

## DELL (DELL)

Price:	\$13.02	Net Tang. Bk Value Incl. Cash, Excl.	\$1,376,000,000.00	Net Tang. Book Yr. 5 (Inc. Cash):	\$7,544,532,500.00
Market Cap:	\$22,915,200,000	Goodwill (NTBVIC):		Avg. Year Op. Cash:	\$2,377,706,500.00
Cash:	\$10,905,000,000	NTBVIC/Market Downside Recovery:	6.00%	Year 5 Disposition FCF Multiple:	3.0
Debt:	\$7,248,000,000	Op. Cash Flow:	\$2,377,706,500	Year 5 Disposition Price:	\$14,677,652,000.00
Net Cash:	\$3,657,000,000	Implied Years to Fill Gap:	9.06		
Enterprise Value:	\$19,258,200,000	Today's Equity if 5x Op. CF:	\$8,509,119,500		
		Net Tang. Book+ Gain Disposition:			\$14,677,652,000.00
Shares Outstanding:	1,760,000,000	IRR:			-8.52%
				Price:	\$8.34
				Target Market Cap:	\$14,677,652,000
				Target Enterprise Value:	\$11,020,652,000

\* Our future intrinsic value measures the total return, which includes both capital appreciation and dividend income.

The buyout space has been inundated with the shareholder meeting related to Michael Dell/Silverlake's vs. Icahn/Southeastern Management buyout offer. Dell offered \$13.65/share while Icahn is offering \$14/share plus a warrant sweetener.

The \$24 BB bid for the equity as commonly expressed in the media, is not a buyout from a 3rd party per se, but a management buyout, using the Company's assets to finance the repurchase of shares.

The appendix in page 3 reveals Icahn is proposing to fund the purchase by selling all the short/long term investments, use \$5 BB in the cash balance, borrow \$5BB, thereby increasing the annual interest expense by \$385MM, implying a 7.7% interest rate on the new loan, and put it on the corporate books, to repurchase \$16 BB in shares, or 1.1BB shares.

There is still 660MM shares left, or the remaining \$8BB in market cap equity. How about those shares? Those are owned by Icahn and Southeastern Asset Management as well as Dell/Insiders shares.

Icahn owns 4.4% (80MM Shares; <http://www.sec.gov/Archives/edgar/data/826083/000092846413000106/dellsch13d051013.htm>) of the outstanding shares. Blackrock owns 4.4% and supports Icahn.

Southeastern owns 8.2%. (146MM shares; [http://www.sec.gov/Archives/edgar/data/807985/000094787113000306/ss175056\\_sc13da.htm](http://www.sec.gov/Archives/edgar/data/807985/000094787113000306/ss175056_sc13da.htm))

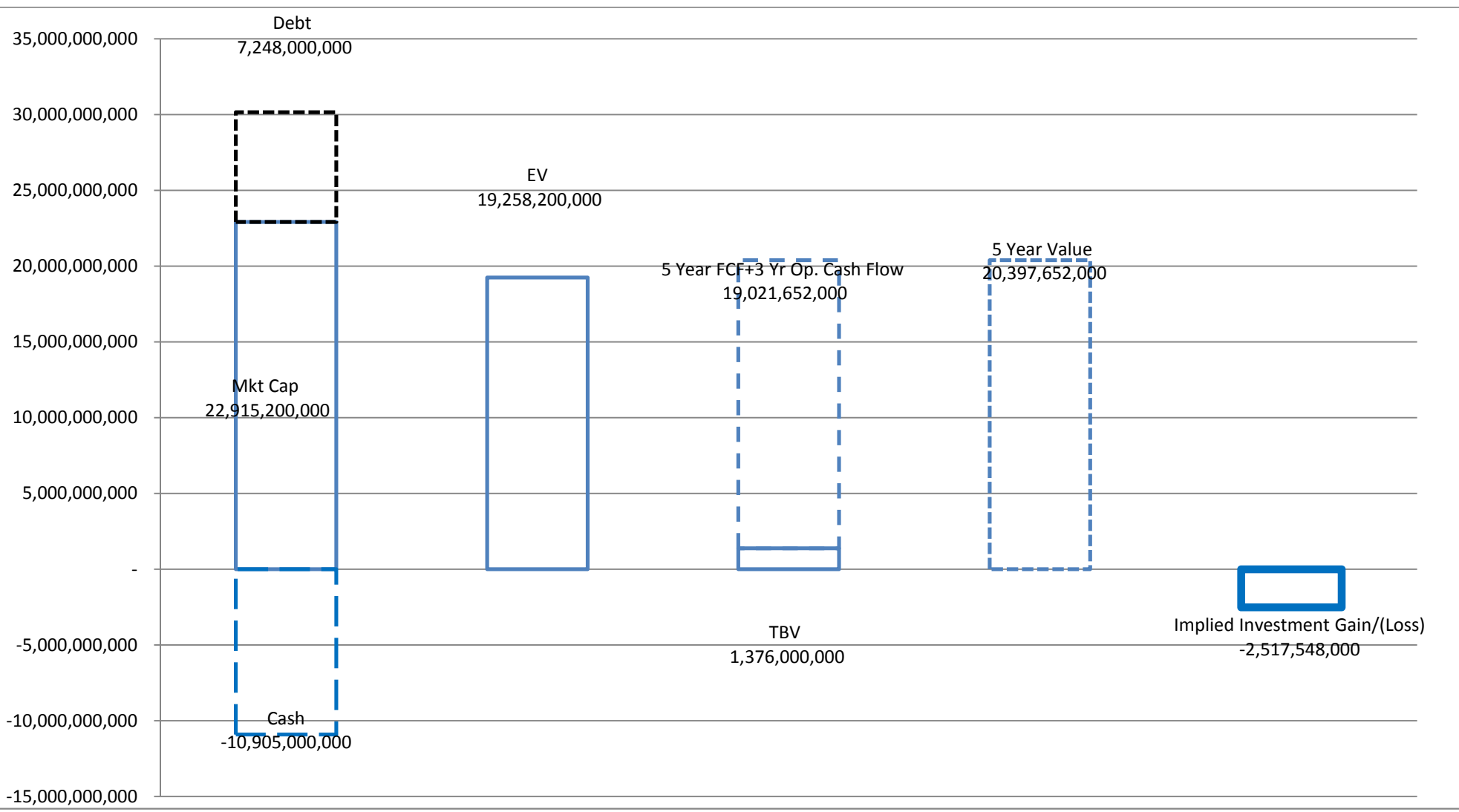
20% of the outstanding shares have voiced opposition to Dell's offer (350MM shares, inclusive of the aforementioned Icahn, Blackrock, Southeastern shares).

