



Dell Inc.
One Dell Way, RR1-33
Round Rock, Texas 78682
tel +1 512 723 0544
fax +1 512 283 0544
www.dell.com

March 12, 2013

BY EMAIL and FIRST CLASS MAIL

Mr. Gary Lutin
The Shareholder Forum, Inc.
575 Madison Avenue 10th Floor
New York, NY 10022

Re: Inspection of Books and Records Pursuant to 8 Del. C. § 220

Dear Mr. Lutin:

I write on behalf of Dell Inc. ("Dell" or the "Company") in reply to the March 5, 2013 letter sent by you as "shareholder Delegate" of a purported Dell shareholder, Cavan Partners, L.P., but on letterhead of The Shareholder Forum ("Shareholder Forum"), which does not purport to be a Dell shareholder, seeking the inspection of certain books and records pursuant to 8 Del. C. § 220 (the "Demand"). After reviewing the Demand, we believe that it does not comply with Section 220. As an initial matter, and as discussed more fully below, the proposed merger between and among the Company and Denali Holding Inc. et al. (the "Merger") is subject to state and federal disclosure requirements. The Company will provide extensive financial information in connection with, and pursuant to, those state and federal disclosure requirements. We believe that public disclosures that have been made by the Company, and that are required to be made by the Company in advance of the shareholder vote on the proposed Merger, obviate the need and justification for any demand pursuant to Section 220 for financial information relating to the Merger or to the value of any stock held in the Company.

Several additional aspects of the Demand form the basis for our decision that the Demand is deficient. First, Shareholder Forum's stated purpose to "arrange an independent, peer-reviewed valuation of Dell Inc. ... for the benefit of its shareholders, so that public investors will be able to make their own decisions about the transaction proposed by the Company's management" is not a proper purpose under Delaware law. To warrant relief under Section 220, a stockholder must state a purpose that is "reasonably related to [the requesting] person's interests as a stockholder." *Marathon Partners L.P. v. M&F Worldwide Corp.*, 2004 WL 1728604, at *8 (Del. Ch. July 30, 2004). Your stated purpose, purportedly on behalf of a shareholder that you do not even identify in your letter, is more closely related to Shareholder Forum's business activity than any interests of the purported stockholder.¹ See, e.g., *Disney v.*

¹ See www.shareholderforum.com ("The Shareholder Forum acts as an independent, non-partisan moderator of programs to provide both investor and corporate participants with access to

Walt Disney Co., 857 A.2d 444, 450 (Del. Ch. 2004) (“[stockholder] cannot use confidential information received for the proper purpose of investigating and seeking to remediate wrongdoing for the purpose of being a self-appointed publisher of the Company’s proprietary information”); *Pershing Square, L.P. v. Ceridian Corp.*, 923 A.2d 810, 820 (Del. Ch. 2007) (“one improper purpose drives [stockholder’s] demand in this litigation: to find a legal vehicle by which [it] can publicly broadcast improperly obtained confidential information”); *Q Funding III, L.P. v. Cedar Fair Management, Inc.*, C.A. No. 5551-VCS, at *12 (Del. Ch. July 19, 2010) (TRANSCRIPT) (“if you’re getting . . . nonpublic financial information and making voting and investment decisions on it when it’s not accessible to other people in the marketplace, that’s kind of hot water”). Indeed, Cavan Partners, LP, which purports to be a stockholder, has made no statement as to its purpose in seeking an inspection of the Company’s records.

