

REALTY INCOME CORP
Form 10-Q
November 06, 2006

**UNITED STATES
SECURITIES AND EXCHANGE COMMISSION**

Washington, DC 20549

FORM 10-Q

Quarterly report pursuant to Section 13 or 15(d) of the Securities Exchange Act of 1934

For the quarterly period ended **September 30, 2006**, or

Transition report pursuant to section 13 or 15(d) of the Securities Exchange Act of 1934

COMMISSION FILE NUMBER 1-13374

REALTY INCOME CORPORATION

(Exact name of registrant as specified in its charter)

Maryland

(State or other jurisdiction of incorporation or organization)

33-0580106

(I.R.S. Employer Identification No.)

220 West Crest Street, Escondido, California 92025

(Address of principal executive offices)

(760) 741-2111

(Registrant's telephone number)

Indicate by check mark whether the registrant: (1) has filed all reports required to be filed by Section 13 or 15 (d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days. YES NO

Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, or a non-accelerated filer (as defined in Act Rule 12b-2 of the Exchange Act).

Large accelerated filer Accelerated filer Non-accelerated filer

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There were 99,844,420 shares of common stock outstanding as of October 31, 2006.

Indicate by check mark whether the registrant is a shell company (as defined in Rule 12b-2 of the Exchange Act).

Yes No

REALTY INCOME CORPORATION

Form 10-Q

September 30, 2006

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SIGNATURE

PART I. FINANCIAL INFORMATION

Item 1. Financial Statements

REALTY INCOME CORPORATION AND SUBSIDIARIES

CONSOLIDATED BALANCE SHEETS

September 30, 2006 and December 31, 2005
(dollars in thousands, except per share data)

	2006 (Unaudited)	2005
ASSETS		
Real estate, at cost:		
Land	\$ 821,303	\$ 746,016
Buildings and improvements	1,515,826	1,350,140
	2,337,129	2,096,156
Less accumulated depreciation and amortization	(381,048)	(341,193)
Net real estate held for investment	1,956,081	1,754,963
Real estate held for sale, net	40,073	47,083
Net real estate	1,996,154	1,802,046
Cash and cash equivalents	113,374	65,704
Accounts receivable	5,270	5,044
Goodwill	17,206	17,206
Other assets	28,186	30,988
Total assets	\$ 2,160,190	\$ 1,920,988
LIABILITIES AND STOCKHOLDERS' EQUITY		
Distributions payable	\$ 12,205	\$ 10,121
Accounts payable and accrued expenses	20,483	20,391
Other liabilities	9,740	9,562
Line of credit payable		136,700
Notes payable	920,000	755,000
Total liabilities	962,428	931,774
Commitments and contingencies		
Stockholders' equity:		
Preferred stock and paid in capital, par value \$1.00 per share, 20,000,000 shares authorized, 5,100,000 shares issued and outstanding	123,804	123,804
Common stock and paid in capital, par value \$1.00 per share, 200,000,000 shares authorized, 93,846,803 and 83,696,647 issued and outstanding in 2006 and 2005, respectively	1,366,504	1,134,300
Distributions in excess of net income	(292,546)	(268,890)
Total stockholders' equity	1,197,762	989,214
Total liabilities and stockholders' equity	\$ 2,160,190	\$ 1,920,988

The accompanying notes to consolidated financial statements are an integral part of these statements.

REALTY INCOME CORPORATION AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF INCOME

For the three and nine months ended September 30, 2006 and 2005

(dollars in thousands, except per share data)

(unaudited)

	Three Months Ended 9/30/06	Three Months Ended 9/30/05	Nine Months Ended 9/30/06	Nine Months Ended 9/30/05
REVENUE				
Rental	\$ 59,062	\$ 48,751	\$ 169,895	\$ 142,248
Other	245	136	1,097	308
	59,307	48,887	170,992	142,556
EXPENSES				
Interest	12,530	10,228	37,657	29,080
Depreciation and amortization	14,641	11,226	42,961	33,098
General and administrative	4,083	4,166	12,683	11,927
Property	787	1,002	2,332	2,876
Income taxes	96	202	558	603
Loss on extinguishment of debt	1,555	1,555	1,555	1,555
	33,692	26,824	97,746	77,584
Income from continuing operations	25,615	22,063	73,246	64,972
Income from discontinued operations:				
Real estate acquired for resale by Crest	99	566	1,515	1,695
Real estate held for investment	844	493	3,324	4,624
	943	1,059	4,839	6,319
Net income	26,558	23,122	78,085	71,291
Preferred stock cash dividends	(2,351)	(2,351)	(7,052)	(7,052)
Net income available to common stockholders	\$ 24,207	\$ 20,771	\$ 71,033	\$ 64,239
Amounts available to common stockholders per common share, basic and diluted:				
Income from continuing operations	\$ 0.26	\$ 0.25	\$ 0.76	\$ 0.73
Net income	\$ 0.27	\$ 0.26	\$ 0.82	\$ 0.81

Weighted average common shares outstanding:

Basic	89,166,429	79,779,808	86,936,161	79,653,608
Diluted	89,267,138	79,843,553	87,084,545	79,727,036

The accompanying notes to consolidated financial statements are an integral part of these statements.

REALTY INCOME CORPORATION AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF CASH FLOWS

For the nine months ended September 30, 2006 and 2005
(dollars in thousands)(unaudited)

	2006	2005
CASH FLOWS FROM OPERATING ACTIVITIES		
Net income	\$ 78,085	\$ 71,291
Adjustments to net income:		
Depreciation and amortization	42,961	33,098
Income from discontinued operations:		
Real estate acquired for resale	(1,515)	(1,695)
Real estate held for investment	(3,324)	(4,624)
Cash from discontinued operations:		
Real estate acquired for resale	84	(666)
Real estate held for investment	370	1,222
Investment in real estate acquired for resale	(9,937)	(52,690)
Intangibles acquired in connection with acquisitions of real estate acquired for resale		(1,780)
Proceeds from sales of real estate acquired for resale	16,807	16,955
Collection of mortgage note receivable by Crest	1,333	
Gain on reinstatement of property carrying value	(716)	
Gain on sale of real estate held for investment		(14)
Amortization of stock compensation	2,280	1,627
Amortization of stock option costs	17	11
Provisions for impairment on real estate held for investment		151
Change in assets and liabilities:		
Accounts receivable and other assets	5,033	617
Accounts payable, accrued expenses and other liabilities	(3,636)	6,752
Net cash provided by operating activities	127,842	70,255
CASH FLOWS FROM INVESTING ACTIVITIES		
Proceeds from sales of investment properties, continuing operations		84
Proceeds from sales of investment properties, discontinued operations	9,804	17,504
Acquisition of and additions to investment properties	(244,586)	(347,067)
Intangibles acquired in connection with acquisitions of investment properties	(937)	(9,494)
Net cash used in investing activities	(235,719)	(338,973)
CASH FLOWS FROM FINANCING ACTIVITIES		
Borrowings from lines of credit	279,900	234,600
Payments under lines of credit	(416,600)	(242,700)
Proceeds from stock offerings, net of offering costs of \$11,931 in 2006 and \$4,879 in 2005	229,566	92,660
Proceeds from notes issued, net of offering costs of \$3,003 in 2006 and \$4,604 in 2005	271,997	270,396
Principal payment on notes	(110,000)	
Cash distributions to common stockholders	(92,605)	(79,543)
Cash dividends to preferred stockholders	(7,052)	(7,052)
Proceeds from other common stock issuances	341	460
Net cash provided by financing activities	155,547	268,821
Net increase in cash and cash equivalents	47,670	103
Cash and cash equivalents, beginning of period	65,704	2,141
Cash and cash equivalents, end of period	\$ 113,374	\$ 2,244

For supplemental disclosures, see note 13.

The accompanying notes to consolidated financial statements are an integral part of these statements.

REALTY INCOME CORPORATION AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

September 30, 2006

(Unaudited)

1. Management Statement

The consolidated financial statements of Realty Income Corporation (Realty Income , the Company , we or our) were prepared from our books and records without audit and include all adjustments (consisting of only normal recurring accruals) necessary to present a fair statement of results for the interim periods presented. Certain of the 2005 balances have been reclassified to conform to the 2006 presentation. Readers of this quarterly report should refer to our audited financial statements for the year ended December 31, 2005, which are included in our 2005 Annual Report on Form 10-K, as certain disclosures that would substantially duplicate those contained in the audited financial statements have not been included in this report.

At September 30, 2006, we owned 1,766 properties, located in 48 states, containing over 15.0 million leasable square feet, along with 13 properties owned by our wholly-owned taxable REIT subsidiary, Crest Net Lease, Inc. (Crest). Crest was created to buy, own and sell properties, primarily to individual investors, many of whom are involved in tax-deferred exchanges, under Section 1031 of the Internal Revenue Code of 1986, as amended (the Tax Code).

2. Summary of Significant Accounting Policies and Procedures

A. The accompanying consolidated financial statements include the accounts of Realty Income, Crest and other entities for which we make operating and financial decisions (control), after elimination of all material intercompany balances and transactions. All of Realty Income and Crest s subsidiaries are wholly-owned.

B. We have elected to be taxed as a Real Estate Investment Trust (REIT) under the Tax Code. We believe we have qualified and continue to qualify as a REIT. Under the REIT operating structure we are permitted to deduct distributions paid to our stockholders and generally will not be required to pay federal corporate income taxes on such income. Accordingly, no provision has been made for federal income taxes in the accompanying consolidated financial statements, except for federal income taxes of Crest, which are included in discontinued operations.

3. Retail Properties Acquired

We acquire land, buildings and improvements that are used by retail operators.

A. During the first nine months of 2006, Realty Income and Crest invested \$259.1 million, in aggregate, in 138 new retail properties and properties under development. These 138 properties are located in 24 states, will contain over 1.7 million leasable square feet, and are 100% leased with an average initial lease term of 13.7 years. Of the \$259.1 million invested in the first nine months of 2006, \$6.0 million was used to acquire one property with an existing lease already in-place with a retail tenant. In accordance with SFAS 141, Realty Income recorded \$1.6 million as the value of the in-place lease and \$628,000 as the value of below-market rents. These amounts are recorded to other assets and other liabilities , respectively, on our consolidated balance sheet and are amortized over the lives of the respective lease.

In comparison, during the first nine months of 2005, Realty Income and Crest invested \$412.1 million, in aggregate, in 104 new retail properties and properties under development. Of the \$412.1 million invested in the first nine months of 2005, \$95.1 million was used to acquire 34 properties with existing leases already in-place with existing retail tenants. In accordance with SFAS 141, Realty Income recorded \$10.1 million and Crest recorded \$1.8 million as the value of the in-place leases and Realty Income recorded \$183,000 as the value of above-market rents. In addition Realty Income recorded \$756,000 and Crest

recorded \$66,000 as the value of below-market rents on these leases. These amounts are recorded to other assets and other liabilities on our consolidated balance sheet and are amortized over the lives of the respective leases. Such amounts recorded by Crest are included in the calculation of gain on sales of properties.

B. During the first nine months of 2006, Realty Income invested \$249.2 million in 133 new retail properties and properties under development with an initial weighted average contractual lease rate of 8.7%. These 133 properties are located in 24 states, will contain over 1.6 million leasable square feet, and are 100% leased with an average initial lease term of 13.6 years. The initial weighted average contractual lease rate is computed by dividing the estimated aggregate base rent for the first year of each lease by the estimated total cost of the properties.

In comparison, during the first nine months of 2005, Realty Income invested \$357.6 million in 86 new retail properties and properties under development with an initial weighted average contractual lease rate of 8.4%.

C. During the first nine months of 2006, Crest invested \$9.9 million in five new retail properties.

In comparison, during the first nine months of 2005, Crest invested \$54.5 million in 18 new retail properties and properties under development.

D. Crest's property inventory at September 30, 2006 consisted of 13 properties with a total investment of \$40.3 million and at December 31, 2005 consisted of 17 properties with a total investment of \$45.7 million. These amounts are included on our consolidated balance sheets in real estate held for sale, net, except for \$219,000 which is included in other assets.

4. Credit Facility

We have a \$300 million acquisition credit facility that expires in October 2008, unless extended as provided for in the agreement. Under the terms of the credit facility, which commenced in October 2005, the borrowing rate is LIBOR (London Interbank Offered Rate) plus 65 basis points with a facility fee of 15 basis points, for all-in drawn pricing of 80 basis points over LIBOR, based on our current credit ratings. The credit facility offers us other interest rate options as well.

The average borrowing rate on our credit facility during the first nine months of 2006 was 5.5%, compared to 4.0% in the first nine months of 2005 on our previous \$250 million credit facility, which expired in October 2005. The increase in the average borrowing rate is due to an increase in LIBOR since the beginning of 2005. Our current credit facility is subject to various leverage and interest coverage ratio limitations. The Company is and has been in compliance with these covenants.

Our credit facility is unsecured and accordingly, we have not pledged any assets as collateral for this obligation.

5. Note Offerings

In September 2006, we issued \$275 million in aggregate principal amount of 5.95% senior unsecured notes due 2016 (the 2016 Notes). The price to the investor for the 2016 Notes was 99.74% of the principal amount for an effective yield of 5.985%. The net proceeds of approximately \$272.0 million from this offering were used to redeem our notes due in 2007 (see note 6) and other corporate purposes. Interest on the 2016 Notes is paid semiannually.

6. Note Redemption

In September 2006, we redeemed all of our outstanding \$110 million, 7-³/₄% unsecured notes due May 2007 (the 2007 Notes). The 2007 Notes were redeemed at a redemption price equal to 100% of the principal amount of the 2007 Notes, plus accrued and unpaid interest of \$3.2 million, as well as a make-whole payment of \$1.6 million. We recorded a loss on extinguishment of debt totaling \$1.6 million related to the make-whole payment associated with the 2007 Notes.

7. Common Stock Offerings

In September 2006, we issued 4.715 million shares of common stock at a price of \$24.32 per share. The net proceeds of approximately \$109.1 million were used to fund new property acquisitions, repay borrowings under our credit facility and for other general corporate purposes.

In March 2006, we issued 5.2 million shares of common stock at a price of \$24.39 per share. The net proceeds of approximately \$120.5 million were used to fund new property acquisitions and for other general corporate purposes.

8. Gain on Sales of Real Estate Acquired for Resale by Crest

During the third quarter of 2006, Crest sold four properties for \$6.6 million, which resulted in a gain of \$313,000. In comparison, during the third quarter of 2005, Crest sold two properties for \$5.8 million, which resulted in a gain of \$713,000. Crest's gains on sales are reported before income taxes and are included in discontinued operations.

During the first nine months of 2006, Crest sold nine properties for \$16.8 million, which resulted in a gain of \$1.7 million. In comparison, during the first nine months of 2005, Crest sold nine properties for \$17.0 million, which resulted in a gain of \$2.4 million.

In December 2005, Crest provided the buyer of one property financing in the form of a \$1.3 million promissory note, which was paid in full in February 2006.

9. Gain on Sales of Investment Properties by Realty Income

During the third quarter of 2006, we sold or exchanged three investment properties for \$4.0 million, which resulted in a gain of \$843,000. In comparison, during the third quarter of 2005, we sold four investment properties and a portion of land from one property for \$3.0 million, which resulted in a gain of \$303,000.

As part of one sale during the second quarter of 2006, we provided the buyer financing in the form of a \$1.3 million promissory note, which was paid in full in September 2006. Interest of 8% per annum accrued on this note.

During the first nine months of 2006, we sold or exchanged 13 investment properties for \$10.7 million, which resulted in a gain of \$3.0 million. In comparison, during the first nine months of 2005, we sold 15 investment properties and a portion of land from one property for \$17.6 million, which resulted in a gain of \$3.8 million. These gains are included in discontinued operations except for \$14,000, which is included in other revenue for the first nine months of 2005.

10. Discontinued Operations

In accordance with Financial Accounting Standards Board Statement No. 144, *Accounting for the Impairment or Disposal of Long-Lived Assets* (*SFAS 144*), Realty Income's operations from investment properties sold in 2006 and 2005, were reported as discontinued operations. Their respective results of operations were reclassified to income from discontinued operations, real estate held for investment. We classify properties as held for sale in accordance with SFAS 144. We do not depreciate properties that are classified as held for sale. No investment properties were classified as held for sale at September 30, 2006.

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Crest acquires properties with the intention of reselling them rather than holding them for investment and operating the properties. Consequently, we classify properties acquired by Crest as held for sale at the date of acquisition and do not depreciate them. In accordance with SFAS 144, the operations of Crest's properties are classified as income from discontinued operations, real estate acquired for resale by Crest.

No debt was assumed by buyers of our investment properties or repaid as a result of our investment property sales and we have elected not to allocate interest expense to discontinued operations related to real estate held for investment.

In accordance with Emerging Issues Task Force No. 87-24, we allocate interest expense related to borrowings specifically attributable to Crest's properties. The interest expense amounts allocated to the Crest properties are included in income from discontinued operations, real estate acquired for resale by Crest.

The following is a summary of Crest's income from discontinued operations, real estate acquired for resale (dollars in thousands):

	Three months ended 9/30/06	Three months ended 9/30/05	Nine months ended 9/30/06	Nine months ended 9/30/05
Crest's income from discontinued operations, real estate acquired for resale				
Gain on sales of real estate acquired for resale	\$ 313	\$ 713	\$ 1,739	\$ 2,361
Rental revenue	913	514	3,007	1,083
Interest expense	(711)	(320)	(2,175)	(630)
General and administrative expense	(73)	(137)	(227)	(410)
Property expenses	(17)	(9)	(50)	(59)
Provision for impairments	(308)		(308)	
Income taxes	(18)	(195)	(471)	(650)
Income from discontinued operations, real estate acquired for resale by Crest	\$ 99	\$ 566	\$ 1,515	\$ 1,695

The following is a summary of Realty Income's income from discontinued operations, real estate held for investment (dollars in thousands):

	Three months ended 9/30/06	Three months ended 9/30/05	Nine months ended 9/30/06	Nine months ended 9/30/05
Realty Income's income from discontinued operations, real estate held for investment				
Gain on sales of investment properties	\$ 843	\$ 303	\$ 3,036	\$ 3,767
Rental revenue	68	358	453	1,424
Other revenue	25	1	33	1
Depreciation and amortization	(20)	(89)	(82)	(330)
Property expenses	(72)	(65)	(116)	(203)
Provision for impairment		(15)		(35)
Income from discontinued operations, real estate held for investment	\$ 844	\$ 493	\$ 3,324	\$ 4,624

The following is a summary of our total discontinued operations (dollars in thousands):

	Three months ended 9/30/06	Three months ended 9/30/05	Nine months ended 9/30/06	Nine months ended 9/30/05
Income from discontinued operations:				
Real estate acquired for resale by Crest	\$ 99	\$ 566	\$ 1,515	\$ 1,695
Real estate held for investment	844	493	3,324	4,624
Income from discontinued operations	\$ 943	\$ 1,059	\$ 4,839	\$ 6,319
Per common share, basic and diluted	\$ 0.01	\$ 0.01	\$ 0.06	\$ 0.08

11. Distributions Paid and Payable

A. We pay monthly distributions to our common stockholders. The following is a summary of the monthly cash distributions per common share paid during the first nine months of 2006 and 2005:

Month	2006	2005
January	\$ 0.116250	\$ 0.110000
February	0.116250	0.110000
March	0.116250	0.110000
April	0.116875	0.110625
May	0.116875	0.110625
June	0.116875	0.110625
July	0.117500	0.111250
August	0.117500	0.111250
September	0.125250	0.115000
Total	\$ 1.059625	\$ 0.999375

At September 30, 2006, a distribution of \$0.125875 per common share was payable and was paid on October 16, 2006.

B. In May 2004 and October 2004, in aggregate, we issued a total of 5.1 million shares of 7-3/8% Monthly Income Class D preferred stock. Beginning May 27, 2009, the Class D preferred shares are redeemable at our option for \$25.00 per share. During the first nine months of 2006 and 2005, we paid nine monthly dividends to holders of our Class D preferred stock of \$0.1536459 per share, totaling \$7.1 million.

12. Net Income per Common Share

Basic net income per common share is computed by dividing net income available to common stockholders by the weighted average number of common shares outstanding during each period. Diluted net income per common share is computed by dividing net income available to common stockholders for the period by the number of common shares that would have been outstanding assuming the issuance of common shares for all potentially dilutive common shares outstanding during the reporting period.

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The following is a reconciliation of the denominator of basic net income per common share computation to the denominator of diluted net income per common share computation:

	Three months ended 9/30/06	Three months ended 9/30/05	Nine months ended 9/30/06	Nine months ended 9/30/05
Weighted average shares used for the basic net income per share computation	89,166,429	79,779,808	86,936,161	79,653,608
Incremental shares from share-based compensation	100,709	63,745	148,384	73,428
Adjusted weighted average shares used for diluted net income per share computation	89,267,138	79,843,553	87,084,545	79,727,036

No stock options were anti-dilutive for the three and nine months ended September 30, 2006 and 2005. We had nonvested shares from share-based compensation that were anti-dilutive of 243,325 and 243,725 for the three and nine months ended September 30, 2006, respectively. No nonvested shares were anti-dilutive for the three and nine months ended September 30, 2005.

13. Supplemental Disclosures of Cash Flow Information

Interest paid during the first nine months of 2006 was \$45.3 million and for the first nine months of 2005 was \$25.6 million.

Interest capitalized to properties under development in the first nine months of 2006 was \$1.9 million and in the first nine months of 2005 was \$1.2 million.

Income taxes paid by Realty Income and Crest in the first nine months of 2006 totaled \$606,000 and in the first nine months of 2005 totaled \$1.3 million.

The following non-cash investing and financing activities are included in the accompanying consolidated financial statements:

A. Stock based compensation for the first nine months of 2006 was \$2.3 million and for the first nine months of 2005 was \$1.6 million.

B. In 2006, we exchanged one of our properties for a different property that was leased to the same tenant. As part of this transaction, accumulated depreciation was reduced by \$67,000 and a gain of \$67,000 was recorded. The value of the property exchanged was \$900,000. This transaction had no impact to land and building and improvements.

C. In 2004, we recorded a loss of \$716,000 on one property to reduce its carrying value to zero. This loss was the result of a dispute with the original owner and tenant in their bankruptcy proceeding. Our title insurance company failed to timely record the deed on this property upon our original acquisition, which resulted in a claim by the bankruptcy trustee that Realty Income did not have legal title to the property. In the second quarter of 2006, this issue was resolved and we obtained title to the property. At that time we reinstated the original carrying value adjusted for depreciation on our balance sheet and recorded other revenue of \$716,000. We also reversed accrued liabilities and property expenses of \$133,000 associated with this property. As part of the settlement, these costs became the responsibility of the title insurance company.

D. Accrued costs on properties under development resulted in an increase in buildings and accounts payable of \$3.3 million in 2006 and \$2.5 million in 2005.

E. Distributions payable on our balance sheets is comprised of accruals for the following (dollars in thousands):

	9/30/06	12/31/05
Common stock distributions	\$ 11,813	\$ 9,729
Preferred stock dividends	\$ 392	\$ 392

14. Segment Information

We evaluate performance and make resource allocation decisions on an industry by industry basis. For financial reporting purposes, we have grouped our tenants into 30 industry and activity segments (including properties owned by Crest that are grouped together). All of the properties are incorporated into one of the applicable segments. Because almost all of our leases require the tenant to pay operating expenses, revenue is the only component of segment profit and loss we measure.

The following tables set forth certain information regarding the properties owned by us, classified according to the business of the respective tenants as of September 30, 2006 (dollars in thousands):

	Three months ended 9/30/06	Three months ended 9/30/05	Nine months ended 9/30/06	Nine months ended 9/30/05
Revenue				
Segment rental revenue:				
Automotive parts	\$ 1,621	\$ 1,623	\$ 4,919	\$ 4,929
Automotive service	5,283	3,715	12,659	11,067
Automotive tire services	3,473	3,467	10,418	10,641
Child care	6,256	6,230	18,555	18,494
Convenience stores	9,572	9,416	28,672	27,177
Drug stores	1,787	1,628	5,043	3,964
Health and fitness	2,647	1,854	7,452	5,437
Home furnishings	1,881	1,806	5,557	5,532
Home improvement	1,741	532	5,158	1,591
Motor vehicle dealerships	2,112	1,246	5,870	3,494
Restaurants	5,755	4,440	16,173	12,794
Sporting goods	1,687	1,687	5,060	5,060
Theaters	5,574	1,645	16,497	4,834
17 non-reportable segments (1)	9,673	9,462	27,862	27,234
Other revenue	245	136	1,097	308
Total revenue	\$ 59,307	\$ 48,887	\$ 170,992	\$ 142,556

(1) Crest's revenues appear in income from discontinued operations, real estate acquired for resale by Crest.

Assets, as of:	September 30, 2006	December 31, 2005
Segment net real estate:		
Automotive parts	\$ 38,072	\$ 39,550
Automotive service	103,402	106,602
Automotive tire services	126,489	129,314
Child care	97,397	101,826
Convenience stores	337,064	342,404
Drug stores	78,964	65,846
Health and fitness	99,942	87,426
Home furnishings	54,842	56,218
Home improvement	71,996	17,846
Motor vehicle dealerships	103,575	71,035
Restaurants	238,507	166,231
Sporting goods	56,696	57,913
Theaters	265,368	250,214
17 other non-reportable segments	323,840	309,621
Total segment net real estate	1,996,154	1,802,046
Other intangible assets Drug stores	8,009	8,489
Other intangible assets Theaters	2,877	1,419
Other corporate assets	153,150	109,034
Total assets	\$ 2,160,190	\$ 1,920,988

15. Common Stock Incentive Plan

Effective January 1, 2002, we adopted the fair value recognition provisions of FASB Statement No. 123, *Accounting for Stock-Based Compensation*, and starting January 1, 2002 expensed costs for all stock option awards granted, modified, or settled. Stock option awards under the plan vest over periods ranging from one to five years.

Effective January 1, 2006, we adopted FASB Statement No. 123R, *Share-Based Payments*. Statement No. 123R requires companies to recognize in the income statement the grant-date fair value of stock options and other equity-based compensation issued to employees.

In 2003, our Board of Directors adopted, and stockholders approved, the 2003 Incentive Award Plan of Realty Income Corporation (the Stock Plan) to enable us to attract and retain the services of directors, employees and consultants, considered essential to our long-term success, by offering them an opportunity to own stock in Realty Income and/or rights that will reflect our growth, development and financial success. The Stock Plan was amended and restated by our Board of Directors on February 21, 2006. Under the terms of this plan, the aggregate number of shares of our common stock subject to options, stock purchase rights (SPR), stock appreciation rights (SAR) and other awards will be no more than 3,428,000 shares. The maximum number of shares that may be subject to options, stock purchase rights, stock appreciation rights and other awards granted under the plan to any individual in any calendar year may not exceed 1,600,000 shares. This plan has a term of 10 years from the date it was adopted by our Board of Directors, which was March 12, 2003. To date, we have not issued any SPR or SAR.

The amount of share-based compensation costs charged against income during the third quarter of 2006 were \$654,000, during the third quarter of 2005 were \$546,000, during the first nine months of 2006 were \$2.3 million and during the first nine months of 2005 were \$1.6 million.

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Stock options were granted with an exercise price equal to the underlying stock's fair market value at the date of grant. Stock options expire ten years from the date they were granted and vest over service periods of one, three, four and five years. No stock options were granted in 2006 or 2005.

The following table summarizes our stock option activity:

	For the nine months ended Sept. 30, 2006		For the year ended December 31, 2005	
	Number of Shares	Weighted Average Exercise Price	Number of Shares	Weighted Average Exercise Price
Outstanding, beginning of year	135,348	\$ 13.02	176,130	\$ 13.01
Options exercised	(26,772)	12.75	(40,352)	12.93
Options forfeited			(430)	14.70
Outstanding, end of each period	108,576	\$ 13.09	135,348	\$ 13.02

At September 30, 2006, the options outstanding had exercise prices ranging from \$10.63 to \$14.70, with a weighted average price of \$13.09 and expiration dates ranging from June 2007 to December 2011 with a weighted average remaining term of 2.8 years. At September 30, 2006, there were 106,183 options exercisable with exercise prices ranging from \$10.63 to \$14.70 and a weighted average price of \$13.05. Options exercisable at December 31, 2005 totaled 119,924.

The following table summarizes our common stock grant activity under our Stock Plan for 2006 and 2005. The grants vest over periods ranging from immediately to 10 years.

	For the nine months ended September 30, 2006		For the year ended December 31, 2005	
	Number of Shares	Weighted Average Price (1)	Number of Shares	Weighted Average Price (1)
Outstanding nonvested shares, beginning of year	788,722	\$ 17.83	626,868	\$ 14.98
Shares granted	210,132	21.71	306,241	25.20
Shares vested	(211,734)	20.39	(92,811)	16.69
Shares forfeited	(1,748)	20.80	(51,576)	17.31
Outstanding nonvested shares, end of each period	785,372	\$ 20.76	788,722	\$ 17.83

(1) Grant date fair value.

During the first nine months of 2006, we issued 210,132 shares of common stock under the Stock Plan. These shares vest over the following service periods: 16,000 vested upon issuance, 4,000 vest over a service period of one year, 4,000 vest over a service period of four years, 15,000 vest over a service period of five years and 171,132 vest over a service period of 10 years.

As of September 30, 2006, the remaining unamortized stock compensation expense totaled \$16.3 million, which is being amortized over the service period of each applicable award. The amount of deferred stock compensation is based on the fair value of the stock at the grant date. We define the grant date as the date the recipient and the Company have a mutual understanding of the key terms and condition of the award and the recipient of the grant begins to benefit from, or be adversely affected by subsequent changes in the price of the shares.

16. Commitments and Contingencies

In the ordinary course of business, we are party to various legal actions which we believe are routine in nature and incidental to the operation of our business. We believe that the outcome of the proceedings will not have a material adverse effect upon our consolidated financial statements taken as a whole.

At September 30, 2006, we have committed to pay estimated unfunded development costs of \$25.5 million on properties under development. In addition, we have contingent payments for tenant improvements and leasing costs of \$804,000 as well as a \$6 million commitment to fund the construction costs of two buildings, which are not currently under construction, and construction is dependent upon the tenant's commitment to build the buildings prior to September 30, 2007.

17. Subsequent Events

In October 2006, we issued 6.0 million shares of common stock at a price of \$26.40 per share. The net proceeds of approximately \$150.7 million were used to fund a portion of the purchase price of the Buffets/Ryan's properties on November 1, 2006.

On November 1, 2006, Realty Income and Crest acquired 144 Buffets/Ryan's restaurant properties for approximately \$349 million. The properties are leased under 20-year, triple-net lease agreements. These properties were acquired subsequent to a merger between Buffets, Inc. and Ryan's Restaurant Group. This acquisition was funded with cash and cash equivalents held at September 30, 2006, proceeds from our October 2006 stock offering and borrowings under our credit facility. At September 30, 2006, we had committed to acquire these 144 restaurant properties.

Item 2. Management's Discussion and Analysis of Financial Condition and Results of Operations

FORWARD-LOOKING STATEMENTS

This quarterly report on Form 10-Q, including documents incorporated by reference, contains forward-looking statements within the meaning of Section 27A of the Securities Act and Section 21E of the Exchange Act. When used in this quarterly report, the words "estimated", "anticipated", "expect", "believe", "intend" and similar expressions are intended to identify forward-looking statements. Forward-looking statements are subject to risks, uncertainties, and assumptions about Realty Income Corporation, including, among other things:

- Our anticipated growth strategies;
- Our intention to acquire additional properties and the timing of these acquisitions;
- Our intention to sell properties and the timing of these property sales;
- Our intention to re-lease vacant properties;
- Anticipated trends in our business, including trends in the market for long-term net-leases of freestanding, single-tenant retail properties;
- Future expenditures for development projects; and
- Profitability of our subsidiary, Crest Net Lease, Inc.

Future events and actual results, financial and otherwise, may differ materially from the results discussed in the forward-looking statements. In particular, some of the factors that could cause actual results to differ materially are:

- Our continued qualification as a real estate investment trust;
- General business and economic conditions;
- Competition;
- Fluctuating interest rates;
- Access to debt and equity capital markets;
- Other risks inherent in the real estate business including tenant defaults, potential liability relating to environmental matters, illiquidity of real estate investments, and potential damages from natural disasters;
- Impairments in the value of our real estate assets;
- Changes in the tax laws of the United States of America;
- The outcome of any legal proceedings to which we are a party; and
- Acts of terrorism and war.

Additional factors that may cause risks and uncertainties include those discussed in the sections entitled *Business*, *Risk Factors* and *Management's Discussion and Analysis of Financial Condition and Results of Operations* in our Annual Report on Form 10-K for the fiscal year ended December 31, 2005.

Readers are cautioned not to place undue reliance on forward-looking statements, which speak only as of the date that this quarterly report was filed with the Securities and Exchange Commission, or SEC. We undertake no obligation to publicly release the results of any revisions to these forward-looking statements that may be made to reflect events or circumstances after the date of this quarterly report or to reflect the occurrence of unanticipated events. In light of these risks and uncertainties, the forward-looking events discussed in this quarterly report might not occur.

THE COMPANY

Realty Income Corporation, The Monthly Dividend Company®, is a Maryland corporation organized to operate as an equity real estate investment trust, or REIT. Our primary business objective is to generate dependable monthly cash distributions from a consistent and predictable level of funds from operations, or FFO per share. The monthly distributions are supported by the cash flow from our portfolio of retail properties leased to regional and national retail chains. We have in-house acquisition, leasing, legal, retail research, real estate research, portfolio management and capital markets expertise. Over the past 37 years, Realty Income and its predecessors have been acquiring and owning freestanding retail properties that generate rental revenue under long-term lease agreements (primarily 15- to 20-years).

In addition, we seek to increase distributions to stockholders and FFO per share through both active portfolio management and the acquisition of additional properties. Our portfolio management focus includes:

- Contractual rent increases on existing leases;
- Rent increases at the termination of existing leases when market conditions permit; and
- The active management of our property portfolio, including re-leasing vacant properties and selective sales of properties.

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In acquiring additional properties, we adhere to a focused strategy of primarily acquiring properties that are:

- Freestanding, single-tenant, retail locations;
- Leased to regional and national retail chains; and
- Leased under long-term, net-lease agreements.

At September 30, 2006, we owned a diversified portfolio:

- Of 1,766 retail properties;
- With an occupancy rate of 98.8%, or 1,745 properties occupied of the 1,766 properties in the portfolio;
- Leased to 101 different retail chains doing business in 29 separate retail industries;
- Located in 48 states;
- With over 15.0 million square feet of leasable space; and
- With an average leasable retail space per property of approximately 8,500 square feet.

Of the 1,766 properties in the portfolio, 1,759, or 99.6%, are single-tenant, retail properties and the remaining seven are multi-tenant, distribution and office properties. At September 30, 2006, 1,739, or 98.9%, of the 1,759 single-tenant properties were leased with a weighted average remaining lease term (excluding extension options) of approximately 12.2 years.

In addition, at September 30, 2006, our wholly-owned taxable REIT subsidiary, Crest Net Lease, Inc. (Crest) had invested \$40.3 million in 13 properties, which are classified as held for sale. Crest was created to buy, own and sell properties, primarily to individual investors, many of whom are involved in tax-deferred exchanges under Section 1031 of the Internal Revenue Code of 1986, as amended (the Tax Code).

We typically acquire retail properties under long-term leases with retail chain store operators. These transactions generally provide capital to owners of retail real estate and retail chains for expansion or other corporate purposes. Our acquisition and investment activities are concentrated in well-defined target markets and generally focus on retail chains providing goods and services that satisfy basic consumer needs.

Our net-lease agreements generally:

- Are for initial terms of 15 to 20 years;
- Require the tenant to pay minimum monthly rents and property operating expenses (taxes, insurance and maintenance); and
- Provide for future rent increases (typically subject to ceilings) based on increases in the consumer price index, fixed increases, or to a lesser degree, additional rent calculated as a percentage of the tenants gross sales above a specified level.

Investment Philosophy

We believe that owning an actively managed, diversified portfolio of retail properties under long-term, net leases produces consistent and predictable income. Under a net-lease agreement, the tenant agrees to pay monthly rent and property operating expenses (taxes, maintenance and insurance) plus, typically, future rent increases (generally subject to ceilings) based on increases in the consumer price index, fixed increases, or to a lesser degree, additional rent calculated as a percentage of the tenants gross sales above a specified level. We believe that a portfolio of properties owned under long-term leases, coupled with the tenant s responsibility for property expenses, generally produces a more predictable income stream than many other types of real estate portfolios, while continuing to offer the potential for growth in rental income.

Credit Strategy

We generally provide sale-leaseback financing to less than investment grade retail chains. We typically acquire and lease back properties to regional and national retail chains and believe that within this market we can achieve an attractive risk-adjusted return on the financing we provide to retailers. Since 1970, our overall weighted average occupancy rate at the end of each year has been 98.5%, and the occupancy rate at the end of each year has never been below 97.5%.

Acquisition Strategy

We seek to invest in industries in which several, well-organized, regional and national chains are capturing market share through service, quality control, economies of scale, advertising and the selection of prime retail locations. We execute our acquisition strategy by acting as a source of capital to regional and national retail chain store owners and operators, doing business in a variety of industries, by acquiring and leasing back retail store locations. We undertake thorough research and analysis to identify appropriate industries, tenants and property locations for investment. Our research expertise is instrumental to uncovering net-lease opportunities in markets where our real estate financing program adds value. In selecting real estate for potential investment, we generally seek to acquire properties that have the following characteristics:

- Freestanding, commercially-zoned property with a single tenant;
- Properties that are important retail locations for regional and national retail chains;
- Properties that are located within attractive demographic areas relative to the businesses of our tenants;
- Properties with high visibility and easy access to major thoroughfares; and
- Properties that can be purchased with the simultaneous execution or assumption of long-term, net-lease agreements, offering both current income and the potential for rent increases.

RECENT DEVELOPMENTS

Redemption of 2007 Notes

In September 2006, we redeemed all of our outstanding \$110 million 7-³/₄% unsecured notes due May 2007 (the 2007 Notes). The 2007 Notes were redeemed at a redemption price equal to 100% of the principal amount of the 2007 Notes, plus accrued and unpaid interest of \$3.2 million, as well as a make-whole payment of \$1.6 million. We recorded a loss on extinguishment of debt related to the make-whole payment associated with the 2007 Notes. The make-whole payment represented approximately \$0.017 per diluted share during the third quarter of 2006.

Issuance of 10-Year Senior Unsecured Notes

In September 2006, we issued \$275 million in aggregate principal amount of 5.95% senior unsecured notes due 2016 (the 2016 Notes). The price to the investor for the 2016 Notes was 99.74% of the principal amount for an effective yield of 5.985%. The net proceeds of approximately \$272.0 million from this offering were used to redeem the 2007 Notes and for other corporate purposes. Interest on the 2016 Notes is paid semiannually.

Issuances of Common Stock

In October 2006, we issued 6.0 million shares of common stock at a price of \$26.40 per share. The net proceeds of approximately \$150.7 million were used to fund a portion of the purchase price of the Buffets/Ryan's properties. See the section below for a discussion regarding the acquisition of \$349 million of Buffets/Ryan's restaurants.

In September 2006, we issued 4.715 million shares of common stock at a price of \$24.32 per share. The net proceeds of approximately \$109.1 million from this offering were used to fund new property acquisitions, repay borrowings under our credit facility and for other general corporate purposes.

In March 2006, we issued 5.2 million shares of common stock at a price of \$24.39 per share. The net proceeds of approximately \$120.5 million were used to fund new property acquisitions and for other general corporate purposes.

Acquisition of \$349 million of Buffets/Ryan's restaurants on November 1, 2006

On November 1, 2006, Realty Income and Crest acquired 144 Buffets/Ryan's restaurant properties for approximately \$349 million. The properties are leased under 20-year, triple-net lease agreements. These properties were acquired subsequent to a merger between Buffets, Inc. and Ryan's Restaurant Group. This acquisition was funded with cash and cash equivalents held at September 30, 2006, proceeds from our October 2006 stock offering and borrowings under our credit facility.

Of the 144 restaurant properties, 116 were acquired by Realty Income and 28 were acquired by Crest. The restaurants have, on average, approximately 10,300 leasable square feet and are situated on an average lot size of approximately 2.86 acres. In general, the properties are existing locations that, on average, have been operating for 11 years.

Pizza Hut Acquisition

On August 25, 2006, we announced in a press release that we had entered into an agreement to acquire a portfolio of 89 Pizza Hut properties for \$59 million from NPC international, Inc. and an additional 11-unit portfolio. Through September 30, 2006 we had acquired 75 Pizza Hut properties for approximately \$49.6 million.

Credit Ratings Upgrade

In February 2006, Moody's Investors Service, Inc. affirmed its ratings on our senior unsecured debt rating of Baa2 and our preferred stock rating of Baa3 and raised the outlook to positive from stable.

Acquisitions During the Third Quarter of 2006

During the third quarter of 2006, Realty Income and Crest invested \$104.2 million, in aggregate, in 87 new properties and properties under development. These 87 properties are located in 18 states and are 100% leased with an initial average lease term of 11.1 years. As described below, Realty Income acquired 85 properties and Crest acquired two properties.

Included in the \$104.2 million is \$103.0 million invested by Realty Income in 85 new properties and properties under development, with an initial weighted average contractual lease rate of 8.6%. These 85 properties are located in 18 states, are 100% leased with an initial average lease term of 11.2 years and will contain over 471,000 leasable square feet. The 85 new properties acquired by Realty Income are net-leased to eight different retail chains in the following seven industries: convenience store, drug store, general merchandise, health and fitness, motor vehicle dealership, restaurant, and theater.

Also included in the \$104.2 million is \$1.2 million invested by Crest in two new restaurant properties.

Acquisitions During the First Nine Months of 2006

During the first nine months of 2006, Realty Income and Crest invested \$259.1 million, in aggregate, in 138 new properties and properties under development. These 138 properties are located in 24 states and are 100% leased with an initial average lease term of 13.7 years. As described below, Realty Income acquired 133 properties and Crest acquired five properties.

Included in the \$259.1 million is \$249.2 million invested by Realty Income in 133 new properties and properties under development, with an initial weighted average contractual lease rate of 8.7%. These 133 properties are located in 24 states, are 100% leased with an initial average lease term of 13.6 years and will contain over 1.6 million leasable square feet. The 133 new properties acquired by Realty Income are net-leased to 13 different retail chains in the following ten industries: automotive collision services, convenience store, drug store, general merchandise, health and fitness, home improvement, motor vehicle dealership, private education, restaurant, and theater.

Also included in the \$259.1 million is \$9.9 million invested by Crest in five new retail properties.

At September 30, 2006, Realty Income had invested \$55.9 million in 10 properties that were leased and under contract for development by the tenant (with development costs funded by Realty Income). Rent on these properties is scheduled to begin at various times during the next twelve months. At September 30, 2006, we had outstanding commitments to pay estimated unfunded development costs totaling \$25.5 million.

Investments in Existing Properties

In the third quarter of 2006, we capitalized costs of \$323,000 on existing properties in our portfolio, consisting of \$247,000 for re-leasing costs and \$76,000 for building improvements.

In the first nine months of 2006, we capitalized costs of \$561,000 on existing properties in our portfolio, consisting of \$382,000 for re-leasing costs and \$179,000 for building improvements.

Net Income Available to Common Stockholders

Net income available to common stockholders was \$24.2 million in the third quarter of 2006 versus \$20.8 million in the same quarter of 2005, an increase of \$3.4 million. On a diluted per common share basis, net income was \$0.27 per share in the third quarter of 2006 compared to \$0.26 in the third quarter of 2005.

Net income available to common stockholders was \$71.0 million in the first nine months of 2006 versus \$64.2 million in the same period of 2005, an increase of \$6.8 million. On a diluted per common share basis, net income was \$0.82 per share in the third quarter of 2006 compared to \$0.81 in the first nine months of 2005.

The calculation to determine net income available to common stockholders includes gains from the sale of properties. The amount of gains varies from period to period based on the timing of property sales and can significantly impact net income available to common stockholders.

The gain recognized from the sales of investment properties during the third quarter of 2006 was \$843,000 as compared to \$303,000 million for the third quarter of 2005. The gain recognized from the sales of investment properties during the first nine months of 2006 was \$3.0 million as compared to \$3.8 million for the first nine months of 2005.

Funds from Operations (FFO)

In the third quarter of 2006, our FFO increased by \$6.3 million, or 19.9%, to \$38.0 million versus \$31.7 million in the third quarter of 2005. On a diluted per common share basis, FFO was \$0.43 in the third quarter of 2006 compared to \$0.40 for the third quarter of 2005, an increase of \$0.03, or 7.5%.

In the first nine months of 2006, our FFO increased by \$17.1 million, or 18.2%, to \$110.9 million versus \$93.8 million in the first nine months of 2005. On a diluted per common share basis, FFO was \$1.27 in the first nine months of 2006 compared to \$1.18 for the first nine months of 2005, an increase of \$0.09, or 7.6%.

See our discussion of FFO later in this section for a reconciliation of net income available to common stockholders to FFO.

Crest Property Sales

During the third quarter of 2006, Crest sold four properties from its inventory for an aggregate of \$6.6 million, which resulted in a gain of \$313,000. Crest's gains are included in income from discontinued operations, real estate acquired for resale by Crest.

During the first nine months of 2006, Crest sold nine properties from its inventory for an aggregate of \$16.8 million, which resulted in a gain of \$1.7 million.

Crest Property Inventory

Crest's property inventory at September 30, 2006 totaled \$40.3 million and at December 31, 2005 totaled \$45.7 million.

Increases in Monthly Distributions to Common Stockholders

We continue our 37-year policy of paying distributions monthly. Monthly distributions per share were increased in April 2006 by \$0.000625 to \$0.116875, in July 2006 by \$0.000625 to \$0.1175, in September 2006 by \$0.00775 to \$0.12525 and in October by \$0.000625 to \$0.125875. The increase in October 2006 was our 36th consecutive quarterly increase and the 41st increase in the amount of our dividend since our listing on the NYSE in 1994. In the first nine months of 2006, we paid three monthly cash distributions per share in the amount of \$0.11625, three in the amount of \$0.116875, two in the amount of \$0.1175 and one in the amount of \$0.12525, totaling \$1.059625. In September 2006 and October 2006, we declared distributions of \$0.125875 per share, which were paid on October 16, 2006 and will be paid on November 15, 2006, respectively.

The monthly distribution of \$0.125875 per share represents a current annualized distribution of \$1.5105 per share, and an annualized distribution yield of approximately 5.7% based on the last reported sale price of our common stock on the NYSE of \$26.40 on October 31, 2006. Although we expect to continue our policy of paying monthly distributions, we cannot guarantee that we will maintain the current level of distributions that we will continue our pattern of increasing distributions per share, or what the actual distribution yield will be in any future period.

LIQUIDITY AND CAPITAL RESOURCES

Cash Reserves

Realty Income is organized to operate as an equity REIT that acquires and leases properties and distributes to stockholders, in the form of monthly cash distributions, a substantial portion of its net cash flow generated from leases on its retail properties. We intend to retain an appropriate amount of cash as working capital. At September 30, 2006, we had cash and cash equivalents totaling \$113.4 million.

We believe that our cash and cash equivalents on hand, cash provided from operating activities and borrowing capacity is sufficient to meet our liquidity needs for the foreseeable future. We intend, however, to use additional sources of capital to fund property acquisitions and to repay our credit facility.

\$300 Million Acquisition Credit Facility

We have a \$300 million revolving, unsecured credit facility that expires in October 2008. Realty Income's current investment grade credit ratings provide for financing under the credit facility at the London Interbank Offered Rate, commonly referred to as LIBOR, plus 65 basis points with a facility fee of 15 basis points, for all-in drawn pricing of 80 basis points over LIBOR. At October 31, 2006, we had borrowing capacity of \$192.0 million available on our credit facility and an outstanding balance of \$108.0 million at an effective interest rate of 5.97%.

The credit facility is expected to be used to acquire additional retail properties and for other corporate purposes. Any additional borrowings will increase our exposure to interest rate risk. We have the right to request an increase in the borrowing capacity of the credit facility by up to \$100 million, to a total borrowing capacity of \$400 million. Any increase in the borrowing capacity is subject to approval by the lending banks of our credit facility.

Mortgage Debt

We have no mortgage debt on any of our properties.

Universal Shelf Registration

In April 2006, we filed a shelf registration statement with the SEC, which will be effective for a term of three years. In accordance with the SEC rules, the amount of securities to be issued pursuant to this shelf registration statement was not specified when it was filed. The securities covered by this registration statement include common stock, preferred stock, debt securities, or any combination of such securities. Realty Income may periodically offer one or more of these securities in amounts, prices and on terms to be announced when and if the securities are offered. The specifics of any future offerings, along with the use of proceeds of any securities offered, will be described in detail in a prospectus supplement, or other offering materials, at the time of any offering. As such, there is no specific limit to the dollar amount of new securities that can be issued under this new shelf registration before it expires in April 2009.

The Common stock issued in September 2006 and October 2006 and the 2016 Notes issued in September 2006 were issued pursuant to the universal shelf registration statement.

Conservative Capital Structure

We believe that our stockholders are best served by a conservative capital structure. Therefore, we seek to maintain a conservative debt level on our balance sheet and solid interest and fixed charge coverage ratios. At October 31, 2006, our total outstanding credit facility borrowings and outstanding notes were \$920.0 million or approximately 27.1% of our total market capitalization of \$3.79 billion. We define our total market capitalization at October 31, 2006 as the sum of:

- Shares of our common stock outstanding of 99,846,289 multiplied by the last reported sales price of our common stock on the NYSE of \$26.40 per share, or \$2.64 billion;
- Aggregate liquidation value of the Class D preferred stock of \$127.5 million;
- Outstanding borrowings of \$108 million on our credit facility; and
- Outstanding notes of \$920 million.

Historically, we have met our long-term capital needs through the issuance of common stock, preferred stock and long-term unsecured notes and bonds. Over the long term, we believe that the majority of our future securities issuances should be in the form of common stock, however, we may issue additional preferred stock or debt securities from time to time. We may issue common stock when we believe that our share price is at a level that allows for the proceeds of any offering to be accretively invested into additional properties. In addition, we may issue common stock to permanently finance properties that were financed by our credit facility or debt securities. However, we cannot assure you that we will have access to the capital markets at terms that are acceptable to us.

Credit Agency Ratings

We are currently assigned investment grade corporate credit ratings on our senior unsecured notes from Fitch Ratings, Moody's Investors Service, Inc. and Standard & Poor's Ratings Group. Currently, Fitch Ratings has assigned a rating of BBB+, Moody's has assigned a rating of Baa2 and Standard & Poor's has assigned a rating of BBB to our senior notes. Moody's rating has a positive outlook and the other ratings have a stable outlook.

We have also been assigned investment grade credit ratings from the same rating agencies on our preferred stock. Fitch Ratings has assigned a rating of BBB, Moody's has assigned a rating of Baa3 and Standard & Poor's has assigned a rating of BBB- to our preferred stock. Moody's rating has a positive outlook and the other ratings have a stable outlook.

The credit ratings assigned to us could change based upon, among other things, our results of operations and financial condition.

Notes Outstanding

In September 2006, we issued \$275 million of 5.95%, 10-year, senior unsecured notes due 2016. Interest on these notes is paid semiannually.

In September 2005, we issued \$175 million of 5-3/8%, 12-year, senior unsecured notes due 2017. Interest on these notes is paid semiannually.

In March 2005, we issued \$100 million of 5-7/8%, 30-year, senior unsecured bonds due 2035. Interest on these bonds is paid semiannually.

In November 2003, we issued \$150 million of 5-1/2%, 12-year, senior unsecured notes due 2015 (the 2015 Notes). Interest on the 2015 Notes is paid semiannually.

In March 2003, we issued \$100 million of 5-3/8%, 10-year, senior unsecured notes due 2013 (the 2013 Notes). Interest on the 2013 Notes is paid semiannually.

In January 1999, we issued \$20 million of 8% senior unsecured notes due 2009 (the 2009 Notes). Interest on the 2009 Notes is payable semiannually.

In October 1998, we issued \$100 million of 8-1/4% Monthly Income Senior Notes due 2008 (the 2008 Notes). Interest on the 2008 Notes is payable monthly. The 2008 Notes are unsecured.

All of these notes contain various covenants, including: (i) a limitation on incurrence of any debt which would cause our debt to total adjusted assets ratio to exceed 60%; (ii) a limitation on incurrence of any secured debt which would cause our secured debt to total adjusted assets ratio to exceed 40%; (iii) a limitation on incurrence of any debt which would cause our debt service coverage ratio to be less than 1.5 times; and (iv) the maintenance at all times of total unencumbered assets not less than 150% of our outstanding unsecured debt. We have been in compliance with these covenants since each of the notes were issued.

The following is a summary of the key financial covenants of our senior unsecured notes. The actual amounts are as of September 30, 2006.

Note Covenants	Required	Actual
Limitation on Incurrence of Total Debt	≤ 60%	36.7%
Limitation on Incurrence of Secured Debt	≤ 40%	0.0%
Debt Service Coverage	≥ 1.5 x	3.9 x
Maintenance of Total Unencumbered Assets	≥ 150% of Unsecured Debt	273%

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All of our outstanding notes and bonds have fixed interest rates. Our credit facility interest rate is variable.

Table of Obligations

The following table summarizes the maturity of each of our obligations as of September 30, 2006 (dollars in millions):

Year of Maturity	Credit Facility (1)	Notes	Interest (2)	Other (3)	Totals
2006	\$	\$	\$ 13.8	\$ 26.3	\$ 40.1
2007			55.1		55.1
2008		100.0	54.1		154.1
2009		20.0	45.3		65.3
2010			45.3		45.3
Thereafter		800.0	350.7		1,150.7
Totals	\$	\$ 920.0	\$ 564.3	\$ 26.3	\$ 1,510.6

(1) The credit facility balance on at October 31, 2006 was \$108 million.

(2) Interest on credit facility and notes has been calculated based on outstanding balances as of September 30, 2006 through their respective maturity dates.

(3) Other consists of a \$25.5 million of estimated unfunded costs on properties under development and \$804,000 of contingent payments for tenant improvements and leasing costs.

Our credit facility and note obligations are unsecured. Accordingly, we have not pledged any assets as collateral for these obligations.

Preferred Stock Outstanding

In May and October 2004, we issued an aggregate of 5.1 million shares of 7.375% Class D cumulative redeemable preferred stock. Beginning May 27, 2009, shares of Class D preferred stock are redeemable at our option for \$25.00 per share, plus any accrued and unpaid dividends. Dividends on shares of Class D preferred are paid monthly in arrears.

No Off-Balance Sheet Arrangements or Unconsolidated Investments

Realty Income and its subsidiaries have no unconsolidated or off-balance sheet investments in variable interest entities or off-balance sheet financing, nor do we engage in trading activities involving energy or commodity contracts or other derivative instruments.

As we have no joint ventures, off-balance sheet entities, or mandatory redeemable preferred stock, our financial position or results of operations are currently not affected by Financial Accounting Standard Board Interpretation No. 46R, *Consolidation of Variable Interest Entities* and Statement of Financial Accounting Standard No. 150, *Accounting for Certain Financial Instruments with Characteristics of both Liabilities and Equity*.

Distributions

Distributions are paid monthly to our common stockholders and Class D preferred stockholders if, and when declared by our Board of Directors.

In order to maintain our tax status as a REIT for federal income tax purposes, we generally are required to distribute dividends to our stockholders aggregating annually at least 90% of our REIT taxable income (determined without regard to the dividends paid deduction and by excluding net capital gains) and we are subject to income tax to the extent we distribute less than 100% of our REIT taxable income (including net capital gains). In 2005, our cash distributions totaled \$118.0 million, or approximately 113.2% of our estimated REIT taxable income of \$104.2 million. Our estimated REIT taxable income reflects non-cash deductions for depreciation and amortization. We intend to continue to make distributions to our stockholders that are sufficient to meet this distribution requirement and that will reduce our exposure to income taxes. Our 2005 cash distributions to common stockholders totaled \$108.6 million, representing

83.8% of our funds from operations available to common stockholders of \$129.6 million.

The Class D preferred stockholders receive cumulative distributions at a rate of 7.375% per annum on the \$25 per share liquidation preference (equivalent to \$1.84375 per annum per share).

Future distributions will be at the discretion of our Board of Directors and will depend on, among other things, our results of operations, FFO, cash flow from operations, financial condition and capital requirements, the annual distribution requirements under the REIT provisions of the Tax Code, our debt service requirements and any other factors the Board of Directors may deem relevant. In addition, our credit facility contains financial covenants that could limit the amount of distributions payable by us in the event of a deterioration in our results of operations or financial condition, and which prohibit the payment of distributions on the common or preferred stock in the event that we fail to pay when due (subject to any applicable grace period) any principal or interest on borrowings under our credit facility.

Distributions of our current and accumulated earnings and profits for federal income tax purposes, generally will be taxable to stockholders as ordinary income, except to the extent that we recognize capital gains and declare a capital gains dividend or that such amounts constitute qualified dividend income subject to a reduced rate of tax. The maximum tax rate of non-corporate taxpayers for qualified dividend income has generally been reduced to 15% (for taxable years beginning after December 31, 2002). In general, dividends payable by REITs are not eligible for the reduced tax rate on corporate dividends, except to the extent the REIT's dividends are attributable to dividends received from taxable corporations (such as our taxable REIT subsidiary, Crest), to income that was subject to tax at the corporate or REIT level (for example, if we distribute taxable income that we retained and paid tax on in the prior taxable year) or, as discussed above, dividends properly designated by us as capital gain dividends. Distributions in excess of earnings and profits generally will be treated as a non-taxable reduction in the stockholders basis in the stock. Distributions above that basis, generally, will be taxable as a capital gain. Approximately 10.1% of the distributions, made or deemed to have been made in 2005, to our common stockholders were classified as a return of capital for federal income tax purposes. We are unable to predict the portion of future distributions that may be classified as a return of capital.

RESULTS OF OPERATIONS

Critical Accounting Policies

Our consolidated financial statements have been prepared in accordance with U.S. generally accepted accounting principles (GAAP). Our consolidated financial statements are the basis for our discussion and analysis of financial condition and results of operations. Preparing our consolidated financial statements requires us to make a number of estimates and assumptions that affect the reported amounts and disclosures in the consolidated financial statements. We believe that we have made these estimates and assumptions in an appropriate manner in a way that accurately reflects our financial condition. We continually test and evaluate these estimates and assumptions using our historical knowledge of the business, as well as other factors, to ensure that they are reasonable for reporting purposes. However, actual results may differ from these estimates and assumptions.

In order to prepare our consolidated financial statements according to the rules and guidelines set forth by GAAP, many subjective judgments must be made with regard to critical accounting policies. One of these judgments is our estimate for useful lives in determining depreciation expense for our properties. Depreciation of buildings and improvements is computed using the straight line method over an estimated useful life of 25 years. If we use a shorter or longer estimated useful life it could have a material impact on our results of operations. We believe that 25 years is an appropriate estimate of useful life. No depreciation has been recorded on Crest's properties because they are held for sale.

Another significant judgment must be made as to if, and when, impairment losses should be taken on our

properties when events or change in circumstances indicate that the carrying amount of the asset may not be recoverable. Generally, a provision is made for impairment loss if estimated future operating cash flows (undiscounted and without interest charges) plus estimated disposition proceeds (undiscounted) are less than the current book value. Impairment losses are measured as the amount by which the current book value of the asset exceeds the fair value of the asset. If a property is held for sale, it is carried at the lower of carrying cost or estimated fair value, less cost to sell. The carrying value of our real estate is the largest component of our consolidated balance sheet. If events should occur that require us to reduce the carrying value of our real estate by recording provisions for impairment losses, it could have a material impact on our results of operations.

The following is a comparison of our results of operations for the three and nine months ended September 30, 2006 to the three and nine months ended September 30, 2005.

Rental Revenue

Rental revenue was \$59.1 million for the third quarter of 2006 versus \$48.8 million for the third quarter of 2005, an increase of \$10.3 million, or 21.1%. The increase in rental revenue in the third quarter of 2006 is attributable to:

- The 133 retail properties acquired by Realty Income in 2006, which generated \$2.9 million in the third quarter;
- The 135 retail properties acquired by Realty Income in 2005, which generated \$8.3 million in the third quarter of 2006 compared to \$2.6 million in the third quarter of 2005, an increase of \$5.7 million;
- Same store rents generated on 1,430 properties during the third quarters of 2006 and 2005 increased by \$261,000, or 0.6%, to \$44.04 million from \$43.77 million. These properties were leased during all of both quarters;
- An increase in straight-line rent and other non-cash adjustments to rent of \$233,000 in the third quarter of 2006 as compared to the third quarter of 2005; and
- An increase of \$1.2 million relating to the aggregate of (i) development properties acquired before 2005 that started paying rent in 2005, (ii) properties that were vacant during part of 2006 or 2005 and (iii) lease termination settlements. These items totaled \$2.8 million in aggregate in the third quarter of 2006 compared to \$1.6 million in the same quarter of 2005.

Rental revenue was \$169.9 million for the first nine months of 2006 versus \$142.2 million for the first nine months of 2005, an increase of \$27.7 million, or 19.5%. The increase in rental revenue in the first nine months of 2006 is attributable to:

- The 133 retail properties acquired by Realty Income in 2006, which generated \$6.0 million in the first nine months of 2006;
- The 135 retail properties acquired by Realty Income in 2005, which generated \$24.3 million in the first nine months of 2006 compared to \$5.2 million in the first nine months of 2005, an increase of \$19.1 million;
- Same store rents generated on 1,430 properties during the first nine months of 2006 and 2005 increased by \$763,000, or 0.6%, to \$131.54 million from \$130.78 million. These properties were leased during all of both periods;
- A increase in straight-line rent and other non-cash adjustments to rent of \$139,000 in the first nine months of 2006 as compared to the first nine months of 2005; and
- An increase of \$1.8 million relating to the aggregate of (i) development properties acquired before 2005 that started paying rent in 2005, (ii) properties that were vacant during part of 2006 or 2005 and (iii) lease termination settlements. These items totaled \$5.1 million in aggregate in the first nine months of 2006 compared to \$3.3 million in the first nine months of 2005.

Of the 1,766 properties in the portfolio at September 30, 2006, 1,759, or 99.6%, are single-tenant properties and the remaining seven are multi-tenant properties. Of the 1,759 single-tenant properties, 1,739, or 98.9%, were net leased with a weighted average remaining lease term (excluding rights to

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extend a lease at the option of the tenant) of approximately 12.2 years at September 30, 2006. Of our 1,739 leased single-tenant properties, 1,545, or 88.8%, were under leases that provide for increases in rents through:

- Base rent increases tied to a consumer price index with adjustment ceilings;
- Fixed increases;
- To a lesser degree, overage rent based on a percentage of the tenants' gross sales; or
- A combination of two or more of the above rent provisions.

Percentage rent, which is included in rental revenue, was \$233,000 in the third quarter of 2006 and \$256,000 in the third quarter of 2005. Percentage rent was \$458,000 in the first nine months of 2006 and \$455,000 in the first nine months of 2005. Percentage rent in the third quarter and first nine months of 2006 was less than 1% of rental revenue and we anticipate percentage rent to be less than 1% of rental revenue in 2006.

Our portfolio of retail real estate, leased primarily to regional and national chains under net leases, continues to perform well and provides dependable lease revenue supporting the payment of monthly dividends to our stockholders. At September 30, 2006, our portfolio of 1,766 retail properties was 98.8% leased with 21 properties available for lease, one of which is a multi-tenant property.

As of October 31, 2006, transactions to lease or sell five of the 21 properties available for lease at September 30, 2006 were underway or completed. We anticipate these transactions will be completed during the next several months, although we cannot guarantee that all of these properties can be leased or sold within this period. It has been our experience that approximately 1% to 3% of our property portfolio will be unleased at any given time; however, we cannot assure you that the number of properties available for lease will not exceed these levels.

Interest Expense

Interest expense was \$2.3 million higher in the third quarter of 2006 than in the third quarter of 2005. Interest expense was \$8.6 million higher in the first nine months of 2006 than in the first nine months of 2005. Interest expense increased in 2006 primarily due to higher average outstanding balances, which was partially offset by slightly lower interest rates related to our fixed rate debt. We issued \$100 million of 30-year bonds in March 2005 and \$175 million of 12-year notes in September 2005, which contributed to the increase in average outstanding balances and slightly lower average interest rates on our debt.

The following is a summary of the components of our interest expense (dollars in thousands):

	Three months ended 9/30/06	Three months ended 9/30/05	Nine months ended 9/30/06	Nine months ended 9/30/05
Interest on our credit facility and notes	\$ 13,235	\$ 10,406	\$ 39,367	\$ 28,714
Interest included in discontinued operations from real estate acquired for resale by Crest	(711)	(320)	(2,175)	(630)
Amortization of settlements on treasury lock agreement	121	189	499	567
Credit facility commitment fees	114	127	342	380
Amortization of credit facility origination costs and deferred bond financing costs	552	439	1,494	1,286
Interest capitalized	(781)	(613)	(1,870)	(1,237)
Interest expense	\$ 12,530	\$ 10,228	\$ 37,657	\$ 29,080

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	Three months ended 9/30/06		Three months ended 9/30/05		Nine months ended 9/30/06		Nine months ended 9/30/05	
Credit facilities and notes outstanding								
Average outstanding balances (in thousands)	\$ 847,580		\$ 660,487		\$ 848,377		\$ 600,053	
Average interest rates	6.19	%	6.25	%	6.20	%	6.40	%

At October 31, 2006, the weighted average interest rate on our:

- Credit facility borrowings of \$108 million was 5.97%;
- Notes payable of \$920 million was 5.99%; and
- Combined outstanding credit facility and notes of \$1,028 million was 5.99%.

Interest Coverage Ratio

Our interest coverage ratio for the third quarter of 2006 was 4.1 times, and was 4.3 times for the third quarter of 2005. Our interest coverage ratio for the first nine months of 2006 was 4.0 times, and was 4.4 times for the first nine months of 2005. Interest coverage ratio is calculated as: the interest coverage amount (as calculated in the following table) divided by interest expense, including interest recorded to discontinued operations. We consider interest coverage ratio to be an appropriate supplemental measure of a company's ability to meet its interest expense obligations. Our calculation of interest coverage ratio may be different from the calculation used by other companies and, therefore, comparability may be limited. This information should not be considered as an alternative to any GAAP liquidity measures.

The following is a reconciliation of net cash provided by operating activities to our interest coverage amount (dollars in thousands):

	Three months ended 9/30/06		Three months ended 9/30/05		Nine months ended 9/30/06		Nine months ended 9/30/05	
Net cash provided by operating activities	\$ 43,085		\$ 12,919		\$ 127,842		\$ 70,255	
Interest expense	12,530		10,228		37,657		29,080	
Interest expense included in discontinued operations (1)	711		320		2,175		630	
Income taxes	96		202		558		603	
Income taxes included in discontinued operations (1)	18		195		471		650	
Investment in real estate acquired for resale (1)(2)	1,200		32,761		9,937		54,470	
Proceeds from sales of real estate acquired for resale (1)	(6,612)	)	(5,758)	)	(16,807)	)	(16,955))
Collection of a mortgage note receivable by Crest (1)					(1,333))		
Gain on sales of real estate acquired for resale (1)	313		713		1,739		2,361	
Amortization of deferred stock compensation	(648)	)	(542)	)	(2,280)	)	(1,627))
Amortization of stock option costs	(6)	)	(4)	)	(17)	)	(11))
Changes in assets and liabilities:								
Accounts receivable and other assets	(505)	)	(1,005)	)	(5,033)	)	(617))
Accounts payable, accrued expenses and other liabilities	3,857		(4,798)	)	3,636		(6,752))
Interest coverage amount	\$ 54,039		\$ 45,231		\$ 158,545		\$ 132,087	
Divided by interest expense (3)	\$ 13,241		\$ 10,548		\$ 39,832		\$ 29,710	
Interest coverage ratio	4.1		4.3		4.0		4.4	

(1) Crest activities.

(2) The 2005 amount includes intangibles recorded in connection with acquisitions of real estate acquired for resale.

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(3) Includes interest expense recorded to income from discontinued operations, real estate acquired for resale by Crest.

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Fixed Charge Coverage Ratio

Our fixed charge coverage ratio for the third quarter of 2006 and 2005 was 3.5 times. For the nine months ended September 30, 2006 our fixed charge coverage ratio was 3.4 times and for the nine months ended September 30, 2005 it was 3.6 times. Fixed charge coverage ratio is calculated in exactly the same manner as interest coverage ratio, except that preferred stock dividends are also added to the denominator. We consider fixed charge coverage ratio to be an appropriate supplemental measure of a company's ability to make its interest and preferred stock dividend payments. Our calculation of the fixed charge coverage ratio may be different from the calculation used by other companies and, therefore, comparability may be limited. This information should not be considered as an alternative to any GAAP liquidity measures.

Interest coverage amount divided by interest expense plus preferred stock dividends (dollars in thousands):

	Three months ended 9/30/06	Three months ended 9/30/05	Nine months ended 9/30/06	Nine months ended 9/30/05
Interest coverage amount	\$ 54,039	\$ 45,231	\$ 158,545	\$ 132,087
Divided by interest expense plus preferred stock dividends (1)	\$ 15,592	\$ 12,899	\$ 46,884	\$ 36,762
Fixed charge coverage ratio	3.5	3.5	3.4	3.6

(1) Includes interest expense recorded to income from discontinued operations, real estate acquired for resale by Crest.

Depreciation and Amortization

For the third quarter of 2006, depreciation and amortization was \$14.6 million as compared to \$11.2 million in the third quarter of 2005. For the first nine months of 2006, depreciation and amortization was \$43.0 million as compared to \$33.1 million in the first nine months of 2005. The increase in depreciation and amortization in 2006 was due to the acquisition of properties in 2006 and 2005, which was partially offset by property sales during these years.

Loss on Extinguishment of Debt

In September 2006, we redeemed all of our outstanding \$110 million, 7-¾%, unsecured notes due May 2007. The 2007 Notes were redeemed at a redemption price equal to 100% of the principal amount of the 2007 Notes, plus accrued and unpaid interest of \$3.2 million, as well as a make-whole payment of \$1.6 million. We recorded a loss on extinguishment of debt totaling \$1.6 million related to the make-whole payment associated with the 2007 Notes. The make-whole payment represented approximately \$0.017 per diluted share during the third quarter of 2006.

General and Administrative Expenses

General and administrative expenses decreased by \$83,000, to \$4.1 million, in the third quarter of 2006 as compared to \$4.2 million in the third quarter of 2005. In the third quarter of 2006, as a percentage of total revenue, general and administrative expenses decreased to 6.9% as compared to 8.5% in the third quarter of 2005.

General and administrative expenses increased by \$756,000, to \$12.7 million, in the first nine months of 2006 as compared to \$11.9 million in the first nine months of 2005. In the first nine months of 2006, as a percentage of total revenue, general and administrative expenses decreased to 7.4% as compared to 8.4% in the first nine months of 2005.

General and administrative expenses increased during the first nine months of 2006 primarily due to increases in payroll and employee benefit costs.

As our property portfolio has grown and continues to grow, we have increased, and anticipate that we will continue to gradually increase the level of our staffing. We expect general and administrative expenses to continue to increase due to costs attributable to payroll, staffing costs and corporate governance.

In October 2006, we had 71 permanent employees as compared to October 2005 when we had 69 permanent employees and five temporary employees. The temporary employees had been working on a record retention project that was concluded in the third quarter of 2006.

Property Expenses

Property expenses are broken down into costs associated with non-net leased multi-tenant properties, unleased single-tenant properties and general portfolio expenses. Expenses related to the multi-tenant and unleased single-tenant properties include, but are not limited to, property taxes, maintenance, insurance, utilities, property inspections, bad debt expense and legal fees. General portfolio costs include, but are not limited to, insurance, legal, bad debt expense, property inspections and title search fees. At September 30, 2006, 21 properties were available for lease as compared to 25 at December 31, 2005 and 26 at September 30, 2005.

Property expenses were \$787,000 in the third quarter of 2006 and \$1.0 million in the third quarter of 2005. Property expenses were \$2.3 million in the first nine months of 2006 and \$2.9 million in the first nine months of 2005.

Income Taxes

Income taxes were \$96,000 in the third quarter of 2006 as compared to \$202,000 in the third quarter of 2005. Income taxes for the first nine months of 2006 and 2005 were \$558,000 and \$603,000, respectively. These amounts are for city and state income taxes paid by Realty Income.

In addition, Crest incurred state and federal income taxes of \$18,000 in the third quarter of 2006 as compared to \$195,000 in the third quarter of 2005. Crest incurred state and federal income taxes of \$471,000 in the first nine months of 2006 as compared to \$650,000 in the first nine months of 2005. These income taxes are included in income from discontinued operations, real estate acquired for resale by Crest.

