



DYNAMIC LBO MODEL

Technical Document

Abstract

The purpose of this report is to explain to users how the dynamic LBO model operates and guide users in employing this framework to evaluate potential leveraged buy-outs

TRANSACTION SUMMARY	3
RETURNS ANALYSIS	3
TRANSACTION MULTIPLES	3
SUMMARY FINANCIAL DATA.....	4
HISTORICAL STATEMENTS.....	4
LTM.....	5
PROJECTION PERIOD.....	6
SUMMARY CAPITALIZATION	8
SUMMARY CREDIT STATISTICS	9
BASIC ASSUMPTIONS.....	11
ASSUMPTIONS.....	11
SCENARIOS	13
PURCHASE PRICE ASSUMPTIONS	15
SOURCES.....	15
USES	16
OPTION TABLE	16
FULLY DILUTED SHARED OUTSTANDING	17
PURCHASE PRICE	17
FINANCING SCENARIOS	19
SOURCE OF FUNDS.....	19
USES OF FUNDS.....	20
DEBT INSTRUMENTS.....	21
LEVERAGE.....	21
FIXED/FLOATING INTEREST RATE	22
PRICING, PIK - %, TENOR, AND OID - %.....	22
OID - \$.....	22
FINANCING AND TRANSACTION FEES - %.....	23
FINANCING AND TRANSACTION FEES - \$	23
REVOLVING COMMITMENT FEES - % (SPREAD TO LIBOR)	24
REVOLVING COMMITMENT.....	24
AMORTIZATION OF FINANCING FEES	24
AMORTIZATION OF OID FEES.....	25
INCOME STATEMENT.....	25
HISTORICAL STATEMENTS – INCOME STATEMENT	26
LTM – INCOME STATEMENT	28
CAGR – INCOME STATEMENT	28
STUB – INCOME STATEMENT	28
PROJECTION PERIOD – INCOME STATEMENT.....	30
LTM STUBS – INCOME STATEMENT	32
BALANCE SHEET	32
HISTORICAL & LTM	32
ADJUSTMENTS – BALANCE SHEET	34
PF CLOSING - BALANCE SHEET	35
PROJECTION PERIOD - BALANCE SHEET	36
CAPITAL EXPENDITURE & DEPRECIATION SCHEDULE	41
CAPITAL EXPENDITURE.....	41
DEPRECIATION	42

CASH FLOW STATEMENT	43
HISTORICAL STATEMENTS & LTM	43
PROJECTED STATEMENT OF CASH FLOWS	47
DEBT SCHEDULE	51
REVOLVING CONSUMER RECEIVABLES FACILITY	52
NEW ABL FACILITY	53
NEW TERM / COMMERCIAL RECEIVABLES FACILITY	54
NEW TERM LOAN B	55
NEW TERM LOAN C	57
EXISTING LONG-TERM DEBT – SENIOR NOTES	59
NEW MICROSOFT SENIOR SUBORDINATED NOTES	59
NEW BRIDGE LOAN	60
RETURNS ANALYSIS	60
EQUITY FLOWS	60
EQUITY VALUE	61
RETURNS	63
OWNERSHIP	63
OPERATING SCENARIOS	63
APPENDIX	65

TRANSACTION SUMMARY

Transaction Summary

Sources & Uses of Funds								Purchase Price		
Source	Pricing	Multiple of EBITDA	Amount	% of Total	Use	Multiple of EBITDA	Amount	% of Total	Offer Price per Share	\$13.75
Cash from Balance Sheet		2.0x	7,800.00	24.0%	Equity Purchase Price	8.0x	26,344.72	75.0%	Fully Diluted Shares	1,769.20
New Revolver / Cont. Receivables Draw	L+ 225	0.0x	0.00	0.0%	M&A/Legal/Accounting Fees	0.2x	486.69	1.5%		
New Allfin Facility Draw	L+ 175	0.7x	2,000.00	6.2%	Financing Fees	0.2x	744.97	2.3%		
New Term/Commercial Receivables Draw	L+ 175	0.6x	1,900.00	5.9%	Repay Existing Outstanding Revolvers	0.9x	2,736.00	8.4%		
New Term Loan A	L+ 190	1.8x	5,000.00	77.0%	Repay Existing Long Term Debt	0.0x	0.00	0.0%	Add: Net Debt	-4,374
New Term Loan C	L+ 275	0.8x	1,500.00	4.6%	Assume Existing Debt	1.3x	4,075.00	12.6%	Add: Noncontrolling Interests	0
New Microsoft Senior Subordinated Notes	7.25%	0.7x	2,000.00	6.2%		0.0x	81.52	0.3%	Enterprise Value	\$19,961
New Bridge Loan (Assume Subordinated Notes)	5.63%	0.5x	1,500.00	4.6%						
Assume SLP Existing Debt	4.60%	1.3x	4,075.00	12.6%						
New SLP Existing Debt		0.5x	1,674.58	5.2%						
New Michael Dell Equity		0.2x	750.00	2.3%						
Michael Dell Rollover Equity		1.2x	3,797.33	11.6%						
Total		10.8x	32,438.91	100.0%	Total		10.8x	32,438.91	Total	100.0%
Sensitivity of Returns										
IRR Sensitivity						MOIC Sensitivity				
Entry						Entry				
Exit	3.0x	3.5x	6.0x	6.5x	7.0x	7.5x	8.0x	3.0x	3.5x	6.0x
	13%	13%	13%	13%	13%	13%	13%	1.6x	1.6x	1.6x
	18%	18%	18%	18%	18%	18%	18%	1.9x	1.9x	1.9x
	4.0x	4.5x	2.5x	2.5x	2.5x	2.5x	2.5x	2.3x	2.3x	2.3x
	3.0x	2.5x	2.5x	2.5x	2.5x	2.5x	2.5x	2.6x	2.6x	2.6x
	3.5x	3.0x	2.7x	2.7x	2.7x	2.7x	2.7x	2.9x	2.9x	2.9x
	6.0x	3.1x	31%	31%	31%	31%	31%	6.0x	3.2x	3.2x
Exit						Exit				
Transaction Multiples										
EV/Sales - LTM 08/02/2013										0.4x
EV/Sales - 2014E										0.4x
EV/EBITDA - LTM 08/02/2013										6.5x
EV/EBITDA - 2014E										4.5x
Scenarios										
Operating Scenario										Sponsor
Financing Scenario										2
Average Balance for Interest										On
Cash Balance										On

The LBO model has four possible operating and financing scenarios that are used to sensitize various assumptions. The **Transaction Summary** displays data from only the currently selected scenario.

The Transaction Summary includes the following information:

- I. Sources and Uses of Funds
- II. Purchase Price
- III. Returns Analysis
- IV. Transaction Multiples
- V. Scenarios
- VI. Sensitivity to Returns (IRR Sensitivity and MOIC Sensitivity)

The cells in this section pull data from other areas of the model to aggregate all the important figures in the form of a summary. However, there are a few cells which calculate the results, rather than pull the data from below, these include:

RETURNS ANALYSIS

[1] Exit Year

- Entry Year + Hold Period – 1
- Represents the year that the investor plans to sell the company

TRANSACTION MULTIPLES

[2] EV/Sales – LTM

- Enterprise value / LTM Sales
- These multiples are useful metrics for investors because they can be used to determine whether one company is valued higher or lower than another.

[3] EV/Sales – 2014E

- Enterprise value / 2014E Sales

[4] EV/EBITDA – LTM

- Enterprise value / LTM EBITDA

[5] EV/EBITDA 2014E

- Enterprise value / 2014E EBITDA

[6] Internal Rate of Return (IRR) Sensitivity

- Cells with blue font color, located in the top left corner of the data table require input from the user. The remaining cells along both the outer column and row of the table add increments of 0.5 to establish the parameters for the sensitivity.
- The internal rate of return is the implied average annual return (adjusted for time value of money) that the investor earns on their initial investment according to the assumptions in the model.
- Therefore, the data table allows us to see what the IRR would be under various entry and exit multiples.

[7] Money Over Invested Capital (MOIC) Sensitivity

- Money Over Invested Capital (MOIC) is the value of the equity during exit from the investment divided by the amount of capital invested.
- This metric allows the user to assess the overall return from the investment, ignoring the time value of money.

Summary Financial Data

HISTORICAL STATEMENTS

Summary Financial Data

	Historical Statements					LTM 08/02/2013
	2009A	2010A	2011A	2012A	2013A	
Sales	61,101	52,902	61,494	62,071	56,940	56,623
% growth		-13.42%	16.24%	0.94%	-8.27%	
Gross Profit	10,957	9,261	11,396	13,811	12,186	11,417
% margin	17.93%	17.51%	18.53%	22.25%	21.40%	20.16%
EBITDA	3,959	3,024	4,403	5,367	4,156	3,050
% margin	6.48%	5.72%	7.16%	8.65%	7.30%	5.39%
Capital Expenditures		551	393	716	533	606
% sales		1.04%	0.64%	1.15%	0.94%	1.07%
Cash Interest Expense	93	160	199	279	270	251
Total Interest Expense	93	160	199	279	270	251
Free Cash Flow (CFFO - Capex)		2,998	2,114	800	4,643	

[8] Year Headers for Historical Data

- = Year (LTM Date) – 4
- This isolates the year from the date input by the user in the **Assumptions** section below and then subtracts 4 to arrive at the first year that historical data will be included in the model (i.e. four years prior to the LTM).
- The historical data for these five years will then be pulled and used for the rest of the model. The cells for the subsequent five years adds 1 to the value of the previous cell to arrive at the next year.

[9] Sales

- This cell pulls the value from the **Income Statement** section below.

[10] Sales % growth

- This cell pulls the value from the **Income Statement** section below.

[11] Gross Profit

- This cell pulls the value from the **Income Statement** section below.

[12] Gross Profit % margin

- This cell pulls the value from the **Income Statement** section below.

[13] EBITDA

- This cell pulls the value from the **Income Statement** section below.

[14] EBITDA % Margin

- This cell pulls the value from the **Income Statement** section below.

[15] Capital Expenditures

- This cell pulls the value from the **Cash Flow Statement** section below.

[16] Cash interest expense

- This cell pulls the value from the **Income Statement** section below.

[17] Total interest expense

- This cell pulls the value from the **Income Statement** section below.
- Note: Both cash interest expense and total interest expense link to *Net Interest Expense*).

[18] Capital Expenditures % of Sales

- Capital Expenditures / Sales

[19] Free Cash Flow

- Cash Flow from Operations + Capital Expenditures
- These values are pulled from the **Cash Flow Statement** section below.

LTM

[20] LTM Data

- The cells in this column pull the values from the **Income Statement** section below.

Summary Financial Data

	Historical Statements					LTM 08/02/2013
	2009A	2010A	2011A	2012A	2013A	
Sales	61,101	52,902	61,494	62,071	56,940	56,623
% growth		-13.42%	16.24%	0.94%	-8.27%	
Gross Profit	10,957	9,261	11,396	13,811	12,186	11,417
% margin	17.93%	17.51%	18.53%	22.25%	21.40%	20.16%
EBITDA	3,959	3,024	4,403	5,367	4,156	3,050
% margin	6.48%	5.72%	7.16%	8.65%	7.30%	5.39%
Capital Expenditures		551	393	716	533	606
% sales		1.04%	0.64%	1.15%	0.94%	1.07%
Cash Interest Expense	93	160	199	279	270	251
Total Interest Expense	93	160	199	279	270	251
Free Cash Flow (CFFO - Capex)		2,998	2,114	800	4,643	

PROJECTION PERIOD

Summary Financial Data												
	Historical Statements					LTM 08/02/2013	Projection Period					
	2009A	2010A	2011A	2012A	2013A		Year 1 2014E	Year 2 2015E	Year 3 2016E	Year 4 2017E	Year 5 2018E	
Sales	61,101	52,902	61,494	62,071	56,940	56,623	56,541	55,580	55,136	54,419	54,092	
% growth	+13.42%	-16.24%	+0.94%	+0.92%			+0.70%	+1.70%	-0.80%	+1.30%	+0.60%	
Gross Profit	10,957	9,261	11,396	13,811	12,186	11,417	12,891	12,672	12,571	12,407	12,333	
% margin	+8.92%	+15.87%	+8.83%	+22.28%	+21.00%	+20.80%	+22.88%	+22.80%	+22.80%	+22.80%	+22.80%	
EBITDA	3,959	3,024	4,403	5,367	4,156	3,050	4,491	4,255	4,213	3,916	4,041	
% margin	+6.96%	+5.72%	+10.26%	+0.65%	+7.00%	+5.38%	+7.02%	+7.04%	+7.02%	+7.00%	+7.02%	
Capital Expenditures		551	393	716	533	606	678	611	551	544	541	
% sales		+16.42%	+0.64%	+1.82%	+0.94%	+1.67%	+1.20%	+1.00%	+1.00%	+1.00%	+1.00%	
Cash Interest Expense	93	160	199	279	270	291	682	616	680	629	548	
Total Interest Expense	93	160	199	279	270	291	692	635	709	648	563	
Free Cash Flow (CFFO - CapEx)			2,998	2,114	800	4,843		2,176	2,877	2,681	2,322	2,526

[21] Years Index - Projection Periods

LTM 08/02/2013	Projection Period				
	Year 1 Year 2 Year 3 Year 4 Year 5				
	2014E	2015E	2016E	2017E	2018E
56,623	56,541	55,580	55,136	54,419	54,092
	-0.70%	-1.70%	-0.80%	-1.30%	-0.60%

- **IF:** Number of projection periods > previous year + 1, **THEN:** Previous year + 1, **ELSE:** blank
- In other words, only include forecasts up to the declared number of projection periods.
- This formula is useful because it will recognize the number of years in the projection period, and thus will update automatically whenever the period length is changed. This allows the model to be dynamic and automatically respond to adjustments made by the user.

[22] Projection Period - Dates

LTM 08/02/2013	Projection Period				
	Year 1 Year 2 Year 3 Year 4 Year 5				
	2014E	2015E	2016E	2017E	2018E
56,623	56,541	55,580	55,136	54,419	54,092
	-0.70%	-1.70%	-0.80%	-1.30%	-0.60%

- **IF:** The Year Header cell is blank **THEN:** The formula will return blank **ELSE:** The formula will return the year, which is pulled from the **Income Statement** below.
- These cells will automatically update with any changes to the projection period.

Projection Period				
Year 1 2014E	Year 2 2015E	Year 3 2016E	Year 4 2017E	Year 5 2018E
56,541	55,580	55,136	54,419	54,092
-0.70%	-1.70%	-0.80%	-1.30%	-0.60%
12,891	12,672	12,571	12,407	12,333
22.80%	22.80%	22.80%	22.80%	22.80%
4,481	4,355	4,313	3,916	4,041
7.92%	7.84%	7.82%	7.20%	7.47%
678	611	551	544	541
1.20%	1.10%	1.00%	1.00%	1.00%
682	616	690	629	548
692	635	709	648	563
2,176	2,677	2,681	2,322	2,526

[23] Projection Period Data:

- **IF:** Year Header cell is blank **THEN:** Formula will keep cell blank **ELSE:** The formula will return the relevant figure pulled from the **Income Statement** section below.
- These cells will automatically adjust with the projection period

This formula applies to the following rows in the projection period:

[24] Sales	[25] Sales % growth
[26] Gross Profit	[27] Gross Profit % margin
[28] EBITDA	[29] EBITDA % Margin

[30] Capital Expenditures

- **IF:** the year cell is blank **THEN:** The formula will return blank **ELSE:** Capital Expenditure (from the Cash Flow Statement) / Stub Period
- Capital Expenditures is divided by the Stub period to annualize the expenditure. This figure is annualized because all items in the first year of the cash flow statement are estimated for the remaining six months of the fiscal year and have not been annualized. The remaining values from this item are directly referenced to the cash flow statement.

Note: This dynamic LBO Model will use two-part formulas, where the formula in the first year of the projection is different from the subsequent years. This technical note will notify the user when two-part formulas are used. However, to avoid repetition of the explanation, unless otherwise stated, two-part formulas are used to account for the stub period in the first year of the projection period, and then regular projections.

[31] Cash Interest Expense

- Total interest expense – Amortization of OID – PIK Accrual

[32] Free Cash Flow

IF: the year cell is blank

THEN: the formula will return no value

ELSE: Cash Flow from Operations + Capital Expenditures / Percent Stub Period Assumption

Summary Capitalization

Summary Capitalization	
Cash	4,000
New Revolver/Cons. Receivables Draw	253
New ABL Facility Draw	2,000
New Term/Commercial Receivables Draw	1,900
New Term Loan B	5,474
New Term Loan C	1,493
Total Senior Secured Debt	11,120
Existing Debt	3,753
Total Senior Debt	14,873
New Microsoft Senior Subordinated notes	2,003
New Bridge Loan (Assume Subordinated Notes)	1,500
Total Debt	18,375
Shareholders' Equity	6,370
Total Capitalization	24,745

[33] Cash

- This cell pulls the value from the **Balance Sheet** section below.