16% of the shares owned by Dell and insiders will not be counted. (280MM shares, inclusive of Dell, insiders).

So Icahn's proposal is one that targets the non-Dell and his consortium group. This way, he can get a majority rule from the shareholders, approving the deal, and he will retain his equity portion. Dell will be forced to accept the offer and he will be bought out at the \$14 offer price. This is why the actual financing is \$18BB on the books, although the outstanding market cap for equity is \$24 BB.

Essentially, this is a \$3BB equity investment for Icahn/Southeastern (12% of equity) and \$5BB in debt, or a 40/60 equity/debt LBO.

A research analyst at large brokerage came out and said if the buyout fails, then the equity will go down to \$8.00 to \$9.00 per share. We concur.



**Pro Forma Condensed Consolidated  
Statements of Financial Position**

Cash and cash equivalents	\$
Short-term investments	
Accounts receivable	
Short-term financing receivables, net	
Inventories, net	
Other current assets	
Total current asset	
Property, plant and equipment, net	
Long-term investments	
Long-term financing receivables, net	
Goodwill	
Purchased intangible assets, net	
Other non-current assets	
Total assets	
Short-term debt	
Accounts payable	
Accrued and other	
Short-term deferred revenue	
Total current liabilities	
Long-term debt	
Long-term deferred revenue	
Other non-current liabilities	
Total liabilities	
Total Dell stockholders' equity	
Non-controlling interest	
Total stockholders' equity	
Total liabilities and equity	

Source: [http://www.sec.gov/Archives/edgar/data/807985/000094787113000519/ss181949\\_dfan14a.htm](http://www.sec.gov/Archives/edgar/data/807985/000094787113000519/ss181949_dfan14a.htm)

**May 3, 2013**

Actual <sup>1</sup>	Adjustments	Pro Forma
10,419	(5,519) <sup>2</sup>	4,900
486	(486) <sup>3</sup>	-
6,440		6,440
2,991	(2,991) <sup>4</sup>	-
1,387		1,387
3,936		3,936
25,659		16,663
2,136		2,136
2,303	(2,303) <sup>5</sup>	-
1,383	(1,383) <sup>6</sup>	-
9,289		9,289
3,176		3,176
845		845
19,132		15,446
44,791		32,109
3,133	(454) <sup>7</sup>	2,679
10,990		10,990
3,402		3,402
4,265		4,265
21,790		21,336
4,115	(4,201) <sup>8</sup>	8,316
3,963		3,963
4,163		4,163
12,241		16,442
10,739	(16,429) <sup>9</sup>	(5,690) <sup>10</sup>
21		21
10,760		(5,669)
44,791		32,109

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Dell Inc is a Delaware Corporation, which was founded in 1984. The Company offers a range of technology solutions, including servers and networking products, storage products, services, software and peripherals, mobility products, and desktop PCs. Dell sells its products and services directly to customers through dedicated distribution channels, such as retailers, distributors, and resellers. Dell's business segments are Large Enterprise, Public, Small and Medium Business ('SMB'), and Consumer. Large Enterprise customers include large global and national corporate businesses. Public customers, which include educational institutions, government, health care, and law enforcement agencies, operate in their own communities. SMB segment is focused on helping small and medium-sized businesses get the most out of their technology by offering scalable products, services, and solutions. Consumer segment is focused on delivering what customers want from the total technology experience of entertainment, mobility, gaming, and design. The Company designs, develops, manufactures, markets, sells, and supports a range of products, solutions, and services. The Company also provides various customer financial services to its Commercial and Consumer customers. Its enterprise solutions include servers, networking, and storage products. The Company's services include a range of configurable IT and business services, including infrastructure technology, consulting and applications, and product-related support services. The Company offers Dell-branded printers and displays and a multitude of competitively priced third-party peripheral products such as printers, televisions, notebook accessories, mice, keyboards, networking and wireless products, digital cameras, and other products. The Company also sells a range of third-party software products, including operating systems, business and office applications, anti-virus and related security software, entertainment software, and products in various other categories. Client Products offers a variety of mobility and desktop products, including notebooks, workstations, tablets, smartphones, and desktop PCs, to its Commercial and Consumer customers. The Company offers or arranges various financing options and services for its Commercial and Consumer customers in the U.S. and Canada through Dell Financial Services ('DFS'). DFS offers a range of financial services, including originating, collecting, and servicing customer receivables primarily related to the purchase of Dell products. DFS offers private label credit financing programs to qualified Consumer and Commercial customers and offers leases and fixed-term financing primarily to Commercial customers. The Company sells its products and services directly to customers and through various other sales distribution channels, such as retailers, third-party solution providers, system integrators, and third-party resellers. Its customers include large global and national corporate businesses, public institutions that include government, education, and healthcare organizations, law enforcement agencies, small and medium business, and consumers. The Company's business is subject to regulation by various U.S. federal and state governmental agencies.

