



Dell Technologies Explores VMware Spin-Off

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- Dell Technologies is exploring a potential spin-off of its 81% ownership of VMware. Potential deal could unlock value for shareholders
- To benefit team members, customers and partners with industry leading solutions, in the event of a spin-off, Dell Technologies will seek to maintain the mutually beneficial strategic relationship currently in place with VMware
- In the event of a spin-off, Dell Technologies intends to negotiate terms consistent with an investment grade rating for both companies

Dell Technologies (NYSE:DELL) is exploring a potential spin-off of its 81% equity ownership interest in VMware (NYSE:VMW). Although this exploration is in an early stage, Dell Technologies believes a spin-off could benefit both Dell Technologies and VMware shareholders, team members, customers and partners by simplifying capital structures and creating additional long-term enterprise value. Any potential spin-off would not occur prior to September 2021 and would be intended to qualify as tax-free for U.S. federal income tax purposes.

Additionally, Dell Technologies continues to evaluate a range of strategic options concerning its ownership interest in VMware, including maintaining its current ownership in the company.

"The strategic relationship between Dell Technologies and VMware has never been stronger," said Michael Dell, chairman and chief executive officer, Dell Technologies. "For more than 20 years, we've innovated for our customers and created substantial growth and value for both companies and our teams. Regardless of the options we are exploring to create additional value, we are accelerating our strategy - which remains unchanged. We are focused on winning in the consolidating markets where we operate and innovating across the Dell Technologies portfolio to create integrated solutions that turn data into insights and action."

As part of its exploration of a potential spin-off, Dell Technologies expects it would seek to formalize mutually beneficial commercial arrangements similar to those currently in place. This includes go-to-market, services, research and development, and intellectual property agreements between Dell Technologies and VMware, providing ongoing strategic benefits and continued support for customers of both companies following any spin-off.

If it determines to pursue a spin-off, Dell Technologies also expects to negotiate and agree to certain related terms and conditions with a special committee of the Board of Directors of VMware and the Board of Directors of Dell Technologies. In that event Dell Technologies would look to negotiate the payment of a special cash dividend by VMware that would be paid on a pro rata basis to all VMware shareholders.

It is important to Dell Technologies that both companies have appropriate capital structures immediately following any spin-off. Dell Technologies' goal would be to maintain VMware's credit rating of investment grade and improve Dell Technologies' credit rating at the time of or shortly following a potential spin-off and accelerate the timeline through which Dell Technologies can achieve an investment grade credit rating. However, Dell Technologies can give no assurance that any specific ratings would ultimately be obtained for either company in the event of a spin-off.

Dell Technologies is the market leader and continues to gain share through its growing client and infrastructure businesses, including PCs, peripherals, mainstream servers, external storage, and cloud. "No other company can match the depth and breadth of Dell Technologies' portfolio. Our business is strong and has runway to grow for decades to come," said Michael Dell.

Additional information regarding this announcement can be found in the amended Schedule 13D filed by Dell Technologies with the United States Securities and Exchange Commission (SEC) on July 15, 2020.

About Dell Technologies

Dell Technologies (NYSE:DELL) helps organizations and individuals build their digital future and transform how they work, live and play. The company provides customers with the industry's broadest and most innovative technology and services portfolio for the data era.

Special Note on Forward-Looking Statements:

Statements in this press release that relate to future results and events are forward-looking statements within the meaning of Section 21E of the Securities Exchange Act of 1934 and Section 27A of the Securities Act of 1933 and are based on Dell Technologies' current expectations. The words "may," "will," "anticipate," "estimate," "expect," "intend," "plan," "aim," "seek," and similar expressions that refer to future events or outcomes are intended to identify these forward-looking statements, which include, among others, statements relating to Dell Technologies' exploration of potential alternatives with respect to its ownership interest in VMware, including a possible spin-off, and the potential terms of any such transaction, including the amount of a special cash dividend by VMware and the terms of the commercial relationship between Dell Technologies and VMware following any such transaction.

Dell Technologies' results or events in future periods could differ materially from those expressed or implied by these forward-looking statements because of risks, uncertainties, and other factors that include, but are not limited to, the risks inherent in any transaction involving Dell Technologies' ownership interest in VMware, including a possible spin-off (which risks include uncertainties related to, among other things, whether Dell

Technologies will determine to pursue and negotiate the terms of any such transaction; whether any agreement will be reached to proceed with any such transaction; the final terms and conditions of any such transaction if such an agreement is reached, including the amount of a special cash dividend by VMware and the terms of any ongoing commercial agreements and arrangements between Dell Technologies and VMware following any such transaction; the costs and expected benefits of any such transaction; the timing of any such transaction or whether it will be completed; whether any conditions to any such transaction can be satisfied; the expected tax treatment of any such transaction; and the impact of any such transaction on the businesses of Dell Technologies and VMware and the relationship between the two companies following any such transaction). This list of risks, uncertainties, and other factors is not complete. Dell Technologies discusses risks, uncertainties, and other factors more fully, including certain risk factors that could affect Dell Technologies' business, financial condition, results of operations, and prospects, in its reports filed with the SEC, including Dell Technologies' annual report on Form 10-K for the fiscal year ended January 31, 2020, quarterly reports on Form 10-Q, and current reports on Form 8-K. These filings are available for review through the SEC's website at www.sec.gov. Any or all forward-looking statements Dell Technologies makes may turn out to be wrong and can be affected by inaccurate assumptions Dell Technologies might make or by known or unknown risks, uncertainties and other factors, including those identified in this press release. Accordingly, you should not place undue reliance on the forward-looking statements made in this press release, which speak only as of the date such statements are made. Dell Technologies does not undertake to update any forward-looking statement after the date as of which such statement was made, whether to reflect changes in circumstances or Dell Technologies' expectations, the occurrence of unanticipated events, or otherwise.

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