[34] New Revolver/Constant Receivables Draw

- This cell pulls the value from the **Balance Sheet** section below.

[35] New ABL Facility Draw

- This cell pulls the value from the **Balance Sheet** section below.

[36] New Term/Commercial Receivables Draw

- This cell pulls the value from the **Balance Sheet** section below.

[37] New term Loan B

- This cell pulls the value from the **Balance Sheet** section below.

[38] New Term Loan C

- This cell pulls the value from the **Balance Sheet** section below.

[39] Total Senior Secured Debt

- = New Revolver/Constant Receivables Draw + New ABL Facility Draw + New Term/Commercial Receivables Draw + New term Loan B + New Term Loan C

[40] Existing Debt

- This cell pulls the value from the **Balance Sheet** section below.

[41] Total Senior Debt

- = Existing Debt + Total Senior Secured Debt
- Senior Debt is more expensive than Senior Secured Debt, but less expensive than Senior Subordinated Debt.

[42] New Microsoft Senior Subordinated Notes

- This cell pulls the value from the **Balance Sheet** section below.

[43] New Bridge Loan (Assume Subordinated Notes)

- This cell pulls the value from the ***Balance Sheet*** section below.

[44] Total Debt

- New Microsoft Senior Subordinated Notes + New Bridge Loan + Total Senior Debt

[45] Shareholders Equity

- This cell pulls the value from the ***Balance Sheet*** section below.

[46] Total Capitalization

- Total Debt + Total Equity

Summary Credit Statistics

Note: All references here link to the ***Summary Financial Data*** and ***Summary Capitalization*** sections discussed above.



[47] % Debt to Total Capitalization

- Total Debt / Total Capitalization
- Debt to Total Capitalization captures the level of leverage in a company; in an LBO situation we expect this ratio to decrease over time as free cash flow is used to pay down debt.

[48] EBITDA/Cash Interest Expense

- IF:** EBITDA / Cash Interest Expense > 0, **THEN:** the formula will return the result; **ELSE:** returns N/A
- This ratio and the following ratios below are measures of leverage (interest coverage).

[49] (EBITDA – Capex)/Cash Interest Expense

- IF:** (EBITDA – Capex) / Cash Interest Expense > 0, **THEN:** the formula will return the result; **ELSE:** returns N/A

[50] EBITDA/Total Interest Expense

- IF:** EBITDA / Total Interest Expense > 0, **THEN:** the formula will return the result; **ELSE:** returns N/A

[51] (EBITDA – Capex)/Total Interest Expense

- **IF:** (EBITDA – Capex) / Total Interest Expense > 0, **THEN:** the formula will return the result; **ELSE:** returns N/A

[52] Senior Secured Debt/EBITDA

- **IF:** Senior Secured Debt / EBITDA > 0, **THEN:** the formula will return the result, **ELSE:** It will return N/A

[53] Senior Debt/EBITDA

- **IF:** Senior Debt / EBITDA > 0, **THEN:** the formula will return the result, **ELSE:** It will return N/A

[54] Subordinated Debt/EBITDA

- **IF:** (Microsoft Senior Subordinated Notes + New Bridge Loan) / EBITDA > 0, **THEN:** the formula will return the result, **ELSE:** It will return N/A

[55] Total Debt/EBITDA

- **IF:** Total Debt / EBITDA > 0, **THEN:** the formula will return the result, **ELSE:** It will return N/A

[56] Net Debt/EBITDA

- **IF:** (Total Debt – Cash) / EBITDA > 0, **THEN:** the formula will return the result, **ELSE:** It will return N/A

Note: The two charts in this section are dynamic. The user can adjust which ratios are displayed on the charts by selecting the ratio from the dropdown menu, which is activated by clicking on the ratios in blue font.

*Specifically, **Chart 1** allows the user to add in two ratios, and **Chart 2** allows the user to add one. This allows the user to explore different scenarios based on the variables above.*

Basic Assumptions

Basic Assumptions

Assumptions	
Company Name	Dell Inc.
Model Date	03/05/2015
LTM Date	08/02/2013
Unaffected Share Price	10.88
Exit Multiple	5.0x
Hold Period	5 years
Stub	50%
LIBOR Floor	1.0%
Interest Rate on Cash	1.0%
Marginal Tax Rate	17.0%
Financeable EBITDA	3,050

Scenarios		1	2	3	4
		Management	Sponsor	Analyst	Downside
Operating Scenario	2	Sponsor	1	2	3
Financing Scenario	1	1	On	Off	4
Average Balance for Interest	1	On	On	Off	
Cash Balance	1	On	On	Off	



ASSUMPTIONS

[57] Company Name

- User-Entry: Enter the name of the target company.

[58] Model Date

- =Today()
- This function will return the current date when the analyst is using the model.

[59] LTM Date

- User-Entry: Enter the LTM date.

[60] Unaffected Share Price

- User-Entry: Enter the unaffected share price. This is the value of target's share price prior to announcement. Generally, one week can be used, however, when a transaction has been rumoured for a long time, it may be necessary to use a more historic figure such as the 30 or 60 days prior to the announcement.

[61] Exit Multiple

- User-Entry: Enter the expected exit multiple.

[62] Hold Period

- User-Entry: Enter the number of years that the investment is expected to be held for before exit.

[63] Stub

- User-Entry: Enter the stub period as a percentage of a full year (i.e. 2 quarters = 50%)

[64] LIBOR Floor (Annualized)

- User-Entry: Enter the LIBOR floor as an annualized figure.

[65] Interest Rate on Cash (Annualized)

- User-Entry: Enter the interest rate on cash as an annualized figure.

[66] Marginal Tax Rate

- User-Entry: Enter the marginal tax rate for the target.

[67] Financeable EBITDA

- This cell pulls the value for LTM EBITDA from the **Income Statement** section below.

SCENARIOS

Scenarios	1	2	3	4
Operating Scenario	2	Sponsor	Management	Sponsor
Financing Scenario	1	1	1	2
Average Balance for Interest	1	On	On	Off
Cash Balance	1	On	On	Off

[68] Operating Scenario

Column 1

- A choice between 1 and 4 allows the user to toggle to different operating scenarios. Default scenarios include 1=Management, 2=Sponsor, 3=Analyst and 4=Downside. The differences between the scenarios will be explained later.

Column 2

- =OFFSET(O117,0,L117)
- The L117 indicates how many cells to move to the right in order to return the name of the selected scenario

Column 3 to 7

- Names of various scenarios that the user can select from.

[69] Financing Scenario

- Similar to Operating Scenario, except it affects the financing of the transaction.
- Note: *Financing scenarios are independent of operating scenarios.*

[70] Average Balance for Interest

- The options for the interest toggle are restricted to two (1=On, 2=Off).
- “On” implies that the model will average the beginning and ending balance of debt and multiply it by the interest rate to get final interest expense for all debt types
- “Off” implies that the model only considers the beginning balance of debt.

[71] Cash Balance

- The options for this toggle are: 1=On, 2=Off.
- “On” keeps the cash on the balance sheet, while “Off” deducts it to 0.
- This cell is a circuit-breaker in the model when used in combination with the Average Balance for Interest toggle (i.e. both cells have to be turned off and then switched back on to reset the model).

Purchase Price Assumptions

Purchase Price Assumptions

Sources		Pricing	Multiple of EBITDA	Amount	% of Total
Source					
Cash from Balance Sheet			2.6x	7,800.00	24.0%
New Revolver/Cons. Receivables Draw	L + 225	0.0x	0.00	0.0%	
New ABL Facility Draw	L + 175	0.7x	2,000.00	6.2%	
New Term/Commercial Receivables Draw	L + 175	0.6x	1,900.00	5.9%	
New Term Loan B	L + 350	1.8x	5,502.00	17.0%	
New Term Loan C	L + 275	0.5x	1,500.00	4.6%	
New Microsoft Senior Subordinated Notes	7.25%	0.7x	2,000.00	6.2%	
New Bridge Loan (Assume Subordinated Notes)	5.63%	0.5x	1,500.00	4.6%	
Assume Existing Debt	4.60%	1.3x	4,075.00	12.6%	
New SLP Equity		0.5x	1,674.58	5.2%	
New Michael Dell Equity		0.2x	750.00	2.3%	
Michael Dell Rollover Equity		1.2x	3,757.33	11.6%	
Total		10.6x	32,458.91	100.0%	

Purchase Price	
Unaffected Share Price	\$10.88
Premium to Unaffected Share Price	26.4%
Offer Price per Share	\$13.75
Fully Diluted Shares	1,769.5
Equity Purchase Price	\$24,335
Add: Net Debt	-4,374
Add: Noncontrolling Interests	0
Enterprise Value	\$19,961
Implied Entry Multiple	6.5x
Fully Diluted Shares Outstanding	
Basic Shares Outstanding (BSO)	1,757.0

SOURCES

The key inputs for this table are pulled from other parts of the model. The following is a description for each of the five columns in this table.

Source

- This column lists the names of the different funding sources.

Pricing

- This column shows the cost of the funding, or in other words the annual interest rate of each tranche of debt.

Multiple of EBITDA

- Each row in this column is calculated by dividing the Amount by Financeable EBITDA to calculate the multiple of EBITDA for that specific source of capital.

Amount

- Each cell in this column shows the total dollar amount of each type of funding.

% of Total

- Each cell in this column shows what proportion of total funding is contributed by that specific source of capital.
- It is calculated by dividing the Amount for that source of capital by the total amount of capital provided.

USES

The uses table follows the same formula as the sources table.

Uses	Multiple of EBITDA	Amount	% of Total
Use			
Equity Purchase Price	8.0x	24,334.72	75.0%
M&A/Legal/ Accounting Fees	0.2x	486.69	1.5%
Financing Fees	0.2x	744.97	2.3%
Repay Existing Outstanding Revolvers	0.9x	2,736.00	8.4%
Repay Existing Long Term Debt	0.0x	0.00	0.0%
Assume Existing Debt	1.3x	4,075.00	12.6%
OID	0.0x	81.52	0.3%
Total	10.6x	32,458.91	100.0%

Basic Shares Outstanding (BSO)

Add: Shares from Options

Fully Diluted Shares Outstanding

Tranche	Number of Options	Option
Tranche 1	24.0	
Tranche 2	35.0	
Tranche 3	17.0	
Tranche 4	27.0	
Tranche 5	15.0	

To the right of the Sources and Uses tables, you will find the tables for Purchase Price, Fully Diluted Shares Outstanding and the Options table. The Option table feeds into the Fully Diluted Shares Outstanding table, which feeds into the Purchase Price table. Therefore, we will begin our discussion from the Options Table at the bottom and work our way up to the Purchase Price table.

OPTION TABLE

Fully Diluted Shares Outstanding	
Basic Shares Outstanding (BSO)	1,757.0
Add: Shares from Options	12.5
Fully Diluted Shares Outstanding	1,769.5

Options Table			
Tranche	Number of Options	Weighted Avg Exercise Price	Treasury Shares
Tranche 1	24.0	\$6.59	12.5
Tranche 2	35.0	\$15.52	0.0
Tranche 3	17.0	\$25.22	0.0
Tranche 4	27.0	\$34.29	0.0
Tranche 5	15.0	\$40.22	0.0

After the user inputs the Number of Options and Weighted Average Share Price for each tranche, the option table calculates the treasury shares through the following formula:

IF: Weighted Average Share Price < Offer Price per share:

THEN: Number of Options – (Number of Options * (Weighted Average Share Price/ Offer Price per share));

ELSE: Return 0

This formula calculates the equity dilution from options, which is added into basic shares outstanding. The smaller the weighted average share price is compared to the Offer Price per share, the more options will be assumed to be exercised.

FULLY DILUTED SHARED OUTSTANDING

Fully Diluted Shares Outstanding	
Basic Shares Outstanding (BSO)	1,757.0
Add: Shares from Options	12.5
Fully Diluted Shares Outstanding	1,769.5

This table retrieves the total treasury shares and adds it to Basic Shares Outstanding to arrive at the number of Fully Diluted Shares Outstanding.

PURCHASE PRICE

Purchase Price	
Unaffected Share Price	\$10.88
Premium to Unaffected Share Price	26.4%
Offer Price per Share	\$13.75
Fully Diluted Shares	1,769.5
Equity Purchase Price	\$24,335
Add: Net Debt	-4,374
Add: Noncontrolling Interests	0
Enterprise Value	\$19,961
Implied Entry Multiple	6.5x

Fully Diluted Shares Outstanding	
Basic Shares Outstanding (BSO)	1,757.0
Add: Shares from Options	12.5
Fully Diluted Shares Outstanding	1,769.5

[72] Unaffected Share Price

- This cell pulls the value from the *Assumptions* table above.

[73] Premium to Unaffected Share Price

- User-Entry: Enter the premium above the unaffected share price that will be paid to acquire the target.

[74] Offer Price per Share

- = Unaffected Share Price * (1 + Premium to Unaffected Share Price)
- The offer price is used to calculate which options will be exercised to calculate equity dilution and equity purchase price.

[75] Fully Diluted Shares

- This cell pulls the value from the *Fully Diluted Shares Outstanding* table below.

[76] Equity Purchase Price

- Offer Price per Share * Fully Diluted Shares Outstanding

[77] Net Debt

- (Existing short term + Long term debt) – Cash

[78] Enterprise Value

- Equity Purchase Price + Net Debt + Non-controlling interest
- This is the price that will be paid to acquire the target company.

[79] Implied Entry Multiple

- Enterprise Value/ Financeable EBITDA
- This is the EBIT multiple at which the target company is being acquired.

Financing Scenarios

This model is able to analyze four types of financing scenarios which can be adjusted according to the user's needs or available data.

The available scenarios are:

1. Base
2. Excl. Legacy Debt
3. Excl. Bridge
4. Excl. Rev Draw

Reminder: The financing scenario was selected by the user in the **Basic Assumptions** section in the *Scenarios* table.

Scenario:					Active
	1 Base	2 Excl. Legacy Debt	3 Excl. Bridge	4 Excl. Rev Draw	1 Base
Sources of Funds					
<hr/>					
Cash from Balance Sheet	\$7,800	\$5,800	\$7,800	\$7,800	\$7,800
New Revolver/Cons. Receivables Draw	\$0	\$2,000	\$0	\$0	\$0
New ABL Facility Draw	\$2,000	\$2,000	\$2,000	\$0	\$2,000
New Term/Commercial Receivables Draw	\$1,900	\$1,900	\$1,900	\$0	\$1,900
New Term Loan B	\$5,502	\$5,502	\$5,502	\$5,502	\$5,502
New Term Loan C	\$1,500	\$1,500	\$1,500	\$1,500	\$1,500
New Microsoft Senior Subordinated Notes	\$2,000	\$2,000	\$2,000	\$2,000	\$2,000
New Bridge Loan (Assume Subordinated Notes)	\$1,500	\$2,500	\$0	\$1,500	\$1,500
Assume Existing Debt	\$4,075	\$0	\$4,075	\$4,075	\$4,075
New SLP Equity	\$1,675	\$4,724	\$2,902	\$5,325	\$1,675
New Michael Dell Equity	\$750	\$750	\$1,000	\$1,000	\$750
Michael Dell Rollover Equity	\$3,757	\$3,757	\$3,757	\$3,757	\$3,757
Total	\$32,459	\$32,433	\$32,436	\$32,459	\$32,459
Uses of Funds					
<hr/>					
Equity Purchase Price	\$24,335	\$24,335	\$24,335	\$24,335	\$24,335
M&A/Legal/Accounting Fees	\$487	\$487	\$487	\$487	\$487

SOURCE OF FUNDS

This section requires user input. Moving down the row for each Source of Fund, the user should enter the corresponding value for each of the four scenarios related to that particular source of funding. All of the values which are seen in blue are manually entered into the model, only the values in black are derived from formulas:

[80] New SLP Equity

- = Total Sources of Funds – All sources of debt and equity (with the exception of this line item)
- This account is used as a plug; the total sources of funds value is set to match the total uses of funds value below. Therefore, New SLP Equity is the amount of equity that SLP has put in in order to cover the uses of funds.

On the far right is the *Active Scenario* which is used in the projections.