<b>Company Name:</b>	<b>DELL</b>
Ticker Symbol:	DELL
<b>Last Price:</b>	<b>\$13.02</b>
Net Cash/Share:	\$2.08
Net Cash to Last Price:	15.96%
Shares Outstanding:	1,760,000,000
Industry:	Computer Systems
Sector:	Technology
Institutional Ownership:	77.05%
Mutual Fund Ownership:	26.14%
Insider Ownership:	14.02%
Float:	71.00%

Market Capitalization:	\$22,915,200,000.00
Total Debt:	\$7,248,000,000.00
Total Cash:	\$10,905,000,000.00
Net Cash/(Debt):	\$3,657,000,000.00
Enterprise Value:	\$19,258,200,000.00
Current EV/Share:	\$10.94
EBITDA:	\$4,156,000,000.00
EV/EBITDA Multiple:	4.63
EV/EBITDA Multiple Average Year 1-5:	5.63
EV/FCF Multiple (excluding acquisition):	6.95
EV/FCF Multiple Average Year 1-5 (excluding acquisition):	10.26

<b>Income Statement</b>		
Revenue:	\$56,590,000,000.00	100.0%
Cost of Goods Sold:	\$44,404,000,000.00	78.5%
Gross Profit:	\$12,186,000,000.00	21.5%
EBITDA:	\$3,790,000,000.00	6.7%
Net Income:	\$1,870,000,000.00	3.3%

<b>Balance Sheet</b>		
Cash:	\$10,419,000,000.00	
Short Term Investment:	\$486,000,000.00	
A/R:	\$6,440,000,000.00	
PP&E:	\$2,190,000,000.00	
Assets:	\$43,477,000,000.00	

**Upper Range**  
DCF: EV/EBITDA Terminal Value

Implied TV from 3 X EV/EBITDA Multiple	\$6,832,800,000.00
Enterprise Value	\$6,832,800,000.00
Cash at Year 5:	\$20,293,532,500.00
Debt at Year 5:	\$7,248,000,000.00
Equity Value Year 5:	\$19,878,332,500.00
<b>Equity/Share at Year 5:</b>	<b>\$11.29</b>
Annualized Return:	-2.80%

**Lower Range**

DCF: Net Tangible Asset excluding Cash/Debt Terminal Value

Year 5 Net Tangible Assets excluding cash and debt	-\$12,378,000,000.00
Enterprise Value	-\$12,378,000,000.00
Cash at Year 5:	\$20,293,532,500.00
Debt at Year 5:	\$7,248,000,000.00
Equity Value Year 5:	\$667,532,500.00
<b>Equity/Share at Year 5:</b>	<b>\$0.38</b>
Annualized Return:	-50.70%

**EVA**

EVA today:	\$11,568,799,937.15
EVA in 5 Years:	\$17,873,422,800.79
EVA/Share:	\$10.16
Cash at Year 5:	\$20,293,532,500.00
Debt at Year 5:	\$7,248,000,000.00
Equity Value Year 5:	\$30,918,955,300.79
<b>Equity/Share at Year 5:</b>	<b>\$17.57</b>
<b>Annualized return</b>	<b>9.09%</b>

**Current Net Tangible Asset**

<b>Net Tangible Asset/Share:</b>	<b>-\$1.74</b>
<b>Net Tangible Asset/Share in Year 5:</b>	<b>\$1.77</b>
Annualized return	-200.38%

Current Equity Price:	\$13.02
Selling at Discount?	Premium
Appreciation Potential:	-113.33%

A/P:	\$11,600,000,000.00
Deferred Tax:	\$0.00
Other Liabilities:	\$15,204,000,000.00
Short term Debt:	\$3,133,000,000.00
Long Term Debt:	\$4,115,000,000.00
Liabilities:	\$34,052,000,000.00
Retained Earnings:	\$30,330,000,000.00
Paid-In Capital:	\$12,554,000,000.00
Treasury Stock:	-\$32,145,000,000.00
Stockholder's Equity:	\$10,680,000,000.00

**Cash Flow**

Net Income:	2,372,000,000.00
Depreciation/Amortization:	1,144,000,000.00
Change in Working capital:	-447,000,000.00
Cash from Operating Activities:	3,283,000,000.00
Capital Expenditures:	-513,000,000.00
Cash from Investing Activities:	-3,316,000,000.00
Total Cash Dividends Paid:	-278,000,000.00
Issuance (Retirement) of Stock:	-672,000,000.00
Issuance (Retirement) of Debt:	-268,000,000.00
Cash from Financing Activities:	-1,210,000,000.00

**Profitability Margins**

Debt to Equity:	67.87%
Return on Assets:	5.46%
Return on Capital:	13.23%
Return on Equity:	22.21%

**Technicals**

52 week low:	\$8.69
Today from 52 week low:	49.83%
52 week high:	\$14.64
Today from 52 week high:	12.44%
50 day Moving Average:	Error
200 day Moving Average:	Error

**Analyst/Consensus**

Analyst Sales Growth FY1:	-0.70%
Analyst Sales Growth FY2:	-0.60%
SN Valuation Estimate FY1:	0.00%
SN Valuation Estimate FY2:	0.00%

Analyst Earnings Estimate FY1:	\$1.00
Analyst Earnings Estimate FY2:	\$1.24
SN Valuation Earnings Est. FY1:	\$0.70
SN Valuation Earnings Est. FY2:	\$0.70

**Multiples**

Market Value to Book:	2.15
EV to Book:	1.80
Market Value to Tangible Net Assets:	-1.07
P/E Ratio:	12.25
Trailing P/E Ratio:	12.17
Forward P/E Ratio:	10.39
Beta:	1.46
Dividend:	0.32
Dividend Yield:	2.48%
Dividend Date:	Jul 21, 2013
Ex-Dividend Date:	Jun 27, 2013

**Competitors**

Average EV to EBITDA:	N/A
Company EV to EBITDA:	4.63
Average EV to EBIT:	N/A
Company EV to EBITA:	6.39

SN VALUATION

LBO Pro Forma Income Statement

Name:

DELL

Ticker:

