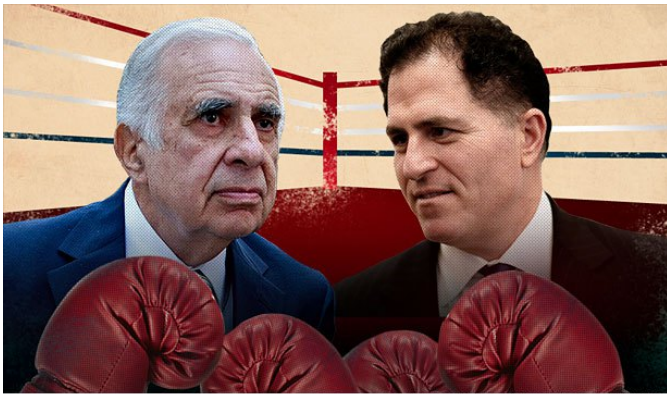


Carl Icahn Gives in to Dell Buyout

Written by Marco Attard
12 September 2013

Hardnosed Dell mega-shareholder Carl Icahn gives up the fight against Michael Dell's ambitions of buying the company sharing his name back, and admits war against Dell and the board "would be almost impossible to win."



"The Dell board, like so many boards in this country, reminds me of Clark Gable's last words in 'Gone with the Wind,'" Icahn says in a letter to fellow shareholders. "They simply 'don't give a damn.'"

Dell gives no comment on the story as yet.

In the letter Icahn blames his throwing the towel on procedural issues, such as the August refusal from the Delaware Chancery Court to fast-track a lawsuit against the company. Icahn was hoping the courts (via the upholding of appraisal rights under Delaware law) would force Dell would hold its annual meeting at the same time it was to vote on the buyout deal, giving him a chance to replace the current board with a new set of directors.

According to Icahn the current Dell board does not have shareholder interests in mind.

"We jokingly ask, 'What's the difference between Dell and a dictatorship?'" Icahn writes. "The answer: Most functioning dictatorships only need to postpone the vote once to win."

The Dell buyout saga kicked off on February 2013, with Michael Dell's announcement of a

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leverage buyout (LBO) worth \$24 billion. But the actual process proved complicated, with Icahn demanding a "leveraged recapitalisation" (meaning a recalculation of the PC maker's value) on March 2013 after arguing the going price (\$13.65 per share) was too low.

July 2013 saw Icahn spearheading another assault-- a letter with the very unsubtle title "Why Does Dell Keep Attacking Its Own Business?" Within Icahn accused Michael Dell of intentionally kicking Dell down, scaring shareholders to sell cheap in order to easily take over the company.

At around the same time Icahn's recapitalisation hopes were kicked down by influential proxy adviser Institutional Shareholder Service (ISS) and its approval of Dell's LBO plans.

Thus as the saga winds down towards a finale involving Dell becoming private, Icahn will simply be left with a small profit. Well, "small" by grotesque billionaire standards-- in June 2013 Icahn bought 72 million shares off Southeastern Asset Management at \$13.52 per share, making him the owner of 152 million Dell shares. With Dell buying at \$13.65 per share... you do the math.

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