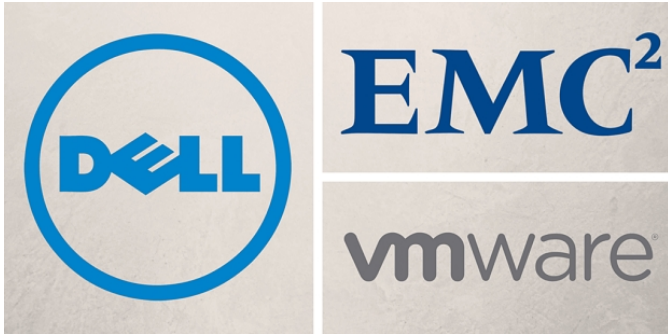


Reuters: Dell Considers VMware Merger?

Written by Marco Attard
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Dell has decided "explore options" in order to improve its financial situation, Reuters reports--including a potential merger with virtualisation giant VMware.



Currently the largest privately owned technology company in the world, Dell is \$50 billion in debt. Said debt is the result of the 2016 \$67bn acquisition of EMC and is top priority for the company, following the passing of the federal Tax Cuts and Jobs Acts bill limiting the tax deductibility of interest payments to 30% of company earnings before interest, taxes, depreciation and amortization (EBITDA).

"People familiar with the matter" tell Reuters Dell is reviewing a possible reverse merger with VMware, as well as options such as an initial private offering (IPO) or sale of assets. In turn, VMware plans to form a special committee to consider the merger.

Dell owns 80% of VMware, meaning the special committee has to convince directors the deal is in the interest of minority shareholders. This is because a reverse merger has VMware buys Dell, rather than Dell adding to its debt by buying the rest of VMware. One also has to keep in mind equity firm Silver Lake, who bankrolled Dell's path to becoming private in 2013. Silver Lake owns 18% of Dell, and surely wants to profit from its investment.

So far neither Dell nor VMware has commented on the Reuters story.

Go [Dell, VMware Decide to Explore Options Including Merger \(Reuters\)](#)