DELL

	Historical				Forecasted				
	52 weeks ending 2010-01-29	52 weeks ending 2011-01-28	52 weeks ending 2012-02-03	52 weeks ending 2013-02-01	2013	2014	2015	2016	2017
Revenue	52,902.00	61,494.00	62,071.00	56,940.00	56,940.00	56,940.00	56,940.00	56,940.00	56,940.00
COGS	43,641.00	50,098.00	48,260.00	44,754.00	44,982.60	44,982.60	44,982.60	44,982.60	44,982.60
Gross margin	9,261.00	11,396.00	13,811.00	12,186.00	11,957.40	11,957.40	11,957.40	11,957.40	11,957.40
SG&A	6,228.00	7,234.00	8,524.00	8,102.00	8,541.00	8,541.00	8,541.00	8,541.00	8,541.00
R&D	617.00	653.00	856.00	1,072.00	1,138.80	1,138.80	1,138.80	1,138.80	1,138.80
Unusual expense	244.00	4.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Other operating expense	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Depreciation is: Included within COGS					0.00	0.00	0.00	0.00	0.00
Operating Income (EBITA)	2,172.00	3,505.00	4,431.00	3,012.00	2,277.60	2,277.60	2,277.60	2,277.60	2,277.60
Interest income/(expense)	-160.00	-142.00	-155.00	-155.00	-379.59	-379.59	-379.59	-379.59	-379.59
Gain (loss) on sale of asset	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Other	12.00	-13.00	-6.00	-16.00	0.00	0.00	0.00	0.00	0.00
Income before tax	2,024.00	3,350.00	4,240.00	2,841.00	1,898.01	1,898.01	1,898.01	1,898.01	1,898.01
Tax	561.00	715.00	748.00	469.00	664.30	664.30	664.30	664.30	664.30
Income after tax	1,463.00	2,635.00	3,492.00	2,372.00	1,233.71	1,233.71	1,233.71	1,233.71	1,233.71
Minority Interest	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Equity in affiliates	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Net income	1,463.00	2,635.00	3,492.00	2,372.00	1,233.71	1,233.71	1,233.71	1,233.71	1,233.71
*Figures are in millions (\$)									
EPS (based off today's share count)	\$0.81	\$1.50	\$1.98	\$1.35	\$0.70	\$0.70	\$0.70	\$0.70	\$0.70
P/E (historical today's price; forecasted intrinsic price)	15.99	8.70	6.56	9.66	16.99	15.54	14.22	13.01	11.90
Revenue Growth	N/A	16.24%	0.94%	-8.27%	0.00%	0.00%	0.00%	0.00%	0.00%
Tax Rate	29.20%	21.34%	17.64%	16.51%	35.00%	35.00%	35.00%	35.00%	35.00%
Implied Debt Interest Rate	-3.92%	-2.37%	-2.00%	-1.71%	-9.22%	-9.22%	-9.22%	-9.22%	-9.22%
Margins									
COGS	82.49%	81.47%	77.75%	78.60%	79.00%	79.00%	79.00%	79.00%	79.00%
Gross margin	17.51%	18.53%	22.25%	21.40%	21.00%	21.00%	21.00%	21.00%	21.00%
SG&A	11.77%	11.76%	13.73%	14.23%	15.00%	15.00%	15.00%	15.00%	15.00%
R&D	1.17%	1.06%	1.38%	1.88%	2.00%	2.00%	2.00%	2.00%	2.00%
Unusual expense	0.46%	0.01%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
Other operating expense	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
Depreciation is: Included within COGS	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
Operating Income (EBITA)	4.11%	5.70%	7.14%	5.29%	4.00%	4.00%	4.00%	4.00%	4.00%
Interest income/(expense)	-0.30%	-0.23%	-0.27%	-0.27%	-0.67%	-0.67%	-0.67%	-0.67%	-0.67%
Gain (loss) on sale of asset	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
Other	0.02%	-0.02%	-0.01%	-0.03%	0.00%	0.00%	0.00%	0.00%	0.00%
Income before tax	3.83%	5.45%	6.83%	4.99%	3.33%	3.33%	3.33%	3.33%	3.33%
Tax	1.12%	1.21%	1.21%	0.82%	1.17%	1.17%	1.17%	1.17%	1.17%
Income after tax	2.71%	4.28%	5.63%	4.17%	2.17%	2.17%	2.17%	2.17%	2.17%
Minority Interest	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
Equity in affiliates	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
Net income	2.71%	4.28%	5.63%	4.17%	2.17%	2.17%	2.17%	2.17%	2.17%