Discontinued Operations

Crest acquires properties with the intention of reselling them rather than holding them as investments and operating the properties. Consequently, we classify properties acquired by Crest as held for sale at the date of acquisition and do not depreciate them. The operation of Crest's properties is classified as income from discontinued operations, real estate acquired for resale by Crest.

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The following is a summary of Crest's income from discontinued operations, real estate acquired for resale (dollars in thousands):

	Three months ended 9/30/06	Three months ended 9/30/05	Nine months ended 9/30/06	Nine months ended 9/30/05
Crest's income from discontinued operations, real estate acquired for resale				
Gain on sales of real estate acquired for resale	\$ 313	\$ 713	\$ 1,739	\$ 2,361
Rental revenue	913	514	3,007	1,083
Interest expense	(711)	(320)	(2,175)	(630)
General and administrative expense	(73)	(137)	(227)	(410)
Property expenses	(17)	(9)	(50)	(59)
Provisions for impairment	(308)		(308)	
Income taxes	(18)	(195)	(471)	(650)
Income from discontinued operations, real estate acquired for resale by Crest	\$ 99	\$ 566	\$ 1,515	\$ 1,695
Per common share, basic and diluted	\$ 0.00	\$ 0.01	\$ 0.02	\$ 0.02

Realty Income's properties sold in 2006 and 2005 have been classified as discontinued operations. No Realty Income properties were listed as held for sale at September 30, 2006. The following is a summary of our discontinued operations from real estate held for investment (dollars in thousands):

	Three months ended 9/30/06	Three months ended 9/30/05	Nine months ended 9/30/06	Nine months ended 9/30/05
Realty Income's income from discontinued operations, real estate held for investment				
Gain on sales of investment properties	\$ 843	\$ 303	\$ 3,036	\$ 3,767
Rental revenue	68	358	453	1,424
Other revenue	25	1	33	1
Depreciation and amortization	(20)	(89)	(82)	(330)
Property expenses	(72)	(65)	(116)	(203)
Provision for impairment		(15)		(35)
Income from discontinued operations, real estate held for investment	\$ 844	\$ 493	\$ 3,324	\$ 4,624
Per common share, basic and diluted	\$ 0.01	\$ 0.01	\$ 0.04	\$ 0.06

The following is a summary of our total discontinued operations (dollars in thousands):

	Three months ended 9/30/06	Three months ended 9/30/05	Nine months ended 9/30/06	Nine months ended 9/30/05
Income from discontinued operations:				
Real estate acquired for resale by Crest	\$ 99	\$ 566	\$ 1,515	\$ 1,695
Real estate held for investment	844	493	3,324	4,624
Income from discontinued operations	\$ 943	\$ 1,059	\$ 4,839	\$ 6,319
Per common share, basic and diluted	\$ 0.01	\$ 0.01	\$ 0.06	\$ 0.08

Gain on Sales of Real Estate Acquired for Resale by Crest

During the third quarter of 2006, Crest sold four properties for \$6.6 million, which resulted in a gain of \$313,000. In comparison, during the third quarter of 2005, Crest sold two properties for \$5.8 million, which resulted in a gain of \$713,000. Crest's gains on sales are reported before income taxes and are included in discontinued operations.

During the first nine months of 2006, Crest sold nine properties for \$16.8 million, which resulted in a gain of \$1.7 million. In comparison, during the first nine months of 2005, Crest sold nine properties for \$17.0 million, which resulted in a gain of \$2.4 million.

At September 30, 2006, Crest had \$40.3 million invested in 13 properties, which are held for sale. Our goal is for Crest to carry an average inventory of approximately \$20 to \$25 million in real estate. Crest generates an earnings spread on the difference between the lease payments it receives on the properties held in inventory and the cost of capital used to acquire properties. It is our belief that at this level of inventory, rental revenue will exceed the ongoing operating expenses of Crest without any property sales.

Gain on Sales of Investment Properties by Realty Income

During the third quarter of 2006, we sold or exchanged three investment properties for \$4.0 million, which resulted in a gain of \$843,000. In comparison, during the third quarter of 2005, we sold four investment properties and a portion of land from one property for \$3.0 million, which resulted in a gain of \$303,000.

During the first nine months of 2006, we sold or exchanged 13 investment properties for \$10.7 million, which resulted in a gain of \$3.0 million. In comparison, during the first nine months of 2005, we sold 15 investment properties and a portion of land from one property for \$17.6 million, which resulted in a gain of \$3.8 million. These gains are included in discontinued operations, except for \$14,000 which is included in other revenue in the first nine months of 2005.

We have an active portfolio management program that incorporates the sale of assets when we believe the reinvestment of the sale proceeds will generate higher returns, enhance the credit quality of our real estate portfolio or extend our average remaining lease term. At September 30, 2006, we classified real estate with a carrying amount of \$40.1 million as held for sale on our balance sheet, which includes properties owned by Crest. Additionally, we anticipate selling investment properties from our portfolio that have not yet been specifically identified, from which we anticipate receiving between \$10 million and \$35 million in proceeds during the next 12 months. We intend to invest these proceeds into new property acquisitions. However, we cannot guarantee that we will sell properties during the next 12 months.

Provision for Impairment on Real Estate Acquired for Resale by Crest

Provisions for impairment of \$308,000 were recorded by Crest on two properties in the third quarter and first nine months of 2006. No provisions for impairment were recorded by Crest in 2005.

Provision for Impairment on Realty Income Investment Properties

No provision for impairment was recorded in the third quarter and first nine months of 2006.

In the third quarter of 2005 we recorded provisions for impairment of \$119,000 taken on two properties. These provisions are included in income from discontinued operations, real estate held for investment except for \$104,000 which is included in property expenses.

In the first nine months of 2005 we recorded provisions for impairment of \$186,000 taken on four properties. These provisions are included in income from discontinued operations, real estate held for investment except for \$151,000 which is included in property expenses.

Preferred Stock Dividends

We paid preferred stock cash dividends of \$2.4 million in both the third quarter of 2006 and 2005. We

paid preferred stock cash dividends of \$7.1 million in each of the first nine months of 2006 and 2005.

Net Income Available to Common Stockholders

Net income available to common stockholders was \$24.2 million in the third quarter of 2006, an increase of \$3.4 million as compared to \$20.8 million in the third quarter of 2005. Net income available to common stockholders was \$71.0 million in the first nine months of 2006, an increase of \$6.8 million as compared to \$64.2 million in the first nine months of 2005.

The calculation to determine net income available to common stockholders includes gains from the sale of properties. The amount of gains varies from period to period based on the timing of property sales and can significantly impact net income available to common stockholders.

During the third quarter of 2006, the gain recognized from the sales of investment properties was \$843,000 as compared to \$303,000 for the third quarter of 2005. During the first nine months of 2006, the gain recognized from the sales of investment properties was \$3.0 million, as compared to \$3.8 million for the first nine months of 2005.

FUNDS FROM OPERATIONS AVAILABLE TO COMMON STOCKHOLDERS (FFO)

FFO for the third quarter of 2006 increased by \$6.3 million, or 19.9%, to \$38.0 million as compared to \$31.7 million in the third quarter of 2005. FFO for the first nine months of 2006 increased by \$17.1 million, or 18.2%, to \$110.9 million as compared to \$93.8 million in the third quarter of 2005. The following is a reconciliation of net income available to common stockholders (which we believe is the most comparable GAAP measure) to FFO. Also presented is information regarding distributions paid to common stockholders and the weighted average number of shares outstanding (dollars in thousands, except per share amounts):

	Three months ended 9/30/06	Three months ended 9/30/05	Nine months ended 9/30/06	Nine months ended 9/30/05
Net income available to common stockholders	\$ 24,207	\$ 20,771	\$ 71,033	\$ 64,239
Depreciation and amortization:				
Continuing operations	14,641	11,226	42,961	33,098
Discontinued operations	20	89	82	330
Depreciation of furniture, fixtures and equipment	(49)	(35)	(142)	(102)
Gain on sales of investment properties:				
Continuing operations				(14)
Discontinued operations	(843)	(303)	(3,036)	(3,767)
Funds from operations available to common stockholders	\$ 37,976	\$ 31,748	\$ 110,898	\$ 93,784
FFO per common share:				
Basic	\$ 0.43	\$ 0.40	\$ 1.28	\$ 1.18
Diluted	\$ 0.43	\$ 0.40	\$ 1.27	\$ 1.18
Distributions paid to common stockholders	\$ 32,109	\$ 26,867	\$ 92,605	\$ 79,543
FFO in excess of distributions to common stockholders	\$ 5,867	\$ 4,881	\$ 18,293	\$ 14,241
Weighted average number of common shares:				
Basic	89,166,429	79,779,808	86,936,161	79,653,608
Diluted	89,267,138	79,843,553	87,084,545	79,727,036

We define FFO, a non-GAAP measure, consistent with the National Association of Real Estate Investment Trusts' definition, as net income available to common stockholders, plus depreciation and amortization of real estate assets, reduced by gains on sales of investment property and extraordinary items.

We consider FFO to be an appropriate supplemental measure of a REIT's operating performance as it is based on a net income analysis of property portfolio performance that excludes non-cash items such as depreciation. The historical accounting convention used for real estate assets requires straight-line depreciation of buildings and improvements, which implies that the value of real estate assets diminishes predictably over time. Since real estate values historically rise and fall with market conditions, presentations of operating results for a REIT, using historical accounting for depreciation, could be less informative. The use of FFO is recommended by the REIT industry as a supplemental performance measure. In addition, FFO is used as a measure of our compliance with the financial covenants of our credit facility.

Presentation of this information is intended to assist the reader in comparing the operating performance of different REITs, although it should be noted that not all REITs calculate FFO the same way, so comparisons with other REITs may not be meaningful. Furthermore, FFO is not necessarily indicative of cash flow available to fund cash needs and should not be considered as an alternative to net income as an indication of Realty Income's performance. In addition, FFO should not be considered as an alternative to reviewing our cash flows from operating, investing and financing activities as a measure of liquidity, of our ability to make cash distributions or of our ability to pay interest payments.

Other Non-Cash Items and Capitalized Expenditures

The following information includes non-cash items and capitalized expenditures on existing properties in our portfolio. These items are not included in the adjustments to net income available to common stockholders to arrive at FFO. Analysts and investors often request this supplemental information.

(dollars in thousands)	Three months ended 9/30/06	Three months ended 9/30/05	Nine months ended 9/30/06	Nine months ended 9/30/05
Provision for impairment losses and (reversals)	\$	\$ 119	\$ (716)	\$ 186
Crest provision for impairment losses	308		308	
Amortization of settlements on treasury lock agreements(1)	121	189	499	567
Amortization of deferred note financing costs(2)	371	259	950	745
Amortization of deferred stock compensation and stock option costs	654	546	2,297	1,638
Capitalized leasing costs and commissions	(247)	(114)	(382)	(514)
Capitalized building improvements	(76)	(100)	(179)	(964)
Straight line rent(3)	(411)	(178)	(1,252)	(1,113)

(1) The settlements on the treasury lock agreements resulted from an interest rate risk prevention strategy that was used by the Company in 1997 and 1998, which correlated to pending issuances of senior note securities. We have not employed this strategy since 1998.

(2) Amortization of deferred note financing costs includes the amortization of costs incurred and capitalized when our notes were issued in May 1997, October 1998, January 1999, March 2003, November 2003, March 2005 and September 2005 and September 2006. These costs are being amortized over the lives of these notes. No costs associated with our credit facility agreements or annual fees paid to credit rating agencies have been included.

(3) A negative amount indicates that our straight-line rent was greater than our actual cash rent collected. A positive amount indicates that our straight-line rent was less than our actual cash rent collected.

PROPERTY PORTFOLIO INFORMATION

At September 30, 2006, we owned a diversified portfolio:

- Of 1,766 retail properties;
- With an occupancy rate of 98.8%, or 1,745 properties occupied of the 1,766 properties in the portfolio;
- Leased to 101 different retail chains doing business in 29 separate retail industries;
- Located in 48 states;
- With over 15.0 million square feet of leasable space; and
- With an average leasable retail space of approximately 8,500 square feet.

In addition to our real estate portfolio at September 30, 2006, our subsidiary, Crest had invested \$40.3 million in 13 retail properties located in six states. These properties are classified as held for sale.

At September 30, 2006, 1,739, or 98.5%, of our 1,766 retail properties were leased under net-lease agreements. Net leases typically require the tenant to be responsible for minimum monthly rent and property operating expenses including property taxes, insurance and maintenance. In addition, tenants are typically responsible for future rent increases (generally subject to ceilings) based on increases in the consumer price index, fixed increases or, to a lesser degree, additional rent calculated as a percentage of the tenants' gross sales above a specified level.

Our net-leased retail properties primarily are leased to regional and national retail chain store operators. Most buildings are single-story structures with adequate parking on site to accommodate peak retail traffic periods. The properties tend to be on major thoroughfares with relatively high traffic counts, adequate access and proximity to a sufficient population base to constitute a suitable market or trade area for the retailer's business.

Industry Diversification

The following table sets forth certain information regarding Realty Income's property portfolio (excluding properties owned by Crest) classified according to the business of the respective tenants, expressed as a percentage of our total rental revenue:

Industries	Percentage of Rental Revenue (1)													
	For the Quarter Ended Sept. 30 2006		For the Years Ended Dec 31, 2005		Dec 31, 2004		Dec 31, 2003		Dec 31, 2002		Dec 31, 2001		Dec 31, 2000	
Apparel stores	1.4	%	1.6	%	1.8	%	2.1	%	2.3	%	2.4	%	2.4	%
Automotive collision services	1.4		1.3		1.0		0.3							
Automotive parts	2.7		3.4		3.8		4.5		4.9		5.7		6.0	
Automotive service	9.0		7.6		7.7		8.3		7.0		5.7		5.8	
Automotive tire services	5.8		7.2		7.8		3.1		2.7		2.6		2.3	
Book stores	0.3		0.3		0.3		0.4		0.4		0.4		0.5	
Business services	0.1		0.1		0.1		0.1		0.1		0.1		0.1	
Child care	10.6		12.7		14.4		17.8		20.8		23.9		24.7	
Consumer electronics	1.1		1.3		2.1		3.0		3.3		4.0		4.9	
Convenience stores	16.2		18.7		19.2		13.3		9.1		8.4		8.4	
Crafts and novelties	0.4		0.4		0.5		0.6		0.4		0.4		0.4	
Drug stores	3.0		2.8		0.1		0.2		0.2		0.2		0.2	
Entertainment	1.6		2.1		2.3		2.6		2.3		1.8		2.0	
Equipment rental services	0.3		0.4		0.3		0.2							
Financial services	0.2		0.1		0.1									
General merchandise	0.7		0.5		0.4		0.5		0.5		0.6		0.6	
Grocery stores	0.6		0.7		0.8		0.4		0.5		0.6		0.6	
Health and fitness	4.5		3.7		4.0		3.8		3.8		3.6		2.4	
Home furnishings	3.2		3.7		4.1		4.9		5.4		6.0		5.8	
Home improvement	2.9		1.1		1.0		1.1		1.2		1.3		2.0	
Motor vehicle dealerships	3.6		2.6		0.6									
Office supplies	1.3		1.5		1.6		1.9		2.1		2.2		2.3	
Pet supplies and services	1.1		1.3		1.4		1.7		1.7		1.6		1.5	
Private education	1.0		0.8		1.1		1.2		1.3		1.5		1.4	
Restaurants	9.7		9.4		9.7		11.8		13.5		12.2		12.3	
Shoe stores			0.3		0.3		0.9		0.8		0.7		0.8	
Sporting goods	2.9		3.4		3.4		3.8		4.1		0.9			
Theaters	9.4		5.2		3.5		4.1		3.9		4.3		2.7	
Travel plazas	0.3		0.3		0.4		0.3							
Video rental	2.1		2.5		2.8		3.3		3.3		3.7		3.9	
Other	2.6		3.0		3.4		3.8		4.4		5.2		6.0	
Totals	100.0	%	100.0	%	100.0	%	100.0	%	100.0	%	100.0	%	100.0	%

(1) Includes rental revenue for all properties owned by Realty Income at the end of each period presented.

Service Category Diversification

The following table sets forth certain information regarding the properties owned by Realty Income (excluding properties owned by Crest) at September 30, 2006, classified according to the retail business types and the level of services they provide (dollars in thousands):

Industry	Rental Revenue for the Quarter		Percentage of Rental Revenue
	Number of Properties	Ended Sept. 30, 2006 (\$)	
Tenants Providing Services			
Automotive collision services	13	\$ 825	1.4 %
Automotive service	219	5,331	9.0
Child care	267	6,256	10.6
Entertainment	8	970	1.6
Equipment rental services	2	150	0.3
Financial services	4	89	0.2
Health and fitness	16	2,648	4.5
Private education	7	580	1.0
Theaters			
	30	5,574	

Title. Mr. Dell will serve as the Chief Executive Officer of Parent and the Company and as Chairman of both Parent's board of directors and the Company's board of directors.

Term. The term of Mr. Dell's employment is indefinite and may only be terminated (i) by Mr. Dell; or (ii) by Parent's board of directors (a) for cause at any time or (b) following a change in control of Parent or an initial public offering, whichever occurs earlier.

Base Salary. Mr. Dell will be entitled to receive an initial annual base salary of \$950,000. The base salary will be subject to annual review by Parent's board of directors and may be increased, but not decreased.

Annual Bonus. Mr. Dell will be eligible to earn an annual bonus pursuant to the bonus plan applicable to senior executive officers of the Company, with a target equal to 200% of base salary.

Equity Compensation. Following the closing of the merger, Parent will grant Mr. Dell stock options with a 10-year term to purchase shares of Parent common stock having an aggregate exercise price of \$150 million, with a per share exercise price equal to the price per share paid by the SLP Investors and/or their respective affiliates to acquire shares of Parent common stock in the merger. Subject to Mr. Dell's continued employment with Parent and the Company or continued service as a director on the Company's board of directors or Parent's board of directors on each applicable vesting date, the options will vest in equal installments on each of the first five anniversaries of the merger (i.e., 20% per year). The options will fully vest upon the occurrence of a change in control of Parent.

Perquisites. In addition to being able to participate in the employee benefit plans and perquisite and fringe benefit programs provided to the Company's senior executives, Mr. Dell will be entitled to (a) reimbursement up to \$12,500 per year for fees incurred with respect to financial counseling and tax preparation assistance; (b) reimbursement up to \$5,000 per person per year for costs associated with a comprehensive annual physical for himself and his spouse; (c) Company-provided business-related security protection and (d) reimbursement for all travel and business expenses.

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Section 280G Golden Parachute Payments. Following the closing of the merger and while no stock of the Company or Parent is readily tradable on an established securities market, if any payments or benefits Mr. Dell would receive would trigger an excise tax under Section 4999 of the Code, the Company and Parent will use their reasonable best efforts to obtain a vote of shareholders satisfying the requirements of Section 280G of the Code such that no portion of such payments or benefits will be subject to the excise tax.

Restrictive Covenants. Mr. Dell will be subject to a perpetual confidentiality covenant for sensitive information relating to Parent, the Company and any of their subsidiaries, and to a covenant assigning to Parent, the Company and their affiliates intellectual property created by him during and within the scope of his employment.

The foregoing summary of the employment agreement is qualified in its entirety by reference to the copy of such agreement attached as an exhibit to the Schedule 13E-3 filed with the SEC in connection with the merger and incorporated herein by reference.

New Management Arrangements

As of the date of this proxy statement, other than the arrangements previously discussed in this section *Interests of the Company's Directors and Executive Officers in the Merger*, none of our executive officers (other than Mr. Dell, as described under *Equity Investment by Mr. Dell* and *New Employment Agreement with Mr. Dell*) has entered into any agreement, arrangement or understanding with the Company or its subsidiaries or with the Parent Parties or their respective affiliates specifically regarding employment with, or the right to participate in the equity of, the surviving corporation or Parent on a going-forward basis following the completion of the merger and, except for Mr. Dell, no member of our Board of Directors has entered into any agreement, arrangement or understanding with Parent or its affiliates regarding the right to participate in the equity of Parent following the completion of the merger.

Parent has indicated that it or its affiliates may pursue agreements, arrangements or understandings with the Company's executive officers, which may include cash, stock and other equity co-investment opportunities such as the potential rollover of shares of Common Stock and Company RSU Awards. Prior to the effective time of the merger, Parent may initiate negotiations of these agreements, arrangements and understandings, and may enter into definitive agreements regarding employment with, or the right to participate in the equity of, the surviving corporation or Parent on a going-forward basis following the completion of the merger.

Voting Agreement

The Company has entered into the voting agreement with the MD Investors and the Gift Trusts. As of [], 2013, the last practicable date before the printing of this proxy statement, the MD Investors and the Gift Trusts hold shares of the Company's Common Stock representing approximately []% of the Company's total issued and outstanding shares.

Pursuant to the voting agreement, the MD Investors and the Gift Trusts agreed, unless the Board has made a change of recommendation, to vote, or cause to be voted, all outstanding shares of the Common Stock owned by them in favor of the proposal to adopt the merger agreement and the approval of the transactions contemplated thereby and against any other action or agreement that would reasonably be expected to (i) result in a breach of any covenant, representation or warranty or any other obligation or agreement of the Company under the merger agreement, (ii) result in any of the conditions to the consummation of the merger under the merger agreement not being fulfilled or (iii) impede, frustrate, interfere with, delay, postpone or adversely affect the merger and the other transactions contemplated by the merger agreement.

In addition, pursuant to the voting agreement, the MD Investors and the Gift Trusts have agreed in the voting agreement to vote their shares of Common Stock in the same proportion to the number of shares voted by the

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Company's unaffiliated stockholders (i) in favor of a superior proposal if the merger agreement is terminated and, in connection with such termination, the Company enters into a definitive agreement with respect to such superior proposal, which superior proposal is recommended to the stockholders by action of the Board, the Special Committee or any other duly constituted committee of the Board (or, in each of the MD Investors' and/or Gift Trusts' sole discretion, to vote all of their shares in favor of such superior proposal) or (ii) in favor of the adoption of the merger agreement in the event of a change of recommendation.

In addition, pursuant to the voting agreement, the MD Investors and the Gift Trusts have agreed in the voting agreement, if requested to do so by the Board or the Special Committee, to explore in good faith the possibility of working with any third parties regarding any alternative acquisition proposal to the extent the Company is permitted to engage in discussion with such third parties under the merger agreement, including by reviewing and responding to proposals and taking part in meetings and negotiations with respect thereto, and have represented that they are not subject to any agreement that would prevent them from doing so.

The voting agreement will terminate at the effective time of the merger or, if earlier, the date of the termination of the merger agreement, unless there is a superior proposal, in which case the termination will occur upon the earlier of the consummation of the superior proposal and the termination of the definitive agreement relating to the superior proposal.

Advisory Vote on Specified Compensation

In accordance with Section 14A of the Exchange Act, the Company is providing its stockholders with the opportunity to cast an advisory (non-binding) vote on the compensation that may become payable to the named executive officers of the Company in connection with the merger, the value of which is set forth in the table above. As required by Section 14A of the Exchange Act, the Company is asking its stockholders to vote on the adoption of the following resolution:

RESOLVED, that the compensation that may be paid or become payable to the Company's named executive officers in connection with the merger, as disclosed in the table under *Interests of the Company's Directors and Executive Officers in the Merger*, *Quantification of Payments and Benefits*, *Potential Change of Control Payments to Named Executive Officers Table*, including the associated footnotes and narrative discussion, is hereby APPROVED.

The vote on executive compensation payable in connection with the merger is a vote separate and apart from the vote on the proposal to adopt the merger agreement. Accordingly, you may vote to approve the executive compensation and vote not to approve the proposal to adopt the merger agreement and vice versa. Because the vote to approve the executive compensation is advisory in nature only, it will not be binding on either the Company or Parent. Because the Company is contractually obligated to pay such executive compensation, the compensation will be payable, subject only to the conditions applicable thereto, if the proposal to adopt the merger agreement is approved and regardless of the outcome of the advisory vote.

Approval of the advisory resolution on executive compensation payable to the Company's named executive officers in connection with the merger requires the affirmative vote of the holders of a majority of the voting power of the Common Stock present or represented by proxy and entitled to vote thereon. Abstentions will have the same effect as a vote **AGAINST** the proposal, but the failure to vote your shares will have no effect on the outcome of the proposal. Broker non-votes will have no effect on the outcome of the proposal.

The Board (without Mr. Dell's participation) recommends a vote FOR this proposal.

Material U.S. Federal Income Tax Consequences of the Merger

The following is a general discussion of the material U.S. federal income tax consequences of the merger to holders of Common Stock whose shares are exchanged for cash pursuant to the merger. This discussion is based

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on the provisions of the Code, applicable U.S. Treasury regulations, judicial opinions and administrative rulings and published positions of the Internal Revenue Service, each as in effect as of the date hereof. These authorities are subject to change, possibly on a retroactive basis, and any such change could affect the accuracy of the statements and conclusions set forth in this discussion. This discussion does not address any tax considerations under state, local or foreign laws or U.S. federal laws other than those pertaining to the U.S. federal income tax. This discussion is not binding on the Internal Revenue Service or the courts and, therefore, could be subject to challenge, which could be sustained. No ruling is intended to be sought from the Internal Revenue Service with respect to the merger.

For purposes of this discussion, the term "U.S. holder" means a beneficial owner of Common Stock that is:

a citizen or individual resident of the United States;

a corporation, or other entity taxable as a corporation for U.S. federal income tax purposes, created or organized in or under the laws of the United States, any state thereof or the District of Columbia;

a trust if (i) a court within the United States is able to exercise primary supervision over the trust's administration and one or more U.S. persons are authorized to control all substantial decisions of the trust or (ii) such trust has a valid election in effect under applicable U.S. Treasury Regulations to be treated as a U.S. person; or

an estate the income of which is subject to U.S. federal income tax regardless of its source.

For purposes of this discussion, a "non-U.S. holder" is a beneficial owner of shares of Common Stock, other than a partnership or other entity taxable as a partnership for U.S. federal income tax purposes, that is not a U.S. holder.

This discussion applies only to beneficial owners of shares of Common Stock who hold such shares as a capital asset within the meaning of Section 1221 of the Code (generally, property held for investment). Further, this discussion does not purport to consider all aspects of U.S. federal income taxation that may be relevant to a holder in light of its particular circumstances, or that may apply to a holder that is subject to special treatment under the U.S. federal income tax laws (including, for example, insurance companies, controlled foreign corporations, passive foreign investment companies, dealers or brokers in securities or foreign currencies, traders in securities who elect the mark-to-market method of accounting, holders liable for the alternative minimum tax, U.S. holders that have a functional currency other than the U.S. dollar, tax-exempt organizations, banks and certain other financial institutions, mutual funds, certain expatriates, partnerships or other pass-through entities or investors in partnerships or such other entities, holders who hold shares of Common Stock as part of a hedge, straddle, constructive sale or conversion transaction, holders who will hold, directly or indirectly, an equity interest in the surviving corporation, and holders who acquired their shares of Common Stock through the exercise of employee stock options or other compensation arrangements).

If a partnership (including any entity or arrangement treated as a partnership for U.S. federal income tax purposes) holds shares of Common Stock, the tax treatment of a partner in such partnership will generally depend on the status of the partners and the activities of the partnership. If you are a partner of a partnership holding shares of Common Stock, you should consult your tax advisor.

Holders of Common Stock should consult their own tax advisors as to the specific tax consequences to them of the merger, including the applicability and effect of the alternative minimum tax, and any state, local, foreign or other tax laws.

Consequences to U.S. Holders

The receipt of cash by U.S. holders in exchange for shares of Common Stock pursuant to the merger will be a taxable transaction for U.S. federal income tax purposes and may also be a taxable transaction under applicable state, local, foreign and other tax laws. In general, for U.S. federal income tax purposes, a U.S. holder who

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receives cash in exchange for shares of Common Stock pursuant to the merger will recognize capital gain or loss in an amount equal to the difference, if any, between (1) the amount of cash received and (2) the U.S. holder's adjusted tax basis in such shares.

If a U.S. holder's holding period in the shares of Common Stock surrendered in the merger is greater than one year as of the date of the merger, the gain or loss generally will be long-term capital gain or loss. Long-term capital gains of certain non-corporate holders, including individuals, are generally subject to U.S. federal income tax at preferential rates. The deductibility of capital losses is subject to limitations. If a U.S. holder acquired different blocks of Common Stock at different times or different prices, such U.S. holder must determine its adjusted tax basis and holding period separately with respect to each block of Common Stock.

In addition to regular U.S. federal income tax, a U.S. holder that is an individual, estate or trust and whose income exceeds certain thresholds is subject to a 3.8% Medicare tax on all or a portion of such U.S. holder's net investment income, which may include all or a portion of such U.S. holder's gain from the disposition of shares of Common Stock. U.S. holders that are individuals, estates or trusts should consult their tax advisors regarding the applicability of the Medicare tax to gain from the disposition of shares of Common Stock.

Consequences to Non-U.S. Holders

A non-U.S. holder whose shares of Common Stock are converted into the right to receive cash in the merger generally will not be subject to U.S. federal income taxation unless:

gain resulting from the merger is effectively connected with the non-U.S. holder's conduct of a U.S. trade or business (and, if required by an applicable income tax treaty, is attributable to a United States permanent establishment of the non-U.S. holder);

the non-U.S. holder is an individual who is present in the United States for 183 days or more in the individual's taxable year in which the merger occurs and certain other conditions are satisfied; or

the Company is or has been a U.S. real property holding corporation (USRPHC) as defined in Section 897 of the Code at any time within the five-year period preceding the merger, the non-U.S. holder owned more than five percent of our Common Stock at any time within that five-year period, and certain other conditions are satisfied. We believe that, as of the effective date of the merger, we will not have been a USRPHC at any time within the five-year period ending on the date thereof.

Any gain recognized by a non-U.S. holder described in the first bullet above generally will be subject to U.S. federal income tax on a net income basis at regular graduated U.S. federal income tax rates in the same manner as if such holder were a U.S. person as defined under the Code. A non-U.S. holder that is a corporation may also be subject to an additional branch profits tax at a rate of 30% (or such lower rate as may be specified by an applicable income tax treaty) on after-tax profits effectively connected with a U.S. trade or business to the extent that such after-tax profits are not reinvested and maintained in the U.S. business.

Gain described in the second bullet above generally will be subject to U.S. federal income tax at a flat 30% rate, but may be offset by certain U.S. source capital losses, if any, of the non-U.S. holder.

Information Reporting and Backup Withholding

Payments made to holders in exchange for shares of Common Stock pursuant to the merger may be subject, under certain circumstances, to information reporting and backup withholding (currently at a rate of 28%). To avoid backup withholding, a U.S. holder that does not otherwise establish an exemption should complete and return Internal Revenue Service Form W-9, certifying that such U.S. holder is a U.S. person, the taxpayer identification number provided is correct and such U.S. holder is not subject to backup withholding. In general, a non-U.S. holder will not be subject to U.S. federal backup withholding and information reporting with respect to

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cash payments to the non-U.S. holder pursuant to the merger if the non-U.S. holder has provided an IRS Form W-8BEN (or an IRS Form W-8ECI if the non-U.S. holder's gain is effectively connected with the conduct of a U.S. trade or business).

Backup withholding is not an additional tax. Any amounts withheld under the backup withholding rules may be refunded or credited against a holder's U.S. federal income tax liability, if any, provided that such holder furnishes the required information to the Internal Revenue Service in a timely manner.

This summary of certain material U.S. federal income tax consequences is for general information only and is not tax advice. Holders of Common Stock should consult their tax advisors as to the specific tax consequences to them of the merger, including the applicability and effect of the alternative minimum tax and the effect of any federal, state, local, foreign and other tax laws.

Regulatory Approvals

Under the HSR Act and related rules, certain transactions, including the merger, may not be completed until notifications have been given and information furnished to the Antitrust Division and the FTC and all statutory waiting period requirements have been satisfied. Notification and Report Forms were filed with the Antitrust Division and the FTC by April 5, 2013, and the FTC and the Antitrust Division granted early termination of the applicable waiting period on April 12, 2013.

At any time before or after the effective time of the merger, the Antitrust Division or the FTC could take action under the antitrust laws, including seeking to enjoin the consummation of the merger, conditionally approve the merger upon the divestiture of assets of the Company or Parent, subject the consummation of the merger to regulatory conditions or seek other remedies. In addition, U.S. state attorneys general or a foreign competition authority could take action under the antitrust laws as they deem necessary or desirable in the public interest, including, without limitation, seeking to enjoin the completion of the merger or permitting completion subject to regulatory conditions. Private parties may also seek to take legal action under the antitrust laws under some circumstances. There can be no assurance that a challenge to the merger on antitrust grounds will not be made or, if such a challenge is made, that it would not be successful.

Pursuant to the merger agreement, the merger is also conditioned on (i) the filing of a notification with the European Commission under Council Regulation (EC) No 139/2004 if required or if jurisdiction is accepted by the European Commission pursuant to Member State referral or petition of the parties, (ii) if the filing described in clause (i) is not required, then the filing of notifications with any Member State of the European Union or European Economic Area in which a filing is required, (iii) applicable clearances and/or expiration of waiting periods under the laws of the jurisdictions discussed in clauses (i) and (ii) and (iv) applicable clearances and/or expiration of waiting periods under the antitrust and competition laws of China and certain other jurisdictions.

On April 16, 2013, clearance for the merger was granted under the merger control and antitrust laws of India. On April 18, 2013, a reasoned submission was made to the European Commission asking for the referral of jurisdiction over the transaction from the Member States with jurisdiction. On April 22, 2013, a draft filing was submitted, but not yet accepted, under the antitrust and competition laws of China and the applicable filing was made under the merger control and antitrust laws of Canada. On May 7, 2013, the applicable filing was made under the merger control and antitrust laws of Mexico. On May 10, 2013, the applicable filing was made under the merger control and antitrust laws of Turkey.

Fees and Expenses

Whether or not the merger is completed, in general, all fees and expenses incurred in connection with the merger will be paid by the party incurring those fees and expenses. Total fees and expenses incurred or to be incurred by the Company in connection with the merger are estimated at this time to be as follows:

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	Amount to be Paid (in thousands)
Financial advisory fee and expenses	\$ []
Legal, accounting and other professional fees	[]
SEC filing fees	2,830
Proxy solicitation, printing and mailing costs	4,000
Miscellaneous	[]
 Total	 \$ []

These expenses will not reduce the merger consideration to be received by our stockholders.

Anticipated Accounting Treatment of the Merger

Dell, as the surviving corporation in the merger, will account for the merger as a business combination using the acquisition method of accounting for financial accounting purposes, whereby the estimated purchase price would be allocated to the assets and liabilities of Dell based on their fair values following FASB Accounting Standards Codification Topic 805, Business Combinations.

Litigation

Prior to and following the announcement on February 5, 2013 of the execution of the merger agreement, twenty-five lawsuits challenging the proposed acquisition of the Company were filed, of which twenty-one were filed in the Delaware Court of Chancery and four were filed in the District Court of Travis County in Texas. All of the Delaware actions have been consolidated as *In re Dell, Inc. Shareholder Litigation* (C.A. No. 8329), and the complaint in one of the actions, *City of Roseville Employees Retirement System v. Dell, Inc. et al.*, was designated as the operative complaint. Three of the Texas lawsuits were voluntarily dismissed, without prejudice, and the remaining action, *Nelson v. Dell Inc. et al.* (Cause No. D-1-GN-13-000220), was stayed by the Texas court on April 4, 2013.

The Delaware litigation is a putative class action filed on behalf of the shareholders of the Company other than the defendants and their affiliates. The operative complaint, which names as defendants the Company, its directors, Silver Lake Partners, L.P., Silver Lake Technology Investors III, L.P., the SLP Investors, the MSDC Investor, Parent, Intermediate and Merger Sub, alleges that the Dell directors breached their fiduciary duties in connection with their approval of the merger agreement and that the entity defendants aided and abetted those breaches. The complaint seeks, among other relief, declaratory and injunctive relief enjoining the merger, and compensatory damages in an unspecified amount. The stayed Texas action makes similar allegations on behalf of the same putative class.

The outcome of these lawsuits is uncertain. An adverse judgment for monetary damages could have an adverse effect on the operations and liquidity of the Company. A preliminary injunction could delay or jeopardize the completion of the merger, and an adverse judgment granting permanent injunctive relief could indefinitely enjoin completion of the merger. The defendants believe that the claims asserted against them in the lawsuits are without merit.

Effective Time of Merger

The merger will be completed and become effective at the time the certificate of merger is filed with the Secretary of State of the State of Delaware or any later time as the Company and Parent agree upon in writing and specify in the certificate of merger. The parties intend to complete the merger as soon as practicable following the adoption of the merger agreement by the Company's stockholders and satisfaction or waiver of the

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conditions to closing of the merger set forth in the merger agreement. The parties to the merger agreement currently expect the Company to hold its stockholders' meeting to vote on the merger agreement during the second quarter of the Company's current fiscal year, which quarter will end on August 2, 2013, and expect to complete the merger during the third quarter of the Company's current fiscal year, which quarter will end on November 1, 2013. Because the merger is subject to a number of conditions, the exact timing of the merger cannot be determined, if it is completed at all.

Payment of Merger Consideration and Surrender of Stock Certificates

At the effective time of the merger, each share of Common Stock outstanding immediately prior to the effective time of the merger (other than certain excluded shares and dissenting shares) will be converted into the right to receive \$13.65 in cash, without interest and less any applicable withholding taxes, whereupon all such shares will be automatically canceled upon the conversion thereof and will cease to exist, and the holders of such shares will cease to have any rights with respect thereto other than the right to receive the merger consideration. Parent will designate a U.S. bank or trust company as paying agent to make the cash payments contemplated by the merger agreement. At the effective time of the merger, Parent will deposit with the paying agent, for the benefit of the holders of the Common Stock, sufficient cash to pay to the holders of the Common Stock (other than the holders of certain excluded shares and dissenting shares) the merger consideration of \$13.65 per share. The paying agent will deliver the merger consideration according to the procedure summarized below.

Within two business days following the closing of the merger, the paying agent is required to mail to each holder of record of shares of Common Stock that were canceled and converted into the merger consideration, a letter of transmittal and instructions advising the holder of record how to surrender its stock certificates or non-certificated shares represented by book-entry in exchange for the merger consideration.

The paying agent will promptly pay each holder of record the merger consideration after the holder of record has (i) surrendered its stock certificates to the paying agent, together with a properly completed letter of transmittal and any other documents required by the paying agent and (ii) provided to the paying agent any other items specified by the letter of transmittal. Interest will not be paid or accrue in respect of any cash payments of the merger consideration. The paying agent will reduce the amount of any merger consideration paid by any applicable withholding taxes.

You should not return your stock certificates with the enclosed proxy card, and you should not forward your stock certificates to the paying agent without a letter of transmittal.

If you are the registered holder of Common Stock and any certificate has been lost, stolen or destroyed, you will be required to provide an affidavit to that fact in form and substance reasonably satisfactory to the surviving corporation and the paying agent, and, if required by the paying agent or the surviving corporation, post a bond in customary amount as an indemnity against any claim that may be made against it with respect to such certificate. The letter of transmittal instructions will tell you what to do in these circumstances.

After the completion of the merger, you will cease to have any rights as a stockholder of the Company.

Upon the surviving corporation's demand, the paying agent will return to the surviving corporation all funds in its possession one year after the merger occurs. After that time, if you have not received payment of the merger consideration, you may look only to the surviving corporation for payment of the merger consideration, without interest, subject to applicable abandoned property, escheat and similar laws. Any merger consideration remaining unclaimed by former holders of Common Stock as of a date that is immediately prior to such time as such amounts would otherwise escheat to or become property of any governmental entity shall, to the fullest extent permitted by applicable law, become the property of Parent free and clear of any claims or interest of any person previously entitled thereto.

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CAUTIONARY STATEMENT CONCERNING FORWARD-LOOKING INFORMATION

This proxy statement, and the documents incorporated by reference into this proxy statement, include forward-looking statements that reflect our current views as to future events and financial performance with respect to our operations, the expected completion and timing of the merger and other information relating to the merger. All forward-looking statements included in this document are based on information available to the Company on the date hereof. These statements are identifiable because they do not relate strictly to historical or current facts. There are forward-looking statements throughout this proxy statement, including, among others, under the headings *Summary Term Sheet*, *Questions and Answers About the Special Meeting and the Merger*, *The Special Meeting*, *Special Factors* and *Important Information Regarding Dell*, and in statements containing the words aim, anticipate, are confident, estimate, expect, will be, will continue, will likely result, project, believe and other words and terms of similar meaning in conjunction with a discussion of future operating or financial performance or other future events. You should be aware that forward-looking statements involve known and unknown risks and uncertainties. Many of the factors that will determine our future results are beyond our ability to control or predict. In light of the significant uncertainties inherent in the forward-looking statements contained herein, readers should not place undue reliance on forward-looking statements, which reflect management's views only as of the date as of which the statements were made. We cannot guarantee any future results, levels of activity, performance or achievements. Although we believe that the expectations reflected in these forward-looking statements are based upon reasonable assumptions, we give no assurance that the actual results or developments we anticipate will be realized, or even if realized, that they will have the expected effects on the business or operations of the Company. In addition to other factors and matters contained in or incorporated by reference in this document, we believe the following factors could cause actual results to differ materially from those discussed in the forward-looking statements:

the occurrence of any event, change or other circumstance that could give rise to the termination of the merger agreement;

the inability to complete the proposed merger due to the failure to obtain the required stockholder approvals for the proposed merger or the failure to satisfy other conditions to completion of the proposed merger, including that a governmental entity may prohibit, delay or refuse to grant approval for the consummation of the transaction;

the failure to obtain the necessary financing arrangements as set forth in the debt and equity commitment letters and the securities purchase agreement delivered pursuant to the merger agreement, or the failure of the merger to close for any other reason;

risks related to disruption of management's attention from the Company's ongoing business operations due to the transaction;

the outcome of any legal proceedings, regulatory proceedings or enforcement matters that have been or may be instituted against the Company and others relating to the merger agreement;

the risk that the pendency of the merger disrupts current plans and operations and the potential difficulties in employee retention as a result of the pendency of the merger;

the effect of the announcement of the proposed merger on the Company's relationships with its customers, suppliers, operating results and business generally; and

the amount of the costs, fees, expenses and charges related to the merger;
and additional factors that could cause actual results to differ materially from those expressed in the forward-looking statements, which are discussed in reports we have filed with the SEC, including our most recent filings on Forms 10-Q and 10-K. See *Where You Can Find Additional Information* on page 190.

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Forward-looking statements speak only as of the date of this proxy statement or the date of any document incorporated by reference in this document. All subsequent written and oral forward-looking statements concerning the merger or other matters addressed in this proxy statement and attributable to us or any person acting on our behalf are expressly qualified in their entirety by the cautionary statements contained or referred to in this section. Except to the extent required by applicable law or regulation, we do not undertake any obligation to update forward-looking statements to reflect events or circumstances after the date of this proxy statement or to reflect the occurrence of unanticipated events.

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THE PARTIES TO THE MERGER

Dell Inc.

Dell is a Delaware corporation. Founded by Michael S. Dell in 1984, the Company is a leading global integrated solutions provider in the IT industry. The Company is focused on providing complete technology solutions to our customers that are scalable, flexible and easy to use. Over time, the Company has added new distribution channels, such as retail, system integrators, value-added resellers and distributors, to expand its access to more end-users around the world. See *Important Information Regarding Dell Company Background* beginning on page 165.

Additional information about the Company is contained in reports we have filed with the Securities and Exchange Commission, including our most recent filings on Forms 10-Q and 10-K, which are incorporated by reference herein. See *Where You Can Find Additional Information* on page 190.

The Parent Parties

Parent is a Delaware corporation. Intermediate is a Delaware corporation and wholly-owned subsidiary of Parent. Merger Sub is a Delaware corporation and wholly-owned subsidiary of Intermediate. Each of the Parent Parties is an affiliate of the SLP Filing Persons and the MD Filing Persons and was formed solely for the purpose of entering into the merger agreement and consummating the transactions contemplated by the merger agreement. None of the Parent Parties has engaged in any business except for activities incident to its formation and in connection with the transactions contemplated by the merger agreement. Upon the consummation of the merger, Merger Sub will be merged with and into the Company with the Company surviving the merger as a wholly-owned subsidiary of Intermediate. The principal executive office of the Parent Parties is located at:

Denali Holding Inc.

Denali Intermediate Inc.

Denali Acquiror Inc.

c/o Silver Lake Partners III, L.P.

2775 Sand Hill Road, Suite 100

Menlo Park, California 94205

For additional information regarding the Parent Parties, see *Important Information Regarding the Parent Parties, the SLP Filing Persons, the MD Filing Persons and the MSDC Filing Persons* beginning on page 186.

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THE SPECIAL MEETING

We are furnishing this proxy statement to the Company's stockholders as part of the solicitation of proxies by the Board for use at the special meeting.

Date, Time and Place

We will hold the special meeting at the Dell Round Rock Campus, 501 Dell Way, Round Rock, Texas 78682 on [], 2013, at [], Central Time, or at any adjournment or postponement thereof.

Purpose of the Special Meeting

The special meeting is for the following purposes:

to consider and vote on a proposal to adopt the merger agreement;

to approve, on an advisory (non-binding) basis, the compensation that may become payable to the named executive officers of the Company in connection with the merger, as disclosed in the table under *Special Factors Interests of the Company's Directors and Executive Officers in the Merger Quantification of Payments and Benefits Potential Change of Control Payments to Named Executive Officers Table*, including the associated footnotes and narrative discussion; and

to approve the adjournment of the special meeting, if necessary or appropriate, to solicit additional proxies if there are insufficient votes at the time of the special meeting to approve the proposal to adopt the merger agreement.

The votes on the proposals to approve, on an advisory (non-binding) basis, the compensation that may become payable to the named executive officers of the Company in connection with the merger, as disclosed in the table under *Special Factors Interests of the Company's Directors and Executive Officers in the Merger Quantification of Payments and Benefits Potential Change of Control Payments to Named Executive Officers Table*, including the associated footnotes and narrative discussion, and to approve the adjournment of the special meeting, if necessary or appropriate, to solicit additional proxies are separate and apart from the vote on the proposal to adopt the merger agreement. Accordingly, a stockholder may vote in favor of the proposal to approve on an advisory (non-binding) basis, the specified compensation and/or the proposal to approve the adjournment of the special meeting and vote not to approve the proposal to adopt the merger agreement (and vice versa).

A copy of the merger agreement is attached to this proxy statement as Annex A. This proxy statement and the enclosed form of proxy are first being mailed to our shareholders on or about [].

Recommendations of the Board and the Special Committee

The Special Committee unanimously determined that the transactions contemplated by the merger agreement, including the merger, are fair to, and in the best interests of, the Company's stockholders (other than the MD Investors and the Gift Trusts), and unanimously recommended that the Board approve and declare advisable the merger agreement and the transactions contemplated therein, including the merger, and that the Company's stockholders vote for the adoption of the merger agreement.

Based in part on the recommendations of the Special Committee, and with the assistance of its independent legal and financial advisors, the Board, on February 4, 2013, unanimously (other than Mr. Dell, who did not participate due to his interest in the merger) (i) determined that the transactions contemplated by the merger agreement, including the merger, are fair to, and in the best interests of, the Company's stockholders (other than the MD Investors and the Gift Trusts), (ii) approved and declared advisable the execution, delivery and performance of the merger agreement and the consummation of the transactions contemplated therein, including the merger and (iii) resolved to recommend that the Company's stockholders vote for the adoption of the merger agreement.

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Accordingly, the Board (without Mr. Dell's participation), acting upon the unanimous recommendations of the Special Committee, unanimously recommends that the stockholders of the Company vote **FOR** the proposal to adopt the merger agreement.

The Board also unanimously (without Mr. Dell's participation) recommends that the stockholders of the Company vote **FOR** the proposal to approve, on an advisory (non-binding) basis, the compensation that may become payable to the named executive officers of the Company in connection with the merger, as disclosed in the table under *Special Factors Interests of the Company's Directors and Executive Officers in the Merger Quantification of Payments and Benefits Potential Change of Control Payments to Named Executive Officers Table*, including the associated footnotes and narrative discussion.

The Board unanimously (without Mr. Dell's participation) recommends that the stockholders of the Company vote **FOR** the proposal to approve the adjournment of the special meeting, if necessary or appropriate, to solicit additional proxies if there are insufficient votes at the time of the special meeting to approve the proposal to adopt the merger agreement.

Record Date and Quorum

The holders of record of Common Stock as of the close of business on [], 2013, the record date, are entitled to receive notice of and to vote at the special meeting. On the record date, [] shares of Common Stock were issued and outstanding and held by [] holders of record.

No matter may be considered at the special meeting unless a quorum is present. For any matter to be considered, the presence, in person or represented by proxy, of the holders of a majority of the voting power of the Common Stock outstanding and entitled to vote as of the record date for the meeting will constitute a quorum. Shares of Common Stock represented by proxies reflecting abstentions and properly executed broker non-votes will be counted as present and entitled to vote for purposes of determining a quorum. A broker non-vote occurs when a broker, dealer, commercial bank, trust company or other nominee does not vote on a particular matter because such broker, dealer, commercial bank, trust company or other nominee does not have the discretionary voting power with respect to that proposal and has not received voting instructions from the beneficial owner. Brokers, dealers, commercial banks, trust companies and other nominees will not have discretionary voting power with respect to the proposal to adopt the merger agreement. If a quorum is not present, the stockholders who are present or represented by proxy may adjourn the meeting until a quorum is present.

Required Vote

Each share of Common Stock outstanding as of the record date is entitled to one vote at the special meeting.

Proposal to Adopt the Merger Agreement

For the Company to consummate the merger, under Delaware law and under the merger agreement, stockholders holding at least a majority of the shares of Common Stock outstanding at the close of business on the record date must vote **FOR** the proposal to adopt the merger agreement. In addition, the merger agreement requires, as a condition to the consummation of the merger, that stockholders holding at least a majority of the shares of Common Stock outstanding at the close of business on the record date, other than the Parent Parties, the MD Investors, the Gift Trusts, any other officers and directors of the Company or any other person having any equity interest in, or any right to acquire any equity interest in, Merger Sub or any person of which Merger Sub is a direct or indirect subsidiary, vote **FOR** the proposal to adopt the merger agreement.

Proposal to Approve, on an Advisory (non-binding) Basis, Specified Compensation

Approval of the proposal to approve, on an advisory (non-binding) basis, the compensation that may become payable to the named executive officers of the Company in connection with the merger, as disclosed in the table

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under *Special Factors Interests of the Company's Directors and Executive Officers in the Merger Quantification of Payments and Benefits Potential Change of Control Payments to Named Executive Officers Table*, including the associated footnotes and narrative discussion, requires the affirmative vote of holders of a majority of the voting power present and entitled to vote thereon.

Proposal to Approve the Adjournment of the Special Meeting, if Necessary or Appropriate, to Solicit Additional Proxies

Approval of the proposal to approve the adjournment of the special meeting, if necessary or appropriate, to solicit additional proxies if there are insufficient votes at the time of the special meeting to approve the proposal to adopt the merger agreement requires the affirmative vote of holders of a majority of the voting power present and entitled to vote thereon.

The directors and current executive officers of the Company have informed the Company that as of the date of this proxy statement, they intend to vote in favor of the proposal to adopt the merger agreement and the proposal to approve, on an advisory (non-binding) basis, the compensation that may become payable to the named executive officers of the Company in connection with the merger, as disclosed in the table under *Special Factors Interests of the Company's Directors and Executive Officers in the Merger Quantification of Payments and Benefits Potential Change of Control Payments to Named Executive Officers Table*, including the associated footnotes and narrative discussion. As of [], 2013, the record date, the directors and executive officers (other than Mr. Dell) owned, in the aggregate, [] shares of Common Stock entitled to vote at the special meeting.

In connection with the merger agreement, the Company entered into the voting agreement with the MD Investors and the Gift Trusts, pursuant to which the MD Investors and the Gift Trusts agreed, subject to certain conditions, to vote all of the shares of Common Stock they beneficially own in favor of the approval of the proposal to adopt the merger agreement. See *Special Factors Interests of the Company's Executive Officers and Directors in the Merger Voting Agreement* on page 123.

Voting; Proxies; Revocation

Attendance

All holders of shares of Common Stock as of the close of business on [], the record date, including stockholders of record and beneficial owners of Common Stock registered in the street name of a bank, broker or other nominee, are invited to attend the special meeting. If you are a stockholder of record, please be prepared to provide proper identification, such as a driver's license. If you hold your shares in street name, you will need to provide proof of ownership, such as a recent account statement or letter from your bank, broker or other nominee, along with proper identification.

Voting in Person

Stockholders of record will be able to vote in person at the special meeting. If you are not a stockholder of record, but instead hold your shares in street name through a bank, broker or other nominee, you must provide a proxy executed in your favor from your bank, broker or other nominee in order to be able to vote in person at the special meeting.

Providing Voting Instructions by Proxy

To ensure that your shares are represented at the special meeting, we recommend that you provide voting instructions promptly by proxy, even if you plan to attend the special meeting in person.

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If you are a stockholder of record, you may provide voting instructions by proxy by completing, signing, dating and returning the enclosed proxy card. You may alternatively follow the instructions on the enclosed proxy card for Internet or telephone submissions. If you sign, date and return your proxy card without indicating how you wish to vote, your proxy will be voted **FOR** the proposal to adopt the merger agreement, **FOR** the proposal to approve, on an advisory (non-binding) basis, the compensation that may become payable to the named executive officers of the Company in connection with the merger, as disclosed in the table under *Special Factors Interests of the Company's Directors and Executive Officers in the Merger Quantification of Payments and Benefits Potential Change of Control Payments to Named Executive Officers Table*, including the associated footnotes and narrative discussion, and **FOR** the proposal to approve the adjournment of the special meeting, if necessary or appropriate, to solicit additional proxies and in accordance with the recommendation of the Board on any other matters properly brought before the shareholders at the special meeting for a vote. If you fail to return your proxy card, the effect will be that your shares will not be counted for purposes of determining whether a quorum is present at the special meeting (unless you are a record holder as of the record date and attend the special meeting in person) and will have the same effect as a vote **AGAINST** the proposal to adopt the merger agreement. Failure to return your proxy card will not affect the vote regarding the proposal to approve, on an advisory (non-binding) basis, the compensation that may become payable to the named executive officers of the Company in connection with the merger, as disclosed in the table under *Special Factors Interests of the Company's Directors and Executive Officers in the Merger Quantification of Payments and Benefits Potential Change of Control Payments to Named Executive Officers Table*, including the associated footnotes and narrative discussion, or the proposal to approve the adjournment of the special meeting, if necessary or appropriate, to solicit additional proxies if there are insufficient votes at the time of the special meeting to approve the proposal to adopt the merger agreement.

If your shares are held by a bank, broker or other nominee on your behalf in street name, your bank, broker or other nominee will send you instructions as to how to provide voting instructions for your shares by proxy. Many banks and brokerage firms have a process for their customers to provide voting instructions by telephone or via the Internet, in addition to providing voting instructions by proxy card.

In accordance with the rules of NASDAQ, banks, brokers and other nominees who hold shares of Common Stock in street name for their customers do not have discretionary authority to vote the shares with respect to the approval of the merger agreement. Accordingly, if banks, brokers or other nominees do not receive specific voting instructions from the beneficial owner of such shares they may not vote such shares with respect to the approval of the merger agreement. Under such circumstance, a broker non-vote would arise. Broker non-votes, if any, will be counted for purposes of determining whether a quorum is present at the special meeting, but will have the same effect as a vote **AGAINST** the proposal to adopt the merger agreement. Broker non-votes, if any, will not affect the vote regarding the proposal to approve, on an advisory (non-binding) basis, the compensation that may become payable to the named executive officers of the Company in connection with the merger, as disclosed in the table under *Special Factors Interests of the Company's Directors and Executive Officers in the Merger Quantification of Payments and Benefits Potential Change of Control Payments to Named Executive Officers Table*, including the associated footnotes and narrative discussion, or the proposal to approve the adjournment of the special meeting, if necessary or appropriate, to solicit additional proxies if there are insufficient votes at the time of the special meeting to approve the proposal to adopt the merger agreement. For shares of Common Stock held in street name, only shares of Common Stock affirmatively voted **FOR** the proposal to adopt the merger agreement and/or **FOR** the proposal to approve, on an advisory (non-binding) basis, the compensation that may become payable to the named executive officers of the Company in connection with the merger, as disclosed in the table under *Special Factors Interests of the Company's Directors and Executive Officers in the Merger Quantification of Payments and Benefits Potential Change of Control Payments to Named Executive Officers Table*, including the associated footnotes and narrative discussion, will be counted as favorable vote(s) for such proposal(s).

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Revocation of Proxies

Your proxy is revocable. If you are a stockholder of record, you may revoke your proxy at any time before the vote is taken at the special meeting by:

submitting a new proxy with a later date, by using the telephone or Internet proxy submission procedures described in the proxy card, or by completing, signing, dating and returning a new proxy card by mail to the Company;

attending the special meeting and voting in person; or

sending written notice of revocation to the Corporate Secretary of Dell at Dell Inc., Attn: Corporate Secretary, One Dell Way, Mail Stop RR1-33, Round Rock, Texas 78682.

Attending the special meeting in person without taking one of the actions described above will not in itself revoke a previously submitted proxy. Please note that if you want to revoke your proxy by mailing a new proxy card to the Company or by sending a written notice of revocation to the Company, you should ensure that you send your new proxy card or written notice of revocation in sufficient time for it to be received by the Company before the day of the special meeting.

If you hold your shares in street name through a bank, broker or other nominee, you will need to follow the instructions provided to you by your bank, broker or other nominee in order to revoke your proxy or submit new voting instructions.

Abstentions

Abstentions will be included in the calculation of the number of shares of Common Stock represented at the special meeting for purposes of determining whether a quorum has been achieved. Abstaining from voting will have the same effect as a vote **AGAINST** the proposal to adopt the merger agreement, **AGAINST** the proposal to approve, on an advisory (non-binding) basis, the compensation that may become payable to the named executive officers of the Company in connection with the merger, as disclosed in the table under *Special Factors Interests of the Company's Directors and Executive Officers in the Merger Quantification of Payments and Benefits Potential Change of Control Payments to Named Executive Officers Table*, including the associated footnotes and narrative discussion, and **AGAINST** the proposal to approve the adjournment of the special meeting, if necessary or appropriate, to solicit additional proxies.

Appraisal Rights

Stockholders are entitled to statutory appraisal rights under Delaware law in connection with the merger. This means that if you comply with the requirements of Section 262 of the DGCL, you are entitled to have the fair value (as defined pursuant to Section 262 of the DGCL) of your shares of Common Stock determined by the Court of Chancery of the State of Delaware and to receive payment based on that valuation instead of receiving the merger consideration. The ultimate amount you would receive in an appraisal proceeding may be more than, the same as or less than the amount you would have received under the merger agreement.

To exercise your appraisal rights, you must submit a written demand for appraisal to us before the vote is taken on the merger agreement, you must **NOT** vote in favor of the proposal to adopt the merger agreement and you must otherwise comply with the requirements of Section 262 of the DGCL. Your failure to follow exactly the procedures specified under Delaware law could result in the loss of your appraisal rights. See *Rights of Appraisal* beginning on page 179 and the text of the Delaware appraisal rights statute, Section 262 of the DGCL, which is reproduced in its entirety as Annex D to this proxy statement.

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Adjournments and Postponements

Although it is not currently expected, the special meeting may be adjourned or postponed for the purpose of soliciting additional proxies. In the event that there is present, in person or by proxy, sufficient favorable voting power to secure the vote of the stockholders of the Company necessary to approve the proposal to adopt the merger agreement, the Company does not anticipate that it will adjourn or postpone the special meeting unless it is advised by counsel that such adjournment or postponement is necessary under applicable law to allow additional time for any disclosure. Any signed proxies received by the Company in which no voting instructions are provided on such matter will be voted in favor of an adjournment in these circumstances. The time and place of the adjourned meeting will be announced at the time the adjournment is taken, and no other notice need be given, unless the adjournment is for more than 30 days. Any adjournment or postponement of the special meeting for the purpose of soliciting additional proxies will allow the Company's stockholders who have already sent in their proxies to revoke them at any time prior to their use at the special meeting as adjourned or postponed.

Solicitation of Proxies

The Company will bear all costs of this proxy solicitation. Proxies may be solicited by mail, in person, by telephone, or by facsimile or by electronic means by officers, directors and regular employees of the Company. In addition, the Company will utilize the services of MacKenzie Partners Inc., an independent proxy solicitation firm, and will pay approximately \$2.5 million plus reasonable expenses as compensation for those services. The Company may also reimburse brokerage firms, custodians, nominees and fiduciaries for their expenses to forward proxy materials to beneficial owners. Parent, directly or through one or more affiliates (including the MD Investors, the SLP Investors, the MSDC Investor and their respective affiliates or representatives) or representatives, may, at its own cost, also make solicitations of proxies by mail, telephone, facsimile or other contact in connection with the merger. Parent has retained Innisfree M&A Incorporated to provide advisory services and to assist it in any solicitation efforts it may decide to make in connection with the merger. Intermediate has retained Okapi Partners LLC to provide advisory services and to assist it in any solicitation efforts it may decide to make in connection with the merger. Each of Innisfree M&A Incorporated and Okapi Partners LLC may solicit proxies from individuals, banks, brokers, custodians, nominees, other institutional holders and other fiduciaries.

Additional Assistance

If you have more questions about the merger, or require assistance in submitting your proxy or voting your shares or need additional copies of the proxy statement or the enclosed proxy card, please contact MacKenzie Partners Inc., which is acting as the Company's proxy solicitation agent and information agent in connection with the merger.

105 Madison Avenue

New York, New York 10016

(212) 929-5500 (Call Collect)

or

Call Toll-Free (800) 322-2885

Email: proxy@mackenziepartners.com

If your broker, bank or other nominee holds your shares, you should also call your broker, bank or other nominee for additional information.

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THE MERGER AGREEMENT

The following is a summary of the material provisions of the merger agreement, a copy of which is attached to this proxy statement as Annex A, and which we incorporate by reference into this proxy statement. This summary may not contain all of the information about the merger agreement that is important to you. We encourage you to read carefully the merger agreement in its entirety, as the rights and obligations of the parties thereto are governed by the express terms of the merger agreement and not by this summary or any other information contained in this proxy statement.

Explanatory Note Regarding the Merger Agreement

The following summary of the merger agreement, and the copy of the merger agreement attached hereto as Annex A to this proxy statement, are intended to provide information regarding the terms of the merger agreement and are not intended to modify or supplement any factual disclosures about the Company in its public reports filed with the SEC. In particular, the merger agreement and the related summary are not intended to be, and should not be relied upon as, disclosures regarding any facts and circumstances relating to the Company or any of its subsidiaries or affiliates. The merger agreement contains representations and warranties by the Company and the Parent Parties that were made only for purposes of the merger agreement and as of specified dates. The representations, warranties and covenants in the merger agreement were made solely for the benefit of the parties to the merger agreement; may be subject to limitations agreed upon by the contracting parties, including being qualified by confidential disclosures made for the purposes of allocating contractual risk between the parties to the merger agreement instead of establishing these matters as facts; and may apply contractual standards of materiality or material adverse effect that generally differ from those applicable to investors. In addition, information concerning the subject matter of the representations, warranties and covenants may change after the date of the merger agreement, which subsequent information may or may not be fully reflected in the Company's public disclosures. Moreover, the description of the merger agreement below does not purport to describe all of the terms of such agreement, and is qualified in its entirety by reference to the full text of such agreement, a copy of which is attached hereto as Annex A and is incorporated herein by reference.

Additional information about the Company may be found elsewhere in this proxy statement and the Company's other public filings. See *Where You Can Find Additional Information* beginning on page 190.

Structure of the Merger

At the effective time of the merger, Merger Sub will merge with and into the Company and the separate corporate existence of Merger Sub will cease. The Company will be the surviving corporation in the merger and will continue to be a Delaware corporation after the merger. The certificate of incorporation of the surviving corporation will be amended and restated in its entirety to be in the form of the certificate of incorporation attached as Exhibit A to the merger agreement, until amended in accordance with its terms or by applicable law. The bylaws of the surviving corporation will be amended and restated in their entirety to be in the form of the bylaws attached as Exhibit B to the merger agreement, until amended in accordance with their terms or by applicable law. The directors of Merger Sub immediately prior to the effective time of the merger will be the directors of the surviving corporation and will hold office until their respective successors are duly elected and qualified, or their earlier death, incapacitation, retirement, resignation or removal in accordance with the certificate of incorporation and bylaws of the surviving corporation. The officers of the Company immediately prior to the effective time of the merger will be the officers of the surviving corporation and will hold office until their respective successors are duly elected or appointed and qualified, or their earlier death, incapacitation, retirement, resignation or removal in accordance with the certificate of incorporation and bylaws of the surviving corporation.

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When the Merger Becomes Effective

The merger will become effective at the time (which we refer to as the effective time of the merger) when the Company files a certificate of merger with the Secretary of State of the State of Delaware or at such later date or time as Parent and the Company agree in writing and specify in the certificate of merger in accordance with the DGCL.

The closing of the merger will take place on a date which will be the second business day after the satisfaction or waiver (to the extent permitted by applicable law) of the closing conditions stated in the merger agreement (other than those conditions that by their nature are to be satisfied at the closing, but subject to the satisfaction or waiver of such conditions) or at such other time and date as the Company and Parent may agree in writing. However, without the prior written consent of Parent, the closing will not occur prior to the earlier of (i) a date during the marketing period (as defined below) specified by Parent on no fewer than two business days notice to the Company (which date may be conditioned upon the simultaneous completion of the Parent Parties financing of the transactions contemplated by the merger agreement) and (ii) the final day of the marketing period.

For purposes of the merger agreement, the marketing period means the first period of twenty consecutive business days commencing after the date of the merger agreement and throughout and at the end of which (a) Parent shall have received the Required Information (as defined under *Financing*) from the Company and (b)(i) the mutual conditions to the parties obligations to complete the merger and the Parent Parties conditions to their obligations to complete the merger are satisfied (except for the condition that Parent not have the right to terminate the merger agreement because the Company's cash on hand is less than \$7.4 billion as of the beginning of the day on which the closing of the merger would have been required to occur but for the failure of this condition and those conditions that by their nature are to be satisfied at the closing) and (ii) nothing has occurred and no condition exists that would cause any of the mutual conditions to the parties obligations to complete the merger or the conditions of the Parent Parties to complete the merger to fail to be satisfied assuming the closing were to be scheduled for any time during such twenty consecutive business day period. However, (x) July 5, 2013 shall not be considered a business day for purposes of this definition, (y) if the marketing period has not been completed on or prior to August 16, 2013, the marketing period shall commence no earlier than September 3, 2013 and (z) the marketing period shall not be deemed to have commenced if (A) after the date of the merger agreement and prior to the completion of the marketing period (I) PricewaterhouseCoopers LLP shall have withdrawn its audit opinion with respect to any of the financial statements contained in the Company SEC Documents (as defined below), including Company SEC Documents filed after the date of the merger agreement, in which case the marketing period shall not be deemed to commence unless and until a new unqualified audit opinion is issued with respect to such financial statements by PricewaterhouseCoopers LLP or another independent accounting firm reasonably acceptable to Parent, (II) the financial statements included in the Required Information that is available to Parent on the first day of any such twenty consecutive business day period would be required to be updated under Rule 3-12 of Regulation S-X promulgated under the Securities Act in order to be sufficiently current on any day during such twenty consecutive business day period to permit a registration statement on Form S-1 using such financial statements to be declared effective by the SEC on the last day of such twenty consecutive business day period, in which case the marketing period shall not be deemed to commence until the receipt by Parent of updated Required Information that would be required under Rule 3-12 of Regulation S-X to permit a registration statement on Form S-1 using such financial statements to be declared effective by the SEC on the last day of such new twenty consecutive business day period or (III) the Company shall have announced any intention to restate any historical financial statements of the Company or other financial information included in the Required Information, or that any such restatement is under consideration or may be a possibility, in which case the marketing period shall not be deemed to commence unless and until such restatement has been completed and the applicable Required Information has been amended or the Company has announced that it has concluded no such restatement shall be required and (B) the Company shall have been delinquent in filing or furnishing any Company SEC Document, the marketing period shall not be deemed to have commenced unless and until, at the earliest, all such delinquencies have been cured.

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For purposes of the merger agreement, *Company SEC Documents* means all forms, documents and reports required to be filed or furnished by the Company with the SEC on a timely basis since January 28, 2011 (together with any documents so filed or furnished during such period on a voluntary basis, in each case as may have been amended).

Effect of the Merger on the Common Stock

At the effective time of the merger, each share of Common Stock, other than (i) shares owned immediately prior to the effective time of the merger by (a) the Company or any direct or indirect wholly-owned subsidiary of the Company or (b) any of the Parent Parties (including the shares of Common Stock to be contributed by the MD Investors to Parent in exchange for common stock of Parent) (collectively, the *excluded shares*), (ii) Company restricted shares and (iii) dissenting shares, issued and outstanding immediately prior to the effective time of the merger will be converted automatically into the right to receive \$13.65 in cash, without interest and less applicable withholding taxes, whereupon all such shares will be automatically canceled upon the conversion thereof and will cease to exist, and the holders of such shares will cease to have any rights with respect thereto other than the right to receive the merger consideration. The MD Investors have committed, severally and not jointly, to transfer, contribute and deliver to Parent, immediately prior to the consummation of the merger, 273,299,383 shares of the Common Stock (including shares held by the Gift Trusts which shall be acquired by Mr. Dell from the Gift Trusts prior to the consummation of the merger (conditional upon the occurrence of the closing of the merger)) in exchange for common stock of Parent.

At the effective time of the merger, each excluded share will be automatically canceled and will cease to exist and no consideration will be delivered in exchange for such cancellation, except, that excluded shares that are owned by any wholly-owned subsidiary of the Company will be converted into shares of the surviving corporation. At the effective time of the merger, each dissenting share will be automatically canceled and will cease to exist and any holder thereof will cease to have any rights with respect thereto except the rights provided under Section 262.

Treatment of Company Stock Options, Company RSU Awards and Company Restricted Shares

Company Stock Options. Except as otherwise agreed by Parent and a holder of a Company stock option, each Company stock option granted under the Other LTIP Plans, whether vested or unvested and whether with an exercise price per share that is greater or less than or equal to \$13.65, that is outstanding immediately prior to the effective time of the merger, will be canceled and converted into the right to receive an amount in cash equal to the product of (i) the total number of shares of Common Stock subject to such Company stock option and (ii) the excess, if any, of \$13.65 over the exercise price per share of Common Stock subject to such Company stock option, less such amounts as are required to be withheld or deducted under applicable tax provisions. As of April 26, 2013, options to purchase 11,330,971 shares of Common Stock were outstanding under the Other LTIP Plans.

Parent has indicated to the Company that it intends to request, pursuant to the merger agreement, that the Company, before the completion of the merger, commence an option tender offer to purchase for cash at prices to be determined by Parent each tendered Company stock option granted under the 2002 Plan and the 2012 Plan, whether vested or unvested, that is outstanding immediately prior to the effective time of the merger. Subject to the terms and conditions of the option tender offer, which conditions would include the consummation of the merger, each such Company stock option that is validly tendered and not withdrawn by the holder thereof would be canceled in exchange for the applicable cash payment promptly after the completion of the merger. Also in accordance with the merger agreement, Company stock options granted under the 2002 Plan and the 2012 Plan that are outstanding immediately prior to the effective time of the merger and not accepted for cancellation and payment in the option tender offer would be converted at the effective time of the merger into options to purchase, on substantially the same terms and conditions (including vesting conditions) applicable to such

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Company stock option immediately prior to the effective time of the merger, shares of Parent common stock. Notwithstanding the provisions of the merger agreement, Mr. Dell would not participate in the option tender offer and his Company stock options will be canceled for no consideration in connection with the merger.

Company RSU Awards. Except as otherwise agreed to in writing prior to the effective time of the merger by Parent and a holder of any Company RSU Awards with respect to any of such holder's Company RSU Awards, each Company RSU Award, whether vested or unvested, that is outstanding immediately prior to the effective time of the merger, will, as of the effective time of the merger, be canceled and converted into the right to receive from the surviving corporation or one of its subsidiaries an amount in cash equal to (a) the product of (i) the total number of shares of Common Stock subject to such Company RSU Award multiplied by (ii) \$13.65 minus (b) such amounts as are required to be withheld or deducted under applicable tax provisions, on such date(s) that such Company RSU Award would have otherwise vested under the applicable award agreement and treating any performance-based vesting condition as having been attained at the target level (with awards subject to performance-based vesting conditions being deemed to vest ratably on the last day of each fiscal year during the portion of the performance period applicable to such awards that occurs following the effective time of the merger). In addition, the holders of Company RSU Awards will receive any additional amounts related to dividend equivalents credited with respect to Company RSU Awards prior to the effective time of the merger. In addition, holders of Company RSU Awards will receive any additional amounts related to dividend equivalents credited with respect to such Company RSU Awards prior to the effective time. Notwithstanding the provisions of the merger agreement, Mr. Dell's unvested performance-based Company RSU Awards will be canceled and converted into a right to receive a cash amount as described above; however, such cash amount will vest and pay out upon the Company RSU Awards' original vesting and payout dates.

