DELL'S MANAGEMENT BYOUT

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In February 2013 it was announced a Management Buyout operation (MBO) in the U.S. computer manufacturer Dell, whereby its management team, chaired by the company founder Michael Dell, along with the investment fund Silver Lake and with Microsoft, made an offer to purchase 100% of the shares of the company. The tender offer was launched at 13.65 dollars per share, meaning a company market value of 24,400 million dollars.

The offer was made to all the shareholders, as Michael Dell owned the 14% of the capital stock of the company, in cash. For funding, there were financial contributions from the investor group (in particular, Microsoft gave a loan of 2,000 million dollars) plus the financing provided by the firm MSD Capital and four banks (Bank of America, Merrill Lynch, Barclays, Credit Suisse and RBC Capital Markets). Acting as financial advisors were JP Morgan, on behalf of Dell's Board of Directors, Goldman Sachs for Dell and the four banks that supported the operation for Silver Lake.

Although the tender price represented a premium of 25% over the last trading day, and about 40% from the average of the last 90 trading days, some analysts considered the offer was fairly low, arguing that Dell's stock had grown to over 58 dollars in 2000.

Dell was founded by Michael Dell in 1984 in a dormitory at the University of Texas and was, since the very beginning, dedicated to the direct selling of tailored personal computers. The company grew steadily until 2001 to become the world's leading manufacturer of personal computers. However, this leading position had been lost in recent years, being surpassed by Hewlett-Packard, with a 16% of global market share in late 2012, and Lenovo with 14.8%, while Dell stands at only 10.7% of the global market share.

The intention of the new shareholders was to restructure the company changing its business model towards new avenues of growth related to mobile technology in a response to the great relevance of the new competitors in this area, especially Apple and Google. As part of this strategy, they also wanted to take the company off the Nasdaq in order to avoid the market pressure in times of restructuring.

For Microsoft, the operation seemed highly interesting since it allowed taking part in one of the leading manufacturers of computers, ensuring that these computers take preinstalled Windows operating systems and Office suite, and also a great jump into new related mobile technology markets and products.