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MEMORANDUM

Dell Technologies — The Michael Dell Buyout

How a sub-\$5 billion equity check became ~\$200 billion — arguably the most valuable founder outcome in the history of leveraged buyouts.

TO: Investment Committee · **FROM:** Phil Baratelli, The Baratelli Institute · **DATE:** June 29, 2026

RE: A worked teaching case in LBO structure, control, and the discipline of holding · **CLASSIFICATION:** Educational — not investment advice · built from public SEC filings & market data

The headline: \$4.6 billion → ~\$202 billion

In 2013, Michael Dell took his company private — alongside Silver Lake, which owned the other ~25% — with a personal equity check of about **\$4.6 billion**. Thirteen years later, that stake — together with the VMware value it controlled and later spun off — is worth roughly **\$202 billion** to him. Because both Dell and Broadcom shares have appreciated enormously since their deals closed, the story is best told in two columns: what each piece was worth at the moment of its transaction, and what it is worth today.

Value pool	At the transaction	Today (Jun 2026)	Note
Dell Technologies stake	~\$16B	~\$106B	2018 re-listing (~\$46/sh) → ~\$399/sh
Broadcom shares (from VMware) · est.	~\$21B	~\$81B	Nov 2023 close (~\$97/sh) → ~\$379/sh; derived from deal terms
Cash from the VMware sale to Broadcom	~\$12B	~\$12B	cash, no appreciation
Dividends received (regular, since FY2022)	—	~\$3B	a benefit of holding; collected at ~40% ownership
Total value to Michael Dell	~\$49B	~\$202B	
Michael Dell's equity invested (2013)	~\$4.6B	~\$4.6B	roll + \$750M MSD cash + waived dividend
Multiple of money	~11x	~44x	over 13 years (~34% IRR)

“At the transaction” values each pool when it became marketable to him (the 2018 Dell re-listing; the 2023 Broadcom close; the VMware cash at receipt). The Broadcom line is derived from the fixed deal terms (169.3M VMware shares, ~50% to stock, 0.2520 exchange ratio, 10-for-1 split); it assumes no shares sold since 2023 and moves ±\$2.1B per \$10 in Broadcom. Equity, value, and prices are as of market close June 26, 2026, reviewed June 29, 2026. See the companion model.

Independent cross-check. The order of magnitude is corroborated outside our model: on June 29, 2026 the Bloomberg Billionaires Index put Michael Dell’s net worth at about **\$212 billion** (5th in the world, +\$71.9B year-to-date), built from his ~40% Dell stake, his Broadcom stake, and cash. Notably, Bloomberg’s methodology *assumes he disposes of roughly 20% of the Broadcom holding each year* — a more conservative treatment than the no-sale assumption behind the ~\$81B Broadcom line above — and still lands above our ~\$202B figure, because Dell stock has climbed further than our June-26 mark. We therefore treat ~\$202B as a defensible, even conservative, estimate of total value, while flagging the Broadcom sub-line as the softest single input.

Why it stands alone — and the honest caveat

A celebrated leveraged buyout returns its sponsors two to three times their money over about five years — an IRR in the low-to-mid twenties. By that yardstick the Dell deal is not in the same conversation; it is in a different sport. Even valued conservatively, at each transaction’s own date, Michael Dell’s \$4.6 billion had become ~\$49–52 billion — roughly eleven times his money. Valued at today’s market, it is ~\$202 billion — roughly forty-four times, an IRR near 34% sustained for thirteen years on a very large base. No other buyout has put a single founder’s personal equity check anywhere near this outcome. What makes it a teaching case is not the size of the number but how it was built — a sequence of bold, unusual, and instructive maneuvers, each of which a practitioner can learn from.

The honest caveat

This is not a clean apples-to-apples comparison. A sponsor’s LBO return is realized cash, earned over a defined hold and handed back at exit. Michael Dell has *not* exited — roughly \$187B of the ~\$202B is still unrealized stock — and a large share of the recent gain reflects the 2024–26 AI surge rather than the 2013 thesis. Read it, then, as the most valuable *founder outcome* a buyout has produced (a value-based multiple), not a realized sponsor IRR — and above all as a teaching case in how the value was assembled.

The journey — every transaction twist

2013 · The take-private and the control leap

Michael Dell and Silver Lake took Dell private at a final \$13.75/share plus a \$0.13 special dividend (~\$13.88 total), a ~\$24.9 billion deal. Michael Dell’s total check of about \$4.6 billion — his rolled Dell shares (~\$3.75B), \$750M of fresh cash through MSD, and the dividend he waived on his rolled shares — bought roughly 75% of the new, thinly-capitalized private equity. Silver Lake owned the other ~25% (~\$1.4B). The remainder of the ~\$24.9B deal was a \$2B Microsoft loan, ~\$13–16B of bank debt, and Dell’s own cash. The \$750M MSD cash contribution and the waived dividend are confirmed in substance by the merger 8-K — which lists, among the deal’s funding sources, cash invested by an investment fund affiliated with MSD — with the ~\$750M figure per Forbes’ reporting and Michael Dell’s own account (*Play Nice But Win*).