Company Restricted Shares. Except as otherwise agreed to in writing prior to the effective time of the merger by Parent and a holder of any Company restricted shares with respect to any of such holder's Company restricted shares, each Company restricted share that is outstanding immediately prior to the effective time of the merger, will, as of the effective time of the merger, be canceled and converted into the right to receive from the surviving corporation or one of its subsidiaries an amount in cash equal to \$13.65 less such amounts as are required to be withheld or deducted under applicable tax provisions. In addition, each holder of Company restricted shares will remain entitled to receive any additional amounts related to dividends payable on such restricted stock of the Company prior to the effective time of the merger, but which remain subject to the vesting of the Company restricted shares. Payment in respect of Company restricted shares (including associated amounts related to dividends) will be made on such date(s) as the Company restricted shares would have otherwise vested, but only if the holder of such Company restricted shares remains continuously employed with the surviving corporation through such vesting dates.

Payment for the Common Stock in the Merger

At the effective time of the merger, Parent will deposit, or cause to be deposited, with a U.S. bank or trust company that will be appointed by Parent (and reasonably satisfactory to the Company) to act as paying agent (the "paying agent"), in trust for the benefit of the holders of the Common Stock, sufficient cash to pay to the holders of the Common Stock (other than the holders of the excluded shares, the Company restricted shares and dissenting shares) the merger consideration of \$13.65 per share, without interest. In the event any dissenting shares cease to be dissenting shares, Parent will deposit, or cause to be deposited, with the paying agent sufficient cash to pay to the holders of such Common Stock the merger consideration of \$13.65 per share, without interest. In the event that the cash amount deposited with the paying agent is insufficient to make the aggregate payments of the per share merger consideration, Parent will promptly deposit, or will cause Merger Sub or the surviving corporation to promptly deposit, additional funds with the paying agent in an amount sufficient to make such payments.

Within two business days following the effective time of the merger, each record holder of shares of Common Stock that were converted into the merger consideration will be sent a letter of transmittal and instructions for use

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in effecting the surrender of certificates that formerly represented shares of the Common Stock or non-certificated shares represented by book-entry in exchange for the merger consideration.

You should not return your stock certificates with the enclosed proxy card and you should not forward your stock certificates to the paying agent without a letter of transmittal.

Unless otherwise agreed to in writing prior to the effective time of the merger by Parent and a holder thereof, the surviving corporation or one of its subsidiaries, as applicable, will pay to each holder of Company stock options, each holder of Company RSU Awards and each holder of Company restricted shares, the cash amounts described under *Treatment of Company Stock Options, Company RSU Awards and Company Restricted Shares* as soon as administratively practicable following the effective time of the merger.

Representations and Warranties

The merger agreement contains representations and warranties of each of the Company and the Parent Parties as to, among other matters:

corporate organization, existence, good standing and power and authority to carry on their respective businesses, including, as to the Company, with respect to its subsidiaries;

corporate power and authority to enter into the merger agreement and to consummate the transactions contemplated by the merger agreement;

required regulatory filings and authorizations, consents or approvals of governmental entities;

the absence of certain violations, defaults or consent requirements under certain contracts, organizational documents and law, in each case arising out of the execution and delivery of, and consummation of the transactions contemplated by, the merger agreement;

the absence of certain litigation, orders and judgments and governmental proceedings and investigations related to the Parent Parties or the Company, as applicable;

matters relating to information to be included in required filings with the SEC in connection with the merger;

the absence of any undisclosed fees owed to investment bankers, financial advisors or brokers in connection with the merger; and

the capitalization of the Company or Merger Sub, as applicable.

The merger agreement also contains representations and warranties of the Company as to, among other things:

the absence of certain rights to purchase or acquire equity securities of the Company or any of its subsidiaries, the absence of any bonds or other obligations allowing holders the right to vote with stockholders of the Company, the absence of stockholder agreements or voting trusts or agreements as to registration rights to which the Company or any of its subsidiaries is a party and the absence of undisclosed declared, but unpaid dividends, undisclosed indebtedness and certain real property interests over a certain value;

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the declaration of advisability of the merger agreement and the merger by the Board (upon the unanimous recommendation of the Special Committee), and the approval by the Board of the merger agreement and the merger;

the Company's filings since January 28, 2011 with the SEC and financial statements included therein and the absence of off balance sheet arrangements ;

the design and maintenance of disclosure controls and internal control over financial reporting and the absence of certain claims, complaints or allegations with respect thereto;

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the absence of certain undisclosed liabilities for the Company and its subsidiaries;

the absence of certain changes or events since November 2, 2012;

the absence of a Company material adverse effect (as defined below) since November 2, 2012;

compliance with laws since January 29, 2010, including the Foreign Corrupt Practices Act and UK Bribery Act, and possession of necessary permits and authorizations by the Company and its subsidiaries;

environmental matters;

employee matters;

tax matters;

labor matters;

intellectual property;

real and personal property;

material contracts of the Company and its subsidiaries;

the receipt by the Special Committee and the Board of an opinion from each of J.P. Morgan Securities LLC and Evercore Group L.L.C.;

the vote of stockholders required to adopt the merger agreement;

the vote of unaffiliated stockholders required to adopt the merger agreement;

state takeover statutes and stockholder rights plan;

insurance policies of the Company and its subsidiaries;

absence of certain related party transactions; and

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the limitation of the Company's representations and warranties to those set forth in the merger agreement. The merger agreement also contains representations and warranties of the Parent Parties as to, among other matters:

the financing that has been committed in connection with the merger;

Parent's indirect ownership of Merger Sub and the absence of any previous conduct of business by Merger Sub other than in connection with the transactions contemplated by the merger agreement;

the absence of undisclosed agreements or arrangements with any beneficial owner of outstanding shares of Common Stock or any member of the Company's management or the Board relating in any way to the Common Stock, the Company, the merger or the other transactions contemplated by the merger agreement;

the absence of any undisclosed direct or indirect ownership by any of the Parent Parties or any of their affiliates of Common Stock or securities convertible into or exchangeable for Common Stock;

the solvency of the surviving corporation immediately after giving effect to the transactions contemplated by the merger agreement;

the limited guarantees delivered by each of the Parent Parties; and

acknowledgment as to the absence of any other representations and warranties, including with respect to any projections, estimates or forward-looking information provided by the Company.

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Some of the representations and warranties in the merger agreement are qualified by materiality qualifications or a Company material adverse effect clause. For purposes of the merger agreement, a Company material adverse effect means:

any fact, circumstance, change, event, occurrence or effect that would, or would reasonably be expected to (1) have a material adverse effect on the financial condition, business, properties, assets, liabilities or results of operations of the Company and its subsidiaries taken as a whole, but does not include any fact, circumstance, change, event, occurrence or effect to the extent arising out of or relating to (i) any facts, circumstances, changes, events, occurrences or effects generally affecting (A) any of the industries in which the Company and its subsidiaries operate or (B) the economy, credit or financial and capital markets in the United States or elsewhere in the world, including changes in interest or exchange rates (except, for purposes of this clause (i)(B) only, to the extent such fact, circumstance, change, event or occurrence adversely affects the Company and its subsidiaries, taken as a whole, in a materially disproportionate manner relative to other companies operating in any of the industries in which the Company and its subsidiaries primarily operate), or (ii) any facts, circumstances, changes events, occurrences or effects arising out of, resulting from or attributable to (A) changes or prospective changes in law, applicable regulations of any governmental entity, generally accepted accounting principles or accounting standards, or any changes or prospective changes in, or issuance of any administrative or judicial notice, decision or other guidance with respect to, the interpretation or enforcement of any of the foregoing, (B) the negotiation, execution, announcement, pendency or performance of the merger agreement or the consummation of the merger or the other transactions contemplated by the merger agreement, including the impact thereof on the relationships, contractual or otherwise, with customers, suppliers, distributors, partners, employees or regulators, or any litigation relating to the merger agreement, the merger or the other transactions contemplated by the merger agreement or compliance by the Company with the terms of the merger agreement, (C) acts of war (whether or not declared), sabotage or terrorism, or any escalation or worsening of any such acts of war (whether or not declared), sabotage or terrorism, (D) pandemics, earthquakes, hurricanes, tornados or other natural disasters, (E) any change or announcement of a potential change in the credit ratings in respect of the Company or any indebtedness of the Company or its subsidiaries, (F) any change to the extent resulting or arising from the identify of, or any facts or circumstances relating to, the Parent Parties or their respective affiliates (but excluding Michael S. Dell other than in his capacity as an MD Investor), (G) any decline in the market price, or change in trading volume, of any capital stock of the Company or (H) any failure to meet any internal or public projections, forecasts or estimates of revenue, earnings, cash flow, cash position or other financial measures or (2) prevent the ability of the Company to perform its obligations under the merger agreement in any material respect. However, the underlying cause of any decline, change or failure referred to in the foregoing clauses (1)(ii)(E), (1)(ii)(G) or (1)(ii)(H) (if not otherwise falling within any of clause (1)(i) or clauses (1)(ii)(A) through (H) above) may be taken into account in determining whether there is a Company material adverse effect.

For purposes of the merger agreement, (i) the term equity financing means the equity committed pursuant to the SLP equity commitment letter; (ii) the term subordinated securities financing means Microsoft's agreement to purchase securities of Parent for the price set forth in the securities purchase agreement; (iii) the term debt financing means debt amounts committed pursuant to the debt commitment letter; (iv) the term rollover investment means (a) the MD Investors' commitment to transfer to Parent, immediately prior to the consummation of the merger, 273,299,383 shares of the Common Stock (including shares held by the Gift Trusts which shall be acquired by Mr. Dell prior to the consummation of the merger (conditional upon the occurrence of the closing of the merger)) in exchange for common stock of Parent and (b) the equity committed by Mr. Dell, in each case pursuant to the MD equity commitment letter; (v) the term MSDC financing means the equity committed pursuant to the MSDC equity commitment letter; and (vi) the term financing means the equity financing, the subordinated securities financing, the debt financing, the rollover investment and the MSDC financing, collectively.

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Conduct of Business Pending the Merger

The merger agreement provides that during the period from the signing of the merger agreement to the effective time of the merger, subject to certain exceptions in the merger agreement and disclosure schedules delivered by the Company in connection with the merger agreement, the Company will, and will cause each of its subsidiaries to, conduct its business in the ordinary course of business and use its commercially reasonable efforts to preserve in all material respects its business organization and maintain in all material respects existing relations and goodwill with governmental authorities, customers, suppliers, creditors, lessors and other persons having material business relationships with the Company or any of its subsidiaries and will not, and will not permit any of its subsidiaries to take the following actions (subject, in some cases, to certain exceptions):

amend its certificate of incorporation or bylaws or other applicable governing instruments;

split, combine, subdivide or reclassify any of its shares of capital stock or other equity interests;

issue, sell, pledge, grant, transfer, encumber or otherwise dispose of any shares of capital stock or other equity interests of the Company or any of its subsidiaries, or securities convertible into or exchangeable or exercisable for, or options, warrants, calls, commitments or rights of any kind to acquire, any shares of capital stock or other equity interests of the Company or any of its subsidiaries;

other than quarterly cash dividends of \$0.08 per share of Common Stock (with record dates between March 27, 2013 and April 15, 2013, between June 27, 2013 and July 15, 2013 and between September 26, 2013 and October 16, 2013), declare, set aside or pay any dividend or other distribution payable in cash, stock or property (or any combination thereof) with respect to its capital stock or other equity interests;

purchase, redeem or otherwise acquire any shares of its capital stock or any other of its equity securities or any rights, warrants or options to acquire any such shares or other equity securities;

make any acquisition (whether by merger, consolidation or acquisition of stock or assets) of any interest in any entity or any division or assets thereof with a value or purchase price (excluding employee retention costs) in the aggregate in excess of \$150 million (from and after the date of the merger agreement through and including July 14, 2013) or \$250 million (if the effective time of the merger occurs on or after July 15, 2013 and, which amount includes all such acquisitions after the date of the merger agreement and on or prior to July 14, 2013) for all such acquisitions, other than acquisitions pursuant to contracts in effect as of the date of the merger agreement or purchases of assets in the ordinary course of business;

make any loans, advances or capital contributions to or investments in any person or entity in excess of \$75 million (from and after the date of the merger agreement through and including July 14, 2013) or \$125 million (if the effective time of the merger occurs on or after July 15, 2013);

incur or assume any indebtedness for borrowed money other than structured financing debt facilities with a principal amount of \$1.5 billion or less, commercial paper debt with a principal amount of \$1.8 billion or less in the aggregate and evidenced by unsecured promissory notes with a maximum maturity of 30 days, debt incurred under the senior unsecured revolving credit facilities of the Company with a principal amount of \$2.0 billion or less or other indebtedness with a principal amount of \$25 million or less (provided that such indebtedness may be repaid in full at the closing of the merger without penalty or premium), or incur or assume material off balance sheet arrangement ;

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settle or compromise any litigation, claim or other proceeding against the Company or any of its subsidiaries pursuant to which the amounts paid or payable by the Company or any of its subsidiaries in settlement or compromise exceed \$300 million in the aggregate, other than with respect to litigations, claims or other proceedings arising out of the merger agreement;

transfer, lease, license, sell, mortgage, pledge, dispose of or encumber any of its material assets other than for consideration not in excess of \$100 million in the aggregate;

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except to the extent required by law or any existing written agreements or Company benefit plan in effect as of the date of the merger agreement, increase compensation or other benefits (including any severance or change in control benefits) payable or provided to the Company's current or former directors or executive officers, except for base salary increases and the payment of bonuses in respect of fiscal year 2013 in the ordinary course of business; increase the compensation or other benefits (including any severance or change in control benefits) payable or provided to the current or former employees of the Company and its subsidiaries that are not directors or executive officers, except in the ordinary course of business; establish, adopt, enter into or amend any material benefit plan or plan, agreement or arrangement that would have been a material Company benefit plan if it had been in effect on the date of the merger agreement; grant any equity or equity-based award or make a loan or extension of credit to any current or former director or executive officer or, except in the ordinary course of business, to any other employee of the Company and its subsidiaries;

adopt or enter into a plan or agreement of complete or partial liquidation, dissolution, merger, consolidation or other reorganization of the Company or any of its subsidiaries;

make or change any material tax election, adopt or change any material accounting method with respect to taxes, change any annual tax accounting period, file any material amended tax return, enter into any closing agreement with respect to taxes, settle or compromise any proceeding with respect to any material tax claim or assessment, surrender any right to claim a material refund of taxes, seek any tax ruling from any taxing authority or consent to any extension or waiver of the limitation period applicable to any material tax claim or assessment;

make any material change in financial accounting principles, policies or practices, except as required by a change in generally accepted accounting principles or applicable law;

amend, modify or terminate or grant a waiver of any rights under any contract that provides for or relates to indebtedness of the Company or its subsidiaries having an outstanding amount in excess of \$50 million under such contract;

materially amend or modify, terminate or grant any material waiver under any material contract, or enter into any contract that (i) would be characterized as a material contract if entered into prior to the date of the merger agreement or (ii) contains, unless required by applicable law, a change in control provision in favor of the other party or parties thereto that would prohibit, or give such party or parties a right to terminate such agreement as a result of, the merger or would otherwise require a material payment or give rise to any material rights;

enter into or amend, in a manner materially adverse to the Company or its subsidiaries, any related party transaction; or

agree, authorize or commit to do any of the foregoing actions.

The merger agreement also provides that the Parent Parties will not, and will cause the SLP Investors, the MD Investors and the MSDC Investor not to, enter into agreements with respect to, or consummate, any acquisitions, mergers, consolidations or business combinations which would, individually or in the aggregate, impair, prevent or materially delay the satisfaction of the closing conditions or consummation of the merger.

Other Covenants and Agreements

Access and Information

Subject to certain exceptions and limitations, the Company must afford to the Parent Parties and the Lenders and to their respective representatives reasonable access during normal business hours, during the period prior to the effective time of the merger, to the officers, employees, properties, contracts, commitments and books and records of the Company and its subsidiaries.

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Acquisition Proposals

Until 12:01 a.m., New York time, on March 23, 2013, the Company and its subsidiaries, and their respective representatives, were permitted to:

initiate, solicit and encourage any inquiry or the making of acquisition proposals (as defined below), including by providing information (including non-public information and data) and affording access to the business, properties, assets, books, records and personnel of the Company and its subsidiaries pursuant to confidentiality agreements meeting certain requirements (provided that the Company was required to make available to the Parent Parties any such non-public information concerning the Company and its subsidiaries that was not previously made available to the Parent Parties); or

engage in, enter into, continue or otherwise participate in any discussions or negotiations with any person or group of persons with respect to any acquisition proposal, or otherwise cooperate with or assist or participate in or facilitate any such inquiries, proposals, discussions or negotiations or any effort or attempt to make any acquisition proposals.

No later than two business days after 12:01 a.m., New York time, on March 23, 2013, the Company was required to notify Parent in writing of the identity of each person from whom the Company received a written acquisition proposal after the date of the merger agreement through such date and provide to Parent a copy of any written acquisition proposal (including financing commitments) and a written summary of the material terms of any acquisition proposal not made in writing.

From and after 12:01 a.m., New York time, on March 23, 2013, the Company and its subsidiaries, and their respective representatives, were required to immediately cease any activities described above and any discussions or negotiations with any person or group that may be ongoing with respect to any acquisition proposals, except that the Company and its subsidiaries, and their respective representatives, were permitted to continue or engage in the foregoing activities with excluded parties (as defined below). Except as expressly permitted under the provision of the merger agreement regarding acquisition proposals or as may relate to an excluded party, from and after 12:01 a.m., New York time, on March 23, 2013 and until the effective time of the merger or, if earlier, the termination of the merger agreement, the Company and its subsidiaries may not, and the Company must instruct and use reasonable best efforts to cause its and its subsidiaries' representatives not to:

initiate, solicit or knowingly encourage any inquiry or the making of any acquisition proposals;

engage in, enter into, continue or otherwise participate in any discussions or negotiations with any person with respect to, or provide any non-public information or data concerning the Company or its subsidiaries to any person relating to, any acquisition proposal; and

enter into any acquisition agreement, merger agreement or similar definitive agreement, or any letter of intent, memorandum of understanding or agreement in principle, or any other agreement relating to an acquisition proposal.

At any time from and after 12:01 a.m., New York time, on March 23, 2013 and prior to the time the Company's stockholders approve the proposal to adopt the merger agreement, if the Company receives an acquisition proposal from any person, the Company and its representatives may contact such person to clarify the terms and conditions of such acquisition proposal, provide non-public and other information and data regarding, and afford access to, the business, properties, assets, books, records and personnel of, the Company and its subsidiaries (pursuant to an acceptable confidentiality agreement) (except that the Company is required to make available to the Parent Parties any such non-public information concerning the Company and its subsidiaries that has not been previously made available to the Parent Parties), and engage in, enter into, continue or otherwise participate in any discussions or negotiations with such person with respect to such acquisition proposal, if the Board, upon recommendation from the Special Committee, determines in good faith that such acquisition proposal either constitutes a superior proposal or could reasonably be expected to result in a superior proposal.

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At any time from and after 12:01 a.m., New York time, on March 23, 2013, the Company is required to give oral and written notice to Parent of the receipt of any acquisition proposal, any inquiries that would reasonably be expected to result in an acquisition proposal, or any request of information from, or any negotiations sought to be initiated or resumed with, either the Company or its representatives concerning an acquisition proposal, which includes the information prescribed by the merger agreement.

Except as permitted by the terms of the merger agreement described below, neither the Board nor any committee thereof (including the Special Committee) will (i) (A) change, withhold, withdraw, qualify or modify, in a manner adverse to Parent (or publicly propose or resolve to withhold, withdraw, qualify or modify), the Board's recommendation that the stockholders approve the proposal to adopt the merger agreement at the special meeting, (B) fail to include the Board's recommendation that the stockholders vote in favor of the proposal to adopt the merger agreement in the proxy statement, (C) approve or recommend, or publicly propose to approve or recommend to the stockholders of the Company, an acquisition proposal or (D) if a tender offer or exchange offer for shares of capital stock of the Company that constitutes an acquisition proposal is commenced, fail to recommend against acceptance of such tender offer or exchange offer by the stockholders of the Company (including, for these purposes, by disclosing that it is taking no position with respect to the acceptance of such tender offer or exchange offer by its stockholders, which constitutes a failure to recommend against acceptance of such tender offer or exchange offer) within 10 business days after commencement (any of the foregoing, a change of recommendation) or (ii) authorize, adopt or approve or propose to authorize, adopt or approve an acquisition proposal, or cause or permit the Company or any of its subsidiaries to enter into any acquisition agreement or similar agreement relating to an acquisition proposal.

Prior to the time the Company's stockholders approve the proposal to adopt the merger agreement, the Board may (x) effect a change of recommendation if a development or change in circumstances that occurs or arises after the date of the merger agreement (other than a superior proposal) that was not known to the Special Committee as of the date of the merger agreement becomes known to the Board (an intervening event) and the Board determines in good faith (after consultation with its outside legal counsel and upon recommendation thereof by the Special Committee) that as a result of the intervening event a failure to do so could reasonably be expected to be inconsistent with its fiduciary duties under applicable law or (y) if the Company receives an acquisition proposal that the Special Committee determines in good faith (after consultation with outside legal counsel and its financial advisors) constitutes a superior proposal, authorize, adopt or approve such superior proposal and cause or permit the Company to enter into an acquisition agreement with respect to such superior proposal. However, prior to taking such action, in the case of clause (y) above, the Company must terminate the merger agreement concurrently with entering into such alternative acquisition agreement and pay the applicable termination fee, and in the case of either clause (x) or (y) above, the Company must comply with the following requirements:

the Company has provided prior written notice to the Parent Parties, of its or the Board's intention to take such actions at least four business days in advance of taking such action, which specifies, as applicable, the details of such intervening event or the material terms of the acquisition proposal received by the Company that constitutes a superior proposal, including a copy of the relevant proposed transaction agreements with, and the identity of, the party making the acquisition proposal and other material documents (including any financing commitments with respect to such acquisition proposal and any arrangements with the MD Investors or any of their affiliates);

after providing such notice and prior to taking such actions, the Company has negotiated, and has caused its representatives to negotiate with the Parent Parties in good faith (to the extent the Parent Parties desire to negotiate) during such four business day period to make such adjustments in the terms and conditions of the merger agreement and the financing as would permit the Company, the Special Committee or the Board not to take such actions; and

the Special Committee and the Board have considered in good faith any changes to the merger agreement and the financing or other arrangements that are offered in writing by Parent by 5:00 p.m.

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Central time on the fourth business day of such four business day period and must have determined in good faith (A) with respect to the actions described in clause (y), after consultation with outside counsel and its financial advisors, that the acquisition proposal received by the Company would continue to constitute a superior proposal and (B) with respect to the actions described in clause (x), after consultation with outside counsel, that it would continue to be inconsistent with the directors' fiduciary duties under applicable law not to effect the change of recommendation, in each case, if such changes offered in writing by Parent were given effect.

After compliance with the foregoing requirements with respect to any superior proposal, the Company will have no further obligations under the foregoing requirements, and the Board shall not be required to comply with such obligations with respect to any other superior proposal. After compliance with the foregoing requirements with respect to an intervening event that is not an acquisition proposal, the Company shall have no further obligations under the foregoing requirements, and the Board shall not be required to comply with such obligations with respect to any other intervening event that is not an acquisition proposal. For the avoidance of doubt, with respect to an intervening event that is an acquisition proposal (and is not a superior proposal), the Company's obligation to comply with the foregoing requirements will not be limited.

Nothing in the provisions of the merger agreement prohibits the Company, the Board, the Special Committee or any other committee of the Board from (i) complying with its disclosure obligations under U.S. federal or state law with regard to an acquisition proposal, including taking and disclosing to its stockholders a position contemplated by Rule 14d-9 or Rule 14e-2(a) under the Exchange Act (or any similar communication to stockholders in connection with the making or amendment of a tender offer or exchange offer), or (ii) making any stop-look-and-listen communication to the Company's stockholders pursuant to Rule 14d-9(f) under the Exchange Act (or any similar communications to the Company's stockholders).

For purposes of the merger agreement, acquisition proposal means any bona fide inquiry, proposal or offer made by any person for, in a single transaction or a series of transactions, (i) a merger, reorganization, share exchange, consolidation, business combination, recapitalization, extra-ordinary dividend or share repurchase, dissolution, liquidation or similar transaction involving the Company, (ii) the direct or indirect acquisition by any person or group of 20% or more of the assets of the Company or its subsidiaries, on a consolidated basis or assets of the Company and its subsidiaries representing 20% or more of the consolidated revenues or net income (including, in each case, securities of the Company's subsidiaries) or (iii) the direct or indirect acquisition by any person or group of 20% or more of the voting power of the outstanding shares of Common Stock of the Company, including any tender offer or exchange offer that if consummated would result in any person beneficially owning shares of Common Stock of the Company with 20% or more of the voting power of the outstanding shares of Common Stock of the Company, in each case other than the transactions contemplated by the merger agreement.

For purposes of the merger agreement, excluded party means (i) any person, group of persons or group of persons that includes any person or group of persons, from whom the Company or any of its representatives had received prior to 12:01 a.m., New York time, on March 23, 2013 a written acquisition proposal that the Special Committee determines in good faith, after consultation with outside counsel and its financial advisors, is or could reasonably be expected to result in a superior proposal, provided that some or all of such persons and the other members of such group (other than any of the MD Investors, the Gift Trusts or any of their respective affiliates) who were members of such group prior to 12:01 a.m., New York time, on March 23, 2013 constitute at least 50% of the equity financing of such group (ignoring any equity financing to be provided by MD Investors, the Gift Trusts or any of their respective affiliates who are members of such group) at any time thereafter when a determination as to whether such person is an excluded party is required and (ii) any group of persons that includes any MD Investor or Gift Trust if, at the time of determination, such group of persons has made an acquisition proposal that is intended to compete with an acquisition proposal made by another excluded party or any of their affiliates that does not include an MD Investor, Gift Trust or any of their affiliates.

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For purposes of the merger agreement, superior proposal means any bona fide written acquisition proposal (with the percentages set forth in clauses (ii) and (iii) of the definition of such term changed from 20% to 50% and it being understood that any transaction that would constitute an acquisition proposal pursuant to clause (ii) or (iii) of the definition of such term cannot constitute a superior proposal under clause (i) under the definition of such term unless it also constitutes a superior proposal pursuant to clause (ii) or (iii), as applicable, after giving effect to this parenthetical) that the Board has determined in its good faith judgment (after consultation with outside legal counsel and its financial advisors) is more favorable to the Company's stockholders than the merger and the other transactions contemplated by the merger agreement, taking into account all of the terms and conditions of such acquisition proposal (including the financing, likelihood and timing of the consummation thereof) and the merger agreement (including any changes to the terms of the merger agreement committed to by Parent to the Company in writing in response to such acquisition proposal), provided that notwithstanding the foregoing, an extra-ordinary dividend or share repurchase (or any merger or consolidation that is the economic equivalent of an extra-ordinary dividend or share repurchase) does not constitute a superior proposal unless it constitutes a superior proposal by virtue of clause (iii) of the definition of acquisition proposal and the first parenthetical above, and the person acquiring such shares is not the Company or any of its subsidiaries.

Stockholders Meeting

The Company is required pursuant to the merger agreement to take all action necessary in accordance with the DGCL and its certificate of incorporation and bylaws to duly call, give notice of, convene and hold a meeting of its stockholders for the purpose of obtaining the approvals of the Company's stockholders as promptly as practicable after the mailing of this proxy statement. The Company may adjourn or postpone the meeting (i) with the consent of the Parent Parties, (ii) for the absence of a quorum, (iii) to allow reasonable additional time for any supplemental or amended disclosure which the Company has determined in good faith (after consultation with outside counsel) is necessary under applicable law and for such supplemental or amended disclosure to be disseminated and reviewed by the Company's stockholders prior to the stockholders meeting or (iv) to allow additional solicitation of votes in order to obtain the stockholder approvals required by the merger agreement. Subject to the provisions of the merger agreement discussed above under *Acquisition Proposals*, unless there has been a change of recommendation, the Company will use commercially reasonable efforts to solicit proxies in favor of the approval of the proposal to adopt the merger agreement. The Parent Parties and their representatives may solicit proxies in favor of the approval of the proposal to adopt the merger agreement.

Employee Matters

From and after the effective time of the merger, the Company will honor, and Parent will cause the surviving corporation to honor, all of the Company's benefit plans in accordance with their terms as in effect immediately before the effective time of the merger.

For a period of one year following the effective time of the merger, Parent will provide, or will cause to be provided, to each employee of the Company and its subsidiaries for so long as such person is an employee of Parent, the surviving corporation or any of its subsidiaries following the effective time of the merger (i) at least the same level of base salary or wages (as applicable) and target cash incentive bonus and commission opportunities and (ii) employee benefits that are substantially comparable in the aggregate to those provided as of the date of the merger agreement by the Company and its subsidiaries to such Company employees (excluding, for purposes of currently provided benefits, any equity or equity-based compensation, defined benefit pension benefits, retiree medical benefits or transaction or retention bonuses). In addition, Parent will provide or will cause the surviving corporation to provide, to each employee of the Company or any of its subsidiaries whose employment terminates during the one-year period following the effective time of the merger, severance benefits at least equal to the severance benefits provided for under the Company's severance arrangements in effect immediately prior to the effective time of the merger.

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For all purposes (including purposes of vesting, eligibility to participate and level of benefits) under the employee benefit plans of Parent and its subsidiaries providing benefits to any employees of the Company and its subsidiaries after the effective time of the merger (such plans are referred to as the new plans), each such employee will be credited with his or her years of service with the Company and its subsidiaries and their respective predecessors before the effective time of the merger, to the same extent as such employee was entitled, before the effective time of the merger, to credit for such service under any similar Company benefit plan in which such employee participated or was eligible to participate immediately prior to the effective time of the merger, except that the foregoing will not apply with respect to benefit accruals under any defined benefit pension plan or to the extent that its application would result in a duplication of benefits. In addition, (i) each such employee will be immediately eligible to participate, without any waiting time, in any and all new plans to the extent coverage under such new plan is comparable to a Company benefit plan in which such employee participated immediately before the effective time of the merger and (ii) for purposes of each new plan providing medical, dental, pharmaceutical and/or vision benefits to any such employee, Parent will cause all pre-existing condition exclusions and actively-at-work requirements of such new plan to be waived for such employee and his or her covered dependents, and Parent will cause any eligible expenses incurred by such employee and his or her covered dependents during the portion of the plan year of the old Company benefit plan ending on the date such employee's participation in the corresponding new plan begins to be taken into account under such new plan for purposes of satisfying all deductible, coinsurance and maximum out-of-pocket requirements applicable to such employee and his or her covered dependents for the applicable plan year as if such amounts had been paid in accordance with such new plan.

Consents and Approvals

Each of the parties to the merger agreement must use its reasonable best efforts to take, or to cause to be taken, all actions, and to do, or cause to be done, and to assist and cooperate with the other parties in doing, all things necessary, proper or advisable under applicable laws and regulations or otherwise to consummate and make effective the merger and the other transactions contemplated by the merger agreement as promptly as practicable, including using reasonable best efforts with respect to:

the obtaining of all necessary actions or nonactions, waivers, consents, clearances, approvals and expirations or terminations of waiting periods from governmental entities and the making of all necessary registrations and filings and the taking of all steps as may be necessary to obtain an approval, clearance or waiver from or to avoid an action or proceeding by, any governmental entity;

the obtaining of all other necessary consents, approvals or waivers from third parties;

the defending of any lawsuits or other legal proceedings, whether judicial or administrative, challenging the merger agreement or the consummation of the merger and the other transactions contemplated by the merger agreement; and

the execution and delivery of any additional instruments reasonably necessary to consummate the transactions contemplated by the merger agreement, except that, no party will be required to pay (and the Company and its subsidiaries may not pay or agree to pay without the prior written consent of Parent, not to be unreasonably withheld, conditioned or delayed) any fee, penalty or other consideration to any third party for any consent or approval required for the consummation of the transactions contemplated by the merger agreement under any contract.

The Company and Parent will cooperate with each other in determining whether any filings are required to be made with, or governmental consents are required to be obtained from, any governmental entities (including in any foreign jurisdiction in which the Company or its subsidiaries are operating any business) and, to the extent not made prior to the date of the merger agreement, timely making or causing to be made all applications and filings as reasonably determined by Parent and the Company, as promptly as practicable or as required by the law of the jurisdiction of the governmental entity. Each party will supply as promptly as practicable such information,

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documentation, other material or testimony as may be requested by any governmental entity, including by complying at the earliest reasonably practicable date with any request under or with respect to:

the HSR Act;

the EUMR, if required or, if not required under or with respect to the EUMR, the regulatory laws of any EU or EEA member state, if required;

any other governmental consent; and

any such other applicable laws for additional information, documents or other materials received by Parent or the Company or any of their respective subsidiaries from the Federal Trade Commission or the Department of Justice, the European Commission or any other governmental entity in connection with such applications or filings or the transactions contemplated by the merger agreement.

In order to resolve objections, if any, that may be asserted by the Federal Trade Commission, the Antitrust Division of the Department of Justice, state antitrust enforcement authorities, the European Commission or other competition authorities of any other nation or jurisdiction, or any other person, under any other regulatory law with respect to the transactions contemplated by the merger agreement, and to avoid or eliminate each and every impediment under any regulatory law that may be asserted by any governmental entity with respect to the merger, so as to enable the merger and the other transactions contemplated by the merger agreement to occur as promptly as reasonably practicable, Parent and Merger Sub have agreed to propose, negotiate, commit to and effect, by agreement, consent decree, hold separate order, trust or otherwise:

the sale, divestiture or disposition of such assets, businesses, services, products or product lines of the Parent Parties or the Company or any of its subsidiaries, or behavioral limitations, conduct restrictions or commitments with respect to such assets, businesses, services, products or product lines of the Parent Parties or the Company or any of its subsidiaries;

the creation or termination of relationships, ventures, contractual rights or obligations of the Parent Parties or the Company or any of its subsidiaries; or

any other actions that would limit the freedom of action of the Parent Parties or the Company or any of its subsidiaries with respect to, or its ability to retain, one or more of its or the Company's or the surviving corporation's subsidiaries' assets, businesses, services, products or product lines,

in each case as may be required to obtain all required governmental requests as promptly as practicable and to avoid the entry of, or to effect the dissolution of, any injunction, temporary restraining order or other order in any suit or proceeding, which would otherwise have the effect of preventing the consummation of the merger or other transactions contemplated by the merger agreement or delaying any of the foregoing beyond November 5, 2013.

Notwithstanding the foregoing, the Parent Parties will not be obligated to agree to take any action, or accept any conditions, restrictions, obligations or requirements, including any of the foregoing actions, with respect to the Parent Parties and neither the Company nor any of its subsidiaries will agree, without Parent's prior written consent, to take any action, or accept any conditions, restrictions, obligations or requirements, including any of the foregoing actions, with respect to the Company and its subsidiaries if such actions, conditions, restrictions, obligations or requirements would, individually or in the aggregate, constitute a Company material adverse effect.

The Company and Parent have agreed, subject to certain exceptions:

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to cooperate and consult with each other in connection with the making of all registrations, filings, notifications, communications, submissions and any other material actions necessary for any consents and approvals;

to furnish such necessary information and assistance as the other party may reasonably request in connection with its preparation of any notifications or filings;

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to keep each other apprised of the status of matters relating to the completion of the transactions contemplated by the foregoing, including promptly furnishing the other with copies of notices or other communications received by such party from, or given by such party to, any third party and/or any governmental entity with respect to such transactions (including the approval of the Central Bank of Ireland), except any confidential information or business secrets, which information will be provided to counsel on a counsel-to-counsel basis only;

to permit the other party to review and to incorporate the other party's reasonable comments in any communication to be given by it to any third party or any governmental entity with respect to obtaining the necessary approvals for the merger and the other transactions contemplated by the merger agreement (including the approval of the Central Bank of Ireland); and

before participating in any meeting or discussion in person or by telephone expected to address matters related to the transactions contemplated by the foregoing with any governmental entity in connection with any of such transactions (except with respect to the approval of the Central Bank of Ireland) unless, to the extent not prohibited by such governmental entity, giving the other party reasonable notice thereof and the opportunity to attend and observe and participate.

The Company and Parent have agreed to use reasonable best efforts to contest and resist any administrative or judicial action or proceeding challenging any of the transactions contemplated by the merger agreement as violative of any regulatory law and to have vacated, lifted, reversed or overturned any decree, judgment, injunction or other order, whether temporary, preliminary or permanent, that is in effect and that prohibits, prevents or restricts consummation of the transactions contemplated by the merger agreement.

The Company has also agreed to notify the Central Bank of Ireland of the merger or cause Dell DFS Limited to do so, and to cause Dell DFS Limited to amend its application for the grant by the Central Bank of Ireland of a banking license for the establishment of a banking institution in Ireland such that the amended application contemplates and reflects the merger and the other transactions contemplated by the merger agreement and, subject to certain exceptions, the Parent Parties have agreed to furnish, and use commercially reasonable efforts to obtain from the SLP Investors, the MD Investors and the MSDC Investor and furnish, to the Company all necessary information and assistance as the Company reasonably requests in connection with the preparation of such amendment and all information, documentation or other material that is requested by the Central Bank of Ireland in connection therewith. The Company has agreed, and will cause its subsidiaries (including Dell DFS Limited), not to accept, obtain or receive the approval of the Central Bank of Ireland or take any further action in connection with doing so except to the extent the resulting approval of the Central Bank of Ireland contemplates and approves the merger and the other transactions contemplated by the merger agreement and does not result in the need for a change of control approval under Irish banking regulations to be obtained as a result of the merger and the other transactions contemplated by the merger agreement.

Indemnification of Directors and Officers; Insurance

For a period of six years from the effective time of the merger, Parent and the surviving corporation, subject to compliance with applicable law, are required by the merger agreement to maintain in effect the exculpation, indemnification and advancement of expenses provisions of the Company's and any of its subsidiaries' certificates of incorporation and bylaws or similar organizational documents as in effect immediately prior to the effective time of the merger or in any indemnification agreements of the Company or its subsidiaries with any of their respective directors or officers as in effect immediately prior to the effective time of the merger, and, subject to compliance with applicable law, will not amend, repeal or otherwise modify any such provisions in any manner that would adversely affect the rights thereunder of any individuals who, at the effective time of the merger, were current or former directors or officers of the Company or any of its subsidiaries. All rights to indemnification and advancement in respect of any action pending or asserted or any claim made within that six-year period will continue until the disposition of such action or resolution of the claim. Further, the surviving corporation will, and Parent will cause the surviving corporation to, to the fullest extent permitted under

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applicable law, indemnify and hold harmless (and advance funds in respect of each of the persons entitled to indemnification) each current and former director or officer of the Company or any of its subsidiaries and each person who served, at the request of the Company or any of its subsidiaries, as a director, officer, member, trustee or fiduciary of another corporation, partnership, joint venture, trust, pension or other employee benefit plan or enterprise, against any costs or expenses (including advancing reasonable attorneys' fees and expenses in advance of the final disposition of any claim, suit, proceeding or investigation to the fullest extent permitted by law), judgments, fines, losses, claims, damages, liabilities and amounts paid in settlement in connection with any actual or threatened claim, action, suit, litigation, proceeding or investigation, whether civil, criminal, administrative or investigative, arising out of, relating to or in connection with any action or omission occurring or alleged to have occurred, whether before or after the effective time of the merger, in connection with such person's service as a director or officer of the Company or any of its subsidiaries (including acts or omissions in connection with such person's service as officer, director, member, trustee or other fiduciary in any other entity if such services were at the request or for the benefit of the Company).

For a period of six years from the effective time of the merger, Parent has agreed to cause the surviving corporation to maintain in effect the current policies of directors' and officers' liability insurance and fiduciary liability insurance maintained by the Company and its subsidiaries with respect to matters arising on or before the effective time of the merger, except that Parent will not be required to pay annual premiums in excess of 300% of the last annual premium paid by the Company prior to the date of the merger agreement. At the Company's option, the Company may (or, if requested by Parent, the Company will) purchase, prior to the effective time of the merger, a six-year prepaid tail policy on terms and conditions providing substantially equivalent benefits as the current policies of directors' and officers' liability insurance and fiduciary liability insurance maintained by the Company and its subsidiaries with respect to matters arising on or before the effective time of the merger, covering without limitation the transactions contemplated by the merger agreement, except that the Company will not pay in excess of 600% of the last annual premium paid by the Company prior to the date of the merger agreement in respect of such tail policy. From and after the effective time of the merger, Parent has agreed to pay all reasonable expenses that may be incurred by any person entitled to indemnification under the terms of the merger agreement in enforcing the indemnity and other obligations if and to the extent such person is determined to be entitled to receive such indemnification.

Financing

Each Parent Party has agreed to use its reasonable best efforts to obtain, or cause to be obtained, the proceeds of the financing on the terms and conditions described in the commitment letters, including:

maintaining such commitment letters in effect;

negotiating definitive agreements with respect to the debt financing consistent with the terms and conditions contained in the debt commitment letter or, if available, on other terms that are acceptable to Parent and would not adversely affect the ability of the Parent Parties to consummate the transactions contemplated by the merger agreement; and

satisfying on a timely basis all conditions applicable to Parent and its subsidiaries to obtaining the financing that are within the Parent Parties' control.

If all conditions contained in the debt commitment letter (other than the availability of the equity financing, the subordinated securities financing, the MDSC financing or the rollover investment) have been satisfied, each Parent Party is required to use its reasonable best efforts to timely cause the lenders to fund the debt financing, including litigating to enforce its rights under the debt commitment letter and definitive agreements with respect to the debt financing. Similarly, if all conditions contained in the securities purchase agreement (other than the availability of the debt financing, the equity financing, the MDSC financing or the rollover investment) have been satisfied, each Parent Party is required to use its reasonable best efforts to timely cause the subordinated securities purchaser to fund the subordinated securities financing, including litigating to enforce its rights under the securities purchase agreement.

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The Parent Parties have agreed they will not, without the prior written consent of the Company, terminate any commitment letter unless it is replaced as provided below. The Parent Parties will not, without the prior written consent of the Company, amend, modify or waive any material provision or remedy under the commitment letters or replace the commitment letters if such amendment, modification, waiver or replacement:

would (i) add any new condition to the financing commitments (or modify any existing condition in a manner adverse to Parent) or otherwise that would be reasonably expected to adversely affect the ability of the Parent Parties to consummate the transactions contemplated by the merger agreement or the likelihood of the Parent Parties doing so or (ii) be reasonably expected to make the timely funding of any of the financing or satisfaction of the conditions to obtaining any of the financing less likely to occur;

reduces the aggregate amount of the financing (including by changing the amount of fees to be paid in respect of the debt financing or original issue discount in respect of the debt financing);

adversely affects the ability of any Parent Party to enforce its rights against other parties to the commitment letters or the definitive agreements with respect to the debt financing as so amended, replaced, supplemented or otherwise modified; or

would reasonably be expected to prevent, impede or materially delay the consummation of the merger and the other transactions contemplated by this merger agreement.

However, the Parent Parties may amend the debt commitment letter to add lenders, lead arrangers, bookrunners, syndication agents or similar entities who did not execute the original debt commitment letter as of the date of the merger agreement and who are either (i) set forth on the disclosure schedules delivered by the Parent Parties to the Company in connection with the merger agreement or (ii) approved by the Company, such approval not to be unreasonably withheld.

If any portion of the debt financing becomes unavailable, regardless of the reason therefor, Parent has agreed to:

promptly notify the Company of such unavailability and, to the knowledge of the Parent Parties, the reason therefor; and

use its reasonable best efforts to obtain, as promptly as practicable following the occurrence of such event and in any event no later than the last day of the marketing period, alternative debt financing (in an amount sufficient to replace such unavailable debt financing) from the same or other sources and on terms and conditions no less favorable to the Parent Parties than such unavailable debt financing.

The terms debt commitment letter, debt financing commitments and fee letter include any commitment letter (or similar agreement) or commitment or any fee letter referred to in such commitment letter with respect to any alternative financing arranged in compliance with the merger agreement (and any debt commitment letter, debt financing commitment and fee letter remaining in effect at the time in question).

If any portion of the subordinated securities financing becomes unavailable, regardless of the reason therefor, Parent will:

promptly notify the Company of such unavailability and, to the knowledge of Parent, the reason therefor; and

use its reasonable best efforts to obtain, as promptly as practicable following the occurrence of such event and in any event no later than the last day of the marketing period, alternative debt financing (in an amount sufficient to replace such unavailable subordinated securities financing) from the same or other sources and on terms and conditions no less favorable to the Parent Parties than such unavailable subordinated securities financing.

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The terms securities purchase agreement and subordinated securities financing commitment include any purchase agreement (or similar agreement) or commitment with respect to any alternative financing arranged in

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compliance with the merger agreement (and any securities purchase agreement and subordinated securities financing commitment remaining in effect at the time in question).

Parent has agreed to provide the Company with prompt oral and written notice:

of any material breach or default by any party to any commitment letter or the definitive agreements with respect to the debt financing of which any Parent Party has knowledge;

of any termination of any of the commitment letters;

of any Parent Party's receipt of any written notice or other written communication from any Lender, SLP Investor, subordinated securities purchaser, MD Investor, MSCD Investor or other financing source with respect to any actual or threatened breach, default (or any accusation of breach or default), termination or repudiation by any party to any commitment letters or the definitive agreements with respect to the debt financing or any provision thereof;

of any material dispute or disagreement between or among the Parent Parties, on the one hand, and the Lenders on the other hand, or, to the knowledge of Parent, among any lenders to any of the commitment letters or the definitive agreements with respect to the debt financing with respect to the obligation to fund any of the financing or the amount of the financing to be funded at the effective time of the merger; and

if at any time for any reason any Parent Party believes in good faith that it will not be able to obtain all or any portion of the financing on the terms and conditions, in the manner or from the sources contemplated by any of the commitment letters or the definitive agreements with respect to the debt financing.

Parent will keep the Company reasonably informed on a current basis of the status of its efforts to consummate the financing.

Before the closing of the merger, the Company will, and will cause each of its subsidiaries to, and will use its reasonable best efforts to cause its representatives to, use reasonable best efforts to cooperate as reasonably requested by Parent in connection with the arrangement of the debt financing, including by:

furnishing Parent as promptly as reasonably practicable with:

financial information and other pertinent information regarding the Company and its subsidiaries as may be reasonably requested by Parent to consummate the debt financing as is customary to be included in marketing materials for senior secured or unsecured bridge, term or revolving credit facility indebtedness (or any documentation or deliverables in connection therewith),

all information, including consolidated financial statements and other financial information of the Company, of the type required by Regulation S-X and Regulation S-K under the Securities Act for an offering of non-convertible debt securities registered with the SEC on Form S-1 (subject to exceptions customary for a private placement of secured or unsecured non-convertible high-yield debt securities pursuant to Rule 144A promulgated under the Securities Act),

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(i) a pro forma consolidated balance sheet and related pro forma consolidated statement of income of the Company as of, and for the twelve-month period ending on, the last day of the most recently completed four-fiscal quarter period ended at least 45 days (or 90 days, in case such four-fiscal quarter period is the end of the Company's fiscal year) before the effective time of the merger, prepared after giving effect to the merger and the financing as if the merger and the financing had occurred as of such date (in the case of such balance sheet) or at the beginning of such period (in the case of such statement of income) and (ii) summary financial data of the type and form customarily included in a preliminary offering memorandum for an offering of secured or unsecured non-convertible high-yield debt securities pursuant to Rule 144A promulgated under the Securities Act, and

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all information and data that would be necessary for the lead arrangers to receive customary (for high-yield debt securities) comfort letters from the independent accountants of the Company in connection with such offering, (all such information referred to above, together with certain other information required by the debt financing commitments is referred to as the Required Information. The pro forma and summary financial data described above will be considered a part of the Required Information only if Parent has provided to the Company reasonably in advance of when the marketing period would otherwise begin any post-closing or pro forma cost savings, capitalization and other post-closing pro forma adjustments (and the assumptions relating thereto) desired by Parent to be reflected in such pro forma and summary financial data);

participating in a reasonable number of meetings, presentations, road shows, due diligence sessions, drafting sessions, meetings with prospective lenders and sessions with rating agencies in connection with the debt financing, and assisting with the preparation of materials for rating agency presentations, road show presentations, offering memoranda, bank information memoranda and similar documents required in connection with the debt financing;

cooperating reasonably with the Lenders due diligence, to the extent customary and reasonable, in connection with the debt financing;

using reasonable best efforts to obtain drafts of customary comfort letters of independent accountants of the Company (including customary negative assurance comfort) prior to the beginning of the marketing period, legal opinions, surveys and title insurance as reasonably requested by Parent as necessary and customary for financings similar to the debt financing;

assisting reasonably in the preparation of a customary confidential information memorandum, rating agency presentations, offering documents, private placement memoranda, bank information memoranda, prospectuses and similar documents to be used in connection with the syndication of the facilities contemplated by the debt commitment letter or offering of notes in connection with the debt financing;

reasonably assisting Parent in procuring a public corporate credit rating and a public corporate family rating in respect of the relevant borrower under the senior secured credit facilities contemplated by the debt commitment letter and public ratings for any of the senior secured credit facilities or notes to be offered in connection with the debt financing;

assisting reasonably in the preparation of one or more credit agreements, pledge and security documents, and other definitive financing documents, collateral filings or other certificates or documents as may be reasonably requested by Parent and otherwise reasonably facilitating the pledging of collateral;

executing and delivering any necessary and customary pledge and security documents, guarantees, mortgages, collateral filings, other definitive financing documents in connection with such debt financing or other certificates or documents as may be reasonably requested by Parent and otherwise reasonably facilitating the taking of all corporate actions by the Company and its subsidiaries with respect to entering such definitive financing documents and otherwise necessary to permit consummation of the debt financing;

in each case to the extent customary and reasonably, permitting the prospective lenders involved in the debt financing to evaluate, promptly after the date of the merger agreement, the Company's inventory, current assets, cash management and accounting systems, policies and procedures relating thereto for the purpose of establishing collateral arrangements (including conducting field exams, the commercial finance examinations and inventory, equipment and real property appraisals) and assisting Parent with the establishment of bank and other accounts and blocked account and control agreements of the Company and one or more of its subsidiaries in connection with the foregoing;

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establishing one or more special purpose vehicles requested by Parent before the effective time of the merger in connection with the receivables financings included in the debt financing;

obtaining a certificate of the chief financial officer of the Company with respect to solvency matters, obtaining customary authorization letters with respect to the bank information memoranda from a senior officer of the Company, delivering any borrowing base certificates requested by Parent a reasonable time before the effective time of the merger and using reasonable best efforts to obtain consents of accountants for use of their reports in any materials relating to the debt financing; and

at least three business days before the closing date of the merger, providing all documentation and other information about the Company that is reasonably requested by the Lenders and the Lenders reasonably determine is required by applicable know your customer and anti-money laundering rules and regulations including without limitation the USA PATRIOT Act, to the extent requested by Parent in writing at least eight business days before the closing date of the merger.

Despite the foregoing, (i) none of the Company, any of its subsidiaries or any of their respective directors or officers are obligated to adopt resolutions or execute consents to approve or authorize the execution of the debt financing before the effective time of the merger, (ii) no obligation of the Company or any of its subsidiaries or any of their respective representatives under any certificate, document or instrument executed pursuant to the foregoing (other than any authorization letters with respect to the bank information memoranda) will be effective until the closing of the merger and (iii) none of the Company, its subsidiaries or any of their respective representatives will be required to (x) pay any commitment or other similar fee or incur any other cost or expense that is not reimbursed by Parent promptly after written request by the Company or incur any other liability, in each case in connection with the debt financing before the closing of the merger, (y) take any actions to the extent such actions would unreasonably interfere with the ongoing business or operations of the Company and its subsidiaries or (z) take any action that would conflict with or violate the Company's organizational documents, any laws, any instruments governing indebtedness of the Company in effect immediately before the closing of the merger, or result in the contravention of, or that would reasonably be expected to result in a violation or breach of, or default under, any material contract of the Company to which the Company or any of its subsidiaries is a party.

Nothing contained in the merger agreement will require the Company or any of its subsidiaries, before the closing of the merger, to be an issuer or other obligor with respect to the debt financing. Parent has agreed to, promptly upon request by the Company, reimburse the Company for all reasonable out-of-pocket costs incurred by the Company or its subsidiaries or their respective representatives in connection with such cooperation and will indemnify and hold harmless the Company and its subsidiaries and their respective representatives for and against any and all judgments, fines, losses, claims, damages, liabilities and amounts paid in settlement actually suffered or incurred by them in connection with the arrangement of the debt financing, any action taken by them at the request of Parent pursuant to the financing cooperation provisions of the merger agreement described in this section and any information utilized in connection therewith (other than information provided in writing by the Company or its subsidiaries specifically for use in connection therewith).

Notwithstanding anything to the contrary in the merger agreement, nothing contained in the financing provisions of the merger agreement will require any Parent Party to (i) pay any fees to the lenders in excess of those contemplated in the debt commitment letter and related fee letters (including the flex provisions thereof) as of the date of the merger agreement whether to secure waiver of any conditions contained therein or otherwise or (ii) amend or waive any of the terms or conditions of the merger agreement or under any of the commitments for the financing.

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Other Covenants

The merger agreement contains additional agreements between the Company and the Parent Parties relating to, among other matters:

the filing of this proxy statement and the Rule 13E-3 transaction statement on Schedule 13E-3 with the SEC (and cooperation in response to any comments from the SEC with respect to either statement);

any antitakeover statutes or regulations that become applicable to the transactions contemplated by the merger agreement;

the coordination of press releases and other public announcements or filings relating to the merger;

the control of the Company's operations prior to the effective time of the merger;

the equity interests in any of the Parent Parties;

the notification of certain matters and the defense of stockholder litigation in connection with the merger agreement;

actions to cause the disposition of equity securities of the Company held by each individual who is a director or officer of the Company pursuant to the transactions contemplated by the merger agreement to be exempt pursuant to Rule 16b-3 promulgated under the Exchange Act;

the treatment of certain outstanding indebtedness of the Company;

the liquidation of certain investments and making of certain cash transfers;

the provision of information to, and consultation with, the Company's or its subsidiaries' works councils; and

the de-listing of the Common Stock from the NASDAQ Global Select Market.

Conditions to the Merger

The obligations of the Company and the Parent Parties to effect the merger and the other transactions contemplated by the merger agreement are subject to the fulfillment (or waiver in writing by Parent and the Company, except that the first condition described below may not be waived) at or prior to the effective time of the merger, of the following conditions:

the affirmative vote (in person or by proxy) of the holders of a majority of the outstanding shares of Common Stock entitled to vote thereon in favor of the proposal to adopt the merger agreement in accordance with applicable law and the certificate of incorporation and bylaws of the Company and the affirmative vote (in person or by proxy) in favor of the proposal to adopt the merger agreement by the holders of a majority of the outstanding shares of Common Stock entitled to vote thereon not owned, directly or indirectly, by

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the Parent Parties, the MD Investors, the Gift Trusts, any other officers and directors of the Company or any other person having an equity interest in, or any right to acquire an equity interest in, Merger Sub or any entity of which Merger Sub is a direct or indirect subsidiary;

the absence of any injunction or similar order (whether temporary, preliminary or permanent) by a governmental entity having jurisdiction over the business of the Company or its subsidiaries (other than a *de minimis* portion thereof), or with respect to which the failure to abide by such an injunction or similar order prohibiting the consummation of the merger would potentially result in criminal liability, prohibiting the consummation of the transactions contemplated by the merger agreement and the absence of any law enacted, entered, promulgated, enforced or deemed applicable by any governmental entity having jurisdiction over the business of the Company or its subsidiaries (other than a *de minimis* portion thereof), or with respect to which the failure to abide by such a law prohibiting or making illegal the consummation of the merger would potentially result in criminal liability, prohibiting the

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consummation of the transactions contemplated by the merger agreement that, in any case, prohibits or makes illegal the consummation of the merger; and

the expiration or termination of any applicable waiting period (and any extension thereof) under the HSR Act, the EUMR (if required or if jurisdiction is accepted by the European Commission pursuant to Member State referral or petition of the parties and, if not, the applicable antitrust and competition laws of the Member States of the European Union and European Economic Area in which a filing is required), and the antitrust and competition laws of China and certain other jurisdictions.

The obligation of the Company to effect the merger and the other transactions contemplated by the merger agreement is subject to the fulfillment (or waiver in writing by the Company) of the following additional conditions:

the representations and warranties of the Parent Parties will be true and correct both when made and at and as of the closing date of the merger, as if made at and as of such time (except to the extent expressly made as of a specified date, in which case as of such date), except where the failure of such representations and warranties to be so true and correct (without regard to any qualifications or exceptions as to materiality contained in such representations and warranties), would not, individually or in the aggregate, impair, prevent or delay in any material respect the ability of any of the Parent Parties to perform its obligations under the merger agreement;

the Parent Parties will have performed in all material respects all obligations and complied in all material respects with all covenants required by the merger agreement to be performed or complied with by them prior to the effective time of the merger; and

each of the Parent Parties will have delivered to the Company a certificate, dated as of the closing date of the merger and signed by an executive officer of each of the Parent Parties, certifying to the effect that the above conditions have been satisfied.

The obligations of the Parent Parties to effect the merger and the other transactions contemplated by the merger agreement are further subject to the fulfillment (or waiver in writing by Parent) of the following additional conditions:

(i) the representations and warranties of the Company with respect to capitalization, dividends, absence of a Company material adverse effect, finders or brokers fees and takeover laws and rights agreements will be true and correct (except, subject to certain exceptions, for such inaccuracies as are *de minimis*), both when made and at and as of the closing date of the merger, as if made at and as of such time (except to the extent expressly made as of a specified date, in which case as of such date), (ii) the representations and warranties of the Company with respect to the Company's significant subsidiaries, corporate authority and outstanding indebtedness will be true and correct in all material respects, both when made and at and as of the closing date of the merger, as if made at and as of such time (except to the extent expressly made as of an earlier date, in which case as of such date) and (iii) all other representations and warranties of the Company will be true and correct both when made and at and as of the closing date of the merger, as if made at and as of such time (except to the extent expressly made as of an earlier date, in which case as of such date), except with respect to this clause (iii) where the failure of such representations and warranties to be so true and correct (without regard to any qualifications or exceptions contained as to materiality or Company material adverse effect contained in such representations and warranties), individually or in the aggregate, does not constitute a Company material adverse effect;

the Company will have performed in all material respects all obligations and complied in all material respects with all covenants required by the merger agreement to be performed or complied with by it prior to the effective time of the merger;

the Company will have delivered to Parent a certificate, dated as of the closing date of the merger and signed by an executive officer of the Company, certifying that the above two conditions have been satisfied; and

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Parent must not have the right to terminate the merger agreement as a result of the Company's cash on hand being less than \$7.4 billion as of the beginning of the day on which the closing of the merger would have been required to occur but for the failure of this condition.

None of the Company or the Parent Parties may rely as a basis for not consummating the merger on the failure of any condition set forth above (other than the mutual conditions to both the Company's and the Parent Parties' obligations) to be satisfied if such failure was caused by such party's material breach of any provision of the merger agreement.

Termination

The merger agreement may be terminated and abandoned at any time prior to the effective time of the merger, whether before or after the approval of the proposal to adopt the merger agreement by stockholders of the Company and the adoption of the merger agreement by the sole stockholder of Merger Sub:

by mutual written consent of the Company and Parent;

by either the Company or Parent, if:

the effective time of the merger has not occurred on or before the termination date as long as the party seeking to terminate the merger agreement has not breached in any material respect its obligations under the merger agreement in any manner that has been the primary cause of the failure to consummate the merger on or before such date;

any governmental entity having jurisdiction over the business of the Company or any of its subsidiaries (other than a *de minimis* portion thereof), or with respect to which the failure to abide by any injunction or similar order by a governmental entity regarding the consummation of transactions contemplated by the merger agreement would potentially result in criminal liability, has issued or entered an injunction or similar order permanently enjoining or otherwise prohibiting the consummation of the merger and such injunction or order has become final and non-appealable, so long as the party seeking to terminate the merger agreement has used the efforts required of it under the merger agreement to prevent, oppose and remove such injunction; or

the meeting of the Company's stockholders (including any adjournments or postponements thereof) has concluded and the approval of the proposal to adopt the merger agreement by the required vote of the stockholders has not been obtained.

by the Company:

if the Parent Parties have breached or failed to perform in any material respect any of their representations, warranties, covenants or other agreements contained in the merger agreement, which breach or failure to perform, (i) would result in a failure of certain conditions to the Company's obligation to complete the merger and (ii) cannot be cured by the termination date, or, if curable, is not cured within thirty days following the Company's delivery of written notice to Parent of such breach (which notice specifies in reasonable detail the nature of such breach or failure), so long as the Company is not then in material breach of any representation, warranty, agreement or covenant contained in the merger agreement (such termination, a Company termination for Parent breach);

at any time prior to the time the stockholders of the Company approve the proposal to adopt the merger agreement, in order to enter into an acquisition agreement with respect to a superior proposal, so long as substantially concurrently with such termination, the Company enters into such alternative acquisition agreement and pays to Parent (or one or more of its

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designees) the applicable termination fee (as described under *Termination Fees; Reimbursement of Expenses Company Termination Fee*); or

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if (i) all of the conditions to the Parent Parties' obligation to complete the merger have been satisfied (other than those conditions that by their nature are to be satisfied at the closing of the merger, but each of which was at the time of termination capable of being satisfied as if such time were the closing of the merger), (ii) the Company has irrevocably notified Parent in writing that all conditions to its obligation to complete the merger have been satisfied (other than those conditions that by their nature are to be satisfied at the closing of the merger, but each of which was at the time of termination capable of being satisfied as if such time were the closing of the merger) or that it is willing to waive any unsatisfied conditions and it stands ready, willing and able to consummate the closing of the merger, (iii) the Parent Parties fail to complete the closing of the merger within three business days following the date the closing of the merger was required pursuant to the merger agreement and (iv) the Company stood ready, willing and able to consummate the closing of the merger during such three business day period (such termination, a Company termination for failure to close).

by Parent:

if the Company has breached or failed to perform in any material respect any of its representations, warranties, covenants or other agreements contained in the merger agreement, which breach or failure to perform, (i) would result in a failure of certain conditions to the Parent Parties' obligation to complete the merger and (ii) cannot be cured by the termination date, or, if curable, is not cured within thirty days following Parent's delivery of written notice to the Company of such breach (which notice specifies in reasonable detail the nature of such breach or failure), so long as the Parent Parties are not then in material breach of any representation, warranty, agreement or covenant contained in the merger agreement (such a termination, a Parent termination for Company breach);

if the Board or any committee thereof (including the Special Committee) has made a change of recommendation, so long as Parent terminates the merger agreement by 5:00 p.m. (New York City time) on the thirtieth calendar day following the date on which such change of recommendation occurs; or

if (i) there has been a change in law that would reasonably be expected to cause the rollover contribution (as defined in the merger agreement) to fail to qualify as an exchange described in Section 351 of the Code, (ii) there have occurred changes in law that (A) prohibit a portion of the transfers required by the merger agreement of available cash to the Company from its subsidiaries or (B) result in liabilities payable or reasonably expected to be payable by the Company as a result of such cash transfers or related transactions, which liabilities and amounts are material relative to \$7.4 billion (such change a legal impediment or charge) or (iii) the amount of cash on hand is less than \$7.4 billion as of the beginning of the day on which the closing of the merger would have been required to occur pursuant to the merger agreement but for the failure of this condition, except that in the case of clause (iii) the termination may not occur prior to any date the closing of the merger otherwise would have been required to occur in accordance with the terms of the merger agreement and in the case of clauses (ii) and (iii) no later than on the fifth business day after such date the closing of the merger otherwise would have been required to occur pursuant to the merger agreement.

Termination Fees; Reimbursement of Expenses

Company Termination Fee

The Company will pay to Parent (or one or more of its designees) a termination fee in the event that:

(a) the merger agreement is validly terminated (1) by the Company because the effective time of the merger has not occurred by the termination date if, at the time of such termination, Parent would have been entitled to terminate the merger agreement because a Parent termination for Company breach has occurred, (2) by the Company or Parent because the meeting of the Company's stockholders has

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concluded and the approval of the proposal to adopt the merger agreement by the required vote of the stockholders has not been obtained or (3) by Parent because a Parent termination for Company breach has occurred, (b) the Company or any other person shall have publicly disclosed or announced an acquisition proposal on or after the date of the merger agreement but prior to the date of the special meeting of the Company's stockholders and (c) within twelve months of such termination, the Company enters into a definitive agreement with respect to an acquisition proposal or an acquisition proposal is consummated (in each case whether or not the acquisition proposal was the same acquisition proposal referred to in clause (b)) except that for purposes of this clause (c), the references to 20% in the definition of acquisition proposal shall be deemed references to 50% ;

the Company has terminated the merger agreement to enter into an acquisition agreement related to a superior proposal with a person or group that is not an excluded party; or

the Parent has terminated the merger agreement because the Board or any committee thereof (including the Special Committee) has made a change of recommendation.

The amount of the termination fee will be \$450 million in cash, except that the amount of the termination fee will be \$180 million in cash in the event that:

the Company has terminated the merger agreement to enter into an acquisition agreement related to a superior proposal with a person or group that is an excluded party at the time of such termination; or

the Parent has terminated the merger agreement because the Board or any committee thereof (including the Special Committee) has made a change of recommendation and the event giving rise to such termination is the submission of an acquisition proposal by a person or group that is an excluded party at the time of such termination.

Parent Termination Fee

Parent will pay to the Company a fee of \$250 million in cash (the cash shortfall fee) in the event that the merger agreement is terminated by Parent because (i) there has been a change in law that would reasonably be expected to cause the rollover contribution to fail to qualify as an exchange described in Section 351 of the Code, (ii) there has occurred a legal impediment or charge or (iii) the amount of cash on hand is less than \$7.4 billion as of the beginning of the day on which the closing of the merger would have been required to occur pursuant to the merger agreement but for the failure of this condition (but only if cash on hand would not have been less than the target amount but for a legal impediment or charge, assuming all cash transfers that could have been made but for such legal impediment or charge were in fact made).

Parent will pay to the Company a termination fee of \$750 million in cash (the Parent termination fee) in the event that the Company shall have validly terminated the merger agreement because:

a Company termination for Parent breach has occurred;

a Company termination for failure to close has occurred; or

the effective time of the merger has not occurred on or before the termination date, if, at the time of or prior to such termination, the Company would have been entitled to effect a Company termination for failure to close.

Reimbursement of Expenses

The Company will be required to pay Parent (or one or more of its designees) the documented out-of-pocket expenses incurred by the Parent Parties and their respective affiliates in connection with the merger agreement and the financing and the transactions contemplated thereby up to a maximum amount of \$15 million if the Company or Parent has terminated the merger agreement because the meeting of the Company's

stockholders has concluded and the approval of the proposal to adopt the merger agreement by the required vote of the

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stockholders has not been obtained. Any such amount will be credited against any Company termination fee payable to any Parent Party.

Separately, on March 25, 2013, the Company and the Parent Parties entered into a letter agreement providing that the Company will reimburse the transaction-related expenses of the Parent Parties and their affiliates up to a cap of \$25 million, with any amounts reimbursed under such letter agreement (i) not being eligible for additional reimbursement by the Company pursuant to the merger agreement and (ii) not reducing or otherwise being offset against any termination fee or expense reimbursement described above that may be payable by the Company to Parent (or one or more of its designees) pursuant to the merger agreement. The letter agreement also provides that any amounts not reimbursed as a result of the \$25 million limit on reimbursement would otherwise be subject to reimbursement pursuant to the merger agreement as described above.

Expenses

Subject to certain exceptions contained in the merger agreement and the reimbursement of expenses described immediately above, whether or not the merger is consummated, all costs and expenses incurred in connection with the merger, the merger agreement and the transactions contemplated by the merger agreement will be paid by the party incurring the expenses, except that (i) expenses incurred in connection with the printing, filing and mailing of this proxy statement and the Schedule 13E-3 (including applicable filing fees) will be borne by the Company, (ii) all filing fees in respect of any HSR or other regulatory filing will be borne by Parent and (iii) all fees and expenses payable in seeking the approval of the Central Bank of Ireland will be borne by the Company.

Specific Performance

In the event of a breach or threatened breach of any covenant or obligation in the merger agreement, the non-breaching party will be entitled (in addition to any other remedy that may be available to it whether in law or equity, including monetary damages) to a decree or order of specific performance to enforce the observance and performance of such covenant or obligation and/or to enforce specifically the terms and provisions of the merger agreement and an injunction or injunctions restraining such breach or threatened breach.

Notwithstanding the foregoing, the Company will be entitled to the granting of a decree or order of specific performance or other equitable relief of Parent's obligation to cause the full funding of the equity financing, the rollover investment and the MSDC financing and to consummate the merger if and only if:

all conditions to the Parent Parties' obligations to close the merger (other than those conditions that by their nature are to be satisfied at the closing, but each of which at such time is capable of being satisfied) have been satisfied or waived;

each of the debt financing and the subordinated securities financing, or in each case alternative financing obtained in accordance with the terms of the merger agreement, has been funded or will be funded at the closing if the equity financing, rollover investment and MSDC financing are funded at the closing of the merger;

the marketing period has ended and Parent and Merger Sub fail to complete the closing of the merger when required pursuant to the merger agreement; and

the Company has irrevocably confirmed in a written notice to Parent, the lenders and the subordinated securities purchaser that it is ready, willing and able to consummate the closing of the merger and that if a decree or order of specific performance or other equitable relief is granted and the equity financing, the rollover investment, the MSDC financing, the debt financing and the subordinated securities financing are funded, the closing of the merger will occur.

PROVISIONS FOR UNAFFILIATED STOCKHOLDERS

No provision has been made (i) to grant the Company's unaffiliated stockholders access to the corporate files of the Company, any other party to the merger or any of their respective affiliates, or (ii) to obtain counsel or appraisal services at the expense of the Company, any other such party or affiliate.

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IMPORTANT INFORMATION REGARDING DELL

Company Background

Dell is a Delaware corporation. Founded by Michael S. Dell in 1984, the Company is a leading global integrated solutions provider in the IT industry. The Company is focused on providing complete technology solutions to our customers that are scalable, flexible and easy to use. Over time, the Company has added new distribution channels, such as retail, system integrators, value-added resellers and distributors, to expand its access to more end-users around the world.

If the proposal to adopt the merger agreement is adopted by the affirmative vote of the holders of (i) at least a majority of the outstanding shares of Common Stock entitled to vote thereon and (ii) at least a majority of the outstanding shares of Common Stock entitled to vote thereon held by stockholders other than the Parent Parties, Mr. Dell and certain of his related family trusts, any other officers and directors of the Company or any other person having any equity interest in, or any right to acquire any equity interest in, Merger Sub or any person of which Merger Sub is a direct or indirect subsidiary and the merger is completed as contemplated, Dell will continue as a private company and a wholly-owned subsidiary of Intermediate and indirect subsidiary of Parent.

During the past five years, neither the Company nor any of the Company directors or executive officers listed below has been convicted in a criminal proceeding (excluding traffic violations or similar misdemeanors). In addition, during the past five years, except as set forth below, neither the Company nor any of the Company directors or executive officers listed below has been a party to any judicial or administrative proceeding (except for matters that were dismissed without sanction or settlement) that resulted in a judgment, decree or final order enjoining the person from future violations of, or prohibiting activities subject to, federal or state securities laws, or a finding of any violation of federal or state securities laws. Except as noted below, each of the individuals listed below is a citizen of the United States.

Directors and Executive Officers

The Board presently consists of 12 members. The persons listed below are the directors and executive officers of Dell as of the date of this proxy statement. Each executive officer will serve until a successor is elected by the Board or until the earlier of his or her resignation or removal. The business address and telephone number of each executive officer is: One Dell Way, Round Rock, Texas 78682, telephone number (512) 728-7800.

