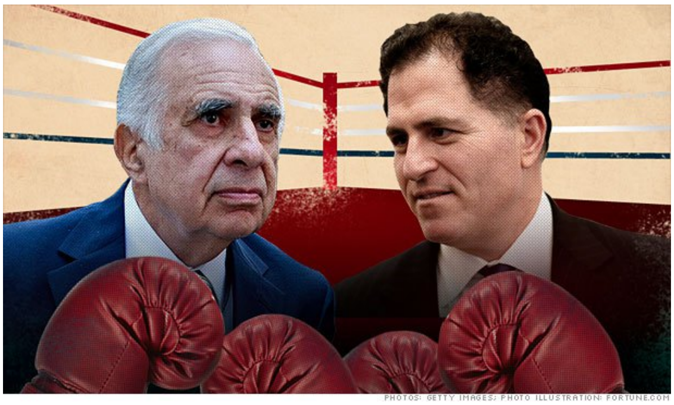
Back in February 2013 Michael Dell announced a grand plan to bring a struggling Dell back on its feet-- a leveraged buyout (LBO) worth $24 billion . However the past months proved complicated for Dell, as shareholders division made efforts for Dell's privatisation difficult. But what exactly is going on within the Dell boardroom?



Spearheading efforts against the buyout is one Carl Icahn. A billionaire with a 6% stake in the company, Icahn opposes the buyout. He demanded a "leveraged recapitalisation" (meaning a recalculation of the PC maker's value) back in March 2013 together with other investors, chiefly Southeastern Asset management, who argue Dell's going price ($13.65 per share) is too low.

"We believe management is intentionally emphasizing declining PC sales in order to justify its inadequate buyout price," a March 2013 Southeastern statement claims.

Fast forward by four months, and Icahn fires another assault-- a letter with a very unsubtle title, "Why Does Dell Keep Attacking Its Own Business?"

"Over the last 50 years I have studied and dealt with hundreds of companies," Icahn starts. "In many cases, I have criticized boards and directors for blatant mismanagement and misdeeds. I have seen some awful things done to shareholders. But I have never seen a board conduct a campaign to demean the business prospects of their own company in the way Dell has during the past few weeks."

Icahn accuses Michael Dell and his fellow Silver Lake investors of intentionally kicking Dell down, scaring shareholders to sell cheap in order to easily take total control of the company.

"My simple conclusion is that I believe the PC business is not going away, but the industry is changing," Icahn continues before stating Dell (and, by extension, its shareholders) can earn more by playing the patience game and reaping eventual rewards from recent investments in enterprise software and non-PC businesses.

A presumably convincing (to shareholders anyway) argument, but Michael Dell also has an ace up his sleeve-- approval of the LBO from influential proxy adviser Institutional Shareholder Service (ISS).

"We [...] believe rejection of [the LBO] would expose Dell and its shareholders to serious risks and uncertainties that will harm the Company's business and erode shareholder value" ISS declares.

ISS approval of Icahn and company would have kicked off the corporate equivalent of a Rube Goldberg machine. According to Forbes, first one would have to kick out the Dell board and its billionaire founder, and find suitable replacements. The replacements would propose a tender offer (at $14 per share) of up to 72% of Dell stock-- but an oversubscribed tender would turn into a cash-and-stock deal. No wonder it believes Dell does not have the time to deal with such complications... not for the addition of all of 35c on the per share price (even if, in the case of Icahn and his mega-shareholder ilk, so many cents would make up many, many dollars).

In conclusion, what next for Dell? The board votes on the buyout later this month-- and the fate of the PC maker depends soley on which side the myriad Dell investors find most convincing. Michael Dell and Silverlake, or Icahn and Southeastern Asset Management? Someone call HBO, we're sure this corporate skulduggery makes for excellent TV.

Go [Why Does Dell Keep Attacking Its Own Business?](#)

Go [Leading Proxy Advisory Firm ISS Recommends Dell Shareholders Vote "FOR" Sale]

Go [Dell Buyout Battle: Why the Icahn-Southeastern Plan Flopped at ISS (Forbes)]

Go [Carl Icahn Steps Into Dell Buyout Fight (AllThingsD.com)]