

DELL INC
Form DEFA14A
December 14, 2010

**UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549
SCHEDULE 14A
(RULE 14a-101)
INFORMATION REQUIRED IN PROXY STATEMENT
SCHEDULE 14A INFORMATION
Proxy Statement Pursuant to Section 14(a)
of the Securities Exchange Act of 1934**

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Dell Inc.

(Name of Registrant as Specified in its Charter)

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Filed by: Dell Inc.
Pursuant to Rule 14a-12
under the Securities Exchange Act of 1934
Subject Company: Compellent Technologies, Inc.
Commission File No. 0-17017

On December 14, 2010, the following information was provided by Dell Inc. (Dell): (i) a presentation addressing Top Questions regarding Dell s proposed acquisition of Compellent Technologies, Inc. (the Proposed Transaction) to replace the PowerPoint presentation addressing Top Questions and summarizing key aspects of the Proposed Transaction filed by Dell on December 13, 2010; and (ii) internet links to the *Wall Street Journal* and *Bloomberg* news articles filed herewith.





The Wall Street Journal.

Is Dell-Compellent the Top of the Data Storage Frenzy?

By Shira Ovide

How much longer can the data-storage party last?

Dell today clinched its acquisition of Compellent Technologies for \$960 million, or \$820 million after stripping out Compellent's cash. The deal, valued at \$27.75 a share, is part of a flood of deals for companies that store caches of computer data and help companies make sense of the tangle of digital information.

Bank of America Merrill Lynch said Dell's deal is valued at about 4 times Compellent's forward sale estimates, which the analysts said is relatively inexpensive compared to other big storage acquisitions. 3PAR's purchase by Hewlett-Packard was a multiple of 10 times forward sales and EMC's purchase of Isilon was at 8-9x forward sales, BofA Merrill Lynch says.

The question is whether we've reached a peak in the frenzy of computing companies grabbing up data storage companies, including those in the ever-hot cloud computing sector—a catch all term for storing files and services over the Internet instead of on physical hardware located on site.

Hewlett-Packard and Dell were locked in feverish, weeks-long fight for data-storage company 3Par, before H-P came away from the scrum with a \$2.35 billion acquisition. EMC last month also agreed to buy storage maker Isilon Systems, and IBM in September agreed to buy data specialist Netezza Corp. Dell itself already has added storage companies such as Ocarina Networks Inc. to its shopping cart.

Valuations in this space are clearly inflated given robust growth in data creation and the growing need for enterprises to more efficiently store and manage data, Credit Agricole said in a research note.

Here are more analyst takeaways from the Dell deal:

This is far below some of the recent storage deals, but probably still slightly more than we would have paid given 1) Compellent's much lower gross margin compared to the other recent deals (low 50's vs. high 60's for others) and 2) the lack of a clear fit within another major hardware vendor, and thus the likelihood of no other serious competitive bidders in the process. Hapoalim Securities

Dell's proposed acquisition of Compellent should not come as a surprise, given the company's past interest in 3PAR and its prior comments of ongoing interest in the enterprise storage segment. We do not believe Compellent provides transformative technology assets, but the incremental improvement to Dell's portfolio is a step in the right direction.

J.P. Morgan

We view Dell's recent acquisition activity (i.e., EqualLogic and Perot Systems) into new business areas and away from commodity hardware as a long-term positive. However, we note that acquisition-related changes introduce notable integration risk in the near term. Baird

Bloomberg

Dell Plans More Data-Storage Acquisitions After Compellent Deal

By Aaron Ricadela and Amy Thomson Dec 13, 2010 3:06 PM CT

Dell Inc. plans more data-storage acquisitions following the \$960 million purchase today of Compellent Technologies Inc. to strengthen its hand in the market against rivals Hewlett-Packard Co. and EMC Corp.

About 3.5 percent of Dell's \$15.4 billion in sales last quarter came from storage products. Dell, the world's third-largest personal-computer maker, may seek purchases in software for managing data storage systems, Executive Vice President Brad Anderson said today on a conference call with reporters.

The storage area will continue to be a very attractive area for us, said Anderson. In the meantime, Round Rock, Texas-based Dell plans to keep reselling EMC's products, he said.

HP, EMC, International Business Machines Corp., Cisco Systems Inc., and Oracle Corp. may also bulk up in the storage market as businesses look to manage increasing amounts of data, according to analysts. Possible data-management targets include CommVault Systems Inc. and Double-Take Software Inc., Jayson Noland, an analyst at Robert W. Baird & Co., said in an e-mail.

Symantec Corp.'s Veritas software may also be valuable to Dell or HP, said San Francisco-based Noland, who has an outperform rating on Dell shares and doesn't own any.

Several of Compellent's peers were acquired this year. HP, the world's biggest PC maker, outbid Dell in September for storage company 3Par Inc. HP agreed to pay \$2.35 billion, more than triple the business's market value before any bids became public. IBM bought Netezza Corp. in November, and EMC agreed to buy Isilon Systems Inc. the same month. Storage hardware and software maker NetApp Inc. is also seen as a potential target.

Important Information

In connection with the proposed transaction, Compellent will file a proxy statement with the SEC. Additionally, Compellent and Dell will file other relevant materials in connection with the proposed acquisition of Compellent by Dell pursuant to the terms of the merger agreement. INVESTORS AND STOCKHOLDERS OF COMPELLENT ARE ADVISED TO READ THE PROXY STATEMENT AND ANY OTHER RELEVANT DOCUMENTS FILED WITH THE SEC WHEN THEY BECOME AVAILABLE, BECAUSE THEY WILL CONTAIN IMPORTANT INFORMATION ABOUT THE MERGER AND THE PARTIES THERETO.

Investors and stockholders may obtain free copies of the proxy statement and other documents filed by the parties (when available), at the SEC's Web site at www.sec.gov or at Compellent's Web site at www.compellent.com/investors. The proxy statement and such other documents may also be obtained, when available, for free from Compellent by directing such request to Investor Relations, 7625 Smetana Lane, Eden Prairie, MN 55344-3712, telephone: (952) 294-3300.

Compellent, Dell and their respective directors, executive officers and other members of management and employees, under SEC rules, may be deemed to be participants in the solicitation of proxies from Compellent's stockholders in connection with the proposed transaction. Further, such persons may have direct or indirect interests in the Merger due to, among other things, securities holdings, pre-existing or future indemnification arrangements, vesting of equity awards, or rights to severance payments in connection with the Merger. Information concerning the interests of these persons will be set forth in the proxy statement relating to the transaction when it becomes available.

Forward Looking Statements

Statements in these news articles that relate to future results and events are forward-looking statements made within the meaning of Section 21E of the Securities Exchange Act of 1934 based on Dell and Compellent's current expectations regarding the merger transaction. Actual results and events in future periods may differ materially from those expressed or implied by these forward-looking statements because of a number of risks, uncertainties and other factors. There can be no assurances that a transaction will be consummated. Other risks, uncertainties and assumptions include the possibility that expected benefits may not materialize as expected; that the transaction may not be timely completed, if at all; that, prior to the completion of the transaction, if at all, Compellent's business may experience significant disruptions due to transaction-related uncertainty or other factors that the parties are unable to successfully implement integration strategies; and other risks that are described in Dell's Annual Report on Form 10-K for the fiscal year ended January 29, 2010 and in its subsequently filed SEC reports and Compellent's Annual Report on Form 10-K for the year ended December 31, 2009 and in its subsequently filed SEC reports. Neither Dell nor Compellent undertakes any obligation to update these forward-looking statements except to the extent otherwise required by law.