Directors

Michael S. Dell Mr. Dell currently serves as Chairman of the Board of Directors and Chief Executive Officer of the Company. He has held the title of Chairman of the Board since he founded the Company in 1984. Mr. Dell also served as Chief Executive Officer of the Company from 1984 until July 2004 and resumed that role in January 2007. He is an honorary member of the Foundation Board of the World Economic Forum and is an executive committee member of the International Business Council. He also serves as chairman of the Technology CEO Council and is a member of the U.S. Business Council and the Business Roundtable. He also serves on the governing board of the Indian School of Business in Hyderabad, India, and is a board member of Catalyst, Inc.

On October 13, 2010, a federal district court approved settlements by the Company and Mr. Dell with the SEC resolving an SEC investigation into the Company's disclosures and alleged omissions before fiscal year 2008 regarding certain aspects of its commercial relationship with Intel Corporation and into separate accounting and financial reporting matters. The Company and Mr. Dell entered into the settlements without admitting or denying the allegations in the SEC's complaint, as is consistent with common SEC practice. The SEC's allegations with respect to Mr. Dell and his settlement were limited to the alleged failure to provide adequate disclosures with respect to the Company's commercial relationship with Intel Corporation prior to fiscal year 2008. Mr. Dell's settlement did not involve any of the separate accounting fraud charges settled by the Company and others.

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Moreover, Mr. Dell's settlement was limited to claims in which only negligence, and not fraudulent intent, is required to establish liability, as well as secondary liability claims for other non-fraud charges. Under his settlement, Mr. Dell consented to a permanent injunction against future violations of these negligence-based provisions and other non-fraud based provisions related to periodic reporting. Specifically, Mr. Dell consented to be enjoined from violating Sections 17(a)(2) and (3) of the Securities Act of 1933 and Rule 13a-14 under the Exchange Act, and from aiding and abetting violations of Section 13(a) of the Exchange Act and Rules 12b-20, 13a-1 and 13a-13 under the Exchange Act. In addition, Mr. Dell agreed to pay a civil monetary penalty of \$4 million which has been paid in full. The settlement did not include any restrictions on Mr. Dell's continued service as an officer or director of the Company.

Alex J. Mandl Mr. Mandl is currently the non-Executive Chairman of Gemalto N.V., a digital security company resulting from the merger of Axalto Holding N.V. and Gemplus International S.A. From June 2006 until December 2007, Mr. Mandl served as Executive Chairman of Gemalto. Before June 2006, Mr. Mandl was President, Chief Executive Officer and a member of the board of directors of Gemplus, positions he held since August 2002. He has served as Principal of ASM Investments, a company focusing on early stage funding in the technology sector, since April 2001. From 1996 to March 2001, Mr. Mandl was Chairman and CEO of Teligent, Inc., which offered business customers an alternative to the Bell Companies for local, long distance, and data communication services. Mr. Mandl was AT&T's President and Chief Operating Officer from 1994 to 1996, and its Executive Vice President and Chief Financial Officer from 1991 to 1993. From 1988 to 1991, Mr. Mandl was Chairman of the Board and Chief Executive Officer of Sea-Land Services Inc. Mr. Mandl served from May 2007 to October 2010 as a director of Hewitt Associates, Inc. and from March 2008 to October 2010 as a director of Visteon Corporation. Mr. Mandl was a member of the board of directors of Horizon Lines, Inc. since January 2007 and became the Chairman in February 2011, retiring in April 2012. Mr. Mandl became a member of the board of directors of Arise Virtual Solutions Inc. in January 2012.

James W. Breyer Mr. Breyer has been a Partner of Accel Partners, a venture capital firm, since 1987. Mr. Breyer is also the founder of Breyer Capital, an investment firm, and has served as its Chief Executive Officer since July 2006. Additionally, Mr. Breyer is a co-founder of IDG-Accel China Funds and has served as co-lead on the company's strategic investment committee since its inception in 2005. Mr. Breyer serves on the boards of directors of Facebook, Inc., News Corporation and Wal-Mart Stores, Inc., where he is the presiding director. Mr. Breyer has notified the Company, Wal-Mart Stores, Inc. and Facebook, Inc. of his decision not to stand for reelection to each company's board of directors at its next annual meeting of stockholders. From June 2006 to December 2009, Mr. Breyer was on the board of directors of Marvel Entertainment, Inc., from October 1995 until June 2008, he served on the board of directors of Real Networks, Inc. from January 2007 to January 2013, he served on the board of directors of Brightcove, Inc. and from April 2005 to June 2012, he served on the board of directors of Prosper Marketplace, Inc.

Donald J. Carty Mr. Carty served as Vice Chairman and Chief Financial Officer of Dell from January 2007 until June 2008, prior to his retirement. In that role, he was responsible for all finance functions, including controller, corporate planning, tax, treasury operations, investor relations, corporate development, risk management, and corporate audit. Mr. Carty was the Chairman and Chief Executive Officer of AMR Corporation and American Airlines from 1998 until his retirement in 2003. He served in a variety of executive positions with AMR Corporation, AMR Airline Group, and American Airlines from 1978 to 1985 and from 1987 to 1999, including Chief Financial Officer of AMR Corporation and American Airlines Inc. from October 1989 until March 1995. Mr. Carty was President and Chief Executive Officer of Canadian Pacific Air Lines, known as CP Air, in Canada from 1985 to 1987. After his retirement from AMR and American Airlines Inc. in 2003, Mr. Carty was engaged in numerous business and private investment activities with a variety of companies. Mr. Carty is also a director of Barrick Gold Corporation, Gluskin Sheff and Associates, Talisman Energy Inc. and Canadian National Railway Company. Additionally, Mr. Carty was a member of the board of directors of Hawaiian Holdings Inc. from August 2004 until February 2007 and again from April 2008 until May 2011 and of CHC Helicopter Corp. from November 2004 until September 2008. Mr. Carty is a citizen both of the United States and Canada.

Janet F. Clark Ms. Clark joined Marathon Oil Corporation in 2004, where she currently serves as Executive Vice President and Chief Financial Officer. From 2001 through 2003, Ms. Clark served as Senior Vice President

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and Chief Financial Officer of Nuevo Energy Company. From 1997 until 2003, she held various roles at Santa Fe Snyder Corporation, including Chief Financial Officer and Executive Vice President of Corporate Development and Administration. From 2003 until September 2011, she served on the board of directors of Exterran Holdings, Inc.

Laura Conigliaro Ms. Conigliaro has been retired since 2011. Ms. Conigliaro joined The Goldman Sachs Group, Inc. in 1996 as a U.S. Hardware Systems Equity Research Analyst. She was named managing director in 1997 and partner in 2000. She was most recently co-director of the firm's Americas equity research unit. In addition to covering the hardware systems sector, Ms. Conigliaro served as the technology investment research business unit leader for Goldman Sachs. She also developed specialized expertise covering enterprise server and storage companies. Prior to her service with Goldman Sachs, Ms. Conigliaro was a computer and design automation analyst at Prudential Financial, Inc. Ms. Conigliaro also serves on the board of directors of Infoblox Inc.

Kenneth M. Duberstein Mr. Duberstein has been Chairman and Chief Executive Officer of The Duberstein Group, Inc., a strategic advisory and consulting firm, since 1989. Previously, Mr. Duberstein served as Chief of Staff to President Ronald Reagan from 1988 to 1989 and as Deputy Chief of Staff in 1987. From 1984 to 1986, Mr. Duberstein was Vice President of Timmons & Company in Washington, D.C. Prior to his service in that position, he served in the White House as Assistant to the President, Legislative Affairs from 1981 to 1983. From 1977 to 1980, Mr. Duberstein was Vice President of the Committee for Economic Development. He serves as a director of the Council on Foreign Relations, the Brookings Institution, the National Alliance to End Homelessness and the National Endowment for Democracy and is a lifetime trustee for the Kennedy Center for the Performing Arts. He also serves as a director on the boards of directors of The Boeing Company, Travelers Companies, Inc. and Mack-Cali Realty Corporation. From 2002 until May 2012, he also served on the board of directors of Conoco Phillips Company.

William H. Gray, III Mr. Gray is currently Chairman of Gray Global Strategies, Inc., a business advisory firm, a position he has held since February 2012. From August 2004 until February 2012, he was co-Chairman of GrayLoeffler L.L.C., a consulting and advisory firm. Mr. Gray was President and Chief Executive Officer of The College Fund/UNCF (educational assistance) from 1991 until he retired in June 2004. He was a member of the United States House of Representatives from 1979 to 1991. During his tenure in Congress, he served as Chairman of the House Budget Committee, a member of the Appropriations Committee and Chairman of the House Democratic Caucus and Majority Whip. He is an ordained Baptist Minister and last pastored at Bright Hope Baptist Church of Philadelphia from 1972 until 2007. Mr. Gray is also a director of Prudential Financial, Inc. and Pfizer Inc. From June 2000 to January 2010, Mr. Gray was a director of Visteon Corporation. From 2001 until May 2012, Mr. Gray was a director of J.P. Morgan Chase & Co. (and was a director of The Chase Manhattan Corporation from 1992 to 2000).

Gerard J. Kleisterlee Mr. Kleisterlee has served as executive Chairman of Vodafone Group plc. in July 2011, and continues to serve in that role. Mr. Kleisterlee was President and Chief Executive Officer of Royal Philips Electronics from April 2001 until March 2011 and President and Chief Operations Officer of Royal Philips Electronics prior to April 2001. Previously, he held key positions within Royal Philips Electronics, including member of the Board of Management since April 2000, member of the Group Management Committee since January 1999, Chief Executive Officer of Philips' Components division, President of Philips Taiwan, Regional Manager for Philips' Components in Asia-Pacific, Managing Director of Philips' Display Components worldwide, General Manager of Philips' Professional Audio Product Group and various manufacturing management positions within Philips' Medical Systems division starting in 1974. Mr. Kleisterlee served on the supervisory board of Dutch Central Bank from July 2006 until January 2012. Mr. Kleisterlee is a member of the boards of directors of Daimler AG and Royal Dutch Shell. Mr. Kleisterlee is a citizen of the Netherlands.

Klaus S. Luft Mr. Luft is the founder and Chairman of the supervisory board of Artedona AG, a privately held mail order e-commerce company established in 1999 and headquartered in Munich, Germany. He is also owner

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and President of Munich-based MATCH Market Access Services GmbH & Co., KG. From 1990 until 2010, Mr. Luft served as Vice Chairman and International Advisor to Goldman Sachs Europe Limited. From March 1986 to November 1989, he was Chief Executive Officer of Nixdorf Computer AG, where he served for more than 17 years in a variety of executive positions in marketing, manufacturing and finance. Mr. Luft is the Honorary Consul of the Republic of Estonia in the State of Bavaria. Mr. Luft is a citizen of Germany.

Shantanu Narayen Mr. Narayen has served since December 2007 as President and Chief Executive Officer of Adobe Systems Incorporated, a software company. From January 2005 until December 2007, Mr. Narayen was Adobe's President and Chief Operating Officer. Previously, he held key product research and development positions within Adobe, including Executive Vice President of Worldwide Products, Senior Vice President of Worldwide Product Development, and Vice President and General Manager of the Engineering Technology Group. Before joining Adobe in 1998, he was a co-founder of Pictra, Inc., an early pioneer of digital photo sharing over the Internet. Prior to his service in that position, he served as director of desktop and collaboration products at Silicon Graphics, Inc. and held various senior management positions at Apple Computer, Inc. Mr. Narayen also serves on the advisory board of the Haas School of Business of the University of California, Berkeley and is president of the board of directors of the Adobe Foundation, which funds philanthropic initiatives around the world.

H. Ross Perot, Jr. Mr. Perot is currently chairman of Hillwood Development Company, a real estate development company, which he founded in 1988. Mr. Perot served as the Chairman of the Board of Perot Systems Corporation from September 2004 until its acquisition by Dell on November 3, 2009. Mr. Perot also served as a director of Perot Systems Corporation from June 1988 until November 3, 2009, and as President and Chief Executive Officer of Perot Systems Corporation from September 2000 until September 2004. Mr. Perot served in the United States Air Force for over eight years. He currently serves as co-Chairman of the board of directors of the EastWest Institute.

Executive Officers:

Michael S. Dell Mr. Dell currently serves as Chairman of the Board of Directors and Chief Executive Officer. See *Directors* beginning on page 165 for additional biographical information regarding Mr. Dell.

Jeffrey W. Clarke Mr. Clarke serves as Vice Chairman and President, End User Computing Solutions & Operations. In this role, in which he has served since January 2009, he is responsible for global manufacturing, procurement, and supply chain activities worldwide, as well as the engineering, design and development of desktop PCs, notebooks, and workstations for customers ranging from consumers and small and medium-sized businesses to large corporate enterprises. From January 2003 until January 2009, Mr. Clarke served as Senior Vice President, Business Product Group. From November 2001 to January 2003, Mr. Clarke served as Vice President and General Manager, Relationship Product Group. In 1995, Mr. Clarke became the director of desktop development. Mr. Clarke joined Dell in 1987 as a quality engineer and has served in a variety of engineering and management roles.

Stephen J. Felice Mr. Felice was named President, Chief Commercial Officer in January 2012. From November 2009 until January 2012, he served as President, Consumer, Small and Medium Business. Mr. Felice leads the Dell organization that creates and delivers specific solutions and technology to Commercial customers globally and is responsible for Dell's portfolio of products, including desktops, laptops, software and peripherals as well as product design and sales. From January 2009 until November 2009, Mr. Felice served as President, Small and Medium Business, and from March 2007 until January 2009, as Senior Vice President and President, Asia Pacific-Japan, after having served as Vice President, Asia Pacific-Japan since August 2005. In those positions, Mr. Felice was responsible for Dell's operations throughout the APJ region, including sales and customer service centers in Penang, Malaysia, and Xiamen, China. From February 2002 until July 2005, Mr. Felice was Vice President, Corporate Business Group, Dell Americas. Mr. Felice joined Dell in February 1999 and has held various executive roles in our sales and consulting services organizations. Prior to

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joining Dell, Mr. Felice served as Chief Executive Officer and President of DecisionOne Corp. Mr. Felice also served as Vice President, Planning and Development, with Bell Atlantic Customer Services, and spent five years with Shell Oil in Houston.

Brian T. Gladden Mr. Gladden serves as Senior Vice President and Chief Financial Officer. In this role, in which he has served since June of 2008, he is responsible for all aspects of Dell's finance functions, including accounting, financial planning and analysis, tax, treasury, corporate development and strategy, and investor relations. He is also responsible for Dell's information technology, global security and facilities functions. Prior to joining Dell, Mr. Gladden was President and CEO of SABIC Innovative Plastics Holding BV from August 2007 through May 2008. Prior to this role, Mr. Gladden spent nearly 20 years with General Electric Company in a variety of financial and management leadership roles. He is a member of the University of Texas McCombs School of Business Advisory Council.

Marius A. Haas Marius Haas joined Dell in August 2012 and serves as President, Enterprise Solutions. In this role, he is responsible for worldwide engineering, design, development and marketing of Dell enterprise solutions, which include servers, networking and storage systems. From 2011 until August 2012, Mr. Haas served with Kohlberg Kravis Roberts & Co. L.P. (KKR), a global private equity firm, where he was responsible for identifying and pursuing new investments, particularly in the technology sector, while also supporting existing portfolio companies with operational expertise. Prior to 2011, Mr. Haas was Senior Vice President and Worldwide General Manager of the HP Networking Division from 2008 to 2011, and also served as Senior Vice President of Strategy and Corporate Development from 2003 to 2008. During his tenure at HP, Mr. Haas led initiatives to improve efficiency and drive growth, including the execution and integration of all acquisitions, and also managed the company's strategic planning process, new business incubation and strategic alliances. Earlier in his career, Mr. Haas held a wide range of senior operations roles at Compaq and Intel Corporation. He also served as a member of the McKinsey & Company CSO Council, the Ernst & Young Corporate Development Leadership Network and as a board member of the Association of Strategic Alliance Professionals.

Steve H. Price Mr. Price serves as Senior Vice President, Human Resources. In this role, he is responsible for overall human resources strategy in support of the purpose, values and business initiatives of Dell. He is also responsible for developing and driving people strategy and fostering an environment where the global Dell team thrives. Mr. Price joined Dell in February 1997 and has played leadership roles throughout the HR organization, including Vice President of HR for the global Consumer business, Global Talent Management and Americas Human Resources. From November 2006 until June 2010, he served as Vice President, Human Resources Dell Global Consumer Group. From January 2003 until November 2006, he served as Vice President, Human Resources Dell Americas Business Group. From July 2001 until January 2003, he served as Vice President, Human Resources Global HR Operations. From May 1999 to July 2001, he served as Vice President, Human Resources Dell EMEA. Prior to joining Dell in 1997, Mr. Price spent 13 years with SC Johnson Wax, based in Racine, Wisconsin. Having started his career there in sales, he later moved into HR, where he held a variety of senior positions. Mr. Price is a member of the Executive Advisory Board for the Rawls College of Business at Texas Tech University and also serves on the Executive Advisory Board for The Wharton School at the University of Pennsylvania.

Karen H. Quintos Ms. Quintos is Senior Vice President and Chief Marketing Officer for Dell, where she leads marketing for Dell's global commercial business. She is also responsible for Dell's brand strategy, global communications, social media, corporate responsibility, customer insights, marketing talent development, and agency management. Ms. Quintos is also the executive sponsor of the largest employee resource group at Dell, Women in Search of Excellence. Before becoming Chief Marketing Officer in September 2010, Ms. Quintos served as Vice President of Dell's global Public business, from January 2008 to September 2010, and was responsible for driving global marketing strategies, product and pricing programs, communications and channel plans. She has also held various executive roles in SMB marketing and Dell's Services and Supply Chain Management teams since joining Dell in 2000. She came to Dell from Citigroup, where she served as Vice

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President of Global Operations and Technology. She also spent 12 years with Merck & Co., where she held a variety of roles in marketing, planning, operations and supply chain management. Ms. Quintos has served on multiple boards of directors and currently serves on the Ad Council, the Susan G. Komen for the Cure and Penn State's Smeal Business School Board.

John A. Swainson Mr. Swainson joined Dell in February 2012. He currently serves as President of Dell's newly formed Software Group. Immediately prior to joining Dell, Mr. Swainson was a Senior Advisor to Silver Lake Partners, a global private equity firm, from May 2010 to February 2012. From February 2005 until December 2009, Mr. Swainson served as Chief Executive Officer and Director of CA, Inc., an enterprise software company. Prior to joining CA, Inc., Mr. Swainson worked for IBM for over 26 years, where he held various management positions in the U.S. and Canada, including seven years in the role of General Manager of the Application Integration Middleware Division. Mr. Swainson currently serves on the board of directors of Visa Inc. Mr. Swainson also served on the boards of directors of Cadence Design Systems, Inc., from February 2006 to May 2012, Assurant Inc., from May 2010 to May 2012, and Broadcom Corporation, from August 2010 to May 2012.

Lawrence P. Tu Mr. Tu joined Dell as Senior Vice President, General Counsel and Secretary in July 2004, and is responsible for overseeing Dell's global legal, governmental affairs and ethics and compliance departments. Before joining Dell, Mr. Tu served as Executive Vice President and General Counsel at NBC Universal for three years. Prior to his position at NBC, he was a partner with the law firm of O'Melveny & Myers LLP, where he focused on energy, technology, Internet, and media-related transactions. He also served five years as managing partner of the firm's Hong Kong office. Mr. Tu's prior experience also includes serving as General Counsel Asia-Pacific for Goldman Sachs, attorney for the U.S. State Department and law clerk for U.S. Supreme Court Justice Thurgood Marshall.

Suresh C. Vaswani Mr. Vaswani joined Dell in April 2011 and was named President, Services, the global IT services and business solutions unit of Dell, in December 2012. In this role, he is responsible for developing and delivering end-to-end IT services and business solutions for various customers. From April 2011 to December 2012, Mr. Vaswani led the global Applications & Business Process Outsourcing services business for Dell Services. He also served as chairman for Dell India. In this role, Mr. Vaswani was responsible for building next-generation solutions, providing strategic leadership to grow and expand Dell's presence and position in the region, and enhancing Dell's capabilities in India with regard to IT services, delivery, manufacturing and operations. Prior to joining Dell, Mr. Vaswani was joint-CEO of Wipro Limited's IT business and a member of the board of directors of that company.

Table of Contents**Selected Summary Historical Consolidated Financial Data**

Set forth below is certain selected historical consolidated financial information relating to Dell. The selected consolidated statements of financial position data, consolidated statements of income data, consolidated statements of cash flows data, and consolidated statements of stockholders equity data of the Company as of and for the fiscal years ended January 30, 2009, January 29, 2010, January 28, 2011, February 3, 2012 and February 1, 2013 have been derived from our consolidated financial statements, which have been audited by PricewaterhouseCoopers LLP, an independent registered public accounting firm. This information is only a summary and should be read in conjunction with our Annual Report on Form 10-K for the fiscal year ended February 1, 2013, which is incorporated by reference into this proxy statement. More comprehensive financial information is included in that report, including management's discussion and analysis of financial condition and results of operations, and the following summary is qualified in its entirety by reference to such report and all of the financial information and notes contained therein. For additional information, see *Where You Can Find Additional Information* beginning on page 190.

	February 1, 2013	February 3, 2012	Fiscal Year Ended		January 30, 2009
			January 28, 2011	January 29, 2010	
	(in millions of dollars, except per share data)				
Results of Operations:					
Net revenue	\$ 56,940	\$ 62,071	\$ 61,494	\$ 52,902	\$ 61,101
Gross margin	\$ 12,186	\$ 13,811	\$ 11,396	\$ 9,261	\$ 10,957
Operating income	\$ 3,012	\$ 4,431	\$ 3,433	\$ 2,172	\$ 3,190
Income before income taxes	\$ 2,841	\$ 4,240	\$ 3,350	\$ 2,024	\$ 3,324
Net income	\$ 2,372	\$ 3,492	\$ 2,635	\$ 1,433	\$ 2,478
Earnings per share:					
Basic	\$ 1.36	\$ 1.90	\$ 1.36	\$ 0.73	\$ 1.25
Diluted	\$ 1.35	\$ 1.88	\$ 1.35	\$ 0.73	\$ 1.25
Number of weighted-average shares outstanding:					
Basic	1,745	1,838	1,944	1,954	1,980
Diluted	1,755	1,853	1,955	1,962	1,986
Cash Flow and Balance Sheet Data:					
Net cash provided by operating activities	\$ 3,283	\$ 5,527	\$ 3,969	\$ 3,906	\$ 1,894
Current assets	\$ 27,968	\$ 29,448	\$ 29,021	\$ 24,245	\$ 20,151
Noncurrent assets	\$ 19,572	\$ 15,085	\$ 9,578	\$ 9,407	\$ 6,349
Total assets	\$ 47,540	\$ 44,533	\$ 38,599	\$ 33,652	\$ 26,500
Current liabilities	\$ 23,439	\$ 22,001	\$ 19,483	\$ 18,960	\$ 14,859
Noncurrent liabilities	\$ 13,400	\$ 13,615	\$ 11,350	\$ 9,051	\$ 7,370
Total liabilities	\$ 36,839	\$ 35,616	\$ 30,833	\$ 28,011	\$ 22,229
Total stockholders' equity	\$ 10,701	\$ 8,917	\$ 7,766	\$ 5,641	\$ 4,271

We have not provided any pro forma data giving effect to the proposed merger as we do not believe such information is material to our stockholders in evaluating the proposal to adopt the merger agreement, since the proposed merger consideration is all cash and our Common Stock would cease to be publicly traded if the proposed merger is completed.

We have also not provided any separate financial information for Parent, Intermediate or Merger Sub since each is a newly formed entity formed in connection with the merger and has no independent operations.

Table of Contents**Ratio of Earnings to Fixed Charges**

The following table presents our ratio of earnings to fixed charges for the fiscal periods indicated.

	Fiscal Year Ended				
	February 1, 2013	February 3, 2012	January 28, 2011	January 29, 2010	January 30, 2009
(in millions of dollars, except per share data)					
Earnings					
Pre tax net income from continuing operations	\$ 2,841	\$ 4,240	\$ 3,350	\$ 2,024	\$ 3,324
Add: Fixed charges adjusted for capitalized interest	\$ 316	\$ 315	\$ 228	\$ 191	\$ 132
Total	\$ 3,157	\$ 4,555	\$ 3,578	\$ 2,215	\$ 3,456
Fixed charges(1)					
Interest expense	\$ 270	\$ 279	\$ 199	\$ 160	\$ 93
Capitalized interest					
Estimate of interest in rent expense	\$ 46	\$ 36	\$ 29	\$ 31	\$ 39
Total	\$ 316	\$ 315	\$ 228	\$ 191	\$ 132
Ratio of earnings to fixed charges	10	14	16	12	26

(1) Fixed charges included in the calculation above consist of (a) interest expensed, plus (b) interest capitalized (when applicable), plus (c) a reasonable estimation of the interest factor included in rental expense.

Book Value Per Share

Our net book value per share as of February 1, 2013 was approximately \$6.16 (calculated based on 1,738,312,888 shares outstanding as of such date).

Market Price of the Common Stock and Dividend Information

The Common Stock is traded on NASDAQ under the symbol DELL.

The following table sets forth for the periods indicated the high and low sales prices for the Common Stock and the dividends declared on the Common Stock.

Fiscal Year	Market Price		Dividends
	High	Low	
2014			
First Quarter	\$ 14.64	\$ 13.04	\$ 0.08
Second Quarter (through May 10, 2013)	\$ 13.51	\$ 13.19	
2013			
First Quarter	\$ 18.36	\$ 15.77	
Second Quarter	\$ 15.92	\$ 11.39	
Third Quarter	\$ 12.77	\$ 9.11	\$ 0.08
Fourth Quarter	\$ 14.17	\$ 8.69	\$ 0.08
2012			
First Quarter	\$ 15.98	\$ 12.99	

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Second Quarter	\$ 17.60	\$ 15.34
Third Quarter	\$ 16.65	\$ 13.29
Fourth Quarter	\$ 17.88	\$ 14.15

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The closing sale price of our Common Stock on January 11, 2013, the last trading day before media reports of a possible going private transaction involving the Company were first published was \$10.88 per share. The merger consideration represents a premium of approximately 25% to such closing sale price. On May 9, 2013, the latest practicable trading date before the filing of this proxy statement, the closing sale price of our Common Stock was \$13.32 and the number of shares of our Common Stock outstanding was 1,755,459,271.

In June 2012, the Board adopted a policy for the payment of quarterly cash dividends on our Common Stock at a quarterly rate of \$0.08 per share. The Board declared the first such dividend in the third quarter of fiscal year 2013. The merger agreement permits the continued payment of quarterly dividend payments of \$0.08 per share during the period from the signing of the merger agreement to the effective time of the merger. For additional information, see *The Merger Agreement Conduct of Business Pending the Merger* on page 145.

Security Ownership of Certain Beneficial Owners and Management

The following table sets forth certain information regarding the beneficial ownership of our Common Stock as of April 26, 2013 (except as noted below) with respect to:

each person known to us to be the beneficial owner of 5% or more of the outstanding shares of our Common Stock;

each member of our Board and each named executive officer; and

the members of our Board and our executive officers as a group.

Unless otherwise noted below, the address of each beneficial owner listed in the table below is c/o Dell Inc., One Dell Way, Round Rock, Texas 78682.

We have determined beneficial ownership in accordance with the rules of the SEC. Except as indicated by the footnotes below, we believe, based on the information furnished to us, that the persons and entities named in the table below have sole voting and investment power with respect to all shares of Common Stock that they beneficially own, subject to applicable community property laws.

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The applicable percentage ownership of each person identified in the table below is based on 1,755,459,271 shares of Common Stock outstanding on May 9, 2013. Under SEC rules, for purposes of computing the number of shares of Common Stock beneficially owned by a person and the percentage ownership of that person, outstanding shares of Common Stock are deemed to include shares subject to options held by that person that are exercisable or will be exercisable, and restricted stock units held by that person that have vested or will vest, as of or within 60 days after May 9, 2013. These shares are not deemed outstanding, however, for the purpose of computing the percentage ownership of any other person.

Name and Address of Beneficial Owner	Number of Shares Beneficially Owned	Percent of Class
5% Stockholders:		
Michael S. Dell(1)	244,484,816	13.93%
Southeastern Asset Management, Inc.(2) 6410 Poplar Avenue, Suite 900 Memphis, Tennessee 38119	146,149,658	8.33%
Carl C. Icahn and affiliates(3) 767 Fifth Avenue, 47th Floor New York, New York 10153	80,468,322	4.58%
Directors and Executive Officers:		
James W. Breyer(4)	201,880	*
Donald J. Carty(5)	1,192,505	*
Janet F. Clark(6)	28,762	*
Laura Conigliaro(7)	28,762	*
Kenneth M. Duberstein	12,716	*
William H. Gray, III(8)	80,768	*
Gerard J. Kleisterlee(9)	37,635	*
Klaus S. Luft(10)	137,169	*
Alex J. Mandl(11)	133,127	*
Shantanu Narayen(12)	70,242	*
H. Ross Perot, Jr.(13)	90,093	*
Brian T. Gladden(14)	1,929,517	*
Paul D. Bell(15)	408,991	*
Stephen J. Felice(16)	1,808,025	*
Stephen F. Schuckenbrock(17)	1,625,201	*
Directors and executive officers as a group (23 persons)(18)	258,376,525	14.72%

* Indicates ownership of less than one percent.

- (1) Includes 1,101,948 shares of Common Stock subject to stock options that are exercisable or will be exercisable as of or within 60 days after May 9, 2013, as well as 33,186 shares of Common Stock held in Mr. Dell's 401(k) plan. Does not include 26,984,832 shares of Common Stock held in a separate property trust for Mr. Dell's wife and 2,964,869 shares of Common Stock held in trusts for the benefit of the children of Mr. Dell and his wife, and as to which Mr. Dell disclaims beneficial ownership.
- (2) According to the Schedule 13D/A it filed with the SEC on May 9, 2013, Southeastern Asset Management, Inc. has, as of May 9, 2013, sole voting power with respect to 73,291,220 shares of Common Stock, shared voting power with respect to 55,878,000 shares of Common Stock, no voting power with respect to 16,980,438 shares of Common Stock, sole dispositive power with respect to 90,271,658 shares of Common Stock, and shared dispositive power with respect to 55,878,000 shares of Common Stock. Mr. O. Mason Hawkins is Chairman of the Board and Chief Executive Officer of Southeastern. As a result of his official positions and ownership of voting securities of Southeastern, Mr. Hawkins has power to exercise voting control and/or dispositive power over the reported shares of Common Stock. Mr. Hawkins disclaims beneficial interest in any of the reported shares of Common Stock. Southeastern has formed a group with Carl C. Icahn and his related affiliates within the meaning of Section 13(d)(3) of the Exchange Act and may be deemed to beneficially own 226,617,980 shares of Common Stock; however it expressly disclaims beneficial ownership of the 80,468,322 shares of Common Stock beneficially owned by Mr. Icahn and his related affiliates.

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- (3) According to the Schedule 13D they filed with the SEC on May 9, 2013, Carl C. Icahn and affiliates may be deemed to be the beneficial owner of 80,468,322 shares of Common Stock, as of May 9, 2013, consisting of (i) 16,093,664 shares of Common Stock over which High River Limited Partnership (High River) has sole voting power and sole dispositive power (and which Hopper Investments LLC (Hopper), Barberry Corp. (Barberry) and Mr. Icahn each have shared voting power and shared dispositive power with regard to); (ii) 25,337,284 shares of Common Stock over which Icahn Partners Master Fund LP (Icahn Master) has sole voting power and sole dispositive power (and which Icahn Offshore LP (Icahn Offshore), Icahn Capital LP (Icahn Capital), IPH GP LLC (IPH), Icahn Enterprises Holdings L.P. (Icahn Enterprises Holdings), Icahn Enterprises G.P. Inc. (Icahn Enterprises GP), Beckton Corp. (Beckton) and Mr. Icahn each have shared voting power and shared dispositive power with regard to); (iii) 10,125,017 shares of Common Stock over which Icahn Partners Master Fund II LP (Icahn Master II) has sole voting power and sole dispositive power (and which Icahn Offshore, Icahn Capital, IPH, Icahn Enterprises Holdings, Icahn Enterprises GP, Beckton and Mr. Icahn each have shared voting and shared dispositive power with regard to); (iv) 4,457,207 shares of Common Stock over which Icahn Partners Master Fund III LP (Icahn Master III) has sole voting power and sole dispositive power (and which Icahn Offshore, Icahn Capital, IPH, Icahn Enterprises Holdings, Icahn Enterprises GP, Beckton and Mr. Icahn each have shared voting and shared dispositive power with regard to); and (v) 24,455,150 shares of Common Stock over which Icahn Partners LP (Icahn Partners) has sole voting power and sole dispositive power (and which Icahn Onshore LP (Icahn Onshore), Icahn Capital, IPH, Icahn Enterprises Holdings, Icahn Enterprises GP, Beckton and Mr. Icahn each have shared voting and shared dispositive power with regard to). The principal business address of each of (x) High River, Hopper, Barberry, Icahn Offshore, Icahn Partners, Icahn Master, Icahn Master II, Icahn Master III, Icahn Onshore, Icahn Capital, IPH, Icahn Enterprises Holdings, Icahn Enterprises GP and Beckton is White Plains Plaza, 445 Hamilton Avenue - Suite 1210, White Plains, NY 10601, and (y) Mr. Icahn is c/o Icahn Associates Corp., 767 Fifth Avenue, 47th Floor, New York, NY 10153. Mr. Icahn and affiliates have formed a group with Southeastern Asset Management, Inc. within the meaning of Section 13(d)(3) of the Exchange Act and may be deemed to beneficially own 226,617,980 shares of Common Stock; however they expressly disclaim beneficial ownership of the 146,149,658 shares of Common Stock beneficially owned by Southeastern and its related affiliates.
- (4) Includes 17,046 shares of Common Stock subject to restricted stock units that have vested or will vest as of or within 60 days after May 9, 2013.
- (5) Includes 498,047 shares of Common Stock subject to stock options that are exercisable or will be exercisable as of or within 60 days after May 9, 2013.
- (6) Includes 17,046 shares of Common Stock subject to restricted stock units that have vested or will vest as of or within 60 days after May 9, 2013.
- (7) Includes 17,046 shares of Common Stock subject to restricted stock units that have vested or will vest as of or within 60 days after May 9, 2013.
- (8) Includes 40,403 shares of Common Stock subject to stock options that are exercisable or will be exercisable as of or within 60 days after May 9, 2013.
- (9) Includes 17,046 shares of Common Stock subject to restricted stock units that have vested or will vest as of or within 60 days after May 9, 2013.
- (10) Includes 42,802 shares of Common Stock subject to stock options that are exercisable or will be exercisable as of or within 60 days after May 9, 2013 and 17,046 shares of Common Stock subject to restricted stock units that have vested or will vest as of or within 60 days after May 9, 2013.
- (11) Includes 48,302 shares of Common Stock subject to stock options that are exercisable or will be exercisable as of or within 60 days after May 9, 2013. Includes 4,351 shares held by Mr. Mandl's spouse and 1,300 shares held in an IRA for Mr. Mandl's spouse.
- (12) Includes 17,046 shares of Common Stock subject to restricted stock units that have vested or will vest as of or within 60 days after May 9, 2013.
- (13) Includes 13,763 shares of Common Stock subject to stock options that are exercisable or will be exercisable as of or within 60 days after May 9, 2013 and 17,046 shares of Common Stock subject to restricted stock units that have vested or will vest as of or within 60 days after May 9, 2013.
- (14) Includes 1,719,450 shares of Common Stock subject to stock options that are exercisable or will be exercisable as of or within 60 days after May 9, 2013.

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- (15) The information shown is set forth as of May 4, 2012. Mr. Bell resigned effective as of March 30, 2012 from his position as President, Public and Large Enterprise.
- (16) Includes 1,658,990 shares of Common Stock subject to stock options that are exercisable or will be exercisable as of or within 60 days after May 9, 2013.
- (17) Includes 1,513,321 shares of Common Stock subject to stock options that are exercisable or will be exercisable as of or within 60 days after May 9, 2013. Mr. Schuckenbrock resigned from his position as President, Services effective as of December 5, 2012, and his employment by the Company was terminated effective as of March 31, 2013.
- (18) Includes 11,872,339 shares of Common Stock subject to stock options that are exercisable or will be exercisable as of or within 60 days after May 9, 2013 and 156,729 shares of Common Stock subject to restricted stock units that have vested or will vest as of or within 60 days after May 9, 2013.

Transactions in Common Stock**Transactions in Common Stock During the Past 60 Days**

Other than the merger agreement and agreements entered into in connection therewith, including the MD equity commitment letter and the voting agreement discussed under *Special Factors Interests of the Company's Directors and Executive Officers in the Merger* and *Special Factors Interests of the Company's Directors and Executive Officers in the Merger Voting Agreement*, respectively, beginning on pages 112 and 123, respectively, the Company, the MD Investors, the MSDC Investor, the SLP Investors, the Parent Parties and their respective affiliates have not made any transactions with respect to the Common Stock during the past 60 days, other than as set forth below:

Name	Quantity	Price	Trade Date	Transaction Description
Jeffrey W. Clarke	31,876	\$ 14.4975	March 26, 2013	Disposal(1)
Stephen J. Felice	40,944	\$ 14.4975	March 26, 2013	Disposal(1)
Brian T. Gladden	34,899	\$ 14.4975	March 26, 2013	Disposal(1)
Yvonne McGill	1,842	\$ 14.4975	March 26, 2013	Disposal (includes 349 of Common Stock owned by her spouse)(1)
Steven H. Price	1,999	\$ 14.4975	March 26, 2013	Disposal(1)
Karen H. Quintos	2,772	\$ 14.4975	March 26, 2013	Disposal(1)
Thomas W. Sweet	4,743	\$ 14.4975	March 26, 2013	Disposal(1)
Lawrence Tu	22,802	\$ 14.4975	March 26, 2013	Disposal(1)
John A. Swainson	7,830	\$ 14.29	March 15, 2013	Disposal(1)
Gerard J. Kleisterlee	144	\$ 13.95	March 2, 2013	Disposal(1)
Yvonne McGill	2,817	\$ 13.95	March 2, 2013	Disposal (includes 208 shares of Common Stock owned by her spouse)(1)
Thomas W. Sweet	4,251	\$ 13.95	March 2, 2013	Disposal(1)
Jeffrey W. Clarke	13,601	\$ 13.95	March 1, 2013	Disposal(1)
Stephen J. Felice	13,061	\$ 13.95	March 1, 2013	Disposal(1)
Brian T. Gladden	13,061	\$ 13.95	March 1, 2013	Disposal(1)
Yvonne McGill	2,468	\$ 13.95	March 1, 2013	Disposal (includes 212 shares of Common Stock owned by her spouse)(1)
Steven H. Price	9,204	\$ 13.95	March 1, 2013	Disposal(1)
Karen H. Quintos	9,226	\$ 13.95	March 1, 2013	Disposal(1)
Thomas W. Sweet	3,728	\$ 13.95	March 1, 2013	Disposal(1)
Lawrence P. Tu	9,126	\$ 13.95	March 1, 2013	Disposal(1)
Suresh C. Vaswani	2,883	\$ 13.95	March 1, 2013	Disposal(1)

- (1) Denotes shares withheld by the Company to satisfy applicable tax withholding obligations in connection with the vesting of equity award in accordance with their terms.

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The following table sets forth information regarding purchases of the Common Stock by the Company during the past two years:

Fiscal Year	Total Number of Shares Purchased	Price Range of Prices Paid	Average Price Paid per Share
2014			
First Quarter			
Second Quarter (through May 10, 2013)			
2013			
First Quarter	17,207,665	\$ 16.79-\$18.22	\$ 17.43
Second Quarter	29,349,737	\$ 11.57-\$15.85	\$ 13.63
Third Quarter			
Fourth Quarter			
2012			
First Quarter	30,655,258	\$ 13.12-\$15.72	\$ 14.68
Second Quarter	70,897,341	\$ 15.58-\$16.77	\$ 15.94
Third Quarter	40,629,023	\$ 13.61-\$16.15	\$ 14.77
Fourth Quarter	36,289,103	\$ 14.51-\$17.70	\$ 15.45

Transactions in Common Stock by the MD Filing Persons and the MSDC Filing Persons During the Past Two Years

None of the MD Filing Persons, the MSDC Filing Person and investment funds, individuals or other persons affiliated with the MSDC Filing Person have made any purchases of the Common Stock during the past two years.

Transactions in Common Stock by the Parent Parties and the SLP Filing Persons During the Past Two Years

None of the Parent Parties or the SLP Filing Persons have made any purchases of the Common Stock during the past two years.

Transactions between the SLP Filing Persons and Executive Officer of the Company

Between May 2010 and February 2012, Mr. John Swainson, the current President of the Software Group at Dell, served as an independent contractor at Silver Lake in the capacity of Senior Advisor. In connection with this engagement, Mr. Swainson entered an agreement with Silver Lake Technology Management, L.L.C., the parent of the investment advisors to the SLP Investors. During the past two years, in connection with this engagement Mr. Swainson received approximately \$300,000 in compensation and out-of-pocket expense reimbursement. In addition, during such period, Mr. Swainson made capital contributions in an amount of less than \$60,000 to various investment funds affiliated with Silver Lake. However, Mr. Swainson will have no financial interest in the SLP Investor's investment in the Company.

The Company's Financial Advisor

On November 2, 2012, the Company entered into an engagement letter with Goldman Sachs to retain Goldman Sachs as its financial advisor in connection with a review of the strategic alternatives available to the Company. The Company did not request, and Goldman Sachs has not provided, any opinion as to the fairness of the merger consideration to be paid to the holders of the Common Stock or as to any valuation or financial analysis of the Company for the purpose of assessing the fairness of such consideration.

The Company selected Goldman Sachs on the basis of Goldman Sachs' experience with, among other things, investment banking and financial advisory matters, including transactions with private equity firms, and debt

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capital markets, and the industries in which the Company operates, as well as Goldman Sachs' familiarity with the Company. In connection with its engagement, the Company has agreed to pay Goldman Sachs financial advisory fees of \$3 million payable each three-month period during the engagement period commencing on September 1, 2012, and a transaction fee of \$14 million, payable upon the announcement of the execution of the merger agreement. In addition, the Company has agreed to reimburse Goldman Sachs for certain of its expenses, including attorneys' fees and disbursements, and to indemnify Goldman Sachs and related persons against various liabilities, including certain liabilities under federal securities laws.

Goldman Sachs has provided certain investment banking services to the Company and its affiliates, unrelated to the services described above from time to time, and the Investment Banking Division of Goldman Sachs has received an aggregate of approximately \$2.9 million in compensation for services during the two years ended February 5, 2013. Such services include having acted as the financial advisor to the Company in connection with its purchase of SecureWorks Inc. in February 2011 and as co-manager with respect to the Company's issuance of 3-Year, 5-Year, and 10-Year Investment Grade bonds in March 2011. In addition, Goldman Sachs has provided certain investment banking services to the SLP Investors and their affiliates and portfolio companies from time to time, and the Investment Banking Division of Goldman Sachs has received an aggregate of approximately \$89.4 million in compensation for services during the same two-year period. Such services include having acted as joint bookrunner with respect to the sale of common stock of Gartner, Inc., a former portfolio company of Silver Lake Partners, by ValueAct Capital, in February 2011, as joint bookrunner with respect to the issuance by Avaya Inc., a portfolio company of Silver Lake Partners, of high-yield debt in February 2011, as joint bookrunner with respect to the secondary common stock offering of NXP Semiconductors N.V., a portfolio company of Silver Lake Partners, in March 2011, as joint bookrunner with respect to a high-yield refinancing of Intelsat Jackson Holdings S.A., a portfolio company of Silver Lake Partners, in March 2011, as financial advisor to Silver Lake Partners in connection with its sale of Skype S.a r.l. in October 2011, and as joint bookrunner with respect to a high-yield debt refinancing by Intelsat Jackson Holdings S.A in April 2012. In addition, Goldman Sachs has provided certain investment banking services to the MD Investors, MSD Capital, which is the family office for Mr. and Mrs. Dell, and their respective affiliates and portfolio companies from time to time, and the Investment Banking Division of Goldman Sachs has received an aggregate of approximately \$1.9 million in compensation for services during the same two-year period. Such services include having acted as administrative agent in connection with an amendment and extension of revolving credit and term loan facilities for ValleyCrest Holding Co. (ValleyCrest), a portfolio company of MSD Capital in May 2012, as administrative agent in connection with letter of credit facilities provided to ValleyCrest in August 2012, and as sole arranger with respect to bank loans provided to ValleyCrest in November 2012. During the same two year period, Goldman Sachs has not been engaged by the MSDC Investor or any of its affiliates (other than as described above with respect to the MD Investors and their affiliates) to provide services for which the Investment Banking Division of Goldman Sachs has received compensation.

Goldman Sachs may also in the future provide investment banking services to the Company, the MD Investors, the MSDC Investor and the SLP Investors and their respective affiliates and portfolio companies for which Goldman Sachs may receive compensation. Affiliates of Goldman Sachs also may have co-invested with the SLP Investors, MSD Capital and the MSDC Investor and their respective affiliates from time to time and may have invested in limited partnership units of affiliates of the SLP Investors and in limited partnership units of affiliates of the MSDC Investor from time to time and may do so in the future. Goldman Sachs and its affiliates are engaged in commercial and investment banking and financial advisory services, market making and trading, research and investment management (both public and private investing), principal investment, financial planning, benefits counseling, risk management, hedging, financing, brokerage activities and other financial and non-financial activities and services for various persons and entities. In addition, Goldman Sachs and its affiliates and employees, and funds or other entities in which they invest or with which they co-invest, may trade, hold or vote long or short positions and investments in securities, derivatives, loans, commodities, currencies, credit default swaps and other financial instruments of the Company, the SLP Investors, the MSDC Investor, MSD Capital, or any of their respective affiliates and portfolio companies and third parties, or any currency or commodity that may be involved in the transaction contemplated by the merger agreement for the accounts of Goldman Sachs and its affiliates and employees and their customers.

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RIGHTS OF APPRAISAL

Holders of record of shares of Common Stock who do not vote in favor of the adoption of the merger agreement, who properly demand appraisal of their shares, and who otherwise comply with the requirements of Section 262 of the DGCL will be entitled to appraisal rights in connection with the merger under Section 262 of the DGCL. In order to exercise and perfect appraisal rights, the holder of shares must follow the steps summarized below properly and in a timely manner.

The following summary is a description of the law pertaining to appraisal rights under the DGCL and is qualified in its entirety by the full text of Section 262 of the DGCL (Section 262), which is attached to this proxy statement as Annex D and incorporated by reference herein. The following summary does not constitute legal or other advice, nor does it constitute a recommendation that stockholders exercise their appraisal rights under Section 262.

Under Section 262, holders of record of shares of Common Stock who do not vote in favor of the proposal to adopt the merger agreement and who otherwise follow the procedures set forth in Section 262 will be entitled to have the fair value (as defined pursuant to Section 262) of their shares determined by the Delaware Court of Chancery and to receive payment in cash of the fair value of those shares, exclusive of any element of value arising from the accomplishment or expectation of the merger, as determined by the Court of Chancery, together with interest, if any, to be paid upon the amount determined to be the fair value.

Under Section 262, where a merger agreement is to be submitted for adoption at a meeting of stockholders, the corporation, not less than 20 days prior to the meeting, must notify each of its stockholders entitled to appraisal rights that appraisal rights are available and include in the notice a copy of Section 262. This proxy statement shall constitute such notice, and the full text of Section 262 is attached to this proxy statement as Annex D.

ANY HOLDER OF SHARES OF COMMON STOCK WHO WISHES TO EXERCISE APPRAISAL RIGHTS, OR WHO WISHES TO PRESERVE SUCH HOLDER'S RIGHT TO DO SO, SHOULD CAREFULLY REVIEW THE FOLLOWING DISCUSSION AND ANNEX D BECAUSE FAILURE TO TIMELY AND PROPERLY COMPLY WITH THE PROCEDURES SPECIFIED COULD RESULT IN THE LOSS OF APPRAISAL RIGHTS. MOREOVER, BECAUSE OF THE COMPLEXITY OF THE PROCEDURES FOR EXERCISING THE RIGHT TO SEEK APPRAISAL OF SHARES OF COMMON STOCK, DELL BELIEVES THAT, IF A STOCKHOLDER CONSIDERS EXERCISING SUCH RIGHTS, SUCH STOCKHOLDER SHOULD CONSIDER SEEKING THE ADVICE OF LEGAL COUNSEL.

Filing Written Demand

Any holder of shares of Common Stock wishing to exercise appraisal rights must deliver to the Company, before the vote on the proposal to adopt the merger agreement at the special meeting, a written demand for the appraisal of the stockholder's shares. A holder of Common Stock wishing to exercise appraisal rights must be the holder of record of the shares on the date the written demand for appraisal is made and must continue to hold the shares of record through the effective time of the merger. Appraisal rights will be lost if the shares are transferred prior to the effective time of the merger. The holder must not vote in favor of the proposal to adopt the merger agreement. A proxy that is submitted and does not contain voting instructions will, unless revoked, be voted in favor of the proposal to adopt the merger agreement, and such voting of the proxy will constitute a waiver of the stockholder's right of appraisal and will nullify any previously delivered written demand for appraisal. Therefore, a stockholder who submits a proxy and who wishes to exercise appraisal rights must submit a proxy containing instructions to vote against the proposal to adopt the merger agreement or abstain from voting on the proposal to adopt the merger agreement.

Neither voting against the proposal to adopt the merger agreement, nor abstaining from voting or failing to vote on the proposal to adopt the merger agreement, will in and of itself constitute a written demand for appraisal

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satisfying the requirements of Section 262. The written demand for appraisal must be in addition to and separate from any proxy or vote on the proposal to adopt the merger agreement. The demand for appraisal will be sufficient if it reasonably informs the Company of the identity of the holder and the intention of the holder to demand an appraisal of the fair value of the shares held by the holder. A stockholder's failure to make the written demand prior to the taking of the vote on the proposal to adopt the merger agreement at the special meeting of stockholders will constitute a waiver of appraisal rights.

Only a holder of record of shares of Common Stock, or a person duly authorized and explicitly purporting to act on such holder's behalf, will be entitled to demand an appraisal of the shares registered in that holder's name. A demand for appraisal should be executed by or on behalf of the holder of record, fully and correctly, as the holder's name appears on the holder's stock certificates, should specify the holder's name and must state that the person intends thereby to demand appraisal of the holder's shares in connection with the merger. If the shares are owned of record by a person other than the beneficial owner, such as by a broker, fiduciary, depository or other nominee, execution of the demand should be made in that capacity and must identify the record owner(s), and if the shares are owned of record by more than one person, as in a joint tenancy and tenancy-in-common, the demand should be executed by or on behalf of all joint owners. An authorized agent, including an agent for two or more joint owners, may execute a demand for appraisal on behalf of a holder of record; however, the agent must identify the record owner or owners and expressly disclose that, in executing the demand, the agent is acting as agent for the record owner or owners. If a stockholder holds shares of Common Stock through a broker who in turn holds the shares through a central securities depository nominee such as Cede & Co., a demand for appraisal of such shares must be made by or on behalf of the depository nominee and must identify the depository nominee as record holder.

A record holder, such as a broker, dealer, commercial bank, trust company, fiduciary or other nominee who holds shares as nominee for several beneficial owners may exercise appraisal rights with respect to the shares of Common Stock held for one or more beneficial owners while not exercising such rights with respect to the shares held for other beneficial owners. In such case, the written demand should set forth the number of shares as to which appraisal is sought. If the number of shares of Common Stock is not expressly stated, the demand will be presumed to cover all shares held in the name of the record owner. If you hold your shares in an account with a broker, dealer, commercial bank, trust company or other nominee and wish to exercise your appraisal rights, you are urged to consult with your broker, dealer, commercial bank, trust company, fiduciary or other nominee to determine the appropriate procedures for the making of a demand for appraisal.

All written demands for appraisal pursuant to Section 262 should be sent or delivered to Dell at:

Dell Inc.

One Dell Way

Round Rock, Texas 78682

Attn: Corporate Secretary

At any time within 60 days after the effective time of the merger, any stockholder who has not commenced an appraisal proceeding or joined that proceeding as a named party may withdraw his, her or its demand for appraisal and accept the consideration offered pursuant to the merger agreement by delivering to Dell, as the surviving corporation, a written withdrawal of the demand for appraisal. However, any such attempt to withdraw the demand made more than 60 days after the effective time of the merger will require written approval of Dell, as the surviving corporation. If Dell, as the surviving corporation, does not approve a request to withdraw a demand for appraisal when that approval is required, or, except with respect to any stockholder who properly withdraws or ceases such stockholder's right to appraisal in accordance with the first sentence of this paragraph, if the Delaware Court of Chancery does not approve the dismissal of the stockholder to an appraisal proceeding, or if rights to appraisal otherwise cease, the stockholder will be entitled to receive only the appraised fair value determined in any such appraisal proceeding plus interest, which fair value could be less than, equal to or more than the consideration being offered pursuant to the merger agreement. No appraisal proceeding in the Delaware

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Court of Chancery will be dismissed as to any stockholder without the approval of the Court of Chancery, and such approval may be conditioned upon such terms as the Court of Chancery deems just, provided however, that this provision shall not affect the right of any stockholder who has not commenced an appraisal proceeding or joined that proceeding as a named party to withdraw such stockholder's demand for appraisal and to accept the terms offered upon the merger within 60 days.

Notice by the Surviving Corporation

Within ten days after the effective time of the merger, Dell, as the surviving corporation, must notify each holder of Common Stock who has made a written demand for appraisal pursuant to Section 262, and who has not voted in favor of the proposal to adopt the merger agreement, of the date that the merger became effective.

Filing a Petition for Appraisal

Within 120 days after the effective time of the merger, but not thereafter, Dell, as the surviving corporation, or any holder of Common Stock who has complied with Section 262 and is entitled to appraisal rights under Section 262 may commence an appraisal proceeding by filing a petition in the Delaware Court of Chancery demanding a determination of the fair value of the shares held by all dissenting holders. If no such petition is filed within that 120-day period, appraisal rights will be lost for all holders of Common Stock who had previously demanded appraisal of their shares. Dell, as the surviving corporation is under no obligation to and has no present intention to file a petition and holders should not assume that Dell as the surviving corporation will file a petition or that Dell will initiate any negotiations with respect to the fair value of the shares. Accordingly, it is the obligation of the holders of Common Stock to initiate all necessary action to perfect their appraisal rights in respect of shares of Common Stock within the period prescribed in Section 262.

Within 120 days after the effective time of the merger, any holder of Common Stock who has complied with the requirements for exercise of appraisal rights will be entitled, upon written request, to receive from Dell as the surviving corporation a statement setting forth the aggregate number of shares not voted in favor of the proposal to adopt the merger agreement and with respect to which demands for appraisal have been received and the aggregate number of holders of such shares. Such statement must be mailed within ten days after a written request therefor has been received by Dell as the surviving corporation or within ten days after the expiration of the period for delivery of demands for appraisal, whichever is later. Notwithstanding the foregoing requirement that a demand for appraisal must be made by or on behalf of the record owner of the shares, a person who is the beneficial owner of shares of Common Stock held either in a voting trust or by a nominee on behalf of such person, and as to which demand has been properly made and not effectively withdrawn, may, in such person's own name, file a petition for appraisal or request from Dell as the surviving corporation the statement described in this paragraph.

Upon the filing of such petition by any such holder of shares of Common Stock, service of a copy thereof shall be made upon Dell, which as the surviving corporation will then be obligated within 20 days to file with the Delaware Register in Chancery a duly verified list (the "Verified List") containing the names and addresses of all stockholders who have demanded payment for their shares and with whom agreements as to the value of their shares have not been reached. Upon the filing of any such petition, the Delaware Court of Chancery may order that notice of the time and place fixed for the hearing on the petition be mailed to Dell and all of the stockholders shown on the Verified List. Such notice also shall be published at least one week before the day of the hearing in a newspaper of general circulation published in the City of Wilmington, Delaware, or in another publication determined by the Delaware Court of Chancery. The costs of these notices are borne by Dell.

After notice to the stockholders as required by the Delaware Court of Chancery, the Court of Chancery is empowered to conduct a hearing on the petition to determine those stockholders who have complied with Section 262 and who have become entitled to appraisal rights thereunder. The Court of Chancery may require the stockholders who demanded payment for their shares to submit their stock certificates to the Delaware Register in Chancery for notation thereon of the pendency of the appraisal proceeding; and if any stockholder fails to comply with the direction, the Court of Chancery may dismiss the proceedings as to that stockholder.

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Determination of Fair Value

After the Delaware Court of Chancery determines which stockholders are entitled to appraisal, the appraisal proceeding shall be conducted in accordance with the rules of the Delaware Court of Chancery, including any rules specifically governing appraisal proceedings. Through such proceeding, the Court of Chancery shall determine the fair value of the shares, exclusive of any element of value arising from the accomplishment or expectation of the merger, together with interest, if any, to be paid upon the amount determined to be the fair value. Unless the Court of Chancery in its discretion determines otherwise for good cause shown, interest from the effective time of the merger through the date of payment of the judgment shall be compounded quarterly and shall accrue at 5% over the Federal Reserve discount rate (including any surcharge) as established from time to time during the period between the effective time of the merger and the date of payment of the judgment.

In determining fair value, the Delaware Court of Chancery will take into account all relevant factors. In *Weinberger v. UOP, Inc.*, the Supreme Court of Delaware discussed the factors that could be considered in determining fair value in an appraisal proceeding, stating that proof of value by any techniques or methods that are generally considered acceptable in the financial community and otherwise admissible in court should be considered, and that fair price obviously requires consideration of all relevant factors involving the value of a company. The Delaware Supreme Court stated that, in making this determination of fair value, the Court of Chancery must consider market value, asset value, dividends, earnings prospects, the nature of the enterprise and any other facts that could be ascertained as of the date of the merger that throw any light on future prospects of the merged corporation. Section 262 provides that fair value is to be exclusive of any element of value arising from the accomplishment or expectation of the merger[.] In *Cede & Co. v. Technicolor, Inc.*, the Delaware Supreme Court stated that such exclusion is a narrow exclusion that does not encompass known elements of value, but which rather applies only to the speculative elements of value arising from such accomplishment or expectation. In *Weinberger*, the Supreme Court of Delaware also stated that elements of future value, including the nature of the enterprise, which are known or susceptible of proof as of the date of the merger and not the product of speculation, may be considered.

Stockholders considering seeking appraisal should be aware that the fair value of their shares as so determined could be more than, the same as or less than the consideration they would receive pursuant to the merger if they did not seek appraisal of their shares and that an investment banking opinion as to the fairness, from a financial point of view, of the consideration payable in a sale transaction, such as the merger, is not an opinion as to, and does not otherwise address, fair value under Section 262. Although Dell believes that the merger consideration is fair, no representation is made as to the outcome of the appraisal of fair value as determined by the Delaware Court of Chancery, and stockholders should recognize that such an appraisal could result in a determination of a value higher or lower than, or the same as, the merger consideration. Neither any of the Parent Parties nor Dell anticipates offering more than the applicable merger consideration to any stockholder of Dell exercising appraisal rights, and reserves the right to assert, in any appraisal proceeding, that for purposes of Section 262, the fair value of a share of Common Stock is less than the applicable merger consideration. In addition, the Delaware courts have decided that the statutory appraisal remedy, depending on factual circumstances, may or may not be a dissenting stockholder's exclusive remedy.

Upon application by Dell or by any Dell stockholder entitled to participate in the appraisal proceeding, the Delaware Court of Chancery may, in its discretion, proceed to trial upon the appraisal prior to the final determination of the stockholders entitled to an appraisal. Any Dell stockholder whose name appears on the Verified List and who has submitted such stockholder's certificates of stock to the Delaware Register in Chancery, if such is required, may participate fully in all proceedings until it is finally determined that he or she is not entitled to appraisal rights. The Court of Chancery shall direct the payment of the fair value of the shares, together with interest, if any, by Dell to the stockholders entitled thereto. Payment shall be so made to each such stockholder upon the surrender to Dell of his or her certificates in the case of a holder of certificated shares. Payment shall be made forthwith in the case of holders of uncertificated shares. The Court of Chancery's decree may be enforced as other decrees in such Court may be enforced.

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If a petition for appraisal is not timely filed, then the right to an appraisal will cease. The costs of the action (which do not include attorneys' fees or the fees and expenses of experts) may be determined by the Court of Chancery and taxed upon the parties as the Court of Chancery deems equitable. Upon application of a stockholder, the Court of Chancery may order all or a portion of the expenses incurred by a stockholder in connection with an appraisal proceeding, including, without limitation, reasonable attorneys' fees and the fees and expenses of experts utilized in the appraisal proceeding, to be charged *pro rata* against the value of all the shares entitled to appraisal. In the absence of such determination or assessment, each party bears its own expense.

Any stockholder who has duly demanded and perfected appraisal rights in compliance with Section 262 of the DGCL will not, after the effective time of the merger, be entitled to vote his or her shares for any purpose or be entitled to the payment of dividends or other distributions thereon, except dividends or other distributions payable to holders of record of shares of Common Stock as of a date prior to the effective time of the merger.

If any stockholder who demands appraisal of shares of Common Stock under Section 262 fails to perfect, successfully withdraws or loses such holder's right to appraisal, such stockholder's shares of Common Stock will be deemed to have been converted at the effective time of the merger into the right to receive the merger consideration pursuant to the merger agreement. A stockholder will fail to perfect, or effectively lose, the stockholder's right to appraisal if no petition for appraisal is filed within 120 days after the effective time of the merger. In addition, as indicated above, a stockholder may withdraw his, her or its demand for appraisal in accordance with Section 262 and accept the merger consideration offered pursuant to the merger agreement.

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MULTIPLE STOCKHOLDERS SHARING ONE ADDRESS

In accordance with Rule 14a-3(e)(1) under the Exchange Act, one proxy statement will be delivered to multiple stockholders sharing an address, unless Dell has received contrary instructions from one or more of the stockholders. Dell will deliver promptly upon written or oral request a separate copy of this proxy statement to a stockholder at a shared address to which a single copy of this proxy statement was delivered. Requests for additional copies of this proxy statement should be directed to Dell Inc., One Dell Way, Mail Stop RR1-33, Round Rock, Texas 78682, Attn: Corporate Secretary, or by calling (512) 728-7800. In addition, stockholders who share a single address, but receive multiple copies of this proxy statement, may request that in the future they receive a single copy of proxy statements by contacting the Company at the address and phone number set forth in the prior sentence.

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SUBMISSION OF STOCKHOLDER PROPOSALS AND NOMINATIONS

If the merger is completed, we may not hold an annual meeting of stockholders in 2013. If the merger is not completed, you will continue to be entitled to attend and participate in our annual meetings of stockholders, and we will hold a 2013 annual meeting of stockholders, in which case we will provide notice of or otherwise publicly disclose the date on which such 2013 annual meeting will be held. If the 2013 annual meeting is held, stockholder proposals will be eligible for consideration for inclusion in the proxy statement and form of proxy for our 2013 annual meeting of stockholders in accordance with Rule 14a-8 under the Exchange Act and our Bylaws, as described below.

Any proposal that a stockholder wishes to include in proxy materials for our 2013 annual meeting of stockholders pursuant to SEC Rule 14a-8 must have been received no later than the close of business on January 30, 2013 (unless the meeting date is changed by more than 30 days from the anniversary of the 2012 annual meeting, in which case a proposal must be received a reasonable time before we print proxy materials) and must be submitted in compliance with the rule. Proposals should be directed to Corporate Secretary, Dell Inc., One Dell Way, Mail Stop RR1-33, Round Rock, Texas 78682, and should comply with the requirements of Rule 14a-8.

Any proposal or nomination for director that a stockholder wishes to propose for consideration at the 2013 annual meeting of stockholders, but does not seek to include in our proxy statement under applicable SEC rules, must be submitted in accordance with Section 12 of Article III of our bylaws, and must be received at our principal executive offices no later than 60 days in advance of the 2013 annual meeting assuming that the date of the 2013 meeting is announced at least 70 days in advance. Any such proposal must be an appropriate subject for stockholder action under applicable law and must otherwise comply with Section 12 of Article III of our bylaws.

If our Corporate Secretary receives at the address listed above any stockholder proposal intended to be presented at the 2013 annual meeting without inclusion in the proxy statement for the meeting after the deadline specified in the Company's bylaws (or if such proposal is received less than a reasonable time before we print proxy materials, if the date of the 2013 annual meeting of stockholders is changed by more than 30 days from the anniversary of the 2012 annual meeting), SEC Rule 14a-4(c) provides that the proxies designated by the Board will have discretionary authority to vote on such proposal. The proxies designated by the Board also will have such discretionary authority, notwithstanding the stockholder's compliance with the deadlines described above, if we advise stockholders in the proxy statement for the meeting about the nature of the matter and how management intends to vote on such matter, and the stockholder does not comply with specified provisions of the SEC's rules.

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IMPORTANT INFORMATION REGARDING THE PARENT PARTIES, THE SLP FILING PERSONS, THE MD FILING PERSONS AND THE MSDC FILING PERSONS

The Parent Parties

Parent is a Delaware corporation. Intermediate is a Delaware corporation and wholly-owned subsidiary of Parent. Merger Sub is a Delaware corporation and wholly-owned subsidiary of Intermediate. Each of the Parent Parties is an affiliate of the SLP Filing Persons and the MD Filing Persons and was formed solely for the purpose of entering into the merger agreement and consummating the transactions contemplated by the merger agreement.

The business address and telephone number for each of the Parent Parties is c/o Silver Lake Partners III, L.P., 2775 Sand Hill Road, Suite 100, Menlo Park, California 94025, telephone number (650) 233-8120.

During the past five years, none of the Parent Parties and none of their respective directors or executive officers has been convicted in a criminal proceeding (excluding traffic violations or similar misdemeanors). In addition, during the past five years, except for the matter described in the next paragraph, which we refer to herein as the SEC investigation, none of the Parent Parties and none of their respective directors or executive officers has been a party to any judicial or administrative proceeding (except for matters that were dismissed without sanction or settlement) that resulted in a judgment, decree or final order enjoining the person from future violations of, or prohibiting activities subject to, federal or state securities laws or a finding of any violation of federal or state securities laws.

On October 13, 2010, a federal district court approved settlements by the Company and Mr. Dell with the SEC resolving an SEC investigation into the Company's disclosures and alleged omissions before fiscal year 2008 regarding certain aspects of its commercial relationship with Intel Corporation and into separate accounting and financial reporting matters. The Company and Mr. Dell entered into the settlements without admitting or denying the allegations in the SEC's complaint, as is consistent with common SEC practice. The SEC's allegations with respect to Mr. Dell and his settlement were limited to the alleged failure to provide adequate disclosures with respect to the company's commercial relationship with Intel Corporation prior to fiscal year 2008. Mr. Dell's settlement did not involve any of the separate accounting fraud charges settled by the company and others. Moreover, Mr. Dell's settlement was limited to claims in which only negligence, and not fraudulent intent, is required to establish liability, as well as secondary liability claims for other non-fraud charges. Under his settlement, Mr. Dell consented to a permanent injunction against future violations of these negligence-based provisions and other non-fraud based provisions related to periodic reporting. Specifically, Mr. Dell consented to be enjoined from violating Sections 17(a)(2) and (3) of the Securities Act of 1933 and Rule 13a-14 under the Exchange Act, and from aiding and abetting violations of Section 13(a) of the Exchange Act and Rules 12b-20, 13a-1 and 13a-13 under the Exchange Act. In addition, Mr. Dell agreed to pay a civil monetary penalty of \$4 million. The settlement did not include any restrictions on Mr. Dell's continued service as an officer or director of the company.

Set forth below for each of the directors and executive officers of the Parent Parties is his or her respective present principal occupation or employment, the name, principal business and address of the corporation or other organization in which such occupation or employment is conducted and the five-year employment history of such director and executive officer. Mr. Dell and Ms. King are citizens of the United States of America, and Mr. Durban is a citizen of the Federal Republic of Germany.

Michael S. Dell Director and Chief Executive Officer of each of the Parent Parties. Mr. Dell is Chairman of the Board of Directors and Chief Executive Officer of the Company. Mr. Dell has held the title of Chairman of the Board since he founded the Company in 1984. Mr. Dell also served as Chief Executive Officer of the Company from 1984 until July 2004 and resumed that role in January 2007. Mr. Dell's principal business address is c/o Dell Inc., One Dell Way, Round Rock, Texas 78682.

Egon Durban Director, President and Secretary of each of the Parent Parties. Mr. Durban is a Managing Partner and Managing Director of Silver Lake, which he joined in 1999. Mr. Durban's principal business address is c/o Silver Lake, 2775 Sand Hill Road, Suite 100, Menlo Park, California 94025.

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Karen M. King Vice President of each of the Parent Parties. Ms. King is a Managing Director and the Chief Legal Officer of Silver Lake, which she joined in 2004. Ms. King's principal business address is c/o Silver Lake, 2775 Sand Hill Road, Suite 100, Menlo Park, California 94025.

The SLP Filing Persons

Silver Lake Partners III, L.P., a Delaware limited partnership, is a private equity fund that was formed for the purpose of making investments in technology and technology-enabled industries. Silver Lake Technology Associates III, L.P., a Delaware limited partnership, is the general partner of Silver Lake Partners III, L.P.; SLTA III (GP), L.L.C., a Delaware limited liability company, is the general partner of Silver Lake Technology Associates III, L.P.; and Silver Lake Group, L.L.C., a Delaware limited liability company, is the managing member of SLTA III (GP), L.L.C. We refer to Silver Lake Partners III, L.P., Silver Lake Technology Associates III, L.P., SLTA III (GP), L.L.C. and Silver Lake Group, L.L.C., collectively, as SLP III Filing Persons.

Silver Lake Partners IV, L.P., a Delaware limited partnership, is a private equity fund that was formed for the purpose of making investments in technology and technology-enabled industries. Silver Lake Technology Associates IV, L.P., a Delaware limited partnership, is the general partner of Silver Lake Partners IV, L.P.; SLTA IV (GP), L.L.C., a Delaware limited liability company, is the general partner of Silver Lake Technology Associates IV, L.P. and Silver Lake Group, L.L.C., a Delaware limited liability company, is the managing member of SLTA IV (GP), L.L.C. We refer to Silver Lake Partners IV, L.P., Silver Lake Technology Associates IV, L.P., SLTA IV (GP), L.L.C. and Silver Lake Group, L.L.C., collectively, as the SLP IV Filing Persons.

Silver Lake Technology Investors III, L.P., a Delaware limited partnership, is a private equity fund that was formed for the purpose of making investments in technology and technology-enabled industries. Silver Lake Technology Associates III, L.P., a Delaware limited partnership, is the general partner of Silver Lake Technology Investors III, L.P.; SLTA III (GP), L.L.C., a Delaware limited liability company, is the general partner of Silver Lake Technology Associates III, L.P. and Silver Lake Group, L.L.C., a Delaware limited liability company, is the managing member of SLTA III (GP), L.L.C. We refer to Silver Lake Technology Investors III, L.P., Silver Lake Technology Associates III, L.P., SLTA III (GP), L.L.C. and Silver Lake Group, L.L.C., collectively, as SLTI Filing Persons and, together with the SLP III Filing Persons and the SLP IV Filing Persons, the SLP Filing Persons.

The business address and telephone number for each of the SLP Filing Persons is c/o Silver Lake, 2775 Sand Hill Road, Suite 100, Menlo Park, California 94025, telephone number (650) 233-8120.

Set forth below for each managing member of Silver Lake Group, L.L.C. is his respective present principal occupation or employment, the name and principal business of the corporation or other organization in which such occupation or employment is conducted and the five-year employment history of such person. Each person identified below is a citizen of the United States of America, except for Mr. Durban who is a citizen of the Federal Republic of Germany.

Michael J. Bingle Mr. Bingle is a Managing Partner and Managing Director of Silver Lake, which he joined in 2000. Mr. Bingle's principal business address is c/o Silver Lake, 9 West 57th Street, 32nd Floor, New York, New York 10019.

James A. Davidson Mr. Davidson is a Managing Partner and Managing Director of Silver Lake, which he co-founded in 1999. Mr. Davidson's principal business address is c/o Silver Lake, 2775 Sand Hill Road, Suite 100, Menlo Park, California 94025.

Egon P. Durban See the information for Mr. Durban provided above.

Kenneth Y. Hao Mr. Hao is a Managing Partner and Managing Director of Silver Lake, which he joined in 2000. Mr. Hao's principal business address is c/o Silver Lake Asia Limited, 33/F Two IFC, 8 Finance Street, Central, Hong Kong.

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Gregory K. Mondre Mr. Mondre is a Managing Partner and Managing Director of Silver Lake, which he joined in 1999. Mr. Mondre's principal business address is c/o Silver Lake, 9 West 57th Street, 32nd Floor, New York, New York 10019.