	As of 2010-01-29	As of 2011-01-28	As of 2012-02-03	As of 2013-02-01	As of 2013-05-03	Adjustment		Adjusted Proforma	2011	2012	2013	2014	2015
						+	-						
Cash	10,635.00	13,913.00	13,852.00	12,569.00	10,419.00			10,419.00	12,296.71	14,174.41	16,052.12	17,929.83	19,807.53
Short term investment	373.00	452.00	966.00	208.00	486.00			486.00	486.00	486.00	486.00	486.00	486.00
<b>Cash and Short term</b>	<b>11,008.00</b>	<b>14,365.00</b>	<b>14,818.00</b>	<b>12,777.00</b>	<b>10,905.00</b>			<b>10,905.00</b>	<b>12,782.71</b>	<b>14,660.41</b>	<b>16,538.12</b>	<b>18,415.83</b>	<b>20,293.53</b>
Accounts Receivable	5,837.00	6,493.00	6,476.00	6,629.00	6,440.00			6,440.00	6,440.00	6,440.00	6,440.00	6,440.00	6,440.00
Other receivables	0.00	0.00	0.00	0.00	2,991.00			2,991.00	2,991.00	2,991.00	2,991.00	2,991.00	2,991.00
<b>Total Receivables</b>	<b>5,837.00</b>	<b>6,493.00</b>	<b>6,476.00</b>	<b>6,629.00</b>	<b>9,431.00</b>			<b>9,431.00</b>	<b>9,431.00</b>	<b>9,431.00</b>	<b>9,431.00</b>	<b>9,431.00</b>	<b>9,431.00</b>
Total Inventory	1,051.00	1,301.00	1,404.00	1,382.00	1,387.00			1,387.00	1,387.00	1,387.00	1,387.00	1,387.00	1,387.00
Prepaid Expenses	539.00	374.00	0.00	0.00	0.00			0.00	0.00	0.00	0.00	0.00	0.00
Other Current Assets	3,104.00	2,845.00	3,423.00	3,967.00	3,936.00			3,936.00	3,936.00	3,936.00	3,936.00	3,936.00	3,936.00
<b>Current Assets</b>	<b>21,539.00</b>	<b>25,378.00</b>	<b>26,121.00</b>	<b>24,755.00</b>	<b>25,659.00</b>	<b>0.00</b>	<b>0.00</b>	<b>25,659.00</b>	<b>27,536.71</b>	<b>29,414.41</b>	<b>31,292.12</b>	<b>33,169.83</b>	<b>35,047.53</b>
PP&E, Gross	4,652.00	4,729.00	4,934.00	0.00	5,000.00			5,000.00	5,500.00	6,000.00	6,500.00	7,000.00	7,500.00
Change in Depreciation	852.00	970.00	936.00	1,144.00	1,144.00			1,144.00	1,144.00	1,144.00	1,144.00	1,144.00	1,144.00
Accumulated Depreciation	2,471.00	2,776.00	2,810.00	0.00	2,810.00			2,810.00	3,954.00	5,098.00	6,242.00	7,386.00	8,530.00
<b>PP&amp;E, Net</b>	<b>2,181.00</b>	<b>1,953.00</b>	<b>2,124.00</b>	<b>0.00</b>	<b>2,190.00</b>			<b>2,190.00</b>	<b>1,546.00</b>	<b>902.00</b>	<b>258.00</b>	<b>-386.00</b>	<b>-1,030.00</b>
Goodwill	4,074.00	4,365.00	5,838.00	9,304.00	9,304.00	0.00		9,304.00	9,304.00	9,304.00	9,304.00	9,304.00	9,304.00
Intangibles	1,694.00	1,495.00	1,857.00	3,374.00	3,176.00			3,176.00	3,176.00	3,176.00	3,176.00	3,176.00	3,176.00
Long term investments	781.00	704.00	3,404.00	2,565.00	2,303.00			2,303.00	2,303.00	2,303.00	2,303.00	2,303.00	2,303.00
Other long term assets	345.00	262.00	490.00	854.00	845.00			845.00	845.00	845.00	845.00	845.00	845.00
<b>Long Term Assets</b>	<b>9,075.00</b>	<b>8,779.00</b>	<b>13,713.00</b>	<b>16,097.00</b>	<b>17,818.00</b>	<b>0.00</b>	<b>0.00</b>	<b>17,818.00</b>	<b>17,174.00</b>	<b>16,530.00</b>	<b>15,886.00</b>	<b>15,242.00</b>	<b>14,598.00</b>
<b>Total Assets</b>	<b>30,614.00</b>	<b>34,157.00</b>	<b>39,834.00</b>	<b>40,852.00</b>	<b>43,477.00</b>	<b>0.00</b>	<b>0.00</b>	<b>43,477.00</b>	<b>44,710.71</b>	<b>45,944.41</b>	<b>47,178.12</b>	<b>48,411.83</b>	<b>49,645.53</b>
Accounts Payable	11,373.00	11,293.00	11,656.00	11,579.00	11,600.00			11,600.00	11,600.00	11,600.00	11,600.00	11,600.00	11,600.00
Accrued Expense	3,458.00	3,652.00	2,176.00	1,674.00	1,675.00			1,675.00	1,675.00	1,675.00	1,675.00	1,675.00	1,675.00
Other current Liabilities	3,466.00	3,687.00	5,302.00	6,343.00	4,265.00			4,265.00	4,265.00	4,265.00	4,265.00	4,265.00	4,265.00
<b>Total Current Liabilities</b>	<b>18,297.00</b>	<b>18,632.00</b>	<b>19,134.00</b>	<b>19,596.00</b>	<b>17,540.00</b>	<b>0.00</b>	<b>0.00</b>	<b>17,540.00</b>	<b>17,540.00</b>	<b>17,540.00</b>	<b>17,540.00</b>	<b>17,540.00</b>	<b>17,540.00</b>
Notes Payables/Short Term Debt	663.00	851.00	2,867.00	3,843.00	3,133.00			3,133.00	3,133.00	3,133.00	3,133.00	3,133.00	3,133.00
Current port. Of LT Debt/Capital Leases	0.00	0.00	0.00	0.00	0.00			0.00	0.00	0.00	0.00	0.00	0.00
Long term Debt	3,417.00	5,146.00	6,387.00	5,242.00	4,115.00	0.00	0.00	4,115.00	4,115.00	4,115.00	4,115.00	4,115.00	4,115.00
Capital Lease Obligations	0.00	0.00	0.00	0.00	0.00			0.00	0.00	0.00	0.00	0.00	0.00
<b>Total Interest Earning Debt</b>	<b>4,080.00</b>	<b>5,997.00</b>	<b>9,254.00</b>	<b>9,085.00</b>	<b>7,248.00</b>	<b>0.00</b>	<b>0.00</b>	<b>7,248.00</b>	<b>7,248.00</b>	<b>7,248.00</b>	<b>7,248.00</b>	<b>7,248.00</b>	<b>7,248.00</b>
Deferred Income tax	0.00	0.00	405.00	918.00	0.00			0.00	0.00	0.00	0.00	0.00	0.00
Minority Interest	0.00	0.00	0.00	21.00	21.00			21.00	21.00	21.00	21.00	21.00	21.00
Other liabilities	5,634.00	6,204.00	6,823.00	7,240.00	9,243.00			9,243.00	9,243.00	9,243.00	9,243.00	9,243.00	9,243.00
<b>Total Liabilities</b>	<b>28,011.00</b>	<b>30,833.00</b>	<b>35,616.00</b>	<b>36,860.00</b>	<b>34,052.00</b>	<b>0.00</b>	<b>0.00</b>	<b>34,052.00</b>	<b>34,052.00</b>	<b>34,052.00</b>	<b>34,052.00</b>	<b>34,052.00</b>	<b>34,052.00</b>
Redeemable Preferred Stock	0.00	0.00	0.00	0.00	0.00			0.00	0.00	0.00	0.00	0.00	0.00
Non-redeemable Preferred Stock	0.00	0.00	0.00	0.00	0.00			0.00	0.00	0.00	0.00	0.00	0.00
Common Stock	11,472.00	11,797.00	12,187.00	12,554.00	12,554.00		0.00	12,554.00	12,554.00	12,554.00	12,554.00	12,554.00	12,554.00
Additional Paid-in capital	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Dividends Paid	0.00	0.00	0.00	0.00	0.00			0.00	0.00	0.00	0.00	0.00	0.00
Retained Earnings	22,110.00	24,744.00	28,236.00	30,330.00	30,330.00		0.00	30,330.00	31,563.71	32,797.41	34,031.12	35,264.83	36,498.53
Treasury Stock	-27,904.00	-28,704.00	-31,445.00	-32,145.00	-32,145.00		0.00	-32,145.00	-32,145.00	-32,145.00	-32,145.00	-32,145.00	-32,145.00
Other Equity	-37.00	-71.00	-61.00	-59.00	-59.00		0.00	-59.00	-59.00	-59.00	-59.00	-59.00	-59.00
<b>Total Equity</b>	<b>5,641.00</b>	<b>7,766.00</b>	<b>8,917.00</b>	<b>10,680.00</b>	<b>10,680.00</b>	<b>0.00</b>	<b>0.00</b>	<b>10,680.00</b>	<b>11,913.71</b>	<b>13,147.41</b>	<b>14,381.12</b>	<b>15,614.83</b>	<b>16,848.53</b>
<b>Liability + Equity</b>	<b>33,652.00</b>	<b>38,599.00</b>	<b>44,533.00</b>	<b>47,540.00</b>	<b>44,732.00</b>	<b>0.00</b>	<b>0.00</b>	<b>44,732.00</b>	<b>45,965.71</b>	<b>47,199.41</b>	<b>48,433.12</b>	<b>49,666.83</b>	<b>50,900.53</b>
<b>Variance</b>	<b>-3,038.00</b>	<b>-4,442.00</b>	<b>-4,699.00</b>	<b>-6,688.00</b>	<b>-1,255.00</b>			<b>-1,255.00</b>	<b>-1,255.00</b>	<b>-1,255.00</b>	<b>-1,255.00</b>	<b>-1,255.00</b>	<b>-1,255.00</b>
<b>Debt/Equity</b>	<b>0.72</b>	<b>0.77</b>	<b>1.04</b>	<b>0.85</b>	<b>0.68</b>			<b>0.68</b>	<b>0.61</b>	<b>0.55</b>	<b>0.50</b>	<b>0.46</b>	<b>0.43</b>
Inventory Turnover	50.33	47.27	44.21	41.20	41.05			41.05	41.05	41.05	41.05	41.05	41.05
Inventory Turnover Days	7.25	7.72	8.26	8.86	8.89			8.89	8.89	8.89	8.89	8.89	8.89
Days Inventory Outstanding	8.79	9.48	10.62	11.27	11.25			11.31	11.25	11.25	11.25	11.25	11.25
Accounts Receivable Turnover	9.06	9.47	9.58	8.59	8.84			8.84	8.84	8.84	8.84	8.84	8.84
Accounts Receivable Turnover Days	40.27	38.54	38.08	42.49	41.28			41.28	41.28	41.28	41.28	41.28	41.28
Days Payable Outstanding	95.12	82.28	88.16	94.43	94.13			94.61	94.13	94.13	94.13	94.13	94.13
Days Sales Outstanding	40.27	38.54	38.08	42.49	41.28			41.28	41.28	41.28	41.28	41.28	41.28
Cash Conversion Cycle	-46.06	-34.26	-39.46	-40.67	-22.42			-40.80	-22.42	-22.42	-22.42	-22.42	-22.42
Net tangible assets/share	(\$0.07)	\$1.08	\$0.69	(\$1.14)	(\$1.02)			(\$1.02)	(\$0.32)	\$0.38	\$1.08	\$1.78	\$2.48

