

Forum Report: Fair Investor Access**Dell Example of Supporting Management Responsibilities
for Investor Information**

The proposed buyout of Dell¹ interests many investors who have participated in past Forum programs addressing valuation controversies,² as well as participants in the current “Fair Investor Access” program who are concerned with the issues raised in a recent Forum report – distributed, coincidentally, the same day as the news of Dell’s plan – addressing the sources of information relied upon for investor decisions.³

Responding to these interests, and considering the question presented in last week’s report about how the Forum can most effectively support the responsibilities of corporate managers as a primary source of investor information, I sent a letter yesterday afternoon to the chairs of Dell’s board and its special committee inviting their leadership of a Forum project to prepare an *independent, peer-reviewed valuation report for the benefit of shareholders*:

- [February 14, 2013, Gary Lutin of The Shareholder Forum: letter with enclosure to Michael S. Dell and Alex J. Mandl of Dell Inc.](#) (3 pages, 110 KB, in [PDF format](#))

The letter was copied to both of the large shareholders of Dell that had publicly stated their opposition to the proposed terms, inviting their advice to guide Forum plans for the project. Of course, all Forum participants are encouraged to offer advice.

I will welcome your questions as well as your suggestions about this special project, and look forward to reporting on its progress.

GL – February 15, 2013

Gary Lutin
Chairman, The Shareholder Forum
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¹ See the [February 5, 2013, Dell Inc. Form 8-K \(filed with the SEC 2013-02-05 17:20:06\)](#).

² For examples of past Forum attention to shareholder interests in valuations of proposed transactions, see the programs addressing [Providian Financial Corporation \(2005\)](#) and [The Bear Stearns Companies \(2008\)](#).

³ See the [February 6, 2013 Forum Report: What Sources Should Investors Rely Upon?](#)

THE SHAREHOLDER FORUM, INC.

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February 14, 2013

By email and postal service

Mr. Michael S. Dell
Chairman, Board of Directors
and

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 Messrs. Dell and Mandl:

The Shareholder Forum, which I chair, has been encouraged to support investor needs for information and independent expertise they can rely upon to resolve the current controversy regarding Dell's valuation. Based on respect for the responsibilities of corporate directors and officers to address these shareholder interests, I invite your leadership of the project.

We are considering the development of an of independent, peer-reviewed valuation report for the benefit of shareholders. (Developed as an alternative to the current convention of valuations prepared for the benefit of transaction proponents, its essential elements are described in the accompanying summary page.) For several reasons, I believe that Dell's management and shareholders, as well as the transaction proponents, would benefit from your support of the report's prompt preparation.

- Since Dell's public reports of valuations on which board decisions were made included references only to recent trading market prices, without any reference to long term enterprise or "intrinsic" values, it will be very important to provide Dell's shareholders with the information they need to rationally evaluate these fundamental investor interests in time for their fully informed consideration of decisions about voting and dissenter rights.
- Public availability of the valuation report will provide fair access to all of Dell's shareholders, including those that are unable to arrange the private information meetings reported this morning.*
- The unusually wide range of valuation estimates, from the transaction proponent value of \$13.65 per share based on recent trading prices to a large shareholder's

* See [February 14, 2013 Bloomberg](http://www.shareholderforum.com/access/Library/20130214_Bloomberg.htm): "Dell Said to Plan Shareholder Meetings to Assess LBO Demands." < http://www.shareholderforum.com/access/Library/20130214_Bloomberg.htm >

reported estimate of \$23.72 per share based on currently available public information about Dell's business operations, can be narrowed only by providing information that investors can reasonably rely upon for rational analysis.

- Shareholders with unresolved valuation concerns can be expected to vote against the proposed transaction, either disrupting the merger or exercising dissenter rights to resolve the valuation in post-transaction litigation. This suggests a much lower cost of resolving valuation issues before the vote, rather than after.
- In addition to reducing the risks and costs of dissidence, an independent valuation report can be used as a foundation for any required revisions of "fairness opinions" provided to Dell's board and its special committee. The Forum will welcome the guidance of the board's and committee's advisors to include what they need in the independent valuation report.

Please let me know what questions you have about the suggested independent valuation process. Regarding the Forum, your chief investor relations officer, Robert L. Williams, should be generally familiar with its programs and I will of course welcome your direct questions about its practices and policies.

With copies of this letter, I am also inviting both of Dell's large shareholders that have publicly opposed the proposed transaction to offer their advice for planning the independent valuation.

I look forward to learning how you wish to proceed with your exploration of the suggested response to investor interests.

Sincerely yours,



Gary Lutin

Enclosure

cc: Mr. O. Mason Hawkins, Southeastern Asset Management
Mr. Brian C. Rogers, T. Rowe Price Group

Independent, Peer-Reviewed Valuation Reports *for the Benefit of Shareholders*

The process summarized below was developed by the Shareholder Forum at the request of a company that wanted a clearly independent valuation for both board and shareholder consideration of a proposed transaction, as an alternative to the increasingly questioned reliance upon valuations that are prepared for the benefit of a transaction's proponents. These essential elements of the process can of course be adapted to meet the specific requirements of a company or investor initiating a request.

- ▶ Independent engagement of expert – The engagement of a qualified expert to provide a Valuation Report will be managed by the Forum as an independent moderator, considering candidates and advice provided by representatives of key constituencies and subject to budget approval of the initiator. Provisions of the engagement will comply with the same standards that are conventionally applicable to “fairness opinions” provided for the benefit of transaction proponents, but with specific conditions addressing the Valuation Report’s purpose for the benefit of shareholders.
- ▶ Confidential analysis – The engaged expert will be able to establish confidentiality obligations to the company according to conventional practices for valuation professionals, allowing access to whatever private information may be relevant to the valuation analysis. Investors will not have access to confidential information, and the company will be given an opportunity for review of the Valuation Report to assure that it does not disclose confidential information.
- ▶ Peer review – Recognized analysts, academic authorities or other professionals representing a diverse range of valuation perspectives will be invited to review the preliminary draft of the Valuation Report and provide comments on the methodology. The Forum will present all comments on methodology to the Valuation Report’s author, without editing, and the author may offer responses but will not be obligated to do so. To avoid questions about the integrity of the process, all communications relating to the review and comments will be conducted through the Forum, rather than directly between peer reviewers and the Valuation Report’s author.
- ▶ Presentation of Valuation Report with peer review comments – The final Valuation Report will include all peer review comments together with any responses of the author.
- ▶ Optional solicitation of shareholder views – If appropriate, the Forum will invite comments of actively interested investors and professionals, conduct open meetings, or survey selected samplings of the company’s institutional or individual shareholders to determine investor views of the Valuation Report and related issues.

The Shareholder Forum™ programs were pioneered by the New York Society of Security Analysts in 1999, with Gary Lutin invited to serve as guest chairman of independently moderated exchanges that achieved wide recognition for an orderly definition of issues and fair access to the information needed to resolve them. Under independent management since 2001, the Forum has continued to refine convening and communication processes suited to current regulatory and marketplace requirements, establishing a valuable network of influence leaders and providing a unique resource for the decision-makers of virtually every major U.S. fund manager and the many other investors who have participated in the programs that addressed their interests.

For more information about the Shareholder Forum, see its website – www.shareholderforum.com – or send an email to inquiry@shareholderforum.com.

February 13, 2013