During the past five years, none of the SLP Filing Persons and none of the managing members of Silver Lake Group L.L.C. listed above have been convicted in a criminal proceeding (excluding traffic violations or similar misdemeanors). During the past five years, none of the SLP Filing Persons and none of the managing members of Silver Lake Group L.L.C. listed above have been a party to any judicial or administrative proceeding (except for matters that were dismissed without sanction or settlement) that resulted in a judgment, decree or final order enjoining the person from future violations of, or prohibiting activities subject to, federal or state securities laws or a finding of any violation of federal or state securities laws.

The MD Filing Persons

Michael S. Dell

Mr. Dell is the Chairman of the Board of Directors and Chief Executive Officer of the Company. He has held the title of Chairman of the Board since he founded the Company in 1984. Mr. Dell also served as Chief Executive Officer of the Company from 1984 until July 2004 and resumed that role in January 2007. He is an honorary member of the Foundation Board of the World Economic Forum and is an executive committee member of the International Business Council. He also serves as chairman of the Technology CEO Council and is a member of the U.S. Business Council and the Business Roundtable. He also serves on the governing board of the Indian School of Business in Hyderabad, India, and is a board member of Catalyst, Inc.

The business address and telephone number of Michael S. Dell is One Dell Way, Round Rock, Texas 78682, telephone number 1-800-289-3355.

During the past five years, Mr. Dell has not been (i) convicted in a criminal proceeding (excluding traffic violations or similar misdemeanors) or (ii) except for the SEC investigation described above, party to any judicial or administrative proceeding (except for matters that were dismissed without sanction or settlement) that resulted in a judgment, decree or final order enjoining the person from future violations of, or prohibiting activities subject to, federal or state securities laws or a finding of any violation of federal or state securities laws.

Michael S. Dell is a United States citizen.

Susan Lieberman Dell Separate Property Trust

The Susan Lieberman Dell Separate Property Trust (the Separate Property Trust) is a revocable living trust created by Susan L. Dell (formerly Susan Lynn Lieberman) pursuant to a trust agreement entered into on October 26, 1989 between Susan Lynn Lieberman, as Settlor, and Susan Lynn Lieberman, as trustee. The name of the trust was changed from the Susan Lynn Lieberman Separate Property Trust to the Susan Lieberman Dell Separate Property Trust upon Mrs. Dell's marriage to Mr. Dell. The principal business of the Separate Property Trust is to manage the assets of the Separate Property Trust for the beneficiaries thereof. Susan L. Dell is currently the sole beneficiary of the Separate Property Trust.

The business address and telephone number of the Separate Property Trust is c/o MSD Capital, L.P., 645 Fifth Avenue, 21st Floor, New York, New York 10022, telephone number (212) 303-1650.

Susan L. Dell is the trustee of the Separate Property Trust. Mrs. Dell is co-founder of the Michael & Susan Dell Foundation and serves as Board Chair of that organization. Mrs. Dell also serves as a trustee of the Children's Medical Center Foundation of Central Texas and is a board member of the Cooper Institute in Dallas.

The business address and telephone number of Susan L. Dell is c/o Michael & Susan Dell Foundation, PO Box 163867, Austin, Texas 78716, telephone number (512) 329-0799.

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During the past five years, Mrs. Dell has not been (i) convicted in a criminal proceeding (excluding traffic violations or similar misdemeanors) or (ii) party to any judicial or administrative proceeding (except for matters that were dismissed without sanction or settlement) that resulted in a judgment, decree or final order enjoining the person from future violations of, or prohibiting activities subject to, federal or state securities laws or a finding of any violation of federal or state securities laws.

Mrs. Dell is a United States citizen.

The MSDC Filing Persons

MSDC Management, L.P. is a Delaware limited partnership engaged in the business of managing certain affiliated investment funds. MSDC Management (GP), LLC, a Delaware limited liability company, is the general partner of MSDC Management, L.P. We refer to MSDC Management, L.P. and MSDC Management (GP), LLC, collectively, as MSDC Filing Persons.

The business address and telephone number for each of the MSDC Filing Persons is 645 Fifth Avenue, 21st Floor, New York, New York, 10022, telephone number (212) 303-1650.

Set forth below for each manager of MSDC Management (GP), LLC is his respective present principal occupation or employment, the name and principal business of the corporation or other organization in which such occupation or employment is conducted and the five-year employment history of such person. Each person identified below is a United States citizen.

Glenn R. Fuhrman Mr. Fuhrman is Co-Managing Partner of MSD Capital L.P., which he co-founded in 1998. Mr. Fuhrman has also been a Partner of MSDC Management L.P. since its formation in 2009. Mr. Fuhrman's principal business address is c/o MSDC Capital, 645 Fifth Avenue, 21st Floor, New York, New York, 10022.

John C. Phelan Mr. Phelan is Co-Managing Partner of MSD Capital L.P., which he co-founded in 1998. Mr. Phelan has also been a Partner of MSDC Management L.P. since its formation in 2009. Mr. Phelan's principal business address is c/o MSDC Capital, 645 Fifth Avenue, 21st Floor, New York, New York, 10022.

Marc R. Lisker Mr. Lisker is General Counsel and a Partner of MSD Capital L.P., which he joined in 1999. Mr. Lisker has also been a Partner of MSDC Management L.P. since its formation in 2009. Mr. Lisker's principal business address is c/o MSDC Capital, 645 Fifth Avenue, 21st Floor, New York, New York, 10022.

During the past five years, none of the MSDC Filing Persons and none of the managers of MSDC Management (GP), LLC listed above has been (i) convicted in a criminal proceeding (excluding traffic violations or similar misdemeanors) or (ii) party to any judicial or administrative proceeding (except for matters that were dismissed without sanction or settlement) that resulted in a judgment, decree or final order enjoining the person from future violations of, or prohibiting activities subject to, federal or state securities laws or a finding of any violation of federal or state securities laws.

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WHERE YOU CAN FIND ADDITIONAL INFORMATION

The Company files annual, quarterly and current reports, proxy statements and other information with the SEC. You may read and copy any reports, proxy statements or other information that we file with the SEC at the following location of the SEC:

Public Reference Room, 100 F Street, N.E., Washington, D.C. 20549

Please call the SEC at 1-800-SEC-0330 for further information on the public reference room. You may also obtain copies of this information by mail from the Public Reference Section of the SEC, 100 F Street, N.E., Washington, D.C. 20549, at prescribed rates. The Company's public filings are also available to the public from document retrieval services and the Internet website maintained by the SEC at www.sec.gov.

The Company will make available a copy of its public reports through the Investor Relations section of its website at www.dell.com/investor, free of charge, as soon as reasonably practicable after the Company files the reports electronically with the SEC. In addition, you may obtain a copy of the reports, without charge, upon written request to Investor Relations, Dell Inc., One Dell Way, Round Rock, Texas 78682. Each such request must set forth a good faith representation that, as of the record date, the person making the request was a beneficial owner of Common Stock entitled to vote at the special meeting. **In order to ensure timely delivery of such documents prior to the special meeting, any such request should be made, five business days before the special meeting.** A copy of any exhibit may be obtained upon written request by a stockholder (for a fee limited to the Company's reasonable expenses in furnishing such exhibit) to Investor Relations, Dell Inc., One Dell Way, Round Rock, Texas 78682.

Because the merger is a going private transaction, the Company has filed with the SEC a Transaction Statement on Schedule 13E-3 with respect to the merger. The Schedule 13E-3, including any amendments and exhibits filed or incorporated by reference as a part of it, is available for inspection as set forth above. The Schedule 13E-3 will be amended to report promptly any material change in the information set forth in the most recent Schedule 13E-3 filed with the SEC.

The SEC allows us to incorporate by reference into this proxy statement documents we file with the SEC. This means that we can disclose important information to you by referring you to those documents. The information incorporated by reference is considered to be a part of this proxy statement and, with respect to this proxy statement but not with respect to the Schedule 13E-3, later information that we file with the SEC will update and supersede that information. Information in documents that is deemed, in accordance with SEC rules, to be furnished and not filed shall not be deemed to be incorporated by reference into this proxy statement. We incorporate by reference the documents listed below, and, with respect to this proxy statement but not with respect to the Schedule 13E-3, any documents filed by us pursuant to Section 13(a), 13(c), 14 or 15(d) of the Exchange Act after the date of this proxy statement, and prior to the date of the special meeting:

annual report on Form 10-K for the fiscal year ended February 1, 2013;

the portions of the Company's Definitive Proxy Statement on Schedule 14A filed with the SEC on May 24, 2012 that are incorporated by reference in our Annual Report on Form 10-K for the fiscal year ended February 3, 2012; and

current reports on Form 8-K filed with the SEC on February 5, 2012, February 6, 2013 (as amended by current report on Form 8-K/A filed on February 15, 2013), February 19, 2013 (solely with respect to Item 8.01 thereunder), February 28, 2013, April 23, 2013 and April 29, 2013.

We will amend the Schedule 13E-3 to incorporate by reference any additional documents that we may file with the SEC under Section 13(a), 13(c), 14 or 15(d) of the Exchange Act after the date of this proxy statement and prior to the date of the special meeting to the extent required to fulfill our obligations under the Exchange Act.

No persons have been authorized to give any information or to make any representations other than those contained in this proxy statement and, if given or made, such information or representations must not be relied upon as having been authorized by us or any other person. This proxy statement is dated [], 2013. You should not assume that the information contained in this proxy statement is accurate as of any date other than that date, and the mailing of this proxy statement to stockholders shall not create any implication to the contrary.

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Annex A

AGREEMENT AND PLAN OF MERGER

by and among

DENALI HOLDING INC.,

DENALI INTERMEDIATE INC.,

DENALI ACQUIROR INC.

and

DELL INC.

Dated as of February 5, 2013

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AGREEMENT AND PLAN OF MERGER

AGREEMENT AND PLAN OF MERGER, dated as of February 5, 2013 (the Agreement), by and among Denali Holding Inc., a Delaware corporation (Parent), Denali Intermediate Inc., a Delaware corporation and a wholly-owned subsidiary of Parent (Intermediate), Denali Acquiror Inc., a Delaware corporation and a wholly-owned subsidiary of Intermediate (Merger Sub and, taken together with Intermediate and Parent, the Parent Parties), and Dell Inc., a Delaware corporation (the Company). Capitalized terms used but not defined elsewhere in this Agreement shall have the meanings set forth in Section 8.15.

RECITALS

WHEREAS, the parties intend that Merger Sub be merged with and into the Company (the Merger), with the Company surviving the Merger as a wholly-owned subsidiary of Intermediate, upon the terms and subject to the conditions set forth in this Agreement and in accordance with the provisions of the General Corporation Law of the State of Delaware, as amended (the DGCL);

WHEREAS, the board of directors of the Company (the Company Board), acting upon the unanimous recommendation of a committee of the Company Board consisting only of independent and disinterested directors of the Company (the Special Committee), unanimously (other than Michael S. Dell) has (i) determined that the transactions contemplated by this Agreement, including the Merger, are fair to, and in the best interests of, the Company's stockholders (other than the MD Investors), (ii) approved and declared advisable the execution, delivery and performance of this Agreement and the consummation of the transactions contemplated herein, including the Merger, and (iii) resolved to recommend that the Company's stockholders adopt this Agreement;

WHEREAS, the boards of directors of each of the Parent Parties have, on the terms and subject to the conditions set forth herein, approved and declared advisable this Agreement and the transactions contemplated herein;

WHEREAS, concurrently with the execution and delivery of this Agreement, as a condition and inducement to the willingness of the Company to enter into this Agreement, certain stockholders of the Company are entering into a Voting and Support Agreement (the Voting Agreement) with the Company pursuant to which, among other things, such stockholders have agreed to vote their Shares in favor of the transactions contemplated herein;

WHEREAS, concurrently with the execution and delivery of this Agreement, as a condition and inducement to the willingness of the Company to enter into this Agreement, the Equity Investors and Michael S. Dell (collectively, the Guarantors) have each executed and delivered a limited guarantee in favor of the Company (collectively, the Limited Guarantees), pursuant to which the Guarantors are guaranteeing certain obligations of the Parent Parties in connection with this Agreement;

WHEREAS, concurrently with the execution and delivery of this Agreement, the Equity Investors have entered into an equity financing commitment letter in favor of Parent (the Equity Investors Commitment Letter), pursuant to which, subject to the terms and conditions contained therein, the Equity Investors have committed to invest in Parent the amounts set forth therein;

WHEREAS, concurrently with the execution and delivery of this Agreement, certain of the MD Investors have entered into a rollover and equity financing commitment letter in favor of Parent (the MD Investors Commitment Letter), pursuant to which, subject to the terms and conditions contained therein, (i) certain of the MD Investors have committed to transfer, contribute and deliver Shares (the Rollover Shares) to Parent in exchange for common stock of Parent and (ii) certain of the MD Investors have committed to invest in Parent the amounts set forth therein;

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WHEREAS, concurrently with the execution and delivery of this Agreement, the MSDC Investor has entered into an equity financing commitment letter in favor of Parent (the MSDC Investor Commitment Letter), pursuant to which, subject to the terms and conditions contained therein, the MSDC Investor has committed to invest in Parent the amounts set forth therein; and

WHEREAS, the Company and the Parent Parties desire to make certain representations, warranties, covenants and agreements in connection with this Agreement;

NOW, THEREFORE, in consideration of the foregoing and the representations, warranties, covenants and agreements contained herein, and intending to be legally bound hereby, the Company and the Parent Parties agree as follows:

ARTICLE I

THE MERGER

Section 1.1 The Merger. On the terms and subject to the conditions set forth in this Agreement, and in accordance with the DGCL, at the Effective Time, Merger Sub will merge with and into the Company, the separate corporate existence of Merger Sub will cease and the Company will continue its corporate existence under Delaware law as the surviving corporation in the Merger (the Surviving Corporation).

Section 1.2 Closing. The closing of the Merger (the Closing) shall take place at the offices of Debevoise & Plimpton LLP, 919 Third Avenue, New York, New York at 9:00 a.m. Eastern Time, on a date which shall be the second Business Day after the satisfaction or waiver (to the extent permitted by applicable Law) of the conditions set forth in Article VI (other than those conditions that by their nature are to be satisfied at the Closing, but subject to the satisfaction or waiver of such conditions) or at such other place, time and date as the Company and Parent may agree in writing; provided that without the prior written consent of Parent, the Closing shall not occur prior to the earlier of (x) a date during the Marketing Period specified by Parent on no fewer than two (2) Business Days notice to the Company (it being understood that such date may be conditioned upon the simultaneous completion of the Parent Parties financing of the transactions contemplated by this Agreement) and (y) the final day of the Marketing Period. The date on which the Closing actually occurs is referred to herein as the Closing Date .

Section 1.3 Effective Time. Subject to the provisions of this Agreement, at the Closing, the Company shall cause a certificate of merger (the Certificate of Merger) to be duly executed, acknowledged and filed with the Secretary of State of the State of Delaware in accordance with Section 251 of the DGCL. The Merger shall become effective at such time as the Certificate of Merger has been duly filed with the Secretary of State of the State of Delaware or at such later date or time as may be agreed by the Company and Parent in writing and specified in the Certificate of Merger in accordance with the DGCL (the effective time of the Merger being hereinafter referred to as the Effective Time).

Section 1.4 Effects of the Merger. The Merger shall have the effects set forth in this Agreement and the applicable provisions of the DGCL.

Section 1.5 Certificate of Incorporation and Bylaws of the Surviving Corporation. At the Effective Time, (a) the certificate of incorporation of the Surviving Corporation shall be amended and restated in its entirety to be in the form attached hereto as Exhibit A (the Charter), until thereafter amended, subject to Section 5.10, as provided therein or by applicable Law and (b) the by-laws of the Surviving Corporation shall be amended and restated, subject to Section 5.10, in their entirety to be in the form attached hereto as Exhibit B (the Bylaws), until thereafter amended as provided therein or by applicable Law.

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Section 1.6 Directors. The directors of Merger Sub immediately prior to the Effective Time shall, from and after the Effective Time, be the directors of the Surviving Corporation and shall hold office until their respective successors are duly elected and qualified, or their earlier death, incapacitation, retirement, resignation or removal, in accordance with the Charter and Bylaws.

Section 1.7 Officers. The officers of the Company immediately prior to the Effective Time shall, from and after the Effective Time, be the officers of the Surviving Corporation and shall hold office until their respective successors are duly elected or appointed and qualified, or their earlier death, incapacitation, retirement, resignation or removal, in accordance with the Charter and Bylaws.

ARTICLE II

CONVERSION OF SHARES; EXCHANGE OF CERTIFICATES

Section 2.1 Effect on Capital Stock. At the Effective Time, by virtue of the Merger and without any action on the part of the Company or the Parent Parties or the holders of any securities of the Company or any other Person:

(a) Conversion of Common Stock. Each Share, other than Excluded Shares, Company Restricted Shares and Dissenting Shares, issued and outstanding immediately prior to the Effective Time shall be converted automatically into the right to receive \$13.65 in cash, without interest (the Merger Consideration), whereupon all such Shares shall be automatically canceled upon the conversion thereof and shall cease to exist, and the holders of such Shares shall cease to have any rights with respect to such Shares other than the right to receive the Merger Consideration (less any applicable withholding Taxes), upon surrender of Certificates or Book-Entry Shares in accordance with Section 2.2.

(b) Treasury Shares; Parent and Merger Sub-Owned Shares. Each Share that is owned immediately prior to the Effective Time by (i) the Company (whether held in treasury or otherwise) or any direct or indirect wholly-owned Subsidiary of the Company or (ii) any of the Parent Parties, including the Rollover Shares (collectively, the Excluded Shares), shall be automatically canceled and shall cease to exist, and (x) except as provided by clause (y), no consideration shall be delivered in exchange for such cancellation and (y) any Excluded Shares that are owned by any direct or indirect wholly-owned Subsidiary of the Company shall be converted into and become such number of validly issued, fully paid and nonassessable shares of common stock, par value \$0.01 per share, of the Surviving Corporation as necessary (in the aggregate with other such shares owned by such Subsidiary) to maintain such Subsidiary's same relative ownership percentages in the Company as it had immediately prior to the Effective Time.

(c) Conversion of Merger Sub Common Stock. Each share of common stock, par value \$0.01 per share, of Merger Sub issued and outstanding immediately prior to the Effective Time shall be converted into and become one validly issued, fully paid and nonassessable share of common stock, par value \$0.01 per share, of the Surviving Corporation.

(d) Dissenters' Rights. Any provision of this Agreement to the contrary notwithstanding, Shares that are issued and outstanding immediately prior to the Effective Time and that are held by holders of such Shares who have (i) not voted in favor of the adoption of this Agreement or consented thereto in writing and (ii) properly exercised appraisal rights with respect thereto in accordance with, and otherwise complied with, Section 262 of the DGCL (the Dissenting Shares) shall not be converted into the right to receive the Merger Consideration pursuant to Section 2.1(a). Holders of Dissenting Shares shall be entitled only to receive payment of the fair value of such Dissenting Shares in accordance with the provisions of such Section 262, unless and until any such holder fails to perfect or effectively withdraws or loses its rights to appraisal and payment under the DGCL. If, after the Effective Time, any such holder fails to perfect or effectively withdraws or loses such right, such

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Dissenting Shares shall thereupon cease to be Dissenting Shares, including for purposes of Section 2.1(a), and shall be deemed to have been converted into, at the Effective Time, the right to receive the Merger Consideration as provided for in Section 2.1(a). At the Effective Time, the Dissenting Shares shall be automatically canceled and shall cease to exist and any holder of Dissenting Shares shall cease to have any rights with respect thereto, except the rights provided in Section 262 of the DGCL and as provided in the previous sentence. The Company shall give Parent (x) prompt notice of any demands received by the Company for appraisals of Shares, withdrawals of such demands and any other related instruments served pursuant to the DGCL and received by the Company and (y) the opportunity to participate in and direct all negotiations and proceedings with respect to such notices and demands. The Company shall not, except with the prior written consent of Parent, make any payment with respect to any demands for appraisal or settle any such demands.

Section 2.2 Exchange of Certificates & Book-Entry Shares.

(a) Exchange Fund. At the Effective Time, Parent shall deposit, or shall cause to be deposited, with a U.S. bank or trust company that shall be appointed by Parent (and reasonably satisfactory to the Company) to act as a paying agent hereunder (the Paying Agent), in trust for the benefit of holders of the Shares, cash in U.S. dollars in an amount equal to the product of (i) the Merger Consideration multiplied by (ii) the number of Shares issued and outstanding immediately prior to the Effective Time (other than the Excluded Shares, the Company Restricted Shares and the Dissenting Shares) (such cash being hereinafter referred to as the Exchange Fund), payable upon due surrender of the certificates that, immediately prior to the Effective Time, represented Shares (Certificates) (or affidavits of loss in lieu thereof) or non-certificated Shares represented by book-entry (Book-Entry Shares) pursuant to the provisions of this Article II. In the event any Dissenting Shares cease to be Dissenting Shares, Parent shall deposit, or cause to be deposited, with the Paying Agent in the Exchange Fund, an amount equal to the product of (x) the Merger Consideration multiplied by (y) the number of such formerly Dissenting Shares. In the event the Exchange Fund shall be insufficient to make the payments contemplated by Section 2.1, Parent shall, or shall cause Merger Sub or the Surviving Corporation to, promptly deposit additional funds with the Paying Agent in an amount sufficient to make such payments. The Exchange Fund shall not be used for any purpose that is not expressly provided for in this Agreement. The Exchange Fund shall be invested by the Paying Agent as directed by Parent; provided that (A) any investment of such cash shall in all events be limited to direct short-term obligations of, or short-term obligations fully guaranteed as to principal and interest by, the U.S. government, in commercial paper rated A-1 or P-1 or better by Moody's Investors Service, Inc. or Standard & Poor's Corporation, respectively, or in deposit accounts, certificates of deposit, bank repurchase agreements or banker's acceptances of commercial banks with capital exceeding \$10 billion (based on the most recent financial statements of such bank that are then publicly available), and (B) no such investment or loss thereon shall affect the amounts payable to the former holders of Shares pursuant to this Article II.

(b) Payment Procedures.

(i) As soon as reasonably practicable after the Effective Time and in any event not later than the second Business Day following the Closing Date, the Surviving Corporation shall instruct the Paying Agent to mail to each holder of record of Shares whose Shares were converted into the Merger Consideration pursuant to Section 2.1 (A) a letter of transmittal, which shall specify that delivery shall be effected, and risk of loss and title to Certificates shall pass, only upon delivery of Certificates (or affidavits of loss in lieu thereof) or Book-Entry Shares to the Paying Agent and shall be in such customary form and have such other customary provisions as Parent and the Company may mutually agree prior to the Closing, and (B) instructions for use in effecting the surrender of Certificates (or affidavits of loss in lieu thereof) or Book-Entry Shares in exchange for the Merger Consideration.

(ii) Upon surrender of Certificates (or affidavits of loss in lieu thereof) or Book-Entry Shares to the Paying Agent together with such letter of transmittal, duly completed and validly executed in accordance with the instructions thereto, and such other documents as may customarily be required by the Paying Agent, the holder of such Certificates (or affidavits of loss in lieu thereof) or Book-Entry Shares shall be entitled to receive from the Exchange Fund in exchange therefor an amount in cash equal to the product of (x) the number of Shares represented by such holder's properly surrendered Certificates (or affidavits of loss

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in lieu thereof) or Book-Entry Shares multiplied by (y) the Merger Consideration (less any applicable withholding Taxes). No interest will be paid or accrued on any amount payable upon due surrender of Certificates (or affidavits of loss in lieu thereof) or Book-Entry Shares. In the event of a transfer of ownership of Shares that is not registered in the transfer records of the Company, payment upon due surrender of the Certificate therefor may be paid to such a transferee if the Certificate formerly representing such Shares is presented to the Paying Agent, accompanied by all documents required to evidence and effect such transfer and to evidence that any applicable stock transfer and other applicable Taxes have been paid or are not applicable. The Merger Consideration, paid in full with respect to any Share in accordance with the terms hereof, shall be deemed to have been paid in full satisfaction of all rights pertaining to such Share.

(iii) The Paying Agent, the Company and its Subsidiaries, and the Parent Parties, as applicable, shall be entitled to deduct and withhold from any amounts otherwise payable under this Agreement such amounts as are required to be withheld or deducted under the Internal Revenue Code of 1986, as amended (the Code), and the regulations promulgated thereunder, or any provision of state, local or foreign Tax Law with respect to the making of such payment. To the extent that amounts are so deducted or withheld, such deducted or withheld amounts (i) shall be remitted by the applicable entity to the appropriate Governmental Entity and (ii) shall be treated for all purposes of this Agreement as having been paid to the Person in respect of which such deduction or withholding was made.

(c) Closing of Transfer Books. At the Effective Time, the stock transfer books of the Company shall be closed, and there shall be no further registration of transfers on the stock transfer books of the Surviving Corporation of the Shares that were outstanding immediately prior to the Effective Time. If, after the Effective Time, Certificates or Book-Entry Shares are presented to the Surviving Corporation or the Paying Agent for transfer or any other reason, the holder of any such Certificates or Book-Entry Shares shall be given a copy of the letter of transmittal referred to in Section 2.2(b) and instructed to comply with the instructions in that letter of transmittal in order to receive the cash to which such holder is entitled pursuant to this Article II.

(d) Termination of Exchange Fund. Any portion of the Exchange Fund (including all interest and the other proceeds of any investments thereof) that remains undistributed to the former holders of Shares for one year after the Effective Time shall be delivered by the Paying Agent to the Surviving Corporation upon the Surviving Corporation's demand, and any former holders of Shares who have not surrendered their Certificates (or affidavits of loss in lieu thereof) or Book-Entry Shares in accordance with this Section 2.2 shall thereafter look only to the Surviving Corporation for payment of their claim for the Merger Consideration, without any interest thereon, upon due surrender of their Certificates (or affidavits of loss in lieu thereof) or Book-Entry Shares, in each case subject to applicable abandoned property, escheat or similar Law.

(e) No Liability. Anything herein to the contrary notwithstanding, none of the Company, the Parent Parties, the Surviving Corporation, the Paying Agent or any other Person shall be liable to any former holder of Shares for any amount properly delivered to a public official pursuant to any applicable abandoned property, escheat or similar Law. Any portion of the Exchange Fund remaining unclaimed by former holders of Shares as of a date that is immediately prior to such time as such amounts would otherwise escheat to or become property of any Governmental Entity shall, to the fullest extent permitted by applicable Law, become the property of Parent free and clear of any claims or interest of any Person previously entitled thereto.

(f) Lost, Stolen or Destroyed Certificates. In the case of any Certificate that has been lost, stolen or destroyed, upon the making of an affidavit of that fact by the Person claiming such Certificate to be lost, stolen or destroyed in form and substance reasonably satisfactory to the Paying Agent and the Surviving Corporation and, if required by the Paying Agent or the Surviving Corporation, the posting by such Person of a bond in customary amount as indemnity against any claim that may be made against it with respect to such Certificate, the Paying Agent or the Surviving Corporation, as the case may be, will issue in exchange for such lost, stolen or destroyed Certificate a check in the amount of the number of Shares formerly represented by such lost, stolen or destroyed Certificate multiplied by the Merger Consideration (less any applicable withholding Taxes), without any interest thereon.

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Section 2.3 Treatment of Company Options, Company RSU Awards and Company Restricted Shares. In each case, subject to Annex A hereto:

(a) Except as otherwise agreed to in writing prior to the Effective Time by Parent and a holder of any Company Options with respect to any of such holder's Company Options, each Company Option, whether vested or unvested and whether with an exercise price per Share that is greater or less than, or equal to, the Merger Consideration, that is outstanding immediately prior to the Effective Time shall, as of the Effective Time, become fully vested and be canceled and converted into the right to receive an amount in cash from the Surviving Corporation or one of its Subsidiaries equal to (A) the product of (i) the excess, if any, of the Merger Consideration over the exercise price per Share of such Company Option multiplied by (ii) the total number of Shares subject to such Company Option, without interest, less (B) such amounts as are required to be withheld or deducted under the Code or any provision of state, local or foreign Tax Law with respect to the payment of the amount described in clause (A) (the Option Consideration). Unless otherwise agreed to in writing prior to the Effective Time by Parent and a holder of any Company Options with respect to any of such holder's Company Options, the Surviving Corporation or one of its Subsidiaries, as applicable, shall pay to each holder of Company Options the Option Consideration, if any, described in the immediately preceding sentence (through the Company's payroll system or through the Company's equity award administrator) as soon as administratively practicable following the Effective Time. Except as otherwise agreed to in writing prior to the Effective Time by Parent and a holder of any Company Options with respect to any of such holder's Company Options, from and after the Effective Time, there shall be no outstanding Company Options, and the former holders thereof shall be entitled only to the payment of the Option Consideration, if any.

(b) Except as otherwise agreed to in writing prior to the Effective Time by Parent and a holder of any Company RSU Awards with respect to any of such holder's Company RSU Awards, each Company RSU Award, whether vested or unvested (treating for this purpose any performance-based vesting condition to which such Company RSU Award is subject as having been attained at target level), that is outstanding immediately prior to the Effective Time, shall, as of the Effective Time, be canceled and converted into the right to receive from the Surviving Corporation or one of its Subsidiaries an amount in cash equal to the RSU Award Consideration, plus any additional amounts related to dividend equivalents credited with respect to such Company RSU Award prior to the Effective Time, (i) as soon as administratively practicable following the Effective Time, in the case of a Company RSU Award that is vested as of immediately prior to the Effective Time, or (ii) as soon as administratively practicable following such date(s) as such Company RSU Award would have otherwise vested, if and only if such holder remains continuously employed by the Surviving Corporation or its Subsidiaries from the Effective Time to such date(s), in the case of a Company RSU Award that is unvested as of immediately prior to the Effective Time (and, for this purpose, each Company RSU Award that was subject to performance-based vesting conditions immediately prior to the Effective Time shall be deemed to vest ratably on the last day of each fiscal year of the Company during the portion of the performance period applicable to such Company RSU Award which follows the Effective Time)). By way of example of clause (ii) of the preceding sentence, a Company RSU granted on March 8, 2011 subject to performance-based vesting conditions for the Company's fiscal years ending in February 2012, 2013 and 2014, which has a target number of Shares of 100 and a vesting date of March 8, 2014, shall be cancelled at the Effective Time and converted into the right to receive the RSU Award Consideration based on 100 Shares; if the Effective Time occurs in 2013, then 100% of the RSU Award Consideration shall be payable on the last day of the Company's fiscal year ending in February 2014, subject to the continuous employment requirement. If the same award had been granted on March 8, 2012 subject to performance-based vesting conditions for the Company's fiscal years ending in February 2013, 2014 and 2015, then 50% of the RSU Award Consideration shall be payable on the last day of the Company's fiscal year ending in February 2014 and 50% payable on the last day of the Company's fiscal year ending in February 2015, subject to the continuous employment requirement. For purposes of this Agreement, RSU Award Consideration shall mean, with respect to a Company RSU Award, (A) the product of (x) the total number of Shares subject to such Company RSU Award multiplied by (y) the Merger Consideration minus (B) such amounts as are required to be withheld or deducted under the Code or any provision of state, local or foreign Tax Law with respect to the payment to a holder of such Company RSU Award of the amount described in clause (A). Except as otherwise

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agreed to in writing prior to the Effective Time by Parent and a holder of any Company RSU Award with respect to any of such holder's Company RSU Awards, from and after the Effective Time, there shall be no outstanding Company RSU Awards, and the former holders thereof shall be entitled only to the payment of the RSU Award Consideration.

(c) Except as otherwise agreed to in writing prior to the Effective Time by Parent and a holder of any Company Restricted Shares with respect to any of such holder's Company Restricted Shares, each Company Restricted Share, whether vested or unvested, that is outstanding immediately prior to the Effective Time, shall, as of the Effective Time, be canceled and converted into the right to receive from the Surviving Corporation or one of its Subsidiaries an amount in cash equal to the Restricted Shares Consideration, plus any additional amounts related to dividends payable on such Company Restricted Shares prior to the Effective Time but which remain subject to the vesting of the underlying Company Restricted Shares, on such date(s) as such Company Restricted Share would have otherwise vested, subject to such holder being continuously employed by the Surviving Corporation or its Subsidiaries from the Effective Time to such date(s) (for the avoidance of doubt, it being understood that the Restricted Share Consideration shall be payable only if such continuous employment requirement is satisfied on the applicable vesting date(s)). For purposes of this Agreement, Restricted Shares Consideration shall mean, with respect to a Company Restricted Share, (A) the Merger Consideration minus (B) such amounts as are required to be withheld or deducted under the Code or any provision of state, local or foreign Tax Law with respect to the payment to a holder of such Company Restricted Share of the amount described in clause (A). Except as otherwise agreed to in writing prior to the Effective Time by Parent and a holder of any Company Restricted Shares with respect to any of such holder's Company Restricted Shares, from and after the Effective Time, there shall be no outstanding Company Restricted Shares, and the former holders thereof shall be entitled only to the payment of the Restricted Shares Consideration.

(d) Prior to the Effective Time, the Company shall provide optionees with notice of their opportunity to exercise their Company Options if such notice is required by the applicable plan or award agreement, adopt such resolutions and take all other such actions as may reasonably be necessary in its discretion to effectuate the treatment of the Company Options, the Company RSU Awards and the Company Restricted Shares contemplated by this Section 2.3.

ARTICLE III

REPRESENTATIONS AND WARRANTIES OF THE COMPANY

The Company represents and warrants to Parent and Merger Sub as set forth in this Article III; provided that such representations and warranties by the Company are qualified in their entirety by reference to the disclosure (i) in the Company SEC Documents filed or furnished with the SEC prior to the date hereof (provided that nothing disclosed in such Company SEC Documents shall be deemed to be a qualification of or modification to the representations and warranties set forth in Sections 3.2, 3.3, 3.4(a) and 3.20), excluding any risk factor disclosures set forth under the heading "Risk Factors" or any disclosure of risks included in any forward-looking statements disclaimer to the extent that such disclosures are general in nature, or cautionary, predictive or forward-looking in nature, or (ii) set forth in the disclosure schedule delivered by the Company to Parent immediately prior to the execution of this Agreement (the Company Disclosure Letter), it being understood and agreed that each disclosure set forth in the Company Disclosure Letter or such Company SEC Documents shall qualify or modify each of the representations and warranties set forth in this Article III (other than Sections 3.2, 3.3, 3.4(a) and 3.20 in the case of such Company SEC Documents) to the extent the applicability of the disclosure to such representation and warranty is reasonably apparent from the text of the disclosure made.

Section 3.1 Organization and Qualification; Subsidiaries.

(a) The Company is a corporation duly incorporated, validly existing and in good standing under the Laws of the State of Delaware. The Company has all requisite corporate power and authority to own, lease and operate

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its properties and assets and to carry on its business as presently conducted and is qualified to do business and is in good standing as a foreign corporation or other relevant legal entity in each jurisdiction where the ownership, leasing or operation of its assets or properties or conduct of its business requires such qualification, except where any such failure to be so qualified or in good standing would not, individually or in the aggregate, constitute a Company Material Adverse Effect. Each of the Company's Significant Subsidiaries is a legal entity duly organized, validly existing and in good standing under the Laws of the jurisdiction of its organization. Each of the Company's Subsidiaries has all requisite corporate or similar power and authority to own, lease and operate its properties and assets and to carry on its business as presently conducted and is qualified to do business and is in good standing as a foreign corporation or other relevant legal entity in each jurisdiction where the ownership, leasing or operation of its assets or properties or conduct of its business requires such qualification, except where any failure to be so qualified or in good standing, or to have such power or authority, would not, individually or in the aggregate, constitute a Company Material Adverse Effect. The Company has made available to Parent prior to the date hereof true, complete and correct copies of the certificate of incorporation and bylaws (or equivalent organizational and governing documents) of the Company and each non-wholly-owned domestic Subsidiary thereof, each as amended through the date hereof.

(b) Section 3.1(b) of the Company Disclosure Letter sets forth a true and complete list of each Significant Subsidiary of the Company as of the date hereof, each such Significant Subsidiary's jurisdiction of organization and its authorized, issued and outstanding equity interests (including partnership interests and limited liability company interests) that are not owned by the Company or one of its Subsidiaries.

(c) All equity interests (including partnership interests and limited liability company interests) of the Company's Significant Subsidiaries held by the Company or one of its other Subsidiaries are duly authorized, validly issued, fully paid and nonassessable, are not subject to and were not issued in violation of any preemptive or similar right, purchase option, call or right of first refusal or similar right and are free and clear of any Liens, other than Permitted Liens and Liens solely in favor of the Company and/or any of the Company's wholly-owned Subsidiaries.

Section 3.2 Capital Stock.

(a) The authorized share capital of the Company consists of 7,000,000,000 shares of Common Stock and 5,000,000 shares of preferred stock, par value \$0.01 per share (the Preferred Stock). As of February 3, 2013, there were (i) 1,738,600,597 shares of Common Stock issued and outstanding (15,000 of which were Company Restricted Shares), (ii) no shares of Preferred Stock issued and outstanding, (iii) 1,675,670,553 shares of Common Stock issued and held in the treasury of the Company, (iv) 117,417,732 shares of Common Stock subject to outstanding Company Options with a weighted average exercise price of \$22.53 per share (including 27,287,019 shares of Common Stock subject to Company Options with an exercise price of less than \$13.65 per share and a weighted average exercise of \$7.25 per share), (v) 41,785,565 shares of Common Stock underlying Company RSU Awards (treating for this purpose any performance-based vesting condition to which such Company RSU Award is subject as having been attained at target level), and (vi) no more than 98,620,451 shares of Common Stock reserved for issuance under the Company Stock Plans. Since February 3, 2013, the Company has not issued any shares of its capital stock or other rights or securities exercisable, convertible into or exchangeable for shares in its capital, other than or pursuant to any equity awards or interests referred to above that were issued pursuant to the Company Stock Plans and that were outstanding on February 3, 2013, or as expressly permitted by Section 5.1(b). All outstanding Shares are duly authorized, validly issued, fully paid and nonassessable, and are not subject to and were not issued in violation of any preemptive or similar right, purchase option, call or right of first refusal or similar right. No Subsidiary of the Company owns any shares of capital stock of the Company.

(b) Except as set forth in Section 3.2(a) above or in Section 3.2(b) of the Company Disclosure Letter, as of February 3, 2013, (i) the Company did not have any shares of its capital stock issued or outstanding and (ii) there were no outstanding subscriptions, options, warrants, calls, rights, profits interests, stock appreciation rights,

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phantom stock, convertible securities or other similar rights, agreements, arrangements, undertakings or commitments of any kind to which the Company or any of the Company's Subsidiaries is a party or by which any of them is bound obligating the Company or any of the Company's Subsidiaries to (A) issue, transfer or sell any shares of capital stock or other equity interests of the Company or any Subsidiary of the Company or securities convertible into or exchangeable for such shares or equity interests, (B) grant, extend or enter into any such subscriptions, options, warrants, calls, rights, profits interests, stock appreciation rights, phantom stock, convertible securities or other similar rights, agreements, arrangements, undertakings or commitments, (C) redeem, repurchase or otherwise acquire any such shares of capital stock or other equity interests, or (D) make any material investment (in the form of a loan, capital contribution or otherwise) in any Subsidiary or any other Person.

(c) Section 3.2(c) of the Company Disclosure Letter sets forth a correct and complete list, as of February 3, 2013, of (i) each outstanding Company Option, including the number of shares of Common Stock issuable upon exercise of such Company Stock Option, the exercise price with respect thereto, the applicable grant date thereof and the applicable Company Stock Plan governing such Company Option, (ii) each outstanding Company RSU Award, including the target and maximum number of shares of Common Stock underlying such Company RSU Award, the applicable grant date thereof and the applicable Company Stock Plan governing such Company RSU Award, and (iii) each award of Company Restricted Shares, including the number of Company Restricted Shares subject to such award, the applicable grant date thereof and the applicable Company Stock Plan governing such award of Company Restricted Shares.

(d) Neither the Company nor any of its Subsidiaries has outstanding bonds, debentures, notes or, except for awards to acquire Shares made pursuant to the Company Stock Plans, other obligations, the holders of which have the right to vote (or which are convertible into or exercisable for securities having the right to vote) with the stockholders of the Company on any matter.

(e) Other than the Voting Agreement and agreements, proxies or understandings solely between any wholly-owned Subsidiary of the Company and the Company and/or any of the Company's wholly-owned Subsidiaries, there are no voting agreements, voting trusts, stockholders agreements, proxies or other agreements or understandings to which the Company or any of its Subsidiaries is a party with respect to the voting of the capital stock or other equity interest of the Company or any of its Subsidiaries, or restricting the transfer of such capital stock or other equity interest of any of its Subsidiaries or to designate or nominate for election a director to the Company Board or the board of directors of any of its Subsidiaries.

(f) There are no agreements or understandings to which the Company or any of its Subsidiaries is a party providing for registration rights with respect to, the capital stock or other equity interest of the Company or any of its Subsidiaries.

(g) As of the date hereof, other than dividend equivalent rights provided pursuant to the terms of the Company Stock Plans and accrued with respect to Company RSU Awards outstanding as of the date hereof, the Company does not have any declared, but unpaid, dividends or distributions outstanding in respect of any shares of capital stock or other equity interests of the Company.

(h) As of the date hereof, except for (i) Indebtedness owed by the Company to any wholly-owned Subsidiary thereof or by any wholly-owned Subsidiary of the Company to the Company or another wholly-owned Subsidiary thereof and (ii) Indebtedness for an amount less than \$50,000,000 in the aggregate, there is no outstanding Indebtedness of the Company or its Subsidiaries other than Indebtedness reflected on the consolidated balance sheet of the Company and its Subsidiaries as of November 2, 2012 (or the notes thereto) or incurred after November 2, 2012 in the ordinary course of business.

(i) As of the date hereof, neither the Company nor any of its Subsidiaries owns any Property which has a net book value in excess of 1% of the Consolidated Net Tangible Assets (as such term is defined in each of the Repayment Indentures and Rollover Indentures) of the Company (including such Property) as most recently determined on or prior to the date hereof.

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Section 3.3 Corporate Authority and Approval.

(a) The Company has the requisite corporate power and authority to enter into and deliver this Agreement and, subject to receipt of the Company Stockholder Approvals, to perform its obligations hereunder and to consummate the transactions contemplated herein. The execution and delivery of this Agreement by the Company and the consummation by the Company of the Merger and the other transactions contemplated by this Agreement have been duly and validly authorized by the Company Board and no other corporate action on the part of the Company, pursuant to the DGCL or otherwise, is necessary to authorize this Agreement or to consummate the transactions contemplated herein, subject, in the case of the Merger, to the Company Stockholder Approvals and the filing of the Certificate of Merger. This Agreement has been duly and validly executed and delivered by the Company and, assuming due and valid authorization, execution and delivery hereof by each of the Parent Parties, is a valid and binding obligation of the Company, enforceable against the Company in accordance with its terms, except that the enforcement hereof may be limited by (i) bankruptcy, insolvency, reorganization, moratorium or other similar Laws, now or hereafter in effect, relating to creditors' rights generally and (ii) general principles of equity (regardless of whether enforceability is considered in a proceeding in equity or at law).

(b) The Company Board (upon the unanimous recommendation of the Special Committee) at a duly held meeting unanimously (other than Michael S. Dell) has (i) determined that the transactions contemplated by this Agreement, including the Merger, are fair to, and in the best interests of, the Company's stockholders (other than the MD Investors), (ii) approved and declared advisable the execution, delivery and performance of this Agreement and the consummation of the transactions contemplated herein, including the Merger, and (iii) resolved, subject to Section 5.3, to recommend that the stockholders of the Company adopt this Agreement (the Recommendation) and directed that such matter be submitted for consideration of the stockholders of the Company at the Company Meeting.

Section 3.4 No Conflict: Consents and Approvals.

(a) The execution, delivery and performance by the Company of this Agreement and the consummation by the Company of the Merger and the other transactions contemplated herein do not and will not require any consent, approval, authorization or permit of, action by, filing with or notification to any Governmental Entity, other than (i) the filing of the Certificate of Merger, (ii) the filing of the pre-merger notification report under the Hart-Scott-Rodino Antitrust Improvements Act of 1976, as amended (the HSR Act), the filing with the European Commission of a merger notification in accordance with Council Regulation (EC) No 139/2004 of the European Union (the EUMR) (if required), and such other filings as may be required under any other Regulatory Laws (and any actions or nonactions, waivers, consents, clearances or approvals by a Governmental Entity, or expirations or terminations of waiting periods, required in connection with the foregoing), (iii) compliance with the applicable requirements of the Exchange Act, including the filing of the Proxy Statement and the Schedule 13E-3 with the SEC, (iv) compliance with the applicable requirements of the Securities Act, (v) compliance with any applicable foreign or state securities or blue sky laws, (vi) compliance with the rules and regulations of NASDAQ, (vii) as may be required in connection with the Financing or as a result of the identity of, or facts or circumstances related to, the Parent Parties or any of their Affiliates (other than the Company and its Subsidiaries) and (viii) the other consents, approvals, authorizations, permits, actions, filings and notifications set forth in Section 3.4(a) of the Company Disclosure Letter (collectively, clauses (i) through (vii), the Company Approvals), and other than any consent, approval, authorization, permit, action, filing or notification the failure of which to make or obtain would not, individually or in the aggregate, constitute a Company Material Adverse Effect.

(b) Assuming receipt of the Company Approvals and the receipt of the Company Stockholder Approvals, the execution, delivery and performance by the Company of this Agreement and the consummation by the Company of the Merger and the other transactions contemplated herein do not and will not (i) conflict with, or breach any provision of, the organizational or governing documents of the Company or any of its Significant

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Subsidiaries, (ii) violate any Law binding upon or applicable to the Company or any of its Subsidiaries or any of their respective properties or assets, or (iii) result in any violation of, or default (with or without notice, lapse of time, or both) under, or give rise to a right of termination, cancellation or acceleration of any obligation or to the loss of a benefit under any loan, guarantee of indebtedness or credit agreement, note, bond, debenture, mortgage, indenture, lease, agreement or other contract (collectively, Contracts) binding upon the Company or any of its Subsidiaries or result in the creation of any Lien (other than Permitted Liens) upon any of the properties or assets of the Company or any of its Subsidiaries, other than, in the case of clauses (ii) and (iii), any such violation, conflict, default, termination, cancellation, acceleration, right, loss or Lien that would not, individually or in the aggregate, constitute a Company Material Adverse Effect or that may be required in connection with the Financing or as a result of the identity of, or facts or circumstances related to, the Parent Parties or any of their Affiliates (other than the Company and its Subsidiaries).

Section 3.5 Reports and Financial Statements.

(a) The Company has filed or furnished all forms, documents and reports required to be filed or furnished by it with the SEC on a timely basis since January 28, 2011 (together with any documents so filed or furnished during such period on a voluntary basis, in each case as may have been amended, the Company SEC Documents). Each of the Company SEC Documents, including all Company SEC Documents filed or furnished after the date hereof, complied or, if not yet filed, will comply, as to form in all material respects with the applicable requirements of the Securities Act, the Exchange Act and the Sarbanes-Oxley Act. As of the date filed or furnished with the SEC, none of the Company SEC Documents, including all Company SEC Documents filed or furnished after the date hereof, contained or, if not yet filed, will contain any untrue statement of a material fact or omitted, or if not yet filed, will omit to state any material fact required to be stated therein or necessary to make the statements therein, in the light of the circumstances under which they were made, not misleading. As of the date hereof, there are no material outstanding or unresolved comments received from the SEC with respect to any of the Company SEC Filings.

(b) The consolidated financial statements (including all related notes and schedules) of the Company included in the Company SEC Documents, and including all Company SEC Documents filed after the date hereof, fairly presented, or if not yet filed, will fairly present, in all material respects the consolidated financial position of the Company and its consolidated Subsidiaries, as at the respective dates thereof, and the consolidated results of their operations, their consolidated cash flows and changes in stockholders' equity for the respective periods then ended (subject, in the case of the unaudited statements, to normal year-end adjustments and to any other adjustments described therein, including the notes thereto) and were prepared, or if not yet filed, will be prepared, in all material respects in conformity with GAAP (except, in the case of the unaudited financial statements, as permitted by the SEC) applied on a consistent basis during the periods referred to therein (except as may be indicated therein or in the notes thereto). Since January 28, 2011, subject to any applicable grace periods, the Company has been and is in compliance with the applicable provisions of the Sarbanes-Oxley Act and the applicable rules and regulations of NASDAQ, except for any such noncompliance that would not, individually or in the aggregate, constitute a Material Adverse Effect.

(c) As of the date hereof, neither the Company nor any of its Subsidiaries is a party to, or has any commitment to become a party to, any off balance sheet arrangement (as defined in Item 303(a) of Regulation S-K promulgated by the SEC).

Section 3.6 Internal Controls and Procedures. The Company has designed and maintained disclosure controls and procedures and internal control over financial reporting (as such terms are defined in paragraphs (e) and (f), respectively, of Rule 13a-15 under the Exchange Act) as required by Rule 13a-15 under the Exchange Act and as necessary to permit preparation of financial statements in conformity with GAAP. The Company's disclosure controls and procedures are reasonably designed to ensure that all material information required to be disclosed by the Company in the reports that it files or furnishes under the Exchange Act is recorded, processed, summarized and reported within the time periods specified in the rules and forms of the SEC, and that all such

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material information is accumulated and communicated to the Company's principal executive officer and its principal financial officer by others in the Company or its Subsidiaries to allow timely decisions regarding required disclosure and to make the certifications required pursuant to Sections 302 and 906 of the Sarbanes-Oxley Act. Except as would not constitute, individually or in the aggregate, a Company Material Adverse Effect, the Company has disclosed, based on its most recent evaluation prior to the date hereof, to the Company's auditors and the audit committee of the Company Board, (i) any material weaknesses in its internal controls over financial reporting and (ii) any allegation of fraud that involves management of the Company or any other employees of the Company and its Subsidiaries who have a significant role in the Company's internal controls over financial reporting or disclosure controls and procedures. Since January 28, 2011, to the Knowledge of the Company, neither the Company or its Subsidiaries has received any written complaint, allegation, assertion or claim regarding the accounting or auditing practices, procedures, methodologies or methods of the Company or its Subsidiaries or their respective internal accounting controls.

Section 3.7 No Undisclosed Liabilities. Except (a) as disclosed, reflected or reserved against in the consolidated balance sheet of the Company and its Subsidiaries as of November 2, 2012 (or the notes thereto), (b) for liabilities and obligations incurred under or in accordance with this Agreement or in connection with the transactions contemplated herein, (c) for liabilities and obligations incurred under any contract or other agreement or arising under any applicable Law (other than liabilities or obligations due to breaches thereunder or violations thereof), in each case, in the ordinary course of business since November 2, 2012, (d) for liabilities and obligations incurred in the ordinary course of business since November 2, 2012 and (e) for liabilities or obligations that have been discharged or paid in full, neither the Company nor any Subsidiary of the Company has any liabilities or obligations of any nature, whether or not accrued, contingent or otherwise, that would be required by GAAP to be reflected on a consolidated balance sheet (or the notes thereto) of the Company and its Subsidiaries, other than as does not constitute, individually or in the aggregate, a Company Material Adverse Effect.

Section 3.8 Absence of Certain Changes or Events.

(a) Since November 2, 2012 through the date hereof, the Company has conducted its business in all material respects in the ordinary course, except in connection with this Agreement and the transactions contemplated herein.

(b) Since November 2, 2012, there has not occurred any facts, circumstances, changes, events, occurrences or effects that, individually or in the aggregate, constitute a Company Material Adverse Effect.

Section 3.9 Compliance with Law; Permits.

(a) The Company and its Subsidiaries are, and since January 29, 2010 have been, in compliance with all Laws to which the Company and its Subsidiaries are subject or otherwise affecting the Company's and its Subsidiaries' business or assets, except where such non-compliance would not, individually or in the aggregate, constitute a Company Material Adverse Effect. Since January 29, 2010 through the date hereof, neither the Company nor any of its Subsidiaries has received any written notice from any Governmental Entity of, been charged by any Governmental Entity with, or, to the Knowledge of the Company, been under investigation by any Governmental Entity with respect to any material violation of any applicable Law, or commenced any internal investigation with respect to any of the foregoing matters. Except as would not, individually or in the aggregate, constitute a Company Material Adverse Effect, neither the Company, nor any of its Subsidiaries, nor, to the Knowledge of the Company, any of their respective directors, officers, employees or agents or any other Person authorized to act, and acting, on behalf of the Company or its Subsidiaries has, directly or indirectly, in connection with the business activities of the Company used any corporate funds for unlawful contributions, gifts, entertainment, or other unlawful expenses relating to political activity to or for the benefit of any government official, candidate for public office, political party or political campaign, for the purpose of (A) influencing any act or decision of such government official, candidate, party or campaign, (B) inducing such

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government official, candidate, party or campaign to do or omit to do any act in violation of a lawful duty, (C) obtaining or retaining business for or with any Person, (D) expediting or securing the performance of official acts of a routine nature, or (E) otherwise securing any improper advantage, in each case in violation of the Foreign Corrupt Practices Act of 1977, 15 U.S.C. §§ 78dd-1, et seq. or the Bribery Act 2010.

(b) The Company and its Subsidiaries are in possession of all franchises, grants, authorizations, licenses, permits, easements, variances, exceptions, consents, certificates, registrations, approvals and orders of any Governmental Entity or pursuant to any Law (the Company Permits) necessary for the Company and its Subsidiaries to own, lease and operate their properties and assets and to carry on their businesses as they are now being conducted, except where the failure to have any of the Company Permits would not, individually or in the aggregate, constitute a Company Material Adverse Effect. All Company Permits are in full force and effect, no default (with or without notice, lapse of time, or both) has occurred under any such Company Permit, and none of the Company or its Subsidiaries has received any written notice from any Governmental Entity threatening to suspend, revoke, withdraw or modify any such Company Permit, in each case, except as would not, individually or in the aggregate, constitute a Company Material Adverse Effect.

Section 3.10 Environmental Matters.

(a) Except as would not, individually or in the aggregate, constitute a Company Material Adverse Effect, (i) the Company and its Subsidiaries are, and since January 29, 2010 have been, in compliance with all applicable Environmental Laws, (ii) since January 29, 2010, neither the Company nor any of its Subsidiaries has received any written notices or demand letters from any federal, state, local or foreign Governmental Entity or other Person alleging that the Company or any of its Subsidiaries is in violation of, or subject to liability under, any Environmental Law, (iii) there are no actions, suits or proceedings pending or, to the Knowledge of the Company, threatened against the Company or any of its Subsidiaries arising under Environmental Law, and (iv) there has been no release or threatened release of any Hazardous Substance in violation of any applicable Environmental Law or as would reasonably be expected to result in liability under any Environmental Law at or from any properties or facilities currently owned, leased or operated by the Company or any of its Subsidiaries or, as regarding properties or facilities formerly owned, leased or operated by the Company or any of its Subsidiaries, as a result of any activity of the Company or any of its Subsidiaries, or to the Knowledge of the Company, any other Person, during the time such properties or facilities were owned, leased or operated by the Company or any of its Subsidiaries.

(b) As used herein, Environmental Law means any Law regulating (i) the protection of the environment or natural resources, or (ii) the use, storage, treatment, generation, transportation, handling, exposure to, release, threatened release or disposal of Hazardous Substances.

(c) As used herein, Hazardous Substance means any substance or material listed, defined, designated or classified as a waste, contaminant, pollutant or as hazardous or toxic or any other term of similar regulatory import under any Environmental Law or that would otherwise reasonably be expected to result in liability under any Environmental Law, including petroleum or any derivative or byproduct thereof, asbestos, and polychlorinated biphenyls.

(d) The generality of any other representations and warranties in this Agreement notwithstanding, this Section 3.10 and Sections 3.4, 3.7, 3.8 and 3.9(b) shall be deemed to contain the only representations and warranties in this Agreement with respect to Environmental Law.

Section 3.11 Employee Benefit Plans.

(a) Section 3.11(a)(i) of the Company Disclosure Letter lists all material Company Benefit Plans. Company Benefit Plans means all written employee or director compensation and/or benefit plans, programs, policies, agreements or other arrangements, including any employee welfare plan within the meaning of Section 3(1) of

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the Employee Retirement Income Security Act of 1974, as amended (ERISA), any employee pension benefit plan within the meaning of Section 3(2) of ERISA (whether or not such plan is subject to ERISA), and any bonus, incentive, equity or equity related, deferred compensation, vacation, stock purchase, stock option, stock incentive, severance, employment, change of control or fringe benefit plan, program or agreement (other than any multiemployer plan within the meaning of Section 4001(a)(3) of ERISA (a Multiemployer Plan) and other than any Company Foreign Plan (as defined below)), in each case that are sponsored, maintained or contributed to by the Company or any of its Subsidiaries for the benefit of current or former employees, directors or consultants of the Company or its Subsidiaries and in each case other than statutory plans, statutory programs and other statutory arrangements. For purposes of this Agreement, the term Company Foreign Plan means each material written plan, program or contract that is subject to or governed by the Laws of any jurisdiction other than the United States, and that would have been treated as a Company Benefit Plan had it been a United States plan, program or contract.

(b) The Company has made available to Parent true and complete copies of each material Company Benefit Plan and each material Company Foreign Plan.

(c) None of the Company, its Subsidiaries or any other entity that is, or at any relevant time was, required to be treated as a single employer with the Company under Section 4001(b)(1) of ERISA or Section 414(b), (c), (m) or (o) of the Code maintains, contributes to, or has any liability, whether contingent or otherwise, with respect to, and has not within the preceding six (6) years maintained, contributed to or had any liability, whether contingent or otherwise, with respect to any employee benefit plan (as defined in Section 3(3) of ERISA) that is or has been (i) subject to Title IV of ERISA or Section 412 of the Code or subject to Section 4063 or 4064 of ERISA or (ii) a Multiemployer Plan. No Company Benefit Plan provides medical or other welfare benefits with respect to current or former employees or directors of the Company or its Subsidiaries, or any spouse or dependent of any such person, beyond their retirement or other termination of service, other than (A) coverage mandated by applicable Law or (B) benefits under any employee pension plan (as such term is defined in Section 3(2) of ERISA).

(d) Except as would not, individually or in the aggregate, constitute a Company Material Adverse Effect: (i) each Company Benefit Plan has been maintained and administered in compliance with its terms and with applicable Law, including ERISA and the Code to the extent applicable thereto; (ii) each Company Benefit Plan intended to be qualified within the meaning of Section 401(a) of the Code has received a favorable determination letter from the Internal Revenue Service or is entitled to rely upon a favorable opinion issued by the Internal Revenue Service; (iii) all contributions or other amounts payable by the Company or its Subsidiaries as of the date hereof with respect to each Company Benefit Plan in respect of current or prior plan years have been paid or accrued in accordance with GAAP (other than with respect to amounts not yet due); (iv) there are no pending or, to the Knowledge of the Company, threatened claims (other than claims for benefits in accordance with the terms of the Company Benefit Plans) by, on behalf of or against any of the Company Benefit Plans; and (v) there are no audits, inquiries or proceedings pending or, to the Knowledge of the Company, threatened, by the Internal Revenue Service, the Department of Labor, or other Governmental Entity with respect to any Company Benefit Plan.

(e) Except as provided in this Agreement or as required by applicable Law, neither the execution and delivery of this Agreement nor the consummation of the transactions contemplated by this Agreement will, either alone or in combination with another event, (i) entitle any current or former employee, consultant or officer of the Company or any of its Subsidiaries to severance pay, unemployment compensation or any other payment, (ii) accelerate the time of payment or vesting of, or increase the amount of, any benefits or compensation due to any such employee, consultant or officer or result in the forgiveness of any indebtedness of any such individual to the Company or any of its Subsidiaries, (iii) result in any payment or benefit that will be made by the Company or its Subsidiaries that would not be deductible pursuant to Section 280G of the Code or (iv) result in any reimbursement of any excise Taxes incurred under Section 4999 of the Code.

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(f) Except as would not, individually or in the aggregate, constitute a Company Material Adverse Effect, all Company Foreign Plans (i) have been maintained in accordance with applicable Law and (ii) that are intended to qualify for special Tax treatment meet all material requirements for such treatment.

Section 3.12 Investigations: Litigation. As of the date hereof, (a) there is no investigation or review pending (or, to the Knowledge of the Company, threatened) by any Governmental Entity with respect to the Company or any of the Company's Subsidiaries (b) there are no litigations, claims, actions, arbitrations, suits, inquiries, investigations, hearings or proceedings (whether civil, criminal or administrative) pending (or, to the Knowledge of the Company, threatened) against the Company or any of the Company's Subsidiaries, or any of their respective properties at law or in equity, (c) there are no settlements to which the Company or any of its Subsidiaries is a party or any of their properties are bound and (d) there are no orders, awards, injunctions, judgments, enactments, rulings, subpoenas, verdict or decrees of, or before, any Governmental Entity, in each case under clauses (a) through (d) that would, individually or in the aggregate, constitute a Company Material Adverse Effect.

Section 3.13 Proxy Statement: Other Information. The proxy statement (including the letter to stockholders, notice of meeting and form of proxy and any other document incorporated or referenced therein, as each may be amended or supplemented, the Proxy Statement) to be filed by the Company with the SEC in connection with seeking the Company Stockholder Approvals and the Schedule 13E-3 (including any amendments or supplements thereto and any other document incorporated or referenced therein) will not, at the time the Proxy Statement and the Schedule 13E-3 are filed with the SEC, or at the time the Proxy Statement is first mailed to the stockholders of the Company or at the time of the Company Meeting, contain any untrue statement of a material fact or omit to state any material fact required to be stated therein or necessary in order to make the statements therein, in the light of the circumstances under which they are made, not misleading. Each of the Proxy Statement and the Schedule 13E-3 shall comply in all material respects with the requirements of the Exchange Act applicable thereto. No representation is made by the Company with respect to statements made in the Proxy Statement or the Schedule 13E-3 based on information supplied in writing by or on behalf of the Parent Parties or any of their Affiliates specifically for inclusion or incorporation by reference therein.

Section 3.14 Tax Matters.

(a) Except as would not constitute, individually or in the aggregate, a Company Material Adverse Effect, (i) the Company and each of its Subsidiaries have prepared and timely filed (taking into account any extension of time within which to file) all Tax Returns required to be filed by any of them and all such filed Tax Returns are true, complete and accurate; (ii) the Company and each of its Subsidiaries have paid all Taxes required to be paid (whether or not shown on such Tax Returns) and have made adequate provision, in accordance with GAAP, for all Taxes not yet due on the latest balance sheet included in the consolidated financial statements of the Company; (iii) there are not pending or threatened in writing any audits, examinations, investigations or other proceedings in respect of Taxes or Tax Returns of the Company or any of its Subsidiaries; (iv) there are no Liens for Taxes upon any property of the Company or any of its Subsidiaries, except for Permitted Liens; (v) the Company has not been a controlled corporation or a distributing corporation in any distribution occurring during the two-year period ending on the date hereof that was purported or intended to be governed by Section 355 of the Code; (vi) neither the Company nor any of its Subsidiaries has entered into any listed transaction within the meaning of Treasury Regulation Section 1.6011-4(b)(2); (vii) neither the Company nor any of its Subsidiaries (1) has received or applied for a Tax ruling from the Internal Revenue Service or entered into a closing agreement pursuant to Section 7121 of the Code (or any predecessor provision or any similar provision of state, local or foreign Law), in each case, that will affect the Company or any of its Subsidiaries after the Closing or (2) is a party to any Tax sharing or Tax indemnity agreement, other than any such agreement (x) solely between or among any of the Company and any of its Subsidiaries or (y) not primarily relating to Taxes and entered into in the ordinary course of business; (viii) neither the Company nor any of its Subsidiaries is liable for any Taxes of any other Person (other than the Company and its Subsidiaries) pursuant to Treasury Regulation Section 1.1502-6 (or any similar provision of state, local or foreign Law), as a transferee or successor,

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by contract or otherwise; (ix) neither the Company nor any of its Subsidiaries is a party to any currently effective waiver or other agreement extending the statute of limitation or period of assessment or collection of any Taxes; (x) each of the Company and its Subsidiaries, within the time and in the manner prescribed by Law, has withheld and paid over to the proper Governmental Entity all amounts required to be withheld and paid over under applicable Law (including Sections 1441, 1442, 3102 and 3402 of the Code or any other applicable provision of state, local or foreign Law); (xi) neither the Company nor any of its Subsidiaries will be required to include any item of income in, or exclude any item of deduction from, taxable income for any taxable period (or portion thereof) ending after the Closing Date as a result of any (1) change in method of accounting for a taxable period ending on or prior to the Closing Date, (2) intercompany transactions or any excess loss account described in Treasury Regulations under Section 1502 of the Code (or any similar provision of state or local income Tax law), (3) installment sale or open transaction entered into on or prior to the Closing Date, or (4) prepaid amount received on or prior to the Closing Date; and (xii) any Tax holiday claimed by the Company or any of its Subsidiaries in any jurisdiction is currently effective and will not be adversely affected by the transactions contemplated by this Agreement.

(b) As used in this Agreement, (i) Taxes means any and all federal, state, local or foreign taxes of any kind or any other similar charge imposed by a Governmental Entity (together with any and all interest, penalties, additions thereto and additional amounts imposed with respect thereto), including income, franchise, windfall or other profits, gross receipts, property, sales, use, capital stock, payroll, employment, unemployment, social security, workers compensation, net worth, excise, withholding, ad valorem and value added taxes, and (ii) Tax Return means any return, report or similar filing (including the attached schedules) filed or required to be filed with respect to Taxes, including any information return, claim for refund, amended return or declaration of estimated Taxes.

(c) The generality of any other representations and warranties in this Agreement notwithstanding, Sections 3.5, 3.11 and 3.14(a) shall be deemed to contain the only representations and warranties in this Agreement with respect to Tax matters.

Section 3.15 Labor Matters. Except as would not, individually or in the aggregate, constitute a Company Material Adverse Effect, (a) (i) there are no strikes or lockouts with respect to any employees of the Company or any of its Subsidiaries, (ii) to the Knowledge of the Company, there is no union organizing effort pending or threatened against the Company or any of its Subsidiaries, (iii) there is no unfair labor practice, labor dispute (other than routine individual grievances) or labor arbitration proceeding pending or, to the Knowledge of the Company, threatened against the Company or any of its Subsidiaries, and (iv) there is no slowdown, or work stoppage in effect or, to the Knowledge of the Company, threatened with respect to employees of the Company or any of its Subsidiaries, and (b) the Company and its Subsidiaries are in compliance with all applicable Laws respecting (i) employment and employment practices, (ii) terms and conditions of employment, and (iii) unfair labor practices.

Section 3.16 Intellectual Property.

(a) Except as would not constitute, individually or in the aggregate, a Company Material Adverse Effect, the Company and its Subsidiaries either own or have a right to use such patents, trademarks, trade names, service marks, domain names, copyrights and any applications and registrations for any of the foregoing, trade secrets, know-how, technology, Software and other intangible intellectual property rights (collectively, Intellectual Property) as are used in the business of the Company and its Subsidiaries as currently conducted. Except as would not, individually or in the aggregate, constitute a Company Material Adverse Effect, following the Closing, the Company and its Subsidiaries will continue to own or have a right to use all Intellectual Property used in the business of the Company and its Subsidiaries as conducted as of the Closing. To the Knowledge of the Company, (i) neither the Company nor any of its Subsidiaries has infringed, misappropriated or violated in any material respect any Intellectual Property of any third party in the three years prior to the date of this Agreement and (ii) as of the date hereof, no third party is infringing, misappropriating or violating any Intellectual Property owned by or exclusively licensed to the Company or any of its Subsidiaries, in each case under clauses (i) and (ii) in a manner that would have a Company Material Adverse Effect.

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(b) Section 3.16(b) of the Company Disclosure Letter lists, as of the date of this Agreement and to the extent owned by the Company or any of its Subsidiaries, (i) all United States patents and patent applications and registered United States and state trademarks, service marks, logos, trade dress and trade names and pending applications to register the foregoing and (ii) (w) all non-United States trademarks, service marks, logos, trade dress and trade names and pending applications to register the foregoing, (x) all non-United States patents and patent applications, (y) all copyrights and pending applications to register the same and (z) all registered domain names, in each case under clauses (w), (x), (y) and (z) that are material to the business of the Company and its Subsidiaries, taken as a whole.

(c) Except as would not, individually or in the aggregate, constitute a Company Material Adverse Effect, there are no actions, suits or claims or administrative proceedings or investigations pending or, to the Knowledge of the Company, threatened that (i) challenge or question the validity of or the Company's ownership, internal transfers or assignments of, or right to use, Intellectual Property owned by the Company or any of its Subsidiaries, or (ii) assert infringement, misappropriation, or violation by the Company or any of its Subsidiaries of any Intellectual Property owned by a third party.

(d) Except as would not, individually or in the aggregate, constitute a Company Material Adverse Effect, the Company and its Subsidiaries have taken reasonable steps to comply with privacy and similar Laws and maintain the confidentiality of trade secrets, personal, sensitive, or similar customer information owned by them or in their custody, and to protect and preserve through the use of customary non-disclosure agreements and other reasonable measures the confidentiality of all confidential information that is owned or held by the Company and its Subsidiaries and used in the conduct of the business. Except as would not, individually or in the aggregate, constitute a Company Material Adverse Effect, such confidential information has not been used, disclosed to, stolen, or discovered by any Person except as permitted pursuant to valid non-disclosure agreements which have not been breached.

(e) Except as would not, individually or in the aggregate, constitute a Company Material Adverse Effect, to the Knowledge of the Company, all personnel, including employees, agents, consultants and contractors, who have contributed to or participated in the development of Intellectual Property owned by the Company and its Subsidiaries (i) have been and are a party to work-for-hire or legally equivalent arrangements with the Company or one of its Subsidiaries or (ii) have assigned to the Company or one of its Subsidiaries ownership of all tangible and intangible property.

(f) Except as would not, individually or in the aggregate, constitute a Company Material Adverse Effect, the Company and each of its Subsidiaries has not used open source software (including any Software that satisfies the definition of free software by the Free Software Foundation or the Open Source Initiative) in such a way that requires, purports to require, or has a condition of its use or distribution (i) the disclosure, delivery, licensing, or distribution of any its source code, or (ii) otherwise imposes an obligation on the Company or any of its Subsidiaries to distribute any owned Software owned by the Company or any of its Subsidiaries on a royalty-free basis.

Section 3.17 Real and Personal Property. Except as would not, individually or in the aggregate, constitute a Company Material Adverse Effect, the Company and its Subsidiaries have (i) good and valid fee simple title to all of their respective material owned real property, (ii) good and valid title to all the personal properties and assets reflected on the latest audited balance sheet included in the Company SEC Filings as being owned by the Company or one of its Subsidiaries or acquired after the date thereof which are material to the Company and its Subsidiaries taken as a whole (except for properties and assets that have been disposed of since the date thereof) and (iii) valid leasehold interests in all of their respective material leased real property, in each case free and clear of all Liens except for Permitted Liens.

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Section 3.18 Company Material Contracts.

(a) Section 3.18(a) of the Company Disclosure Letter lists the following Contracts to which the Company or any of its Subsidiaries is a party or otherwise bound by as of the date of this Agreement, other than the Company Benefit Plans, the Policies, this Agreement and the other agreements entered into in connection with the transactions contemplated herein (collectively with each of the Filed Contracts, the Company Material Contracts):

(i) any Contract containing (A) any right of any exclusivity in favor of the other parties thereto and involving aggregate payments in any calendar year to or from the Company or any Subsidiary thereof in excess of \$5,000,000 or (B) any covenant limiting, to a degree that is material to the Company and its Subsidiaries, taken as a whole, the ability of the Company or any of its Subsidiaries to engage in any line of business or compete with any person or in any geographic area;

(ii) each Contract that creates, governs or controls any material partnership, joint venture or other similar arrangement with respect to the Company or any of its Subsidiaries;

(iii) each Contract that (A) provides for or relates to Indebtedness of the Company or its Subsidiaries having an outstanding amount in excess of \$50,000,000 under such Contract (other than any Indebtedness between or among any of the Company and any of its wholly-owned Subsidiaries) (a Debt Agreement), (B) grants a Lien, other than a Permitted Lien, on any property or asset of the Company or its Subsidiaries that taken as a whole is material to the Company and its Subsidiaries, taken as a whole, (C) restricts the granting of Liens on any property or asset of the Company or its Subsidiaries that taken as a whole is material to the Company and its Subsidiaries, taken as a whole (except for leases, license and Contracts relating to Indebtedness), or the incurrence or guaranteeing of any Indebtedness, (D) provides for or relates to any material interest, currency or hedging, derivatives or similar contracts or arrangements or (E) restricts payment of dividends or any distributions in respect of the equity interests of the Company or any of its Subsidiaries;

(iv) each Contract relating to the acquisition or disposition of any business (whether by merger, sale of stock, sale of assets or otherwise) other than this Agreement (A) that was entered into after January 29, 2010 for aggregate consideration under such Contract in excess of \$200,000,000 or (B) pursuant to which any material earn-out, deferred or contingent payment or indemnification obligations remain outstanding (excluding indemnification obligations in respect of representations and warranties that survive indefinitely or for periods equal to a statute of limitations); and

(v) each Contract, or series of related Contracts, that involved aggregate payments to the Company or any Subsidiary thereof during the twelve-month period ended November 2, 2012 of \$60,000,000 or more or aggregate payments from the Company or any Subsidiary thereof during the twelve-month period ended November 2, 2012 of \$4,000,000,000 or more, except for any such Contract that may be cancelled without material penalty by the Company or any Subsidiary thereof upon notice of 90 days or less.