Scenario:	1	2	3	4	Active 1 Base
	Base	Excl.	Excl.	Excl. Rev	
		Legacy Debt	Bridge	Draw	
Sources of Funds					
Cash from Balance Sheet	\$7,800	\$5,800	\$7,800	\$7,800	\$7,800
New Revolver/Cons. Receivables Draw	\$0	\$2,000	\$0	\$0	\$0
New ABL Facility Draw	\$2,000	\$2,000	\$2,000	\$0	\$2,000
New Term/Commercial Receivables Draw	\$1,900	\$1,900	\$1,900	\$0	\$1,900
New Term Loan B	\$5,502	\$5,502	\$5,502	\$5,502	\$5,502
New Term Loan C	\$1,500	\$1,500	\$1,500	\$1,500	\$1,500
New Microsoft Senior Subordinated Notes	\$2,000	\$2,000	\$2,000	\$2,000	\$2,000
New Bridge Loan (Assume Subordinated Notes)	\$1,500	\$2,500	\$0	\$1,500	\$1,500
Assume Existing Debt	\$4,075	\$0	\$4,075	\$4,075	\$4,075
New SLP Equity	\$1,675	\$4,724	\$2,302	\$5,325	\$1,675
New Michael Dell Equity	\$750	\$750	\$1,000	\$1,000	\$750
Michael Dell Rollover Equity	\$3,757	\$3,757	\$3,757	\$3,757	\$3,757
Total	\$32,459	\$32,433	\$32,436	\$32,459	\$32,459

Only the values for the active scenario are displayed in the ‘Active’ Column, which will be used for subsequent calculations in the model.

The model pulls the values for the active scenario as specified in the *Scenarios* table via the *OFFSET* function.

USES OF FUNDS

Uses of Funds:					
Equity Purchase Price	\$24,335	\$24,335	\$24,335	\$24,335	\$24,335
M&A/Legal/Accounting Fees	\$487	\$487	\$487	\$487	\$487
Financing Fees	\$745	\$719	\$722	\$745	\$745
Repay Existing Outstanding Revolvers	\$2,736	\$2,736	\$2,736	\$2,736	\$2,736
Repay Existing Long Term Debt	\$0	\$4,075	\$0	\$0	\$0
Assume Existing Debt	\$4,075	\$0	\$4,075	\$4,075	\$4,075
OID	\$82	\$82	\$82	\$82	\$82
Total	\$32,459	\$32,433	\$32,436	\$32,459	\$32,459

[81] Equity Purchase Price

- This cell pulls the value for the equity purchase price from the *Purchase Price* table found in the ***Purchase Price Assumptions*** section above.

[82] M&A/Legal/Accounting Fees

- This cell pulls the value from the *Financing & Transaction Fees* table found below in this section.

[83] Financing Fees

- This cell pulls the value for the total of all financing fees from the *Financing & Transaction Fees* table found below in this section.

[84] OID

- This cell pulls the value for the total of all Original Issue Discounts (OID) from the *OID - \$* table found below in this section.

DEBT INSTRUMENTS

Debt Instruments					
Existing Debt	\$4,075	\$0	\$4,075	\$4,075	\$4,075
New Revolver/Cons. Receivables	\$1,100	\$1,100	\$1,100	\$1,100	\$1,100
New ABL Facility	\$2,000	\$2,000	\$2,000	\$2,000	\$2,000
New Term/Comm. Receivables	\$1,900	\$1,900	\$1,900	\$1,900	\$1,900
New Term Loan B	\$5,502	\$5,502	\$5,502	\$5,502	\$5,502
New Term Loan C	\$1,500	\$1,500	\$1,500	\$1,500	\$1,500
New Microsoft Senior Subordinated notes	\$2,000	\$2,000	\$2,000	\$2,000	\$2,000
New Bridge Loan (Assume Subordinated Notes)	\$1,500	\$2,500	\$0	\$1,500	\$1,500
Total	\$19,577	\$16,502	\$18,077	\$19,577	\$19,577

[85] Existing Debt

- This cell pulls the value from the *Sources of Funds* table found above in this section.

[86] New Revolver/Cons. Receivables Draw

- This cell pulls the value from the *Revolving Commitments* table found below in this section.

[87] New ABL Facility

- This cell pulls the value from the *Revolving Commitments* table found below in this section.

[88] New Term/Comm. Receivables

- This cell pulls the value from the *Revolving Commitments* table found below in this section.

[89] New Term Loan B

- This cell pulls the value from the *Sources of Funds* table found above in this section.

[90] New Term Loan C

- This cell pulls the value from the *Sources of Funds* table found above in this section.

[91] New Microsoft Senior Subordinated notes

- This cell pulls the value from the *Sources of Funds* table found above in this section.

[92] New Bridge Loan (Assume Subordinated Notes)

- This cell pulls the value from the *Sources of Funds* table found above in this section.

LEVERAGE

Leverage					
Existing Debt	1.3x	0.0x	1.3x	1.3x	1.3x
New Revolver/Cons. Receivables	0.4x	0.4x	0.4x	0.4x	0.4x
New ABL Facility	0.7x	0.7x	0.7x	0.7x	0.7x
New Term/Conn. Receivables	0.6x	0.6x	0.6x	0.6x	0.6x
New Term Loan B	1.8x	1.8x	1.8x	1.8x	1.8x
New Term Loan C	0.5x	0.5x	0.5x	0.5x	0.5x
New Microsoft Senior Subordinated notes	0.7x	0.7x	0.7x	0.7x	0.7x
New Bridge Loan (Assume Subordinated Notes)	0.5x	0.8x	0.0x	0.5x	0.5x
Total	6.4x	5.4x	5.9x	6.4x	6.4x

Each of the following leverage statistics are calculated by dividing the value of the debt instrument, from the *Debt Instruments* table above, by the value of Financeable EBITDA found in the **Basic Assumptions** section. This calculates the leverage ratio for each available debt instrument.

[93] Existing Debt	[94] New Revolver/Cons. Receivables
[95] New ABL Facility	[96] New Term/Comm. Receivables
[97] New Term Loan B	[98] New Term Loan C
[99] New Microsoft Senior Subordinated notes	[100] New Bridge Loan

FIXED/FLOATING INTEREST RATE

Fixed/Floating Interest Rate	Fixed	Fixed	Fixed	Fixed	Fixed
Existing Debt	Floating	Floating	Floating	Floating	Floating
New Revolver/Cons. Receivables	Floating	Floating	Floating	Floating	Floating
New ABL Facility	L + 175				
New Term/Comm. Receivables	L + 175				
New Term Loan B	L + 350				
New Term Loan C	L + 275				
New Microsoft Senior Subordinated notes	7.25%	7.25%	7.25%	7.25%	7.25%
New Bridge Loan (Assume Subordinated Notes)	5.63%	5.63%	5.63%	5.63%	5.63%

This table requires the user to specify whether the interest rate for each debt instrument is “Fixed” or “Floating”.

PRICING, PIK - %, TENOR, AND OID - %

Each of these tables require input from the user.

Pricing	Allowance	Allowance	Allowance	Allowance	Allowance
Existing Debt	4.60%	4.60%	4.60%	4.60%	4.60%
New Revolver/Cons. Receivables	L + 225				
New ABL Facility	L + 175				
New Term/Comm. Receivables	L + 175				
New Term Loan B	L + 350				
New Term Loan C	L + 275				
New Microsoft Senior Subordinated notes	7.25%	7.25%	7.25%	7.25%	7.25%
New Bridge Loan (Assume Subordinated Notes)	5.63%	5.63%	5.63%	5.63%	5.63%

PIK - %	Allowance	Allowance	Allowance	Allowance	Allowance
Existing Debt	0.0%	0.0%	0.0%	0.0%	0.0%
New Revolver/Cons. Receivables	0.0%	0.0%	0.0%	0.0%	0.0%
New ABL Facility	0.0%	0.0%	0.0%	0.0%	0.0%
New Term/Comm. Receivables	0.0%	0.0%	0.0%	0.0%	0.0%
New Term Loan B	0.0%	0.0%	0.0%	0.0%	0.0%
New Term Loan C	0.0%	0.0%	0.0%	0.0%	0.0%
New Microsoft Senior Subordinated notes	3.5%	3.5%	0.0%	0.0%	3.5%
New Bridge Loan (Assume Subordinated Notes)	0.0%	0.0%	0.0%	0.0%	0.0%

| Tenor | 5.0 years |
|---|------------|------------|------------|------------|------------|
| Existing Debt | 5.0 years |
| New Revolver/Cons. Receivables | 4.0 years |
| New ABL Facility | 5.0 years |
| New Term/Comm. Receivables | 4.0 years |
| New Term Loan B | 6.5 years |
| New Term Loan C | 5.0 years |
| New Microsoft Senior Subordinated notes | 10.0 years |
| New Bridge Loan (Assume Subordinated Notes) | 10.0 years |

OID - %	0.0%	0.0%	0.0%	0.0%	0.0%
Existing Debt	0.0%	0.0%	0.0%	0.0%	0.0%
New Revolver/Cons. Receivables	0.0%	0.0%	0.0%	0.0%	0.0%
New ABL Facility	0.0%	0.0%	0.0%	0.0%	0.0%
New Term/Comm. Receivables	1.0%	1.0%	1.0%	1.0%	1.0%
New Term Loan B	1.0%	1.0%	1.0%	1.0%	1.0%
New Term Loan C	0.5%	0.5%	0.5%	0.5%	0.5%
New Microsoft Senior Subordinated notes	0.0%	0.0%	0.0%	0.0%	0.0%
New Bridge Loan (Assume Subordinated Notes)	0.0%	0.0%	0.0%	0.0%	0.0%

OID - \$

Each of the accounts in this table are calculated by multiplying the Original Issue Discount (%) percentage by the amount of the respective Debt Instrument from the *Debt Instruments* table above.

FINANCING AND TRANSACTION FEES - %

Financing & Transaction Fees - %					
M&A/Legal	2.0%	2.0%	2.0%	2.0%	2.0%
Existing Debt	1.0%	1.0%	1.0%	1.0%	1.0%
New Revolver/Cons. Receivables	1.0%	1.0%	1.0%	1.0%	1.0%
New ABL Facility	1.0%	1.0%	1.0%	1.0%	1.0%
New Term/Comm. Receivables	1.0%	1.0%	1.0%	1.0%	1.0%
New Term Loan B	1.5%	1.5%	1.5%	1.5%	1.5%
New Term Loan C	1.5%	1.5%	1.5%	1.5%	1.5%
New Microsoft Senior Subordinated notes	2.0%	2.0%	2.0%	2.0%	2.0%
New Bridge Loan (Assume Subordinated Notes)	1.5%	1.5%	1.5%	1.5%	1.5%

All components in this subsection are inputs made by the user:

[101] Financing & Transaction Fees - % M&A/Legal	[102] Financing & Transaction Fees - % Existing Debt
[103] Financing & Transaction Fees - % New Revolver/Cons. Receivables	[104] Financing & Transaction Fees - % New ABL Facility
[105] Financing & Transaction Fees - % New Term/Comm. Receivables	[106] Financing & Transaction Fees - % New Term Loan B
[107] Financing & Transaction Fees - % New Term Loan C	[108] Financing & Transaction Fees - % New Microsoft Senior Subordinated notes
[109] Financing & Transaction Fees - % New Bridge Loan	

FINANCING AND TRANSACTION FEES - \$

All elements of this section utilize the *Financing and Transaction Fees - %* table above in the calculation of their values.

[110] Financing & Transaction Fees - \$ M&A/Legal

- Financing & Transaction Fees - % M&A/Legal * Equity Purchase Price (from the *Uses of Funds* table above)

[111] Financing & Transaction Fees - \$ Existing Debt

- Financing & Transaction Fees - % Existing Debt * Existing Debt (from the *Debt Instruments* table above).

[112] Financing & Transaction Fees - \$ New Revolver/Cons. Receivables

- Financing & Transaction Fees - % New Revolver/Cons. Receivables * New Revolver/Cons. Receivables (from the *Debt Instruments* table above).

[113] Financing & Transaction Fees - \$ New ABL Facility

- Financing & Transaction Fees - % New ABL Facility * New ABL Facility (from the *Debt Instruments* table above).

[114] Financing & Transaction Fees - \$ New Term/Comm. Receivables

- Financing & Transaction Fees - % New Term/Comm. Receivables * New Term/Comm. Receivables (from the *Debt Instruments* table above).

[115] Financing & Transaction Fees - \$ New Term Loan B

- Financing & Transaction Fees - % New Term Loan B * New Term Loan B (from the *Debt Instruments* table above).

[116] Financing & Transaction Fees - \$ New Term Loan C

- Financing & Transaction Fees - % New Term Loan C * New Term Loan C (from the *Debt Instruments* table above).

[117] Financing & Transaction Fees - \$ New Microsoft Senior Subordinated notes

- Financing & Transaction Fees - % New Microsoft Senior Subordinated notes * New Microsoft Senior Subordinated notes (from the *Debt Instruments* table above).

[118] Financing & Transaction Fees - \$ New Bridge Loan

- Financing & Transaction Fees - % New Bridge Loan * New Bridge Loan (from the *Debt Instruments* table above).

REVOLVING COMMITMENT FEES - % (SPREAD TO LIBOR)

All components in these subsections require input from the user.

Revolving Commitment Fees - % (Spread to LIBOR)

New Revolver/Cons. Receivables	1.5%	1.5%	1.5%	1.5%	1.5%
New ABL Facility	1.8%	1.8%	1.8%	1.8%	1.8%
New Term/Comm. Receivables	1.5%	1.5%	1.5%	1.5%	1.5%

REVOLVING COMMITMENT

All components in these subsections require input from the user.

Revolving Commitments

New Revolver/Cons. Receivables	\$1,100	\$1,100	\$1,100	\$1,100	\$1,100
New ABL Facility	\$2,000	\$2,000	\$2,000	\$2,000	\$2,000
New Term/Comm. Receivables	\$1,300	\$1,300	\$1,300	\$1,300	\$1,300
Total	\$5,000	\$5,000	\$5,000	\$5,000	\$5,000

AMORTIZATION OF FINANCING FEES

Amortization of Financing Fees	Fee	Term	Annual Amortization	Year 1				
				2014E	2015E	2016E	2017E	2018E
Existing Debt	\$40.75	5.0 years	\$8.15	\$8.15	\$8.15	\$8.15	\$8.15	\$8.15
New Revolver/Cons. Receivables	\$11.00	4.0 years	\$2.75	\$2.75	\$2.75	\$2.75	\$2.75	\$0.00
New ABL Facility	\$20.00	5.0 years	\$4.00	\$4.00	\$4.00	\$4.00	\$4.00	\$4.00
New Term/Comm. Receivables	\$19.00	4.0 years	\$4.75	\$4.75	\$4.75	\$4.75	\$4.75	\$0.00
New Term Loan B	\$82.53	6.5 years	\$12.70	\$12.70	\$12.70	\$12.70	\$12.70	\$12.70
New Term Loan C	\$22.50	5.0 years	\$4.50	\$4.50	\$4.50	\$4.50	\$4.50	\$4.50
New Microsoft Senior Subordinated notes	\$40.00	10.0 years	\$4.00	\$4.00	\$4.00	\$4.00	\$4.00	\$4.00
New Bridge Loan (Assume Subordinated Notes)	\$22.50	10.0 years	\$2.25	\$2.25	\$2.25	\$2.25	\$2.25	\$2.25
Total	\$258.28		\$43.10	\$43.10	\$43.10	\$43.10	\$43.10	\$35.60

Moving along the table for each column from left to right:

Fee

- The fee for each debt instrument is taken from the *Financing & Transaction Fees - \$* table above.

Term

- The term for each debt instrument is taken from the *Tenor* table above.

Annual Amortization

- = Fee / Term

Year 1

- Pulls the value from Annual Amortization calculated in the cell to the left.

Year 2 - 5

- IF:** the year cell is blank, **THEN:** The formula will return no value, **ELSE:** It will return the max of 0 and the Amortization Value where the Amortization value is the lower of either: a) Fee less accumulated amortization or b) Annual Amortization.
- The idea behind these functions is to use the relevant amortization, but limit it to the remaining amount of amortization if it falls below the annual amortized fee.

AMORTIZATION OF OID FEES

Amortization of OID	Total	Term	Annual Amortization		\$0.00	\$0.00	\$0.00	\$0.00	\$0.00
			\$0.00	\$0.00					
Existing Debt	\$0.00	5.0 years	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00
New Revolver/Cons. Receivables	\$0.00	4.0 years	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00
New ABL Facility	\$0.00	5.0 years	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00
New Term/Comm. Receivables	\$19.00	4.0 years	\$4.75	\$4.75	\$4.75	\$4.75	\$4.75	\$4.75	\$0.00
New Term Loan B	\$55.02	6.5 years	\$8.46	\$8.46	\$8.46	\$8.46	\$8.46	\$8.46	\$8.46
New Term Loan C	\$7.50	5.0 years	\$1.50	\$1.50	\$1.50	\$1.50	\$1.50	\$1.50	\$1.50
New Microsoft Senior Subordinated notes	\$0.00	10.0 years	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00
New Bridge Loan (Assume Subordinated Notes)	\$0.00	10.0 years	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00
Total	\$81.52		\$14.71	\$14.71	\$14.71	\$14.71	\$14.71	\$14.71	\$9.36

The logic for this subsection is the same as the Amortization of Financing Fees subsection above.

