

# Dell Board Recommends Michael Dell Buyout Offer

Tom Murphy, AP Business Writer

The Dell board is standing behind a buyout offer from the company's CEO and founder, and has asked shareholders of the slumping PC maker to approve the deal in a July 18 vote.

The company's announcement Friday is the [latest volley in a battle with prominent shareholders](#) [1] over the company's future and Michael Dell's role in it.

Dell directors unanimously recommended an offer from Michael Dell and the investment firm Silver Lake Partners to take the company private for \$24.4 billion, or \$13.65 per share, according to filings with the Securities and Exchange Commission.

A board special committee told shareholders in an open letter Friday that Michael Dell's plan was the best option, and that it offered certainty and "a very material premium" in a challenging business environment. It noted that the price represented a premium of about 37 percent over the stock's average closing price in the months before rumors about a potential deal surfaced.

But billionaire investor Carl [Icahn](#) [2] has said that price amounted to a giveaway. Icahn and Southeastern Asset Management, Dell's largest independent shareholder, pitched an alternative plan earlier this month that would let Dell shareholders keep their stake in the company and give them either \$12 per share in cash or additional shares.

The committee has said that it needs more information on that deal.

The committee also said Friday that shareholders would face substantial risks if the company took on debt to pay for a special payout, a process known as "leveraged recapitalization." With the buyout, the risk shifts to the parties buying the company.

Icahn and Southeastern own more than 12 percent of Dell shares combined, a total that trails only Michael Dell. They have said they will work to convince other Dell shareholders to reject the Michael Dell buyout.

Icahn has nominated himself and 11 other candidates for spots on Dell's board and has said Michael Dell will no longer be running the company if his nominees gain seats. But the company hasn't scheduled an annual meeting at which it will elect directors. The board said Friday it may not do that if shareholders vote for the buyout at the July special meeting, which will be held at the company's headquarters.

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Neither Icahn nor Southeastern returned calls from The Associated Press on Friday.

The special committee formed last August after Michael Dell told the board he was considering taking the company private. It said it negotiated six price increases with Michael Dell, who made the buyout offer with the investment firm Silver Lake Partners. The committee said it also contacted 21 strategic and 52 financial buyers, but a superior offer did not materialize.

Dell Inc. and other personal computer makers have seen [sales crumble](#) [3] because of the growing popularity of smartphones and tablets. Earlier this month, Dell posted a 79 percent decline in earnings for the most recent quarter.

Michael Dell believes he can turn the company around by taking it private and diversifying into niches, such as business software, data storage and consulting.

Shares of Dell, based in Round Rock, Texas, climbed 12 cents to \$13.39 Friday afternoon while boarder trading indexes also rose slightly. The stock has already climbed more than 31 percent this year.

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