(b) True and complete copies of each of the Company Material Contracts, as amended through the date hereof, have been made available to Parent. Each Company Material Contract is valid and binding on the Company and each of its Subsidiaries party thereto, and, to the Knowledge of the Company, each other party thereto, and is in full force and effect, except to the extent such Company Material Contract has previously expired in accordance with its terms or as would not, individually or in the aggregate, constitute a Company Material Adverse Effect. Neither the Company nor any of its Subsidiaries, or, to the Knowledge of the Company, the other parties thereto, is in violation of, or default under, any provision of any Company Material Contract, and, to the Knowledge of the Company, no party to any Company Material Contract has committed or failed to perform any act under and no event has occurred which, with or without notice, lapse of time or both, would constitute a default under the provisions of such Company Material Contract, except in each case for such violations and failures as would not, individually or in the aggregate, constitute a Company Material Adverse Effect.

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Section 3.19 Opinions of Financial Advisors. J.P. Morgan Securities LLC and Evercore Partners L.L.C. have delivered to the Special Committee and the Company Board, on or prior to the date hereof, their respective opinions to the effect that, as of the date of such opinion, subject to the various assumptions and qualifications set forth therein, the Merger Consideration to be received by holders of Shares (other than Excluded Shares) is fair, from a financial point of view, to such holders.

Section 3.20 Finders or Brokers; Fees. No broker, investment banker, financial advisor or other Person, other than those listed in Section 3.20 of the Company Disclosure Letter, is entitled to any broker's, finder's, financial advisor's or other similar fee or commission in connection with the Merger or the other transactions contemplated by this Agreement based upon arrangements made by or on behalf of Company or any of its Subsidiaries. Prior to the date hereof, the Company has made available to Parent a true and correct copy of the each engagement letter between the Company and those Persons listed in Section 3.20 of the Company Disclosure Letter.

Section 3.21 Required Vote of Company Stockholders. The affirmative vote (in person or by proxy) at the Company Meeting, or any adjournment or postponement thereof, of (i) the holders of a majority of the outstanding Shares entitled to vote thereon in favor of the adoption of this Agreement (the Stockholder Approval) and (ii) the holders of a majority of the outstanding Shares entitled to vote thereon not owned, directly or indirectly, by the Parent Parties, the MD Investors, any other officers and directors of the Company or any other Person having any equity interest in, or any right to acquire any equity interest in, Merger Sub or any Person of which Merger Sub is a direct or indirect Subsidiary, in favor of the adoption of this Agreement (the Unaffiliated Stockholder Approval and, together with the Stockholder Approval, the Company Stockholder Approvals) are the only votes or approvals of the holders of any class or series of capital stock of the Company or any of its Subsidiaries which are necessary to adopt this Agreement and approve the transactions contemplated herein.

Section 3.22 Takeover Laws; Rights Agreement. The Company Board and the Company have taken all action necessary to exempt the Merger, this Agreement and the other transactions contemplated herein (including the transactions contemplated by the MD Investors Commitment Letter and the agreements listed on Section 4.9 of the Parent Disclosure Letter) from the restrictions on business combinations set forth in Section 203 of the DGCL. The Company does not have in effect any stockholder rights plan, poison pill or similar plan or arrangement.

Section 3.23 Insurance. Except as would not, individually or in the aggregate, constitute a Company Material Adverse Effect, (i) all material insurance policies covering the Company and its Subsidiaries and their respective assets, properties and operations (the Policies) provide insurance in such amounts and against such risks as is commercially reasonable, and (ii) all of the Policies are in full force and effect and all premiums due and payable thereon from the Company have been paid in full. To the Knowledge of the Company, no insurance broker or carrier for the Policies has delivered a written notice that such broker or carrier for the Policies will not be willing or able to renew its existing coverage in any material respects under the Policies with respect to the Company and its Subsidiaries and their respective assets, properties and operations.

Section 3.24 Interested Party Transactions. As of the date hereof, except as disclosed in the Company's definitive proxy statements included in the Company SEC Filings, since January 1, 2010, no event has occurred and no relationship exists that would be required to be reported by the Company pursuant to Item 404 of Regulation S-K (each, an Interested Party Transaction).

Section 3.25 No Other Representations or Warranties. Except for the representations and warranties contained in this Article III, neither the Company nor any other Person makes any other express or implied representation or warranty on behalf of the Company or any of its Affiliates.

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ARTICLE IV

REPRESENTATIONS AND WARRANTIES OF THE PARENT PARTIES

Each of the Parent Parties represents and warrants to the Company, jointly and severally, as set forth in this Article IV; provided that such representations and warranties by the Parent Parties are qualified in their entirety by reference to the disclosure set forth in the disclosure schedule delivered by the Parent Parties to the Company immediately prior to the execution of this Agreement (the Parent Disclosure Letter), it being understood and agreed that each disclosure set forth in the Parent Disclosure Letter shall qualify or modify each of the representations and warranties set forth in this Article IV to the extent the applicability of the disclosure to such representation and warranty is reasonably apparent from the text of the disclosure made.

Section 4.1 Organization and Qualification. Each of the Parent Parties is a corporation duly organized, validly existing and in good standing under the Laws of its respective jurisdiction of incorporation and has all requisite corporate power and authority to own, lease and operate its properties and assets and to carry on its business as presently conducted and is qualified to do business and is in good standing as a foreign corporation in each jurisdiction where the ownership, leasing or operation of its assets or properties or conduct of its business requires such qualification, except where the failure to be so qualified or in good standing, or to have such power or authority, would not or would not reasonably be expected to, individually or in the aggregate, impair, prevent or materially delay the ability of any of the Parent Parties to perform its obligations under this Agreement. Parent has made available to the Company prior to the date of this Agreement a true, complete and correct copy of the certificate of incorporation and bylaws of each of the Parent Parties, each as amended through the date hereof.

Section 4.2 Corporate Authority and Approval. Each of the Parent Parties has the requisite corporate power and authority to enter into and deliver this Agreement and to perform its obligations hereunder and to consummate the transactions contemplated herein. The execution and delivery of this Agreement by the Parent Parties and the consummation by the Parent Parties of the transactions contemplated herein have been duly and validly authorized by the Boards of Directors of each of the Parent Parties, and no other corporate action on the part of the Parent Parties is necessary to authorize this Agreement or to consummate the transactions contemplated herein, subject, in the case of the Merger, to (i) the adoption of this Agreement by Intermediate, as the sole stockholder of Merger Sub, and (ii) the filing of the Certificate of Merger. This Agreement has been duly and validly executed and delivered by the Parent Parties and, assuming due and valid authorization, execution and delivery hereof by the Company, is the valid and binding obligation of the Parent Parties, enforceable against each of the Parent Parties in accordance with its terms, except that the enforcement hereof may be limited by (x) bankruptcy, insolvency, reorganization, moratorium or other similar Laws, now or hereafter in effect, relating to creditors' rights generally and (y) general principles of equity (regardless of whether enforceability is considered in a proceeding in equity or at law).

Section 4.3 No Conflict; Consents and Approvals.

(a) The execution, delivery and performance by the Parent Parties of this Agreement and the consummation by the Parent Parties of the Merger and the other transactions contemplated herein do not and will not require any consent, approval, authorization or permit of, action by, filing with or notification to any Governmental Entity, other than (i) the filing of the Certificate of Merger, (ii) the filing of the pre-merger notification report under the HSR Act, the filing with the European Commission of a merger notification in accordance with the EUMR (if required), and such other filings as may be required under any other Regulatory Laws (and any actions or nonactions, waivers, consents, clearances or approvals by a Governmental Entity, or expirations or terminations of waiting periods, required in connection with the foregoing), (iii) compliance with the applicable requirements of the Exchange Act, including the filing of the Proxy Statement and the Schedule 13E-3 with the SEC, (iv) compliance with any applicable foreign or state securities or blue sky laws, (v) compliance with the rules and regulations of NASDAQ and (vi) the other consents and/or notices set forth on Section 4.3(a) of the Parent Disclosure Letter (collectively, clauses (i) through (vi), the Parent Approvals), and other than any consent,

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approval, authorization, permit, action, filing or notification the failure of which to make or obtain would not, individually or in the aggregate, impair, prevent or materially delay the ability of each of the Parent Parties perform its obligations under this Agreement.

(b) Assuming receipt of the Parent Approvals, the execution, delivery and performance by the Parent Parties of this Agreement and the consummation by the Parent Parties of the Merger and the other transactions contemplated herein do not and will not (i) conflict with, or breach any provision of, the organizational or governing documents of Parent or any of its Subsidiaries, (ii) violate any Law binding upon or applicable to Parent or any of its Subsidiaries or any of their respective properties or assets, or (iii) result in any violation of, or default (with or without notice, lapse of time, or both) under, or give rise to a right of termination, cancellation or acceleration of any obligation or to the loss of a benefit under any Contract binding upon Parent or any of its Subsidiaries or result in the creation of any Lien (other than Permitted Liens) upon any of the properties or assets of Parent or any of its Subsidiaries, other than, in the case of clauses (ii) and (iii), any such violation, conflict, default, termination, cancellation, acceleration, right, loss or Lien that would not, individually or in the aggregate, impair, prevent or materially delay the ability of each of the Parent Parties to perform its obligations under this Agreement.

Section 4.4 Investigations; Litigation. As of the date hereof, to the Knowledge of Parent, there is no investigation or review pending (or, to the Knowledge of Parent, threatened) by any Governmental Entity with respect to Parent or any of its Subsidiaries which would, individually or in the aggregate, impair, prevent or materially delay the ability of any of the Parent Parties to perform its obligations under this Agreement, and there are no litigations, claims, actions, arbitrations, suits, inquiries, investigations, hearings or proceedings (whether civil, criminal or administrative) pending (or, to the Knowledge of Parent, threatened) against or affecting Parent or its Subsidiaries, or any of their respective properties at law or in equity before, and there are no orders, awards, injunctions, judgments, enactments, rulings, subpoenas, verdicts or decrees of, or before, any Governmental Entity, in each case which would, individually or in the aggregate, impair, prevent or materially delay the ability of any Parent Party to perform its obligations under this Agreement.

Section 4.5 Proxy Statement; Other Information. None of the information supplied in writing by or on behalf of the Parent Parties or any of their Affiliates to be included in the Proxy Statement or the Schedule 13E-3 will, at the time the Proxy Statement and the Schedule 13E-3 are filed with the SEC, or at the time the Proxy Statement is first mailed to the stockholders of the Company or at the time of the Company Meeting, contain any untrue statement of a material fact or omit to state any material fact required to be stated therein or necessary in order to make the statements therein, in light of the circumstances under which they were made, not misleading. No representation is made by any of the Parent Parties with respect to any other statements made in the Proxy Statement or the Schedule 13E-3.

Section 4.6 Financing.

(a) The Parent Parties have received and accepted an executed commitment letter dated as of the date hereof (including the exhibits, annexes and schedules thereto, the Debt Commitment Letter) from the lenders party thereto (collectively, the Lenders) pursuant to which the Lenders have agreed, subject to the terms and conditions thereof, to lend amounts set forth therein (the Debt Financing Commitments). The Debt Financing Commitments pursuant to the Debt Commitment Letter are collectively referred to in this Agreement as the Debt Financing. Parent has entered into a Securities Purchase Agreement dated as of the date hereof (including the exhibits, annexes and schedules thereto, the Securities Purchase Agreement) with the purchaser party thereto (the Subordinated Securities Purchaser) pursuant to which the Subordinated Securities Purchaser has agreed, subject to the terms and conditions thereof, to purchase securities of Parent for the price set forth therein (the Subordinated Securities Financing Commitment). The Subordinated Securities Financing Commitment pursuant to the Securities Purchase Agreement is referred to in this Agreement as the Subordinated Securities Financing.

(b) Parent has received and accepted (i) the Equity Investors Commitment Letter from the Equity Investors pursuant to which the Equity Investors have agreed, subject to the terms and conditions thereof, to invest in

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Parent the amounts set forth therein (the Equity Financing Commitment), (ii) the MD Investors Commitment Letter from certain of the MD Investors pursuant to which, subject to the terms and conditions thereof, (x) certain of the MD Investors have committed to transfer, contribute and deliver the Rollover Shares to Parent in exchange for equity interests and Parent and (y) one of the MD Investors has committed to invest in Parent the amount set forth therein (collectively, the Rollover Investment) and (iii) the MSDC Investor Commitment Letter (together with the Debt Commitment Letter, the Securities Purchase Agreement, the Equity Investors Commitment Letter and the MD Investors Commitment Letter, the Commitment Letters) from the MSDC Investor pursuant to which the MSDC Investor has agreed, subject to the terms and conditions thereof, to invest in Parent the amount set forth therein (the MSDC Financing Commitment and, together with the Debt Financing Commitments, the Subordinated Securities Financing Commitment, the Equity Financing Commitment and the Rollover Investment, the Financing Commitments). The equity committed pursuant to the Equity Investors Commitment Letter is collectively referred to in this Agreement as the Equity Financing. The equity committed pursuant to the MSDC Investor Commitment Letter is referred to in this Agreement as the MSDC Financing. The Equity Financing, the Subordinated Securities Financing, the Debt Financing, the Rollover Investment and the MSDC Financing are collectively referred to in this Agreement as the Financing. Parent has delivered to the Company true, complete and correct copies of the executed Commitment Letters and the fee letter referenced in the Debt Commitment Letter (the Fee Letter) (except that the fee amounts, pricing caps and other economic terms (none of which would adversely affect the amount or availability of the Debt Financing) set forth therein have been redacted). As of the date hereof, there are no agreements, side letters or arrangements, other than the Commitment Letters and the Fee Letter, to which any of the Parent Parties or their Affiliates is a party relating to any of the Financing Commitments that could adversely affect the availability of the Financing.

(c) Except as expressly set forth in the Commitment Letters and the Fee Letter, there are no conditions precedent to the obligations of the Lenders, the Subordinated Securities Purchaser, the Equity Investors, the MD Investors that are party to the MD Investors Commitment Letter and the MSDC Investor to provide the Financing or any contingencies that would permit the Lenders, the Subordinated Securities Purchaser, the Equity Investors, the MD Investors that are party to the MD Investors Commitment Letter or the MSDC Investor to reduce the total amount of the Financing. Assuming the satisfaction of the conditions set forth Sections 6.1 and 6.3 and the completion of the Marketing Period, as of the date hereof, Parent does not have any reason to believe that any of the conditions to the Financing Commitments will not be satisfied or that the Financing will not be available to the Parent Parties on the Closing Date.

(d) Assuming the satisfaction of the conditions set forth in Section 6.3(a) and Section 6.3(b), the Financing, when funded in accordance with the Commitment Letters, together with the cash of the Company after and assuming completion of the Cash Transfers and the other transactions contemplated by Section 5.17, will provide Parent with cash proceeds (after netting out original issue discount and similar premiums and charges after giving effect to the maximum amount of flex (including original issue discount flex) provided under the Debt Commitment Letter and the Fee Letter) on the Closing Date sufficient for the satisfaction of the Parent Parties' obligations to (i) pay the aggregate Merger Consideration, (ii) satisfy and retire the Repayment Debt (or deposit with any trustee therefor on the Closing Date sufficient funds to redeem such Repayment Debt 30 days after the Closing Date) and repay the Revolving Credit Facility Debt and terminate the Revolving Credit Facilities and (iii) pay any fees and expenses of or payable by the Parent Parties or the Surviving Corporation in connection with the Merger and the Financing.

(e) As of the date hereof, the Commitment Letters are (i) valid and binding obligations of the relevant Parent Parties and, to the Knowledge of Parent, of each of the other parties thereto (subject to applicable bankruptcy, insolvency, fraudulent transfer, reorganization, moratorium and other laws affecting creditors' rights generally and general principles of equity whether considered in a proceeding in equity or at law) and (ii) in full force and effect. As of the date hereof, to the Knowledge of Parent, no event has occurred that, with or without notice, lapse of time, or both, would reasonably be expected to constitute a default or breach or a failure to satisfy a condition precedent on the part of the relevant Parent Parties under the terms and conditions of the Commitment Letters. The Parent Parties have paid in full any and all commitment fees or other fees required to be paid

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pursuant to the terms of the Commitment Letters on or before the date of this Agreement, and will pay in full any such amounts due on or before the Closing Date. None of the Commitment Letters has been modified, amended or altered as of the date hereof, and, as of the date hereof, none of the respective commitments under any of the Commitment Letters have been withdrawn or rescinded in any respect.

(f) Without limiting Section 8.5(b), in no event shall the receipt or availability of any funds or financing (including, for the avoidance of doubt, the Financing) by or to Parent or any of its Affiliates or any other financing transaction be a condition to any Parent Party's obligations hereunder.

Section 4.7 Capitalization of Merger Sub. As of the date hereof, the authorized capital stock of Merger Sub consists of 1,000 shares of common stock, par value \$0.01 per share, 10 shares of which are validly issued and outstanding. All of the issued and outstanding capital stock of Merger Sub is, and at the Effective Time will be, directly or indirectly owned by Parent. Merger Sub has outstanding no option, warrant, right, or any other agreement pursuant to which any Person other than Parent may directly or indirectly acquire any equity security of Merger Sub. Merger Sub has been formed solely for the purpose of the Merger Agreement and has not conducted any business prior to the date hereof and has, and prior to the Effective Time will have, no assets, liabilities or obligations of any nature other than those incident to its formation and pursuant to this Agreement, the Financing and the Merger and the other transactions contemplated by this Agreement.

Section 4.8 Certain Arrangements. Other than the Equity Investors Commitment Letter, MD Investors Commitment Letter, the MSDC Investor Commitment Letter, the Voting Agreement and the agreements listed on Section 4.8 of the Parent Disclosure Letter, true and complete copies of which have been provided to the Company (except as otherwise noted on Section 4.8 of the Parent Disclosure Letter) there are no contracts, undertakings, commitments, agreements, obligations, arrangements or understandings, whether written or oral, between the Parent Parties, the Equity Investors, the MD Investors, the MSDC Investor or any of their respective Affiliates, on the one hand, and any beneficial owner of outstanding Shares or any member of the Company's management or the Company Board, on the other hand, (i) relating in any way to such Shares, the transactions contemplated by this Agreement, or to the ownership or operations of the Company after the Effective Time, or (ii) prohibiting the parties to the Voting Agreement from taking the actions described therein.

Section 4.9 Ownership of Common Stock. Except as set forth in Section 4.9 of the Parent Disclosure Letter, none of the Parent Parties or any of their respective Subsidiaries or Affiliates beneficially owns, directly or indirectly (including pursuant to a derivatives contract), any shares of Common Stock or other securities convertible into, exchangeable for or exercisable for shares of Common Stock or any securities of any Subsidiary of the Company and none of Parent, its Subsidiaries or Affiliates has any rights to acquire, directly or indirectly, any shares of Common Stock except pursuant to this Agreement, the MD Investors Commitment Letter, agreements to which the Company is a party and as set forth in Section 4.9 of the Parent Disclosure Letter.

Section 4.10 Solvency. On the Closing Date, immediately after giving effect to the consummation of the transactions contemplated by this Agreement (including the Merger and the Financing) and assuming (i) the accuracy in all material respects of the representations and warranties of the Company contained in Article III and (ii) the performance in all material respects by the Company of its obligations hereunder:

- (a) the Fair Value of the assets of the Surviving Corporation and its Subsidiaries on a consolidated basis taken as a whole exceeds their Liabilities;
- (b) the Present Fair Salable Value of the assets of the Surviving Corporation and its Subsidiaries on a consolidated basis taken as a whole exceeds their Liabilities;
- (c) the Surviving Corporation and its Subsidiaries on a consolidated basis taken as a whole do not have Unreasonably Small Capital; and
- (d) the Surviving Corporation and its Subsidiaries taken as a whole will be able to pay their Liabilities as they mature.

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For purposes of this Section 4.10, the following terms have the following meanings:

- (i) Fair Value means the amount at which the assets (both tangible and intangible), in their entirety, of the Surviving Corporation and its Subsidiaries taken as a whole would change hands between a willing buyer and a willing seller, within a commercially reasonable period of time, each having reasonable knowledge of the relevant facts, with neither being under any compulsion to act.
- (ii) Present Fair Salable Value means the amount that could be obtained by an independent willing seller from an independent willing buyer if the assets of the Surviving Corporation and its Subsidiaries taken as a whole are sold with reasonable promptness in an arm's-length transaction under present conditions for the sale of comparable business enterprises insofar as such conditions can be reasonably evaluated.
- (iii) Liabilities means the recorded liabilities (including contingent liabilities that would be recorded in accordance with GAAP) of the Surviving Corporation and its Subsidiaries taken as a whole, as of the Closing Date after giving effect to the consummation of the transactions contemplated by this Agreement (including the Merger and the Financing), determined in accordance with GAAP consistently applied.
- (iv) Will be able to pay their Liabilities as they mature means for the period from the Closing Date to the date that is six and one half years after the Closing Date the Surviving Corporation and its Subsidiaries on a consolidated basis taken as a whole will have sufficient assets and cash flow to pay their Liabilities as those liabilities mature or (in the case of contingent Liabilities) otherwise become payable, in light of business conducted or anticipated to be conducted by the Surviving Corporation and its Subsidiaries as reflected in any projected financial statements delivered to the Lenders and in light of the anticipated credit capacity.
- (v) Do not have Unreasonably Small Capital means the Surviving Corporation and its Subsidiaries on a consolidated basis taken as a whole after consummation of the transactions contemplated by this Agreement (including the Merger and the Financing) is a going concern and has sufficient capital to reasonably ensure that it will continue to be a going concern for the period from the Closing Date to the date that is six and one half years after the Closing Date (it being understood that unreasonably small capital depends upon the nature of the particular business or businesses conducted or to be conducted, and is based on the needs and anticipated needs for capital of the business conducted or anticipated to be conducted by the Surviving Corporation and its Subsidiaries on a consolidated basis as reflected in any projected financial statements delivered to the Lenders and in light of the anticipated credit capacity).

Section 4.11 Limited Guarantees. Concurrently with the execution of this Agreement, the Parent Parties have delivered to the Company true and correct copies of the executed Limited Guarantees. As of the date hereof, the Limited Guarantees are in full force and effect and constitute the legal, valid and binding obligation of the respective Guarantors, enforceable in accordance with their terms, subject to applicable bankruptcy, insolvency, fraudulent transfer, reorganization, moratorium and other laws affecting creditors' rights generally and general principles of equity, and have not been amended, withdrawn or rescinded in any respect. No event has occurred which, with or without notice, lapse of time or both, would constitute a default on the part of either of the Guarantors under their respective Limited Guarantees.

Section 4.12 Finders or Brokers. None of Parent, the Equity Investors, the MD Investors, the MSDC Investor or any of their respective Subsidiaries has employed any investment banker, broker or finder in connection with the transactions contemplated by this Agreement who is entitled to any fee or any commission in connection with or upon consummation of the Merger which the Company or any of its Subsidiaries would be responsible to pay in the event the Merger is not consummated.

Section 4.13 Investigation; No Other Representations and Warranties.

- (a) Each of the Parent Parties has conducted its own independent review and analysis of the business, operations, assets, liabilities, results of operations, financial condition and prospects of the Company and its Subsidiaries and acknowledges that each of the Parent Parties has been provided access for such purposes. In

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entering into this Agreement, each of the Parent Parties has relied solely upon its independent investigation and analysis of the Company and its Subsidiaries, and each of the Parent Parties acknowledges and agrees that it has not been induced by and has not relied upon any representations, warranties or statements, whether express or implied, made by the Company, any of its Subsidiaries, or any of their respective Affiliates, stockholders, controlling persons or Representatives, that are not expressly set forth in this Agreement, whether or not such representations, warranties or statements were made in writing or orally. Each of the Parent Parties acknowledges and agrees that, to the fullest extent permitted by applicable Law, the Company and its Subsidiaries, and their respective Affiliates, stockholders, controlling persons or Representatives, shall have no liability or responsibility whatsoever to the Parent Parties or their respective Affiliates, stockholders, controlling persons or Representatives on any basis (including in contract or tort, under federal or state securities Laws or otherwise) based upon any information (including any statement, document or agreement delivered in connection with this Agreement and any financial statements and any projections, estimates or other forward-looking information) provided or made available (including in any data room, management presentation, information or descriptive memorandum or supplemental information), or oral or written statements made (or any omissions therefrom), to the Parent Parties or their respective Affiliates, stockholders, controlling persons or Representatives, except for the representations and warranties of the Company expressly set forth in Article III (subject to the qualifications set forth therein). For the avoidance of doubt, the Parent Parties, the Equity Investors, the MD Investors and the MSDC Investor have made certain representations and warranties to each other in the agreements listed in Section 4.13 of the Parent Disclosure Letter.

(b) The Parent Parties each acknowledge and agree that, except for the representations and warranties expressly set forth in Article III (subject to the qualifications set forth therein) (i) the Company does not make, and has not made, any representations or warranties relating to itself or its Subsidiaries or their respective businesses or otherwise in connection with the Merger and the Parent Parties are not relying on any representation or warranty except for those expressly set forth in this Agreement, (ii) no Person has been authorized by the Company to make any representation or warranty relating to the Company or its Subsidiaries or their respective businesses or otherwise in connection with the Merger, and if made, such representation or warranty must not be relied upon by the Parent Parties as having been authorized by such party and (iii) any estimates, projections, predictions, data, financial information, memoranda, presentations or any other materials or information provided or addressed to the Parent Parties or any of their representatives are not and shall not be deemed to be or include representations or warranties unless any such materials or information is the subject of any express representation or warranty set forth in Article III of this Agreement.

ARTICLE V

COVENANTS AND AGREEMENTS

Section 5.1 Conduct of Business by the Company and the Parent Parties.

(a) From and after the date hereof and prior to the Effective Time or the date, if any, on which this Agreement is earlier terminated pursuant to Section 7.1 (the Termination Date), and except (i) as may be required by applicable Law, (ii) as may be consented to in writing by Parent (such consent not to be unreasonably withheld, conditioned or delayed), (iii) as may be required or expressly contemplated by this Agreement, or (iv) as set forth in Section 5.1(a) of the Company Disclosure Letter, the Company shall, and shall cause each of its Subsidiaries to, conduct its business in the ordinary course of business and use its commercially reasonable efforts to preserve in all material respects its business organization and maintain in all material respects existing relations and goodwill with Governmental Authorities, customers, suppliers, creditors, lessors and other Persons having material business relationships with the Company or any of its Subsidiaries.

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(b) Subject to the exceptions contained in clauses (i) through (iv) of Section 5.1(a), between the date hereof and the earlier of the Effective Time and the Termination Date, the Company shall not, and shall not permit any of its Subsidiaries to:

(i) amend its certificate of incorporation or by-laws or other applicable governing instruments;

(ii) split, combine, subdivide or reclassify any of its shares of capital stock or other equity interests;

(iii) issue, sell, pledge, grant, transfer, encumber or otherwise dispose of any shares of capital stock or other equity interests of the Company or any of its Subsidiaries, or securities convertible into or exchangeable or exercisable for, or options, warrants, calls, commitments or rights of any kind to acquire, any shares of capital stock or other equity interests of the Company or any of its Subsidiaries (other than (A) the issuance of Shares upon the settlement of Company Options or Company RSU Awards outstanding as of the date hereof or any dividend equivalent rights provided pursuant to the terms of the Company Stock Plans and associated with such Company RSU Awards outstanding as of the date hereof or (B) by a direct or indirect wholly-owned Subsidiary of the Company to the Company or another direct or indirect wholly-owned Subsidiary of the Company);

(iv) other than quarterly cash dividends of \$0.08 per Share on record dates within the ranges of dates identified in Section 5.1(a)(iv) of the Company Disclosure Letter, declare, set aside or pay any dividend or other distribution payable in cash, stock or property (or any combination thereof) with respect to its capital stock or other equity interests (except (A) dividends or other distributions in cash, stock or property paid by any direct or indirect wholly-owned Subsidiary of the Company to the Company or to any other direct or indirect wholly-owned Subsidiary of the Company) and (B) dividend equivalent rights provided pursuant to the terms of the Company Stock Plans and payable with respect to Company RSU Awards outstanding as of the date hereof;

(v) purchase, redeem or otherwise acquire any shares of its capital stock or any other of its equity securities or any rights, warrants or options to acquire any such shares or other equity securities, other than, in each case, (A) in connection with the issuance of Shares upon the net exercise of Company Options or net settlement of Company RSU Awards (including in connection with withholding for Taxes) outstanding as of the date hereof or upon the forfeiture, cancellation, retirement or other deemed acquisition of awards issued under the Company Stock Plans not involving any payment of cash or other consideration therefor, (B) in satisfaction of obligations pursuant to Contracts existing as of the date hereof (true, correct and complete copies of which have been provided to Parent prior to the date hereof), or (C) in transactions solely between the Company and any direct or indirect wholly-owned Subsidiaries of the Company or among direct or indirect wholly-owned Subsidiaries of the Company;

(vi) make any acquisition (whether by merger, consolidation, or acquisition of stock or assets) of any interest in any Person or any division or assets thereof with a value or purchase price (excluding employee retention cost) in the aggregate in excess of \$150,000,000 (from and after the date hereof through and including July 14, 2013) or \$250,000,000 (if the Effective Time shall occur on or after July 15, 2013 and, for the avoidance of doubt, such amount includes all such acquisitions after the date hereof and on or prior to July 14, 2013) for all such acquisitions, other than (A) acquisitions pursuant to Contracts in effect as of the date of this Agreement, true, correct and complete copies of which have been provided to Parent prior to the date hereof or (B) purchases of assets in the ordinary course of business;

(vii) make any loans, advances or capital contributions to or investments in any Person (other than the Company or any direct or indirect wholly-owned Subsidiary of the Company) in excess of \$75,000,000 (from and after the date hereof through and including July 14, 2013) or \$125,000,000 (if the Effective Time shall occur on or after July 15, 2013); provided that none of such investments may constitute a transaction of the type referred to in clause (vi) above, in the aggregate;

(viii) incur or assume any (x) Indebtedness, other than (A) Indebtedness incurred or assumed pursuant to Structured Financing Debt Facilities, (B) Commercial Paper Debt, (C) Revolving Credit Facility Debt and (D) additional Indebtedness in a principal amount not to exceed \$25,000,000 in the aggregate at any time

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outstanding (provided that such Indebtedness incurred pursuant to this clause (D) may be repaid in full at Closing without penalty or premium) or (v) material off balance sheet arrangement (as defined in Item 303(a) of Regulation S-K by the SEC);

(ix) settle or compromise any litigation, claim or other proceeding against the Company or any of its Subsidiaries, other than settlements or compromises pursuant to which the amounts paid or payable by the Company or any of its Subsidiaries in settlement or compromise do not exceed \$300,000,000 in the aggregate (provided, that (A) in connection therewith, neither the Company nor any of its Subsidiaries shall agree to any material restrictions with respect to any of their respective assets or the conduct of any of their respective businesses and (B) such litigation, claim or other proceeding is not a Transaction Proceeding or Shareholder Litigation);

(x) transfer, lease, license, sell, mortgage, pledge, dispose of, or encumber any of its material assets, other than (i) sales, leases and licenses in the ordinary course of business, (ii) dispositions of assets not used or useful in the operation of the business, (iii) sales, leases and licenses that are not material to the Company and its Subsidiaries, taken as a whole, (iv) factoring of accounts receivable pursuant to Contracts in effect as of the date of this Agreement, true, correct and complete copies of which have been provided to Parent prior to the date hereof, (v) transfers, sales and other dispositions in connection with securitizations of accounts receivable or obligations under loans, installment sale contracts, service contracts or leases in connection with the Structured Financing Debt Facilities and (vi) other transactions for consideration that does not exceed \$100,000,000 in the aggregate; provided that at least 75% of the consideration received for all such transactions in the aggregate consists of cash;

(xi) except as required by any existing agreements, Company Benefit Plans, Company Foreign Plans, or applicable Law, (A) increase the compensation or other benefits (including any severance or change in control benefits) payable or provided to the Company's current or former directors or Executive Officers, other than for base salary increases and the payment of bonuses in respect of fiscal year 2013 in the ordinary course of business, (B) except in the ordinary course of business, increase the compensation or other benefits (including any severance or change in control benefits) payable or provided to the current or former employees of the Company and its Subsidiaries that are not directors or Executive Officers, (C) establish, adopt, enter into or amend any material Company Benefit Plan or plan, agreement or arrangement that would have been a material Company Benefit Plan if it had been in effect on the date hereof, (D) grant any equity or equity-based award, or (E) make a loan or extension of credit to any current or former director or Executive Officer or, except in the ordinary course of business, to any other employee of the Company and its Subsidiaries;

(xii) adopt or enter into a plan or agreement of complete or partial liquidation, dissolution, merger, consolidation or other reorganization of the Company or any of its Subsidiaries (other than the Merger);

(xiii) make or change any material Tax election, adopt or change any material accounting method with respect to Taxes, change any annual Tax accounting period, file any material amended Tax Return, enter into any closing agreement within the meaning of Section 7121 of the Code (or any predecessor provision or similar provision of state, local or foreign Law) with respect to Taxes, settle or compromise any proceeding with respect to any material Tax claim or assessment, surrender any right to claim a material refund of Taxes, seek any Tax ruling from any taxing authority, or consent to any extension or waiver of the limitation period applicable to any material Tax claim or assessment;

(xiv) except as may be required by a change in GAAP or applicable Law, make any material change in its financial accounting principles, policies, or practices;

(xv) (A) amend, modify or terminate or grant a waiver of any rights under any Debt Agreement (other than any of the foregoing constituting an expiration in accordance with the terms of such Debt Agreement or any Permitted Structured Financing Debt Amendment), materially amend or modify, terminate or grant a waiver of any material rights under any Company Material Contract (other than in the ordinary course of business in the case of Contracts described in clauses (i) or (v) of the definition of such term) or (B) enter into a new Contract (other than in the ordinary course of business in the case of Contracts described in

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clauses (i) or (v) of the definition of such term) that (x) would have been a Company Material Contact if it had been in effect on the date hereof or (y) contains, unless required by applicable Law, a change in control provision in favor of the other party or parties thereto that would prohibit, or give such party or parties a right to terminate such agreement as a result of, the Merger or would otherwise require a material payment to or give rise to any material rights to such other party or parties in connection with the transactions contemplated hereby;

(xvi) enter into, or amend, in a manner materially adverse to the Company or its Subsidiaries, any Interested Party Transaction; or

(xvii) agree, authorize or commit to do any of the foregoing.

(c) Between the date hereof and the Effective Time, the Parent Parties shall not, and shall cause the Equity Investors, the MD Investors and the MSDC Investor not to, enter into agreements with respect to, or consummate, any acquisitions, mergers, consolidations or business combinations which would, individually or in the aggregate, impair, prevent or materially delay the satisfaction of the conditions contained in Article VI or the consummation of the Merger.

Section 5.2 Access: Confidentiality.

(a) Subject to compliance with applicable Laws, the Company shall afford to the Parent Parties and the Lenders and to their respective directors, officers, employees, accountants, consultants, legal counsel, financial advisors and agents and other representatives (collectively, Parent Representatives) reasonable access during normal business hours, during the period prior to the earlier of the Effective Time and the Termination Date, to the Company's and its Subsidiaries' officers, employees, properties, Contracts, commitments, books and records, other than, subject to the requirements of Section 5.3, any such matters that relate to the negotiation and execution of this Agreement, or to transactions potentially competing with or alternative to the transactions contemplated by this Agreement or proposals from other parties relating to any competing or alternative transactions. The foregoing notwithstanding, the Company shall not be required to afford such access if and to the extent it would (w) unreasonably disrupt the operations of the Company or any of its Subsidiaries, (x) violate any of the Company's or its Subsidiaries' obligations with respect to confidentiality, so long as the Company shall have used commercially reasonable efforts to obtain the consent of such third party to such access, (y) cause a risk of a loss of privilege or trade secret protection to the Company or any of its Subsidiaries or (z) constitute a violation of any applicable Law; provided, however, that, in each case, the Company uses commercially reasonable efforts to minimize the effects of such restriction or to provide a reasonable alternative to such access.

(b) Parent hereby agrees that all information provided to it or any Parent Representatives in connection with this Agreement and the consummation of the transactions contemplated herein shall be deemed to be Evaluation Material, as such term is used in, and shall be treated in accordance with, the confidentiality agreement, dated as of September 4, 2012, between the Company and Silver Lake Partners III, L.P. (as amended, the SLP Confidentiality Agreement), and the confidentiality agreement, dated as of August 31, 2012, between the Company and Michael S. Dell (the MSD Confidentiality Agreement).

Section 5.3 Acquisition Proposals.

(a) Notwithstanding anything to the contrary contained in this Agreement, during the period beginning on the date of this Agreement and continuing until 12:01 a.m. (New York time) on the 46th calendar day after the date of this Agreement (the No-Shop Period Start Date), the Company and its Subsidiaries and their respective directors, officers, employees, investment bankers, attorneys, accountants and other advisors or representatives (collectively, Representatives) shall have the right to (i) initiate, solicit and encourage any inquiry or the making of any proposal or offer that constitutes an Acquisition Proposal, including by providing information (including non-public information and data) regarding, and affording access to the business, properties, assets, books, records and personnel of, the Company and its Subsidiaries to any Person pursuant to (x) a confidentiality

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agreement entered into by such Person containing confidentiality terms that are no more favorable in the aggregate to such Person than those contained in the SLP Confidentiality Agreement (unless the Company offers to amend the SLP Confidentiality Agreement to reflect such more favorable terms), or (y) to the extent applicable, the confidentiality agreement entered into with such Person prior to the date of this Agreement (any such confidentiality agreement, an Acceptable Confidentiality Agreement); provided that the Company shall promptly (and in any event within 48 hours) make available to the Parent Parties any non-public information concerning the Company or its Subsidiaries that is provided to any Person given such access that was not previously made available to the Parent Parties, and (ii) engage in, enter into, continue or otherwise participate in any discussions or negotiations with any Persons or group of Persons with respect to any Acquisition Proposals and cooperate with or assist or participate in or facilitate any such inquiries, proposals, discussions or negotiations or any effort or attempt to make any Acquisition Proposals. No later than two (2) Business Days after the No-Shop Period Start Date, the Company shall notify Parent in writing of the identity of each Person or group of Persons from whom the Company received a written Acquisition Proposal after the execution of this Agreement and prior to the No-Shop Period Start Date and provide to Parent (x) a copy of any Acquisition Proposal made in writing and any other written terms or proposals provided (including financing commitments) to the Company or any of its Subsidiaries and (y) a written summary of the material terms of any Acquisition Proposal not made in writing (including any terms proposed orally or supplementally).

(b) Except as may relate to any Excluded Party (but only for as long as such Person or group is an Excluded Party) or as expressly permitted by this Section 5.3, after the No-Shop Period Start Date, the Company and its Subsidiaries shall, and the Company shall cause its and its Subsidiaries Representatives to, immediately cease any activities permitted by Section 5.3(a) and any discussions or negotiations with any Person or group that may be ongoing with respect to any Acquisition Proposal. With respect to any Person or group with whom such discussions or negotiations have been terminated, the Company shall use its reasonable best efforts to promptly require such Person or group to promptly return or destroy in accordance with the terms of the applicable confidentiality agreement any information furnished by or on behalf of the Company.

(c) Except as may relate to any Excluded Party (for so long as such Person or group is an Excluded Party) or as expressly permitted by this Section 5.3, from the No-Shop Period Start Date until the Effective Time or, if earlier, the termination of this Agreement in accordance with Article VII, the Company and its Subsidiaries shall not, and the Company shall instruct and use its reasonable best efforts to cause its and its Subsidiaries Representatives not to, (i) initiate, solicit or knowingly encourage any inquiry or the making of any proposal or offer that constitutes, or would reasonably be expected to result in, an Acquisition Proposal, (ii) engage in, enter into, continue or otherwise participate in any discussions or negotiations with any Person with respect to, or provide any non-public information or data concerning the Company or its Subsidiaries to any Person relating to, any proposal or offer that constitutes, or could reasonably be expected to result in, an Acquisition Proposal, or (iii) enter into any acquisition agreement, merger agreement or similar definitive agreement, or any letter of intent, memorandum of understanding or agreement in principle, or any other agreement (other than an Acceptable Confidentiality Agreement) relating to an Acquisition Proposal (an Alternative Acquisition Agreement).

(d) Notwithstanding anything to the contrary contained in Section 5.3(b) or 5.3(c) at any time following the No-Shop Period Start Date and prior to the time the Company Stockholder Approvals are obtained, if the Company receives an Acquisition Proposal from any Person, the Company and its Representatives may contact such Person to clarify the terms and conditions thereof and (i) the Company and its Representatives may provide information (including non-public information and data) regarding, and afford access to the business, properties, assets, books, records and personnel of, the Company and its Subsidiaries to such Person if the Company receives from such Person (or has received from such Person) an executed Acceptable Confidentiality Agreement; provided that the Company shall promptly (and in any event within 48 hours) make available to the Parent Parties any non-public information concerning the Company or its Subsidiaries that is provided to any Person given such access that was not previously made available to the Parent Parties, and (ii) the Company and its Representatives may engage in, enter into, continue or otherwise participate in any discussions or negotiations

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with such Person with respect to such Acquisition Proposal, if and only to the extent that prior to taking any action described in clauses (i) or (ii) above, the Company Board, upon recommendation from the Special Committee, determines in good faith that such Acquisition Proposal either constitutes a Superior Proposal or could reasonably be expected to result in a Superior Proposal. For the avoidance of doubt, notwithstanding the commencement of the No-Shop Period Start Date, the Company may continue to engage in the activities described in Section 5.3(a) (subject to the limitations and obligations set forth therein) with respect to, and the restrictions in Section 5.3(b) and Section 5.3(c) shall not apply to, any Excluded Party (but only for so long as such Person or group is an Excluded Party), including with respect to any amended or modified Acquisition Proposal submitted by any Excluded Party following the No-Shop Period Start Date.

(e) Except as may relate to an Excluded Party, following the No-Shop Period Start Date, the Company shall promptly (and in any event within 48 hours after receipt), notify Parent both orally and in writing of the receipt of any Acquisition Proposal, any inquiries that would reasonably be expected to result in an Acquisition Proposal, or any request for information from, or any negotiations sought to be initiated or resumed with, either the Company or its Representatives concerning an Acquisition Proposal, which notice shall include (i) a copy of any Acquisition Proposal (including any financing commitments) made in writing and other written terms or proposals provided to the Company or any of its Subsidiaries and (ii) a written summary of the material terms of any Acquisition Proposal not made in writing or any such inquiry or request. Except as may relate to an Excluded Party, following the No-Shop Period Start Date, the Company shall keep Parent reasonably informed on a prompt basis (and in any event within 48 hours) of any material developments, material discussions or material negotiations regarding any Acquisition Proposal, inquiry that would reasonably be expected to result in an Acquisition Proposal, or request for non-public information and, upon the reasonable request of Parent, shall apprise Parent of the status of any discussions or negotiations with respect to any of the foregoing. None of the Company or any of its Subsidiaries shall, after the date of this Agreement, enter into any agreement that would prohibit them from providing such information or the information contemplated by the last sentence of Section 5.3(a) to Parent.

(f) Except as set forth in this Section 5.3(f), neither the Company Board nor any committee thereof (including the Special Committee) shall (i) (A) change, withhold, withdraw, qualify or modify, in a manner adverse to Parent (or publicly propose or resolve to change, withhold, withdraw, qualify or modify), the Recommendation with respect to the Merger, (B) fail to include the Recommendation in the Proxy Statement, (C) approve or recommend, or publicly propose to approve or recommend to the stockholders of the Company, an Acquisition Proposal or (D) if a tender offer or exchange offer for shares of capital stock of the Company that constitutes an Acquisition Proposal is commenced, fail to recommend against acceptance of such tender offer or exchange offer by the Company shareholders (including, for these purposes, by disclosing that it is taking no position with respect to the acceptance of such tender offer or exchange offer by its shareholders, which shall constitute a failure to recommend against acceptance of such tender offer or exchange offer, provided that a customary stop, look and listen communication by the Board of Directors pursuant to Rule 14d-9(f) of the Exchange Act shall not be prohibited), within ten (10) Business Days after commencement (any of the foregoing, a Change of Recommendation) or (ii) authorize, adopt or approve or propose to authorize, adopt or approve, an Acquisition Proposal, or cause or permit the Company or any of its Subsidiaries to enter into any Alternative Acquisition Agreement. Notwithstanding anything to the contrary set forth in this Agreement, prior to the time the Company Stockholder Approvals are obtained (but not after), the Company Board may (I) effect a Change of Recommendation if the Company Board determines in good faith (after consultation with its outside legal counsel and upon recommendation thereof by the Special Committee) that, as a result of a development or change in circumstances that occurs or arises after the execution and delivery of this Agreement (other than a Superior Proposal) that was not known to the Special Committee prior to the execution and delivery of this Agreement (an Intervening Event), failure to take such action could reasonably be expected to be inconsistent with the directors' fiduciary duties under applicable Law and (II) if the Company receives an Acquisition Proposal that the Special Committee determines in good faith (after consultation with outside counsel and its financial advisors) constitutes a Superior Proposal, authorize, adopt, or approve such Superior Proposal and cause or permit the Company to enter into an Alternative Acquisition Agreement with respect to such Superior

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Proposal; provided, however, that the Company Board may only take the actions described in (1) clause (II) if the Company terminates this Agreement pursuant to Section 7.1(c)(ii) concurrently with entering into such Alternative Acquisition Agreement and pays the applicable Company Termination Fee in compliance with Section 7.3 and (2) clauses (I) or (II) if:

(i) the Company shall have provided prior written notice to the Parent Parties, of its or the Company Board's intention to take such actions at least four (4) Business Days in advance of taking such action, which notice shall specify, as applicable, the details of such Intervening Event or the material terms of the Acquisition Proposal received by the Company that constitutes a Superior Proposal, including a copy of the relevant proposed transaction agreements with, and the identity of, the party making the Acquisition Proposal and other material documents (including any financing commitments with respect to such Acquisition Proposal and any arrangements with the MD Investors or any of their Affiliates);

(ii) after providing such notice and prior to taking such actions, the Company shall have, and shall have caused its Representatives to, negotiate with the Parent Parties in good faith (to the extent the Parent Parties desire to negotiate) during such four (4) Business Day period to make such adjustments in the terms and conditions of this Agreement and the Financing as would permit the Company, the Special Committee or the Company Board not to take such actions; and

(iii) the Special Committee and the Company Board shall have considered in good faith any changes to this Agreement and the Financing or other arrangements that may be offered in writing by Parent by 5:00 PM Central Time on the fourth (4th) Business Day of such four (4) Business Day period and shall have determined in good faith (A) with respect to the actions described in clause (II), after consultation with outside counsel and its financial advisors, that the Acquisition Proposal received by the Company would continue to constitute a Superior Proposal and (B) with respect to the actions described in clauses (I), after consultation with outside counsel, that it would continue to be inconsistent with the directors' fiduciary duties under applicable Law not to effect the Change of Recommendation, in each case, if such changes offered in writing by Parent were given effect.

After compliance with the foregoing clause (2) with respect to any Superior Proposal, the Company shall have no further obligations under the foregoing clause (2), and the Company Board shall not be required to comply with such obligations with respect to any other Superior Proposal. After compliance with the foregoing clause (2) with respect to an Intervening Event that is not an Acquisition Proposal, the Company shall have no further obligations under the foregoing clause (2), and the Company Board shall not be required to comply with such obligations with respect to any other Intervening Event that is not an Acquisition Proposal. For the avoidance of doubt, with respect to an Intervening Event that is an Acquisition Proposal (and is not a Superior Proposal), the Company's obligation to comply with the foregoing clause (2) will not be limited.

(g) Subject to the proviso in this Section 5.3(g), nothing contained in this Section 5.3 shall be deemed to prohibit the Company, the Company Board, the Special Committee or any other committee of the Company Board from (i) complying with its disclosure obligations under U.S. federal or state Law with regard to an Acquisition Proposal, including taking and disclosing to its stockholders a position contemplated by Rule 14d-9 or Rule 14e-2(a) under the Exchange Act (or any similar communication to stockholders in connection with the making or amendment of a tender offer or exchange offer), or (ii) making any stop-look-and-listen communication to the stockholders of the Company pursuant to Rule 14d-9(f) under the Exchange Act (or any similar communications to the stockholders of the Company); provided, that neither the Company Board nor any committee thereof shall effect a Change of Recommendation unless the applicable requirements of Section 5.3(f) shall have been satisfied.

(h) As used in this Agreement, Acquisition Proposal shall mean any bona fide inquiry, proposal or offer made by any Person for, in a single transaction or a series of transactions, (i) a merger, reorganization, share exchange, consolidation, business combination, recapitalization, extra-ordinary dividend or share repurchase, dissolution, liquidation or similar transaction involving the Company, (ii) the direct or indirect acquisition by any

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Person or group of twenty percent (20%) or more of the assets of the Company and its Subsidiaries, on a consolidated basis or assets of the Company and its Subsidiaries representing twenty percent (20%) or more of the consolidated revenues or net income (including, in each case, securities of the Company's Subsidiaries) or (iii) the direct or indirect acquisition by any Person or group of twenty percent (20%) or more of the voting power of the outstanding shares of Common Stock, including any tender offer or exchange offer that if consummated would result in any Person beneficially owning Shares with twenty percent (20%) or more of the voting power of the outstanding shares of Common Stock.

(i) As used in this Agreement, Excluded Party means (i) any Person, group of Persons or group of Persons that includes any Person or group of Persons, from whom the Company or any of its Representatives has received prior to the No-Shop Period Start Date a written Acquisition Proposal that the Special Committee determines in good faith (such determination to be made no later than five (5) Business Days after the No-Shop Period Start Date), after consultation with outside counsel and its financial advisors, is or could reasonably be expected to result in a Superior Proposal; provided that some or all of such Persons and the other members of such group (other than any of the MD Investors or any of their respective Affiliates (the MD Investor Group)) who were members of such group immediately prior to the No-Shop Period Start Date constitute at least 50% of the equity financing of such group (ignoring any equity financing to be provided by members of the MD Investor Group who are members of such group) at any time thereafter when a determination as to whether such Person is an Excluded Party is required hereunder and (ii) any group of Persons that includes any MD Investor if, at the time of determination, such group of Persons has made an Acquisition Proposal that is intended to compete with an Acquisition Proposal made by another Excluded Party or any of their Affiliates that does not include an MD Investor or any of their Affiliates.

(j) As used in this Agreement, Superior Proposal means a bona fide written Acquisition Proposal (with the percentages set forth in clauses (ii) and (iii) of the definition of such term changed from 20% to 50% and it being understood that any transaction that would constitute an Acquisition Proposal pursuant to clause (ii) or (iii) of the definition thereof cannot constitute a Superior Proposal under clause (i) under the definition thereof unless it also constitutes a Superior Proposal pursuant to clause (ii) or (iii), as applicable, after giving effect to this parenthetical) that the Company Board has determined in its good faith judgment (after consultation with outside legal counsel and its financial advisor) is more favorable to the Company's stockholders than the Merger and the other transactions contemplated by this Agreement, taking into account all of the terms and conditions of such Acquisition Proposal (including the financing, likelihood and timing of consummation thereof) and this Agreement (including any changes to the terms of this Agreement committed to by Parent to the Company in writing in response to such Acquisition Proposal under the provisions of Section 5.3(f) or otherwise), provided that notwithstanding the foregoing, an extra-ordinary dividend or share repurchase (or any merger or consolidation that is the economic equivalent of an extra-ordinary dividend or share repurchase) shall not constitute a Superior Proposal unless it constitutes a Superior Proposal by virtue of clause (iii) of the definition of Acquisition Proposal and the first parenthetical above, and the Person acquiring such shares is not the Company or any of its Subsidiaries.

Section 5.4 Proxy Statement: Schedule 13E-3.

(a) As promptly as practicable following the date of this Agreement, (i) the Company shall prepare the Proxy Statement, which shall, subject to Section 5.3, include the Recommendation, and the Company and Parent shall jointly prepare a Rule 13E-3 transaction statement on Schedule 13E-3 (the Schedule 13E-3) and (ii) the Parent Parties shall furnish all information concerning themselves and their Affiliates that is required to be included in the Proxy Statement and shall promptly provide such other assistance in the preparation of the Proxy Statement as may be reasonably requested by the Company from time to time. As promptly as practicable (and in any event within five (5) Business Days) after the No Shop Period Start Date (or such earlier date as the Company determines in its sole discretion), subject to the receipt from the Parent Parties of the information described in clause (ii) of the preceding sentence of this paragraph (a), the Company shall file the Proxy Statement with the SEC, and the Company and the Parent Parties shall jointly file the Schedule 13E-3 with the SEC.

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(b) The Company shall promptly notify Parent upon the receipt of any comments from the SEC or its staff or any request from the SEC or its staff for amendments or supplements to the Proxy Statement, and each of the Company, on the one hand, and the Parent Parties, on the other hand, shall provide the other(s) with copies of all correspondence between it and its Representatives, on the one hand, and the SEC and its staff, on the other hand, relating to the Proxy Statement, the Schedule 13E-3 or the transactions contemplated hereby. The Company shall use its reasonable best efforts to respond (with the assistance of, and after consultation with, the Parent Parties as provided by this Section 5.4(b)) as promptly as practicable to any comments of the SEC with respect to the Proxy Statement, and each of the Company and the Parent Parties shall thereafter use their respective reasonable best efforts to respond (with the assistance of, and after consultation with, each other as provided by this Section 5.4(b)) as promptly as practicable to any comments of the SEC with respect to the Schedule 13E-3. If, at any time prior to the Company Meeting, any information relating to the Company, the Parent Parties or any of their respective Affiliates, officers or directors is discovered by the Company or the Parent Parties which should be set forth in an amendment or supplement to the Proxy Statement or the Schedule 13E-3, so that the Proxy Statement, Schedule 13E-3 or the other filings shall not contain an untrue statement of a material fact or omit to state any material fact required to be stated therein or necessary in order to make the statements therein, in the light of the circumstances under which they are made, not misleading, the party that discovers such information shall promptly notify the other parties thereof, and an appropriate amendment or supplement describing such information shall be filed with the SEC and, to the extent required by applicable Law, disseminated to the stockholders of the Company. Notwithstanding anything to the contrary stated above, (i) prior to filing or mailing the Proxy Statement (including any amendment or supplement thereto) or responding to any comments of the SEC or its staff with respect thereto, the Company shall provide Parent with a reasonable opportunity to review and comment on such documents or responses and shall (x) with respect to those Parent-Related Sections of the Proxy Statement, include, and (y) with respect to all other portions of the Proxy Statement, consider in good faith including, comments reasonably proposed by the Parent in such documents or responses, and (ii) prior to filing or mailing the Schedule 13E-3 (including any amendment or supplement thereto) or responding to any comments of the SEC with respect thereto, each of the Company, on the one hand, and the Parent Parties, on the other hand, shall provide other(s) with a reasonable opportunity to review and comment on such documents or responses and shall include in such documents or responses comments reasonably proposed by such other party. The Company shall cause the Proxy Statement to be mailed to holders of Common Stock as of the record date established for the Company Meeting as promptly as practicable after the date on which the SEC confirms that it has no further comments on the Proxy Statement.

Section 5.5 Stockholders Meeting. Subject to Section 5.4, the Company shall take all action necessary in accordance with the DGCL and its certificate of incorporation and bylaws to duly call, give notice of, convene and hold a meeting of its stockholders as promptly as practicable after the Proxy Statement is cleared by the SEC for mailing to the Company's shareholders, subject to compliance with the DGCL and the Exchange Act, for the purpose of obtaining the Company Stockholder Approvals (the Company Meeting); provided that the Company may postpone or adjourn the Company Meeting (i) with the consent of the Parent Parties, (ii) for the absence of a quorum, (iii) to allow reasonable additional time for any supplemental or amended disclosure which the Company has determined in good faith (after consultation with outside counsel) is necessary under applicable Law and for such supplemental or amended disclosure to be disseminated and reviewed by the Company's stockholders prior to the Company Meeting or (iv) to allow additional solicitation of votes in order to obtain the Company Stockholder Approvals. The Company shall, through the Company Board and the Special Committee, but subject to the right of the Company Board or the Special Committee to make a Change of Recommendation pursuant to Section 5.3, provide the Recommendation and shall include the Recommendation in the Proxy Statement, and, unless there has been a Change of Recommendation pursuant to Section 5.3, the Company shall use commercially reasonable efforts to solicit proxies in favor of the Company Stockholder Approvals. The Parent Parties and their Representatives shall have the right to solicit proxies in favor of the Company Stockholder Approvals.

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Section 5.6 Employee Matters.

(a) From and after the Effective Time, the Company shall, and Parent shall cause the Surviving Corporation to, honor all Company Benefit Plans and Company Foreign Plans in accordance with their terms as in effect immediately before the Effective Time; provided that nothing herein shall be construed as prohibiting the amendment or termination of any of the foregoing in accordance with its terms. For a period of one (1) year following the Effective Time, Parent shall provide, or shall cause to be provided, to each employee of the Company and its Subsidiaries for so long as such person is an employee of Parent, the Surviving Corporation or any of its Subsidiaries following the Effective Time (collectively, the Company Employees) (i) at least the same level of base salary or wages (as applicable) and target cash incentive bonus and commission opportunities and (ii) employee benefits that are substantially comparable in the aggregate to those provided as of the date hereof by the Company and its Subsidiaries to such Company Employee pursuant to the Company Benefit Plans and the Company Foreign Plans, as applicable (excluding, for purposes of currently provided benefits, any equity or equity-based compensation, defined benefit pension benefits, retiree medical benefits or transaction or retention bonuses). Notwithstanding any other provision of this Agreement to the contrary, Parent shall, or shall cause the Surviving Corporation to, provide to each Company Employee whose employment terminates during the one-year period following the Effective Time severance benefits at least equal to the severance benefits provided for under the Company's severance arrangements in effect immediately prior to the Effective Time.

(b) For all purposes (including purposes of vesting, eligibility to participate and level of benefits) under the employee benefit plans of Parent and its Subsidiaries providing benefits to any Company Employees after the Effective Time (the New Plans), each Company Employee shall be credited with his or her years of service with the Company and its Subsidiaries and their respective predecessors before the Effective Time, to the same extent as such Company Employee was entitled, before the Effective Time, to credit for such service under any similar Company Benefit Plan or Company Foreign Plan in which such Company Employee participated or was eligible to participate immediately prior to the Effective Time; provided that the foregoing shall not apply with respect to benefit accruals under any defined benefit pension plan or to the extent that its application would result in a duplication of benefits. In addition, and without limiting the generality of the foregoing, (i) each Company Employee shall be immediately eligible to participate, without any waiting time, in any and all New Plans to the extent coverage under such New Plan is comparable to a Company Benefit Plan or Company Foreign Plan in which such Company Employee participated immediately before the Effective Time (such plans, collectively, the Old Plans), and (ii) for purposes of each New Plan providing medical, dental, pharmaceutical and/or vision benefits to any Company Employee, Parent shall cause all pre-existing condition exclusions and actively-at-work requirements of such New Plan to be waived for such employee and his or her covered dependents, and Parent shall cause any eligible expenses incurred by such employee and his or her covered dependents during the portion of the plan year of the Old Plans ending on the date such employee's participation in the corresponding New Plan begins to be taken into account under such New Plan for purposes of satisfying all deductible, coinsurance and maximum out-of-pocket requirements applicable to such employee and his or her covered dependents for the applicable plan year as if such amounts had been paid in accordance with such New Plan.

(c) Parent hereby acknowledges that a change of control (or equivalent phrase) within the meaning of the Company Benefit Plans or the Company Foreign Plans, as applicable, will occur at or prior to the Effective Time, as applicable.

(d) This Section 5.6 is included for the sole benefit of the parties hereto and their respective transferees and permitted assigns and does not and shall not create any right in any Person, including any Company Employee, or any other participant in any Company Benefit Plan, Company Foreign Plan or other employee benefit plan or arrangement that may be established or maintained by Parent, the Company, the Surviving Corporation or any of their respective Affiliates following the Effective Time, or any beneficiary or trustee thereof. Furthermore, nothing contained in this Agreement, express or implied, is intended to confer upon any Person, any right to employment or continued employment for any period of time, or any right to a particular term or condition of employment, or shall be construed as an amendment to any Company Benefit Plan, Company Foreign Plan or other employee benefit plan or arrangement.

Table of ContentsSection 5.7 Consents and Approvals.

(a) Subject to the terms and conditions set forth in this Agreement, each of the parties hereto shall use its reasonable best efforts to take, or cause to be taken, all actions, and to do, or cause to be done, and to assist and cooperate with the other parties in doing, all things necessary, proper or advisable under applicable Laws and regulations or otherwise to consummate and make effective the Merger and the other transactions contemplated by this Agreement as promptly as practicable, including using reasonable best efforts with respect to (i) the obtaining of all necessary actions or nonactions, waivers, consents, clearances, approvals, and expirations or terminations of waiting periods, including the Company Approvals and the Parent Approvals, from Governmental Entities and the making of all necessary registrations and filings and the taking of all steps as may be necessary to obtain an approval, clearance or waiver from, or to avoid an action or proceeding by, any Governmental Entity, including (x) in connection with any Regulatory Law and (y) subject to the limitations set forth in Section 5.7(f), the Irish Bank Approval (all of the foregoing, collectively, the Governmental Consents), (ii) the obtaining of all other necessary consents, approvals or waivers from third parties, (iii) the defending of any lawsuits or other legal proceedings, whether judicial or administrative, challenging this Agreement or the consummation of the Merger and the other transactions contemplated by this Agreement, and (iv) the execution and delivery of any additional instruments reasonably necessary to consummate the transactions contemplated by this Agreement; provided that no party shall be required to pay (and the Company and its Subsidiaries shall not pay or agree to pay without the prior written consent of Parent, which consent shall not be unreasonably withheld, conditioned or delayed) any fee, penalty or other consideration to any third party for any consent or approval required for the consummation of the transactions contemplated by this Agreement under any Contract.

(b) Subject to the terms and conditions herein provided and without limiting the foregoing, the Company and Parent shall cooperate with each other in (x) determining whether any filings are required to be made with, or Governmental Consents are required to be obtained from, any Governmental Entities (including in any foreign jurisdiction in which the Company or its Subsidiaries are operating any business) and (y) to the extent not made prior to the date hereof, timely making or causing to be made all applications and filings as reasonably determined by Parent and the Company, as promptly as practicable or as required by the Law of the jurisdiction of the Governmental Entity. Each party shall supply as promptly as practicable such information, documentation, other material or testimony that may be requested by any Governmental Entity, including by complying at the earliest reasonably practicable date with any request under or with respect to (i) the HSR Act, (ii) the EUMR, if required or, if not required under or with respect to the EUMR, the Regulatory Laws of any EU or EEA Member State, if required, (iii) any other Governmental Consent and (iv) any such other applicable Laws for additional information, documents or other materials received by Parent or the Company or any of their respective Subsidiaries from the Federal Trade Commission or the Department of Justice, the European Commission or any other Governmental Entity in connection with such applications or filings or the transactions contemplated herein. Without limiting the foregoing, the Parent Parties shall cause each of the Equity Investors, the MD Investors, the MSDC Investor and the Subordinated Securities Purchaser to supply, as promptly as reasonably practicable, such reasonable information, documentation, other material or testimony that may be requested by any such Governmental Entity with respect to the Equity Investors, MD Investors, MSDC Investor or Subordinated Securities Purchaser, as the case may be, in connection with such Governmental Consents.

(c) Without limiting any of its other obligations hereunder, the Company and the Parent Parties shall take all such further action as may be necessary to resolve such objections, if any, as the Federal Trade Commission, the Antitrust Division of the Department of Justice, state antitrust enforcement authorities, the European Commission or other competition authorities of any other nation or other jurisdiction (including multinational or supranational), or any other Person, may assert under any Regulatory Law with respect to the transactions contemplated herein, and to avoid or eliminate each and every impediment under any Regulatory Law that may be asserted by any Governmental Entity with respect to the Merger, in each case so as to enable the Merger and the other transactions contemplated by this Agreement to occur as promptly as reasonably practicable (taking into account the other conditions to Closing set forth in Section 6.1 and 6.3 and the Marketing Period, and in any event no later than the Outside Date), by proposing, negotiating, committing to and effecting, by agreement,

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consent decree, hold separate order, trust or otherwise, (x) the sale, divestiture or disposition of such assets, businesses, services, products or product lines of the Parent Parties or the Company or any of its Subsidiaries or behavioral limitations, conduct restrictions or commitments with respect to any such assets, businesses, services, products or product lines of the Parent Parties or the Company or any of its Subsidiaries, (y) the creation or termination of relationships, ventures, contractual rights or obligations of the Parent Parties or the Company or any of its Subsidiaries and (z) any other actions that would limit the freedom of action of the Parent Parties or the Company or any of its Subsidiaries with respect to, or its ability to retain, one or more of its or the Company's or the Surviving Corporation's Subsidiaries' assets, businesses, services, products or product lines, in each case as may be required in order to obtain all required Governmental Consents as promptly as practicable (including expirations or terminations of waiting periods whether imposed by Law or agreement) and to avoid the entry of, or to effect the dissolution of, any injunction, temporary restraining order, or other order in any suit or proceeding, which would otherwise have the effect of preventing the consummation of the Merger or other transactions contemplated by this Agreement or delaying any of the foregoing beyond the Outside Date (each of (x), (y) and (z), a Divestiture Action). Neither the Company nor any of its Subsidiaries shall, without Parent's prior written consent, and neither Parent nor any of its Subsidiaries shall, without the Company's prior written consent, discuss or commit to any extension of any waiting period under any Regulatory Law or any agreement not to consummate the Merger or any of the other transactions contemplated by this Agreement. The Company shall not be required to take any action pursuant to this Section 5.7 unless it is expressly conditioned on the effectiveness of the Merger. Notwithstanding anything to the contrary in this Agreement, (i) the Parent Parties shall not be obligated to agree to take any action, or accept any conditions, restrictions, obligations or requirements, including any Divestiture Action, with respect to the Parent Parties (as constituted and without giving effect to the Merger), pursuant to this Section 5.7, and (ii) neither the Company nor any of its Subsidiaries shall agree without Parent's prior written consent, to take any action, or accept any conditions, restrictions, obligations or requirements, including any Divestiture Action, with respect to the Company and its Subsidiaries, pursuant to this Section 5.7 if such actions, conditions, restrictions, obligations or requirements (including any Divestiture Action) would, individually or in the aggregate, constitute a Company Material Adverse Effect.

(d) Without limiting the foregoing and subject to applicable legal limitations and the instructions of any Governmental Entity and Section 5.7(f), each of the Company and Parent agrees (i) to cooperate and consult with each other in connection with the making of all registrations, filings, notifications, communications, submissions and any other material actions pursuant to this Section 5.7, (ii) to furnish to the other such necessary information and assistance as the other may reasonably request in connection with its preparation of any notifications or filings, (iii) to keep each other apprised of the status of matters relating to the completion of the transactions contemplated therein, including promptly furnishing the other with copies of notices or other communications received by such party from, or given by such party to, any third party and/or any Governmental Entity with respect to such transactions (including the Irish Bank Approval), except any confidential information or business secrets, which information shall be provided to counsel on a counsel-to-counsel basis only, (iv) to permit the other party to review and to incorporate the other party's reasonable comments in any communication to be given by it to any third party or any Governmental Entity with respect to obtaining the necessary approvals for the Merger and the other transactions contemplated by this Agreement (including the Irish Bank Approval), and (v) before participating in any meeting or discussion in person or by telephone expected to address matters related to the transactions contemplated herein with any Governmental Entity in connection with any of such transactions (except with respect to the Irish Bank Approval) unless, to the extent not prohibited by such Governmental Entity, giving the other party reasonable notice thereof and the opportunity to attend and observe and participate. The parties shall take reasonable efforts to share information protected from disclosure under the attorney-client privilege, work product doctrine, joint defense privilege or any other privilege pursuant to this Section 5.7(d) in a manner so as to preserve any applicable privilege. Parent and the Company may, as each deems advisable and necessary, reasonably designate any competitively sensitive material provided to the other under this Section 5.7(d) as Antitrust Counsel Only Material. Such materials and the information contained therein shall be given only to the outside antitrust counsel of the recipient and will not be disclosed by such outside counsel to employees, officers or directors of the recipient unless express permission is obtained in advance from the source of the materials (Parent or the Company, as the case may be) or its legal counsel.

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(e) In furtherance and not in limitation of the covenants of the parties contained in this Section 5.7, if any administrative or judicial action or proceeding, including any proceeding by a Governmental Entity or any other Person is instituted (or threatened to be instituted) challenging any of the transactions contemplated by this Agreement as violative of any Regulatory Law, each of the Company and Parent shall use reasonable best efforts to contest and resist any such action or proceeding and to have vacated, lifted, reversed or overturned any decree, judgment, injunction or other order, whether temporary, preliminary or permanent, that is in effect and that prohibits, prevents or restricts consummation of the transactions contemplated by this Agreement, including, without limiting the foregoing, taking the actions set forth in Section 5.7(c) (subject to the limitations set forth therein).

(f) Notwithstanding anything contained in this Section 5.7, (i) the Company shall notify the CBI of the Merger or cause DFS Limited to do so, and shall cause DFS Limited to amend its application for the Irish Bank Approval such that the amended application contemplates and reflects the Merger and the other transactions contemplated by this Agreement promptly after the Merger is announced; (ii) subject to clause (v)(B) below, the Parent Parties shall furnish, and shall use commercially reasonable efforts to obtain from the Equity Investors, the MD Investors and the MSDC Investor and furnish, to the Company all necessary information and assistance as the Company may reasonably request in connection with its preparation of such amendment and all information, documentation or other material that may be requested by the CBI in connection therewith; (iii) without the prior written consent of the Parent Parties, the Company shall not, and shall cause each of its Subsidiaries (including DFS Limited) to not, accept, obtain or receive the Irish Bank Approval from the CBI or take any further action in connection with doing so except to the extent that the resulting Irish Bank Approval (x) contemplates and approves the Merger and the other transactions contemplated by this Agreement and (y) results in no Irish Change of Control Approval being required to be obtained as a result of the Merger and the other transactions contemplated by this Agreement; (iv) where any Irish Bank Approval is obtained or received by DFS Limited on a basis that would result in the Merger and the other transactions contemplated by this Agreement giving rise to a requirement for an Irish Change of Control Approval the Company shall, or cause DFS Limited to, promptly request the CBI to revoke such Irish Bank Approval; and (v) none of the MD Investors, the MSDC Investor, the Equity Investors or any of their Respective Affiliates shall be required, in connection with the Company's efforts to seek the Irish Bank Approval or the Irish Change of Control Approval, (A) to take any actions, be subject to any conditions or enter into any agreements or commitments of any kind or (B) to disclose or provide access to any of the information identified in Section 5.7 of the Parent Disclosure Letter.

(g) For purposes of this Agreement, the following terms have the following meanings:

(i) CBI means the Central Bank of Ireland, or any successor entity.

(ii) DFS Limited means Dell DFS Limited, a private limited company incorporated under the laws of Ireland with Irish company registration number 502362.

(iii) Irish Bank Approval means the grant by the CBI of a banking license to DFS Limited pursuant to section 9 of the Central Bank Act, 1971, as amended.

(iv) Irish Banking Legislation means the Central Bank Acts 1942 to 2012 (including the Central Bank Act, 1971), as amended, and the European Communities (Licensing and Supervision of Credit Institutions) Regulations 1992, as amended (the Irish Banking Regulations).

(v) Irish Change of Control Approval means an approval pursuant to the Irish Banking Regulations (whether by the termination or expiry of waiting periods applicable under the Irish Banking Regulations or by approval of the CBI) of the acquisitions of, or increases in, all qualifying holdings (as defined in the Irish Banking Regulations) in DFS Limited as a result of the Merger and the other transactions contemplated by this Agreement.