Second, the Demand sets forth four subsidiary purposes for inspection, none of which is sufficient to justify inspection under Section 220. While valuing one’s shares is sometimes a proper purpose, the Demand does not demonstrate why the publicly available information about the Company will be insufficient to value its publicly traded shares or to accomplish any of the other stated purposes concerning the shareholder’s consideration of the proposed Merger. The Company will be required to file a proxy statement containing all information material to a shareholder’s decision as to how to vote on the proposed Merger and whether to exercise appraisal rights under Delaware law. You have not made, and cannot make at this time, any showing that the “significant amounts of information” that must be made available to the Company’s shareholders through federal and state mandated disclosures is not sufficient for its purpose. *Marathon Partners L.P.*, 2004 WL 1728604, at *1. Indeed, under Delaware law any information that is not material to the shareholders’ decisions is not required to be disclosed. *Skeen v. Jo-Ann Stores, Inc.*, 750 A.2d 1170, 1174 (Del. 2000). This is particularly true where, as here, the board is recommending a going-private transaction: “[i]n the case of a going-private transaction . . . the amount of information made publicly available is even more comprehensive than that required in standard SEC periodic filings.” *Polygon Global Opportunities Master Fund v. West Corporation*, 2006 WL 2947486, at *1, 4 (Del. Ch. Oct. 12, 2006) (denying Section 220 inspection because the stockholder failed to show “that the information made publicly available in connection with the proposed . . . transaction omits information that is necessary, essential, and sufficient for its purpose”).

To the extent the Demand seeks records “to identify and evaluate strategic alternatives to the proposed transaction” and “assure information access required for fair shareholder consideration of [the] transaction[,]” such purposes are not proper under Section 220. Delaware law gives broad authority to the board of directors to manage the business and affairs of the Company. 8 *Del. C.* § 141(a). Section 220 is not the proper process for attempting to participate in the board of director’s decisions, negotiations, or disclosure practices. *Q Funding III, L.P.*, C.A. No. 5551-VCS, at *12 (“I think we’ve seen this before—about whether it is a proper purpose for someone to essentially . . . get engaged in the process. Well, that’s what fiduciaries are for.”).

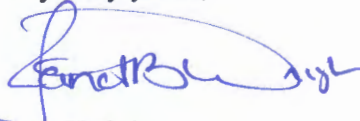
information and free exchanges of views relating to shareholder capital commitment and voting decisions.”).

Moreover, the broad scope of the documents requested far exceeds that permitted by the statute. The stockholder bears the burden of showing that the specific documents sought are "essential to [the] accomplishment of the stockholder's articulated purpose for the inspection." *Espinoza v. Hewlett-Packard Co.*, 32 A.3d 365, 371 (Del. 2011). Even assuming the Demand had articulated a proper purpose, which it did not, its requests are so overbroad that they could not be "necessary and essential" to any such purpose. *See also Sec. First Corp. v. U.S. Die Casting & Dev. Co.*, 687 A.2d 563, 570 (Del. 1997). For example, the Demand requests all records of communications with JP Morgan, Evercore Partners, and Goldman, Sachs & Co. since August 1, 2012 despite that such documents are not necessary to value one's shares in a public company, decide how to vote on the proposed Merger or decide whether to exercise appraisal rights and, as such, fall far outside the realm of the required "specific and discrete identification, with rifled precision, of the documents sought." *Brehm v. Eisner*, 746 A.2d 244, 266 (Del. 2000); *Skeen*, 750 A.2d at 1174 (denying a stockholder's claim that it needed the underlying documents relied on by the board in making company disclosures in order to value the stockholder's shares).

Last, the Power of Attorney provided by purported shareholder Cavan Partners, L.P. not only does not authorize you as delegate to enter into an appropriate confidentiality agreement, it expressly withholds such authority.

In these and other respects, as to which the Company expressly reserves all rights and objections, the Demand fails to meet the requirements of 8 *Del. C.* § 220 and Delaware law.

Very truly yours,



Janet Wright

Vice President - Corporate, Securities & Finance
Counsel and Assistant Secretary

cc: William D. Regner, Esq.
Debevoise & Plimpton LLP

S. Mark Hurd, Esq.
Morris, Nichols, Arsht & Tunnell LLP

Gregory P. Williams, Esq.
Richards, Layton & Finger, P.A.