	52 weeks ending 2010-01-29	52 weeks ending 2011-01-28	52 weeks ending 2012-02-03	52 weeks ending 2013-02-01	2011	2012	2013	2014	2015
Net Income	1,433.00	2,635.00	3,492.00	2,372.00	1,233.71	1,233.71	1,233.71	1,233.71	1,233.71
Depreciation	852.00	970.00	936.00	1,144.00	1,144.00	1,144.00	1,144.00	1,144.00	1,144.00
<b>Net Income + Depreciation</b>	<b>2,285.00</b>	<b>3,605.00</b>	<b>4,428.00</b>	<b>3,516.00</b>	<b>2,377.71</b>	<b>2,377.71</b>	<b>2,377.71</b>	<b>2,377.71</b>	<b>2,377.71</b>
Amortization	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Deferred Taxes	-52.00	-45.00	19.00	-428.00	0.00	0.00	0.00	0.00	0.00
Non Cash Items	902.00	736.00	612.00	642.00	0.00	0.00	0.00	0.00	0.00
Change in Working capital	771.00	-327.00	468.00	-447.00	0.00	0.00	0.00	0.00	0.00
Accounts Receivable	0.00	-656.00	17.00	-153.00	0.00	0.00	0.00	0.00	0.00
Other Receivables	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Inventory	0.00	-250.00	-103.00	22.00	0.00	0.00	0.00	0.00	0.00
Prepaid Expenses	0.00	165.00	374.00	0.00	0.00	0.00	0.00	0.00	0.00
Accounts Payable	0.00	-80.00	363.00	-77.00	0.00	0.00	0.00	0.00	0.00
<b>Cash from Operating Activities</b>	<b>3,906.00</b>	<b>3,969.00</b>	<b>5,527.00</b>	<b>3,283.00</b>	<b>2,377.71</b>	<b>2,377.71</b>	<b>2,377.71</b>	<b>2,377.71</b>	<b>2,377.71</b>
Capital Expenditures Expenditures	-367.00	-444.00	-675.00	-513.00	-500.00	-500.00	-500.00	-500.00	-500.00
Long term investment	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Other Investing Activities	-3,442.00	-721.00	-5,491.00	-2,803.00	0.00	0.00	0.00	0.00	0.00
<b>Cash from Investing Activities</b>	<b>-3,809.00</b>	<b>-1,165.00</b>	<b>-6,166.00</b>	<b>-3,316.00</b>	<b>-500.00</b>	<b>-500.00</b>	<b>-500.00</b>	<b>-500.00</b>	<b>-500.00</b>
Financing Cash flow items	-2.00	2.00	4.00	8.00	0.00	0.00	0.00	0.00	0.00
Total Cash Dividends Paid	0.00	0.00	0.00	-278.00	0.00	0.00	0.00	0.00	0.00
Issuance (Retirement) of Stock	2.00	-788.00	-2,672.00	-672.00	0.00	0.00	0.00	0.00	0.00
Issuance (Retirement) of Current Portion Debt	-	-	-	-	0.00	0.00	0.00	0.00	0.00
Issuance (Retirement) of Long Term Debt	2,012.00	1,263.00	3,250.00	-268.00	0.00	0.00	0.00	0.00	0.00
<b>Cash from Financing Activities</b>	<b>2,012.00</b>	<b>477.00</b>	<b>577.00</b>	<b>-1,210.00</b>	<b>0.00</b>	<b>0.00</b>	<b>0.00</b>	<b>0.00</b>	<b>0.00</b>
Foreign Exchange effect	174.00	-3.00	1.00	-40.00	0.00	0.00	0.00	0.00	0.00
Beginning Cash Balance	8,352.00	10,635.00	13,913.00	13,852.00	10,419.00	12,296.71	14,174.41	16,052.12	17,929.83
<b>Net Change in Cash</b>	<b>2,283.00</b>	<b>3,278.00</b>	<b>-61.00</b>	<b>-1,283.00</b>	<b>1,877.71</b>	<b>1,877.71</b>	<b>1,877.71</b>	<b>1,877.71</b>	<b>1,877.71</b>
Ending Cash Balance	10,635.00	13,913.00	13,852.00	12,569.00	12,296.71	14,174.41	16,052.12	17,929.83	19,807.53
Capex to Revenue	0.69%	0.72%	1.09%	0.90%	0.88%	0.88%	0.88%	0.88%	0.88%
Depreciation to Sales	1.61%	1.58%	1.51%	2.01%	2.01%	2.01%	2.01%	2.01%	2.01%
Amortization to Sales	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
A/R to Sales	11.03%	10.56%	10.43%	11.64%	11.64%	11.64%	11.64%	11.64%	11.64%
Distributable FCF/EV Yield	0.50%	14.56%	-3.32%	-0.17%	9.75%	9.75%	9.75%	9.75%	9.75%
Dividend Yield	0.00%	0.00%	0.00%	-1.21%	0.00%	0.00%	0.00%	0.00%	0.00%
<b>FCF (Ops-Investing)</b>	<b>3,539.00</b>	<b>3,525.00</b>	<b>4,852.00</b>	<b>3,048.00</b>	<b>1,877.71</b>	<b>1,877.71</b>	<b>1,877.71</b>	<b>1,877.71</b>	<b>1,877.71</b>