(vi) Regulatory Law means the Sherman Act, as amended, the Clayton Act, as amended, the HSR Act, the Federal Trade Commission Act, as amended, the EUMR, and all other federal, state, foreign,

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multinational or supranational antitrust, competition or trade regulation statutes, rules, regulations, orders, decrees, administrative and judicial doctrines and other Laws that are designed or intended to prohibit, restrict or regulate actions having the purpose or effect of monopolization or restraint of trade or lessening competition through merger or acquisition and including any Laws that relate to foreign investments (for the avoidance of doubt, it is understood that the Irish Banking Legislation is not a Regulatory Law).

Section 5.8 Takeover Statute. If any fair price, moratorium, control share acquisition, interested shareholder, business combination or other of antitakeover statute or regulation shall or may become applicable to the transactions contemplated herein, each of the Company and the Parent Parties and the members of their respective Boards of Directors shall grant such approvals and take such actions as are reasonably necessary so that the transactions contemplated herein may be consummated as promptly as practicable on the terms contemplated herein and otherwise act to eliminate or, if not possible to eliminate, minimize the effects of such statute or regulation on the transactions contemplated herein.

Section 5.9 Public Announcements. Neither the Company nor Parent, nor any of their respective Affiliates, shall issue or cause the publication of any press release or other announcement with respect to this Agreement, the Merger or the other transactions contemplated hereby without the prior consent of the other party, unless such party determines in good faith, after consultation with legal counsel, that it is required by applicable Law or by any listing agreement with or the listing rules of a national securities exchange or trading market to issue or cause the publication of any press release or other announcement with respect to this Agreement, the Merger or other the transactions contemplated hereby, in which event such party shall use its reasonable best efforts to provide a meaningful opportunity to the other party to review and comment upon such press release or other announcement prior to making any such press release or other announcement; provided that (i) the Company shall not be required to provide any such review or comment to Parent in connection with the receipt and existence of an Acquisition Proposal and matters related thereto or a Change of Recommendation and (ii) each party hereto and their respective Affiliates may make statements that are substantially similar to previous press releases, public disclosures or public statements made by Parent and the Company in compliance with this Section 5.9.

Section 5.10 Indemnification and Insurance.

(a) The Surviving Corporation and the Parent Parties agree that all rights to exculpation, indemnification and advancement of expenses now existing in favor of the current or former directors, officers or employees, as the case may be, of the Company or its Subsidiaries as provided in their respective certificates of incorporation or bylaws or other organizational documents or in any agreement with the Company or any of its Subsidiaries shall survive the Merger and shall continue in full force and effect. For a period of six (6) years from the Effective Time, Parent and the Surviving Corporation, subject to compliance with applicable Law, shall maintain in effect the exculpation, indemnification and advancement of expenses provisions of the Company's and any Company Subsidiary's certificates of incorporation and bylaws or similar organizational documents as in effect immediately prior to the Effective Time or in any indemnification agreements of the Company or its Subsidiaries with any of their respective directors or officers as in effect immediately prior to the Effective Time, and, subject to compliance with applicable Law, shall not amend, repeal or otherwise modify any such provisions in any manner that would adversely affect the rights thereunder of any individuals who at the Effective Time were current or former directors or officers of the Company or any of its Subsidiaries; provided that all rights to indemnification and advancement in respect of any Action pending or asserted or any claim made within such period shall continue until the disposition of such Action or resolution of such claim.

(b) From and after the Effective Time, the Surviving Corporation shall, and Parent shall cause the Surviving Corporation to, to the fullest extent permitted under applicable Law, indemnify and hold harmless (and advance funds in respect of each of the Indemnified Parties) each current and former director or officer of the Company or any of its Subsidiaries and each Person who served, at the request of the Company or any of its Subsidiaries, as a director, officer, member trustee, or fiduciary of another corporation, partnership, joint venture, trust, pension or

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other employee benefit plan or enterprise (each, together with such Person's heirs, executors or administrators, an Indemnified Party) against any costs or expenses (including advancing reasonable attorneys' fees and expenses in advance of the final disposition of any claim, suit, proceeding or investigation to each Indemnified Party to the fullest extent permitted by Law), judgments, fines, losses, claims, damages, liabilities and amounts paid in settlement (collectively, Losses) in connection with any actual or threatened claim, action, suit, litigation, proceeding or investigation, whether civil, criminal, administrative or investigative (an Action), arising out of, relating to or in connection with any action or omission occurring or alleged to have occurred whether before or after the Effective Time in connection with such Indemnified Party's service as a director or officer of the Company or any of its Subsidiaries (including acts or omissions in connection with such Indemnified Party's service as officer, director, member, trustee or other fiduciary in any other entity if such services were at the request or for the benefit of the Company); provided that any Person to whom any funds are advanced pursuant to the foregoing must, if required by Law, provide an undertaking to repay such advances if it is ultimately determined that such Person is not entitled to indemnification. In the event of any such Action, Parent, the Surviving Corporation and the Indemnified Party shall cooperate with each other in the defense of any such Action.

(c) For a period of six (6) years from the Effective Time, Parent shall cause the Surviving Corporation to maintain in effect the current policies of directors' and officers' liability insurance and fiduciary liability insurance maintained by the Company and its Subsidiaries with respect to matters arising on or before the Effective Time; provided that, if the aggregate annual premium for such insurance shall exceed 300% of the current annual premium for such insurance (which is identified on Section 5.10(c) of the Company Disclosure Letter), then Parent shall provide or cause to be provided, a policy for the applicable individuals with as much coverage as can reasonably be obtained in its good faith judgment at a cost up to but not exceeding 300% of such current annual premium. At the Company's option, the Company may (or, if requested by Parent, the Company shall) purchase, prior to the Effective Time, a six-year prepaid tail policy on terms and conditions providing substantially equivalent benefits as the current policies of directors' and officers' liability insurance and fiduciary liability insurance maintained by the Company and its Subsidiaries with respect to matters arising on or before the Effective Time, covering without limitation the transactions contemplated herein; provided that the aggregate premium for such insurance policy shall not exceed 600% of the current annual premium for such insurance. If such tail prepaid policy has been obtained by the Company prior to the Effective Time, Parent shall cause such policy to be maintained in full force and effect, for its full term, and cause all obligations thereunder to be honored by the Surviving Corporation, and no other party shall have any further obligation to purchase or pay for insurance hereunder.

(d) To the fullest extent permitted under applicable Law, from and after the Effective Time, Parent shall, or shall cause to be paid all reasonable expenses, including reasonable attorneys' fees, that may be incurred by any Indemnified Party in enforcing the indemnity and other obligations provided in this Section 5.10 if and to the extent that such Indemnified Party is determined to be entitled to receive such indemnification.

(e) The rights of each Indemnified Party hereunder shall be in addition to, and not in limitation of, any other rights such Indemnified Party may have under the certificates of incorporation or bylaws or other organizational documents of the Company or any of its Subsidiaries or the Surviving Corporation, any other indemnification arrangement, the DGCL or otherwise. The provisions of this Section 5.10 shall survive the consummation of the Merger and expressly are intended to benefit, and are enforceable by, each of the Indemnified Parties.

(f) Nothing in this Agreement is intended to, shall be construed to or shall release, waive or impair any rights to directors' or officers' insurance claims under any policy that is or has been in existence with respect to the Company or any of its Subsidiaries or any of their officers or directors, it being understood and agreed that the indemnification provided for in this Section 5.10 is not prior to or in substitution for any such claims under such policies.

(g) In the event Parent, the Surviving Corporation or any of their respective successors or assigns (i) consolidates with or merges into any other Person and shall not be the continuing or surviving corporation or

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entity in such consolidation or merger or (ii) transfers all or substantially all of its properties and assets to any Person, then, and in either such case, proper provision shall be made so that the successors and assigns of Parent or the Surviving Corporation, as the case may be, shall assume the obligations set forth in this Section 5.10.

Section 5.11 Control of Operations. Nothing contained in this Agreement shall give Parent or Merger Sub, directly or indirectly, the right to control or direct the Company's operations prior to the Effective Time. Prior to the Effective Time, the Company shall exercise, consistent with and subject to the terms and conditions of this Agreement, complete control and supervision over its operations. For the avoidance of doubt, this Section 5.11 shall not apply to limit Michael S. Dell in his capacity as a director of the Company, Chairman of the Company Board or Chief Executive Officer of the Company.

Section 5.12 Financing.

(a) Each Parent Party shall use its reasonable best efforts to obtain, or cause to be obtained, the proceeds of the Financing on the terms and conditions described in the Commitment Letters (including, as necessary, the flex provisions contained in the Fee Letter), including using its reasonable best efforts with respect to (i) maintaining in effect the Commitment Letters, (ii) negotiating definitive agreements with respect to the Debt Financing (the Definitive Agreements) consistent with the terms and conditions contained therein (including, as necessary, the flex provisions contained in the Fee Letter) or, if available, on other terms that are acceptable to Parent and would not adversely affect (including with respect to timing, taking into account the expected timing of the Marketing Period) the ability of the Parent Parties to consummate the transactions contemplated herein, and (iii) taking into account the expected timing of the Marketing Period, satisfying on a timely basis all conditions applicable to Parent and its Subsidiaries to obtaining the Financing that are within the Parent Parties' control. In the event that all conditions contained in the Debt Commitment Letter and the Securities Purchase Agreement (other than, with respect to the Debt Financing, the availability of the Equity Financing, the Subordinated Securities Financing, the MSDC Financing or the Rollover Investment and, with respect to the Subordinated Securities Financing, the Debt Financing, the Equity Financing, the MSDC Financing or the Rollover Investment) have been satisfied (or upon funding will be satisfied), each Parent Party shall use its reasonable best efforts to timely cause the Lenders and the Subordinated Securities Purchaser to fund the Debt Financing and the Subordinated Securities Financing, as applicable (including by seeking through litigation to enforce its rights under the Debt Financing Commitment Letter and Definitive Agreements and the Securities Purchase Agreement, as applicable).

(b) The Parent Parties shall not, without the prior written consent of the Company, (i) terminate any Commitment Letter, unless such Commitment Letter is replaced in a manner consistent with the following clause (ii), or (ii) permit any amendment or modification to, or any waiver of any material provision or remedy under, or replace, the Commitment Letters if such amendment, modification, waiver, or replacement (w) would (1) add any new condition to the Financing Commitments (or modify any existing condition in a manner adverse to Parent) or otherwise that would be reasonably expected to adversely affect (including with respect to timing, taking into account the expected timing of the Marketing Period) the ability of the Parent Parties to consummate the transactions contemplated by this Agreement or the likelihood of the Parent Parties doing so, or (2) taking into account the expected timing of the Marketing Period, would be reasonably expected to make the timely funding of any of the Financing or satisfaction of the conditions to obtaining any of the Financing less likely to occur, (x) reduces the aggregate amount of the Financing (including by changing the amount of fees to be paid in respect of the Debt Financing or original issue discount in respect of the Debt Financing), (y) adversely affects the ability of any Parent Party to enforce its rights against other parties to the Commitment Letters or the Definitive Agreements as so amended, replaced, supplemented or otherwise modified, or (z) taking into account the expected timing of the Marketing Period, would reasonably be expected to prevent, impede or materially delay the consummation of the Merger and the other transactions contemplated by this Agreement; provided, that the Parent Parties may amend the Debt Commitment Letter to add lenders, lead arrangers, bookrunners, syndication agents or similar entities who had not executed the Debt Commitment Letter as of the date hereof and who are either (1) set forth on Section 5.12(b) of the Parent Disclosure Letter or (2) approved by the

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Company, such approval not to be unreasonably withheld. Upon any such amendment, supplement, modification or replacement of the Debt Financing Commitments, the Subordinated Securities Financing Commitment, the Equity Financing Commitment, the MSDC Financing Commitment or the Rollover Investment in accordance with this Section 5.12(b), the term Debt Financing Commitments, Subordinated Securities Financing Commitment, Equity Financing Commitment, MSDC Financing Commitment or Rollover Investment shall mean the Debt Financing Commitments, Subordinated Securities Financing Commitment, Equity Financing Commitment, MSDC Financing Commitment or Rollover Investment, as the case may be, as so amended, supplemented, modified or replaced. To the extent written consent of Parent is required for (x) an assignment or delegation by any Equity Investor pursuant to Section 3(a) of the Equity Commitment Letter, (y) an assignment or delegation by any MD Investor that is a party to the MD Investors Commitment Letter pursuant to Section 4(a) of the Equity Comment Letter and (z) an assignment or delegation by the MSDC Investor pursuant to Section 3(a) of the MSDC Investor Commitment Letter, Parent shall not provide such written consent without the prior written consent of the Company (which written consent of the Company shall not unreasonably be withheld in the circumstances described in Section 5.13).

(c) In the event that any portion of the Debt Financing becomes unavailable, regardless of the reason therefor, Parent shall (i) promptly notify the Company of such unavailability and, to the Knowledge of the Parent Parties, the reason therefor and (ii) use its reasonable best efforts to obtain, as promptly as practicable following the occurrence of such event and in any event no later than the last day of the Marketing Period, alternative debt financing (in an amount sufficient to replace such unavailable Debt Financing) from the same or other sources and on terms and conditions no less favorable to the Parent Parties than such unavailable Debt Financing (including the flex provisions contained in the Fee Letter). For the purposes of this Agreement, the terms Debt Commitment Letter, Debt Financing Commitments and Fee Letter shall be deemed to include any commitment letter (or similar agreement) or commitment or any fee letter referred to in such commitment letter with respect to any alternative financing arranged in compliance with this Section 5.12(c) (and any Debt Commitment Letter, Debt Financing Commitment and Fee Letter remaining in effect at the time in question).

(d) In the event that any portion of the Subordinated Securities Financing becomes unavailable, regardless of the reason therefor, Parent shall (i) promptly notify the Company of such unavailability and, to the Knowledge of Parent, the reason therefor and (ii) use its reasonable best efforts to obtain, as promptly as practicable following the occurrence of such event and in any event no later than the last day of the Marketing Period, alternative debt financing (in an amount sufficient to replace such unavailable Subordinated Securities Financing) from the same or other sources and on terms and conditions no less favorable to the Parent Parties than such unavailable Subordinated Securities Financing. For the purposes of this Agreement, the terms Securities Purchase Agreement and Subordinated Securities Financing Commitment shall be deemed to include any purchase agreement (or similar agreement) or commitment with respect to any alternative financing arranged in compliance with this Section 5.12(d) (and any Securities Purchase Agreement and Subordinated Securities Financing Commitment remaining in effect at the time in question).

(e) Parent shall provide the Company with prompt oral and written notice (i) of (x) any material breach or default by any party to any Commitment Letters or the Definitive Agreements of which any Parent Party has Knowledge or any termination of any of the Commitment Letters, (y) the receipt of any written notice or other written communication to any Parent Party from any Lender, Equity Investor, Subordinated Securities Purchaser, MD Investor, MSDC Investor or other financing source with respect to any actual or threatened breach, default, (or any accusation of breach or default), termination or repudiation by any party to any Commitment Letters or the Definitive Agreements or any provision thereof or (z) any material dispute or disagreement between or among the Parent Parties, on the one hand, and the Lenders on the other hand, or, to the Knowledge of Parent, among any Lenders to any of the Commitment Letters or the Definitive Agreements with respect to the obligation to fund any of the Financing or the amount of the Financing to be funded at Closing, and (ii) if at any time for any reason any Parent Party believes in good faith that it will not be able to obtain all or any portion of the Financing on the terms and conditions, in the manner or from the sources contemplated by any of the Commitment Letters or the Definitive Agreements; provided, however, that in no event will any Parent Party be

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under any obligation to disclose any information pursuant to clauses (x) or (z) that is subject to attorney-client or similar privilege if the Parent Parties shall have used their reasonable best efforts to disclose such information in a way that would not waive such privilege. In the event that the Parent Parties do not provide access or information in reliance on the preceding sentence, the Parent Parties shall provide notice to the Company that such access or information is being withheld and the Parent Parties shall use their commercially reasonable efforts to communicate, to the extent feasible, the applicable information in a way that would not violate the applicable obligation or risk waiver of such privilege. Parent shall keep the Company reasonably informed on a current basis of the status of its efforts to consummate the Financing. Notwithstanding the foregoing, but subject to Section 8.5(b), compliance by the Parent Parties with this Section 5.12 shall not relieve any Parent Party of its obligation to consummate the transactions contemplated by this Agreement whether or not the Financing is available.

(f) Prior to the Closing, the Company shall, and shall cause each of its Subsidiaries to, and shall use its reasonable best efforts to cause its Representatives to, use reasonable best efforts to provide all cooperation reasonably requested by Parent in connection with the arrangement of the Debt Financing, which reasonable best efforts shall include:

(i) furnishing Parent as promptly as reasonably practicable with (x) financial information and other pertinent information regarding the Company and its Subsidiaries as may be reasonably requested by Parent to consummate the Debt Financing as is customary to be included in marketing materials for senior secured or unsecured bridge, term or revolving credit facility indebtedness (including asset backed revolving loan and structured financing receivables) (or any documentation or deliverables in connection therewith) and (y) (A) all information (other than the information specified in clause (y)(B) below), including consolidated financial statements and other financial information of the Company, of the type required by Regulation S-X and Regulation S-K under the Securities Act for an offering of non-convertible debt securities registered with the SEC on Form S-1 (subject to exceptions customary for a private placement of secured or unsecured non-convertible high-yield debt securities pursuant to Rule 144A promulgated under the Securities Act, including any information that would be required by (i) Sections 3-10 and 3-16 of Regulation S-X, (ii) Item 402 of Regulation S-K and (iii) information regarding executive compensation and related party disclosure related to SEC Release Nos. 33-8732A, 34-54302A and IC-27444A), (B)(i) a pro forma consolidated balance sheet and related pro forma consolidated statement of income of the Company as of, and for the twelve-month period ending on, the last day of the most recently completed four-fiscal quarter period ended at least 45 days (or 90 days, in case such four-fiscal quarter period is the end of the Company's fiscal year) prior to the Closing Date, prepared after giving effect to the Merger and the Financing as if the Merger and the Financing had occurred as of such date (in the case of such balance sheet) or at the beginning of such period (in the case of such statement of income) and as if Regulation S-X under the Securities Act were applicable to such pro forma balance sheet and statement of income, prepared based on a preliminary allocation of purchase price in accordance with ASC 805, Business Combinations, and (ii) summary financial data of the type and form customarily included in a preliminary offering memorandum for an offering of secured or unsecured non-convertible high-yield debt securities pursuant to Rule 144A promulgated under the Securities Act, (C) all information and data that would be necessary for the lead arrangers to receive customary (in connection with an offering of secured or unsecured non-convertible high-yield debt securities pursuant to Rule 144A promulgated under the Securities Act) comfort letters from the independent accountants of the Company in connection with such an offering and (D) all other information and data necessary for the Parent Parties to satisfy the conditions set forth in paragraphs 5 and 6 of Exhibit H of the Debt Commitment Letter (all such information described in this clause (i)(y), the Required Information); provided that with respect to the pro forma and summary financial data described in clauses (y)(B) and (y)(D) above, such pro forma and summary financial data shall not be considered a part of the Required Information unless Parent has provided to the Company reasonably in advance of when the Marketing Period otherwise would begin if the Required Information did not include such pro forma and summary financial data (a) any post-Closing or pro forma cost savings, capitalization and other post-Closing or pro forma adjustments (and the assumptions relating thereto)

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desired by the Parent to be reflected in such pro forma and summary financial data and (b) any other information that may be reasonably and timely requested by the Company concerning the assumptions underlying the post-Closing or pro forma adjustments to be made in such pro forma and summary financial data, which assumptions shall be the responsibility of Parent;

(ii) participating in a reasonable number of meetings, presentations, road shows, due diligence sessions, drafting sessions, meetings with prospective lenders and sessions with rating agencies in connection with the Debt Financing, and assisting with the preparation of materials for rating agency presentations, road show presentations, offering memoranda, bank information memoranda (including, to the extent necessary, an additional bank information memorandum that does not include material non-public information) and similar documents required in connection with the Debt Financing;

(iii) cooperating reasonably with the Lenders due diligence, to the extent customary and reasonable, in connection with the Debt Financing, including (A) promptly after the date hereof, providing one or more third-party diligence service providers reasonable access to the Company and its domestic Subsidiaries, and otherwise reasonably assisting Parent, in connection with receivables audits of the term/commercial receivables, the revolving/consumer receivables of the Company and other receivables and inventory and its domestic Subsidiaries and (B) furnishing Parent and the Lenders reasonably current and readily available data on the credit and other characteristics of such term/commercial receivables, such revolving/consumer receivables and other receivables and inventory;

(iv) using reasonable best efforts to obtain (i) drafts of customary comfort letters of independent accountants of the Company (which shall include customary negative assurance comfort) prior to the beginning of the Marketing Period (as defined in the Debt Commitment Letter), which such accountants would be prepared to issue at the time of pricing and at closing of any offering or private placement of the Debt Financing (in the form of debt securities) pursuant to Rule 144A under the Securities Act upon completion of customary procedures, (ii) legal opinions, (iii) surveys and (iv) title insurance as reasonably requested by Parent as necessary and customary for financings similar to the Debt Financing (including any offering or private placement of debt securities pursuant to Rule 144A under the Securities Act);

(v) assisting reasonably in the preparation of a customary confidential information memorandum, rating agency presentations, offering documents, private placement memoranda, bank information memoranda, prospectuses and similar documents to be used in connection with the syndication of the Credit Facilities or offering of notes in connection with the Debt Financing, including, in the case of the receivables financings, furnishing for inclusion therein five years of historical performance data in respect of the term/commercial receivables and the revolving/consumer receivables of the Company and its domestic Subsidiaries and current and readily available information on the credit and other characteristics of those receivables;

(vi) reasonably assisting Parent in procuring a public corporate credit rating and a public corporate family rating in respect of the relevant borrower under the Credit Facilities and public ratings for any of the Credit Facilities or notes to be offered in connection with the Debt Financing;

(vii) assisting reasonably in the preparation of one or more credit or other agreements, as well as any pledge and security documents, and other definitive financing documents, collateral filings or other certificates or documents as may be reasonably requested by Parent and otherwise reasonably facilitating the pledging of collateral;

(viii) executing and delivering any necessary and customary pledge and security documents, guarantees, mortgages, collateral filings, other definitive financing documents (including one or more credit agreements, note purchase agreements, indentures and/or other instruments) in connection with such Debt Financing or other certificates or documents as may reasonably be requested by Parent and reasonably facilitating the taking of all corporation actions by the Company and its Subsidiaries with respect to entering such definitive financing documents and otherwise necessary to permit consummation of the Debt Financing;

(ix) (A) promptly after the date hereof, permitting the prospective lenders involved in the Debt Financing to evaluate the Company's inventory, current assets, cash management and accounting systems,

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policies and procedures relating thereto for the purpose of establishing collateral arrangements (including conducting field exams, the commercial finance examinations and inventory, equipment and real property appraisals) and (B) assisting Parent with the establishment of bank and other accounts and blocked account and control agreements of the Company and one or more of its Subsidiaries in connection with the foregoing, in each case to the extent customary and reasonable;

(x) establishing one or more special purpose vehicles requested by Parent prior to Closing in connection with the receivables financings included in the Debt Financing;

(xi) (A) obtaining a certificate of the chief financial officer of the Company in the form set forth on Annex I to Exhibit H of the Debt Commitment Letter (as in effect on the date hereof) with respect to solvency matters, (B) obtaining customary authorization letters with respect to the bank information memoranda from a senior officer of the Company, (C) delivering any borrowing base certificates requested by Parent a reasonable time prior to Closing pursuant to paragraph 10 of Exhibit H to the Debt Commitment Letter and (D) using reasonable best efforts to obtain consents of accountants for use of their reports in any materials relating to the Debt Financing; and

(xii) at least three (3) Business Days prior to Closing, providing all documentation and other information about the Company that is reasonably requested by the Lenders and the Lenders reasonably determine is required by applicable know your customer and anti-money laundering rules and regulations including without limitation the USA PATRIOT Act, to the extent requested by the Parent in writing at least eight (8) Business Days prior to Closing;

provided in each case that none of the Company or its Subsidiaries shall be required to enter into any agreement or deliver any guaranty, mortgage, collateral filing, blocked account control agreement, certificate, document or other instrument (except the authorization letter delivered pursuant to the foregoing clause (xi)), in each case the effectiveness of which is not contingent upon the Closing.

The foregoing notwithstanding, (A) except as otherwise explicitly set forth in the foregoing clause (x), none of the Company, any of its Subsidiaries or any of their respective directors or officers shall be obligated to adopt resolutions or execute consents to approve or authorize the execution of the Debt Financing prior to the Effective Time (except that directors and officers of Subsidiaries of the Company may sign resolutions or consents that do not become effective until the Closing), (B) no obligation of the Company or any of its Subsidiaries or any of their respective Representatives under any certificate, document or instrument executed pursuant to the foregoing (except the authorization letter delivered pursuant to the foregoing clause (xi)) shall be effective until the Closing, and (C) none of the Company, its Subsidiaries or any of their respective Representatives shall be required to (x) pay any commitment or other similar fee or incur any other cost or expense that is not reimbursed by Parent promptly after written request by the Company or incur any other liability, in each case in connection with the Debt Financing prior to the Closing, (y) take any actions to the extent such actions would unreasonably interfere with the ongoing business or operations of the Company and its Subsidiaries, or (z) take any action that would conflict with or violate the Company's organizational documents, any Laws, the Revolving Credit Facility Debt, the Repayment Debt, the Rollover Debt or the Structured Financing Debt, or result in the contravention of, or that would reasonably be expected to result in a violation or breach of, or default under, any Company Material Contract to which the Company or any of its Subsidiaries is a party. Nothing contained in this Section 5.12(f) or otherwise shall require the Company or any of its Subsidiaries, prior to the Closing, to be an issuer or other obligor with respect to the Debt Financing. Parent shall, promptly upon request by the Company, reimburse the Company for all reasonable out-of-pocket costs incurred by the Company or its Subsidiaries or their respective Representatives in connection with such cooperation and shall indemnify and hold harmless the Company and its Subsidiaries and their respective Representatives for and against any and all Losses actually suffered or incurred by them in connection with the arrangement of the Debt Financing, any action taken by them at the request of Parent pursuant to this Section 5.12(f) and any information utilized in connection therewith (other than information provided in writing by the Company or its Subsidiaries specifically for use in connection therewith).

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(g) If the Company at any time in good faith reasonably believes that it has delivered the Required Information to Parent, it may deliver to Parent a written notice to such effect, in which case the Company shall be deemed to have delivered the Required Information at the time of delivery of such notice, unless Parent shall provide to the Company within five (5) Business Days after the delivery of such notice a written notice that describes with reasonable specificity the information that constitutes Required Information that Parent in good faith reasonably believes the Company has not delivered.

(h) The Company hereby consents to the use of its and its Subsidiaries' logos solely for the purpose of obtaining the Debt Financing; provided that such logos are used solely in a manner that is not intended to or reasonably likely to harm or disparage the Company or any of its Subsidiaries or the reputation or goodwill of the Company or any of its Subsidiaries or any of their respective intellectual property rights.

(i) Notwithstanding anything to the contrary contained in this Agreement, nothing contained in this Section 5.12 shall require, and in no event shall the reasonable best efforts of any of the Parent Parties be deemed or construed to require, any of the Parent Parties to (i) pay any fees to the Lenders in excess of those contemplated in the Debt Commitment Letter and related fee letters (including the flex provisions thereof) as of the date hereof, whether to secure waiver of any conditions contained therein or otherwise, (ii) amend or waive any of the terms or conditions hereof or under any of the Financing Commitments or (iii) consummate the Closing at any time prior to the date determined in accordance with Section 1.2.

Section 5.13 Other Investors. Other than the MD Investors and any other officers or employees of the Company or its Subsidiaries, prior to the Effective Time, none of the Parent Parties shall permit or agree to permit any Person to obtain any equity interests (or rights to obtain any equity interests) in the Parent Parties or any Person of which Merger Sub is a direct or indirect Subsidiary except for (i) investments by (w) the Equity Investors, (x) the MSDC Investor, (y) their existing respective side fund vehicles, in each case controlled by any of them, and (z) their respective special purpose or similar affiliated investment fund vehicles formed by any of them in connection with the transactions contemplated by this Agreement and in each case controlled by any of them, and (ii) minority investments in Parent by (x) Persons who are limited partners of any of the Equity Investors or the MSDC Investor as of the date hereof and beneficially own less than 1% of the Company's outstanding Shares, (y) with the written consent of the Company, which shall not be unreasonably withheld, Persons who beneficially own no or a de minimis number of Shares, and (z) with the written consent of the Company, other Persons.

Section 5.14 Notification of Certain Matters: Shareholder Litigation. The Company shall give prompt notice to the Parent Parties, and the Parent Parties shall give prompt notice to the Company, of (i) any notice or other communication received by such party from any Governmental Entity in connection with this Agreement or the Merger, or from any Person alleging that the consent of such Person is or may be required in connection with the Merger or the transactions contemplated by this Agreement, if the subject matter of such communication or the failure of such party to obtain such consent could be material to the Company, the Surviving Corporation or the Parent Parties, and (ii) any actions, suits, claims, investigations or proceedings commenced or, to such party's knowledge, threatened against, relating to or involving or otherwise affecting such party which relate to the Merger, this Agreement or the transactions contemplated herein (each, a Transaction Proceeding). Without limiting the foregoing, the Company shall (a) promptly advise Parent of any actions, suits, claims, investigations or proceedings commenced after the date hereof against the Company or any of its officers or directors (in their capacities as such) by any shareholder of the Company (on their own behalf or on behalf of the Company) relating to this Agreement, the Merger or the other transactions contemplated hereby (each, a Shareholder Litigation), (b) keep Parent reasonably informed regarding any such Shareholder Litigation, (c) give Parent the opportunity to participate in such Shareholder Litigation, consult with counsel to the Special Committee and the Company regarding the defense or settlement of any such Shareholder Litigation and consider Parent's views with respect to such Shareholder Litigation and (d) not settle any such Shareholder Litigation without Parent's prior written consent (which shall not be unreasonably withheld, delayed or conditioned).

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Section 5.15 Rule 16b-3. Prior to the Effective Time, the Company shall be permitted to take such steps as may be reasonably necessary or advisable hereto to cause dispositions of Company equity securities (including derivative securities) pursuant to the transactions contemplated by this Agreement by each individual who is a director or officer of the Company to be exempt under Rule 16b-3 promulgated under the Exchange Act.

Section 5.16 Treatment of Indebtedness.

(a) As soon as reasonably practicable after receipt of any written request by Parent to do so (which request shall be provided in no event less than 60 days following the date hereof), the Company shall (i) prepare notices of redemption for all of the Repayment Debt that will be outstanding as of the Closing Date pursuant to the applicable provisions of the indentures (and supplemental indentures thereto) entered into by the Company with respect to the Repayment Debt (collectively, the Repayment Indentures), (ii) use its reasonable best efforts to cause each Trustee (as defined in the respective Repayment Indentures) to agree to proceed with the redemption of such Repayment Debt, as applicable, on notice of at least 45 days (or such shorter period as each such Trustee may agree to) before the redemption date, which notice may be subject to the consummation of the Closing, and use reasonable best efforts to cause each Trustee to provide the notice of redemption to the holders of such Repayment Debt following the Closing on the Closing Date, (iii) provide Parent the reasonable opportunity to review and comment on each of the foregoing notices reasonably in advance of their delivery and (iv) use its reasonable best efforts to take all other actions and prepare and deliver all other documents (including any officers certificates and legal opinions) as may be required under the Repayment Indentures to issue an irrevocable notice of redemption following the Closing on the Closing Date for such Repayment Debt (subject to the irrevocable deposit with each Trustee on the Closing Date of funds sufficient to pay in full the outstanding aggregate principal amount of, accrued and unpaid interest through the redemption date on, and applicable premiums related to, such Repayment Debt, as arranged by Parent) providing for the redemption 30 days after the Closing Date of all of the outstanding aggregate principal amount of such Repayment Debt (together with all accrued and unpaid interest and applicable premiums related to such Repayment Debt) pursuant to the requisite provisions of the applicable Repayment Indentures.

(b) On or prior to the second Business Day prior to the Effective Time, the Company shall use its reasonable best efforts to deliver to Parent a copy of a payoff letter (subject to delivery of funds as arranged by the Parent Parties), in customary form, from the Administrative Agent (as defined in the respective Revolving Credit Facilities) under each Revolving Credit Facility. The Company shall, and shall cause its Subsidiaries to, use reasonable best efforts to deliver all notices (which notices may be subject to the consummation of the Financing) and to take all other actions to facilitate the termination of commitments under each of the Revolving Credit Facilities, the repayment in full of all Obligations (as defined in such Revolving Credit Facility) then outstanding thereunder (using funds arranged by the Parent Parties) and the release of any liens and termination of all guarantees in connection therewith on the Closing Date (such termination, repayment and release, the Revolving Credit Facility Termination); provided that in no event shall this Section 5.16(b) require the Company or any of its Subsidiaries to cause such Revolving Credit Facility Termination unless the Closing shall occur substantially concurrently and the Company or its Subsidiaries have received funds to pay in full all principal, interest, prepayment premiums, penalties, breakage costs, fees or similar obligations related to any Obligations (as defined in such Revolving Credit Facility) under such Revolving Credit Facility as of the anticipated Closing Date (and the daily accrual thereafter).

(c) With respect to the outstanding notes of the Company identified in Section 5.16(c) of the Parent Disclosure Letter that are outstanding as of the Closing Date (collectively, the Rollover Debt), the Company shall use its reasonable best efforts to deliver, or cause to be delivered, following the Closing to the applicable trustees under the Rollover Indentures with respect to the Rollover Notes all officers certificates and legal opinions as may be required pursuant to the applicable provisions of the indentures (and supplemental indentures thereto) entered into by the Company with respect to the Rollover Notes (the Rollover Indentures) as a result of the consummation of the Merger.

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(d) On or prior to the second Business Day prior to the Effective Time, the Company shall deliver (with respect to the JPMorgan and HSBC Structured Financing Debt Facilities), or use its reasonable best efforts to deliver (with respect to the Credit Suisse Structured Financing Debt Facility), to Parent a copy of a termination and consent agreement (subject to delivery of funds as arranged by the Parent Parties), in customary form, from the Administrative Agent (as defined in the respective Structured Financing Debt Facilities) and the lenders or note holders (as applicable) under each Structured Financing Debt Facility (the Existing Structured Financing Lenders), which termination and consent letter shall (with customary exceptions) (i) indicate the total amount required to be paid to fully satisfy all principal, interest, breakage costs, fees or similar payment obligations under such Structured Financing Debt Facility (the Structured Financing Debt Obligations) as of the anticipated Closing Date (and the daily accrual thereafter) (the Payoff Amount), (ii) state the terms and conditions upon which such Structured Financing Debt Facility and the Structured Financing Debt Transaction Documents and related instruments evidencing such Structured Financing Debt Facility shall be terminated and (iii) state the terms and conditions upon which the liens created under the Structured Financing Debt Transaction Documents relating to the assets and properties of the Company or any of its Subsidiaries securing the Structured Financing Debt Obligations thereunder shall be released and terminated. The Company shall, and shall cause its Subsidiaries to, use reasonable best efforts to deliver all notices, to obtain all necessary consents and to take all other actions to facilitate the termination of commitments under each of the Structured Financing Debt Facilities, the repayment in full of all principal, interest, breakage costs, fees or similar payment obligations then outstanding thereunder (using funds arranged by the Parent Parties), the release of all liens in connection therewith on the Closing Date, the sale of the relevant receivables to a Subsidiary of the Company, and the termination of all Structured Financing Debt Transaction Documents with respect to such Structured Financing Debt Facility on the Closing Date (such termination, repayment, release and sale, the Structured Financing Debt Facilities Termination) (which reasonable best efforts shall include obtaining (or, with respect to the Credit Suisse Structured Financing Debt Facility, using reasonable best efforts to obtain) any such necessary consents from the parties to the Structured Financing Debt Transaction Documents to the Structured Financing Debt Facilities Termination in connection with any Permitted Structured Financing Debt Amendment or any replacement of a Structured Financing Debt Facility otherwise permitted under this Agreement); provided that in no event shall this Section 5.16(d) require the Company or any of its Subsidiaries to cause such Structured Financing Debt Facilities Termination unless the Closing shall occur substantially concurrently and the Company or its Subsidiaries have received funds to pay in full the total amount required to be paid to fully satisfy all principal, interest, breakage costs, fees or similar payment obligations under such Structured Financing Debt Facility as of the anticipated Closing Date (and the daily accrual thereafter) in respect of each Structured Financing Debt Facility.

The foregoing notwithstanding, (A) except with respect to the notice to each Trustee in the foregoing clause (a), no obligation of the Company or any of its Subsidiaries or any of their respective Representatives under any certificate, document or instrument executed pursuant to the foregoing shall be effective until the Closing and (B) none of the Company, its Subsidiaries or any of their respective Representatives shall be required to (x) pay any fee or incur any other cost or expense that is not reimbursed by Parent, promptly after when requested by the Company, or incur any other liability, in each case in connection with this Section 5.16 prior to the Closing, (y) take any actions to the extent such actions would unreasonably interfere with the ongoing business or operations of the Company and its Subsidiaries, or (z) take any action that would conflict with or violate the Company's organizational documents, any Laws, the Revolving Credit Facility Debt, the Repayment Debt, the Rollover Debt or the Structured Financing Debt or result in the contravention of, or that would reasonably be expected to result in a violation or breach of, or default under, any Company Material Contract to which the Company or any of its Subsidiaries is a party. Parent shall, promptly upon request by the Company, reimburse the Company for all reasonable out-of-pocket costs incurred by the Company or its Subsidiaries or their respective Representatives in connection with this Section 5.16 and shall indemnify and hold harmless the Company and its Subsidiaries and their respective Representatives for and against any and all Losses actually suffered or incurred by them in connection with any action taken by them at the request of Parent pursuant to this Section 5.16 and any information utilized in connection therewith (other than information provided in writing by the Company or its Subsidiaries specifically for use in connection therewith).

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Section 5.17 Liquidation of Investments; Cash Transfers.

(a) On the 15th Business Day prior to the last day of (i) the Marketing Period, or (ii) such earlier date on which Parent proposes to consummate the Closing in accordance with Section 1.2, Parent shall provide to the Company a notice setting forth Parent's good faith estimate of the date on which the Closing will occur in accordance with Section 1.2 (the Estimated Closing Date), which notice shall set forth Parent's determination as to whether Parent is aware of any Legal Impediment or Charge and, if so, such notice will describe such Legal Impediment or Charge and shall state whether Parent will terminate the Agreement pursuant to Section 7.1(d)(iii)(B); it being understood and agreed that the failure to so state shall constitute a waiver of its rights to terminate the Merger Agreement pursuant to Section 7.1(d)(iii)(B) as a result of such Legal Impediment or Charge. Parent shall be deemed to have waived its rights to terminate the Merger Agreement pursuant to Section 7.1(d)(iii)(B) as a result of any Legal Impediment or Charge that is not specified on such notice and of which Parent reasonably should have been aware. Upon receipt of such notice, to the extent permitted by Law and subject to the reasonable operational requirements of the Company and its Subsidiaries, the Company shall, and shall cause its Subsidiaries to, use reasonable best efforts to (x) sell for cash, with effect as of a date reasonably proximate to the Closing Date, marketable securities and cash equivalents held by, or on behalf of or for the benefit of, the Company and/or any of its Subsidiaries (the Investments Liquidation), and (y) transfer from Subsidiaries (whether through loans, loan repayments, dividends, distributions or other transfers), prior to the Effective Time, an amount of Available Cash to the Company (the Cash Transfers), in as Tax- and cost-efficient method as is reasonably practicable taking into account the working capital requirements of the Company's Subsidiaries, with a view towards making available at the Effective Time no less than the Target Amount of Cash on Hand, it being understood that nothing in this Section 5.17 shall impose any obligation on the Company to effect any Cash Transfers in excess of \$8.1 billion. The Company shall not be required to effect any Cash Transfer that would violate, or subject the Company or any Subsidiary to, any Legal Impediment or Charge. The Company shall, and shall cause its Representatives to, keep Parent and its Representatives reasonably informed regarding the planning and status of the Cash Transfers and to consult with Parent and its Representatives in good faith in advance on the method of completing the Cash Transfers. The Company may, at its discretion, take the actions described in clauses (x) and (y) of the second sentence of this Section 5.17(a) prior to receipt of the notice described in the first sentence hereof.

(b) Without limiting Section 5.17(a), without the prior written approval of Parent (such approval not to be unreasonably withheld, conditioned or delayed), the Company shall not, and shall cause its Subsidiaries not to, knowingly take any action, or knowingly permit any action to be taken, except in each case in the ordinary course of business, that (i) would reasonably be expected to increase in any material respect the amount of any Taxes, or other costs or expenses, incurred or to be incurred in connection with the Cash Transfers or (ii) restrains, delays or hinders, or would reasonably be expected to restrain, delay or hinder, in any material respect the ability of the Company and its Subsidiaries to effect the Cash Transfers in compliance with Law.

(c) The Company shall certify and provide reasonable supporting evidence of the amount of Cash on Hand as of the close of business on the Cash Delivery Date and the opening of business on the Closing Date and/or any date that the Closing would have been required to occur pursuant to Section 1.2 but for the failure of the condition set forth in Section 6.3(d).

(d) For the purposes of this Section 5.17, Available Cash means the cash that (prior to the Cash Transfers, but after giving effect to the Investments Liquidation) is held by one or more Subsidiaries of the Company and that is in excess of the amount reasonably necessary, in the good faith determination of the Company, to be maintained by such Subsidiary as working capital to conduct its operations.

Section 5.18 Works Councils. The Company shall, and shall cause its Subsidiaries to, cooperate, assist and consult with the Parent Parties in relation to ascertaining the extent to which (if any) the provision of information to, and/or consultation with, the Company's or its Subsidiaries employees and their representatives is required in connection with any of this Agreement, the Merger, the Financing or the other transactions

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contemplated herein, and the Company shall consult with the Parent Parties with respect to information to be provided therewith. This obligation shall include the timely confirmation to the Parent Parties of whether any local or national level collective agreements with trade unions, works councils or other employee representative bodies exist, and the provision to the Parent Parties of copies of any such agreements to the extent that they may impact on any party's obligations to inform and/or consult with employees or their representatives. Each party shall arrange and facilitate or continue discussions with the Company's or its Subsidiaries' employees and/or their representatives in a timely manner to enable the parties to fully comply with their obligations in this regard. Neither the Company nor any of its Subsidiaries shall provide any information to any employee or employee representative (i) pursuant to any obligation it has to provide information to them or consult with them arising out of the Merger or this Agreement or (ii) in connection with the intentions of the Parent Parties regarding the Company and its Subsidiaries, in each case without first consulting with Parent.

Section 5.19 De-Listing. The Company will use its commercially reasonable efforts to cooperate with Parent to cause the shares of Common Stock to be de-listed from the NASDAQ and deregistered under the Exchange Act as soon as practicable following the Effective Time.

ARTICLE VI

CONDITIONS TO THE MERGER

Section 6.1 Conditions to Each Party's Obligation to Effect the Merger. The respective obligations of each party to effect the Merger and the other transactions contemplated herein shall be subject to the fulfillment (or waiver in writing by Parent and the Company, except with respect to Section 6.1(a), which shall not be waivable) at or prior to the Effective Time of the following conditions:

(a) Company Stockholder Approvals.

(i) The Stockholder Approval shall have been obtained in accordance with applicable Law and the certificate of incorporation and bylaws of the Company.

(ii) The Unaffiliated Stockholder Approval shall have been obtained.

(b) Orders. No injunction or similar order (whether temporary, preliminary or permanent) by a Governmental Entity having jurisdiction over the business of the Company or any of its Subsidiaries (other than a *de minimis* portion thereof), or with respect to which the failure to abide by such an injunction or similar order prohibiting the consummation of the Merger would potentially result in criminal liability, prohibits the consummation of the transactions contemplated hereby shall have been entered and shall continue to be in effect, and no Law shall have been enacted, entered, promulgated, enforced or deemed applicable by any Governmental Entity in a jurisdiction in which the business of the Company or any of its Subsidiaries (other than a *de minimis* portion thereof) is conducted, or with respect to which the failure to abide by a Law prohibiting or making illegal the consummation of the Merger would potentially result in criminal liability, that prohibits or makes illegal the consummation of the Merger.

(c) Regulatory Consents. Any applicable waiting period (and any extensions thereof) shall have expired or been earlier terminated and any required approvals, consents or clearances shall have been obtained relating to the Merger under the HSR Act, the EUMR (if required or if jurisdiction is accepted by the European Commission pursuant to Member State referral or petition of the parties), and those other Regulatory Laws of the jurisdictions set forth on Section 6.1(c) of the Company Disclosure Letter.

Section 6.2 Conditions to Obligation of the Company to Effect the Merger. The obligation of the Company to effect the Merger and the other transactions contemplated herein is further subject to the fulfillment (or waiver in writing by the Company) at or prior to the Effective Time of the following conditions:

(a) Representations and Warranties. The representations and warranties of the Parent Parties set forth in Article IV shall be true and correct in all material respects both when made and at and as of the Closing

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Date, as if made at and as of such time (except to the extent expressly made as of a specified date, in which case as of such date), except where the failure of such representations and warranties to be so true and correct (without regard to any qualifications or exceptions as to materiality contained in such representations and warranties), would not, individually or in the aggregate, impair, prevent or delay in any material respect the ability of any of the Parent Parties to perform its obligations under this Agreement.

(b) Performance of Obligations. The Parent Parties shall have performed in all material respects all obligations and complied in all material respects with all covenants required by this Agreement to be performed or complied with by them prior to the Effective Time.

(c) Officers Certificate. Each of the Parent Parties shall have delivered to the Company a certificate, dated as of the Closing Date and signed by an executive officer of each of the Parent Parties, certifying to the effect that the conditions set forth in Section 6.2(a) and Section 6.2(b) have been satisfied.

Section 6.3 Conditions to Obligations of the Parent Parties to Effect the Merger. The obligations of the Parent Parties to effect the Merger and the other transactions contemplated herein are further subject to the fulfillment (or waiver in writing by Parent) at or prior to the Effective Time of the following conditions:

(a) Representations and Warranties. (i) The representations and warranties of the Company set forth in Sections 3.2(a), 3.2(b), 3.2(g), 3.8(b), 3.20 and 3.22 shall be true and correct (except for such inaccuracies as are *de minimis* in the case of (x) Sections 3.2(a) and 3.2(b) taken as a whole, (y) Section 3.2(g) and (z) Section 3.20), both when made and at and as of the Closing Date, as if made at and as of such time (except to the extent expressly made as of a specified date, in which case as of such date), (ii) the representations and warranties of the Company set forth in Sections 3.1(b), 3.3(a) and 3.2(h) shall be true and correct in all material respects, both when made and at and as of the Closing Date, as if made at and as of such time (except to the extent expressly made as of an earlier date, in which case as of such date), and (iii) all other representations and warranties of the Company set forth in Article III shall be true and correct both when made and at and as of the Closing Date, as if made at and as of such time (except to the extent expressly made as of an earlier date, in which case as of such date), except with respect to this clause (iii) where the failure of such representations and warranties to be so true and correct (without regard to any qualifications or exceptions as to materiality or Company Material Adverse Effect contained in such representations and warranties), individually or in the aggregate, does not constitute a Company Material Adverse Effect.

(b) Performance of Obligations. The Company shall have performed in all material respects all obligations and complied in all material respects with all covenants required by this Agreement to be performed or complied with by it prior to the Effective Time.

(c) Officers Certificate. The Company shall have delivered to Parent a certificate, dated as of the Closing Date and signed by an executive officer of the Company, certifying to the effect that the conditions set forth in Section 6.3(a) and Section 6.3(b) have been satisfied.

(d) No Termination Right. Parent does not have the right to terminate this Agreement under Section 7.1(d)(iii)(C).

Section 6.4 Frustration of Closing Conditions. None of the Company or the Parent Parties may rely as a basis for not consummating the Merger on the failure of any condition set forth in Section 6.2 or Section 6.3, as the case may be, to be satisfied if such failure was caused by such party's material breach of any provision of this Agreement.

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ARTICLE VII

TERMINATION

Section 7.1 Termination. Notwithstanding anything in this Agreement to the contrary, this Agreement may be terminated and abandoned at any time prior to the Effective Time except with respect to Section 7.1(c)(ii) below, whether before or after the adoption of this Agreement by stockholders of the Company and the sole stockholder of Merger Sub:

(a) by the mutual written consent of the Company and Parent;

(b) by either the Company or Parent if:

(i) the Effective Time shall not have occurred on or before November 5, 2013 (the Outside Date); provided that the party seeking to terminate this Agreement pursuant to this Section 7.1(b)(i) shall not have breached in any material respect its obligations under this Agreement in any manner that shall have been the primary cause of the failure to consummate the Merger on or before such date;

(ii) any Governmental Entity having jurisdiction over the business of the Company or any of its Subsidiaries (other than a *de minimis* portion thereof), or with respect to which the failure to abide by any injunction or similar order of a Governmental Entity regarding the consummation of the transactions contemplated hereby would potentially result in criminal liability, shall have issued or entered an injunction or similar order permanently enjoining or otherwise prohibiting the consummation of the Merger and such injunction or order shall have become final and non-appealable; provided that the party seeking to terminate this Agreement pursuant to this Section 7.1(b)(ii) shall have used such efforts as may be required by Section 5.7 to prevent oppose and remove such injunction; or

(iii) the Company Meeting (including any adjournments or postponements thereof) shall have concluded and the Company Stockholder Approvals shall not have been obtained;

(c) by the Company, if:

(i) the Parent Parties shall have breached or failed to perform in any material respect any of their representations, warranties, covenants or other agreements contained in this Agreement, which breach or failure to perform (A) would result in a failure of a condition set forth in Section 6.2(a) or Section 6.2(b) and (B) cannot be cured by the Outside Date or, if curable, is not cured within thirty (30) days following the Company's delivery of written notice to Parent of such breach (which notice shall specify in reasonable detail the nature of such breach or failure); provided that the Company is not then in material breach of any representation, warranty, agreement or covenant contained in this Agreement;

(ii) at any time prior to the time the Company Stockholder Approvals are obtained, the Company Board shall have authorized the Company to enter into an Alternative Acquisition Agreement with respect to a Superior Proposal; provided that substantially concurrently with such termination, the Company enters into such Alternative Acquisition Agreement and pays to Parent (or one or more of its designees) the applicable Company Termination Payment in accordance with Section 7.3; or

(iii) (A) all of the conditions set forth in Sections 6.1 and 6.3 have been satisfied (other than those conditions that by their nature are to be satisfied at the Closing, but each of which was at the time of termination capable of being satisfied as if such time were the Closing), (B) the Company has irrevocably notified Parent in writing (x) that all of the conditions set forth in Section 6.2 have been satisfied (other than those conditions that by their nature are to be satisfied at the Closing, but each of which was at the time of termination capable of being satisfied or waived at the Closing) or that it is willing to waive any unsatisfied conditions in Section 6.2 for the purpose of consummating the Closing and (y) it is ready, willing and able to consummate the Closing; (C) the Parent Parties fail to complete the Closing within three (3) Business Days following the date the Closing was required by Section 1.2; and (D) the Company stood ready, willing and able to consummate the Closing during such three (3) Business Day period.

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(d) by Parent, if:

(i) the Company shall have breached or failed to perform in any material respect any of its representations, warranties, covenants or other agreements contained in this Agreement, which breach or failure to perform (A) would result in a failure of a condition set forth in Section 6.3(a) or Section 6.3(b) and (B) cannot be cured by the Outside Date or, if curable, is not cured with thirty (30) days following Parent's delivery of written notice to the Company of such breach (which notice shall specify in reasonable detail the nature of such breach or failure; provided that the Parent Parties are not then in material breach of any representation, warranty, agreement or covenant contained in this Agreement; or

(ii) the Company Board or any committee thereof (including the Special Committee) shall have made a Change of Recommendation, provided that Parent's right to terminate this Agreement pursuant to this Section 7.1(d)(i) shall expire at 5:00 p.m. (New York City time) on the 30th calendar day following the date on which such Change of Recommendation occurs; or

(iii) (A) there has been a Change in Law that would be reasonably expected to cause the Rollover Contribution to fail to qualify as an exchange described in Section 351 of the Code or (B) there has occurred a Legal Impediment or Charge or (C) the amount of Cash on Hand is less than the Target Amount as of the beginning of the day on which the Closing would have been required to occur pursuant to Section 1.2 but for the failure of the condition set forth in Section 6.3(d), provided that in the case of the foregoing clause (C), such termination may not occur prior to any date the Closing otherwise would have been required to occur under Section 1.2 and in the case of the foregoing clauses (B) and (C) no later than on the fifth (5th) Business Day after such date the Closing otherwise would have been required to occur under Section 1.2 but for the failure of the condition set forth in Section 6.3(d).

Section 7.2 Manner and Effect of Termination. Any party terminating this Agreement pursuant to Section 7.1 shall give written notice of such termination to the other party in accordance with this Agreement specifying the provision or provisions hereof pursuant to which such termination is being effected. In the event of termination of this Agreement pursuant to Section 7.1, this Agreement shall forthwith become null and void and there shall be no liability or obligation on the part of the Company, the Parent Parties or their respective Subsidiaries or Affiliates, except that (i) the Limited Guarantees, Section 5.2(b), this Section 7.2, Section 7.3, Article VIII and the last sentence of Section 5.12(f) shall survive the termination hereof and (ii) except as otherwise provided in this Section 7.2 and Section 7.3, no party hereto shall be relieved of any liability for any material breach of this Agreement occurring prior to such termination.

Section 7.3 Termination Payments. Any provision in this Agreement to the contrary notwithstanding,

(a) In the event that:

(i) (x) this Agreement is terminated (A) by the Company pursuant to Section 7.1(b)(i) if, at the time of such termination, Parent would have been entitled to terminate this Agreement pursuant to Section 7.1(d)(i) (without taking into account any cure period therein), (B) by the Company or Parent pursuant to Section 7.1(b)(iii) or (C) by Parent pursuant to Section 7.1(d)(i), (y) the Company or any other Person shall have publicly disclosed or announced an Acquisition Proposal on or after the date of this Agreement but prior to the Company Meeting, and (z) within twelve months of such termination the Company shall have entered into a definitive agreement with respect to an Acquisition Proposal or an Acquisition Proposal is consummated (in each case whether or not the Acquisition Proposal was the same Acquisition Proposal referred to in clause (y)); provided that for purposes of this clause (z) the references to 20% in the definition of Acquisition Proposal shall be deemed to be references to 50% ;

(ii) this Agreement is terminated by the Company pursuant to Section 7.1(c)(ii); or

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(iii) this Agreement is terminated by Parent pursuant to Section 7.1(d)(ii).

then, the Company shall, (A) in the case of clause (i) above, no later than the earlier of (x) the date the Company enters into a definitive agreement with respect to an Acquisition Proposal or (y) the date on which the Company consummates such Acquisition Proposal, (B) in the case of clause (ii) above, prior to or substantially concurrently with such termination (and any purported termination pursuant to Section 7.1(c)(ii) shall be void and of no force and effect unless and until the Company shall have made such payment), and (C) in the case of clause (iii) above, no later than three (3) Business Days after the date of such termination, pay Parent (or one or more of its designees) the applicable Company Termination Payment, by wire transfer of same day funds to one or more accounts designated by Parent (or one or more of its designees); it being understood that in no event shall the Company be required to pay the Company Termination Payment on more than one occasion. Following receipt by Parent (or one or more of its designees) of the Company Termination Payment in accordance with this Section 7.3, the Company shall have no further liability with respect to this Agreement or the transactions contemplated herein to the Parent Parties, except in the event of a willful and material breach by the Company of Section 5.3.

(b) In the event that this Agreement is terminated by Parent pursuant to (x) Section 7.1(d)(iii)(A) or (B) or (y) Section 7.1(d)(iii)(C) (but only if Cash on Hand would not have been less than the Target Amount but for a Legal Impediment or Charge, assuming all Cash Transfers that could have been made but for such Legal Impediment or Charge were in fact made), then Parent shall pay, or cause to be paid, to the Company an amount equal to \$250,000,000 (the Cash Shortfall Fee), such payment to be made by wire transfer of immediately available funds within three Business Days following such termination.

(c) In the event that this Agreement is terminated (i) by the Company pursuant to Section 7.1(c)(i) or Section 7.1(c)(iii) or (ii) by the Company or Parent pursuant to Section 7.1(b)(i) if, at the time of or prior to such termination, the Company would have been entitled to terminate this Agreement pursuant to Section 7.1(c)(iii), then Parent shall pay, or cause to be paid, to the Company an amount equal to \$750,000,000 (such amount, the Parent Termination Fee) to be made by wire transfer of immediately available funds within three Business Days following such termination.

(d) Notwithstanding anything to the contrary in this Agreement, except as provided in the last sentence of this Section 7.3(d), if the Parent Parties fail to effect the Closing when required by Section 1.2 for any or no reason or otherwise breach this Agreement (whether willfully, intentionally, unintentionally or otherwise) or fail to perform hereunder (whether willfully, intentionally, unintentionally or otherwise), then (i) (x) a decree or order of specific performance or an injunction or injunctions or other equitable relief if and to the extent permitted by Section 8.5, (y) the termination of this Agreement pursuant to Section 7.1(b)(i), Section 7.1(c)(i) or Section 7.1(c)(iii) and receipt of payment of the Parent Termination Fee pursuant to Section 7.3(c) and the Limited Guarantees and (z) Parent's termination of this Agreement pursuant to Section 7.1(a)(iii) and receipt of payment of the Cash Shortfall Fee (if payable in connection with such termination) pursuant to Section 7.3(b) and the Limited Guarantees, shall be the sole and exclusive remedies (whether at law, in equity, in contract, in tort or otherwise) of the Company and its Affiliates against any of the Parent Parties, the Guarantors, the Lenders, the Lender Related Parties, the Equity Investors, the MD Investors, the MSDC Investor, the Subordinated Securities Purchaser and any of their respective former, current or future direct or indirect equityholders, controlling persons, stockholders, directors, officers, employees, agents, Affiliates, members, managers, general or limited partners, attorneys or other representatives, or any of their respective successors or assigns or any of the former, current or future direct or indirect equityholders, controlling persons, stockholders, directors, officers, employees, agents, Affiliates, members, managers, general or limited partners, attorneys or other representatives or successors or assignees of any of the foregoing (each a Specified Person and together, the Specified Persons) for any breach, cost, expense, loss or damage suffered as a result thereof, and (ii) except as provided in the immediately foregoing clause (i) and except for the obligations of Silver Lake Partners III, L.P. under the SLP Confidentiality Agreement and Michael S. Dell under the MSD Confidentiality Agreement, none of the Specified Persons will have any liability or obligation to the Company or any of its

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Affiliates relating to or arising out of this Agreement, the Equity Financing Commitment, the Rollover Investment, the Subordinated Securities Financing Commitment, the Limited Guarantees (except, for the avoidance of doubt, for the Guarantors' obligation under their respective Limited Guarantees, subject to the limitations contained therein), the Debt Financing Commitments or in respect of any other document or theory of law or equity or in respect of any oral representations made or alleged to be made in connection herewith or therewith, whether at law or equity, in contract, in tort or otherwise. Without limiting the obligations of the Guarantors under the Limited Guarantees or the right of the parties hereto to seek specific performance of, or of the Parent Parties' rights under the Equity Financing Commitment Letter, the MD Investors Commitment Letter or the MSDC Financing Commitment Letter if and to the extent permitted thereunder, the Company acknowledges and agrees that none of the Lenders, the Lender Related Parties, the Equity Investors, the MD Investors, the MSDC Investor or the Subordinated Securities Purchaser shall have any liability or obligation to the Company or any of its Affiliates if they breach or fail to perform (whether willfully, intentionally, unintentionally or otherwise) any of their obligations under their respective Financing Commitments. Without limiting clause (ii) above and the immediately preceding sentence, upon payment of either the Parent Termination Fee or the Cash Shortfall Fee, none of the Specified Parties shall have any further liability to the Company or any of its Affiliates relating to or arising out of this Agreement, the Limited Guarantees, the Commitment Letters or in respect of any other document or theory of law or equity or in respect of any oral representations made or alleged to be made in connection herewith or therewith, whether at law or equity, in contract, in tort or otherwise, and none of the Specified Parties shall have any further liability to the Company or any of its Affiliates relating to or arising out of this Agreement or the transactions contemplated hereby. The parties acknowledge and agree that in no event will Parent or the Guarantors be required to pay (A) the Cash Shortfall Fee on more than one occasion, or the Parent Termination Fee on more than one occasion or (B) both the Parent Termination Fee and the Cash Shortfall Fee. Notwithstanding anything to the contrary in the foregoing, unless the Parent Termination Fee has been paid, the Parent Parties shall remain liable hereunder and each of the Guarantors shall remain liable under their respective Limited Guarantees for such Guarantors' portion of any Other Guaranteed Amounts until such time as such Guarantors' Limited Guarantee terminates in accordance with its terms.

(e) Without limiting or otherwise affecting any way the remedies available to Parent, in the event of termination of this Agreement pursuant to Section 7.1(b)(iii), then the Company shall promptly, but in no event later than three (3) Business Days after such termination, pay Parent (or one or more of its designees) the documented out-of-pocket expenses incurred by the Parent Parties and their respective Affiliates in connection with this Agreement and the Finances and the transactions contemplated hereby and thereby up to a maximum amount of \$15,000,000, by wire transfer of same day funds, which amount shall be credited against any Company Termination Payment payable to any Parent Party.

(f) Notwithstanding anything in this Agreement to the contrary, but without limiting the Parent Parties' rights under Section 8.5, in no event shall the Company have any liability, whether at law or equity, in contract, in tort or otherwise, related to or arising out of this Agreement to any of the Parent Parties or any other Person in excess of \$750,000,000, in the aggregate.

(g) The parties acknowledge that the agreements contained in this Section 7.3 are an integral part of the transactions contemplated by this Agreement, and that, without these agreements, the parties would not enter into this Agreement.

ARTICLE VIII

MISCELLANEOUS

Section 8.1 No Survival of Representations and Warranties. None of the representations and warranties in this Agreement or in any instrument delivered pursuant to this Agreement shall survive the Effective Time.

Section 8.2 Expenses. Except as set forth in Section 7.3, whether or not the Merger is consummated, all costs and expenses incurred in connection with the Merger, this Agreement and the transactions contemplated

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herein shall be paid by the party incurring or required to incur such expenses, except that (x) all expenses incurred in connection with the printing, filing and mailing of the Proxy Statement and the Schedule 13E-3 (including applicable SEC filing fees) shall be borne by the Company, (y) all filing fees paid in respect of any HSR or other regulatory filing shall be borne by Parent and (z) all fees and expenses payable in seeking the Irish Bank Approval shall be borne by the Company.

Section 8.3 Counterparts; Effectiveness. This Agreement may be executed in two or more consecutive counterparts (including by facsimile, or .pdf transmission), each of which shall be deemed to be an original, with the same effect as if the signatures thereto and hereto were upon the same instrument, and shall become effective when one or more counterparts have been signed by each of the parties and delivered (electronically or otherwise) to the other parties.

Section 8.4 Governing Law; Jurisdiction.

(a) This Agreement and all claims or causes of action (whether in tort, contract or otherwise) that may be based upon, arise out of or relate to this Agreement or the negotiation, execution or performance of this Agreement (including any claim or cause of action based upon, arising out of or related to any representation or warranty made in or in connection with this Agreement) shall be governed by and construed in accordance with the laws of the State of Delaware, without giving effect to any choice or conflict of law provision or rule (whether of the State of Delaware or any other jurisdiction) that would cause the application of the laws of any jurisdiction other than the State of Delaware. In addition, each of the parties hereto irrevocably agrees that any legal action or proceeding with respect to this Agreement and the rights and obligations arising hereunder, or for recognition and enforcement of any judgment in respect of this Agreement and the rights and obligations arising hereunder brought by the other party hereto or its successors or assigns, shall be brought and determined exclusively in the Delaware Court of Chancery, or, if the Delaware Court of Chancery declines to accept jurisdiction over a particular matter, any federal court within the State of Delaware, or, if both the Delaware Court of Chancery and the federal courts within the State of Delaware decline to accept jurisdiction over a particular matter, any other state court within the State of Delaware, and, in each case, any appellate court therefrom. Each of the parties hereto hereby irrevocably submits with regard to any such action or proceeding for itself and in respect of its property, generally and unconditionally, to the personal jurisdiction of the aforesaid courts and agrees that it will not bring any action relating to this Agreement or any of the transactions contemplated by this Agreement in any court other than the aforesaid courts. Each of the parties hereto hereby irrevocably waives, and agrees not to assert as a defense, counterclaim or otherwise, in any action or proceeding with respect to this Agreement, (i) any claim that it is not personally subject to the jurisdiction of the above named courts for any reason other than the failure to serve in accordance with this Section 8.4, (ii) any claim that it or its property is exempt or immune from the jurisdiction of any such court or from any legal process commenced in such courts (whether through service of notice, attachment prior to judgment, attachment in aid of execution of judgment, execution of judgment or otherwise) and (iii) to the fullest extent permitted by the applicable Law, any claim that (x) the suit, action or proceeding in such court is brought in an inconvenient forum, (y) the venue of such suit, action or proceeding is improper or (z) this Agreement, or the subject matter hereof, may not be enforced in or by such courts. Each of the parties hereto agrees that service of process upon such party in any such action or proceeding shall be effective if such process is given as a notice in accordance with Section 8.7.

(b) Notwithstanding the foregoing and without limiting Section 8.4(a), each of the parties hereto agrees that it will not bring or support any action, cause of action, claim, cross-claim or third party claim of any kind or description, whether in law or in equity, whether in contract or in tort or otherwise, against the Lenders or any Lender Related Party in any way relating to this Agreement, the Debt Financing or any of the transactions contemplated hereby or thereby, including but not limited to any dispute arising out of or relating in any way to the Debt Commitment Letter or any other letter or agreement related to the Debt Financing or the performance thereof, in any forum other than any State or Federal court sitting in the Borough of Manhattan in the City of New York.

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Section 8.5 Remedies: Specific Enforcement.

(a) The parties agree that irreparable damage would occur in the event that any of the provisions of this Agreement were not performed in accordance with their specific terms or were otherwise breached and that money damages may not be an adequate remedy therefor. It is accordingly agreed that in the event of any breach or threatened breach by any other party of any covenant or obligation contained in this Agreement, the non-breaching party shall be entitled (in addition to any other remedy that may be available to it whether in law or equity, including monetary damages) to (i) a decree or order of specific performance to enforce the observance and performance of such covenant or obligation and/or to enforce specifically the terms and provisions of this Agreement and (ii) an injunction or injunctions restraining such breach or threatened breach.

(b) Notwithstanding anything herein to the contrary, the Company shall be entitled to the granting of a decree or order of specific performance or other equitable relief of Parent's obligation to cause the full funding of (x) the Equity Financing under the Equity Investors Commitment Letter, (y) the Rollover Investment under the MD Investors Commitment Letter and (z) the MSDC Financing under the MSDC Investor Commitment Letter and to consummate the Merger if and only in the event each of the following conditions has been satisfied: (i) all of the conditions in Sections 6.1 and 6.3 (other than those conditions that by their nature are to be satisfied at the Closing, but each of which at such time is capable of being satisfied) have been satisfied or waived, (ii) each of the Debt Financing and the Subordinated Securities Financing, or in each case alternative financing obtained in accordance with Section 5.12, has been funded or will be funded at the Closing if the Equity Financing, Rollover Investment and MSDC Financing are funded at the Closing, (iii) the Marketing Period has ended and Parent and Merger Sub fail to complete the Closing when required pursuant to Section 1.2 and (iv) the Company has irrevocably confirmed in a written notice to Parent, the Lenders and the Subordinated Securities Purchaser that it is ready, willing and able to consummate the Closing and that if decree or order of specific performance or other equitable relief is granted and the Equity Financing, the Rollover Investment, the MSDC Financing, the Debt Financing and the Subordinated Securities Financing are funded, the Closing will occur. For the avoidance of doubt, while the Company may pursue both a grant of a decree or order of specific performance or other equitable relief as and only to the extent expressly permitted by this Section 8.5(b) with respect to the matters identified in clauses (x), (y) and (z) above and to consummate the Merger and the payment of the Cash Shortfall Fee or the Parent Termination Fee (only to the extent expressly permitted by Section 7.3(b) or Section 7.3(c), respectively), under no circumstances shall the Company be permitted or entitled to receive both (A) such grant of a decree or order of specific performance or other equitable relief to cause the funding of the financing described in clauses (x), (y) and (z) above and to consummate the Merger and (B) payment of either the Cash Shortfall Fee or Parent Termination Fee.

(c) Each party further agrees that (i) it will not oppose the granting of an injunction, specific performance and other equitable relief as provided herein (including the limitations set forth in Section 8.5(b)) on the basis that any other party has an adequate remedy at law or an award of specific performance is not an appropriate remedy for any reason at law or equity and (ii) no other party or any other Person shall not be required to obtain, furnish or post any bond or similar instrument in connection with or as a condition to obtaining any remedy referred to in this Section 8.5, and each party irrevocably waives any right it may have to require the obtaining, furnishing or posting of any such bond or similar instrument.

Section 8.6 WAIVER OF JURY TRIAL. EACH OF THE PARTIES TO THIS AGREEMENT HEREBY IRREVOCABLY WAIVES TO THE EXTENT PERMITTED BY APPLICABLE LAW ANY AND ALL RIGHT TO A TRIAL BY JURY IN ANY DIRECT OR INDIRECT ACTION, PROCEEDING OR COUNTERCLAIM ARISING OUT OF OR RELATING TO THIS AGREEMENT, THE TRANSACTIONS CONTEMPLATED HEREIN OR THE DEBT FINANCING. EACH PARTY (A) CERTIFIES THAT NO REPRESENTATIVE, AGENT OR ATTORNEY OF ANY OTHER PARTY HAS REPRESENTED, EXPRESSLY OR OTHERWISE, THAT SUCH OTHER PARTY WOULD NOT, IN THE EVENT OF LITIGATION, SEEK TO ENFORCE THE FOREGOING WAIVER, (B) MAKES THIS WAIVER VOLUNTARILY, (C) ACKNOWLEDGES THAT EACH PARTY HAS BEEN INDUCED TO ENTER INTO

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THIS AGREEMENT BY, AMONG OTHER THINGS, THE MUTUAL WAIVERS CONTAINED IN THIS SECTION 8.6 AND (D) AGREES THAT SUCH WAIVERS AND CERTIFICATIONS SHALL EXTEND TO THE LENDERS AND THE LENDER RELATED PARTIES.

Section 8.7 Notices. Any notice required to be given hereunder shall be sufficient if in writing, and sent by reliable overnight delivery service (with proof of service), hand delivery or by facsimile addressed as follows:

To the Parent Parties:

Michael S. Dell

c/o Dell Inc.

One Dell Way

Round Rock, TX 78682

Facsimile: (512) 283-1469

and

Silver Lake Partners

2775 Sand Hill Road, Suite 100

Menlo Park, California 94025

Facsimile: (650) 233-8125

Attention: Karen King
and

Silver Lake Partners

9 West 57th Street, 32nd Floor

New York, NY 10019

Facsimile: (212) 981-3535

Attention: Andrew J. Schader
with copies (which shall not constitute notice) to:

Wachtell, Lipton, Rosen & Katz

51 West 52nd Street

New York, NY 10019

Facsimile: (212) 403-2000

Attention: Steven A. Rosenblum

Andrew J. Nussbaum

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Gordon S. Moodie
and

Simpson Thacher & Bartlett LLP

2475 Hanover Street

Palo Alto, California 94304

Facsimile: (650) 251-5002

Attention: Richard Capelouto

Chad Skinner
To the Company:

Dell Inc.

One Dell Way, RR1 33

Round Rock, Texas 78682

Facsimile: (512) 283-9501

Attention: Janet B. Wright

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with a copy (which shall not constitute notice) to:

Debevoise & Plimpton LLP

919 Third Avenue

New York, NY 10022

Facsimile: (212) 909-6836

Attention: Jeffrey J. Rosen

William D. Regner

Michael A. Diz

or to such other address as the party to receive such notice as provided above shall specify by written notice so given, and such notice shall be deemed to have been delivered to the receiving party as of the date so delivered upon actual receipt, if delivered personally; upon confirmation of successful transmission if sent by facsimile; or on the next Business Day after deposit with an overnight courier, if sent by an overnight courier. Any party to this Agreement may notify any other party of any changes to the address or any of the other details specified in this paragraph; provided that such notification shall only be effective on the date specified in such notice or two (2) Business Days after the notice is given, whichever is later. Rejection or other refusal to accept or the inability to deliver because of changed address of which no notice was given shall be deemed to be receipt of the notice as of the date of such rejection, refusal or inability to deliver.