Income Statement

The growth assumptions in this section are derived from the **Operating Scenarios** section above. This section will be discussed sequentially by each line item after the initial discussion of the layout.

Historical Statements						LTM
	2009A	2010A	2011A	2012A	2013A	08-02-2013
Sales	61,101	52,902	61,494	62,071	56,940	56,623
% growth		-13.4%	16.2%	0.9%	-8.3%	
Cost of Goods Sold	50,144	43,641	50,098	48,260	44,754	45,206
% of sales	82.1%	82.5%	81.5%	77.7%	78.6%	79.8%
Gross Operating Profit	10,957	9,261	11,396	13,811	12,186	11,417
% margin	17.9%	17.5%	18.5%	22.3%	21.4%	20%
R&D	665	624	661	856	1,072	1,210
% of sales	1.1%	1.2%	1.1%	1.4%	1.9%	2.1%
SG&A	7,102	6,465	7,302	8,524	8,102	8,422
% of sales	11.6%	12.2%	11.9%	13.7%	14.2%	14.9%
EBITDA	3,959	3,024	4,403	5,367	4,156	3,050
% margin	6.5%	5.7%	7.2%	8.6%	7.3%	5.4%
Depreciation & Amortization	769	852	970	936	1,144	1,265
% of sales	1.3%	1.6%	1.6%	1.5%	2.0%	2.2%
Amortization	103	205	349	391	613	745
EBIT	3,190	2,172	3,433	4,431	3,012	1,785
% margin	5.2%	4.1%	5.6%	7.1%	5.3%	3.2%
Amortization of Financing Fees (Investment Income)	-170	-59	-53	-89	-135	-101
Other Expenses (Income)	-57	47	-63	1	36	47
Adjusted EBIT	3,417	2,184	3,549	4,519	3,111	1,839
% margin	5.6%	4.1%	5.8%	7.3%	5.5%	3.2%
Net Interest Expense	93	160	199	279	270	251
% of sales	0.2%	0.3%	0.3%	0.4%	0.5%	0.4%
EBT	3,324	2,024	3,350	4,240	2,841	1,588
% margin	5.4%	3.8%	5.4%	6.8%	5.0%	2.8%
Provision for Taxes	846	591	715	748	469	249
Tax rate	25.5%	29.2%	21.3%	17.6%	16.5%	15.7%
GAAP Net Income	2,478	1,433	2,635	3,492	2,372	1,339
% margin	4.1%	2.7%	4.3%	5.6%	4.2%	2.4%
Common Dividends:						
Cash dividend per share	0.00	0.00	0.00	0.00	0.16	0.32
Basic shares outstanding	1,951	1,958	1,944	1,838	1,745	1,757
Cash dividends	0	0	0	0	279.2	562.2

HISTORICAL STATEMENTS – INCOME STATEMENT

[119] Year Row

Year 1

- =YEAR(G118)-4
- Isolates the year from the LTM Date found in the *Assumptions* table of the **Basic Assumptions** section and subtracts 4 to get a five-year time horizon.

Years 2 to 5

- Each subsequent year adds 1 to the value of the prior year to calculate the current year.

[120] Sales

- User Input

[121] Sales % growth

- =Current Sales / Prior Year Sales - 1
- Calculates the annual growth rate of sales

[122] Cost of Goods Sold

- User Input

[123] % of Sales

- Cost of Goods Sold / Sales

[124] Gross Operating Profit

- Sales – Cost of Goods Sold

[125] % margin

- Gross Operating Profit / Sales

[126] R&D

- User Input

[127] % of Sales

- R&D / Sales

[128] SG&A

- User Input

[129] % of Sales

- SG&A / Sales

[130] EBITDA

- Gross Operating Profit – R&D – SG&A + Depreciation & Amortization

[131] % margin

- EBITDA / Sales

[132] Depreciation & Amortization

- User Input

[133] % of Sales

- Depreciation & Amortization / Sales

[134] Amortization

- User Input

[135] EBIT

- EBITDA – Depreciation & Amortization

[136] % margin

- EBIT / Sales

[137] Amortization of Financing Fees

- Not relevant for historical statements

[138] Investment Income

- User Input

[139] Other Expenses (Income)

- User Input

[140] Adjusted EBIT

- EBIT – Amortization of Financing Fees – Other Expenses (Income)

[141] % margin

- Adjusted EBIT / Sales

[142] Net Interest Expense

- User Input

[143] % of Sales

- Net Interest Expense / Sales

[144] EBT

- Adjusted EBIT – Net Interest Expense

[145] % margin

- EBT / Sales

[146] Provision for Taxes

- User Input

[147] Tax Rate

- Provision for Taxes / EBT

[148] GAAP Net Income

- EBT – Provision for Taxes

[149] % margin

- GAAP Net Income / Sales

[150] Cash Dividend Per Share

- User Input

[151] Basic Shares Outstanding

- User Input

[152] Cash Dividends

- Cash Dividend per Share * Basic Shares Outstanding

LTM – INCOME STATEMENT

[153] Year Cell (LTM)

- Pulls the value from the LTM Date found in the *Assumptions* table of the **Basic Assumptions** section above.

All accounts follow the LTM formula which equals: Most Recent Fiscal Year + Current Stub – Prior Stub

CAGR – INCOME STATEMENT

[154] Sales (CAGR)

- **IF:** there is an error, **THEN:** the formula will return blank, **ELSE:** (last years' sales / First historical years' sales ^ (1 / (last year – first historical year)) – 1

This formula is repeated for the following accounts:

[155] Gross Operating Profit	[156] EBITDA
[157] EBIT	[158] Adjusted EBIT
[159] EBT	[160] GAAP Net Income

STUB – INCOME STATEMENT

[161] Year Cell (Stub)

- Retrieves the percentage of stub from the **Basic Assumptions** section. This will be multiplied by first projected year to account for the remaining period in the year.

[162] Sales

- Projected Year 1 Sales * Stub percentage
- The stub figures will be used for the first year of projections since the company has already progressed to the next fiscal year.

This formula is repeated for the following accounts:

[163] Cost of Goods Sold	[164] R&D
[165] SG&A	[166] Depreciation and Amortization
[167] Amortization of Financing Fees	[168] (Investment Income)

[169] Other Expenses (Income)	[170] Net Interest Expense
[171] Provision for Taxes	

PROJECTION PERIOD – INCOME STATEMENT

Projection Period				
Year 1 2014E	Year 2 2015E	Year 3 2016E	Year 4 2017E	Year 5 2018E
56,541	55,580	55,136	54,419	54,092
-0.7%	-1.7%	-0.8%	-1.3%	-0.6%
43,650	42,908	42,565	42,011	41,759
77.2%	77.2%	77.2%	77.2%	77.2%
12,891	12,672	12,571	12,407	12,333
22.8%	22.8%	22.8%	22.8%	22.8%
1,074	1,112	1,158	1,197	1,190
1.9%	2.0%	2.1%	2.2%	2.2%
8,425	8,337	8,270	8,054	7,897
14.9%	15.0%	15.0%	14.8%	14.6%
4,481	4,355	4,313	3,916	4,041
7.9%	7.8%	7.8%	7.2%	7.5%
1,088	1,131	1,170	759	796
1.9%	2.0%	2.1%	1.4%	1.5%
3,392	3,224	3,143	3,156	3,246
6.0%	5.8%	5.7%	5.8%	6.0%
43.1	43.1	43.1	43.1	35.6
-101	-101	-101	-101	-101
47	47	47	47	47
3,403	3,235	3,154	3,167	3,264
6.0%	5.8%	5.7%	5.8%	6.0%
692.0	635.3	709.4	648.3	563.1
1.2%	1.1%	1.3%	1.2%	1.0%
2,711	2,599	2,444	2,519	2,701
4.8%	4.7%	4.4%	4.6%	5.0%
461	442	416	428	459
17.0%	17.0%	17.0%	17.0%	17.0%
2,250	2,157	2,029	2,091	2,242
4.0%	3.9%	3.7%	3.8%	4.1%

[172] Year Row Indicator

Located above the Year Row in the Projection Period

Year 1

- **IF:** Holding Period cell from the *Basic Assumptions* section ≥ 1 , **THEN:** The formula will return 1, **ELSE:** it will return blank.

After Year 1

- **IF:** Holding Period cell \geq previous year cell +1, **THEN:** Previous Year + 1, **ELSE:** It will return blank.

[173] Year Row

- **IF:** The year cell above this cell is blank, **THEN:** the formula will return blank, **ELSE:** Previous Year + 1

[174] Sales

- Previous years' sales * Growth rate (as determined by the operating scenario chosen by the user)

[175] % growth

- The equation will return the relevant growth rate from the ***Operating Scenarios*** section.

[176] Cost of Goods Sold

- Sales * Cost of Goods Sold as % of Sales (as determined by the operating scenario chosen by the user)

[177] R&D

- Sales * R&D as % of Sales (as determined by the operating scenario chosen by the user)

[178] SG&A

- Sales * SG&A as % of Sales (as determined by the operating scenario chosen by the user)

[179] Depreciation & Amortization

- Depreciation of Existing Fixed Assets + Depreciation of Capital Expenditures
- These values are pulled from the *Depreciation* table in the ***Capital Expenditures & Depreciation Schedule*** section below.

[180] Amortization of Financing Fees

- These values are pulled from the total of the *Amortization of Financing Fees* table in the ***Financing Scenarios*** section above.

[181] Investment Income

- This is set equal to the most recent value in the historical statements and held constant over the projection period.

[182] Other Expenses (Income)

- This is set equal to the most recent value in the historical statements and held constant over the projection period.

[183] Net Interest Expense

- Sums all the interest expenses and commitment fees for all debt types in the Debt Schedule (including Revolving Consumer Receivables Facility, New ABL Facility, New Term/ Commercial Receivables Facility, New Term Loan B, New Term Loan C, Existing Long-term Debt – Senior Notes, New Microsoft Senior Subordinated Notes, New Bridge Loan, Consolidated Original Issue Discount) and divides by the stub percentage. The value of interest income earned on cash (i.e. average cash balance * cash interest) is then deducted from the total of all interest expenses to arrive at the net interest expense.

[184] Tax Rate

- The value of this cell is pulled from the tax assumption from the ***Basic Assumptions*** section.

[185] Cash Dividends per Share

- User Input

[186] Basic Shares Outstanding

- User Input

LTM STUBS – INCOME STATEMENT

This section requires input from the user for the Current Stub and the Prior Stub periods. This data will be used in the calculation of the LTM as previously discussed above.

LTM Stubs	
Q1+Q2 2014	Q1+Q2 2013
28,588	28,905
23,152	22,700
5,436	6,205
633	495
4,305	3,985

Balance Sheet

*Note: Year Row cells are the pulled from the **Income Statement** section above.*

HISTORICAL & LTM

The Historical Balance Sheet and the values for the LTM are discussed here together because each account has the same formula.

The following cells require user input:

[187] Cash and Cash Equivalents	[188] Short-term investments
[189] Accounts receivable – net	[190] Short-term financing receivables
[191] Inventories – net	[192] Other current assets
[193] PP&E gross	[194] Accumulated Depreciation
[195] Long-term investments	[196] Long-term financing receivables – net
[197] Goodwill	[198] Purchased intangible assets – net
[199] Deferred financing fees	[200] Other noncurrent assets
[201] Existing short-term debt	[202] Accounts Payable
[203] Accrued and other	[204] Short-term deferred revenue
[205] Existing long-term debt	[206] Long-term deferred revenue
[207] Other noncurrent liabilities	[208] Common Stock
[209] Treasury stock	[210] Retained Earnings
[211] Accumulated other comprehensive loss	[212] Non-controlling interest

The following are the accounts in the balance sheet that require calculations:

[213] Days Receivables

- Accounts Receivable / (Sales / 365)

[214] Days Inventory

- Inventories / (COGS / 365)

[215] Total Current Assets

- Cash and cash equivalents + Short-term Investments + Accounts Receivable + Short-term financing receivables + Inventories + Other current assets

[216] PP&E, net

- PP&E, gross + Accumulated depreciation

[217] Total Assets

- Total current assets + net PP&E + Long-term Investments + Long-term financing receivables + goodwill + purchased intangible assets + deferred financing fees + other non-current assets

[218] Days Payable

- Accounts Payable / (COGS / 365)

[219] Total Current Liabilities

- Existing short-term debt + accounts payable + accrued and other + short-term deferred revenue

[220] Total Liabilities

- Total current liabilities + existing long-term debt + New Revolving Consumer Receivables + New ABL Facility+ New Term/Commercial Receivables + New Term Loan B + New Term Loan C + New Microsoft Senior Subordinated Notes + New Subordinated Notes (Bridge Loan) + Consolidated Original Issue Discount + Long-term deferred revenue + Other non-current liabilities

[221] Total Dell Shareholders' equity

- Common stock + Treasury stock + Retained earnings + Accumulated other comprehensive loss

[222] Total Shareholders' equity

- Non-controlling interest + Total dell shareholders' equity

[223] Total Liabilities and Shareholders' equity

- Total liabilities + Total shareholders' equity

ADJUSTMENTS – BALANCE SHEET

Add

[224] Goodwill

- Equity Purchase Price + Goodwill LTM – Total Dell Shareholders' Equity

[225] Deferred financing fees

- Pulls the value for Financing Fees from the *Uses of Funds* table found in the **Financing Scenarios** section.

The value for each of the following accounts is pulled from the *Sources of Funds* table found in the **Financing Scenarios** section:

[226] New Revolving Consumer Receivables	[227] New ABL Facility
[228] New Term/Commercial Receivables	[229] New Term Loan B
[230] New Term Loan C	[231] New Microsoft Senior Subordinated Notes
[232] New Subordinated Notes (Bridge Loan)	

[233] New Sponsor Equity

- (New SLP Equity + New Michael Dell Equity + Michael Dell Rollover Equity) - M&A/Legal/Accounting Fees - OID

Subtract

[234] Cash and cash equivalents

- This pulls the value from the *Sources of Funds* table found in the ***Financing Scenarios*** section.

[235] Goodwill

- This pulls the value from the LTM balance sheet in this section.

[236] Existing Short-term debt

- This pulls the value from the *Sources of Funds* table found in the ***Financing Scenarios*** section.

[237] Existing Long-term debt

- This pulls the value from the *Sources of Funds* table found in the ***Financing Scenarios*** section.

[238] Common stock

- This pulls the value from the LTM balance sheet in this section.

[239] Treasury stock

- This pulls the value from the LTM balance sheet in this section.

[240] Retained Earnings

- This pulls the value from the LTM balance sheet in this section.

[241] Accumulated other comprehensive loss

- This pulls the value from the LTM balance sheet in this section.

PF CLOSING - BALANCE SHEET

Each of the accounts in this column have the same formula: LTM value + Add adjustment – Subtract adjustment

[242] Cash and Cash Equivalents	[243] Short-term investments
[244] Accounts receivable – net	[245] Short-term financing receivables

[246] Inventories – net	[247] Other current assets
[248] PP&E gross	[249] Accumulated Depreciation
[250] PPE – net	[251] Long-term investments
[252] Long-term financing receivables – net	[253] Goodwill
[254] Purchased intangible assets – net	[255] Deferred financing fees
[256] Other noncurrent assets	[257] Existing short-term debt
[258] Accounts Payable	[259] Accrued and other
[260] Short-term deferred revenue	[261] Existing long-term debt
[262] Revolving Consumer Receivables Facility	[263] New ABL Facility
[264] New Term/ Commercial Receivables Facility	[265] New Term Loan B
[266] New Term Loan C	[267] Existing Long-term Debt – Senior Notes
[268] New Microsoft Senior Subordinated Notes	[269] New Bridge Loan
[270] Consolidated Original Issue Discount	[271] Long-term deferred revenue
[272] Other noncurrent liabilities	[273] Common Stock
[274] Treasury stock	[275] Retained Earnings
[276] Accumulated other comprehensive loss	[277] New Sponsor Equity
[278] Non-controlling interest	

PROJECTION PERIOD - BALANCE SHEET

Assets

[279] Cash and Cash Equivalents

- **IF:** Cash Balance Toggle (*Basic Assumptions* section) = 1, **THEN:** Cash and Cash Equivalents (PF Closing) + Net Cash Flow, **ELSE:** Return 0

[280] Short-term investments

- Pulls the value from the PF Closing column to the left.

[281] Accounts receivable – net

- $(Sales / 365) * Days\ receivables$

[282] Days Receivables

- Pulls the value from the **Operating Scenarios** section.

[283] Short-term financing receivables

- Pulls the value from the PF Closing column to the left.

[284] Inventories – net

- $(COGS / 365) * Days\ Inventory$

[285] Days Inventory

- Pulls the value from the **Operating Scenarios** section.