Lesson: the founder used leverage and a rollover to convert a ~14% minority of a public company into 75% control of a private one — the single most important move in the entire story.

2013 · The Icahn fight — trading price for the voting rules

Carl Icahn amassed a large stake and fought the buyout as too cheap. To win, Michael Dell and Silver Lake raised the price and added the special dividend (~\$350–470M more for public holders) — but in exchange, the Special Committee agreed to change the voting standard so that only disinterested shares actually voted would count, rather than treating every non-vote as a “no.” A reset record date and adjourned meeting sealed it, and the deal passed on September 12, 2013.

Lesson: in a contested take-private, the procedural rules can decide the outcome as much as the price. Dell paid public shareholders more to win a voting standard that made approval achievable — the maneuver that actually got the deal done.

2013 · The Microsoft strategic loan

The financing included a \$2 billion subordinated loan from Microsoft — strategic capital from a partner with an interest in Dell’s survival, not just a bank.

Lesson: strategic lenders can fill a capital-stack gap that traditional debt markets won’t, and align an ecosystem partner to the outcome.

2016 · EMC — the largest tech merger ever, and a tracking stock

Dell acquired EMC for ~\$67 billion, financed with ~\$45–50B of new debt plus a novel instrument: the DVMT (Class V) tracking stock, issued to EMC holders to track Dell’s economic interest in EMC’s crown jewel, VMware. EMC holders received \$24.05 in cash plus 0.111 DVMT per share.

Lesson: a tracking stock let Dell pay for EMC partly with paper tied to VMware’s value — preserving cash and control while still closing a record-size deal.

The LBO inside the LBO

Look closely and the Dell story holds two leveraged buyouts. The first, in 2013, took Dell private. The second was EMC — a ~\$67B acquisition the now-private Dell financed with ~\$45–50B of new debt and a tracking stock: a leveraged buyout executed not by a fund, but by the operating company itself. Michael Dell turned Dell into the PE firm. It is the clearest proof of a truth the Institute has written about at length — that most large companies, given enough time, begin to behave like private-equity firms, leveraging the balance sheet to acquire, restructure, and reallocate. Dell didn’t just get bought by a buyout. It became one.

2016-18 · The tracking-stock discount

DVMT traded persistently below the value of the VMware shares it tracked — the market’s standard discount for the limited rights of tracking stock.

Lesson: the same discount that frustrated DVMT holders became the opportunity Dell exploited two years later — buying back cheap paper that tracked an expensive asset.

2018 · The reverse merger — public again without an IPO

Dell bought back and eliminated the DVMT/Class V stock (valued at ~\$23.9B after Carl Icahn forced better terms), partly funded by an ~\$11B VMware special dividend, and re-listed as NYSE: DELL through a reverse merger — returning to the public markets without the cost and disclosure of a conventional IPO.

Lesson: a reverse merger into an already-listed security is a legitimate, lower-friction path back to public markets — and Dell ran it at a \$30B+ scale.

2018 · Dual-class control — 47% of the economics, 72% of the votes

At re-listing, Michael Dell and Silver Lake held high-vote Class A/B shares while the public bought one-vote Class C. The result: he owned ~47% of the economics but controlled ~72% of the votes — the wedge that let him run every maneuver without losing control.

Lesson: a dual-class structure separates control from ownership — the mechanism behind founder-controlled public companies, and the reason Dell could act like an owner while holding a minority stake.

2021 · The VMware spin-off

Dell distributed its ~81% VMware stake to Dell shareholders; VMware paid an \$11.5B special dividend (\$27.40/share), of which Dell received ~\$9.3B and used it to repay debt. Michael Dell, as a Dell holder, received VMware shares directly.

Lesson: a spin-off can deconsolidate a high-multiple asset, deleverage the parent, and hand the upside straight to shareholders — including the founder.

2023 · VMware → Broadcom — what he actually received

Broadcom acquired VMware (Nov 22, 2023). For his 169.3 million VMware shares, Michael Dell received — under the fixed deal terms, ~50% cash / ~50% stock — about \$12 billion in cash and ~21 million Broadcom shares (~213 million after Broadcom’s 2024 split), then worth roughly \$21 billion. Those shares have since roughly quadrupled with Broadcom’s AI run to ~\$81 billion (estimated; his post-deal Broadcom holding sits below the 5% disclosure threshold and is therefore not separately reported — see the cross-check above).