Section 8.8 Assignment: Binding Effect. Neither this Agreement nor any of the rights, interests or obligations hereunder shall be assigned by any of the parties hereto (whether by operation of law or otherwise) without the prior written consent of the other parties; provided that the Parent Parties may assign all of their rights, interests or obligations under this Agreement or any related documents to (i) any Lender as collateral security or (ii) any direct or indirect wholly-owned Subsidiary of any Person all of the equity interests of which are owned, directly or indirectly, by the Equity Investors, the MD Investors, the MSDC Investor and any other Person who obtains equity any such equity interests in compliance with Section 5.13, in each case without the consent of the other parties hereto; provided that no such assignment shall relieve the assigning party of its obligations hereunder. Subject to the preceding sentence, this Agreement shall be binding upon and shall inure to the benefit of the parties hereto and their respective successors and assigns. Any purported assignment not permitted under this Section 8.8 shall be null and void.

Section 8.9 Severability. Any term or provision of this Agreement which is invalid or unenforceable in any jurisdiction shall, as to that jurisdiction, be ineffective to the sole extent of such invalidity or unenforceability without rendering invalid or unenforceable the remainder of such term or provision or the remaining terms and provisions of this Agreement in any jurisdiction. If any provision of this Agreement is so broad as to be unenforceable, such provision shall be interpreted to be only so broad as is enforceable; provided that the parties intend that the remedies and limitations thereon (including provisions that, subject to the terms and limitations set forth in Section 8.5(b), payment of the Cash Shortfall Fee, the Parent Termination Fee or the Company Termination Fee be the exclusive remedy for the recipient thereof and the limitation on liabilities of the Specified Person) contained in Article VII and Section 8.5 to be construed as an integral provision of this Agreement and that such remedies and limitations shall not be severable in any manner that increases a party's liability or obligations hereunder or under the Financing or the Limited Guarantees.

Section 8.10 Entire Agreement: No Third-Party Beneficiaries. This Agreement and the exhibits, annexes and schedules hereto, the Voting Agreement, the Equity Commitment Letters, the Rollover Contribution Agreements, the Confidentiality Agreement and the MSD Confidentiality Agreement constitute the entire agreement, and supersede all other prior agreements and understandings, both written and oral, between the parties, or any of them, with respect to the subject matter hereof and thereof and, except for (a) after the Effective Time, the rights of the holders of the Common Stock to receive the Merger Consideration in accordance with the terms and conditions of Article II and, after the Effective Time, the right of the holders of Company Options and Company RSU Awards to receive the amounts set forth in Article II, (b) Sections 8.4 and 8.6 (which shall be for the benefit of, among others, the Lenders and the Lender Related Parties, and the Lenders, among others will

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have the rights provided for therein), (c) Section 5.10 and 7.3 (which shall be for the benefit of the Persons (including with respect to Section 7.3, the Lenders, the Lender Related Parties and the Specified Persons) set forth therein, and any such Person will have the rights provided for therein) and (d) this Article VIII in respect of the Sections set forth under the foregoing clauses (a), (b) and (c), is not intended to and shall not confer upon any Person other than the parties hereto any rights or remedies hereunder.

Section 8.11 Amendments; Waivers. At any time prior to the Effective Time, whether before or after the adoption of this Agreement by the stockholders of the Company or the sole stockholder of the Merger Sub, any provision of this Agreement may be amended (by action taken or authorized by their respective boards of directors, in the case of Company and Merger Sub) or waived if, and only if, such amendment or waiver is in writing and signed, in the case of an amendment, by the parties hereto, or in the case of a waiver, by the party against whom the waiver is to be effective; provided that after receipt of the Company Stockholder Approvals or the adoption of this Agreement by the sole stockholder of Merger Sub, if any such amendment or waiver shall by applicable Law require further approval of the stockholders of the Company or the sole stockholder of Merger Sub, as applicable, the effectiveness of such amendment shall be subject to the approval of the stockholders of the Company or the sole stockholder of Merger Sub, as applicable; provided, further that the failure of any party to assert any rights or remedies shall not constitute a waiver of such rights or remedies.

Section 8.12 Headings. Headings of the Articles and Sections of this Agreement are for convenience of the parties only and shall be given no substantive or interpretive effect whatsoever. The table of contents to this Agreement is for reference purposes only and shall not affect in any way the meaning or interpretation of this Agreement.

Section 8.13 Interpretation. When a reference is made in this Agreement to an Article or Section, such reference shall be to an Article or Section of this Agreement unless otherwise indicated. Whenever the words include, includes or including are used in this Agreement, they shall be deemed to be followed by the words without limitation. The words hereof, herein and hereunder and words of similar import when used in this Agreement shall refer to this Agreement as a whole and not to any particular provision of this Agreement. All terms defined in this Agreement shall have the defined meanings when used in any certificate or other document made or delivered pursuant thereto unless otherwise defined therein. The definitions contained in this Agreement are applicable to the singular as well as the plural forms of such terms and to the masculine as well as to the feminine and neuter genders of such terms. Any agreement, instrument or statute defined or referred to herein or in any agreement or instrument that is referred to herein means such agreement, instrument or statute as from time to time amended, modified or supplemented, including (in the case of agreements or instruments) by waiver or consent and (in the case of statutes) by succession of comparable successor statutes and references to all attachments thereto and instruments incorporated therein. References in this Agreement to specific laws or to specific provisions of laws shall include all rules and regulations promulgated thereunder. Each of the parties has participated in the drafting and negotiation of this Agreement. If an ambiguity or question of intent or interpretation arises, this Agreement must be construed as if it is drafted by all the parties, and no presumption or burden of proof shall arise favoring or disfavoring any party by virtue of authorship of any of the provisions of this Agreement.

Section 8.14 Obligations of Merger Sub. Whenever this Agreement requires Merger Sub to take any action, such requirement shall be deemed to include an undertaking on the part of Parent to cause such Merger Sub to take such action.

Section 8.15 Definitions. For purposes of this Agreement, the following terms (as capitalized below) will have the following meanings when used herein:

2013 Company Incentive Awards has the meaning set forth in Section 5.6(b).

Acceptable Confidentiality Agreement has the meaning set forth in Section 5.3(a).

Acquisition Proposal has the meaning set forth in Section 5.3(h).

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Action has the meaning set forth in Section 5.10(b).

Affiliate means, with respect to any Person, any other Person that, directly or indirectly, through one or more intermediaries, controls, or is controlled by, or is under common control with, such Person; provided that (i) none of the Parent Parties or the Equity Investors shall be considered Affiliates of any portfolio company in which the Equity Investors or any of its investment fund Affiliates have made a debt or equity investment (and vice versa), (ii) none of the Parent Parties, the MD Investors or the MSDC Investor shall be considered Affiliates of any portfolio company in which the MSDC Investor or any of its investment fund Affiliates have made a debt or equity investment (and vice versa) and (iii) neither the Company nor any of its Subsidiaries shall be considered an Affiliate of any of the Parent Parties or any of the MD Investors or the MSDC Investor (and vice versa). As used in this definition, control (including, with its correlative meanings, controlled by and under common control with) shall mean the possession, directly or indirectly, through one or more intermediaries, of the power to direct or cause the direction of management or policies of a Person, whether through the ownership of securities or partnership or other ownership interests, by contract or otherwise.

Agreement has the meaning set forth in the Preamble.

Alternative Acquisition Agreement has the meaning set forth in Section 5.3(c).

Available Cash has the meaning set forth in Section 5.17(d).

Book-Entry Shares has the meaning set forth in Section 2.2(a).

Business Day means any day other than a Saturday, Sunday or a day on which the banks in New York, New York are authorized or required by Law to be closed.

Bylaws has the meaning set forth in Section 1.5.

Cash Delivery Date means the date that is two (2) Business Days prior to the Estimated Closing Date.

Cash on Hand means cash held in one or more bank accounts registered in the name of the Company and available without restriction for the funding of the Merger and the other transactions contemplated by this Agreement to occur at the Closing.

Cash Shortfall Fee has the meaning set forth in Section 7.3(b).

Cash Transfers has the meaning set forth in Section 5.17(a).

CBI has the meaning set forth in Section 5.7(g).

Certificate of Merger has the meaning set forth in Section 1.3.

Certificates has the meaning set forth in Section 2.2(a).

Change in Law means an applicable change after the date hereof in (i) legislation, (ii) controlling judicial opinion, (iii) regulation having the force of law or (iv) administrative notices or announcements stating an intention to promulgate regulations with an effective date as of the date of such notice or announcement or an earlier date.

Change of Recommendation has the meaning set forth in Section 5.3(f).

Charter has the meaning set forth in Section 1.5.

Closing has the meaning set forth in Section 1.2.

Closing Date has the meaning set forth in Section 1.2.

Code has the meaning set forth in Section 2.2(b)(iii).

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Commercial Paper Debt means indebtedness of the Company in a principal amount not to exceed \$1,800,000,000 in the aggregate at any time outstanding, evidenced by unsecured promissory notes with a maximum maturity of 30 days for any such notes issued and sold after the date hereof; provided that, from

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and after the date of the Company's receipt of a written notice from Parent stating that Parent reasonably and in good faith expects that the Effective Time will occur not later than 30 days after the date of such notice, the maximum maturity of any notes issued and sold after receipt of such notice shall be seven days and, in no event, shall any such notes mature on a date occurring after the Effective Time.

Commitment Letters has the meaning set forth in Section 4.6(b).

Common Stock means the common stock, par value \$0.01 per share, of the Company.

Company has the meaning set forth in the Preamble.

Company Approvals has the meaning set forth in Section 3.4(a).

Company Benefit Plans has the meaning set forth in Section 3.11(a).

Company Board has the meaning set forth in the Recitals.

Company Disclosure Letter has the meaning set forth in Article III.

Company Employees has the meaning set forth in Section 5.6(a).

Company Foreign Plan has the meaning set forth in Section 3.11(a).

Company Material Adverse Effect means any fact, circumstance, change, event, occurrence or effect that would, or would reasonably be expected to, (1) have a material adverse effect on the financial condition, business, properties, assets, liabilities or results of operations of the Company and its Subsidiaries taken as a whole; provided that for purposes of this clause (1), none of the following, and no fact, circumstance, change, event, occurrence or effect to the extent arising out of or relating to the following, shall constitute or be taken into account in determining whether a Company Material Adverse Effect has occurred or may, would or could occur: (i) any facts, circumstances, changes, events, occurrences or effects generally affecting (A) any of the industries in which the Company and its Subsidiaries operate or (B) the economy, credit or financial or capital markets in the United States or elsewhere in the world, including changes in interest or exchange rates (except, for purposes of this clause (i)(B) only, to the extent that such fact, circumstance, change, event or occurrence adversely affects the Company and its Subsidiaries, taken as a whole, in a materially disproportionate manner relative to other companies operating in any of the industries in which the Company and its Subsidiaries primarily operate), or (ii) any facts, circumstances, changes, events, occurrences or effects arising out of, resulting from or attributable to (A) changes or prospective changes in Law, applicable regulations of any Governmental Entity, generally accepted accounting principles or accounting standards, or any changes or prospective changes in, or issuance of any administrative or judicial notice, decision or other guidance with respect to, the interpretation or enforcement of any of the foregoing, (B) the negotiation, execution, announcement, pendency or performance of this Agreement or the consummation of the Merger or the other transactions contemplated by this Agreement (other than compliance with Section 5.1(a)), including the impact thereof on relationships, contractual or otherwise, with customers, suppliers, distributors, partners, employees or regulators, or any litigation relating to this Agreement, the Merger or the other transactions contemplated by this Agreement or compliance by the Company with the terms of this Agreement, except that this clause (ii)(B) shall not apply in the determination of a breach or violation of the representations and warranties contained in Sections 3.4 and 3.11(e) (C) acts of war (whether or not declared), sabotage or terrorism, or any escalation or worsening of any such acts of war (whether or not declared), sabotage or terrorism, (D) pandemics, earthquakes, hurricanes, tornados or other natural disasters, (E) any change or announcement of a potential change in the credit ratings in respect of the Company or any indebtedness of the Company or its Subsidiaries, (F) any change to the extent resulting or arising from the identity of, or any facts or circumstances relating to, the Parent Parties or their respective Affiliates (but excluding Michael S. Dell other than in his capacity as a MD Investor), (G) any decline in the market price, or change in trading volume, of any capital stock of the Company or (H) any failure to meet any internal or public projections, forecasts or estimates of revenue, earnings, cash flow, cash position or other financial measures; provided that the underlying cause of any decline, change or failure referred to in clause (ii)(E), (ii)(G) or (ii)(H) (if

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not otherwise falling within any of clause (i) or clauses (ii)(A) through (H) above) may be taken into account in determining whether there is a Company Material Adverse Effect ; or (2) prevent the ability of the Company to perform its obligations under this Agreement in any material respect.

Company Material Contracts has the meaning set forth in Section 3.18(a).

Company Meeting has the meaning set forth in Section 5.5.

Company Option means an award pursuant to a Company Stock Plan of an option to purchase Shares.

Company Permits has the meaning set forth in Section 3.9(b).

Company Restricted Share means any outstanding Share awarded pursuant to a Company Stock Plan that is subject to any vesting requirements that remain unsatisfied.

Company RSU Award means an award pursuant to a Company Stock Plan of restricted stock units (including performance-based restricted stock units) that corresponds to Shares.

Company SEC Documents has the meaning set forth in Section 3.5(a).

Company Stock Plan means each of the Dell 2012 Long-Term Incentive Plan, Dell 2002 Long-Term Incentive Plan, Dell 1998 Broad-Based Stock Option Plan, Dell 1994 Incentive Plan, Quest Software, Inc. 2008 Stock Incentive Plan, Quest Software, Inc. 2001 Stock Incentive Plan, Quest Software, Inc. 1999 Stock Incentive Plan, V-Kernel Corporation 2007 Equity Incentive Plan, and Force10 Networks, Inc. 2007 Equity Incentive Plan.

Company Stockholder Approvals has the meaning set forth in Section 3.21.

Company Termination Payment means (i) if payable in connection with a termination of this Agreement by (x) the Company pursuant to Section 7.1(c)(ii) with respect to the Company entering into an Alternative Acquisition Agreement with a Person or group that is an Excluded Party at the time of such termination or (y) by Parent pursuant to Section 7.1(d)(ii) and the event giving rise to such termination is the submission of an Acquisition Proposal by a Person or group that is an Excluded Party at the time of such termination, then, in either case, \$180,000,000, and (ii) if payable in any other circumstance, an amount equal to \$450,000,000.

Contract has the meaning set forth in Section 3.4(b).

Credit Facilities means the senior secured credit facilities contemplated by the Debt Commitment Letter.

Debt Agreement has the meaning set forth in Section 3.18(a)(iii).

Debt Commitment Letter has the meaning set forth in Section 4.6(a).

Debt Financing has the meaning set forth in Section 4.6(a).

Debt Financing Commitments has the meaning set forth in Section 4.6(a).

Definitive Agreements has the meaning set forth in Section 5.12(a).

DFS Limited has the meaning set forth in Section 5.7(g).

DGCL has the meaning set forth in the Recitals.

Divestiture Action has the meaning set forth in Section 5.7(c).

Dissenting Shares has the meaning set forth in Section 2.1(d).

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Effective Time has the meaning set forth in Section 1.3.

Environmental Law has the meaning set forth in Section 3.10(b).

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Equity Financing has the meaning set forth in Section 4.6(b).

Equity Financing Commitment has the meaning set forth in Section 4.6(b).

Equity Investors means, collectively, (i) Silver Lake Partners III, L.P., a Delaware limited partnership, and (ii) Silver Lake Partners IV, L.P., a Delaware limited partnership.

Equity Investors Commitment Letter has the meaning set forth in the Recitals.

ERISA has the meaning set forth in Section 3.11(a).

EUMR has the meaning set forth in Section 3.4(a).

Executive Officer means a person treated as an officer of the Company for purposes of Section 16 of the Exchange Act.

Exchange Act means the Securities Exchange Act of 1934, as amended, and the rules and regulations promulgated thereunder.

Exchange Fund has the meaning set forth in Section 2.2(a).

Excluded Party has the meaning set forth in Section 5.3(i).

Excluded Shares has the meaning set forth in Section 2.1(b).

Existing Structured Financing Lenders has the meaning set forth in Section 5.16(d).

Fee Letter has the meaning set forth in Section 4.6(b).

Filed Contracts means each Contract filed by the Company with the SEC, or incorporated by reference, (a) as a material contract pursuant to Item 601(b)(10) of Regulation 8-K in the Company's Annual Report on Form 10-K for its fiscal year ended February 3, 2012 and in any Quarterly Report on Form 10-Q filed subsequent thereto through the date hereof or (b) as a definitive material contract as defined for purposes of, and filed pursuant to, Item 1.01 of Form 8-K of the SEC under the Exchange Act in any Current Report on Form 8-K filed from and after February 4, 2012 and prior to the date hereof.

Financing has the meaning set forth in Section 4.6(b).

Financing Commitments has the meaning set forth in Section 4.6(b).

GAAP means United States generally accepted accounting principles.

Guarantors has the meaning set forth in the Recitals.

Governmental Consents has the meaning set forth in Section 5.7(a).

Governmental Entity means any federal, state, local, municipal, foreign or supranational government, any court, tribunal, administrative agency or commission or other governmental or quasi-governmental or other regulatory authority or agency, including any department, commission, board, instrumentality, political subdivision, bureau or official, whether federal, state, local, municipal, foreign or supranational, any arbitral body or the NASDAQ, or any self regulatory organization.

Hazardous Substance has the meaning set forth in Section 3.10(c).

HSR Act has the meaning set forth in Section 3.4(a).

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Indebtedness means (i) indebtedness for borrowed money, whether secured or unsecured, (ii) obligations under conditional or installment sale or other title retention Contracts relating to purchased property, (iii) capitalized lease obligations and (iv) guarantees of any of the foregoing of another Person.

Indemnified Party has the meaning set forth in Section 5.10(b).

Initial Offeror has the meaning set forth in Section 5.3(k).

Intellectual Property has the meaning set forth in Section 3.16(a).

Interested Party Transaction has the meaning set forth in Section 3.24.

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Intermediate has the meaning set forth in the Preamble.

Investments Liquidation has the meaning set forth in Section 5.17(a).

Irish Bank Approval has the meaning set forth in Section 5.7(g).

Irish Banking License has the meaning set forth in Section 5.7(g).

Irish Banking Regulations has the meaning set forth in Section 5.7(g).

Irish Change of Control Approval has the meaning set forth in Section 5.7(g).

Knowledge means (a) with respect to Parent, the actual knowledge of the individuals listed on Section 8.15 of the Parent Disclosure Letter and (b) with respect to the Company, the actual knowledge of the individuals listed on Section 8.15 of the Company Disclosure Letter.

Law or Laws means all applicable laws (including common law), statutes, constitutions, rules, regulations, codes, judgments, rulings, orders and decrees of any Governmental Entity.

Legal Impediment or Charge means any Changes in Law, individually or in the aggregate, that (x) prohibit a portion of the Cash Transfers or (y) result in liabilities of any nature being payable or reasonably expected to be payable by the Company or any of its Subsidiaries as a result of any Cash Transfer or any transaction related thereto, which liabilities and amounts prohibited, individually or in the aggregate, are material relative to the Target Amount.

Lender Related Party means the Lenders and any former, current and future Affiliates, officers, directors, managers, employees, shareholders, equityholders, members, managers, partners, agents, representatives, successors or assigns of any of the foregoing or any of the Lenders or any of their Affiliates.

Lenders has the meaning set forth in Section 4.6(a).

Lien means any mortgage, pledge, title defect, claim, charge, security interest, hypothecation, easement, right-of-way, encumbrance or lien of any kind or nature.

Limited Guarantees has the meaning set forth in the Recitals.

Losses has the meaning set forth in Section 5.10(b).

Marketing Period means the first period of twenty (20) consecutive Business Days commencing after the date hereof and throughout and at the end of which (a) Parent shall have received the Required Information from the Company and (b)(i) the conditions set forth in Sections 6.1 and 6.3 are satisfied (except for Section 6.3(d) and those conditions that by their nature are to be satisfied at the Closing) and (ii) nothing has occurred and no condition exists that would cause any of the conditions set forth in Section 6.1 or 6.3 to fail to be satisfied assuming the Closing were to be scheduled for any time during such 20 consecutive Business Day period; provided that (x) July 5, 2013 shall not be considered a Business Day for purposes of this definition, (y) if the Marketing Period has not been completed on or prior to August 16, 2013, the Marketing Period shall commence no earlier than September 3, 2013 and (z) the Marketing Period shall not be deemed to have commenced if (A) after the date of this Agreement and prior to the completion of the Marketing Period, (I) PricewaterhouseCoopers LLP shall have withdrawn its audit opinion with respect to any of the financial statements contained in the Company SEC Documents, including Company SEC Documents filed after the date hereof, in which case the Marketing Period shall not be deemed to commence unless and until a new unqualified audit opinion is issued with respect to such financial statements by PricewaterhouseCoopers LLP or another independent accounting firm reasonably acceptable to Parent, (II) the financial statements included in the Required Information that is available to Parent on the first day of any such 20 consecutive Business Day period would be required to be updated under Rule 3-12 of Regulation S-X in order to be sufficiently current on any day during such 20 consecutive Business Day period to permit a registration statement on Form S-1 using such financial statements to be declared effective by the SEC on the last day of such 20 consecutive Business Day period, in which case the Marketing Period shall not be deemed to commence until the receipt by Parent of updated Required

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Information that would be required under Rule 3-12 of Regulation S-X to permit a registration statement on Form S-1 using such financial statements to be declared effective by the SEC on the last day of such new 20 consecutive Business Day period or (III) the Company shall have announced any intention to restate any historical financial statements of the Company or other financial information included in the Required Information, or that any such restatement is under consideration or may be a possibility, in which case the Marketing Period shall not be deemed to commence unless and until such restatement has been completed and the applicable Required Information has been amended or the Company has announced that it has concluded no such restatement shall be required, and (B) if the Company shall have been delinquent in filing or furnishing any Company SEC Document, the Marketing Period shall not be deemed to have commenced unless and until, at the earliest, all such delinquencies have been cured.

MD Investor Group has the meaning set forth in Section 5.3(i).

MD Investors means, collectively, Michael S. Dell, Susan Lieberman Dell Separate Property Trust, Michael S. Dell 2009 Gift Trust and Susan L. Dell 2009 Gift Trust.

MD Investors Commitment Letter has the meaning set forth in the Recitals.

Merger has the meaning set forth in the Recitals.

Merger Consideration has the meaning set forth in Section 2.1(a).

Merger Sub has the meaning set forth in the Preamble.

MSD Confidentiality Agreement has the meaning set forth in Section 5.2(b).

MSDC Financing has the meaning set forth in Section 4.6(b).

MSDC Financing Commitment has the meaning set forth in Section 4.6(b).

MSDC Investor means MSDC Management, L.P., a Delaware limited partnership.

MSDC Investor Commitment Letter has the meaning set forth in the Recitals.

Multiemployer Plan has the meaning set forth in Section 3.11(a).

NASDAQ means the NASDAQ Global Select Market.

New Plans has the meaning set forth in Section 5.6(b).

No-Shop Period Start Date has the meaning set forth in Section 5.3(a).

Old Plans has the meaning set forth in Section 5.6(b).

Option Consideration has the meaning set forth in Section 2.3(a).

Other Guaranteed Amounts means the reimbursement and indemnification obligations of the Parent Parties pursuant to Sections 5.12, and 8.2 of this Agreement.

Outside Date has the meaning set forth in Section 7.1(b)(i).

Parent has the meaning set forth in the Preamble.

Parent Approvals has the meaning set forth in Section 4.3(a).

Parent Disclosure Letter has the meaning set forth in Article IV.

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Parent-Related Sections of the Proxy Statement shall mean those sections of the Proxy Statement that describe (i) the identity or background of the Parent Parties, (ii) the purposes and reasons of the Parent Parties for the Merger and plans and proposals of the Parent Parties with respect to the Company following the Merger, (iii) the position of the Parent Parties regarding the fairness of the Merger, and (iv) the Financing in connection with the Merger.

Parent Representatives has the meaning set forth in Section 5.2(a).

Parent Parties has the meaning set forth in the Preamble.

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Parent Termination Fee has the meaning set forth in Section 7.3(c).

Paying Agent has the meaning set forth in Section 2.2(a).

Payoff Amount has the meaning set forth in Section 5.16(d).

Permitted Lien means (A) Lien for Taxes or governmental assessments, charges or claims of payment not yet due and delinquent, the amount or validity of which are being contested in good faith by appropriate proceedings and for which adequate accruals or reserves have been established in accordance with GAAP, (B) carriers, warehousemen, mechanics, materialmen, repairmen or other similar liens arising in the ordinary course of business not yet due and delinquent, the amount or validity of which are being contested in good faith by appropriate proceedings and for which adequate accruals or reserves have been established in accordance with GAAP, (C) zoning, entitlements, building codes or other land use or environmental regulations, ordinances or legal requirements imposed by any Governmental Entity, (D) exceptions disclosed by any title insurance commitment or title insurance policy for any real property owned or leased by the Company and its Subsidiaries issued by a title company and delivered or otherwise made available to Parent, (E) statutory Liens in favor of lessors arising in connection with any property leased to the Company and its Subsidiaries, (F) any Liens, encroachments, covenants, restrictions, state of facts which an accurate survey or inspection of the real property owned or leased by the Company and its Subsidiaries would disclose and other title imperfections, which, in each case, would not materially interfere with the present or proposed use of the properties or assets of the business of the Company and its Subsidiaries, taken as a whole and (G) Liens that are disclosed on the most recent consolidated balance sheet of the Company or notes thereto (or securing liabilities reflected on such balance sheet).

Permitted Structured Financing Debt Amendment means, with respect to any Structured Financing Debt Transaction Document, any amendment that does not (i) limit the ability of the Company or its Subsidiaries to prepay or redeem the Indebtedness related to such Structured Financing Debt Transaction Document, terminate such Structured Financing Debt Transaction Document and transfer any assets of the Company and its Subsidiaries securing such Indebtedness, in each case at the Closing and without requirement to pay any penalty, premium or other payment or obligation (other than repayment of the outstanding principal, accrued and unpaid interest and breakage costs and unpaid fees with respect to such Indebtedness), (ii) increase the interest rate, discount rate or other fees and expenses payable with respect to, or otherwise change the economic terms (in a manner adverse to the Company and its Subsidiaries) of, the Indebtedness related to such Structured Financing Debt Transaction Document, (iii) add new terms and conditions, or remove existing terms and conditions, in such Structured Financing Debt Transaction Document that would reasonably be expected to adversely impact the ability of the Parent Parties to consummate the Debt Financing or (iv) extend the maturity of, or the term of the commitments with respect to, the Indebtedness related to such Agreement unless such extension permits the termination of such Structured Financing Debt Transaction Document, and the prepayment, redemption or other retirement or rollover of the Indebtedness related to such Structured Financing Debt Transaction Document, on the Closing Date in the manner, and on the terms, contemplated by Section 5.16(d).

Person means an individual, a corporation, a partnership, a limited liability company, an association, a trust or any other entity, body, group (as such term is used in Section 13 of the Exchange Act) or organization, including, without limitation, a Governmental Entity, and any permitted successors and assigns of such Person.

Policies has the meaning set forth in Section 3.23.

Preferred Stock has the meaning set forth in Section 3.2(a).

Property means land, land improvements, buildings and fixtures (to the extent they constitute real property interests) (including any leasehold interest therein) constituting the principal corporate office, any manufacturing plant or any manufacturing facility and the equipment located thereon.

Proxy Statement has the meaning set forth in Section 3.13.

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Recommendation has the meaning set forth in Section 3.3(b).

Regulatory Law has the meaning set forth in Section 5.7(g).

Repayment Debt means the Indebtedness of the Company and its Subsidiaries identified in Section 5.16(a) of the Parent Disclosure Letter.

Repayment Indentures has the meaning set forth in Section 5.16(a).

Representatives has the meaning set forth in Section 5.3(a).

Required Information has the meaning set forth in Section 5.12(f)(i).

Restricted Shares Consideration has the meaning set forth in Section 2.3(c).

Revolving Credit Facility Debt means Indebtedness of the Company or its Subsidiaries in a principal amount not to exceed \$2,000,000,000 in the aggregate at any time outstanding incurred or assumed under the senior unsecured revolving credit facilities identified in Section 5.16(d) of the Company Disclosure Schedule (the Revolving Credit Facilities).

Revolving Credit Facility Termination has the meaning set forth in Section 5.16(b).

Rollover Contribution means, collectively, (i) the contribution by certain of the MD Investors of the Rollover Shares and one of the MD Investors of cash to Parent in exchange for common stock of Parent, (ii) the contribution by the Equity Investors of cash to Parent in exchange for common stock of Parent, (iii) the contribution by the MSDC Investor of cash to Parent in exchange for common stock of Parent and (iv) the contribution by the Subordinated Securities Purchaser of cash to Parent in exchange for subordinated notes of Parent and warrants to acquire Parent stock, in each case, to occur immediately prior to the Closing.

Rollover Debt has the meaning set forth in Section 5.16(c).

Rollover Indentures has the meaning set forth in Section 5.16(c).

Rollover Investment has the meaning set forth in Section 4.6(b).

Rollover Shares has the meaning set forth in the Recitals.

RSU Award Consideration has the meaning set forth in Section 2.3(b).

Sarbanes-Oxley Act means the Sarbanes-Oxley Act of 2002, as amended.

Schedule 13E-3 has the meaning set forth in Section 5.4(a).

SEC means the Securities and Exchange Commission.

Securities Act means the Securities Act of 1933, as amended, and the rules and regulations promulgated thereunder.

Securities Purchase Agreement has the meaning set forth in Section 4.6(a).

Share means each share of Common Stock.

Shareholder Litigation has the meaning set forth in Section 5.14.

Significant Subsidiary shall have the meaning ascribed to it under Rule 1-02 of Regulation S-X of the SEC.

SLP Confidentiality Agreement has the meaning set forth in Section 5.2(b).

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Software means computer programs in object code and source code formats.

Special Committee has the meaning set forth in the Recitals.

Specified Person has the meaning set forth in Section 7.3(d).

Stockholder Approval has the meaning set forth in Section 3.21.

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Structured Financing Debt Facilities means Indebtedness of the Company or its Subsidiaries in a principal amount not to exceed \$1,500,000,000 in the aggregate at any time outstanding incurred with respect to fixed-term lease and loan programs and revolving loan securitization programs and collateralized solely by the financing receivables in such programs, in each case solely to the extent incurred pursuant to, (i) the Structured Financing Debt Transaction Documents or, (ii) if the Company and its Subsidiaries are unable through the exercise of commercially reasonable efforts to obtain an extension of any of such structured financing debt facilities in effect on the date of this Agreement upon the expiration thereof, structured financing debt transaction documents that otherwise (a) satisfy the terms described in the definition of Permitted Structured Financing Debt Amendment (except that such replacement structured financing debt facilities may have market pricing as reasonably determined in the good faith judgment of management of the Company) and (b) permit the Structured Financing Debt Facilities Termination.

Structured Financing Debt Facilities Termination has the meaning set forth in Section 5.16(d).

Structured Financing Debt Obligations has the meaning set forth in Section 5.16(d).

Structured Financing Debt Transaction Documents means the agreements and documents identified in Section 5.16(f) of the Company Disclosure Schedule, as amended after the date hereof by any Permitted Structured Financing Debt Amendment.

Subordinated Securities Financing has the meaning set forth in Section 4.6(a).

Subordinated Securities Financing Commitment has the meaning set forth in Section 4.6(a).

Subordinated Securities Purchaser has the meaning set forth in Section 4.6(a).

Subsidiary means, with respect to any Person, any corporation, limited liability company, partnership, joint venture, association, trust or other form of legal entity of which (i) more than 50% of the outstanding voting securities are directly or indirectly owned by such Person (either alone or through or together with any other Subsidiary), or (ii) such Person or any Subsidiary of such Person is a general partner (excluding partnerships in which such Person or any Subsidiary of such Person does not have a majority of the voting interests in such partnership). For purposes of this definition, voting securities with respect to any Subsidiary means common stock or other securities having the power to vote for the election of directors, managers or other voting members of the governing body of such Subsidiary.

Superior Proposal has the meaning set forth in Section 5.3(j).

Surviving Corporation has the meaning set forth in Section 1.1.

Target Amount means \$7.4 billion.

Tax Return has the meaning set forth in Section 3.14(b).

Taxes has the meaning set forth in Section 3.14(b).

Termination Date has the meaning set forth in Section 5.1(a).

Transaction Proceeding has the meaning set forth in Section 5.14.

Unaffiliated Stockholders Approval has the meaning set forth in Section 3.21.

Voting Agreement has the meaning set forth in the Recitals.

[Remainder of this page intentionally left blank]

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IN WITNESS WHEREOF, the parties hereto have caused this Agreement to be duly executed and delivered as of the date first above written.

DELL INC.

By: /s/ Brian T. Gladden

Name: Brian T. Gladden

Title: Senior Vice President, Chief Financial Officer

[Signature Page to the Agreement and Plan of Merger]

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IN WITNESS WHEREOF, the parties hereto have caused this Agreement to be duly executed and delivered as of the date first above written.

DENALI HOLDING INC.

By: /s/ Egon Durban
Name: Egon Durban
Title: President

DENALI INTERMEDIATE INC.

By: /s/ Egon Durban
Name: Egon Durban
Title: President

DENALI ACQUIROR INC.

By: /s/ Egon Durban
Name: Egon Durban
Title: President

[Signature Page to the Agreement and Plan of Merger]

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Exhibit A

**AMENDED AND RESTATED
CERTIFICATE OF INCORPORATION
OF
DELL INC.**

FIRST: The name of the corporation (which is hereinafter referred to as the Corporation) is Dell Inc.

SECOND: The name and address of the registered agent in the State of Delaware is The Corporation Trust Company, 1209 Orange Street, Wilmington, New Castle County, Delaware 19801.

THIRD: The purpose of the Corporation is to engage in any lawful act or activity for which corporations may be organized under the General Corporation Law of the State of Delaware, as from time to time amended.

FOURTH: The total number of shares of capital stock which the Corporation shall have authority to issue is [], all of which shares shall be Common Stock having a par value per share of \$0.01.

SIXTH: In furtherance and not in limitation of the powers conferred by law, subject to any limitations contained elsewhere in this certificate of incorporation, bylaws of the Corporation may be adopted, amended or repealed by a majority of the board of directors of the Corporation, but any bylaws adopted by the board of directors may be amended or repealed by the stockholders entitled to vote thereon. Election of directors need not be by written ballot.

SEVENTH: (a) A director of the corporation shall not be personally liable to the corporation or its stockholders for monetary damages for breach of fiduciary duty as a director, except for such liability as is expressly not subject to limitation under the General Corporation Law of the State of Delaware, as the same exists or may hereafter be amended to further limit or eliminate such liability. Moreover, the corporation shall, to the fullest extent permitted by law, indemnify any and all officers and directors of the corporation, and may, to the fullest extent permitted by law or to such lesser extent as is determined in the discretion of the Board of Directors, indemnify any and all other persons whom it shall have power to indemnify, from and against all expenses, liabilities or other matters arising out of their status as such or their acts, omissions or services rendered in such capacities. The corporation shall have the power to purchase and maintain insurance on behalf of any person who is or was a director, officer, employee or agent of the corporation, or is or was serving at the request of the corporation as a director, officer, employee or agent of another corporation, partnership, joint venture, trust or other enterprise against any liability asserted against him and incurred by him in any such capacity, or arising out of his status as such, whether or not the corporation would have the power to indemnify him against such liability.

(b) Each person who was or is made a party or is threatened to be made a party to or is involved in any action, suit or proceeding, whether civil, criminal, administrative or investigative (hereinafter a Proceeding), by reason of the fact that he or she, or a person of whom he or she is the legal representative, is or was or has agreed to become a director or officer of the Corporation or is or was serving or has agreed to serve at the request of the Corporation as a director or officer of another corporation or of a partnership, joint venture, trust or other enterprise, including service with respect to employee benefit plans, whether the basis of such proceeding is alleged action in an official capacity as a director or officer or in any other capacity while serving or having agreed to serve as a director or officer, shall be indemnified and held harmless by the Corporation to the fullest extent authorized by the Delaware General Corporation Law, as the same exists or may hereafter be amended, (but, in the case of any such amendment, only to the extent that such amendment permits the Corporation to

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provide broader indemnification rights than said law permitted the Corporation to provide prior to such amendment) against all expense, liability and loss (including, without limitation, attorneys' fees, judgments, fines, ERISA excise taxes or penalties and amounts paid or to be paid in settlement) reasonably incurred or suffered by such person in connection therewith and such indemnification shall continue as to a person who has ceased to serve in the capacity which initially entitled such person to indemnity hereunder and shall inure to the benefit of his or her heirs, executors and administrators; provided, however, that the Corporation shall indemnify any such person seeking indemnification in connection with a proceeding (or part thereof) initiated by such person only if such proceeding (or part thereof) was authorized by the board of directors of the Corporation. The right to indemnification conferred in this Article SEVENTH shall be a contract right and shall include the right to be paid by the Corporation the expenses incurred in defending any such proceeding in advance of its final disposition; provided, however, that, if the Delaware General Corporation Law requires, the payment of such expenses incurred by a current, former or proposed director or officer in his or her capacity as a director or officer or proposed director or officer (and not in any other capacity in which service was or is or has been agreed to be rendered by such person while a director or officer, including, without limitation, service to an employee benefit plan) in advance of the final disposition of a proceeding, shall be made only upon delivery to the Corporation of an undertaking, by or on behalf of such indemnified person, to repay all amounts so advanced if it shall ultimately be determined that such indemnified person is not entitled to be indemnified under this Article SEVENTH or otherwise.

(c) The Corporation may, by action of its Board of Directors, provide indemnification to employees and agents of the Corporation, individually or as a group, with the same scope and effect as the indemnification of directors and officers provided for in this Article SEVENTH.

(d) If a written claim received by the Corporation from or on behalf of an indemnified party under this Article SEVENTH is not paid in full by the Corporation within ninety days after such receipt, the claimant may at any time thereafter bring suit against the Corporation to recover the unpaid amount of the claim and, if successful in whole or in part, the claimant shall be entitled to be paid also the expense of prosecuting such claim. It shall be a defense to any such action (other than an action brought to enforce a claim for expenses incurred in defending any proceeding in advance of its final disposition where the required undertaking, if any is required, has been tendered to the Corporation) that the claimant has not met the standards of conduct which make it permissible under the Delaware General Corporation Law for the Corporation to indemnify the claimant for the amount claimed, but the burden of proving such defense shall be on the Corporation. Neither the failure of the Corporation (including its Board of Directors, independent legal counsel, or its stockholders) to have made a determination prior to the commencement of such action that indemnification of the claimant is proper in the circumstances because he or she has met the applicable standard of conduct set forth in the Delaware General Corporation Law, nor an actual determination by the Corporation (including its Board of Directors, independent legal counsel, or its stockholders) that the claimant has not met such applicable standard of conduct, shall be a defense to the action or create a presumption that the claimant has not met the applicable standard of conduct.

(e) The right to indemnification and the advancement and payment of expenses conferred in this Article SEVENTH shall not be exclusive of any other right which any person may have or hereafter acquire under any law (common or statutory), provision of the Certificate of incorporation of the Corporation, bylaw, agreement, vote of stockholders or disinterested directors or otherwise.

(f) The Corporation may maintain insurance, at its expense, to protect itself and any person who is or was serving as a director, officer, employee or agent of the Corporation or is or was Serving at the request of the Corporation as a director, officer, employee or agent of another corporation, partnership, joint venture, trust or other enterprise against any expense, liability or loss, whether or not the Corporation would have the power to indemnify such person against such expense, liability or loss under the Delaware General Corporation Law.

(g) If this Article SEVENTH or any portion hereof shall be invalidated on any ground by any court of competent jurisdiction, then the Corporation shall nevertheless indemnify and hold harmless each director and officer of the Corporation as to costs, charges and expenses (including attorneys' fees), judgments, fines, and amounts paid in settlement with respect to any action, suit or proceeding, whether civil, criminal, administrative

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or investigative to the full extent permitted by any applicable portion of this Article SEVENTH that shall not have been invalidated and to the fullest extent permitted by applicable law.

EIGHTH: To the fullest extent permitted by the General Corporation Law of the State of Delaware, the Corporation acknowledges that: (i) each Exempted Stockholder (as defined below), director employed by an Exempted Stockholder or one of its affiliates, officer affiliated with an Exempted Stockholder or one of its affiliates and any other officer or director of the Corporation specifically designated by an Exempted Stockholder or one of its affiliates (collectively, the Exempted Persons) shall have no duty (contractual or otherwise) not to, directly or indirectly, engage in the same or similar business activities or lines of business as the Corporation or any of its subsidiaries, including those deemed to be competing with the Corporation or any of its subsidiaries; (ii) in the event that any Exempted Person acquires knowledge of a potential transaction or matter that may be a corporate opportunity for the Corporation, then such Exempted Person shall have no duty (contractual or otherwise) to communicate or present such corporate opportunity to the Corporation or any of its subsidiaries, as the case may be, and shall not be liable to the Corporation or its affiliates or stockholders for breach of any duty (contractual or otherwise) by reason of the fact that such Exempted Person, directly or indirectly, pursues or acquires such opportunity for itself, directs such opportunity to another person, or does not present such opportunity to the Corporation; and (iii) the Corporation hereby removes any interest or expectancy in any such opportunity. For purposes of this Article EIGHTH, the term Exempted Stockholder shall mean all stockholders of the Corporation other than stockholders who are also officers or employees of the Corporation or any subsidiary of the Corporation or who are permitted transferees of any such person.

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Annex B

[Letterhead of J.P. Morgan Securities LLC]

February 4, 2013

Board of Directors

Special Committee of the Board of Directors

Dell Inc.

One Dell Way

Round Rock, Texas 78682

Members of the Board of Directors and the Special Committee of the Board of Directors:

You have requested our opinion as to the fairness, from a financial point of view, to the holders of common stock, par value \$.01 per share (the Company Common Stock), of Dell Inc. (the Company) of the consideration to be paid to such holders in the proposed merger (the Transaction) of the Company with a wholly-owned subsidiary of Denali Holding Inc. (the Acquiror). Pursuant to the Agreement and Plan of Merger (the Agreement), among the Company, the Acquiror and its subsidiaries, Denali Intermediate Inc. and Denali Acquiror Inc., the Company will become a wholly-owned subsidiary of the Acquiror, and each outstanding share of Company Common Stock, other than shares of Company Common Stock held in treasury or owned by the Acquiror and its subsidiaries, other Excluded Shares (as defined in the Agreement), Company Restricted Shares (as defined in the Agreement) and Dissenting Shares (as defined in the Agreement), will be converted into the right to receive \$13.65 per share in cash (the Consideration).

In connection with preparing our opinion, we have (i) reviewed a draft dated February 4, 2013 of the Agreement; (ii) reviewed certain publicly available business and financial information concerning the Company and the industries in which it operates; (iii) compared the financial and operating performance of the Company with publicly available information concerning certain other companies we deemed relevant and reviewed the current and historical market prices of the Company Common Stock and certain publicly traded securities of such other companies; (iv) reviewed certain internal financial analyses and forecasts prepared by the management of the Company relating to its business; (v) reviewed certain financial analyses and forecasts relating to the Company's business prepared by a third party consultant (the Consultant) at the direction of the Special Committee of the Board of Directors (the Special Committee Consultant Forecast); and (vi) performed such other financial studies and analyses and considered such other information as we deemed appropriate for the purposes of this opinion.

In addition, we have held discussions with the Special Committee of the Board of Directors, certain members of the management of the Company and the Consultant with respect to certain aspects of the Transaction, and the past and current business operations of the Company and the financial condition and future prospects and operations of the Company and certain other matters we believed necessary or appropriate to our inquiry.

In giving our opinion, we have relied upon and assumed the accuracy and completeness of all information that was publicly available or was furnished to or discussed with us by the Company or otherwise reviewed by or for us, and we have not independently verified (nor have we assumed responsibility or liability for independently verifying) any such information or its accuracy or completeness. We have not conducted or been provided with any valuation or appraisal of any assets or liabilities, nor have we evaluated the solvency of the Company or the Acquiror under any state or federal laws relating to bankruptcy, insolvency or similar matters. In relying on financial analyses and forecasts of management and the Consultant provided to us or derived therefrom, we have assumed that, at the time of their preparation, they were reasonably prepared based on assumptions reflecting the best currently available estimates and judgments by management and the Consultant, respectively, as to the expected future results of operations and financial condition of the Company to which such analyses or forecasts

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relate. We express no view as to such analyses or forecasts or the assumptions on which they were based. Our analysis takes into account our discussions with the Special Committee of the Board of Directors, management and the Consultant, including the factors and circumstances discussed with the Special Committee of the Board of Directors surrounding the forecasts and analyses prepared by the Consultant and management. We have also assumed that the Transaction and the other transactions contemplated by the Agreement will be consummated as described in the Agreement, and that the definitive Agreement will not differ in any material respects from the draft thereof furnished to us. We have also assumed that the representations and warranties made by the Company and the Acquiror in the Agreement and the related agreements are and will be true and correct in all respects material to our analysis. We are not legal, regulatory or tax experts and have relied on the assessments made by advisors to the Company with respect to such issues. We have further assumed that all material governmental, regulatory or other consents and approvals necessary for the consummation of the Transaction will be obtained without any adverse effect on the Company or on the contemplated benefits of the Transaction.

Our opinion is necessarily based on economic, market and other conditions as in effect on, and the information made available to us as of, the date hereof. It should be understood that subsequent developments may affect this opinion and that we do not have any obligation to update, revise, or reaffirm this opinion. Our opinion is limited to the fairness, from a financial point of view, of the Consideration to be paid to the holders of the Company Common Stock in the proposed Transaction and we express no opinion as to the fairness of any consideration paid in connection with the Transaction to the holders of any other class of securities, creditors or other constituencies of the Company or as to the underlying decision by the Company to engage in the Transaction. Furthermore, we express no opinion with respect to the amount or nature of any compensation to any officers, directors, or employees of any party to the Transaction, or any class of such persons relative to the Consideration to be paid to the holders of the Company Common Stock in the Transaction or with respect to the fairness of any such compensation.

We have acted as financial advisor to the Company with respect to the proposed Transaction and will receive a fee from the Company for our services, a substantial portion of which will become payable only if the proposed Transaction is consummated. Please be advised that during the two years preceding the date of this letter, we and our affiliates have had no commercial or investment banking relationships with the Acquiror, Michael Dell or MSD Capital, but have had commercial or investment banking relationships with one of the ultimate principal stockholders of the Acquiror for which we or our affiliates have received customary compensation. Such services during such period have included acting as financial advisor to SilverLake Partners in (a) its acquisition of Smart Modular Technologies in August 2011 and (b) its acquisition of Skype in October 2011. We or our affiliates have also acted as joint bookrunner and joint lead arranger on a term loan and revolving credit facility for SilverLake Partners for its acquisition of Global Blue in May 2012. During the two years preceding the date of this letter, we and our affiliates have had commercial or investment banking relationships with the Company, for which we and such affiliates have received customary compensation. Such services during such period have included acting as joint lead manager on a revolving credit facility for the Company in April 2011. In the ordinary course of our businesses, we and our affiliates may actively trade the debt and equity securities of the Company or affiliates of the principal stockholders of the Acquiror for our own account or for the accounts of customers and, accordingly, we may at any time hold long or short positions in such securities.

On the basis of and subject to the foregoing, it is our opinion as of the date hereof that the Consideration to be paid to the holders of the Company Common Stock in the proposed Transaction is fair, from a financial point of view, to such holders.

The issuance of this opinion has been approved by a fairness opinion committee of J.P. Morgan Securities LLC. This letter is provided to the Board of Directors and the Special Committee of the Board of Directors of the Company (in their capacities as such) in connection with and for the purposes of their evaluation of the Transaction. This opinion does not constitute a recommendation to any shareholder of the Company as to how such shareholder should vote with respect to the Transaction or any other matter. This opinion may not be disclosed, referred to, or communicated (in whole or in part) to any third party for any purpose whatsoever.

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except with our prior written approval. This opinion may be reproduced in full in any proxy or information statement mailed to shareholders of the Company but may not otherwise be disclosed publicly in any manner without our prior written approval.

Very truly yours,

J.P. MORGAN SECURITIES LLC

/s/ J.P. Morgan Securities LLC

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Annex C

[Letterhead of Evercore Group L.L.C.]

February 4, 2013

The Special Committee of the Board of Directors

and the Board of Directors of

Dell Inc.

One Dell Way

Round Rock, Texas 78682

Members of the Special Committee and the Board of Directors:

We understand that Dell Inc., a Delaware corporation (the **Company**), proposes to enter into an Agreement and Plan of Merger, dated as of the date hereof (the **Merger Agreement**), with Denali Holding Inc., a Delaware corporation (**Parent**), Denali Intermediate Inc., a Delaware corporation and a wholly owned subsidiary of Parent, and Denali Acquiror Inc., a Delaware corporation and a wholly owned subsidiary of Parent (**Merger Sub**), pursuant to which Merger Sub will be merged with and into the Company (the **Merger**). As a result of the Merger, each outstanding share of common stock, par value \$0.01 per share, of the Company (the **Company Common Stock**), other than Excluded Shares, Company Restricted Shares and Dissenting Shares (as such terms are defined in the Merger Agreement), will be converted into the right to receive \$13.65 per share in cash, without interest (the **Merger Consideration**). The terms and conditions of the Merger are more fully set forth in the Merger Agreement and terms used herein and not defined shall have the meanings ascribed thereto in the Merger Agreement.

The Special Committee and the Board of Directors have asked us whether, in our opinion, the Merger Consideration is fair, from a financial point of view, to the holders of shares of Company Common Stock entitled to receive such Merger Consideration.

In connection with rendering our opinion, we have, among other things:

- (i) reviewed certain publicly available business and financial information relating to the Company that we deemed to be relevant, including publicly available research analysts' estimates for the Company;
- (ii) reviewed certain non-public historical financial statements and other non-public historical financial and operating data relating to the Company prepared and furnished to us by management of the Company;
- (iii) reviewed certain non-public projected financial and operating data relating to the Company prepared and furnished to us by management of the Company (the **Company Projections**) and the amount of certain potential cost savings identified by management of the Company (the **Cost Savings**);
- (iv) discussed the past and current operations, financial projections and current financial condition of the Company with management of the Company (including their views on the risks and uncertainties of achieving the Company Projections);
- (v) reviewed certain non-public projected financial and operating data relating to the Company prepared, at the request of the Special Committee, by a management consulting firm engaged by the Special Committee (the **Management Consultant**) and furnished to us by the Management Consultant (the **Management Consultant Case**), as well as sensitivities to the Management

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Consultant Case which include estimates of timing and achievability of the Cost Savings (the Productivity Case);

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Letter to the Special Committee

And the Board of Directors

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- (vi) reviewed the reported prices and the historical trading activity of the Company Common Stock;

- (vii) compared the financial performance of the Company and its stock market trading multiples with those of certain other publicly traded companies that we deemed relevant;

- (viii) reviewed a draft of the Merger Agreement dated February 4, 2013; and

- (ix) performed such other analyses and examinations and considered such other factors that we deemed appropriate.

For purposes of our analysis and opinion, we have assumed and relied upon, without undertaking any independent verification of, the accuracy and completeness of all of the information publicly available, and all of the information supplied or otherwise made available to, discussed with, or reviewed by us, and we assume no liability therefor and have further relied upon the assurances of management of the Company that they are not aware of any facts or circumstances that would make such information inaccurate or misleading. With respect to the Company Projections and the Cost Savings, we have assumed that as of the time of their preparation they were reasonably prepared on bases reflecting the best currently available estimates and good faith judgments of management of the Company as to the future financial performance and the amount of the potential cost savings, respectively, of the Company. With respect to the Management Consultant Case and the Productivity Case, we have assumed that as of the time of their preparation they were reasonably prepared on bases reflecting the best currently available estimates and good faith judgments of the Management Consultant as to the future financial performance of the Company and the timing and achievability of the Cost Savings.

For purposes of rendering our opinion, we have assumed, in all respects material to our analysis, that the representations and warranties of each party contained in the Merger Agreement are true and correct, that each party will perform all of the covenants and agreements required to be performed by it under the Merger Agreement and that all conditions to the consummation of the Merger will be satisfied without material waiver or modification thereof. We have further assumed that all governmental, regulatory or other consents, approvals or releases necessary for the consummation of the Merger will be obtained without any material delay, limitation, restriction or condition that would have an adverse effect on the Company or the consummation of the Merger or materially reduce the benefits to the holders of the Company Common Stock of the Merger. We have also assumed that the executed Merger Agreement will not differ in any material respect from the draft Merger Agreement dated February 4, 2013 reviewed by us.

We have not made nor assumed any responsibility for making any independent valuation or appraisal of the assets or liabilities of the Company, nor have we been furnished with any such appraisals, nor have we evaluated the solvency or fair value of the Company under any state or federal laws relating to bankruptcy, insolvency or similar matters. Our opinion is necessarily based upon information made available to us as of the date hereof and financial, economic, market and other conditions as they exist and as can be evaluated on the date hereof. It is understood that subsequent developments may affect this opinion and that we do not have any obligation to update, revise or reaffirm this opinion.

We have not been asked to pass upon, and express no opinion with respect to, any matter other than the fairness of the Merger Consideration, from a financial point of view, to the holders of the Company Common Stock entitled to receive such Merger Consideration pursuant to the Merger Agreement. We do not express any view on, and our opinion does not address, the fairness of the proposed transaction to, or any consideration received in connection therewith by, the holders of Excluded Shares or any other securities, creditors or other constituencies of the Company, nor as to the fairness of the amount or nature of any compensation to be paid or payable to any of the officers, directors or employees of the Company, or any class of such persons, whether

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Letter to the Special Committee

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relative to the Merger Consideration or otherwise. We have assumed that any modification to the structure of the transaction will not vary in any respect material to our analysis. Our opinion does not address the relative merits of the Merger as compared to other business or financial strategies that might be available to the Company, nor does it address the underlying business decision of the Company to engage in the Merger. In arriving at our opinion, we were not authorized to solicit, and did not solicit, interest from any third party with respect to the acquisition of any or all of the Company Common Stock or any business combination or other extraordinary transaction involving the Company. This letter, and our opinion, does not constitute a recommendation to the Special Committee, Board of Directors or to any other persons in respect of the Merger, including as to how any holder of shares of Company Common Stock should vote or act in respect of the Merger. We express no opinion herein as to the price at which shares of the Company will trade at any time. We are not legal, regulatory, accounting or tax experts and have assumed the accuracy and completeness of assessments by the Company and its advisors with respect to legal, regulatory, accounting and tax matters.

We will receive a fee for our services upon the rendering of this opinion. The Company has also agreed to reimburse our expenses and to indemnify us against certain liabilities arising out of our engagement. We will also be entitled to receive a success fee in the event that the Company enters into a definitive agreement for a transaction which the Special Committee or the Board of Directors determines to be superior to the transaction contemplated by the Merger Agreement. Prior to this engagement, we, Evercore Group L.L.C., and our affiliates have provided financial advisory services to the Company and Silver Lake Partners L.P. and its affiliates (Silver Lake) and have received fees for the rendering of these services including the reimbursement of expenses. We may provide financial or other services to the Company and Silver Lake in the future and in connection with any such services we may receive compensation.

In the ordinary course of business, Evercore Group L.L.C. or its affiliates may actively trade the securities, or related derivative securities, or financial instruments of the Company, Silver Lake and their respective affiliates, for its own account and for the accounts of its customers and, accordingly, may at any time hold a long or short position in such securities or instruments.

This letter, and the opinion expressed herein is addressed to, and for the information and benefit of, the Special Committee and the Board of Directors in connection with their evaluation of the proposed Merger. The issuance of this opinion has been approved by an Opinion Committee of Evercore Group L.L.C.

Based upon and subject to the foregoing, it is our opinion that, as of the date hereof, the Merger Consideration is fair, from a financial point of view, to the holders of the shares of Company Common Stock entitled to receive such Merger Consideration.

Very truly yours,

EVERCORE GROUP L.L.C.

By /s/ William O. Hiltz
William O. Hiltz
Senior Managing Director

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Annex D

SECTION 262 OF DELAWARE GENERAL CORPORATION LAW

§ 262. Appraisal rights.

(a) Any stockholder of a corporation of this State who holds shares of stock on the date of the making of a demand pursuant to subsection (d) of this section with respect to such shares, who continuously holds such shares through the effective date of the merger or consolidation, who has otherwise complied with subsection (d) of this section and who has neither voted in favor of the merger or consolidation nor consented thereto in writing pursuant to § 228 of this title shall be entitled to an appraisal by the Court of Chancery of the fair value of the stockholder's shares of stock under the circumstances described in subsections (b) and (c) of this section. As used in this section, the word "stockholder" means a holder of record of stock in a corporation; the words "stock" and "share" mean and include what is ordinarily meant by those words; and the words "depository receipt" mean a receipt or other instrument issued by a depository representing an interest in 1 or more shares, or fractions thereof, solely of stock of a corporation, which stock is deposited with the depository.

(b) Appraisal rights shall be available for the shares of any class or series of stock of a constituent corporation in a merger or consolidation to be effected pursuant to § 251 (other than a merger effected pursuant to § 251(g) of this title), § 252, § 254, § 255, § 256, § 257, § 258, § 263 or § 264 of this title:

(1) Provided, however, that no appraisal rights under this section shall be available for the shares of any class or series of stock, which stock, or depository receipts in respect thereof, at the record date fixed to determine the stockholders entitled to receive notice of the meeting of stockholders to act upon the agreement of merger or consolidation, were either (i) listed on a national securities exchange or (ii) held of record by more than 2,000 holders; and further provided that no appraisal rights shall be available for any shares of stock of the constituent corporation surviving a merger if the merger did not require for its approval the vote of the stockholders of the surviving corporation as provided in § 251(f) of this title.

(2) Notwithstanding paragraph (b)(1) of this section, appraisal rights under this section shall be available for the shares of any class or series of stock of a constituent corporation if the holders thereof are required by the terms of an agreement of merger or consolidation pursuant to §§ 251, 252, 254, 255, 256, 257, 258, 263 and 264 of this title to accept for such stock anything except:

- a. Shares of stock of the corporation surviving or resulting from such merger or consolidation, or depository receipts in respect thereof;
- b. Shares of stock of any other corporation, or depository receipts in respect thereof, which shares of stock (or depository receipts in respect thereof) or depository receipts at the effective date of the merger or consolidation will be either listed on a national securities exchange or held of record by more than 2,000 holders;
- c. Cash in lieu of fractional shares or fractional depository receipts described in the foregoing paragraphs (b)(2)a. and b. of this section; or
- d. Any combination of the shares of stock, depository receipts and cash in lieu of fractional shares or fractional depository receipts described in the foregoing paragraphs (b)(2)a., b. and c. of this section.

(3) In the event all of the stock of a subsidiary Delaware corporation party to a merger effected under § 253 or § 267 of this title is not owned by the parent immediately prior to the merger, appraisal rights shall be available for the shares of the subsidiary Delaware corporation.

(c) Any corporation may provide in its certificate of incorporation that appraisal rights under this section shall be available for the shares of any class or series of its stock as a result of an amendment to its certificate of incorporation, any merger or consolidation in which the corporation is a constituent corporation or the sale of all

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or substantially all of the assets of the corporation. If the certificate of incorporation contains such a provision, the procedures of this section, including those set forth in subsections (d) and (e) of this section, shall apply as nearly as is practicable.

(d) Appraisal rights shall be perfected as follows:

(1) If a proposed merger or consolidation for which appraisal rights are provided under this section is to be submitted for approval at a meeting of stockholders, the corporation, not less than 20 days prior to the meeting, shall notify each of its stockholders who was such on the record date for notice of such meeting (or such members who received notice in accordance with § 255(c) of this title) with respect to shares for which appraisal rights are available pursuant to subsection (b) or (c) of this section that appraisal rights are available for any or all of the shares of the constituent corporations, and shall include in such notice a copy of this section and, if 1 of the constituent corporations is a nonstock corporation, a copy of § 114 of this title. Each stockholder electing to demand the appraisal of such stockholder's shares shall deliver to the corporation, before the taking of the vote on the merger or consolidation, a written demand for appraisal of such stockholder's shares. Such demand will be sufficient if it reasonably informs the corporation of the identity of the stockholder and that the stockholder intends thereby to demand the appraisal of such stockholder's shares. A proxy or vote against the merger or consolidation shall not constitute such a demand. A stockholder electing to take such action must do so by a separate written demand as herein provided. Within 10 days after the effective date of such merger or consolidation, the surviving or resulting corporation shall notify each stockholder of each constituent corporation who has complied with this subsection and has not voted in favor of or consented to the merger or consolidation of the date that the merger or consolidation has become effective; or

(2) If the merger or consolidation was approved pursuant to § 228, § 253, or § 267 of this title, then either a constituent corporation before the effective date of the merger or consolidation or the surviving or resulting corporation within 10 days thereafter shall notify each of the holders of any class or series of stock of such constituent corporation who are entitled to appraisal rights of the approval of the merger or consolidation and that appraisal rights are available for any or all shares of such class or series of stock of such constituent corporation, and shall include in such notice a copy of this section and, if 1 of the constituent corporations is a nonstock corporation, a copy of § 114 of this title. Such notice may, and, if given on or after the effective date of the merger or consolidation, shall, also notify such stockholders of the effective date of the merger or consolidation. Any stockholder entitled to appraisal rights may, within 20 days after the date of mailing of such notice, demand in writing from the surviving or resulting corporation the appraisal of such holder's shares. Such demand will be sufficient if it reasonably informs the corporation of the identity of the stockholder and that the stockholder intends thereby to demand the appraisal of such holder's shares. If such notice did not notify stockholders of the effective date of the merger or consolidation, either (i) each such constituent corporation shall send a second notice before the effective date of the merger or consolidation notifying each of the holders of any class or series of stock of such constituent corporation that are entitled to appraisal rights of the effective date of the merger or consolidation or (ii) the surviving or resulting corporation shall send such a second notice to all such holders on or within 10 days after such effective date; provided, however, that if such second notice is sent more than 20 days following the sending of the first notice, such second notice need only be sent to each stockholder who is entitled to appraisal rights and who has demanded appraisal of such holder's shares in accordance with this subsection. An affidavit of the secretary or assistant secretary or of the transfer agent of the corporation that is required to give either notice that such notice has been given shall, in the absence of fraud, be prima facie evidence of the facts stated therein. For purposes of determining the stockholders entitled to receive either notice, each constituent corporation may fix, in advance, a record date that shall be not more than 10 days prior to the date the notice is given, provided, that if the notice is given on or after the effective date of the merger or consolidation, the record date shall be such effective date. If no record date is fixed and the notice is given prior to the effective date, the record date shall be the close of business on the day next preceding the day on which the notice is given.

(e) Within 120 days after the effective date of the merger or consolidation, the surviving or resulting corporation or any stockholder who has complied with subsections (a) and (d) of this section hereof and who is

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otherwise entitled to appraisal rights, may commence an appraisal proceeding by filing a petition in the Court of Chancery demanding a determination of the value of the stock of all such stockholders. Notwithstanding the foregoing, at any time within 60 days after the effective date of the merger or consolidation, any stockholder who has not commenced an appraisal proceeding or joined that proceeding as a named party shall have the right to withdraw such stockholder's demand for appraisal and to accept the terms offered upon the merger or consolidation. Within 120 days after the effective date of the merger or consolidation, any stockholder who has complied with the requirements of subsections (a) and (d) of this section hereof, upon written request, shall be entitled to receive from the corporation surviving the merger or resulting from the consolidation a statement setting forth the aggregate number of shares not voted in favor of the merger or consolidation and with respect to which demands for appraisal have been received and the aggregate number of holders of such shares. Such written statement shall be mailed to the stockholder within 10 days after such stockholder's written request for such a statement is received by the surviving or resulting corporation or within 10 days after expiration of the period for delivery of demands for appraisal under subsection (d) of this section hereof, whichever is later. Notwithstanding subsection (a) of this section, a person who is the beneficial owner of shares of such stock held either in a voting trust or by a nominee on behalf of such person may, in such person's own name, file a petition or request from the corporation the statement described in this subsection.

(f) Upon the filing of any such petition by a stockholder, service of a copy thereof shall be made upon the surviving or resulting corporation, which shall within 20 days after such service file in the office of the Register in Chancery in which the petition was filed a duly verified list containing the names and addresses of all stockholders who have demanded payment for their shares and with whom agreements as to the value of their shares have not been reached by the surviving or resulting corporation. If the petition shall be filed by the surviving or resulting corporation, the petition shall be accompanied by such a duly verified list. The Register in Chancery, if so ordered by the Court, shall give notice of the time and place fixed for the hearing of such petition by registered or certified mail to the surviving or resulting corporation and to the stockholders shown on the list at the addresses therein stated. Such notice shall also be given by 1 or more publications at least 1 week before the day of the hearing, in a newspaper of general circulation published in the City of Wilmington, Delaware or such publication as the Court deems advisable. The forms of the notices by mail and by publication shall be approved by the Court, and the costs thereof shall be borne by the surviving or resulting corporation.

(g) At the hearing on such petition, the Court shall determine the stockholders who have complied with this section and who have become entitled to appraisal rights. The Court may require the stockholders who have demanded an appraisal for their shares and who hold stock represented by certificates to submit their certificates of stock to the Register in Chancery for notation thereon of the pendency of the appraisal proceedings; and if any stockholder fails to comply with such direction, the Court may dismiss the proceedings as to such stockholder.

(h) After the Court determines the stockholders entitled to an appraisal, the appraisal proceeding shall be conducted in accordance with the rules of the Court of Chancery, including any rules specifically governing appraisal proceedings. Through such proceeding the Court shall determine the fair value of the shares exclusive of any element of value arising from the accomplishment or expectation of the merger or consolidation, together with interest, if any, to be paid upon the amount determined to be the fair value. In determining such fair value, the Court shall take into account all relevant factors. Unless the Court in its discretion determines otherwise for good cause shown, interest from the effective date of the merger through the date of payment of the judgment shall be compounded quarterly and shall accrue at 5% over the Federal Reserve discount rate (including any surcharge) as established from time to time during the period between the effective date of the merger and the date of payment of the judgment. Upon application by the surviving or resulting corporation or by any stockholder entitled to participate in the appraisal proceeding, the Court may, in its discretion, proceed to trial upon the appraisal prior to the final determination of the stockholders entitled to an appraisal. Any stockholder whose name appears on the list filed by the surviving or resulting corporation pursuant to subsection (f) of this section and who has submitted such stockholder's certificates of stock to the Register in Chancery, if such is required, may participate fully in all proceedings until it is finally determined that such stockholder is not entitled to appraisal rights under this section.

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- (i) The Court shall direct the payment of the fair value of the shares, together with interest, if any, by the surviving or resulting corporation to the stockholders entitled thereto. Payment shall be so made to each such stockholder, in the case of holders of uncertificated stock forthwith, and the case of holders of shares represented by certificates upon the surrender to the corporation of the certificates representing such stock. The Court's decree may be enforced as other decrees in the Court of Chancery may be enforced, whether such surviving or resulting corporation be a corporation of this State or of any state.
- (j) The costs of the proceeding may be determined by the Court and taxed upon the parties as the Court deems equitable in the circumstances. Upon application of a stockholder, the Court may order all or a portion of the expenses incurred by any stockholder in connection with the appraisal proceeding, including, without limitation, reasonable attorney's fees and the fees and expenses of experts, to be charged pro rata against the value of all the shares entitled to an appraisal.
- (k) From and after the effective date of the merger or consolidation, no stockholder who has demanded appraisal rights as provided in subsection (d) of this section shall be entitled to vote such stock for any purpose or to receive payment of dividends or other distributions on the stock (except dividends or other distributions payable to stockholders of record at a date which is prior to the effective date of the merger or consolidation); provided, however, that if no petition for an appraisal shall be filed within the time provided in subsection (e) of this section, or if such stockholder shall deliver to the surviving or resulting corporation a written withdrawal of such stockholder's demand for an appraisal and an acceptance of the merger or consolidation, either within 60 days after the effective date of the merger or consolidation as provided in subsection (e) of this section or thereafter with the written approval of the corporation, then the right of such stockholder to an appraisal shall cease. Notwithstanding the foregoing, no appraisal proceeding in the Court of Chancery shall be dismissed as to any stockholder without the approval of the Court, and such approval may be conditioned upon such terms as the Court deems just; provided, however that this provision shall not affect the right of any stockholder who has not commenced an appraisal proceeding or joined that proceeding as a named party to withdraw such stockholder's demand for appraisal and to accept the terms offered upon the merger or consolidation within 60 days after the effective date of the merger or consolidation, as set forth in subsection (e) of this section.
- (l) The shares of the surviving or resulting corporation to which the shares of such objecting stockholders would have been converted had they assented to the merger or consolidation shall have the status of authorized and unissued shares of the surviving or resulting corporation.

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PRELIMINARY PROXY MATERIAL SUBJECT TO COMPLETION

Important Notice Regarding the Availability of Proxy Materials for the Special Meeting:

The Notice and Proxy Statement and Annual Report to Stockholders are available at www.proxyvote.com.

Proxy Form

DELL INC.

Proxy Form

PROXY

FOR THE SPECIAL MEETING OF STOCKHOLDERS TO BE HELD AT [] [a.m./p.m.] CENTRAL TIME, ON [], 2013 AT THE DELL
ROUND ROCK CAMPUS, 501 DELL WAY, ROUND ROCK, TEXAS 78682

AND ANY POSTPONEMENT OR ADJOURNMENT THEREOF

THIS PROXY IS BEING SOLICITED ON BEHALF OF THE BOARD OF

DIRECTORS OF DELL INC.

You hereby (a) acknowledge receipt of the proxy statement related to the above-referenced meeting, (b) appoint Lawrence P. Tu and Janet B. Wright, and each of them, as proxies, with full power of substitution, and authorize them to vote all shares of Dell Inc. common stock that you would be entitled to vote if personally present at such meeting and at any postponement or adjournment thereof and (c) revoke any proxies previously given.

This proxy will be voted as specified by you. If no choice is specified, the proxy will be voted according to the Board of Director recommendations indicated on the reverse side, and according to the discretion of the proxy holders for any other matters that may properly come before the meeting or any postponement or adjournment thereof.

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OPTIONS FOR SUBMITTING PROXY

DELL INC.

c/o []

VOTE BY INTERNET

Before the Meeting Go to www.proxyvote.com

Use the Internet to transmit your voting instructions and for electronic delivery of information up until 11:59 p.m. Eastern Time on [insert date one day before meeting date]. Have your proxy card in hand when you access the website and follow the instructions to obtain your records and to create an electronic voting instruction form.

VOTE BY PHONE 1-800-690-6903

Use any touch-tone telephone to transmit your voting instructions up until 11:59 p.m. Eastern Time on [insert date one day before meeting date]. Have your proxy card in hand when you call and then follow the instructions.

VOTE BY MAIL

If you have not voted by Internet or telephone, mark, sign and date your proxy card and return it in the postage-paid envelope we've provided or return it to Dell Inc., c/o [].

THIS PROXY CARD IS VALID ONLY WHEN SIGNED AND DATED.

DELL INC.

Proposal 1 Proposal to adopt the Agreement and Plan of Merger, dated as of February 5, 2013, by and among Denali Holding Inc., Denali Intermediate Inc., Denali Acquiror Inc. and Dell Inc., as it may be amended from time to time.

For

Against

Abstain

The Board of Directors (without Michael S. Dell's participation) recommends a vote FOR Proposal 1

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Proposal 2 Proposal to approve, on an advisory (non-binding) basis, the compensation that may become payable to the named executive officers of Dell Inc. in connection with the merger, as disclosed in the table under *Special Factors Interests of the Company's Directors and Executive Officers in the Merger Quantification of Payments and Benefits Potential Change of Control Payments to Named Executive Officers Table*, including the associated footnotes and narrative discussion.

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The Board of Directors (without Michael S. Dell's participation) recommends a vote FOR the Proposal 2

Proposal 3 Proposal to approve the adjournment of the special meeting, if necessary or appropriate, to solicit additional proxies if there are insufficient votes at the time of the special meeting to approve the proposal to adopt the merger agreement.

The Board of Directors recommends (without Michael S. Dell's participation) a vote FOR Proposal 3

To act upon other business as may properly come before the special meeting or any adjournment or postponement thereof by or at the direction of the Board of Directors.

Please sign exactly as your name(s) appear(s) hereon. When signing as attorney, executor, administrator, or other fiduciary, please give full title as such. Joint owners should each sign personally. All holders must sign. If a corporation or partnership, please sign in full corporate or partnership name by authorized officer.

Signature (PLEASE SIGN WITHIN THE BOX)

Date

Signature (Joint Owners)

Date