[286] Other current assets

- Pulls the value from the PF Closing column to the left.

[287] Total Current Assets

- Cash and cash equivalents + Short-term Investments + Accounts Receivable + Short-term financing receivables + Inventories + Other current assets

[288] PPE - net

- PP&E Net (PF Closing) + Capital Expenditures – (Stub Percentage * (Depreciation of Capital Expenditures + Depreciation of Existing fixed assets))
- All other years are the same concept without the stub adjustment

[289] Long-term investments

- Pulls the value from the PF Closing column to the left.

[290] Long-term financing receivables

- Pulls the value from the PF Closing column to the left.

[291] Goodwill

- Pulls the value from the PF Closing column to the left.

[292] Purchased intangible assets – net

- Purchase Intangible assets (PF Closing) - Depreciation of Existing fixed assets * Stub percentage
- All other years are the same concept without the sub adjustment

[293] Deferred financing fees

- Previous period Deferred Financing Fees - Amortization of financing fees (from the **Income statement** section)

[294] Other non-current assets, net

- Pulls the value from the PF Closing column to the left.

[295] Total Assets

- Total current assets + net PP&E + Long-term Investments + Long-term financing receivables + goodwill + purchased intangible assets + deferred financing fees + other non-current assets

Liabilities

[296] Existing Short-term debt

- Pulls the value from the PF Closing column to the left.

[297] Accounts payable

- (COGS / 365) * Days Payable

[298] Days payables

- Pulls the value from the **Operating Scenarios** section.

[299] Accrued and other

- Pulls the value from the PF Closing column to the left.

[300] Short-term deferred revenue

- Pulls the value from the PF Closing column to the left.

[301] Total Current Liabilities

Existing short-term debt + accounts payable + accrued and other + short-term deferred revenue

[302] Existing Long-term debt

- Pulls the value from the **Debt Schedule** section below.

[303] New Revolving Consumer Receivables

- Pulls the value from the **Debt Schedule** section below.

[304] New ABL Facility

- Pulls the value from the **Debt Schedule** section below.

[305] New Term/Commercial Receivables

- Pulls the value from the **Debt Schedule** section below.

[306] New Term Loan B

- Pulls the value from the **Debt Schedule** section below.

[307] New Term Loan C

- Pulls the value from the **Debt Schedule** section below.

[308] New Microsoft Senior Subordinated Notes

- Pulls the value from the **Debt Schedule** section below.

[309] New Subordinated Notes (Bridge Loan)

- Pulls the value from the **Debt Schedule** section below.

[310] Consolidated Original Issue Discount

- Previous period consolidated original issue discount value + Amortization of OID (from **Cash Flow Statement** section below).

[311] Long-term deferred revenue

- Pulls the value from the PF Closing column to the left.

[312] Other non-current liabilities

- Pulls the value from the PF Closing column to the left.

[313] Total Liabilities

- Total current liabilities + existing long-term debt + New Revolving Consumer Receivables + New ABL Facility+ New Term/Commercial Receivables + New Term Loan B + New Term Loan C + New Microsoft Senior Subordinated Notes + New Subordinated Notes (Bridge Loan) + Consolidated Original Issue Discount + Long-term deferred revenue + Other non-current liabilities

[314] Common stock

- Pulls the value from the PF Closing column to the left.

[315] Treasury stock

- Pulls the value from the PF Closing column to the left.

[316] Retained Earnings

- = The value from the prior year + GAAP Net Income – Cash Dividends

[317] Accumulated other comprehensive loss

- Pulls the value from the PF Closing column to the left.

[318] New Sponsor Equity

- Pulls the value from the PF Closing column to the left.

[319] Total Dell Shareholders' equity

- Common stock + Treasury stock + Retained earnings + Accumulated other comprehensive loss

[320] Non-controlling interest

- Pulls the value from the PF Closing column to the left.

[321] Total Shareholders' equity

- Non-controlling interest + Total dell shareholders' equity

[322] Total liabilities and shareholders' equity

- Total liabilities + Total shareholders' equity

Capital Expenditure & Depreciation Schedule

CAPITAL EXPENDITURE

Capital Expenditures						LTM
	2009A	2010A	2011A	2012A	2013A	08-02-2013
Capital expenditures	440	551	393	716	533	606
% of sales	0.7%	1.0%	0.6%	1.2%	0.9%	1.1%

[323] Capital Expenditures

- Each cell in this row requires the user to input the value of capital expenditures for each respective fiscal year.

[324] % of sales

- = Capital Expenditures / Sales (Historical)
- Used in the model to calculate average capital expenditures as a percentage of sales for historical periods

Stub	Year 1 2014E	Year 2 2015E	Year 3 2016E	Year 4 2017E	Year 5 2018E
50% 339	678 1.2%	611 1.1%	551 1.0%	544 1.0%	541 1.0%

[325] Stub (Current Year Remaining Capital Expenditure)

- [326] * [327]

- Finds the remaining capital expenditure for the year based on the date of the LTM calculation.

[328] Projected Capital Expenditure

- Projected Sales * Capital Expenditure Operating Assumption

[329] Capital Expenditure Operating Assumption

- Uses the operating scenario chosen in the **Basic Assumptions** section to pull the respective value from the *Capital Expenditure Assumptions* table found in the **Operating Scenarios** section below.

DEPRECIATION

Depreciation		Existing Fixed Assets		
Classification		Beginning Amount	Remaining Life	Salvage Value
Computer equipment		1,039	3.0 years	0
Land and buildings		785	12.0 years	0
Machinery and other equipment		302	3.0 years	0
Net intangible assets		3,174	6.1 years	0

[330] Depreciation - Existing Fixed Assets

The following require input from the user to estimate straight line depreciation of existing assets:

- Beginning Amount* – Amount of existing asset left to depreciate.
- Useful Life* – Number of years over which to depreciate its remaining value.
- Salvage Value* – Estimated value at end of useful life.

[331] Depreciation – Projection Period

Depreciation of Existing Fixed Assets				
346.3	346.3	346.3	0.0	0.0
65.4	65.4	65.4	65.4	65.4
100.7	100.7	100.7	0.0	0.0
553.1	553.1	553.1	553.1	553.1
1,065.5	1,065.5	1,065.5	618.5	618.5

- IF:** (Current Year – Initial Year) + 1 > Remaining Useful Life
- THEN:** The formula returns 0
- ELSE:** The SLN function is used to calculate the depreciation by subtracting the salvage value from the beginning amount, and divides the remainder by the remaining useful life.

[332] Capital Expenditures Depreciation

Capital Expenditures			
Year	Amount	Life	Salvage
2014E	678	15.0 years	0
2015E	611	15.0 years	0
2016E	551	15.0 years	0
2017E	544	15.0 years	0
2018E	541	15.0 years	0

This table retrieves the information for both the “Year” and “Amount” columns from *Capital Expenditures* table above for projected capital expenditures.

The remaining columns in this table require input from the user to estimate straight line depreciation of newly purchased assets:

- *Useful Life* – Number of years over which to depreciate its remaining value
- *Salvage Value* – Estimated value at end of useful life

[333] Projected Depreciation of Capital Expenditures

Depreciation of Capital Expenditures				
22.6	45.2	45.2	45.2	45.2
	20.4	40.8	40.8	40.8
		18.4	36.8	36.8
			18.1	36.3
				18.0
22.6	65.6	104.4	140.9	177.1

- **IF:** The Year in the Capital Expenditures Depreciation table to the left > Current Year in the Projection, **THEN:** The formula will return blank, **ELSE:**
 - **IF:** The Year in the Capital Expenditures Depreciation table to the left = Current Year in the Projection,
 - **THEN:** Stub Year fraction * Depreciation calculated by the SLN function (which uses the inputs from the Capital Expenditures Depreciation table to the left)
 - **ELSE:** The formula will return the full annual depreciation expense calculated by the SLN formula for that projected year

Cash Flow Statement

*Note: Year Row cells are the pulled from the **Income Statement** section above.*

All inputs from this section are derived from other parts of the model. The links to other parts of the model are discussed below.

HISTORICAL STATEMENTS & LTM

The Historical Balance Sheet and the values for the LTM are discussed here together because each account has the same formula.

Cash Flow from Operations

[334] Net Income

- Pulls the value for GAAP Net Income from the **Income Statement**

[335] Depreciation

- = Depreciation & Amortization – Amortization
- Both these items are from the **income statement**

[336] Amortization

- Pulls the value for Amortization from the **Income Statement**

[337] Accounts Receivable

- Calculates the annual change in Accounts Receivable from the **Balance Sheet**
- Subtracts the Previous Year amount from Current Year amount
- A negative number represents an increase in this current asset and therefore reflects a use of cash

[338] Inventories

- Calculates the annual change in Inventories from the **Balance Sheet**
- Subtracts the Previous Year amount from Current Year amount
- A negative number represents an increase in this current asset and therefore reflects a use of cash and vice versa.

[339] Other Current Assets

- Calculates the annual change in Other Current Assets from the **Balance Sheet**
- Subtracts the Previous Year amount from Current Year amount
- A negative number represents an increase in this current asset and therefore reflects a use of cash and vice versa.

[340] Accounts Payable

- Calculates the annual change in Accounts Payable from the **Balance Sheet**
- Subtracts the Current Year amount from Previous Year amount
- A positive number represents an increase in this current liability and therefore reflects a source of cash and vice versa.

[341] Accrued and Other Current Liabilities

- Calculates the annual change in Accrued and Other Current Liabilities from the **Balance Sheet**
- Subtracts the Current Year amount from Previous Year amount
- A positive number represents an increase in this current liability and therefore reflects a source of cash and vice versa.

[342] Net Purchase/ Sale of Investments

- Calculates the annual change in total Investments
- = (Previous Year's Short-term investments + Previous Year's Long-term investments) – (Current Year's short-term Investments + Current Year's long-term investments)

[343] Financing Receables

- Calculates the annual change in financing receables
- = (Previous Year's Short-term financing receables + Previous Year's Long-term financing receables) – (Current Year's short-term financing receables + Current Year's long-term financing receables)

[344] Deferred Revenue

- Calculates the annual change in Deferred Revenue
- $= (\text{Previous Year's Short-term Deferred Revenue} + \text{Previous Year's Long-term Deferred Revenue}) - (\text{Current Year's short-term Deferred Revenue} + \text{Current Year's Long-term Deferred Revenue})$

[345] Non-controlling Interest

- Calculates the annual change in Non-controlling interest from the **Balance Sheet**
- Subtracts the Current Year amount from Previous Year amount

[346] Accumulated Other Comprehensive Loss

- Calculates the annual change in Non-controlling interest from the **Balance Sheet**
- Subtracts the Current Year amount from Previous Year amount

[347] Cash Flow from Operations

- Net Income + Depreciation + Amortization + Accounts Receivable + Inventories + Other Current Assets + Accounts Payable + Accrued and Other Current Liabilities + Net Purchase/ Sale of Investments + Financing Receivables + Deferred Revenue + Non-controlling Interest + Accumulated Other Comprehensive Loss

Cash Flow from Investing

[348] Capital Expenditures

- Retrieves Capital Expenditures for the year from the *Capital Expenditures* table in the **Capital Expenditures & Depreciation Schedule** section.

[349] Purchases of Goodwill & Intangible Assets

- This cell requires input from the user

[350] Other Non-Current Assets

- Calculates the annual change in Other Non-Current Assets from the **Balance Sheet**
- Subtracts the Previous Year amount from Current Year amount
- A negative number represents an increase in this asset and therefore reflects a use of cash and vice versa.

[351] Cash Flow from Investing

- Capital Expenditures + Purchases of Goodwill & Intangible Assets + Other Non-Current Assets

Cash Flow from Financing

[352] Common Stock

- Subtracts the previous year's Common Stock from current projection year's and returns the net amount

[353] Treasury Stock

- Subtracts the previous year's Treasury Stock from current projection year's and returns the net amount

[354] Existing Debt

- Calculated by finding the annual change between the sum of short-term and long-term debt

[355] Other Current Liabilities

- Subtracts the previous year's Other Current Liabilities from current projection year's and returns the net amount

[356] Common Dividends Paid

- The value is pulled from the ***Income Statement***; however it is represented as a negative here to reflect that it is a use of cash.

[357] Cash Flow from Financing

- Common Stock + Treasury Stock + Existing Debt + Other Current Liabilities + Common Dividends Paid

[358] Net Cash Flow

- Cash Flow from Financing + Cash Flow from Investing + Cash Flow from Operations

[359] Beginning Cash

- Previous year's Ending Cash balance

[360] Ending Cash

- Beginning Cash + Net Cash Flow

PROJECTED STATEMENT OF CASH FLOWS

Cash Flow from Operations

[361] Net Income

- Pulls the value for GAAP Net Income from the **Income Statement**

[362] Depreciation

- = Depreciation of Existing Fixed Assets + Depreciation of Capital Expenditures – Amortization of Net Intangible assets
- These items are all found in the *Depreciation* table above.
- The amortization of net intangible assets is removed to isolate only the depreciation of tangible assets, and instead captures the amortization of net intangibles in the next cell
- *Note: The first year of the projections is multiplied by the stub percentage to make the necessary adjustment.*

[363] Amortization

- Pulls the value for the Amortization of Net Intangibles from the *Depreciation* table above.

[364] Amortization of OID

- Pulls the value from the total of the *Amortization of OID* table above located in the **Financing Scenarios** section.

[365] PIK Accrual

- Non-Cash Interest Expense for New Microsoft Senior Subordinated Notes + Non-Cash Interest Expense for New Bridge Loan

[366] Amortization of Deferred Financing Fees

- Pulls the value from the **Income Statement** above.

[367] Accounts Receivable

- Calculates the annual change in Accounts Receivable from the **Balance Sheet**
- Subtracts the Previous Year amount from Current Year amount
- A negative number represents an increase in this current asset and therefore reflects a use of cash

[368] Inventories

- Calculates the annual change in Inventories from the **Balance Sheet**
- Subtracts the Previous Year amount from Current Year amount
- A negative number represents an increase in this current asset and therefore reflects a use of cash and vice versa.

[369] Other Current Assets

- Calculates the annual change in Other Current Assets from the **Balance Sheet**
- Subtracts the Previous Year amount from Current Year amount
- A negative number represents an increase in this current asset and therefore reflects a use of cash and vice versa.

[370] Accounts Payable

- Calculates the annual change in Accounts Payable from the **Balance Sheet**
- Subtracts the Current Year amount from Previous Year amount
- A positive number represents an increase in this current liability and therefore reflects a source of cash and vice versa.

[371] Accrued and Other Current Liabilities

- Calculates the annual change in Accrued and Other Current Liabilities from the **Balance Sheet**
- Subtracts the Current Year amount from Previous Year amount
- A positive number represents an increase in this current liability and therefore reflects a source of cash and vice versa.

[372] Net Purchase/ Sale of Investments

- Calculates the annual change in total Investments
- $= (\text{Previous Year's Short-term investments} + \text{Previous Year's Long-term investments}) - (\text{Current Year's short-term Investments} + \text{Current Year's long-term investments})$

[373] Financing Receables

- Calculates the annual change in financing receables
- $= (\text{Previous Year's Short-term financing receables} + \text{Previous Year's Long-term financing receables}) - (\text{Current Year's short-term financing receables} + \text{Current Year's long-term financing receables})$

[374] Deferred Revenue

- Calculates the annual change in Deferred Revenue
- $= (\text{Previous Year's Short-term Deferred Revenue} + \text{Previous Year's Long-term Deferred Revenue}) - (\text{Current Year's short-term Deferred Revenue} + \text{Current Year's Long-term Deferred Revenue})$

[375] Non-controlling Interest

- Calculates the annual change in Non-controlling interest from the **Balance Sheet**
- Subtracts the Current Year amount from Previous Year amount

[376] Accumulated Other Comprehensive Loss

- Calculates the annual change in Non-controlling interest from the **Balance Sheet**
- Subtracts the Current Year amount from Previous Year amount

[377] Cash Flow from Operations

- Net Income + Depreciation + Amortization + Amortization of OID + PIK Accrual + Amortization of Deferred Financing Fees + Accounts Receivable + Inventories + Other Current Assets + Accounts Payable + Accrued and Other Current Liabilities + Net Purchase/ Sale of Investments + Financing Receivables + Deferred Revenue + Non-controlling Interest + Accumulated Other Comprehensive Loss

Cash Flow from Investing

[378] Capital Expenditures

- Retrieves Capital Expenditures for the year from the *Capital Expenditures* table in the **Capital Expenditures & Depreciation Schedule** section.

[379] Purchases of Goodwill & Intangible Assets

- The default value throughout the projection period is zero.