Lesson: “received” and “now worth” are different facts. He received ~\$33B of value at the deal; the rest is unrealized appreciation on stock he chose to hold — a reminder that the discipline of holding can dwarf the transaction itself.

Michael Dell’s position at every step

Step	Economic %	Voting %	Note
Pre-LBO (2013)	~14%	~14%	largest holder of public Dell Inc.; ~16% fully diluted
Post-LBO (2013)	~75%	~75%	control via rollover + leverage
Post-EMC (2016)	diluted	control kept	new equity + DVMT tracking stock
Re-listing (2018)	~47%	~72%	dual-class control

Today (2026)	~40%	~72%	per 2026 proxy; ~265.7M shares ≈ ~\$106B+
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Pre-LBO ownership is shown as ~14% per Dell's own release; commonly reported figures run to ~16% on a fully-diluted basis (including options). Current economic ownership is ~40% per Dell's 2026 proxy statement (Bloomberg), including shares held in a trust for his spouse.

The payoff, valued honestly

The firm numbers are the Dell stake (a known share count at a quoted price) and the cash he received. The Broadcom stake is a derived, mark-to-market estimate that swings with Broadcom's price and assumes he still holds the shares. Of the ~\$202B total, only about **\$15 billion** has actually been realized as cash — the ~\$12B from the VMware sale and ~\$3B of dividends; the rest is stock he continues to hold. That cash alone is already more than triple his original ~\$4.6B investment, with ~\$187B of stock value still on the table.

Risks & what could change the number

This is a mark-to-market on two volatile, AI-driven stocks. Dell is up ~219% year-to-date and Broadcom has multiplied since 2023; a correction in either would move the total materially (~\$2.1B per \$10 in Broadcom; ~\$2.7B per \$10 in Dell). The Broadcom share count is derived from deal terms rather than a current filing, and assumes no sales — whereas some trackers (e.g., Bloomberg) assume ~20% of the stake is sold each year. And the wealth is highly concentrated in two names — the same concentration that built it is the risk that remains.

The counterfactual — and what could un-make the number

Had Michael Dell sold his stake at the 2018 re-listing, it was worth ~\$16B; holding through the AI cycle produced essentially all of the rest. The same concentration cuts both ways: a broad 50% drawdown in Dell and Broadcom would take the ~\$202B headline to roughly ~\$110B (a 25% drawdown, to ~\$155B). The outcome is extraordinary — but it is unrealized, concentrated, and partly a product of timing.

Lesson: the discipline of holding created most of the value — and remains the single largest risk to it.

Part II · Current state — the company today

The LBO created the fortune; the business it left behind is now riding the AI build-out. The nine-quarter rollforward below — the same format as our Herbalife, Lyft, and Berkshire cases (full statements and detail in the companion model) — shows revenue nearly doubling while net leverage fell, even though net debt held roughly flat (total debt actually rose). Dell deleveraged not by paying down debt but by growing EBITDA past it.

P&L & cash flow (\$ in billions)

Fiscal quarter	Q1'25	Q2'25	Q3'25	Q4'25	Q1'26	Q2'26	Q3'26	Q4'26	Q1'27
Net revenue	22.2	25.0	24.4	23.9	23.4	29.8	27.0	33.4	43.8
GAAP operating income	1.0	1.4	1.7	2.2	1.2	1.8	2.1	3.1	3.7
Operating cash flow	1.0	1.3	1.6	0.6	2.8	2.5	1.2	4.7	4.1
Adjusted free cash flow	0.6	1.3	0.7	0.5	2.2	2.5	1.7	5.1	3.2

Capital structure & leverage (\$ in billions)

Fiscal quarter	Q1'25	Q2'25	Q3'25	Q4'25	Q1'26	Q2'26	Q3'26	Q4'26	Q1'27
Total debt	25.5	24.5	25.0	24.6	28.8	28.7	31.2	31.5	31.2
Net debt	19.7	20.0	19.8	20.9	21.1	20.5	21.7	20.0	19.6
Net debt / TTM EBITDA	—	—	—	2.3x	2.2x	2.1x	2.1x	1.8x	1.4x

Capital returned to shareholders (\$ in billions)

Fiscal quarter	Q1'25	Q2'25	Q3'25	Q4'25	Q1'26	Q2'26	Q3'26	Q4'26	Q1'27
Share repurchases	0.7	0.7	0.4	0.7	2.0	0.9	1.2	1.8	1.6
Dividends	0.3	0.3	0.3	0.3	0.4	0.4	0.4	0.3	0.5
Total returned	1.0	1.0	0.7	1.0	2.4	1.3	1.6	2.2	2.1