# SN VALUATION

# LBO Debt Schedule

Ticker:

DELL

	Proforma	2013	2014	2015	2016	2017
<b>Net Change in Cash</b>	<b>-1,283.00</b>	<b>1,877.71</b>	<b>1,877.71</b>	<b>1,877.71</b>	<b>1,877.71</b>	<b>1,877.71</b>
Current Portion Debt Repayment						
Long Term Debt Repayment						
<b>Outstanding Debt</b>	<b>7,248.00</b>	<b>7,248.00</b>	<b>7,248.00</b>	<b>7,248.00</b>	<b>7,248.00</b>	<b>7,248.00</b>
Current Portion Debt Balance	3,133.00	3,133.00	3,133.00	3,133.00	3,133.00	3,133.00
Long Term Debt Balance	4,115.00	4,115.00	4,115.00	4,115.00	4,115.00	4,115.00
Forward Libor Curve		3.00%	3.00%	3.00%	3.00%	3.00%
Spread		4.00%	4.00%	4.00%	4.00%	4.00%
<b>Interest Rate</b>		<b>7.00%</b>	<b>7.00%</b>	<b>7.00%</b>	<b>7.00%</b>	<b>7.00%</b>
<b>Interest Expense</b>		<b>507.36</b>	<b>507.36</b>	<b>507.36</b>	<b>507.36</b>	<b>507.36</b>
Cash Balance		12,777.00				
Interest @ 1.0%		127.77	127.77	127.77	127.77	127.77
<b>Net Interest Expense/(Income)</b>		<b>379.59</b>	<b>379.59</b>	<b>379.59</b>	<b>379.59</b>	<b>379.59</b>
<b>Net Interest Rate</b>		<b>9.22%</b>	<b>9.22%</b>	<b>9.22%</b>	<b>9.22%</b>	<b>9.22%</b>
EBITDA		2,277.60	2,277.60	2,277.60	2,277.60	2,277.60
<b>EBITDA/Interest Expense Coverage</b>		<b>4.49</b>	<b>4.49</b>	<b>4.49</b>	<b>4.49</b>	<b>4.49</b>

Interest Rate Coverage Table

Debt Rating					
AAA					
AA					
A+					
A					
A-					
BBB	BBB	BBB	BBB	BBB	BBB
BB+					
BB					
B+					
B					
B-					
CCC					
CC					
C					
D					

\*Source: NYU; Professor Damodaran

## Altman Z Score

Company Name:

DELL

Ticker:

DELL

Period	2009	2010	2011	2012	2013	2014	2015	2016	2017
Working Capital	3,242.00	6,746.00	6,987.00	8,119.00	9,996.71	11,874.41	13,752.12	15,629.83	17,507.53
Total Assets	30,614.00	34,157.00	39,834.00	43,477.00	44,710.71	45,944.41	47,178.12	48,411.83	49,645.53
<b>X1</b>	<b>0.11</b>	<b>0.20</b>	<b>0.18</b>	<b>0.19</b>	<b>0.22</b>	<b>0.26</b>	<b>0.29</b>	<b>0.32</b>	<b>0.35</b>
Retained Earnings	22,110.00	24,744.00	28,236.00	30,330.00	31,563.71	32,797.41	34,031.12	35,264.83	36,498.53
Total Assets	30,614.00	34,157.00	39,834.00	43,477.00	44,710.71	45,944.41	47,178.12	48,411.83	49,645.53
<b>X2</b>	<b>0.72</b>	<b>0.72</b>	<b>0.71</b>	<b>0.70</b>	<b>0.71</b>	<b>0.71</b>	<b>0.72</b>	<b>0.73</b>	<b>0.74</b>
EBITDA	2,172.00	3,505.00	4,431.00	3,012.00	2,277.60	2,277.60	2,277.60	2,277.60	2,277.60
Total Assets	30,614.00	34,157.00	39,834.00	43,477.00	44,710.71	45,944.41	47,178.12	48,411.83	49,645.53
<b>X3</b>	<b>0.07</b>	<b>0.10</b>	<b>0.11</b>	<b>0.07</b>	<b>0.05</b>	<b>0.05</b>	<b>0.05</b>	<b>0.05</b>	<b>0.05</b>
Market Value of Equity	22,915.20	22,915.20	22,915.20	22,915.20	20,961.88	19,175.06	17,540.56	16,045.38	14,677.65
Total Liabilities	28,011.00	30,833.00	35,616.00	34,052.00	34,052.00	34,052.00	34,052.00	34,052.00	34,052.00
<b>X4</b>	<b>0.82</b>	<b>0.74</b>	<b>0.64</b>	<b>0.67</b>	<b>0.62</b>	<b>0.56</b>	<b>0.52</b>	<b>0.47</b>	<b>0.43</b>
Net Sales	52,902.00	61,494.00	62,071.00	56,940.00	56,940.00	56,940.00	56,940.00	56,940.00	56,940.00
Total Assets	30,614.00	34,157.00	39,834.00	43,477.00	44,710.71	45,944.41	47,178.12	48,411.83	49,645.53
<b>X5</b>	<b>1.73</b>	<b>1.80</b>	<b>1.56</b>	<b>1.31</b>	<b>1.27</b>	<b>1.24</b>	<b>1.21</b>	<b>1.18</b>	<b>1.15</b>
<b>Altman Z Score</b>	<b>3.59</b>	<b>3.84</b>	<b>3.51</b>	<b>3.14</b>	<b>3.07</b>	<b>3.05</b>	<b>3.03</b>	<b>3.02</b>	<b>3.01</b>

$$Z = 1.2 \times X1 + 1.4 \times X2 + 3.3 \times X3 + 0.6 \times X4 + 1.0 \times X5$$

Z-SCORE ABOVE 3.0 –The company is considered 'Safe' based on the financial figures only.

Blue

Z-SCORE BETWEEN 2.7 and 2.99 – 'On Alert'. This zone is an area where one should 'Exercise Caution'.

Green

Z-SCORE BETWEEN 1.8 and 2.7 – Good chance of the company going bankrupt within 2 years.

Yellow

Z-SCORE BELOW 1.80- Probability of Financial Catastrophe is Very High.

Red

Year	Present Value	Holding Period					Terminal Value			Sale Price
	0	1	2	3	4	5	6	7	8	TBV at Year 5 + 3 Years FCF
<b>Tangible Book Value</b>	1,376.00	2,609.71	3,843.41	5,077.12	6,310.83	7,544.53				7,544.53
Annual Change		1,233.71	1,233.71	1,233.71	1,233.71	1,233.71				
<b>Annual FCF</b>	2,770.00	1,877.71	1,877.71	1,877.71	1,877.71	1,877.71	1,877.71	1,877.71	1,877.71	5,633.12
Annual Op. Cash Flow	3,283.00	2,377.71	2,377.71	2,377.71	2,377.71	2,377.71	2,377.71	2,377.71	2,377.71	
Annual PP&E Investment	(513.00)	(500.00)	(500.00)	(500.00)	(500.00)	(500.00)	(500.00)	(500.00)	(500.00)	
<b>Today's Tangible Book Value</b>	1,376.00	1,933.84	2,717.84	3,819.68	5,368.21	7,544.53				13,177.65
Intrinsic Value IRR	40.54%									
<b>Market Price</b>	22,915.20	20,514.76	18,365.78	16,441.91	14,719.57	13,177.65				13,177.65
Market Price IRR	-10.48%									

Debt	50.00%	11,457.60
Equity	50.00%	11,457.60
<b>Total</b>	<b>100.00%</b>	<b>22,915.20</b>

	Present Value	Holding Period					Terminal Value			Sale Price	
	Historic	ProForma	1	2	3	4	5	6	7	8	
Book Equity	10680	11,457.60	12,229.49	13,001.37	13,773.26	14,545.15	15,317.03				
Goodwill	9304	21,539.20	21,539.20	21,539.20	21,539.20	21,539.20	21,539.20				
Debt	4115	15,572.60	15,572.60	15,572.60	15,572.60	15,572.60	15,572.60				
Debt Interest Rate		7.00%	7.00%	7.00%	7.00%	7.00%	7.00%				
Additional Interest Expense		710.49	710.49	710.49	710.49	710.49	710.49				
<b>Tangible Book Value</b>	1376	-10,081.60	-9,309.71	-8,537.83	-7,765.94	-6,994.05	-6,222.17				-6,222.17
Annual Change			771.89	771.89	771.89	771.89	771.89				
<b>Annual FCF</b>	2,770.00	1,415.89	1,415.89	1,415.89	1,415.89	1,415.89	1,415.89	1,415.89	1,415.89	1,415.89	4,247.66
Annual Net Income	2,372.00		771.89	771.89	771.89	771.89	771.89	771.89	771.89	771.89	
<b>Annual Op. Cash Flow</b>	3,283.00	1,915.89	1,915.89	1,915.89	1,915.89	1,915.89	1,915.89	1,915.89	1,915.89	1,915.89	
Dividend Payments											
Annual PP&E Investment	(513.00)	(500.00)	(500.00)	(500.00)	(500.00)	(500.00)	(500.00)	(500.00)	(500.00)	(500.00)	
Debt Paydown	0.00							0.00	0.00	0.00	

Sale Price in Year 5											(1,274.51)
Remaining Debt Balance											11,457.60

Capital Left for Equity Investor											(13,432.11)
Dividend Payments											0.00
Total Cash In Flow											(13,432.11)

<b>Invested Equity</b>	11,457.60	-11,827.79	12,209.95	-12,604.45	13,011.70	-13,432.11					
IRR	-203.23%										

Value Creation	
TBV Growth (equals sum of NI Year 1-5)	3,859.43
Cash Flow (Year 6-8)	4,247.66
<b>Total</b>	<b>8,107.09</b>

Value Dilution	
Debt	11,457.60
Goodwill	12,235.20
Additional Interest	3,552.46
<b>Total</b>	<b>27,245.26</b>