[380] Other Non-Current Assets

- Calculates the annual change in Other Non-Current Assets from the **Balance Sheet**
- Subtracts the Previous Year amount from Current Year amount
- A negative number represents an increase in this asset and therefore reflects a use of cash and vice versa.

[381] Cash Flow from Investing

- Capital Expenditures + Purchases of Goodwill & Intangible Assets + Other Non-Current Assets

Cash Flow from Financing

[382] Common Stock

- Subtracts the previous year's Common Stock from current projection year's and returns the net amount

[383] Treasury Stock

- Subtracts the previous year's Treasury Stock from current projection year's and returns the net amount

[384] Existing Debt

- Pulls the value for Mandatory Repayments from the *Existing Long-term Debt* table of the **Debt Schedule** below.

[385] New Revolving Consumer Receivables

- Pulls the value for Drawdown/(Repayment) from the *Revolving Consumer Receivables Facility* table of the **Debt Schedule** below.

[386] New ABL Facility

- Pulls the value for Drawdown/(Repayment) from the *New ABL Facility* table of the **Debt Schedule** below.

[387] New Term / Commercial Receivables

- Pulls the value for Drawdown/(Repayment) from the *New Term / Commercial Receivables* table of the **Debt Schedule** below.

[388] New Term Loan B

- Mandatory Repayments + Optional Repayments
- These items are from the *New Term Loan B* table of the **Debt Schedule** below.

[389] New Term Loan C

- Mandatory Repayments + Optional Repayments
- These items are from the *New Term Loan C* table of the **Debt Schedule** below.

[390] New Microsoft Senior Subordinated Notes

- Pulls the value for Mandatory Repayments from the *New Microsoft Senior Subordinated Notes* table of the **Debt Schedule** below.

[391] New Subordinated Notes (Bridge Loan)

- Pulls the value for Mandatory Repayments from the *New Bridge Loan* table of the **Debt Schedule** below.

[392] Other Current Liabilities

- Subtracts the previous year's Other Current Liabilities from current projection year's and returns the net amount

[393] Common Dividends Paid

- The value is pulled from the **Income Statement**, however it is represented as a negative here to reflect that it is a use of cash.

[394] Cash Flow from Financing

- Common Stock + Treasury Stock + Existing Debt + New Revolving Consumer Receivables + New ABL Facility + New Term / Commercial Receivables + New Term Loan B + New Term Loan C + New Microsoft Senior Subordinated Notes + New Subordinated Notes + Other Current Liabilities + Common Dividends Paid

[395] Net Cash Flow

- Cash Flow from Financing + Cash Flow from Investing + Cash Flow from Operations

[396] Beginning Cash

- Previous year's Ending Cash balance

[397] Ending Cash

- Beginning Cash + Net Cash Flow

Debt Schedule

Note: Year Row cells are the pulled from the **Income Statement** section above.

[398] Forward LIBOR Curve

- The first year requires input from the analyst
- The remaining years are calculated using the following formula:
 - Prior year's Forward LIBOR Curve + 0.0005
 - The 0.05% is a standard increment in the LIBOR curve, and is thus used in this model.

[399] Cash Available for Debt Repayment

- Cash Flow from Operations + Cash Flow from Investing

[400] Total Mandatory Payments

- Add all mandatory repayments from New Term Loan B, New Term Loan C, Existing Long-term Debt - Senior Notes, New Microsoft Senior Subordinated Notes and New Bridge Loan.

[401] Planned Dividends

- Pulls the value for Common Dividends Paid from the **Cash Flow Statement**

[402] Cash from the Balance Sheet

- Cash (PF Closing number) – Minimum Cash Balance
- Note: The minimum cash balance requires user input

[403] Cash Available for Optional Debt Repayment

- Cash Available for Debt Repayment + Total Mandatory Payments + Planned Dividends + Cash from Balance Sheet
- This figure determines the amount of cash available for annual debt repayment in the model

Note: For the following debt types, the initial debt details (located in the top left of every debt type box) are outputs from other parts of the model and have been explained previously in other sections of the technical report. Additionally, debt types have been arranged by seniority (highest to lowest) to reflect the order in which these debt instruments must be paid.

Commitment	\$1,100
Commitment Fee (Spread to LIBOR)	1.50%
Rate Type	Floating
LIBOR Floor	1.00%
Spread to LIBOR	2.25%
Term	4.0 years

REVOLVING CONSUMER RECEIVABLES FACILITY

[404] Revolving Consumer Receivables Facility – Beginning Balance

- The first year pulls the value for the beginning balance from the Balance Sheet from the “PF Closing” column.
- The remaining years pull the value from the Ending Balance of the previous year, which is the Beginning Balance for the current year.

[405] Revolving Consumer Receivables Facility – Drawdown/ (Repayment)

- **IF:** Cash Available for Optional Debt Repayment is less than 0:
- **THEN:** The formula will return the Minimum of either:
 - a) Negative Cash Available for Optional Debt Repayment or
 - b) Commitment – Beginning Balance of the debt
- **ELSE:** The formula will return the negative minimum of Cash Available for Optional Debt Repayment or the Beginning Balance

Explanation:

- If the Cash Available for Optional Debt Repayment is negative, this implies that the company will need to drawdown the revolver (source of cash) to help meet their capital requirements. However, the maximum total amount that can be drawn from the revolver is the commitment. Since it is possible the company has already drawn from the revolver, the amount that is available to the company is equal to the Commitment – Beginning Balance. Therefore, the equation finds the minimum of either the amount the company needs to draw (i.e. negative cash available for optional debt repayment) or the amount still available (commitment – beginning balance of debt)
- If the Cash Available for Optional Debt Repayment is positive, this implies that the company has the ability to repay debt. The equation takes the minimum of a) beginning balance or b) the cash available for optional repayment in order to determine how much should be repaid. If the beginning balance is lower than the cash available, then only a portion of the available cash will be needed to fully repay the revolver’s balance. On the other hand, if cash available is less than the beginning balance, all the cash goes towards repayment. This is signalled by the negative minimum sign.

[406] Revolving Consumer Receivables Facility – Ending Balance

- Beginning Balance + Drawdown/Repayment

[407] Revolving Consumer Receivables Facility – Interest Rate

- **IF:** The debt type is ‘Floating’
- **THEN:** The formula will find the minimum of LIBOR Curve rate and LIBOR Floor and add the ‘Spread to LIBOR’

- **ELSE:** If the debt type is ‘Fixed’, then the formula returns the ‘Spread to LIBOR’

[408] Revolving Consumer Receivables Facility – Interest Expense

- = Interest Rate * **IF:** Average Balance for Interest = 1 (“On”), **THEN:** Average Debt Balance; **ELSE:** Beginning Debt Balance
- Note: For the first year, the formula will multiply the result by the stub period discount

[409] Revolving Consumer Receivables Facility – Commitment Fee

- = (Commitment Fee + Forward LIBOR Curve) * **IF:** Average Balance for Interest is equal to 1 (“On”), **THEN:** (Commitment – Average debt balance), **ELSE:** (Commitment – Beginning balance of debt)
- Note: For the first year, the formula will multiply the result by the stub period discount

NEW ABL FACILITY

[410] New ABL Facility– Beginning Balance

- The first year pulls the value for the beginning balance from the Balance Sheet from the “PF Closing” column.
- The remaining years pull the value from the Ending Balance of the previous year, which is the Beginning Balance for the current year.

[411] New ABL Facility– Drawdown/ (Repayment)

Note: This is slightly different from the formula for Revolving Consumer Receivables Facility because the drawdown/repayment of the Revolving Consumer Receivables Facility is deducted from the Cash available for optional debt repayment to determine how much cash is left over (or still needed) for the ABL facility.

- **IF:** Cash Available for Optional Debt Repayment is less than 0:
- **THEN:** The formula will return the Minimum of either:
 - a) (Negative Cash Available for Optional Debt Repayment – Revolving Consumer Receivables Facility Drawdown / Repayment) or
 - b) Commitment – Beginning Balance of the debt
- **ELSE:** The formula will return the negative minimum of either:
 - a) (Cash Available for Optional Debt Repayment + Revolving Consumer Receivables Facility Drawdown / Repayment) or
 - b) the Beginning Balance

For a detailed explanation of this formula see the explanation provided above for Revolving Consumer Receivables Facility – Drawdown / (Repayment)

[412] New ABL Facility– Ending Balance

- Beginning Balance + Drawdown/Repayment

[413] New ABL Facility– Interest Rate

- **IF:** The debt type is ‘Floating’
- **THEN:** Find the minimum of LIBOR Curve rate and LIBOR Floor and add the ‘Spread to LIBOR’
- **ELSE:** If the debt type is ‘Fixed’, then the formula returns the ‘Spread to LIBOR’

[414] New ABL Facility– Interest Expense

- = Interest Rate * **IF:** Average Balance for Interest = 1 (“On”), **THEN:** Average Debt Balance; **ELSE:** Beginning Debt Balance
- Note: For the first year, the formula will multiply the result by the stub period discount

[415] New ABL Facility– Commitment Fee

- = (Commitment Fee + Forward LIBOR Curve) * **IF:** Average Balance for Interest is equal to 1 (“On”), **THEN:** (Commitment – Average debt balance), **ELSE:** (Commitment – Beginning balance of debt)
- Note: For the first year, the formula will multiply the result by the stub period discount

NEW TERM / COMMERCIAL RECEIVABLES FACILITY

[416] New Term / Commercial Receivables Facility – Beginning Balance

- The first year pulls the value for the beginning balance from the Balance Sheet from the “PF Closing” column.
- The remaining years pull the value from the Ending Balance of the previous year, which is the Beginning Balance for the current year.

[417] New Term / Commercial Receivables Facility – Drawdown/ (Repayment)

Note: This is slightly different from the formula for Revolving Consumer Receivables Facility because the drawdown/repayment of the Revolving Consumer Receivables Facility AND the New ABL Facility are deducted from the Cash available for optional debt repayment to determine how much cash is left over (or still needed) for the New Term / Commercial Receivables Facility.

- **IF:** Cash Available for Optional Debt Repayment is less than 0:
- **THEN:** The formula will return the Minimum of either:
 - a) (Negative Cash Available for Optional Debt Repayment – Revolving Consumer Receivables Facility Drawdown / Repayment – New ABL Facility Drawdown/Repayment) or
 - b) Commitment – Beginning Balance of the debt
- **ELSE:** The formula will return the negative minimum of either:
 - a) (Cash Available for Optional Debt Repayment + Revolving Consumer Receivables Facility Drawdown / Repayment + New ABL Facility Drawdown/Repayment) or
 - b) the Beginning Balance

For a detailed explanation of this formula see the explanation provided above for Revolving Consumer Receivables Facility – Drawdown / (Repayment)

[418] New Term / Commercial Receivables Facility – Ending Balance

- Beginning Balance + Drawdown/Repayment

[419] New Term / Commercial Receivables Facility – Interest Rate

- **IF:** The debt type is ‘Floating’
- **THEN:** Find the minimum of LIBOR Curve rate and LIBOR Floor and add the ‘Spread to LIBOR’
- **ELSE:** If the debt type is ‘Fixed’, then the formula returns the ‘Spread to LIBOR’

[420] New Term / Commercial Receivables Facility – Interest Expense

- = Interest Rate * **IF:** Average Balance for Interest = 1 (“On”), **THEN:** Average Debt Balance; **ELSE:** Beginning Debt Balance
- Note: For the first year, the formula will multiply the result by the stub period discount

[421] New Term / Commercial Receivables Facility – Commitment Fee

- = (Commitment Fee + Forward LIBOR Curve) * **IF:** Average Balance for Interest is equal to 1 (“On”), **THEN:** (Commitment – Average debt balance), **ELSE:** (Commitment – Beginning balance of debt)
- Note: For the first year, the formula will multiply the result by the stub period discount

NEW TERM LOAN B

[422] New Term Loan B– Beginning Balance

- The first year pulls the value for the beginning balance from the Balance Sheet from the “PF Closing” column.
- The remaining years pull the value from the Ending Balance of the previous year, which is the Beginning Balance for the current year.

[423] New Term Loan B– Mandatory Repayments

- **IF:** (Current year - first year of the projection period + 1) is greater than or equal to the Term of the loan
- **THEN:** The formula will return the Beginning Balance (which is the remaining loan principal)
- **ELSE:** The formula will calculate the mandatory payment as the negative of:
 - the minimum of either: a) Amortization * Amount or b) the beginning balance
- Note: For the first year, the formula will multiply the result by the stub period discount

Explanation:

- Once the projection reaches the end of the term for the loan, the company must pay the full amount of the principal that is remaining.
- Before the end of the term, the company must make the required amortization payments on the loan amount (which gradually reduce the remaining principal of the loan) unless the amount of principal remaining is less than the required amortization payment, in which case the company needs only to pay the remaining balance.

[424] New Term Loan B – Optional Repayments

- **IF:** Cash Available for Optional Debt Repayment is less than 0
- **THEN:** The formula will return 0
- **ELSE:** The formula will return the negative of:
 - The minimum of either:
 - a) Cash Sweep (%) * (Cash Available for Optional Debt Repayment + All drawdowns/(repayment) of prior debt OR
 - b) Beginning balance + Mandatory payment

Since there is a mandatory repayment for this debt type, if no cash is available for repaying the optional debt, nothing is repaid. However, if there is cash available, then the cash sweep percentage, which denotes how much of the available cash should be used to pay down the debt is multiplied by the remaining cash after accounting for all the previous debt payments made.

The equation takes the negative minimum of this amount and beginning balance plus mandatory repayment to limit the maximum payment to the remaining principal.

[425] New Term Loan B– Ending Balance

- Beginning Balance + Mandatory Repayments + Optional Repayments
- Note: The repayments are added because they are negative numbers, therefore in reality they lower the amount of the principal remaining.

[426] New Term Loan B– Interest Rate

- **IF:** The debt type is ‘Floating’
- **THEN:** Find the minimum of LIBOR Curve rate and LIBOR Floor and add the ‘Spread to LIBOR’
- **ELSE:** If the debt type is ‘Fixed’, then the formula returns the ‘Spread to LIBOR’

[427] New Term Loan B– Interest Expense

- = Interest Rate * **IF:** Average Balance for Interest = 1 (“On”), **THEN:** Average Debt Balance; **ELSE:** Beginning Debt Balance
- Note: For the first year, the formula will multiply the result by the stub period discount

NEW TERM LOAN C

[428] New Term Loan C– Beginning Balance

- The first year pulls the value for the beginning balance from the Balance Sheet from the “PF Closing” column.
- The remaining years pull the value from the Ending Balance of the previous year, which is the Beginning Balance for the current year.

[429] New Term Loan C– Mandatory Repayments

- **IF:** (Current year - first year of the projection period + 1) is greater than or equal to the Term of the loan
- **THEN:** The formula will return the Beginning Balance (which is the remaining loan principal)
- **ELSE:** The formula will calculate the mandatory payment as the negative of:
 - the minimum of either: a) Amortization * Amount or b) the beginning balance
- Note: For the first year, the formula will multiply the result by the stub period discount

Explanation:

- Once the projection reaches the end of the term for the loan, the company must pay the full amount of the principal that is remaining.
- Before the end of the term, the company must make the required amortization payments on the loan amount (which gradually reduce the remaining principal of the loan) unless the amount of principal remaining is less than the required amortization payment, in which case the company needs only to pay the remaining balance.

[430] New Term Loan C – Optional Repayments

- **IF:** Cash Available for Optional Debt Repayment is less than 0
- **THEN:** The formula will return 0
- **ELSE:** The formula will return the negative of:
 - The minimum of either:
 - a) Cash Sweep (%) * (Cash Available for Optional Debt Repayment + All drawdowns/(repayment) of prior debt OR
 - b) Beginning balance + Mandatory payment

Since there is a mandatory repayment for this debt type, if no cash is available for repaying the optional debt, nothing is repaid. However, if there is cash available, then the cash sweep percentage, which denotes how much of the available cash should be used to pay down the debt is multiplied by the remaining cash after accounting for all the previous debt payments made.

The equation takes the negative minimum of this amount and beginning balance plus mandatory repayment to limit the maximum payment to the remaining principal.

[431] New Term Loan C– Ending Balance

- Beginning Balance + Mandatory Repayments + Optional Repayments
- Note: The repayments are added because they are negative numbers, therefore in reality they lower the amount of the principal remaining.

[432] New Term Loan C– Interest Rate

- **IF:** The debt type is ‘Floating’
- **THEN:** Find the minimum of LIBOR Curve rate and LIBOR Floor and add the ‘Spread to LIBOR’
- **ELSE:** If the debt type is ‘Fixed’, then the formula returns the ‘Spread to LIBOR’

[433] New Term Loan C– Interest Expense

- = Interest Rate * **IF:** Average Balance for Interest = 1 (“On”), **THEN:** Average Debt Balance; **ELSE:** Beginning Debt Balance
- Note: For the first year, the formula will multiply the result by the stub period discount

EXISTING LONG-TERM DEBT – SENIOR NOTES

[434] Amortization Schedule

- This row requires the user to manually enter the amortization schedule, which is the percentage of the remaining principal that must be repaid each year.