What the free cash flow was used for (cumulative, Q1'25-Q1'27, \$ in billions)

Free cash flow generated	13.6
Adjusted free cash flow	17.8

Used for: share repurchases	(10.2)
Used for: dividends	(3.2)
Total returned to shareholders	(13.4)
Net debt change over the window	≈ flat

Across the nine quarters Dell generated about **\$13.6 billion** of free cash flow and returned roughly **\$13.4 billion** of it to shareholders — about three-quarters via buybacks — while holding net debt essentially flat. Put simply, nearly every dollar of free cash flow went straight back to shareholders, and the deleveraging came entirely from EBITDA growth.

Dell fiscal quarters (FY ends late January). On a “core debt” basis — excluding ~\$9B of non-recourse, self-liquidating DFS financing debt — net leverage is under 1×. EBITDA = GAAP operating income + D&A (~\$0.75B/qtr). Source: Dell quarterly 8-Ks, FY2026 10-K, and Q1 FY27 10-Q.

Founder’s View

Strip away the zeros and this is a clinic in five practitioner lessons. **One:** control is worth more than ownership — the dual-class structure let one man with a minority stake run a public company like a proprietor. **Two:** rollover equity plus leverage is how a founder turns a small slice into a commanding one. **Three:** the public markets are a toolkit, not a verdict — tracking stock, reverse mergers, and spin-offs are instruments to be used, not just endured. **Four:** deleveraging quietly compounds; every special dividend and debt paydown moved value to the equity. **Five — and the biggest:** the discipline of holding outran every transaction. He could have sold at each step; instead he stayed concentrated through two of the great bull runs in technology, and the holding made far more than the dealmaking. That is the lesson worth teaching.

The overarching belief. The Institute holds that most large companies, given enough time, end up executing private-equity strategies — leveraging the balance sheet, acquiring, restructuring, spinning off, and allocating capital like a fund. Michael Dell is the living proof. He began as a computer entrepreneur selling PCs from a dorm room, and became an LBO and private-equity titan: he took his own company private, ran a leveraged buyout from inside it, wielded tracking stock and spin-offs like a sponsor, and compounded a single founder’s check into a fortune. The entrepreneur became the private-equity firm.

A coda — the compounding goes full circle

In December 2025, Michael and Susan Dell pledged **\$6.25 billion** — a sum that more than doubled their lifetime charitable giving — to help fund “Trump Accounts,” the tax-advantaged, market-invested savings accounts for children created under the 2025 federal law and launching in 2026. The gift seeds roughly \$250 into accounts for about 25 million American children aged ten and under who fall outside the Treasury’s own seed funding, and was described by the program’s backers as among the largest philanthropic commitments ever directed at American children.

Why it belongs in this case. The entire Dell story turns on a single force: capital, held in a compounding asset, across a long horizon. These children’s accounts are that same force, handed to a generation — a small sum,

invested early, left to compound for decades. It is a fitting bookend for a man who turned one founder's check into a fortune chiefly by holding, and it is precisely why the Institute treats compound interest and basic investing literacy as foundational. Over a childhood, the gap between a few hundred dollars left in cash and the same sum compounding in the market is the gap between a rounding error and real wealth. The Dell buyout is the advanced version of the very arithmetic these accounts will quietly teach twenty-five million families.

Library crosswalk

This case draws on, and is a worked illustration of, several Institute references: *The Practitioner's Guide to Private Equity* (LBO structure, rollover equity, capital stacks), *The CFO & Controller's Reference Guide* (capital allocation, deleveraging, public-company mechanics), *The Liquidity Event Playbook* (founder liquidity, holding vs. selling), *First Principles of Master Investing* (concentration and the power of holding a compounding asset), and the Brief "Most Large Companies Become PE Firms" — for which the EMC acquisition (an LBO run by the operating company) is the case in point. It also pairs with the Institute's free *Every Child an Investor* initiative, which the Dells' Trump-Accounts gift directly inspired.

Sources: Dell Inc. & Dell Technologies SEC filings (8-K, DEFA14A, 425, proxy statements); VMware and Broadcom merger filings and press releases; Forbes / Bloomberg Billionaires Index (holdings & net worth, June 29, 2026); company earnings exhibits and market data as of June 26, 2026.

Educational case study — not investment, tax, or legal advice. Private-period equity values are transaction-implied; current values are mark-to-market and will change. The Broadcom holding is an estimate (below the 5% disclosure threshold) and is the case's softest input. © 2026 The Baratelli Institute.