxy fight.

Discussions of this concern have led to the development of a very simple proposal that would benefit everyone who wants to realize the long term value of an undisrupted Dell enterprise:

1. ***The company would agree to allow a specified number of shares, say 10% or 20% of outstanding, to qualify for appraisal rights even though their owners vote in support of the proposed transaction rather than against it.*** Anyone who supports the general principle of the proposed transaction would therefore be able to vote in favor of it, without having to sacrifice investor rights to an independent court appraisal of fair value.
2. ***To the extent that holders of more than the allowed number of shares choose the “yes-voting appraisal” alternative, all participating investors would receive a proportional allocation of (a) the court’s appraisal amount for the specified number of shares that had been established as the limit and (b) the offered transaction price (\$13.65) for the additional above-limit shares.*** This would provide an equal opportunity to all shareholders who believe the long term value of Dell’s business exceeds the offer price, even if the number of shares exceeds the established limit, and at the same time provide a reasonable capital planning foundation for the new Dell.

It might be possible to implement these provisions with court support of another “quasi appraisal” variation of its standard proceeding, or simply with a Company commitment to pay the yes-voting appraisal shares the same amount that the court determines to be fair value for payment to conventionally qualified dissenters. You would of course be able to count on support of the recently organized Dell Valuation Trust for the proposal’s administration.

I will welcome informal discussion of your thoughts on how this proposal or a variation of it might be specifically defined, and will be in my office on Friday if you wish to reach me then.

Sincerely yours,

Gary Lutin

cc: William D. Regner, Esquire