[435] Existing Long-Term Debt – Beginning Balance

- The first year pulls the value for the beginning balance from the Balance Sheet from the “PF Closing” column.
- The remaining years pull the value from the Ending Balance of the previous year, which is the Beginning Balance for the current year.

[436] Existing Long-Term Debt – Mandatory Repayments

- Amortization Schedule * Loan Amount

[437] Existing Long-Term Debt – Ending Balance

- Beginning Balance + Mandatory Repayments

[438] Existing Long-Term Debt – Interest Rate

- The row requires the user to manually enter the expected interest rate for each year.

[439] Existing Long-Term Debt – Interest Expense

- = Interest Rate * **IF:** Average Balance for Interest = 1 (“On”), **THEN:** Average Debt Balance; **ELSE:** Beginning Debt Balance
- Note: For the first year, the formula will multiply the result by the stub period discount

NEW MICROSOFT SENIOR SUBORDINATED NOTES

[440] New Microsoft Senior Subordinated Notes – Beginning Balance

- The first year pulls the value for the beginning balance from the Balance Sheet from the “PF Closing” column.
- The remaining years pull the value from the Ending Balance of the previous year, which is the Beginning Balance for the current year.

[441] New Microsoft Senior Subordinated Notes – Mandatory Repayments

- **IF:** (Current year - first year of the projection period + 1) is greater than or equal to the Term of the loan
- **THEN:** The formula will return the negative of the Beginning Balance – Non-Cash Interest Expense
- **ELSE:** returns 0

[442] New Microsoft Senior Subordinated Notes – PIK Accrual

- PIK Allowance * Interest Rate * **IF:** Average Balance for Interest = 1 (“On”), **THEN:** Average Debt Balance; **ELSE:** Beginning Debt Balance

- This equation calculates the interest expense on the note and then multiplies this by the PIK Allowance to determine how much of this interest can be Paid-in-Kind (PIK), whereas the remaining amount of the interest expense must be paid in cash.

[443] New Microsoft Senior Subordinated Notes – Ending Balance

- Beginning Balance + Mandatory Repayments + PIK Accrual

[444] New Microsoft Senior Subordinated Notes – Interest Rate

- **IF:** Debt type is ‘Fixed’
- **THEN:** returns the Fixed Interest Rate
- **ELSE:** Fixed Interest Rate + Forward LIBOR Curve

[445] New Microsoft Senior Subordinated Notes – Cash Interest Expense

- $(1 - \text{PIK Allowance}) * \text{Interest Rate} * \text{IF: Average Balance for Interest = 1 ("On")}, \text{ THEN: Average Debt Balance; ELSE: Beginning Debt Balance}$
- This equation calculates the interest expense on the note and then multiplies this by $(1 - \text{PIK Allowance})$ to determine how much of this interest can must be paid in cash.

[446] New Microsoft Senior Subordinated Notes – Non-Cash Interest Expense

- Pulls the value from PIK Accrual above.

NEW BRIDGE LOAN

The calculations for this loan follow the same general formulae as used for *New Microsoft Senior Subordinated Notes* above.

Returns Analysis

*Note: Year Row cells are the pulled from the **Income Statement** section above.*

EQUITY FLOWS

Equity Flows	2014E	2015E
SLP Equity	-1,675	
Michael Dell Equity	-4,507	
Equity Value on Sale	0	0
Net Equity Flows	-6,182	0

[447] SLP Equity

- Pulls the value from the *Sources of Funds* table found in the **Financing Scenarios** section and returns this value as a negative number.
- This is only for the first year

[448] Michael Dell Equity

- Negative [449] - Michael Dell Rollover Equity
- Pulls these values from the *Sources of Funds* table found in the **Financing Scenarios** section
- This is only for the first year

[450] Equity Value on Sale

- The first year is hardcoded as 0
- The remaining years are calculated using the following formula:
 - **IF:** (Current year - first year of the projection period + 1) is equal to Holding Period (from the *Assumptions* table above)
 - **THEN:** Implied Equity Value (calculated in the *Equity Value* table below)
 - **ELSE:** Return 0

The formula matches the holding period cell to the difference in the years (+1 is needed because the current year should be included), and outputs the implied equity value. Proper placement of the Implied Equity Value is crucial to calculate the IRR.

Note: For the initial year of the transaction, the Equity Value on Sale is 0 because we assume they will not sell immediately.

[451] Net Equity Flows

- SLP Equity + Michael Dell Equity + Equity Value on Sale

EQUITY VALUE

Equity Value	
2018E EBITDA	4,041.13
Exit Multiple	5.0x
Implied Enterprise Value	20,205.64
Less: 2018E Net Debt	4,190.66
Implied Equity Value	16,014.98

Returns	
IRR	27%
MOIC	2.6x

[452] 20XX EBITDA Value

- The purpose of this formula is to pull the value of EBITDA (from the Income Statement) for the last year in the projection period.
- The formula uses the COUNTIF function to determine how many columns over in the row is the final year and then uses the INDEX function to pull the value of EBITDA.
- For example, if the COUNTIF function returned a value of 3, the third year EBITDA number would be returned in this cell.
- This function dynamically adjusts to changes in the years to retrieve the relevant final EBITDA number.
- Note: The name of this cell is also dynamic, therefore while we refer to it in this report as '20XX EBITDA Value' to reflect that it changes with adjustments to the length of the hold period.

[453] Exit Multiple

- Pulls the value for Exit Multiple from the *Assumptions* table found in the **Basic Assumptions** section above.

[454] Implied Enterprise Value

- 20XX EBITDA Value * Exit Multiple

[455] 20XX Net Debt

- This formula uses Excel's OFFSET function to find the SUM of all the debt for the last year of the projection period. The cash available (on the Balance Sheet) is then subtracted to determine the value of Net Debt at the end of the holding period.

[456] Implied Equity Value

- Implied Enterprise Value – 20XX Net Debt

RETURNS

Equity Value	
2018E EBITDA	4,041.13
Exit Multiple	5.0x
Implied Enterprise Value	20,205.64
Less: 2018E Net Debt	4,190.66
Implied Equity Value	16,014.98

Ownership Percentage	
SLP	27.1%
Michael Dell	72.9%

Returns	
IRR	27%
MOIC	2.6x

[457] IRR

- Calculates the Internal Rate of Return (IRR) of the Net Equity Flows over the projected hold period.

[458] MOIC

- OFFSET the reference cell on the Net Equity Flows row by the COUNTIF() and divide by the absolute value of the initial capital
- This formula will yield the Money Over Invested Capital (MOIC), which is the return over the initial capital in the investment

OWNERSHIP

Equity Value	
2018E EBITDA	4,041.13
Exit Multiple	5.0x
Implied Enterprise Value	20,205.64
Less: 2018E Net Debt	4,190.66
Implied Equity Value	16,014.98

Ownership Percentage	
SLP	27.1%
Michael Dell	72.9%

Returns	
IRR	27%
MOIC	2.6x

[459] SLP

- SLP Equity / Net Equity Flows (for the first year, which represents the initial investment)

[460] Michael Dell

- Michael Dell Equity / Net Equity Flows (for the first year, which represents the initial investment)

Operating Scenarios

All components in each of the following tables are assumptions that must be entered manually by the analyst:

- Income Statement Assumptions
- Working Capital Assumptions
- Capital Expenditure Assumptions

The last line for each account represents the active scenario. This is dynamic and will change depending on the Operating Scenario chosen by the user in *Scenarios* table found in the **Basic Assumptions** section near the top of the model. This line uses Excel's CHOOSE function to pull the appropriate assumption that will then be used in the calculations discussed above.

Appendix

[1] EXIT YEAR	3
[2] EV/SALES – LTM	3
[3] EV/SALES – 2014E	3
[4] EV/EBITDA – LTM	3
[5] EV/EBITDA 2014E	4
[6] INTERNAL RATE OF RETURN (IRR) SENSITIVITY	4
[7] MONEY OVER INVESTED CAPITAL (MOIC) SENSITIVITY	4
[8] YEAR HEADERS FOR HISTORICAL DATA	4
[9] SALES	4
[10] SALES % GROWTH	4
[11] GROSS PROFIT	5
[12] GROSS PROFIT % MARGIN	5
[13] EBITDA	5
[14] EBITDA % MARGIN	5
[15] CAPITAL EXPENDITURES	5
[16] CASH INTEREST EXPENSE	5
[17] TOTAL INTEREST EXPENSE	5
[18] CAPITAL EXPENDITURES % OF SALES	5
[19] FREE CASH FLOW	5
[20] LTM DATA	5
[21] YEARS INDEX - PROJECTION PERIODS	6
[22] PROJECTION PERIOD - DATES	6
[23] PROJECTION PERIOD DATA:	7
[24] SALES	7
[25] SALES % GROWTH	7
[26] GROSS PROFIT	7
[27] GROSS PROFIT % MARGIN	7
[28] EBITDA	7
[29] EBITDA % MARGIN	7
[30] CAPITAL EXPENDITURES	7
[31] CASH INTEREST EXPENSE	7
[32] FREE CASH FLOW	7
[33] CASH	8

[34] NEW REVOLVER/CONSTANT RECEIVABLES DRAW.....	8
[35] NEW ABL FACILITY DRAW	8
[36] NEW TERM/COMMERCIAL RECEIVABLES DRAW	8
[37] NEW TERM LOAN B.....	8
[38] NEW TERM LOAN C.....	8
[39] TOTAL SENIOR SECURED DEBT.....	8
[40] EXISTING DEBT	8
[41] TOTAL SENIOR DEBT	8
[42] NEW MICROSOFT SENIOR SUBORDINATED NOTES	8
[43] NEW BRIDGE LOAN (ASSUME SUBORDINATED NOTES)	8
[44] TOTAL DEBT	9
[45] SHAREHOLDERS EQUITY.....	9
[46] TOTAL CAPITALIZATION	9
[47] % DEBT TO TOTAL CAPITALIZATION.....	9
[48] EBITDA/CASH INTEREST EXPENSE.....	9
[49] (EBITDA – CAPEX)/CASH INTEREST EXPENSE	9
[50] EBITDA/TOTAL INTEREST EXPENSE	9
[51] (EBITDA – CAPEX)/TOTAL INTEREST EXPENSE.....	11
[52] SENIOR SECURED DEBT/EBITDA.....	11
[53] SENIOR DEBT/EBITDA	11
[54] SUBORDINATED DEBT/EBITDA.....	11
[55] TOTAL DEBT/EBITDA	11
[56] NET DEBT/EBITDA	11
[57] COMPANY NAME	11
[58] MODEL DATE.....	11
[59] LTM DATE.....	11
[60] UNAFFECTED SHARE PRICE	13
[61] EXIT MULTIPLE	13
[62] HOLD PERIOD	13
[63] STUB.....	13
[64] LIBOR FLOOR (ANNUALIZED)	13
[65] INTEREST RATE ON CASH (ANNUALIZED).....	13
[66] MARGINAL TAX RATE	13
[67] FINANCEABLE EBITDA	13
[68] OPERATING SCENARIO	13
[69] FINANCING SCENARIO	15

[70] AVERAGE BALANCE FOR INTEREST	15
[71] CASH BALANCE.....	15
[72] UNAFFECTED SHARE PRICE	17
[73] PREMIUM TO UNAFFECTED SHARE PRICE	17
[74] OFFER PRICE PER SHARE	17
[75] FULLY DILUTED SHARES	17
[76] EQUITY PURCHASE PRICE.....	17
[77] NET DEBT	17
[78] ENTERPRISE VALUE	19
[79] IMPLIED ENTRY MULTIPLE	19
[80] NEW SLP EQUITY.....	20
[81] EQUITY PURCHASE PRICE.....	20
[82] M&A/LEGAL/ACCOUNTING FEES	20
[83] FINANCING FEES	20
[84] OID	20
[85] EXISTING DEBT	21
[86] NEW REVOLVER/CONS. RECEIVABLES DRAW	21
[87] NEW ABL FACILITY	21
[88] NEW TERM/COMM. RECEIVABLES.....	21
[89] NEW TERM LOAN B.....	21
[90] NEW TERM LOAN C	21
[91] NEW MICROSOFT SENIOR SUBORDINATED NOTES	21
[92] NEW BRIDGE LOAN (ASSUME SUBORDINATED NOTES)	21
[93] EXISTING DEBT	22
[94] NEW REVOLVER/CONS. RECEIVABLES.....	22
[95] NEW ABL FACILITY	22
[96] NEW TERM/COMM. RECEIVABLES.....	22
[97] NEW TERM LOAN B.....	22
[98] NEW TERM LOAN C	22
[99] NEW MICROSOFT SENIOR SUBORDINATED NOTES	22
[100] NEW BRIDGE LOAN	22
[101] FINANCING & TRANSACTION FEES - % M&A/LEGAL.....	23
[102] FINANCING & TRANSACTION FEES - % EXISTING DEBT.....	23
[103] FINANCING & TRANSACTION FEES - % NEW REVOLVER/CONS. RECEIVABLES	23
[104] FINANCING & TRANSACTION FEES - % NEW ABL FACILITY	23
[105] FINANCING & TRANSACTION FEES - % NEW TERM/COMM. RECEIVABLES	23

[106] FINANCING & TRANSACTION FEES - % NEW TERM LOAN B	23
[107] FINANCING & TRANSACTION FEES - % NEW TERM LOAN C.....	23
[108] FINANCING & TRANSACTION FEES - % NEW MICROSOFT SENIOR SUBORDINATED NOTES.....	23
[109] FINANCING & TRANSACTION FEES - % NEW BRIDGE LOAN.....	23
[110] FINANCING & TRANSACTION FEES - \$ M&A/LEGAL.....	23
[111] FINANCING & TRANSACTION FEES - \$ EXISTING DEBT.....	23
[112] FINANCING & TRANSACTION FEES - \$ NEW REVOLVER/CONS. RECEIVABLES	23
[113] FINANCING & TRANSACTION FEES - \$ NEW ABL FACILITY	23
[114] FINANCING & TRANSACTION FEES - \$ NEW TERM/COMM. RECEIVABLES	23
[115] FINANCING & TRANSACTION FEES - \$ NEW TERM LOAN B	23
[116] FINANCING & TRANSACTION FEES - \$ NEW TERM LOAN C	24
[117] FINANCING & TRANSACTION FEES - \$ NEW MICROSOFT SENIOR SUBORDINATED NOTES.....	24
[118] FINANCING & TRANSACTION FEES - \$ NEW BRIDGE LOAN.....	24
[119] YEAR ROW	26
[120] SALES.....	26
[121] SALES % GROWTH.....	26
[122] COST OF GOODS SOLD	26
[123] % OF SALES.....	26
[124] GROSS OPERATING PROFIT.....	26
[125] % MARGIN.....	26
[126] R&D	26
[127] % OF SALES.....	26
[128] SG&A	26
[129] % OF SALES.....	26
[130] EBITDA	26
[131] % MARGIN.....	26
[132] DEPRECIATION & AMORTIZATION	26
[133] % OF SALES.....	27
[134] AMORTIZATION.....	27
[135] EBIT	27
[136] % MARGIN.....	27
[137] AMORTIZATION OF FINANCING FEES	27
[138] INVESTMENT INCOME	27
[139] OTHER EXPENSES (INCOME)	27
[140] ADJUSTED EBIT.....	27
[141] % MARGIN.....	27

[142] NET INTEREST EXPENSE	27
[143] % OF SALES.....	27
[144] EBT	27
[145] % MARGIN.....	27
[146] PROVISION FOR TAXES.....	27
[147] TAX RATE.....	27
[148] GAAP NET INCOME	27
[149] % MARGIN.....	27
[150] CASH DIVIDEND PER SHARE	28
[151] BASIC SHARES OUTSTANDING	28
[152] CASH DIVIDENDS.....	28
[153] YEAR CELL (LTM)	28
[154] SALES (CAGR)	28
[155] GROSS OPERATING PROFIT.....	28
[156] EBITDA	28
[157] EBIT	28
[158] ADJUSTED EBIT.....	28
[159] EBT	28
[160] GAAP NET INCOME	28
[161] YEAR CELL (STUB).....	28
[162] SALES.....	28
[163] COST OF GOODS SOLD	28
[164] R&D.....	28
[165] SG&A	28
[166] DEPRECIATION AND AMORTIZATION	28
[167] AMORTIZATION OF FINANCING FEES	28
[168] (INVESTMENT INCOME).....	28
[169] OTHER EXPENSES (INCOME)	29
[170] NET INTEREST EXPENSE	29
[171] PROVISION FOR TAXES.....	29
[172] YEAR ROW INDICATOR.....	30
[173] YEAR ROW	30
[174] SALES.....	30
[175] % GROWTH	31
[176] COST OF GOODS SOLD	31
[177] R&D.....	31

[178] SG&A	31
[179] DEPRECIATION & AMORTIZATION	31
[180] AMORTIZATION OF FINANCING FEES	31
[181] INVESTMENT INCOME	31
[182] OTHER EXPENSES (INCOME)	31
[183] NET INTEREST EXPENSE	31
[184] TAX RATE	31
[185] CASH DIVIDENDS PER SHARE	31
[186] BASIC SHARES OUTSTANDING	31
[187] CASH AND CASH EQUIVALENTS	32
[188] SHORT-TERM INVESTMENTS.....	32
[189] ACCOUNTS RECEIVABLE – NET.....	32
[190] SHORT-TERM FINANCING RECEIVABLES	32
[191] INVENTORIES – NET	32
[192] OTHER CURRENT ASSETS	32
[193] PP&E GROSS.....	32
[194] ACCUMULATED DEPRECIATION	32
[195] LONG-TERM INVESTMENTS	32
[196] LONG-TERM FINANCING RECEIVABLES – NET.....	32
[197] GOODWILL	32
[198] PURCHASED INTANGIBLE ASSETS – NET	32
[199] DEFERRED FINANCING FEES.....	32
[200] OTHER NONCURRENT ASSETS.....	32
[201] EXISTING SHORT-TERM DEBT.....	32
[202] ACCOUNTS PAYABLE	32
[203] ACCRUED AND OTHER	32
[204] SHORT-TERM DEFERRED REVENUE.....	32
[205] EXISTING LONG-TERM DEBT	32
[206] LONG-TERM DEFERRED REVENUE	32
[207] OTHER NONCURRENT LIABILITIES.....	32
[208] COMMON STOCK	32
[209] TREASURY STOCK	32
[210] RETAINED EARNINGS	32
[211] ACCUMULATED OTHER COMPREHENSIVE LOSS	32
[212] NON-CONTROLLING INTEREST.....	32
[213] DAYS RECEIVABLES.....	32

[214] DAYS INVENTORY	34
[215] TOTAL CURRENT ASSETS.....	34
[216] PP&E, NET	34
[217] TOTAL ASSETS	34
[218] DAYS PAYABLE	34
[219] TOTAL CURRENT LIABILITIES	34
[220] TOTAL LIABILITIES	34
[221] TOTAL DELL SHAREHOLDERS' EQUITY.....	34
[222] TOTAL SHAREHOLDERS' EQUITY	34
[223] TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY.....	34
[224] GOODWILL	34
[225] DEFERRED FINANCING FEES.....	34
[226] NEW REVOLVING CONSUMER RECEIVABLES	35
[227] NEW ABL FACILITY	35
[228] NEW TERM/COMMERCIAL RECEIVABLES.....	35
[229] NEW TERM LOAN B.....	35
[230] NEW TERM LOAN C.....	35
[231] NEW MICROSOFT SENIOR SUBORDINATED NOTES	35
[232] NEW SUBORDINATED NOTES (BRIDGE LOAN)	35
[233] NEW SPONSOR EQUITY.....	35
[234] CASH AND CASH EQUIVALENTS	35
[235] GOODWILL	35
[236] EXISTING SHORT-TERM DEBT.....	35
[237] EXISTING LONG-TERM DEBT	35
[238] COMMON STOCK	35
[239] TREASURY STOCK	35
[240] RETAINED EARNINGS	35
[241] ACCUMULATED OTHER COMPREHENSIVE LOSS	35
[242] CASH AND CASH EQUIVALENTS	35
[243] SHORT-TERM INVESTMENTS.....	35
[244] ACCOUNTS RECEIVABLE – NET.....	35
[245] SHORT-TERM FINANCING RECEIVABLES	35
[246] INVENTORIES – NET	36
[247] OTHER CURRENT ASSETS	36
[248] PP&E GROSS.....	36
[249] ACCUMULATED DEPRECIATION	36

[250] PPE – NET	36
[251] LONG-TERM INVESTMENTS	36
[252] LONG-TERM FINANCING RECEIVABLES – NET	36
[253] GOODWILL	36
[254] PURCHASED INTANGIBLE ASSETS – NET	36
[255] DEFERRED FINANCING FEES.....	36
[256] OTHER NONCURRENT ASSETS.....	36
[257] EXISTING SHORT-TERM DEBT.....	36
[258] ACCOUNTS PAYABLE	36
[259] ACCRUED AND OTHER	36
[260] SHORT-TERM DEFERRED REVENUE.....	36
[261] EXISTING LONG-TERM DEBT	36
[262] REVOLVING CONSUMER RECEIVABLES FACILITY	36
[263] NEW ABL FACILITY	36
[264] NEW TERM/ COMMERCIAL RECEIVABLES FACILITY	36
[265] NEW TERM LOAN B.....	36
[266] NEW TERM LOAN C.....	36
[267] EXISTING LONG-TERM DEBT – SENIOR NOTES.....	36
[268] NEW MICROSOFT SENIOR SUBORDINATED NOTES	36
[269] NEW BRIDGE LOAN	36
[270] CONSOLIDATED ORIGINAL ISSUE DISCOUNT	36
[271] LONG-TERM DEFERRED REVENUE	36
[272] OTHER NONCURRENT LIABILITIES.....	36
[273] COMMON STOCK	36
[274] TREASURY STOCK	36
[275] RETAINED EARNINGS	36
[276] ACCUMULATED OTHER COMPREHENSIVE LOSS	36
[277] NEW SPONSOR EQUITY.....	36
[278] NON-CONTROLLING INTEREST.....	36
[279] CASH AND CASH EQUIVALENTS	36
[280] SHORT-TERM INVESTMENTS.....	36
[281] ACCOUNTS RECEIVABLE – NET.....	36
[282] DAYS RECEIVABLES.....	36
[283] SHORT-TERM FINANCING RECEIVABLES	36
[284] INVENTORIES – NET	36
[285] DAYS INVENTORY.....	36

[286] OTHER CURRENT ASSETS	37
[287] TOTAL CURRENT ASSETS.....	38
[288] PPE - NET.....	38
[289] LONG-TERM INVESTMENTS	38
[290] LONG-TERM FINANCING RECEIVABLES.....	38
[291] GOODWILL	38
[292] PURCHASED INTANGIBLE ASSETS – NET	38
[293] DEFERRED FINANCING FEES.....	38
[294] OTHER NON-CURRENT ASSETS, NET	38
[295] TOTAL ASSETS	38
[296] EXISTING SHORT-TERM DEBT.....	38
[297] ACCOUNTS PAYABLE	38
[298] DAYS PAYABLES.....	38
[299] ACCRUED AND OTHER	38
[300] SHORT-TERM DEFERRED REVENUE.....	38
[301] TOTAL CURRENT LIABILITIES	39
[302] EXISTING LONG-TERM DEBT	39
[303] NEW REVOLVING CONSUMER RECEIVABLES	39
[304] NEW ABL FACILITY	39
[305] NEW TERM/COMMERCIAL RECEIVABLES.....	39
[306] NEW TERM LOAN B	39
[307] NEW TERM LOAN C	39
[308] NEW MICROSOFT SENIOR SUBORDINATED NOTES	39
[309] NEW SUBORDINATED NOTES (BRIDGE LOAN)	39
[310] CONSOLIDATED ORIGINAL ISSUE DISCOUNT	39
[311] LONG-TERM DEFERRED REVENUE	39
[312] OTHER NON-CURRENT LIABILITIES	39
[313] TOTAL LIABILITIES	39
[314] COMMON STOCK	39
[315] TREASURY STOCK	39
[316] RETAINED EARNINGS	41
[317] ACCUMULATED OTHER COMPREHENSIVE LOSS	41
[318] NEW SPONSOR EQUITY.....	41
[319] TOTAL DELL SHAREHOLDERS' EQUITY.....	41
[320] NON-CONTROLLING INTEREST.....	41
[321] TOTAL SHAREHOLDERS' EQUITY	41

[322] TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY.....	41
[323] CAPITAL EXPENDITURES.....	41
[324] % OF SALES.....	41
[325] STUB (CURRENT YEAR REMAINING CAPITAL EXPENDITURE).....	41
[328] PROJECTED CAPITAL EXPENDITURE	42
[329] CAPITAL EXPENDITURE OPERATING ASSUMPTION.....	42
[330] DEPRECIATION - EXISTING FIXED ASSETS.....	42
[331] DEPRECIATION – PROJECTION PERIOD	42
[332] CAPITAL EXPENDITURES DEPRECIATION.....	42
[333] PROJECTED DEPRECIATION OF CAPITAL EXPENDITURES	43
[334] NET INCOME	44
[335] DEPRECIATION	44
[336] AMORTIZATION.....	44
[337] ACCOUNTS RECEIVABLE.....	44
[338] INVENTORIES	44
[339] OTHER CURRENT ASSETS	44
[340] ACCOUNTS PAYABLE	44
[341] ACCRUED AND OTHER CURRENT LIABILITIES.....	44
[342] NET PURCHASE/ SALE OF INVESTMENTS	44
[343] FINANCING RECEIVABLES.....	44
[344] DEFERRED REVENUE	45
[345] NON-CONTROLLING INTEREST.....	45
[346] ACCUMULATED OTHER COMPREHENSIVE LOSS	45
[347] CASH FLOW FROM OPERATIONS	45
[348] CAPITAL EXPENDITURES.....	45
[349] PURCHASES OF GOODWILL & INTANGIBLE ASSETS	45
[350] OTHER NON-CURRENT ASSETS	45
[351] CASH FLOW FROM INVESTING.....	45
[352] COMMON STOCK	45
[353] TREASURY STOCK	45
[354] EXISTING DEBT	45
[355] OTHER CURRENT LIABILITIES	45
[356] COMMON DIVIDENDS PAID	46
[357] CASH FLOW FROM FINANCING	46
[358] NET CASH FLOW.....	46
[359] BEGINNING CASH	46

[360] ENDING CASH.....	47
[361] NET INCOME	47
[362] DEPRECIATION	47
[363] AMORTIZATION.....	47
[364] AMORTIZATION OF OID	47
[365] PIK ACCRUAL.....	47
[366] AMORTIZATION OF DEFERRED FINANCING FEES.....	47
[367] ACCOUNTS RECEIVABLE.....	47
[368] INVENTORIES	47
[369] OTHER CURRENT ASSETS	47
[370] ACCOUNTS PAYABLE	49
[371] ACCRUED AND OTHER CURRENT LIABILITIES.....	49
[372] NET PURCHASE/ SALE OF INVESTMENTS	49
[373] FINANCING RECEIVABLES.....	49
[374] DEFERRED REVENUE	49
[375] NON-CONTROLLING INTEREST.....	49
[376] ACCUMULATED OTHER COMPREHENSIVE LOSS	49
[377] CASH FLOW FROM OPERATIONS	49
[378] CAPITAL EXPENDITURES.....	49
[379] PURCHASES OF GOODWILL & INTANGIBLE ASSETS	49
[380] OTHER NON-CURRENT ASSETS	50
[381] CASH FLOW FROM INVESTING.....	50
[382] COMMON STOCK	50
[383] TREASURY STOCK	50
[384] EXISTING DEBT	50
[385] NEW REVOLVING CONSUMER RECEIVABLES	50
[386] NEW ABL FACILITY	50
[387] NEW TERM / COMMERCIAL RECEIVABLES.....	50
[388] NEW TERM LOAN B	50
[389] NEW TERM LOAN C	50
[390] NEW MICROSOFT SENIOR SUBORDINATED NOTES	50
[391] NEW SUBORDINATED NOTES (BRIDGE LOAN)	50
[392] OTHER CURRENT LIABILITIES	50
[393] COMMON DIVIDENDS PAID	51
[394] CASH FLOW FROM FINANCING	51
[395] NET CASH FLOW	51

[396] BEGINNING CASH	51
[397] ENDING CASH.....	51
[398] FORWARD LIBOR CURVE.....	51
[399] CASH AVAILABLE FOR DEBT REPAYMENT	51
[400] TOTAL MANDATORY PAYMENTS	51
[401] PLANNED DIVIDENDS	51
[402] CASH FROM THE BALANCE SHEET	51
[403] CASH AVAILABLE FOR OPTIONAL DEBT REPAYMENT	51
[404] REVOLVING CONSUMER RECEIVABLES FACILITY – BEGINNING BALANCE.....	52
[405] REVOLVING CONSUMER RECEIVABLES FACILITY – DRAWDOWN/ (REPAYMENT)	52
[406] REVOLVING CONSUMER RECEIVABLES FACILITY – ENDING BALANCE.....	52
[407] REVOLVING CONSUMER RECEIVABLES FACILITY – INTEREST RATE	52
[408] REVOLVING CONSUMER RECEIVABLES FACILITY – INTEREST EXPENSE	53
[409] REVOLVING CONSUMER RECEIVABLES FACILITY – COMMITMENT FEE.....	53
[410] NEW ABL FACILITY– BEGINNING BALANCE.....	53
[411] NEW ABL FACILITY– DRAWDOWN/ (REPAYMENT)	53
[412] NEW ABL FACILITY– ENDING BALANCE.....	53
[413] NEW ABL FACILITY– INTEREST RATE	53
[414] NEW ABL FACILITY– INTEREST EXPENSE	53
[415] NEW ABL FACILITY– COMMITMENT FEE.....	54
[416] NEW TERM / COMMERCIAL RECEIVABLES FACILITY – BEGINNING BALANCE.....	54
[417] NEW TERM / COMMERCIAL RECEIVABLES FACILITY – DRAWDOWN/ (REPAYMENT)	54
[418] NEW TERM / COMMERCIAL RECEIVABLES FACILITY – ENDING BALANCE	54
[419] NEW TERM / COMMERCIAL RECEIVABLES FACILITY – INTEREST RATE	54
[420] NEW TERM / COMMERCIAL RECEIVABLES FACILITY – INTEREST EXPENSE	54
[421] NEW TERM / COMMERCIAL RECEIVABLES FACILITY – COMMITMENT FEE	55
[422] NEW TERM LOAN B– BEGINNING BALANCE	55
[423] NEW TERM LOAN B– MANDATORY REPAYMENTS	55
[424] NEW TERM LOAN B – OPTIONAL REPAYMENTS	55
[425] NEW TERM LOAN B– ENDING BALANCE	55
[426] NEW TERM LOAN B– INTEREST RATE	56
[427] NEW TERM LOAN B– INTEREST EXPENSE	56
[428] NEW TERM LOAN C– BEGINNING BALANCE	57
[429] NEW TERM LOAN C– MANDATORY REPAYMENTS	57
[430] NEW TERM LOAN C – OPTIONAL REPAYMENTS	57
[431] NEW TERM LOAN C– ENDING BALANCE	57

[432] NEW TERM LOAN C– INTEREST RATE	57
[433] NEW TERM LOAN C– INTEREST EXPENSE	59
[434] AMORTIZATION SCHEDULE.....	59
[435] EXISTING LONG-TERM DEBT – BEGINNING BALANCE.....	59
[436] EXISTING LONG-TERM DEBT – MANDATORY REPAYMENTS.....	59
[437] EXISTING LONG-TERM DEBT – ENDING BALANCE.....	59
[438] EXISTING LONG-TERM DEBT – INTEREST RATE	59
[439] EXISTING LONG-TERM DEBT – INTEREST EXPENSE	59
[440] NEW MICROSOFT SENIOR SUBORDINATED NOTES – BEGINNING BALANCE.....	59
[441] NEW MICROSOFT SENIOR SUBORDINATED NOTES – MANDATORY REPAYMENTS	59
[442] NEW MICROSOFT SENIOR SUBORDINATED NOTES – PIK ACCRUAL	59
[443] NEW MICROSOFT SENIOR SUBORDINATED NOTES – ENDING BALANCE.....	60
[444] NEW MICROSOFT SENIOR SUBORDINATED NOTES – INTEREST RATE	60
[445] NEW MICROSOFT SENIOR SUBORDINATED NOTES – CASH INTEREST EXPENSE	60
[446] NEW MICROSOFT SENIOR SUBORDINATED NOTES – NON-CASH INTEREST EXPENSE.....	60
[447] SLP EQUITY.....	60
[448] MICHAEL DELL EQUITY.....	60
[450] EQUITY VALUE ON SALE.....	61
[451] NET EQUITY FLOWS	61
[452] 20XX EBITDA VALUE	61
[453] EXIT MULTIPLE	61
[454] IMPLIED ENTERPRISE VALUE.....	61
[455] 20XX NET DEBT	61
[456] IMPLIED EQUITY VALUE	62
[457] IRR.....	63
[458] MOIC	63
[459] SLP.....	63
[460] MICHAEL DELL.....	63